

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
31 DECEMBER 2025**

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2025

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Commercial Registration No 4030290792

Headquarters in Riyadh

Independent Auditors' Report on the Audit of the Consolidated Financial Statements

To the Shareholders of Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Bupa Arabia For Cooperative Insurance Company – a Saudi Joint Stock Company (“the Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, from 1 to 33, to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to as “IFRS as endorsed in the Kingdom of Saudi Arabia”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code’s requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report on the Audit of the Consolidated Financial Statements

To the Shareholders of Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Liability for Incurred Claims (LIC) - Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk</p> <p>As at 31 December 2025, the total estimate of the present value of cash flows and risk adjustment for non-financial risk amounts to SR 4,564.406 million and SR 184.151 million, respectively, as further analysed in Note 6 to the consolidated financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Group requires for bearing the uncertainty around the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The present value of future cash flows is primarily based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>The Company relies on the internal actuary to calculate their actuarial best estimate using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Understood and evaluated the design and implementation of internal controls over the claims recording process. • Performed substantive tests, on a sample basis, on the amounts recorded for claims reported and paid; including comparing the outstanding claims amount to appropriate source documentation. • Assessed the integrity of data used as inputs into the actuarial valuations by testing, on a sample basis, the accuracy of the underlying claims data utilised by management's appointed actuary in estimating the present value of the future cashflows and the risk adjustment for non-financial risk, and traced this information to the accounting records.

Independent Auditors' Report on the Audit of the Consolidated Financial Statements

To the Shareholders of Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>We have considered this as a key audit matter due to the inherent estimation uncertainty and subjectivity involved in the assessment of the valuation of the liability for incurred claims arising from insurance contracts, along with these amounts being material within the context of the overall consolidated financial statements taken as a whole.</p> <p><i>Refer to notes 3(b)(i) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Group. Also, refer to note 6 for the movement in the liability for incurred claims.</i></p>	<ul style="list-style-type: none"> Engaged our internal actuarial specialists to assess the appropriateness of the Group's actuarial methodology and key actuarial assumptions used to calculate the present value of the future cash flows of the liability for incurred claims and the risk adjustment. We further performed, on a sample basis, reprojections of the present value of future cashflows using these assumptions and methods, and compared them with the amounts recorded by the management. Assessed the adequacy of the disclosures in the financial statements in respect of the liability for incurred claims, considering the disclosure requirements of IFRS 17.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's 2025 annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Group's annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditors' Report on the Audit of the Consolidated Financial Statements

To the Shareholders of Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Independent Auditors' Report on the Audit of the Consolidated Financial Statements

To the Shareholders of Bupa Arabia for Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Auditors' responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

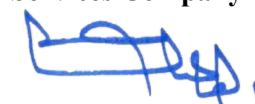
For PricewaterhouseCoopers



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Jeddah, Kingdom of Saudi Arabia
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Corresponding to 8 February 2026

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

	Notes	31 December 2025	31 December 2024
<u>ASSETS</u>			
Cash and cash equivalents	5	1,433,518	925,190
Reinsurance contract assets	6.2	113,414	98,178
Prepaid expenses and other assets	11	486,081	422,944
Term deposits	8	4,742,994	6,040,542
Financial assets at amortised cost – net	7	934,922	935,811
Financial assets at fair value	7	8,633,578	6,586,463
Deferred tax asset	21	35,232	33,570
Fixtures, furniture and equipment – net	9.1	124,733	76,386
Right-of-use assets – net	9.2	265,026	131,528
Intangible assets – net	10	78,369	72,125
Statutory deposit – net	12	149,973	149,965
Accrued income on statutory deposit	12	7,081	4,378
Goodwill	4	98,000	98,000
TOTAL ASSETS		17,102,921	15,575,080
<u>LIABILITIES</u>			
Accrued and other liabilities	15.1	692,164	651,396
Insurance contract liabilities	6.1	9,810,454	9,004,813
Due to related parties	20	46,272	46,944
Lease liability	15.2	264,254	144,817
Provision for end-of-service benefits	17	221,536	191,876
Provision for zakat and income tax	21	388,190	412,859
Accrued income payable to Insurance Authority	12	7,081	4,378
TOTAL LIABILITIES		11,429,951	10,457,083
<u>EQUITY</u>			
Share capital	22	1,500,000	1,500,000
Statutory reserve	23	1,500,000	1,500,000
Share based payments reserve	24	81,236	48,634
Shares held under employees share scheme	24	(258,120)	(145,476)
Retained earnings		2,856,495	2,306,706
Re-measurement reserve for end-of-service benefits		(10,711)	(7,573)
Investments fair value reserve		4,070	(84,294)
TOTAL EQUITY		5,672,970	5,117,997
TOTAL LIABILITIES AND EQUITY		17,102,921	15,575,080

Chairman
Loay Hisham Nazer

Chief Financial Officer
Hatim Tariq Jamal

Director and Chief Executive Officer
Tal Hisham Nazer

The accompanying notes 1 to 33 form an integral part of these consolidated financial statements.

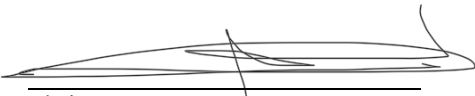
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)


CONSOLIDATED STATEMENT OF INCOME


For the year ended 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

	Notes	2025	2024
Insurance revenue	6.1	19,303,064	18,101,517
Insurance service expense	6.1	(18,381,040)	(17,033,460)
Net expenses from reinsurance contracts held	6.2	(44,776)	(69,961)
Net insurance service result		877,248	998,096
Commission and income on financial assets at amortised cost	7	366,418	409,687
Commission and income on financial assets at fair value	7	363,436	262,097
Net impairment reversal on financial assets		874	590
Net investment results		730,728	672,374
Net insurance and investment results		1,607,976	1,670,470
Other operating expenses	25	(410,654)	(348,648)
Other revenue		98,071	90,386
Other cost		(42,636)	(39,582)
Income attributed to the shareholders before zakat and income tax		1,252,757	1,372,626
Zakat charge	21	(54,615)	(77,064)
Income tax charge	21	(119,050)	(129,560)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX		1,079,092	1,166,002
Basic and diluted earnings per share (expressed in SR per share)	27	7.23	7.79


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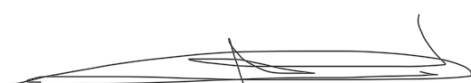
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

	<u>2025</u>	<u>2024</u>
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	1,079,092	1,166,002
Other comprehensive income / (loss)		
<i>A. Items that will not be reclassified to consolidated statement of income in subsequent years</i>		
Actuarial (losses) / gains on end-of-service benefits	(3,138)	6,125
Net changes in fair value of investments measured at FVOCI – equity instruments	(27,446)	3,305
<i>B. Items that are or may be reclassified to consolidated statement of income in subsequent years</i>		
Net changes in fair value of investments measured at FVOCI – debt instruments	115,966	(87,958)
Net changes in allowance for expected credit losses of investments measured at FVOCI – debt instruments	(287)	69
Total other comprehensive income / (loss)	85,095	(78,459)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,164,187	1,087,543



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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve for end-of-service benefits	Investments fair value reserve	Total equity
2025								
Balance at 31 December 2024	1,500,000	1,500,000	48,634	(145,476)	2,306,706	(7,573)	(84,294)	5,117,997
Net income for the year attributed to shareholders after zakat and income tax	-	-	-	-	1,079,092	-	-	1,079,092
Other comprehensive income / (loss)	-	-	-	-	-	(3,138)	88,233	85,095
Total comprehensive income / (loss) for the year	-	-	-	-	1,079,092	(3,138)	88,233	1,164,187
Transfer of realized fair value loss of investment measured at FVOCI equity instruments to retained earnings	-	-	-	-	(131)	-	131	-
Provision for employees share scheme	-	-	41,594	-	-	-	-	41,594
Transactions with owners of the Group:								
Delivery of shares held under employees share scheme	-	-	(8,992)	8,992	-	-	-	-
Purchase of shares held under employees share scheme	-	-	-	(121,636)	-	-	-	(121,636)
Dividends (note 30)	-	-	-	-	(600,000)	-	-	(600,000)
Income tax refundable from non-Saudi shareholders	-	-	-	-	70,828	-	-	70,828
Balance at 31 December 2025	1,500,000	1,500,000	81,236	(258,120)	2,856,495	(10,711)	4,070	5,672,970

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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve for end-of-service benefits	Investments fair value reserve	Total equity
2024								
Balance at 31 December 2023	1,500,000	1,352,757	48,477	(65,115)	1,853,721	(13,698)	(613)	4,675,529
Net income for the year attributed to shareholders after zakat and income tax	-	-	-	-	1,166,002	-	-	1,166,002
Other comprehensive (loss) / income	-	-	-	-	-	6,125	(84,584)	(78,459)
Total comprehensive income / (loss) for the year	-	-	-	-	1,166,002	6,125	(84,584)	1,087,543
Transfer to statutory reserves	-	147,243	-	-	(147,243)	-	-	-
Transfer of realized fair value loss of investment measured at FVOCI equity instruments to retained earnings	-	-	-	-	(903)	-	903	-
Provision for employees share scheme	-	-	36,883	-	-	-	-	36,883
Transactions with owners of the Group:								
Delivery of shares held under employees share scheme	-	-	(36,726)	36,726	-	-	-	-
Purchase of shares held under employees share scheme	-	-	-	(117,087)	-	-	-	(117,087)
Dividends (note 30)	-	-	-	-	(600,000)	-	-	(600,000)
Income tax refundable from non-Saudi shareholders	-	-	-	-	35,129	-	-	35,129
Balance at 31 December 2024	<u>1,500,000</u>	<u>1,500,000</u>	<u>48,634</u>	<u>(145,476)</u>	<u>2,306,706</u>	<u>(7,573)</u>	<u>(84,294)</u>	<u>5,117,997</u>

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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

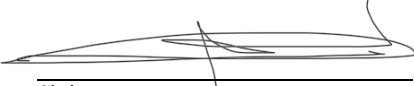
For the year ended 31 December 2025


(All amounts are presented in Saudi Riyals thousands unless otherwise stated)


	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income attributed to shareholders before zakat and income tax		1,252,757	1,372,626
<u>Adjustments for non-cash items:</u>			
Depreciation of fixtures, furniture and equipment	9.1	19,050	18,421
Amortisation of right-of-use assets	9.2	31,307	21,045
Amortisation of intangible assets	10	22,399	19,369
Loss on disposal of fixtures and furniture and equipment		126	3,588
Gain on termination of a lease		-	(10,952)
Provision for employees share scheme		41,594	36,883
Net impairment reversal on financial assets		(916)	(414)
Commission and income on financial assets at amortized cost	7	(366,418)	(409,687)
Commission and income on financial assets at fair value	7	(363,436)	(262,097)
Provision for end-of-service benefits	17	39,468	34,045
Finance cost on leases	15.2	9,459	4,911
<u>Changes in operating assets and liabilities:</u>			
Insurance contract liabilities		870,172	808,601
Reinsurance contract assets		(15,236)	(24,088)
Investment carried at FVTPL		(1,473,453)	(5,275)
Prepaid expenses and other assets		(92,096)	50,334
Accrued and other liabilities		40,768	(83,463)
Due to related parties		70,156	41,138
		85,701	1,614,985
End-of-service benefits paid	17.1	(12,946)	(22,531)
Surplus paid to policyholders	29	(64,531)	(70,984)
Zakat and income tax paid	21	(199,996)	(147,315)
Net cash (used in) / generated from operating activities		(191,772)	1,374,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits	8	(1,100,000)	(2,794,848)
Proceeds from maturity of term deposits	8	2,695,702	4,317,551
Additions to investments carried at FVOCI	7	(1,274,349)	(2,828,514)
Additions to investments carried at amortised cost	7	(37,125)	(343,586)
Disposal of investments carried at FVOCI	7	864,549	403,451
Proceeds from maturity of amortised cost investments	7	3,044	4,298
Proceeds from commissions and dividends*		391,949	328,844
Additions to fixtures, furniture and equipment	9.1	(67,523)	(28,671)
Proceeds from disposal of fixtures, furniture and equipment		-	155
Additions to intangible assets	10	(28,643)	(24,258)
Net cash generated from / (used in) in investing activities		1,447,604	(965,578)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	30	(600,000)	(600,000)
Purchase of shares held under employees share scheme		(121,636)	(117,087)
Lease liability paid**	15.2	(25,868)	(22,196)
Net cash used in financing activities		(747,504)	(739,283)
Net change in cash and cash equivalents		508,328	(330,706)
Cash and cash equivalents at beginning of the year		925,190	1,255,896
Cash and cash equivalents at end of the year		1,433,518	925,190
<u>Non-cash transactions</u>			
Income tax refundable from non-Saudi shareholders		70,828	35,129
Additions to right of use assets		159,489	32,602
Additions to lease liability		130,530	30,405
Remeasurement (losses) / gain on defined benefit obligations		(3,138)	6,125

* This includes dividends amounting to SR 44.38 million (2024: SR 34.75 million)

** Lease liabilities paid includes finance cost of SR 9.5 million (2024: SR 4.9 million).


Chairman
Loay Hisham Nazer


Chief Financial Officer
Hatim Tariq Jamal


Director and Chief Executive Officer
Tal Hisham Nazer

The accompanying notes from 1 to 33 an integral part of these consolidated financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Bupa Arabia for Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce’s resolution number 138/K dated 24 Rabi Thani 1429H (corresponding to 1 May 2008). The Commercial Registration number of the Company is 4030178881 dated 5 Jumad Awwal 1429H (corresponding to 11 May 2008). The Registered Office of the Company is situated at:

Al-Khaleidiyah District,
Prince Saud Al Faisal Street,
Front of Saudi Airlines Cargo Building,
P.O. Box 23807, Jeddah 21436,
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/74 dated 29 Shabaaan 1428H (corresponding to 11 September 2007) pursuant to the Council of Ministers’ Resolution No 279 dated 28 Shabaaan 1428H (corresponding to 10 September 2007).

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites medical insurance only.

The Board of Directors approves the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by the Saudi Central Bank (“SAMA”) (herein after referred to as ‘the Regulations’), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full. During 2023, the Insurance Authority has been established by a royal decree as the insurance regulator (herein after referred to as ‘the Regulator’). Previously issued regulations by SAMA will be upheld until the Insurance Authority issued updated regulations. Therefore, the accrued income liability is payable to the Insurance Authority.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to June 30, 2022) (hereinafter referred as the “New Law”) came into force on 26/06/1444H (corresponding to January 19, 2023) as well as the amended implementing regulations that were issued by the Capital Market Authority (CMA) based on the New Law. In this regard, the Company after assessing the impact of the New Law, convened an Extraordinary General Assembly meeting on 24/12/1445H (corresponding to June 30, 2024), which has approved the amendment of certain provisions of the Company’s By-laws to ensure compliance with the requirements of the new Companies’ Law and the amended CMA implementing regulations. Legal formalities associated with the Company’s amended By-laws were completed during 2024.

On 9 September 2025 (corresponding to 17 Safar 1447H), the Group received non-objection from the Insurance Authority regarding its proposed restructuring of the Group’s structure. Subsequent to the year end, the Board has approved the proposed restructuring on 10 January 2026 (corresponding to 21 Rajab 1447H). As part of this restructuring, the Group intends to demerge into two entities by transferring all assets and liabilities related to the insurance business into a newly established, wholly owned subsidiary resulting from the demerger in accordance with Article (231) of the Companies Law. The proposed restructuring is subject to approval by the shareholders at the Extraordinary General Assembly to be convened.

The Company has the following subsidiaries as at 31 December 2025:

Name of the subsidiary	Registration number	Country of incorporation	Ownership	Principal business activity
Bupa Arabia For Third Party Administration	4030605585	Saudi Arabia	100%	Claims management services
Health Horizon Medical Care Company	4030512306	Saudi Arabia	100%	Healthcare services

These consolidated financial statements comprise of the Company and its subsidiaries (together referred to as the “Group”). Bupa Arabia For Third Party Administration commenced operations in July 2022. During 2023, the Group established a subsidiary “Health Horizon Medical Care Company” with an authorised capital of SR 10 million.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”) (“IFRS as endorsed by SOCPA”).

The consolidated 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 (FVTPL) and fair value through other comprehensive income (FVOCI) and provision for end-of-service benefits recorded at the present value using the projected unit credit method. Moreover, the insurance and reinsurance contracts are measured at the estimated fulfilment cashflows that are expected to arise as the Group fulfils its contractual obligations in accordance with IFRS 17. The details relating to gross written premium under note 19 of these consolidated financial statements are disclosed to comply with the requirements of the Regulator. The classification of gross written premium (amount of policy premium) is based on the number of lives covered in the policy as prescribed by the regulations.

The Group’s consolidated statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. Except for fixtures, furniture and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, deferred tax, accrued income on statutory deposit and accrued income payable to Insurance Authority, all other assets and liabilities are of short-term nature. Moreover, the balances which are mixed in nature (i.e. include both current and non-current portions) are insurance contract liabilities, lease liabilities, term deposits, financial assets at fair value, financial assets at amortized cost, reinsurance contract assets / liabilities and provision for end of service benefits.

As required by the regulations, the Group 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 clearly attributable to each operation are recorded in the respective accounts.

(b) Functional and presentation currency

These consolidated financial statements are expressed in Saudi Arabian Riyals (SR), which is the Company’s functional currency, and all amounts are rounded off to the nearest thousand, unless otherwise indicated.

(c) Fiscal year

The Group follows a fiscal year ending on 31 December.

(d) Critical accounting judgments, estimates and assumptions

The preparation of consolidated financial statements require 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 notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

(d) Critical accounting judgments, estimates and assumptions (continued)

i) Insurance contracts

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. In making this assessment, all substantive rights, and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgements and estimates include Risk Adjustment ("RA") and liability for incurred claims – estimate of future cash flows. Refer to note 3 for further details.

ii) Fair value of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. Refer note 18 for details.

iii) Going concern

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

iv) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2025 and 2024 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated in note 4. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Goodwill is initially measured at cost being the excess of the net fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less than any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The recoverable amount is the greater of its value in use or fair value less cost to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

(e) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the financial statements of the subsidiaries, as stated in note 1. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies. Adjustments have been made to the financial statements of the subsidiaries, where necessary, to align with the Group's consolidated financial statements.

A subsidiary is the investee that is controlled by the Group. The Group controls an investee only when it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of its returns.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented except new IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Group as explained below:

a) (i) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Group

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	01 January 2025

These amendments had no impact on the consolidated financial statements of the Group.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

a) (ii) Accounting standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2026 or after, but do not have a material impact, except for the application of IFRS 18 for which the management is assessing the impact, on the consolidated financial statements of the Group.

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for earlier adoption/effective date deferred indefinitely
New standard “IFRS 18”	IFRS 18, ‘Presentation and Disclosure in Financial Statements’	01 January 2027
New standard “IFRS 19”	IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’	01 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	01 January 2026
	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	01 January 2026
IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards – Volume 11	01 January 2026

b) Material accounting policies, including key judgments and estimates

i) IFRS 17 – accounting policies, including key judgments and estimates

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

Unit of account and measurement model

The Group operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. The PMI business is further divided as Corporate, SMEs and Others based on customer size. All insurance contracts within PMI line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a quarter (quarterly cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

During the year ended 31 December 2025, the management has further disaggregated its unit of account for corporate group into a more granular profile and also updated the cohort composition from annual to quarterly cohorts. This reflects refinements in development of the insurance contract liabilities based on recent industry updates and historical claims experience, which does not have a material impact on the consolidated financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

Unit of account and measurement model (continued)

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:
 - Discounted estimates of future cash flows; and
 - A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

The premium allocation approach (“PAA”) is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Group uses the PAA for measuring contracts with a coverage period of one year or less. The Group is adopting the PAA measurement model for the measurement of LRC for the whole PMI business. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

Initial and subsequent measurement

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Group measures the LRC as the amount of premiums received, less any acquisition cash flows paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the LIC, comprising the fulfillment cash flows (“FCF”) related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

Initial and subsequent measurement (continued)

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on Group's assessment, there are no investment components within insurance contracts issued by the Group.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

The Group holds quota share reinsurance contract that provide coverage on the PMI insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the Group does not expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model.

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus acquisition cost paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The Group is presenting income/ expense from reinsurance as a net line item in the consolidated statement of income.

Liability for Incurred Claims "LIC"

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. The Group estimates the liability for incurred claims and expenses as the fulfilment cash flows related to incurred claims and expenses. The fulfilment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfills its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Group presents the entire change in risk adjustment as part of insurance service results.

The Group establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the consolidated statement of financial position date, including claims not yet reported ("IBNR") and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Group. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as claim type. Loss ratio is the ratio of total claims incurred to total premiums earned for the portfolio.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

Liability for Incurred Claims “LIC” (continued)

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

The Group has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less. Likewise, the Group has decided not to discount the LIC for the time value of money as most of the claims incurred are expected to be settled within a 12-month period. An insignificant portion of the LIC is expected to be carried over beyond 12 months, with an immaterial impact on LIC and statement of income. The Group will regularly monitor the time it takes in settling claims from the date they are incurred. The Group has elected the accounting policy choice to present entire insurance finance income or expense for the period in the consolidated statement of income.

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Acquisition costs fall under the insurance service expense. The Group amortises the insurance acquisition costs over the contract period.

Directly attributable expenses

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The Group allocates the attributable costs based on a number of drivers. Attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

i) IFRS 17 – accounting policies, including key judgments and estimates (continued)

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims for the period.
- b. other incurred directly attributable expenses.
- c. insurance acquisition cash flows amortization.
- d. changes that relate to past service – changes in the FCF relating to the LIC.
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Onerous contract

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the consolidated statement of income in insurance service expense. The loss component is then amortized to the consolidated statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The Group has relied on the bootstrap method to determine the risk adjustment for LIC and value-at-risk approach to determine the risk adjustment for LRC (loss component). The Group has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

ii) IFRS 9 – accounting policies, including key judgments and estimates

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Classification (continued)

Financial assets at amortized cost

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI) and accumulated under the Investment fair value reserve in the consolidated statement of changes in equity. Interest income and foreign exchange gains and losses are recognized in the statement of income.

For an equity investment, the Group may irreversibly elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis on initial recognition.

Financial assets at FVTPL

All other financial assets are classified and measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the application of those policies in practice.
- whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

All regular-way purchases and sales of financial assets are initially recognised and derecognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of income and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for long term strategic purpose. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in consolidated statement of income as investment income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Tier-1 sukuks have been classified under equity due to the perpetual nature of the instruments and discretion of profit distribution with the issuer.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Impairment

Overview of Expected Credit Loss (“ECL”) principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of the consolidated statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Group. For investment in debt securities, if the Days Past Due ('DPD') is 0, then investment is considered as Stage 1 and if the DPD is more than 0, investment is considered as Stage 3.

Staging of financial assets

The Group categorizes its investments portfolio classified as amortized cost and FVOCI into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Impairment (continued)

Credit impaired financial asset

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event (more than 90 days);
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Definition of default

In assessing whether an issuer is in default, the Group considers indicators that are:

- qualitative- e.g., breaches of covenant and non-payment on another obligation of the same issuer to the Group.
- quantitative- e.g., overdue status (more than 90 days); and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalised approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Impairment (continued)

Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate

While estimating the ECL, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyzes the relationship between key economic trends with the estimate of PD. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Financial liabilities

Classification and derecognition of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized - cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate ("EIR"). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of income. The Group derecognizes financial liability when its contractual obligations are discharged cancelled, or expired.

iii) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and term deposits that have original maturity periods not exceeding three months from the date of acquisition.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

iv) Fixtures, furniture and equipment

Fixtures, furniture and equipment are initially recorded in the consolidated statement of financial position at cost. Subsequent measurement is carried out at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Years
Office furniture and fixtures	5 to 20
Computer equipment	2.5 to 7
Motor vehicles	4
Leasehold improvements (civil, construction work and fixtures)	15 years or lease term

Residual values, useful lives and the methods of depreciation are reviewed and adjusted as appropriate at each financial year end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the year is recognised in the consolidated statement of income on an actual basis. Similarly, impairment losses, if any, are recognised in the statement of income.

Expenditure for repairs and maintenance is charged to the consolidated statement of income. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Gain / loss on sale of fixtures, furniture and equipment and Right-of-use assets is included in consolidated statement of income.

v) Intangible assets

Separately acquired intangible assets (software) are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Group amortises intangible assets with a limited useful life using straight-line method over the following periods:

	Years
Software	3 to 7

vi) Goodwill

Goodwill is initially measured at excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed in future periods. Refer note 4.

vii) Accrued and other liabilities

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

viii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

ix) Provision for end-of-service benefits

Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as it falls due. Re-measurement (actuarial gains / losses) as a result of experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of other comprehensive income, which are accumulated under 'Re-measurement reserve for end-of-service benefits' in consolidated statement of changes in equity.

x) Share based payments and shares held under employees share scheme

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. Grant date is the date at which the entity and an employee agree to a share based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement. The fair value of shares granted during the period has been determined using the market price of group's share on the grant date. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity as a reserve for a share based payment, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the consolidated statement of income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The cumulative expenses recognized for equity-settled transactions are accumulated under share-based payment reserve within consolidated statement of changes in equity.

In cases where an award is forfeited (i.e. when the vesting conditions relating to an award are not satisfied), the Group reverses the expense relating to such awards previously recognised in the consolidated statement of income. Where an equity-settled award is cancelled (other than forfeiture), it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. The value of the shares repurchased, including costs associated with the acquisition, is recognized as a deduction from equity. The Group retains shares under employees share scheme, which represents treasury shares.

xi) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

xi) Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year. Impairment losses of continuing operations are recognised in the consolidated statement of income.

For assets, excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the consolidated statement of income.

xii) De-recognition

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired.

xiii) Revenue recognition

Investment and commission income

Investment income or loss comprises of commission income, dividends, unrealised and realised gains and losses on investments. Commission income on term deposits and investments is recognised using the effective interest method in the consolidated statement of income.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

xiii) Revenue recognition (continued)

Other revenues

Other revenue represents revenue generated from operations of non-insurance services rendered by subsidiaries. The Group recognizes revenue from contracts, with customers based on a five-step model as set out in IFRS 15. The transaction price is determined in accordance with the contractual terms of the arrangement, wherein Group receives fixed amount of consideration, based on the extent of service provided. Since the services are provided with a credit term of less than a year, there is no significant financing component in the arrangement. Further, the Group has determined that the performance obligation is satisfied over time as the customer receives and consumes the benefits simultaneously and revenue is recognized in the period in which the services are rendered. Customers are invoiced on a monthly basis and consideration is payable when invoiced. There were no contract assets or contract liabilities at the end of the reporting period as all services provided were already invoiced and there were no advance payments from customers as at that date.

Further, in order to fulfil the commitment relating to this agreement, the Group receives funds in advance from the customer to settle anticipated claims from medical service providers. These funds are not recognised as assets in the Group's consolidated statement of financial position as the Group does not exercise control over these funds. (Refer note 13)

xiv) Leases

Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Group applies the cost model, and measure right of use asset at cost;

1. less any accumulated amortization and any accumulated impairment losses; and
2. adjusted for any re-measurement of the lease liability for lease modifications.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, generally, the initial carrying value of a right-of-use asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. it needs to be added to the right of use asset value.

The recognised right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The estimated useful lives of the assets for the calculation of amortization are as follows:

	Years
Right-of-use assets	5 to 15

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

xiv) Leases (continued)

Lease Liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The incremental borrowing rate used for new leases entered during the year ranges from 4% - 6%.

After the commencement date, Group measures the lease liability by:

1. Increasing the carrying amount to reflect interest on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

xv) Zakat and income tax

Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

Income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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3. MATERIAL ACCOUNTING POLICIES (continued)

b) Material accounting policies, including key judgments and estimates (continued)

xv) Zakat and income tax (continued)

Deferred tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

xvi) Foreign currencies

The accounting records of the Group are maintained in Saudi Riyals. Transactions in foreign currencies are recorded in Saudi Riyals at the approximate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate at the reporting date. All differences are taken to the consolidated statement of income.

xvii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

xviii) Cash dividends to shareholders

The Group recognises a liability for cash distributions to shareholders of the Group when the distribution is authorised and is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders and Insurance Authority. A corresponding amount is recognised in equity.

All ordinary shares rank equally with regard to Group'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 Group. All rights attached to treasury shares are suspended until those shares are reissued.

xix) Statutory reserve

The Group allocates 20% of its net income from shareholders operations each year to the statutory reserve until it has built up a reserve equal to the share capital, as mandated by relevant regulations. The reserve is not available for distribution.

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4. GOODWILL

On 31 December 2008, the Group entered into an agreement with Bupa Middle East Limited E.C. (the “Seller”), a related party, pursuant to which it acquired the Seller’s insurance operations in the Kingdom of Saudi Arabia, effective from 1 January 2009. The acquisition transaction was approved by SAMA and resulted in goodwill of SR 98 million. The entire amount was paid in the previous years, to the Seller, after obtaining the required regulatory approvals.

The Group’s management annually carry out impairment test in respect of the above-mentioned goodwill. Management conducted the impairment exercise for the year ended 31 December 2025. The recoverable amount of operations has been determined based on value in use. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the Group operates. The goodwill is allocated to the Corporate CGU of the Company. The three key assumptions used in the test are the discount rate, estimated future cash flows from the business and insurance service revenue and expense growth rates as follows:

- An average discount rate of 10.7% (2024: 11.7%) was used to discount future cash flows.
- Insurance service revenue average growth rate of 9.8% was used for the first three years. Thereafter, a growth rate of 3% (2024: 3%) was used in the terminal value calculation.
- Insurance service expense average growth rate of 9.9% was used for the first three years. Thereafter, a growth rate of 3% (2024: 3%) was used in the terminal value calculation.

Management believes that a reasonably possible change in a key assumption on which management has based its determination of the recoverable amount of CGU would not result in the carrying amount of CGU to exceed its recoverable amount.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Bank balances	1,433,764	925,394
Less: Impairment allowance	(246)	(204)
	<u>1,433,518</u>	<u>925,190</u>

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6. INSURANCE AND REINSURANCE CONTRACTS

	Note	31 December 2025	31 December 2024
<u>Insurance contract liabilities</u>			
Corporate	6.1 a	8,385,303	7,605,514
SMEs and others	6.1 b	1,425,151	1,399,299
		<u>9,810,454</u>	<u>9,004,813</u>
<u>Reinsurance contract assets</u>	6.2	<u>113,414</u>	<u>98,178</u>

6.1 Analysis by remaining coverage and incurred claims for insurance contracts

a. Corporate

	31 December 2025				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	
Insurance contracts issued:					
Opening insurance contract liabilities	3,612,356	-	3,847,664	145,494	7,605,514
Insurance revenue	(16,845,710)	-	-	-	(16,845,710)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	16,179,176	150,730	16,329,906
Losses on onerous contracts	-	88,750	-	-	88,750
Changes that relate to past service - adjustments to the LIC	-	-	(905,529)	(131,858)	(1,037,387)
Insurance acquisition cash flows amortization	816,536	-	-	-	816,536
Insurance service expenses	816,536	88,750	15,273,647	18,872	16,197,805
Insurance service result	(16,029,174)	88,750	15,273,647	18,872	(647,905)
Cash flows					
Premiums received	17,312,948	-	-	-	17,312,948
Claims and other directly attributable expenses paid	-	-	(15,102,162)	-	(15,102,162)
Insurance acquisition cash flows paid	(783,092)	-	-	-	(783,092)
Total cash flows	16,529,856	-	(15,102,162)	-	1,427,694
Closing insurance contract liabilities	4,113,038	88,750	4,019,149	164,366	8,385,303

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6. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

b. SMEs and others

	31 December 2025				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	
Insurance contracts issued:					
Opening insurance contract liabilities	843,142	-	539,158	16,999	1,399,299
Insurance revenue	(2,457,354)	-	-	-	(2,457,354)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	2,139,595	18,220	2,157,815
Changes that relate to past service - adjustments to the LIC	-	-	(109,410)	(15,434)	(124,844)
Insurance acquisition cash flows amortization	150,264	-	-	-	150,264
Insurance service expenses	150,264	-	2,030,185	2,786	2,183,235
Insurance service result	(2,307,090)	-	2,030,185	2,786	(274,119)
Cash flows					
Premiums received	2,463,799	-	-	-	2,463,799
Claims and other directly attributable expenses paid	-	-	(2,024,086)	-	(2,024,086)
Insurance acquisition cash flows paid	(139,742)	-	-	-	(139,742)
Total cash flows	2,324,057	-	(2,024,086)	-	299,971
Closing insurance contract liabilities	860,109	-	545,257	19,785	1,425,151

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6. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

a. Corporate

	31 December 2024				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	Total
Insurance contracts issued:					
Opening insurance contract liabilities	3,793,448	-	3,182,948	120,624	7,097,020
Insurance revenue	(15,943,690)	-	-	-	(15,943,690)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	14,773,295	132,939	14,906,234
Changes that relate to past service - adjustments to the LIC	-	-	(378,898)	(108,069)	(486,967)
Insurance acquisition cash flows amortization	779,745	-	-	-	779,745
Insurance service expenses	779,745	-	14,394,397	24,870	15,199,012
Insurance service result	(15,163,945)	-	14,394,397	24,870	(744,678)
Cash flows					
Premiums received	15,673,496	-	-	-	15,673,496
Claims and other directly attributable expenses paid	-	-	(13,729,681)	-	(13,729,681)
Insurance acquisition cash flows paid	(690,643)	-	-	-	(690,643)
Total cash flows	14,982,853	-	(13,729,681)	-	1,253,172
Closing insurance contract liabilities	3,612,356	-	3,847,664	145,494	7,605,514

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6. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

b. SMEs and others

	31 December 2024				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	RA for non-financial risk	Total
Insurance contracts issued:					
Opening insurance contract liabilities	718,782	-	437,251	14,143	1,170,176
Insurance revenue	(2,157,827)	-	-	-	(2,157,827)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,752,445	15,566	1,768,011
Changes that relate to past service - adjustments to the LIC	-	-	(52,562)	(12,710)	(65,272)
Insurance acquisition cash flows amortization	131,709	-	-	-	131,709
Insurance service expenses	131,709	-	1,699,883	2,856	1,834,448
Insurance service result	(2,026,118)	-	1,699,883	2,856	(323,379)
Cash flows					
Premiums received	2,253,851	-	-	-	2,253,851
Claims and other directly attributable expenses paid	-	-	(1,597,976)	-	(1,597,976)
Insurance acquisition cash flows paid	(103,373)	-	-	-	(103,373)
Total cash flows	2,150,478	-	(1,597,976)	-	552,502
Closing insurance contract liabilities	843,142	-	539,158	16,999	1,399,299

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6. INSURANCE AND REINSURANCE CONTRACTS (continued)

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts

	31 December 2025				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	RA for non-financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	(41,276)	-	(54,504)	(2,398)	(98,178)
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	(41,276)	-	(54,504)	(2,398)	(98,178)
Reinsurance expense	289,405	-	-	-	289,405
Claims recovered and other directly attributable expenses	-	-	(295,292)	(2,805)	(298,097)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	51,226	2,242	53,468
Net expense from reinsurance contracts held	289,405	-	(244,066)	(563)	44,776
Cash flows					
Premiums ceded	(295,933)	-	-	-	(295,933)
Recoveries from reinsurance	-	-	235,921	-	235,921
Total cash flows	(295,933)	-	235,921	-	(60,012)
Closing reinsurance contract assets	(47,804)	-	(62,649)	(2,961)	(113,414)
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	(47,804)	-	(62,649)	(2,961)	(113,414)

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6. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	31 December 2024				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	RA for non-financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	(21,385)	-	(50,484)	(2,221)	(74,090)
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	(21,385)	-	(50,484)	(2,221)	(74,090)
Reinsurance expense	234,981	-	-	-	234,981
Claims recovered and other directly attributable expenses	-	-	(212,703)	(2,282)	(214,985)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	47,860	2,105	49,965
Net expense from reinsurance contracts held	234,981	-	(164,843)	(177)	69,961
Cash flows					
Premiums ceded	(254,872)	-	-	-	(254,872)
Recoveries from reinsurance	-	-	160,823	-	160,823
Total cash flows	(254,872)	-	160,823	-	(94,049)
Closing reinsurance contract assets	(41,276)	-	(54,504)	(2,398)	(98,178)
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	(41,276)	-	(54,504)	(2,398)	(98,178)

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7. INVESTMENTS

	<u>31 December 2025</u>	<u>31 December 2024</u>
Financial assets at amortised cost – net	934,922	935,811
Financial assets at fair value	8,633,578	6,586,463
	<u>9,568,500</u>	<u>7,522,274</u>

Details of investments classified as financial assets at fair value are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Investments at FVTPL	1,933,126	449,181
Investments at FVOCI – Debt	4,421,891	4,562,442
Investments at FVOCI – Equity	2,278,561	1,574,840
	<u>8,633,578</u>	<u>6,586,463</u>

(i) Investments measured at amortised cost – net comprise of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Sukuks	935,103	936,031
Less: Impairment allowance on investments at amortised cost	(181)	(220)
	<u>934,922</u>	<u>935,811</u>

(ii) Investments measured at FVTPL comprise of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Funds	1,919,681	439,953
Equity	13,445	9,228
	<u>1,933,126</u>	<u>449,181</u>

(iii) Investments at FVOCI – Debt comprise of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Sukuks	4,421,891	4,562,442
	<u>4,421,891</u>	<u>4,562,442</u>

(iv) Investments at FVOCI – Equity comprise of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Equity	-	59,498
Sukuks	1,885,248	1,402,981
Investments in discretionary portfolios	393,313	112,361
	<u>2,278,561</u>	<u>1,574,840</u>

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7. INVESTMENTS (continued)

The movements in the investments, excluding loss allowance, are as follows:

	31 December 2025	31 December 2024
Balance at the beginning of the year	7,522,494	4,834,278
Purchased during the year	3,896,845	3,554,799
Disposed during the year	(1,979,511)	(790,207)
Unrealized gains / (losses) during the year, net	116,561	(88,686)
Accrued interest	12,292	12,310
	9,568,681	7,522,494

Movement in loss allowance for investments at amortised cost for the year is as follows:

	31 December 2025			
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total
Balance at the beginning of the year	(220)	-	-	(220)
Release during the year	39	-	-	39
	(181)	-	-	(181)

	31 December 2024			
	Stage 1 12-month ECL	Stage 2 ECL not Credit impaired	Stage 3 Lifetime ECL credit impaired	Total
Balance at the beginning of the year	(161)	-	-	(161)
Charge during the year	(59)	-	-	(59)
	(220)	-	-	(220)

Details on investment income for the year are as follows:

	31 December 2025	31 December 2024
Commission and income on financial assets at fair value		
Commission income on investments at fair value	308,206	247,123
Dividend income on investments at fair value	44,397	34,748
Gains / (losses) on investments at fair value	10,833	(19,774)
	363,436	262,097
Commission and income on financial assets at amortised cost and term deposits		
Commission income on investments at amortised cost	366,418	409,251
Gains on investments at amortised cost	-	436
	366,418	409,687

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8. TERM DEPOSITS

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three-month to more than one year and yield financial income at rates ranging from 2.20% to 6.15% per annum (2024: 2.20% to 6.40% per annum). The movements in term deposits during the year ended 31 December as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year before loss allowance	6,041,965	7,224,972
Placed during the year	1,100,000	2,794,848
Matured during the year	(2,695,702)	(4,317,551)
Commission income earned during the year	297,573	339,696
Less: loss allowance	(842)	(1,423)
	<u>4,742,994</u>	<u>6,040,542</u>

Movement in loss allowance for term deposits for the year is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Balance at the beginning of the year	(1,423)	(1,961)
Reversal made during the year	581	538
Balance at end of the year	<u>(842)</u>	<u>(1,423)</u>

9. FIXTURES, FURNITURE AND EQUIPMENT & RIGHT OF USE ASSETS

9.1 FIXTURES, FURNITURE AND EQUIPMENT

	<u>Office, furniture, and fixtures</u>	<u>Computer equipment</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Capital work in progress</u>	<u>Total</u>
	<u>31 December 2025</u>					
Cost:						
At 1 January 2025	79,238	72,596	520	56,898	18,792	228,044
Additions during the year	9,359	12,192	-	21,995	23,977	67,523
Transferred during the year	931	3,400	-	3,415	(7,746)	-
Disposals during the year	(188)	(2,433)	-	(83)	-	(2,704)
At 31 December 2025	<u>89,340</u>	<u>85,755</u>	<u>520</u>	<u>82,225</u>	<u>35,023</u>	<u>292,863</u>
Accumulated depreciation:						
At 1 January 2025	(70,610)	(56,815)	(90)	(24,143)	-	(151,658)
Charge for the year	(3,588)	(7,826)	(110)	(7,526)	-	(19,050)
Disposal during the year	129	2,418	-	31	-	2,578
At 31 December 2025	<u>(74,069)</u>	<u>(62,223)</u>	<u>(200)</u>	<u>(31,638)</u>	<u>-</u>	<u>(168,130)</u>
Net book value:						
At 31 December 2025	<u>15,271</u>	<u>23,532</u>	<u>320</u>	<u>50,587</u>	<u>35,023</u>	<u>124,733</u>

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9. FIXTURES, FURNITURE AND EQUIPMENT & RIGHT OF USE ASSETS (continued)

9.1 FIXTURES, FURNITURE AND EQUIPMENT (continued)

	Office, furniture, and fixtures	Computer Equipment	Motor vehicles	Leasehold improvements	Capital work in progress	Total
	31 December 2024					
Cost:						
At 1 January 2024	89,055	63,992	404	60,231	3,805	217,487
Additions during the year	464	7,238	-	43	20,926	28,671
Transferred during the year	1,306	1,712	439	2,482	(5,939)	-
Disposals during the year	(11,587)	(346)	(323)	(5,858)	-	(18,114)
At 31 December 2024	79,238	72,596	520	56,898	18,792	228,044
Accumulated depreciation:						
At 1 January 2024	(77,187)	(48,790)	(404)	(21,227)	-	(147,608)
Charge for the year	(3,757)	(8,371)	(9)	(6,284)	-	(18,421)
Disposal during the year	10,334	346	323	3,368	-	14,371
At 31 December 2024	(70,610)	(56,815)	(90)	(24,143)	-	(151,658)
Net book value:						
At 31 December 2024	8,628	15,781	430	32,755	18,792	76,386

9.2 RIGHT-OF-USE ASSETS

The movement of right-of-use assets, which mainly include buildings are as follows:

	31 December 2025	31 December 2024
At 1 January	131,528	143,388
Additions during the year	159,489	32,602
Termination of contract	-	(15,339)
Changes due to modification	5,316	(8,078)
Amortisation during the year	(31,307)	(21,045)
At 31 December	265,026	131,528

The Group leases various buildings for offices. There is no non-lease components in the contracts. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. For leases of office buildings, management concluded that it was reasonably certain to extend the lease beyond one year, taking into account the leasehold improvements in the premises, historical lease durations and the costs and business disruption required to change premises.

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10. INTANGIBLE ASSETS

	Software	Capital work in progress	Total
	31 December 2025		
Cost:			
At 1 January 2025	226,722	5,064	231,786
Additions during the year	3,814	24,829	28,643
Transfers during the year	3,676	(3,676)	-
At 31 December 2025	234,212	26,217	260,429
Accumulated amortisation:			
At 1 January 2025	(159,661)	-	(159,661)
Charge for the year	(22,399)	-	(22,399)
At 31 December 2025	(182,060)	-	(182,060)
Net book value:			
At 31 December 2025	52,152	26,217	78,369
	Software	Capital work in progress	Total
	31 December 2024		
Cost:			
At 1 January 2024	189,431	18,097	207,528
Additions during the year	3,726	20,532	24,258
Transfers during the year	33,565	(33,565)	-
At 31 December 2024	226,722	5,064	231,786
Accumulated amortisation:			
At 1 January 2024	(140,292)	-	(140,292)
Charge for the year	(19,369)	-	(19,369)
At 31 December 2024	(159,661)	-	(159,661)
Net book value:			
At 31 December 2024	67,061	5,064	72,125

11. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets comprise of the following:

	31 December 2025	31 December 2024
VAT receivables	246,449	232,436
Prepaid expenses	113,832	66,366
Fee receivable	37,856	41,549
Accrued income	64,549	65,443
Other receivables	23,395	17,150
	486,081	422,944

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12. STATUTORY DEPOSIT

As required by the Regulations, the Group deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 150 million, in a bank designated by the Regulator. Accrued income on this deposit is payable to the Regulator amounting to SR 7.08 million (31 December 2024: SR 4.38 million) and this deposit cannot be withdrawn without approval from the Regulator. As requested by the Regulator, the Group has released the accrued income on statutory deposit to Regulator up to 30 June 2024 amounting to SR 21.84 million. The statutory deposit is shown on the consolidated statement of financial position net of impairment allowance.

13. FIDUCIARY ASSETS

During the year ended 31 December 2018, after obtaining the Regulator's approvals, the Group entered into a Third-Party Administration agreement (TPA) with a customer under which the Group facilitates healthcare services to Customer's employees with specific terms and conditions. The agreement is effective from 1 March 2018. The services are remunerated against administration fees.

In order to fulfil the commitment relating to this agreement, the Group receives funds in advance from the customer to settle anticipated claims from medical service providers. As the Group acts as an agent, the relevant bank balance and related payables at the reporting date, are excluded from the consolidated statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 221 million as of 31 December 2025 (31 December 2024: SR 224 million).

14. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

- i) The Group is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as of 31 December 2025 as compared to 31 December 2024.
- ii) As of 31 December 2025, total letters of guarantee issued by banks amounted to SR 251 million (31 December 2024: SR 261 million).
- iii) Refer to Note 21 for zakat and income tax related matters.

15. ACCRUED AND OTHER LIABILITIES AND LEASE LIABILITY

15.1 Accrued and other liabilities comprise of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
VAT payable	149,439	176,641
VAT payable to providers	412,175	369,255
Accrued expenses	78,186	67,338
Other liabilities	52,364	38,162
	<u>692,164</u>	<u>651,396</u>

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15. ACCRUED AND OTHER LIABILITIES AND LEASE LIABILITY (continued)

15.2 Lease liability

As of 31 December 2025, lease liability amounted SR 264 million (2024: SR 145 million). Below is the movement during the year:

	31 December 2025	31 December 2024
Balance at the beginning of the year	144,817	166,066
Finance cost	9,459	4,911
Additions during the year	130,530	30,405
Termination of contract	-	(25,813)
Changes due to modification	5,316	(8,556)
Lease payments (total cash outflows)	(25,868)	(22,196)
	<u>264,254</u>	<u>144,817</u>

16. TRADEMARK FEES

During 2010, the Group entered into an agreement with a related party for obtaining a license to use the trademark (the word “Bupa” with or without logo) of the related party. As per the terms of the agreement, the trademark fee is payable at different rates linked to the results of the Group, subject to a maximum threshold. Accordingly, a sum of SR 48 million (2024: SR 44.5 million) payable to a related party has been accrued during the year (see note 20).

17. EMPLOYEES’ END OF SERVICE BENEFITS

The Group operates an end of service benefits plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under the projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognised in the consolidated statement of financial position and movement in the obligation during the year based on its present value are as follows:

17.1 Movement of end-of-service benefits

	2025	2024
Balance at the beginning of the year	191,876	186,487
<u>Consolidated statement of income</u>		
Current service costs	29,564	25,968
Finance costs	9,904	8,077
<u>Consolidated statement of comprehensive income</u>		
Actuarial losses / (gains)	3,138	(6,125)
Benefits paid during the year	(12,946)	(22,531)
Balance at the end of the year	<u>221,536</u>	<u>191,876</u>

17.2 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Group for the valuation of end-of-service benefits:

	2025	2024
Valuation discount rate	5.45%	5.35%
Expected rate of increase in salary level across different age bands	4.50%	4.50%
Employee turnover rate	7.85%	12.35%
Mortality rate	0.06%	0.06%

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17. EMPLOYEES' END OF SERVICE BENEFITS (continued)

The impact of changes in sensitivities on present value of employees' end-of-service ((Increase) / Decrease) benefits is as follows:

	2025	2024
Valuation discount rate		
- Increase by 0.5%	8,263	7,125
- Decrease by 0.5%	(8,853)	(7,608)
Expected rate of increase in salary level across different age bands		
- Increase by 1%	(18,440)	(15,785)
- Decrease by 1%	16,340	14,091
Mortality rate		
- Increase by 50%	(142)	(80)
- Decrease by 50%	144	81
Employee turnover		
- Increase by 20%	387	827
- Decrease by 20%	(155)	(697)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the consolidated statement of financial position.

The average duration of the employees' end-of-service benefits at the end of the reporting period is 9 years (2024: 8.9 years). The total expected payments of the liability, undiscounted, amount to SR 299 million (2024: SR 292 million) out of which SR 32.7 million (2024: SR 28.8 million) are expected to be paid within the next 12 months.

18. 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, in the most advantageous accessible market for the asset or liability.

a) Determination of fair value and fair value hierarchy

The Group 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.

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18. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

b) Carrying amounts and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value (financial assets and liabilities at amortised cost) as the carrying amount is a reasonable approximation to fair value except for certain term deposits and sukuks at amortized cost for which the difference between carrying amount and the fair value is not material to the consolidated financial statements. There were no transfers in between levels during the year ended December 31, 2025, and December 31, 2024.

	Fair value			Total	Carrying value
	Level 1	Level 2	Level 3		
31 December 2025					
Financial assets measured at fair value:					
- Investment at FVTPL	17,784	1,859,334	56,008	1,933,126	1,933,126
- Investment at FVOCI – Debt	4,371,891	50,000	-	4,421,891	4,421,891
- Investment at FVOCI – Equity	1,588,715	689,846	-	2,278,561	2,278,561
	<u>5,978,390</u>	<u>2,599,180</u>	<u>56,008</u>	<u>8,633,578</u>	<u>8,633,578</u>

	Fair value			Total	Carrying value
	Level 1	Level 2	Level 3		
31 December 2024					
Financial assets measured at fair value:					
- Investment at FVTPL	12,365	372,446	64,370	449,181	449,181
- Investment at FVOCI – Debt	4,412,442	150,000	-	4,562,442	4,562,442
- Investment at FVOCI – Equity	926,822	648,018	-	1,574,840	1,574,840
	<u>5,351,629</u>	<u>1,170,464</u>	<u>64,370</u>	<u>6,586,463</u>	<u>6,586,463</u>

c) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 31 December 2025 and 31 December 2024, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks and mutual funds are based on prices quoted on reliable and third-party sources.

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

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18. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

c) Measurement of fair value (continued)

Movement of level 3 instruments:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Opening fair value	64,370	58,715
Additions in level 3 investments	2,438	10,822
Fair value loss – net*	(10,800)	(5,167)
Closing fair value	56,008	64,370

*The fair value loss has been recognized within ‘Commission and income on financial assets at fair value’ in the consolidated statement of income.

Sensitivity analysis:

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
+/- 5% change in net assets value	+/-2,800	+/- 3,219

19. OPERATING SEGMENTS

The Group only issues short-term insurance contracts for providing health care services (‘medical insurance’). The Group operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. All the insurance operations of the Group are carried out in the Kingdom of Saudi Arabia. For management reporting purposes, the operations are monitored in two groups that are Corporate and Small and Medium Enterprises & Others (SME & Others). Corporate segment/customer represents members of large corporations, and all others are considered as SME & Others. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing the performance of operating segments in line with the strategic decisions.

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19. OPERATING SEGMENTS (continued)

Operating segments do not include shareholders' operations of the Group. Segment results do not include investment, other operating expenses, other revenues and other costs. Segment assets and liabilities only include the insurance and reinsurance contract liabilities and assets while the other accounts are not allocated. Consistent with the Group's internal reporting, operating segments have been approved by the management in respect of the Group's activities, assets and liabilities as stated below:

	31 December 2025		
	Corporate	SME & Others	Total
Operating segments			
<u>ASSETS</u>			
Asset for incurred claims	65,610	-	65,610
Asset for remaining coverage	47,804	-	47,804
Reinsurance contract assets	113,414	-	113,414
Unallocated assets			16,989,507
Total assets			17,102,921
<u>LIABILITIES</u>			
Liability for incurred claims	4,183,515	565,042	4,748,557
Liability for remaining coverage	4,201,788	860,109	5,061,897
Insurance contract liabilities	8,385,303	1,425,151	9,810,454
Unallocated liabilities			1,619,497
Total liabilities			11,429,951
	31 December 2024		
	Corporate	SME & Others	Total
Operating segments			
<u>ASSETS</u>			
Asset for incurred claims	56,902	-	56,902
Asset for remaining coverage	41,276	-	41,276
Reinsurance contract assets	98,178	-	98,178
Unallocated assets			15,476,902
Total assets			15,575,080
<u>LIABILITIES</u>			
Liability for incurred claims	3,993,158	556,157	4,549,315
Liability for remaining coverage	3,612,356	843,142	4,455,498
Insurance contract liabilities	7,605,514	1,399,299	9,004,813
Unallocated liabilities			1,452,270
Total liabilities			10,457,083

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19. OPERATING SEGMENTS (continued)

	31 December 2025			31 December 2024		
	Corporate	SME & Others	Total	Corporate	SME & Others	Total
Insurance revenue	16,845,710	2,457,354	19,303,064	15,943,690	2,157,827	18,101,517
Insurance service expense	(16,197,805)	(2,183,235)	(18,381,040)	(15,199,012)	(1,834,448)	(17,033,460)
Net expenses from reinsurance contracts held	(44,776)	-	(44,776)	(69,961)	-	(69,961)
Net insurance service result	603,129	274,119	877,248	674,717	323,379	998,096
Commission and income on financial assets at amortised cost			366,418			409,687
Commission and income on financial assets at fair value			363,436			262,097
Net impairment reversal on financial assets			874			590
Net investment results			730,728			672,374
Net insurance and investment results			1,607,976			1,670,470
Other operating expenses			(410,654)			(348,648)
Other revenue			98,071			90,386
Other costs			(42,636)			(39,582)
Income attributed to the shareholders before zakat and income tax			1,252,757			1,372,626
Zakat charge			(54,615)			(77,064)
Income tax charge			(119,050)			(129,560)
NET INCOME ATTRIBUTED TO SHAREHOLDERS AFTER ZAKAT AND INCOME TAX			1,079,092			1,166,002

The details of gross written premium are as follows:

	31 December 2025	31 December 2024
Corporates	15,452,092	13,952,465
Medium enterprises	3,447,889	3,052,320
Small enterprises	1,367,167	1,186,143
Micro enterprises	185,864	158,922
Individuals	38,402	44,282
Total gross written premium	20,491,414	18,394,132
Change due to remaining coverage period and expected premium receipts*	(1,188,350)	(292,615)
Insurance revenue	19,303,064	18,101,517

* This includes SR 1,104 million adjusted against the insurance revenue of SR 16,845 million related to Corporate and SR 84 million adjusted against the insurance revenue of SR 2,457 million related to SME & Others, respectively. Refer to note 2(a) for more details.

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20. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, Board members and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Contract pricing policies and terms are approved by the Group's management or where required and applicable the Group's Board of Directors. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The following are the details of the major related party transactions during the period and their related balances:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions during the year ended income / (expense)</u>		<u>Receivable/(payable) balance as at</u>	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
<u>Balances included in insurance contract liabilities</u>					
Shareholders and entities with common directorship*	Premium issued	419,400	426,456	14,230	806
Shareholders and entities with common directorship*	Claims incurred	(442,339)	(378,074)	(66,351)	(69,755)
Shareholder*	Medical costs charged by providers	(354,189)	(278,880)	(52,826)	(42,189)
				(104,947)	(111,138)
<u>Balances included in reinsurance contract assets</u>					
Shareholders	Reinsurance premium ceded**	(276,104)	(280,573)	(56,545)	(76,375)
<u>Balances included in due (to)/from Related Parties</u>					
Shareholders	Expenses recharged (to) / from a related party-net	(692)	(627)	1,269	(1,066)
Shareholders	Tax equalization	70,828	35,129	-	-
Shareholders	Board and committee members fees	(1,932)	(1,365)	-	(1,365)
Bupa Middle East Holdings Two W.L.L. (Common directorship)*	Trademark fee	(47,541)	(44,513)	(47,541)	(44,513)
				(46,272)	(46,944)

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20. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

a. Compensation to key management personnel

	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term benefits	32,858	35,946
Long-term benefits	1,344	2,424
Share based payment transactions	31,987	28,433
	<u>66,189</u>	<u>66,803</u>

Short-term benefits include salaries, allowances, annual bonuses and incentives whilst long-term benefits include employees' end of service benefits.

b. Board of Directors' remuneration and related expenses

	<u>31 December 2025</u>	<u>31 December 2024</u>
Board of directors' remuneration	8,050	6,013
Board attendance fees	720	560
Other board and sub-committees expenses	3,208	3,278
	<u>11,978</u>	<u>9,851</u>

* The transactions and balances against the entities with common directorship, common key management personnel and major shareholder have been presented in accordance with the local laws and regulations. As at 31 December 2025, balances related to terms deposits and financial assets at fair value placed with entities with common directorship amounted to SR 1,922 million and SR 1,374 million (31 December 2024: SR 2,154 million and SR 7 million) respectively. Placements and maturities during the current year related to these term deposits amounted to SR 750 million and SR 1,018 million (2024: SR 510 million and SR 438 million) respectively. Purchases and redemption during the year related to these financial assets at fair value amounted to SR 2,440 million and SR 1,093 million (2024: SR 300 million and SR 300 million) respectively.

** All the reinsurance transactions are with a single related party (a company with a common significant shareholder with BUPA Arabia for Cooperative Insurance Company). Refer note 6.2 for further details.

21. ZAKAT AND INCOME TAX

Breakup of zakat and income tax charge for the year ended 31 December 2025 and 2024 are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Current zakat charge	54,615	77,064
Current tax charge	120,712	124,521
Deferred tax (income) / charge (note 21.a)	(1,662)	5,039
	<u>119,050</u>	<u>129,560</u>
	<u>173,665</u>	<u>206,624</u>

a) The reconciliation of deferred tax is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Opening deferred tax asset	33,570	38,609
Deferred tax income / (charge)	1,662	(5,039)
	<u>35,232</u>	<u>33,570</u>

The Group has recognised a deferred tax asset as it is probable that future taxable profits will be available and the credits can be utilised. The deferred tax arises mainly from temporary differences.

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21. ZAKAT AND INCOME TAX (continued)

Movements in the Zakat and income tax accrued during the year ended 31 December 2025 and year ended 31 December 2024 respectively are as follows:

	Zakat payable	Income tax Payable	Total 31 December 2025
Balance at beginning of the year	356,249	56,610	412,859
Provided during the year	88,195	120,712	208,907
Adjustment for prior years	(33,580)	-	(33,580)
Payments during the year	(83,130)	(116,866)	(199,996)
Balance at end of the year	<u>327,734</u>	<u>60,456</u>	<u>388,190</u>

a) The reconciliation of deferred tax is as follows (continued):

	Zakat payable	Income tax Payable	Total 31 December 2024
Balance at beginning of the year	329,078	29,511	358,589
Provided during the year	82,567	124,521	207,088
Adjustment for prior years	(5,503)	-	(5,503)
Payments during the year	(49,893)	(97,422)	(147,315)
Balance at end of the year	<u>356,249</u>	<u>56,610</u>	<u>412,859</u>

Breakup of income tax for the year ended 31 December 2025 and 2024 are as follows:

	31 December 2025	31 December 2024
Accounting profit before tax and zakat	1,125,641	1,546,707
Less: Income subject to zakat	(638,801)	(877,756)
Accounting profit for non-Saudi shareholders	486,840	668,951
Tax effects of:		
-Non-tax deductible expenses/reversal	116,720	(46,346)
Adjusted profit /loss for tax base	<u>603,560</u>	<u>622,605</u>
Corporate tax at 20%	<u>120,712</u>	<u>124,521</u>

Status of assessments

Bupa Arabia For Cooperative Insurance Company

The Company has filed its zakat and income tax returns with the ZATCA for the financial years up to and including 2024.

The Company has finalized its zakat and income tax returns with ZATCA for the fiscal years 2008 through 2018. For the 2019 and 2020, the Company settled the assessment during the year ended 31 December 2025 resulting in a reversal of excess provision amounting to SR 33.6 million.

The Company has yet to receive the final assessments for the years ended December 31, 2021, 2022, 2023 and 2024.

Bupa Arabia For Third Party Administration

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2024 with ZATCA. The return for the years are still under ZATCA's review.

Health Horizon Medical Care Company

The Company has filed its zakat and income tax return for the financial year of 2024 with ZATCA. The return for this year is still under ZATCA's review.

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22. SHARE CAPITAL

The authorised, issued and paid-up capital of the Group is SR 1,500 million at 31 December 2025 (31 December 2024: SR 1,500 million) consisting of 150 million shares (31 December 2024: 150 million shares) of SR 10 each. Shareholding structure of the Group is as below:

	31 December 2025		31 December 2024	
	Holding percentage	Amount	Holding percentage	Amount
Major shareholders	48.3%	723,825	48.3%	723,825
General Public	51.7%	776,175	51.7%	776,175
	100%	1,500,000	100%	1,500,000

The major shareholders of the Group along with their holding percentages are as below:

	31 December 2025		31 December 2024	
	Holding Percentage	SR'000	Holding Percentage	SR'000
Bupa Investment Oversees Limited	43.3%	648,750	43.3%	648,750
Nazer Group Company Limited	5.0%	75,075	5.0%	75,075
	48.3%	723,825	48.3%	723,825

The total shareholders' equity as of 31 December 2025 for Saudi shareholders is SR 3,269 million (31 December 2024: SR 2,964 million) and foreign shareholder is SR 2,359 million (31 December 2024: SR 2,188 million) after incorporating their respective shareholding percentage and impact of zakat, income tax, reimbursement and other adjustments.

23. STATUTORY RESERVE

As required by the regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Group carries out this transfer on an annual basis at 31 December. As at 31 December 2025, SR 1,500 million (31 December 2024: SR 1,500 million) had been set aside as a statutory reserve, equal to 100% (31 December 2024: 100%) of the paid-up share capital.

24. SHARE BASED PAYMENTS

The Group established a share-based compensation scheme for its key executives and senior management that entitles them to Bupa Arabia shares subject to successfully meeting certain service and performance conditions. Under the share-based compensation scheme, the Group manages various plans. Significant features of these plans are as follows:

Maturity dates	Between March 2025 and March 2029
Number of outstanding plans	4 Plans
Vesting period	3-5 Years
Method of settlement	Equity
Fair value per share on grant date adjusted for bonus shares	Average price SR 179.1

	31 December 2025		31 December 2024	
	Average price	Number of shares	Average price	Number of shares
As at 1 January	206.3	705,268	131.5	495,070
Granted during the year	149.9	218,866	226.7	516,478
Delivered during the year	137.4	(65,428)	119.9	(306,280)
Unallocated shares	152.4	582,664	-	-
As at 31 December	179.1	1,441,370	206.3	705,268

These shares are granted only under a service/performance condition with no market condition associated with them. Total amount of expense recognized in consolidated statement of income during the year ended December 31, 2025 in respect of this scheme was SR 41.6 million (2024: SR 36.9 million).

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25. OTHER OPERATING EXPENSES

	2025	2024
Employees' costs	239,187	192,685
Marketing expenses	58,707	44,574
Rents, IT and maintenance costs	26,344	26,281
Legal and professional fees	21,714	35,519
Board expenses	11,978	9,851
Depreciation and amortisation	11,189	8,191
Travelling and other expenses	9,685	6,790
Finance cost on leases	4,648	4,911
Communication expenses	2,792	1,566
Other expenses	24,410	18,280
Total	410,654	348,648

25.1 Insurance acquisition cash flows amortisation consists of policy acquisition cost amounting to SR 967 million (2024: SR 911 million). Other directly attributable expenses relate to expenses incurred in the fulfilment of the insurance contract amounting to SR 975 million (2024: SR 936 million). This consists of employees' cost of SR 565 million (2024: SR 549 million), income attributable to insurance operations of SR 117 million (2024: SR 138 million), trademark fees of SR 48 million (2024: SR 44.5 million), rent, IT and maintenance cost of SR 55 million (2024: SR 84 million), depreciation and amortization of SR 61 million (2024: SR 50 million) and other expenses of SR 129 million (2024: SR 70 million).

25.2 Other revenue earned by the subsidiaries amounted to SR 98.21 million (2024: 90.39 million). The nature of "Other costs", as disclosed on the consolidated statement of income primarily represents direct and indirect manpower cost, and any other expense. Other costs were incurred in the provision of claims management and handling services for a third party.

25.3 Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiaries for the year ended 31 December 2025 amounts to SR 3.26 million (2024: SR 2.89 million). Auditors' remuneration for the review of the Group's consolidated financial information during the year ended 31 December 2025 amounts to SR 1.36 million (2024: SR 1.23 million). Fee for other statutory and related services provided by the auditors to the Group amounts to SR 1.04 million (2024: SR 0.1 million).

26. CAPITAL MANAGEMENT

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

The Group's regulatory capital is financed solely by share capital provided by shareholders amounting to SR 1,500 million.

As per guidelines laid out by SAMA in Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law 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 SAMA Implementing Regulations:

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

The Group 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 the risk characteristics of the Group's activities. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue shares. In the opinion of the Board of Directors, the Group has fully complied with the regulatory capital requirements at each reporting date presented.

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27. EARNINGS PER SHARE

The basic earnings per share have been calculated by dividing 'net income attributed to the shareholders after zakat and income tax' amounting to SR 1,079 million (2024: SR 1,166 million) for the year by the weighted average number of ordinary shares issued and outstanding amounting to 150 million shares (2024: 150 million shares) adjusted for treasury shares amounting to 1,441 thousand (2024: 705 thousand shares) at year end.

The diluted earnings per share have been calculated by dividing 'net income attributed to the shareholders after zakat and income tax' amounting to SR 1,079 million (2024: SR 1,166 million) for the year by the weighted average number of ordinary shares issued and outstanding amounting to 150 million shares (2024: 150 million shares) adjusted for the effects of shares under the employee shares scheme amounting to 1,441 thousand (2024: 705 thousand shares) at year end.

28. RISK MANAGEMENT

The Group has developed and implemented a risk management structure that is designed to identify, assess, control and monitor the risks associated with its business. Adhering to this structure, the Group aims to meet its obligations to policyholders and other customers and creditors, to manage its capital efficiently, and to comply with applicable laws and regulations. The Group's Risk Committee has overall responsibility for the establishment and oversight of the Group's risk management framework. The Risk Committee is responsible for defining, installing and monitoring the risk management organisation in order to ensure that its control systems are effective. The Risk Committee approves all risk management policies, as well as the quantitative and qualitative elements of the Group's risk appetite and tolerance framework. The risk faced by the Group are broadly categorised into underwriting risk (insurance risk and expense risk) and financial risk.

a) Insurance risk

The Group provides short-term health insurance contracts in Saudi Arabia. Accordingly, the main insurance risk within the Group is that there are no sufficient reserves available to cover the liabilities associated with the insurance contracts issued. Actual claims may differ from the estimated ultimate claims. The Group seeks to manage this as follows:

Estimate of present value of cash flows and risk adjustment for non-financial risk

- Through close monitoring of the claims' trend and payments' pattern to ensure that sufficient reserves are available to cover claim liabilities. The Group also has an external actuary to perform quarterly independent reviews of the reserves adequacy. Estimate of present value of cash flows and risk adjustment for non-financial risk, which are key components of the Group's insurance contract liabilities are estimated amounts of the outstanding claims, incurred but not reported claims ("IBNR"), claims handling provisions and risk adjustment for non-financial risk. These reserves do not represent exact calculations but rather expectations based on historical claims' trend (frequency and severity), payments' pattern, medical inflation, members' behaviour, seasonality and other factors. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues.
- The Group has a large insurance portfolio resulting in stable claims development patterns which relatively reduces the risk of fluctuations in the estimated ultimate claims. The short-tailed nature of the business is associated with higher consistency of the reserve estimates.
- The Group continually reviews the adequacy of claims reserves by conducting back-testing analysis, assessing the sufficiency of data, monitoring claims backlogs and settlement patterns. In addition, the external actuary runs independent valuation models after due reconciliation with consolidated financial statements to validate reserve adequacy.

Reinsurance

- The Group has a reinsurance arrangement to reduce its exposure through transfer of risk. During the years ended 31 December 2025 and 2024, the Group had quota share reinsurance arrangement for certain group of contracts to reduce its exposure through partial transfer of insurance risk. The reinsurance expense represents a minimal margin of the overall insurance revenue.
- The reinsurers selected met Regulator's minimum acceptable rating of BBB from a reputable credit agency.
- Reinsurance ceded business does not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

28. RISK MANAGEMENT (continued)

a) Insurance risk (continued)

Pricing

- The pricing team follows the Group's underwriting guidelines (approved by the Board of Directors) in setting premiums taking into consideration credible claims experiences for both new business and renewals or medical declarations.

Managing the concentration of insurance risk

- The insurance risk exposure related to policyholders is mainly concentrated in Saudi Arabia. However, through its underwriting strategy, the Group ensures that the portfolio is well diversified. Its business is proportionally spread across all regions in the Saudi Arabia, and the Group targets both corporate and retail business. The insurance portfolio is not concentrated in a specific benefit level (diverse medical providers, different deductibles, annual limits and sub-limits).

Process used to decide on assumptions

- Assumptions used in determining estimate of present value of cash flows are based on the best estimate. Ultimate claims are estimated using historical claim trends adjusted for inflation, seasonality, membership growth and any other external or internal factors that may have impact on claim costs. Given the nature of the business, the Group may still be exposed to risk of insufficiency of claim reserves for which actual claim cost may turn out to be higher than the initial estimated ultimate claims.
- The estimation of present value of future cash flows related to incurred but not reported claims (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the present value of future cash flows related to reported claims which are received but not yet settled with the providers. For the case of present value of future cash flows related to reported claims, the Group uses payment information of settled batches with providers to estimate the expected settlement amounts of recently submitted batches, while it uses mainly pre-authorization data to estimate present value of future cash flows related to IBNR. The Group seeks to avoid inadequate reserve levels by adopting established processes in determining claim reserve and using updated information from both claims received and pre-authorization data.

b) Sensitivity analysis

The Group believes that the claim liabilities under insurance contracts outstanding at year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the consolidated financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

	<u>31 December 2025</u>	<u>31 December 2024</u>
Impact on equity, insurance contract liabilities and profit or loss due to change in claims ratio		
5% Increase	(965,284)	(902,014)
5% Decrease	965,284	902,014
Impact on equity, insurance contract liabilities and profit or loss due to change in risk adjustment for non-financial risk		
5% Increase	(46,840)	(56,443)
5% Decrease	39,029	24,945

c) Expense risk

Expense risk is the risk of unexpected increases in the administrative costs associated with the servicing of a contract, rather than in the costs associated with insured events.

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28. RISK MANAGEMENT (continued)

Financial risk

d) Market risk

Market risk refers to the potential impact of various market dynamics on the fair value or the expected cash flows of financial instruments. The Group adopts asset allocation guidelines and diversification limits on asset classes, geographies, currencies and securities to ensure that market risk is contained and kept to minimal levels.

The Board of Directors sets the overall risk appetite to a prudent level that does not impact the Group's operating results. The management prepares monthly and quarterly reports, highlighting deployment activities and exposure limits to ensure that appropriate monitoring and compliance with the approved guidelines. Management performs continuous assessment of developments in relevant markets to ensure that market risk is monitored and mitigated at the asset class and securities levels.

Market risk comprises three types: interest rate risk, price risk and currency risk.

i) Interest rate risk

Interest rate risk is the potential change in the fair value of financial instruments and expected cash flows as a result of changes in interest rates. Management constantly monitors developments in global and local interest rates and accordingly allocates the durations of its term deposits and sukuk investments. Investments in term deposits and sukuk instruments have various maturities in order to maximise investment returns while ensuring that liquidity requirements are continuously met. Details of maturities of interest-bearing securities using discounted cashflows as at 31 December are as follows:

	2025				Total
	Less than 3 months	3 months to 1 year	1 year to 3 years	More than 3 years	
Term deposits	367,732	620,045	2,244,553	1,510,664	4,742,994
Financial assets at amortised cost	-	-	75,519	859,403	934,922
Financial assets at fair value - Sukuks	7,495	133,187	868,483	3,412,726	4,421,891
	<u>375,227</u>	<u>753,232</u>	<u>3,188,555</u>	<u>5,782,793</u>	<u>10,099,807</u>
	2024				Total
	Less than 3 months	3 months to 1 year	1 year to 3 years	More than 3 years	
Term deposits	319,095	1,338,194	2,767,765	1,615,488	6,040,542
Financial assets at amortised cost	-	-	-	935,811	935,811
Financial assets at fair value - Sukuks	19,774	42,262	408,460	4,091,946	4,562,442
	<u>338,869</u>	<u>1,380,456</u>	<u>3,176,225</u>	<u>6,643,245</u>	<u>11,538,795</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2025

(All amounts are presented in Saudi Riyals thousands unless otherwise stated)

28. RISK MANAGEMENT (continued)

d) Market risk (continued)

ii) Price risk

Price risk is the potential change in the fair value of financial instruments as a result of instrument-specific developments or systemic factors affecting the overall market in which the instrument is being traded.

The total size of investments which are exposed to market price risk is SR 4,212 million (2024: SR 2,024 million). Underlying equities are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Group manages this risk conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimise the potential impact of marking to market on the overall portfolio.

This analysis was performed for reasonably possible movements in the market index with all other variables held constant. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

The potential impact of a 10% increase or decrease in the market prices of investments carried at fair value through income statement on Group's profit would be as follows:

	<u>Fair value change</u>	<u>Effect on Group's profit SR'000</u>
2025	± 10%	± 193,312
2024	± 10%	± 44,918

The potential impact of a 10% increase or decrease in the market prices of investments carried at fair value through other comprehensive income on Group's total comprehensive income would be as follows:

	<u>Fair value change</u>	<u>Effect on Group's equity SR'000</u>
2025	± 10%	± 227,856
2024	± 10%	± 157,484

iii) Currency risk

Currency risk is the potential fluctuation of the value of a financial instrument due to changes in foreign exchange rates. All Group's transactions are in Saudi Arabian Riyals and US Dollar. Given the peg of Saudi Arabian Riyals and US Dollars, foreign exchange risk is minimal.

e) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group seeks to manage its credit risk with respect to customers by following the Group's credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Group's exposure to bad debts. The management estimates specific impairment provisions on a case by case basis. In addition to specific provisions, the Group also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the future premiums cashflow. The Group seeks to limit its credit risk with respect to other counterparties by placing term deposits and investments with reputable financial institutions. The Group enters into reinsurance contracts with recognised, creditworthy third parties (minimum BBB). The net exposure to credit risk on reinsurance contract assets is not material.

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28. RISK MANAGEMENT (continued)

e) Credit risk (continued)

The following table shows the maximum exposure to credit risk by class of financial assets and assets relating to insurance operations:

	2025	2024
Cash and cash equivalents	1,433,518	925,190
Other receivables and accrued income	372,249	356,578
Term deposits	4,742,994	6,040,542
Financial assets at amortised cost	934,922	935,811
Financial assets at fair value	4,421,891	4,562,442
Statutory deposit	149,973	149,965
Accrued income on statutory deposit	7,081	4,378
	12,062,628	12,974,906

Additionally, as at December 31, 2025, the maximum exposure to credit risk from insurance contracts is SR 3,533 million (2024: 2,727 million)

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties. Investment grade ratings refers to companies with sound credit standing of AAA to BBB- and/or Aaa to Baa3 (as per a reputable credit agency). Ratings below the mentioned threshold are considered sub-investment grade with a higher default risk.

	2025		
	Non-investment grade		
	Investment grade	Not impaired	Impaired
Cash and cash equivalents	1,433,518	-	-
Other receivables and accrued income	-	372,249	-
Term deposits	4,742,994	-	-
Financial assets at amortised cost	934,922	-	-
Financial assets fair value	4,421,891	-	-
Statutory deposit	149,973	-	-
Accrued income on statutory deposit	7,081	-	-
	11,690,379	372,249	-
			12,062,628
	2024		
	Non-investment grade		
	Investment grade	Not impaired	Impaired
Cash and cash equivalents	925,190	-	-
Other receivables and accrued income	-	356,578	-
Term deposits	6,040,542	-	-
Financial assets at amortised cost	935,811	-	-
Financial assets at fair value	4,562,442	-	-
Statutory deposit	149,965	-	-
Accrued income on statutory deposit	4,378	-	-
	12,618,328	356,578	-
			12,974,906

The Group does not have any financial asset classified in Stage 2 or 3 as at 31 December 2025 and 2024. The ECL on Stage 1 financial assets is not material. The group credit exposure is mainly concentrated in the sectors such as public establishment and institutions, financial institutions, oil and gas and real estate.

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At 31 December 2025

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28. RISK MANAGEMENT (continued)

f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its operational, financial or insurance obligations when they are due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds through premiums received and excess cash are available to meet any commitments as they arise.

The table below summaries the maturity profile of the financial liabilities and lease liabilities of the Group based on remaining undiscounted contractual obligations, and insurance contract liabilities which are based on expected maturities:

	2025		Total
	Up to one year	More than one year	
Accrued and other liabilities	692,164	-	692,164
Insurance contract liabilities	9,810,454	-	9,810,454
Lease liability	42,907	269,977	312,884
Due to related parties	46,272	-	46,272
Accrued income payable to Insurance Authority	7,081	-	7,081
	10,598,878	269,977	10,868,855
	2024		Total
	Up to one year	More than one year	
Accrued and other liabilities	651,396	-	651,396
Insurance contract liabilities	9,004,813	-	9,004,813
Lease liability	29,063	137,796	166,859
Due to related parties	46,944	-	46,944
Accrued income payable to Insurance Authority	4,378	-	4,378
	9,736,594	137,796	9,874,390

g) Liquidity profile

All financial assets excluding financial assets at amortised cost and financial assets at fair value amounting to SR 9,569 million are expected to be recovered or settled before one year. Term deposits amounting to SR 987 million (31 December 2024: SR 1,657 million) mature within one year and the remaining balance have maturities greater than one year.

None of the liabilities on the statement of financial position are based on discounted cash flows, with exception of end-of-service benefits and lease liabilities and are all payable on a basis as set out above. There are no differences between contractual and expected maturity of the financial liabilities of the Group.

29. INSURANCE OPERATIONS' SURPLUS PAYABLE

	2025	2024
Balance at the beginning of the year	327,834	260,796
Income attributable to insurance operations during the year	117,333	138,022
Surplus paid to policyholders during the year	(64,531)	(70,984)
Net surplus payable to policyholders	380,636	327,834

Net surplus payable to policyholders is reported as part of insurance contract liabilities. Income attributable to insurance operations is expensed as part of insurance service expenses.

30. DIVIDENDS

During the year ended 31 December 2025, the Group's Board of Directors proposed to pay dividends for the year ended 31 December 2024 of SR 4.0 per share, totalling SR 600 million (2023: SR 600 million) to its shareholders. The dividends were approved by the shareholders in the Extraordinary General Assembly meeting held on 30 June 2025 and paid in July 2025.

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31. INSURANCE SERVICE RESULTS

	2025	2024
<i>Insurance Revenue</i>		
<u>Contracts measured under PAA</u>		
Insurance revenue	19,303,064	18,101,517
<i>Insurance Service Expenses</i>		
Incurring claims and other directly attributable expenses	(18,487,721)	(16,674,245)
Changes that relate to past service – adjustments to the LIC	1,162,231	552,239
Losses on onerous contracts	(88,750)	-
Insurance acquisition cash flows amortization	(966,800)	(911,454)
Total insurance service expenses	(18,381,040)	(17,033,460)
Insurance service result before reinsurance contracts held	922,024	1,068,057
<i>Allocation of reinsurance premiums</i>		
<u>Contracts measured under PAA</u>		
Premium ceded on reinsurance contracts held	(289,405)	(234,981)
Amounts allocated to reinsurance from contracts measured under the PAA	(289,405)	(234,981)
<i>Amounts recoverable from reinsurers for incurred claims</i>		
Claims recovered and other directly attributable expenses	298,097	214,985
Changes that relate to past service – adjustments to the assets for incurred claims	(53,468)	(49,965)
Total amounts recoverable from reinsurance for incurred claims	244,629	165,020
Net expense from reinsurance contracts held	(44,776)	(69,961)
Net insurance service result	877,248	998,096

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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32. CLAIMS DEVELOPMENT TABLE

The following tables show the estimates of cumulative incurred claims, including both claims reported and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years, spanning a number of financial years.

2025	2022 and				
Accident year	earlier	2023	2024	2025	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:					
At end of accident year	73,237,037	13,529,148	15,387,733	17,325,587	119,479,505
1 year later	72,861,544	13,100,250	14,470,456	-	100,432,250
2 years later	72,878,624	12,952,828	-	-	85,831,452
3 years later	72,876,086	-	-	-	72,876,086
Current estimate of ultimate claims	72,876,086	12,952,828	14,470,456	17,325,587	117,624,957
Ultimate payments to date	72,850,973	12,932,551	14,311,696	13,726,709	113,821,929
Liability recognized in the consolidated statement of financial position	25,113	20,277	158,760	3,598,878	3,803,028
Other related reserves					240,735
Balance at 31 December					4,043,763

2024	2021 and				
Accident year	earlier	2022	2023	2024	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:					
At end of accident year	53,535,494	11,314,094	13,529,148	15,387,733	93,766,469
1 year later	53,115,982	10,938,600	13,100,250	-	77,154,832
2 years later	53,132,125	10,955,680	-	-	64,087,805
3 years later	53,137,964	-	-	-	53,137,964
Current estimate of ultimate claims	53,137,964	10,955,680	13,100,250	15,387,733	92,581,627
Ultimate payments to date	53,086,814	10,907,094	12,871,712	12,057,226	88,922,846
Liability recognized in the consolidated statement of financial position	51,150	48,586	228,538	3,330,507	3,658,781
Other related reserves					216,737
Balance at 31 December					3,875,518

The claim development table reconciles to the liability for incurred claims as disclosed in note 6 to the consolidated financial statements when adjusted for reserves in respect of directly attributable expenses amounting to SR 648 million (2024: SR 674 million).

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32. CLAIMS DEVELOPMENT TABLE (continued)

2025	2022 and earlier	2023	2024	2025	Total
Accident year					
Undiscounted liabilities for incurred claims, net of reinsurance:					
At end of accident year	73,176,602	13,405,271	15,192,070	17,082,569	118,856,512
1 year later	72,800,980	12,986,837	14,288,382		100,076,199
2 years later	72,825,860	12,840,051			85,665,911
3 years later	72,823,555				72,823,555
Current estimate of ultimate claims	72,823,555	12,840,051	14,288,382	17,082,569	117,034,557
Ultimate payments to date	72,798,527	12,820,104	14,132,487	13,543,068	113,294,186
Liability recognized in the consolidated statement of financial position	25,028	19,947	155,895	3,539,501	3,740,371
Other related reserves					237,782
Balance at 31 December					3,978,153
2024	2021 and earlier	2022	2023	2024	Total
Accident year					
Undiscounted liabilities for incurred claims, net of reinsurance:					
At end of accident year	53,468,735	11,253,658	13,405,271	15,192,070	93,319,734
1 year later	53,055,483	10,878,036	12,986,837	-	76,920,356
2 years later	53,070,016	10,902,916	-	-	63,972,932
3 years later	53,077,325	-	-	-	53,077,325
Current estimate of ultimate claims	53,077,325	10,902,916	12,986,837	15,192,070	92,159,148
Ultimate payments to date	53,026,221	10,854,723	12,760,486	11,913,446	88,554,876
Liability recognized in the consolidated statement of financial position	51,104	48,193	226,351	3,278,624	3,604,272
Other related reserves					214,345
Balance at 31 December					3,818,617

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors, on 28 January 2026.

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SUPPLEMENTARY INFORMATION

Supplementary information sets out the disaggregated information between insurance and shareholders' operations in order to comply with requirements of the Insurance Regulations and is not required by International Financial Reporting Standards (IFRS).

Consolidated Statement of Financial Position

At 31 December 2025

	2025			2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total assets	10,555,531	6,547,390	17,102,921	9,604,558	5,970,522	15,575,080
Total liabilities	10,510,702	919,249	11,429,951	9,637,941	819,142	10,457,083
Total equity	44,829	5,628,141	5,672,970	(33,383)	5,151,380	5,117,997

Consolidated Statement of Income

For the year ended 31 December 2025

	2025			2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Insurance revenue	19,303,064	-	19,303,064	18,101,517	-	18,101,517
Insurance service expense	(18,265,175)	(115,865)	(18,381,040)	(16,916,920)	(116,540)	(17,033,460)
Net expenses from reinsurance contracts held	(44,776)	-	(44,776)	(69,961)	-	(69,961)
Net insurance service result	993,113	(115,865)	877,248	1,114,636	(116,540)	998,096
Commission and income on financial assets at amortised cost	283,192	83,226	366,418	312,478	97,209	409,687
Commission and income on financial assets at fair value	164,838	198,598	363,436	137,733	124,364	262,097
Net impairment loss on financial assets	635	239	874	155	435	590
Net investment results	448,665	282,063	730,728	450,366	222,008	672,374
Net insurance and investment results	1,441,778	166,198	1,607,976	1,565,002	105,468	1,670,470
Other operating expenses	(385,431)	(25,223)	(410,654)	(322,800)	(25,848)	(348,648)
Other revenue	-	98,071	98,071	-	90,386	90,386
Other cost	-	(42,636)	(42,636)	-	(39,582)	(39,582)
Income attributed to the shareholders before, zakat and income tax	1,056,347	196,410	1,252,757	1,242,202	130,424	1,372,626
Transfer of surplus to shareholders (after deducting 10% policyholder surplus)	(1,056,347)	1,056,347	-	(1,242,202)	1,242,202	-
Income attributed to the shareholders before zakat and income tax	-	1,252,757	1,252,757	-	1,372,626	1,372,626
Zakat charge	-	(54,615)	(54,615)	-	(77,064)	(77,064)
Income tax charge	-	(119,050)	(119,050)	-	(129,560)	(129,560)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	-	1,079,092	1,079,092	-	1,166,002	1,166,002
Total other comprehensive income / (loss)	78,212	6,883	85,095	(52,030)	(26,429)	(78,459)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	78,212	1,085,975	1,164,187	(52,030)	1,139,573	1,087,543

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SUPPLEMENTARY INFORMATION (continued)

Consolidated Statement of Cash flows

For the year ended 31 December 2025

	2025			2024		
	<u>Insurance operations</u>	<u>Shareholders' operations</u>	<u>Total</u>	<u>Insurance operations</u>	<u>Shareholders' operations</u>	<u>Total</u>
Net income attributed to shareholders before zakat and income tax	117,320	1,135,437	1,252,757	138,022	1,234,604	1,372,626
Net cash generated from operating activities	(492,940)	301,168	(191,772)	436,347	937,808	1,374,155
Net cash used in investing activities	1,247,939	199,665	1,447,604	(463,265)	(502,313)	(965,578)
Net cash used in financing activities	(121,636)	(625,868)	(747,504)	(158,252)	(581,031)	(739,283)
Net change in cash and cash equivalents	633,363	(125,035)	508,328	(185,170)	(145,536)	(330,706)
Cash and cash equivalents at beginning of the year	712,155	213,035	925,190	897,325	358,571	1,255,896
Cash and cash equivalents at end of the year	<u>1,345,518</u>	<u>88,000</u>	<u>1,433,518</u>	<u>712,155</u>	<u>213,035</u>	<u>925,190</u>