

**UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026**

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

<u>INDEX</u>	<u>PAGE</u>
Independent auditors' review report on the interim condensed financial statements	1-2
Interim condensed statement of financial position	3
Interim condensed statement of income	4
Interim condensed statement of comprehensive income	5
Interim condensed statement of changes in equity	6
Interim condensed statement of cash flows	7
Notes to the interim condensed financial statements	8 – 46

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF UNITED COOPERATIVE ASSURANCE COMPANY A SAUDI JOINT STOCK COMPANY

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of United Cooperative Assurance Company ("the Company") as at 30 June 2026, the interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, interim condensed statements of changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial statements Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that is endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

As disclosed in Note 8 to the interim condensed financial statements, the Company carries goodwill amounting to SAR 78.4 million as at 30 June 2026.

Management's impairment assessment supporting the recoverability of goodwill was performed as at 31 December 2025, with the assistance of an independent expert, and was based primarily on the market capitalisation of the Company. In our view, the assessment does not provide an appropriate basis for determining the recoverable amount of the cash-generating unit to which the goodwill has been allocated in accordance with IAS 36 Impairment of Assets. In particular, the market capitalisation of the Company was not appropriately adjusted and reconciled to the recoverable amount of the relevant cash-generating unit, and management did not otherwise establish the recoverable amount based on an adequately supported fair value less costs of disposal or value-in-use assessment.

This matter also formed the basis for the qualified opinion expressed in the independent auditor's report on the Company's financial statements for the year ended 31 December 2025. As at 30 June 2026, the matter remains unresolved.

Consequently, we were unable to determine whether an impairment loss in respect of goodwill was required as at 30 June 2026 and, if so, the amount of any such impairment loss. Accordingly, we were unable to determine whether any adjustments to the carrying amount of goodwill and the related effects on the interim condensed financial statements were necessary.

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS – (Continued)

TO THE SHAREHOLDERS OF UNITED COOPERATIVE ASSURANCE COMPANY A SAUDI JOINT STOCK COMPANY

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1(e) to the accompanying interim condensed financial statements which indicates that the Company incurred a net loss of SAR 7.73 million and net operating cash outflows of SAR 14.39 million for the six-month period ended 30 June 2026, In addition, as of 30 June 2026, the Company had accumulated losses of SAR 459.58 million, which exceeded its share capital. These events and conditions, together with other matters described in note 1(e) to the accompanying interim-condensed financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not further modified in respect of this matter.

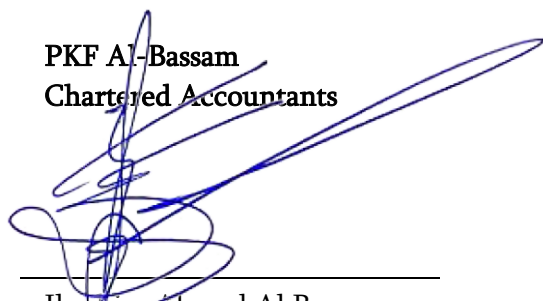
OTHER MATTER

The interim condensed financial statements of the Company for the three-month and six-month periods ended 30 June 2025, were jointly reviewed by another auditors, who expressed an unmodified conclusion on those interim condensed financial statements on 17 Safar 1447H corresponding to 11 August 2025. In addition, the financial statements of the Company for the year ended 31 December 2025 were jointly audited by another auditors, who expressed an modified opinion on 16 Dhul Qaedah 1447H corresponding to 03 May 2026.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We draw attention to note 18 of the interim condensed financial statements which describes that the Company has not complied with the applicable requirements of maintaining the solvency ratio as per Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law.

PKF Al-Bassam
Chartered Accountants



Ibrahim Ahmed Al Bassam
Certified Public Accountant
License No. 337



Jeddah, Kingdom of Saudi Arabia
29 Safar 1448H
Corresponding to: 12 August 2026

El Sayed El Ayouty & Co.
Certified Public Accountants

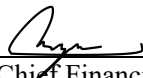


Abdullah Ahmed Balamesh
Certified Public Accountant
License No. 345



UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

		30 June 2026	31 December 2025
	Note	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	5	80,267	23,743
Investments:			
Financial assets at fair value through profit or loss ("FVTPL")	6	250	250
Financial assets at amortised cost	6	111,598	126,598
Financial assets at fair value through other comprehensive income ("FVOCI")	6	72,722	72,722
Prepaid expenses and other assets		61,157	56,380
Insurance contract assets	7	228,780	250,897
Reinsurance contract assets	7	155,882	79,369
Right-of-use assets		5,050	-
Property and equipment		6,463	7,476
Intangible assets		31,409	32,070
Goodwill	8	78,400	78,400
Statutory deposit	9	-	59,989
Accrued commission income on statutory deposit	9	1,715	850
TOTAL ASSETS		833,693	788,744
LIABILITIES AND EQUITY			
LIABILITIES			
Insurance contract liabilities	7	704,686	598,442
Reinsurance contract liabilities	7	60,849	121,943
Accrued expenses and other liabilities		35,183	31,119
Lease liabilities		4,954	-
Employees' benefit obligations		8,964	9,995
Accrued income payable to Insurance Authority	9	1,715	850
Provision for zakat and income tax	10	500	1,816
TOTAL LIABILITIES		816,851	764,165
EQUITY			
Share capital		400,000	400,000
Accumulated losses	1	(459,574)	(451,837)
Fair value reserve for investments		70,799	70,799
Re-measurement reserve of employees' benefit obligations		5,617	5,617
TOTAL EQUITY		16,842	24,579
TOTAL LIABILITIES AND EQUITY		833,693	788,744


Acting Chief Financial Officer

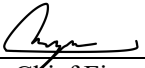

Acting Chief Executive Officer


Chairman

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

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

	Note	<i>For the three-month period ended</i> 30 June		<i>For the six-month period ended</i> 30 June	
		2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Insurance revenue	13	88,288	211,278	188,973	430,431
Insurance service expenses	13	(60,110)	(245,831)	(149,977)	(437,137)
Net expense from reinsurance contracts	13	(18,501)	(43,177)	(30,632)	(93,509)
Insurance service result from Company's directly written business		9,677	(77,730)	8,364	(100,215)
Share of surplus from insurance pools		-	36	-	36
Total insurance service result		9,677	(77,694)	8,364	(100,179)
Net loss on financial assets measured at amortised cost		(4,703)	-	(4,703)	-
Commission income from financial assets not measured at FVTPL		1,247	2,773	2,431	6,713
Net investment (loss) / income		(3,456)	2,773	(2,272)	6,713
Net finance cost from insurance contracts issued		(784)	(842)	(2,263)	(2,699)
Net finance income from reinsurance contracts held		180	426	439	1,100
Net insurance finance cost		(604)	(416)	(1,824)	(1,599)
Net insurance and investment result		5,617	(75,337)	4,268	(95,065)
Other income		11	-	11	501
Other operating expenses		(6,000)	(6,204)	(11,516)	(14,271)
Loss for the period attributable to the shareholders before zakat and income tax		(372)	(81,541)	(7,237)	(108,835)
Zakat and income tax	10	(500)	-	(500)	3,974
Net loss for the period attributable to the shareholders		(872)	(81,541)	(7,737)	(104,861)
Weighted average number of ordinary shares (thousand shares)		40,000	40,000	40,000	40,000
Basic and diluted losses per share (expressed in Saudi Riyals per share)	11	(0.02)	(2.04)	(0.19)	(2.62)


Acting Chief Financial Officer

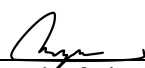

Acting Chief Executive Officer


Chairman

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

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Net loss for the period attributable to the shareholders	(872)	(81,541)	(7,737)	(104,861)
Other comprehensive income:				
<i>Items that will not be reclassified to the interim condensed statement of income in subsequent periods:</i>				
Net changes in fair value of investment measured at FVOCI	-	-	-	2,508
Total other comprehensive income	-	-	-	2,508
Total comprehensive loss for the period attributable to the shareholders	(872)	(81,541)	(7,737)	(102,353)


Acting Chief Financial Officer


Acting Chief Executive Officer

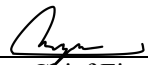

Chairman

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UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

	Share capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees' benefit obligations	Total
Balance at 31 December 2025 (Audited)	400,000	(451,837)	70,799	5,617	24,579
Total comprehensive loss for the period:					
Net loss for the period attributable to the shareholders	-	(7,737)	-	-	(7,737)
Net changes in fair value of investment measured at FVOCI	-	-	-	-	-
Total comprehensive loss for the period attributable to the shareholders	-	(7,737)	-	-	(7,737)
Balance at 30 June 2026 (Unaudited)	400,000	(459,574)	70,799	5,617	16,842

	Share capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees' benefit obligations	Total
Balance at 31 December 2024 (Audited)	400,000	(195,617)	59,201	4,730	268,314
Total comprehensive loss for the period:					
Net loss for the period attributable to the shareholders	-	(104,861)	-	-	(104,861)
Other comprehensive income	-	-	2,508	-	2,508
Total comprehensive loss for the period attributable to the shareholders	-	(104,861)	2,508	-	(102,353)
Balance at 30 June 2025 (Unaudited)	400,000	(300,478)	61,709	4,730	165,961


Acting Chief Financial Officer


Acting Chief Executive Officer


Chairman

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

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

		<i>For the six-month period ended 30 June</i>	
		2026	2025
	Note	(Unaudited)	(Unaudited)
<u>Operating Activities</u>			
Loss for the period attributable to the shareholders before zakat and income tax		(7,237)	(108,835)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		652	5,769
Amortization of intangible assets		2,376	522
Depreciation of right-of-use assets		272	1,518
Finance costs on lease liabilities		92	48
Net loss on disposal of financial assets measured at amortized cost		4,703	-
Commission income from financial assets not measured at FVTPL		(2,431)	(6,713)
Release of expected credit loss on statutory deposit		(11)	-
		(1,584)	(107,691)
<u>Changes in operating assets and liabilities:</u>			
Prepaid expenses and other assets		(4,776)	19,419
Insurance contract assets		22,117	1,146
Reinsurance contract assets		(76,513)	15,560
Insurance contract liabilities		106,244	12,687
Reinsurance contract liabilities		(61,094)	(2,645)
Accrued expenses and other liabilities		4,064	4,034
Cash used in operating activities		(11,542)	(57,490)
Zakat and income tax paid	10	(1,816)	(3,659)
Employees' benefit obligations paid		(1,031)	(331)
Net cash used in operating activities		(14,389)	(61,480)
<u>Investing Activities</u>			
Proceeds from disposal of financial assets measured at amortized cost	7	10,820	21,622
Commission income received from financial assets not measured at FVTPL	7	1,907	10,571
Payments for purchases of property and equipment		361	(4,776)
Payments for purchases of intangible assets		(1,715)	(764)
Net cash generated from investing activities		11,373	26,653
<u>Financing Activities</u>			
Repayment of lease liabilities		(460)	(656)
Release of statutory deposit		60,000	-
Net cash generated from / (used in) financing activities		59,540	(656)
Net change in cash and cash equivalents		56,524	(35,483)
Cash and cash equivalents at the beginning of the period	5	23,743	73,030
Cash and cash equivalents at the end of the period	5	80,267	37,547

Refer note 14 for details regarding supplemental schedule of non-cash information.


Acting Chief Financial Officer


Acting Chief Executive Officer


Chairman

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

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

1. GENERAL INFORMATION – LEGAL STATUS AND PRINCIPAL ACTIVITIES

(a) General information

United Cooperative Assurance Company (“the Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030179955 dated 6 Jamad-al-Thani 1429H, corresponding to 6 June 2008. On 19 October 2022 corresponding to 23 Rabi Awwal 1444H, in an Extraordinary General Assembly’s, the shareholders approved the relocating of UCA’s head office from Jeddah to Riyadh under Commercial Registration No. 1010269076 (unified number 7013976746). The Company announcement of the same on Tadawul and the date of the official relocation was 14 March 2023 corresponding to 22 Sha’baan 1444H.

The registered office address of the Company is:

Al-Narjis District,
Othman Bin Affan Road
Riyadh, Kingdom of Saudi Arabia
Short Address: RAJA7626

The activities of the Company are to transact cooperative insurance and reinsurance operations and related activities in the Kingdom of Saudi Arabia. On 2 Muharram 1430H (31 December 2008), the Company received a license number (NMT/19/200812) from the Saudi Arabia Monetary Authority (“SAMA”) now Insurance Authority (“IA”) which is currently valid up to 29 Dhul Hijja 1448H corresponding to 4 June 2027 to engage in insurance business in Saudi Arabia. The Company was listed on the Saudi Stock Exchange on 23 May 2007. The Company started its operations on 1 January 2009. The Company is fully owned by the general public and Saudi shareholders.

The Board of Directors approves the distribution of the surplus from insurance operations in accordance with the Implementing 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

(b) Merger agreement

On 23 Dhu al-Hijjah 1446H (corresponding to 19 June 2025), the Company signed a non-binding Memorandum of Understanding (MoU) with Arabia Insurance Cooperative Company (“Arabia”), a company incorporated in the Kingdom of Saudi Arabia, to evaluate a potential merger between Arabia and the Company. The Company has announced on 18 September 2025 (corresponding to 26 Rabiea Al Awwal 1447H) that it has obtained the non-objection of the General Authority for Competition on the completion of the economic concentration resulting from the potential merger. On 4 March 2026, the Company terminated the MOU and all negotiations related to the proposed merger with Arabia, based on the mutual agreement by the parties on 4 March 2026 (Corresponding to 15 Ramadan 1447H).

(c) Suspension of insurance policies

On 27 October 2025, IA issued a directive to suspend the issuance and renewal of compulsory insurance policies (including Domestic workers, Medical, and Motor). On 19 February 2026, IA has issued a decision to suspend the Company from issuing or renewing insurance policies for all motor vehicle insurance products including comprehensive vehicle insurance policies due to non-compliance with certain regulatory requirements primarily related to the Company’s liquidity, and settlement mechanisms for payables to policyholders and others. The IA has requested the Company’s revised business plan, which should include the corrective measures to address the previously identified regulatory non-compliance. Management prepared the requested plan to ensure that all required corrective actions are implemented to the satisfaction of the IA. Completion of these actions is expected to enable the Company to resume the issuance and/or renewal of all suspended insurance policies from the third quarter of 2026.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

**1. GENERAL INFORMATION – LEGAL STATUS AND PRINCIPAL ACTIVITIES -
(CONTINUED)**

(d) Geopolitical update

During the period ended 30 June 2026, geopolitical developments in the Middle East have led to increased security tensions and economic uncertainty in the region. Management has evaluated the impact of the aforementioned events on the credit risk profile of financial instruments and the measurement of expected premium receipts and recoveries from reinsurers. Further, management has considered the best estimate in the calculation of case reserves forming part of liability for incurred claims under insurance contract liabilities for geopolitical disruptions.

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

(e) Material uncertainty related to going concern

The Company incurred a net loss of SAR 7.73 million for the six-month period ended 30 June 2026 (30 June 2025: SAR 104.86 million). As of 30 June 2026, the Company had accumulated losses of SAR 459.58 million (31 December 2025: SAR 451.84 million). Accordingly, the accumulated losses represented 114.89% of the Company's share capital as of 30 June 2026 (31 December 2025: 112.96%), exceeding the threshold specified under Article 3, Part 2 of the Capital Market Authority (CMA) Guidelines for listed companies. In addition, as of 30 June 2026, the Company's solvency margin had deteriorated significantly and remained negative, resulting in non-compliance with the minimum solvency requirements prescribed by the Insurance Authority (IA). The Company also reported net cash outflows from operating activities of SAR 14.39 million for the six-month period ended 30 June 2026 (30 June 2025: SAR 61.48 million), primarily due to changes in insurance and reinsurance contract assets and liabilities, together with working capital constraints affecting liquidity.

During the period ended 30 June 2026, the Company generated significant insurance revenue from its engineering portfolio amounting to SAR 187.19 million (30 June 2025: SAR 123.61 million), primarily from a limited number of large insurance contracts, including contracts with a major customer. However, this business did not generate the level of insurance service results and profitability anticipated in management's forecasts, resulting in a net insurance service loss for the period. The related insurance risks were substantially transferred through reinsurance arrangements, with a significant portion of the associated premiums allocated to reinsurers in accordance with the Company's reinsurance strategy.

On 11 May 2025, the Company announced on Tadawul that its accumulated losses had reached 54.7% of its share capital. In accordance with Article 132 of the Saudi Companies Law ("the Regulations"), if the losses of a joint-stock company amounted to half of the share capital, the Board of Directors shall, within 60 days from the date of its knowledge thereof, announces the losses and the recommendations relating thereto, and shall, within 180 days from the said date, call for an extraordinary general assembly meeting to consider the continuation of the Company by taking measures necessary to resolve such losses or to dissolve the Company.

The Company is in the process of fulfilling these requirements, and the Extraordinary General Assembly meeting can be held only after obtaining a no-objection certificate (NOC) from the Insurance Authority which is expected to receive during the third quarter of 2026.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

**1. GENERAL INFORMATION – LEGAL STATUS AND PRINCIPAL ACTIVITIES -
(CONTINUED)**

(e) Material uncertainty related to going concern (continued)

Article 68 2(b) of the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations"), when the solvency margin falls more than 50% of the required margin, the Company shall restore its solvency margin to the required level. If the required solvency margin is not restored to its appropriate level for two consecutive quarters, the Company will be required by the IA to immediately take all or any of the measures, including formulating and providing the Authority with a corrective action plan to be taken, and the period necessary to restore its solvency. The Company received correspondence from IA requiring the Company to submit its rectification measures according to Article 68 of the Regulations.

Further, IA has suspended the Company from issuing or renewing motor insurance policies, including comprehensive motor products, due to non-compliance with certain regulatory requirements, primarily relating to liquidity constraints and delays in settlement of payables to policyholders and other stakeholders (note 1 c).

During the period ended 30 June 2026, the Company engaged an external consultant to prepare a business recovery plan. On 24 March 2026, the Board of Directors approved a business recovery plan covering the periods 2026–2030, outlining key strategic initiatives aimed at addressing accumulated losses and enhancing solvency and liquidity. The plan includes the following key actions:

- capital restructuring by capital reduction to absorb accumulated losses followed by capital injection to meet the minimum capital and solvency requirements;
- utilization of statutory deposit of SAR 60 million from IA.
- obtain financing from financial institution;
- settlement of outstanding claims;
- reinstatement of Domestic workers, Motor and Medical insurance policies;
- improved receivables and liquidity management
- strengthened underwriting discipline focusing on profitable and adequately priced portfolios; and
- cost optimization initiatives.

During the period ended 30 June 2026, on 12 April 2026, the approved business recovery plan was submitted to the IA. The Company has responded to the IA's queries and management is awaiting to receive the response from IA. The Company's ability to continue as a going concern remains dependent on the successful execution of the proposed capital restructuring. Furthermore, On 14 April 2026, the Company received a No-Objection Letter from the Insurance Authority ("IA") authorizing the utilization of its statutory deposit amounting to SAR 60 million for the settlement of individual policyholder claims. Following receipt of the related funds in May 2026, the Company commenced the settlement of eligible claims based on their seniority and in accordance with the claims settlement mechanism approved by the Company. In line with the IA's requirements, the Company appointed an independent consulting firm to oversee the claims settlement process and provide the IA with regular progress reports. These measures support the orderly settlement of policyholder claims and the Company's ongoing efforts to safeguard stakeholder interests and maintain operational continuity. This action will contribute to preserving the rights of shareholders, policyholders, and creditors, and to enhance the Company's efforts to maintain the continuity of its operations (note 9). This is expected to support the removal of the suspension on insurance product (refer note 1 c) and assist in restoring regulatory compliance and stakeholder confidence. Additionally, measures have been implemented to address losses in the motor portfolio through revised pricing strategies and portfolio optimization

The Company's ability to continue as a going concern remains dependent on successful implementation of the business recovery plan, including regulatory approvals, restoration of suspended underwriting activities, successful capital raising and continued reinsurer support, a number of which remain outside management's direct control. In addition, the recovery assumptions remain dependent on the Company being able to generate future underwriting volumes at projected levels. The concentration of business within a single segment portfolio, including reliance on a limited number of significant policies/customers, may also create additional sustainability and concentration risk within the current operating model.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

**1. GENERAL INFORMATION – LEGAL STATUS AND PRINCIPAL ACTIVITIES -
(CONTINUED)**

(e) Material uncertainty related to going concern - (continued)

Accordingly, these conditions, including recurring losses, negative operating cash flows, and continued solvency deficit, significantly immediate liquidity constraints, claims settlement pressure, regulatory suspension of key underwriting activities, concentration of written premium in the Engineering portfolio, dependency on reinsurance arrangements, underperformance of the insurance service result compared with management's forecast despite significant gross written premium, and reliance on successful capital raising, regulatory approvals and execution of management's recovery plan, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the interim condensed financial statements has been prepared on a going-concern basis, as management expects the combination of the above mentioned corrective measures will enable the Company to meet its obligations as they fall due and continue its operations for at least twelve months from the reporting date. Management continues to monitor all key performance indicators, solvency metrics, liquidity trends, and market conditions, and will update the business plan as necessary to respond to evolving circumstances.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

In preparing the Company's interim condensed financial statements in compliance with IAS 34 as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

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

(b) Basis of measurement

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

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

2. BASIS OF PREPARATION - (CONTINUED)

(c) Basis of presentation

The interim condensed financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2025. The Company's interim condensed statement of financial position is not presented using a current / non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, financial assets at FVTPL, prepaid expenses and other assets, accrued commission income on statutory deposit, accrued expenses and other liabilities, provision for zakat and income tax and accrued income payable to Insurance Authority. The following balances would generally be classified as non-current: financial assets at fair value through other comprehensive income, financial assets at amortised cost, right-of-use assets, property and equipment, intangible assets and employees' benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions including insurance contract liabilities, reinsurance contract assets / liabilities, lease liabilities.

(d) Functional and presentation currency

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

(e) Seasonality of operations

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

(f) Changes in products and services

During the period ended 30 June 2026, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES INFORMATION

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

3.1 New and amended standards adopted by the Company

Certain amendments to existing standards became applicable for the current reporting period i.e. for reporting periods beginning on or after 1 January 2026. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

Interpretation	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and measurement of financial instruments	These amendments: - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual periods beginning on or after 1 January 2026.
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.	Annual periods beginning on or after 1 January 2026.
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows.	Annual periods beginning on or after 1 January 2026.

Impact assessment

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

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES INFORMATION - (CONTINUED)

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

Certain new standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new standards and interpretations on its condensed interim financial statements. The Company intends to adopt these interpretations when they are effective.

Interpretation	Description	Effective date
Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if: - its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or - it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.	Annual periods beginning on or after 1 January 2027.
IFRS 18 — Presentation and disclosure in financial statements	The new standard on presentation and disclosure in financial statements, require more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: - the structure of the statement of profit or loss; - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	Annual periods beginning on or after 1 January 2027.
IFRS 19 subsidiaries without Public accountability: disclosures	This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: - it does not have public accountability; - it has ultimate or intermediate parent that produces consolidated financial statement available for public use that comply IFRS Accounting Standards.	Annual periods beginning on or after 1 January 2027.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES INFORMATION - (CONTINUED)

3.2 New standards, amendments and interpretations not yet applied by the Company – (continued)

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The Company is progressing with its implementation plan and intends to adopt IFRS 18 from its effective date of 1 January 2027.

The Company has initiated an IFRS 18 implementation process to assess the standard's impact on the classification, presentation and disclosure of information in the financial statements, as well as the related data and systems requirements.

Based on the preliminary assessment performed, the Company expects the principal impacts of IFRS 18 to presentation, aggregation, disaggregation and disclosure of information in the financial statements including the classification of income and expenses into the categories required by IFRS 18 (operating, investing, financing, income taxes and discontinued operations), the introduction of two new mandatory subtotals (operating profit or loss, and profit or loss before financing and income tax), and expanded disclosure requirements for management-defined performance measures (MPMs).

MPM is a subtotal of income and expenses that is used in public communications outside the financial statements to communicate management's view of an aspect of the Company's financial performance as a whole and that is not specified by IFRS 18 or otherwise required to be presented or disclosed by IFRS.

The statement of cash flows is expected to undergo changes, principally due to the change in the starting point from "net income for the period/year before zakat and tax" to "operating profit". In addition, based on the Company's specified main business activity and preliminary classification assessment.

Further IFRS 18 introduces consequential amendments to other IFRS, including IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting.

The Company's preliminary assessment of IFRS 18 remains ongoing and will continue to be updated and refined in subsequent interim and annual financial statements ahead of the standard's effective date.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

5. CASH AND CASH EQUIVALENTS

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Cash at bank – current account	80,283	23,759
Less: Expected credit loss	(16)	(16)
	80,267	23,743

5.1 Cash at banks is placed with counterparties having sound credit ratings.

5.2 Cash and cash equivalents include an amount of SAR 60 million received following the release of the statutory deposit. Pursuant to the no-objection letter issued by the Insurance Authority ("IA"), these funds may be utilised solely for the settlement of eligible individual policyholder claims, in accordance with the claims settlement mechanism established by the Company and the conditions stipulated by the IA (refer to Note 9).

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**
(All amounts in SAR '000 unless otherwise stated)

6. INVESTMENTS

Investments are classified as follows:

		30 June 2026 (Unaudited)	31 December 2025 (Audited)
Financial assets at fair value through profit or loss ("FVTPL")	Note 6.1	250	250
Financial assets at amortised cost	6.2	111,598	126,598
Financial assets at fair value through other comprehensive income ("FVOCI")	6.3	72,722	72,722
		184,570	199,570

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

Movement in investment in discretionary portfolio is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	250	250
Balance at end of the period / year	250	250

FVTPL includes investments managed by a fund manager under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the fund managers. The fund manager keeps such investments in various equity and real estate funds.

6.2 Financial assets at amortised cost

		30 June 2026 (Unaudited)	31 December 2025 (Audited)
Saudi Government Sukuk	Note 6.2.1	111,598	126,598

6.2.1 This represents the Company's investment in Saudi Government Sukuks. This represents diversified portfolio across various Sukuks instruments yielding an average return of 4.64% with various maturity durations. The Company has earned commission income of SAR 2.43 million during the period (30 June 2026: SAR 3.58 million).

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

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	72,722	61,124
Changes in fair value of investments	-	11,598
Balance at end of the period / year	72,722	72,722

The above represents the Company's 3.45% (31 December 2025: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

7. INSURANCE AND REINSURANCE CONTRACTS

7.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

	Medical	Motor- Comprehensive	Motor- TPL	Energy	Engineering	Others	Total
30 June 2026 – (Unaudited)							
<u>Insurance contracts</u>							
Insurance contract assets	13,871	18,639	129,940	15,716	26,213	24,401	228,780
Insurance contract liabilities	(80,902)	(62,048)	(332,102)	(15,690)	(186,313)	(27,631)	(704,686)
	(67,031)	(43,409)	(202,162)	26	(160,100)	(3,230)	(475,906)
<u>Reinsurance contracts</u>							
Reinsurance contract assets	4,953	1,311	4,177	74	120,989	24,378	155,882
Reinsurance contract liabilities	(1,096)	(7,110)	(8,990)	(70)	(27,164)	(16,419)	(60,849)
	3,857	(5,799)	(4,813)	4	93,825	7,959	95,033
	Medical	Motor- Comprehensive	Motor- TPL	Energy	Engineering	Others	Total
31 December 2025 – (Audited)							
<u>Insurance contracts</u>							
Insurance contract assets	14,283	26,130	139,983	16,642	30,394	23,465	250,897
Insurance contract liabilities	(81,428)	(23,736)	(395,887)	(15,690)	(67,008)	(14,693)	(598,442)
	(67,145)	2,394	(255,904)	952	(36,614)	8,772	(347,545)
<u>Reinsurance contracts</u>							
Reinsurance contract assets	5,846	1,783	3,850	74	45,379	22,437	79,369
Reinsurance contract liabilities	(2,235)	(6,867)	(8,982)	(70)	(82,244)	(21,545)	(121,943)
	3,611	(5,084)	(5,132)	4	(36,865)	892	(42,574)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

7. INSURANCE AND REINSURANCE CONTRACTS – (CONTINUED)

7.2 Analysis by remaining coverage and incurred claims

7.2.1 Insurance contracts

As at 30 June 2026 – (Unaudited)					
	Liability for remaining coverage		Liability for incurred claims	Total	
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
<u>Insurance contracts</u>					
Insurance contract liabilities – opening	166,846	24,872	402,980	3,744	598,442
Insurance contract assets – opening	(230,080)	(148)	(20,669)	-	(250,897)
Opening balance – net	(63,234)	24,724	382,311	3,744	347,545
Insurance revenue	(188,973)	-	-	-	(188,973)
<u>Insurance service expenses</u>					
Incurred claims and other incurred insurance service expenses / (income)	-	-	156,951	(791)	156,160
Reversal on onerous contracts	-	(23,236)	-	-	(23,236)
Changes that relate to past service	-	-	(20,164)	-	(20,164)
Insurance acquisition cashflows amortization	37,219	-	-	-	37,219
Insurance service expenses / (income)	37,219	(23,236)	136,787	(791)	149,979
Finance cost from insurance contracts	-	-	2,263	-	2,263
Total changes in the statement of income	(151,754)	(23,236)	139,050	(791)	(36,731)
<u>Cashflows</u>					
Premiums received	229,318	-	-	-	229,318
Claims and other incurred insurance service expenses paid	-	-	(30,319)	-	(30,319)
Insurance acquisition cashflows paid	(33,907)	-	-	-	(33,907)
Total cash inflows / (outflows)	195,411	-	(30,319)	-	165,092
<u>Insurance contracts</u>					
Insurance contract liabilities – closing	194,368	1,627	505,688	3,003	704,686
Insurance contract assets – closing	(213,945)	(139)	(14,646)	(50)	(228,780)
Closing balance – net	(19,577)	1,488	491,042	2,953	475,906

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

7. INSURANCE AND REINSURANCE CONTRACTS – (CONTINUED)

7.2 Analysis by remaining coverage and incurred claims – (continued)

7.2.1 Insurance contracts – (continued)

	As at 31 December 2025 (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
<u>Insurance contracts</u>					
Insurance contract liabilities – opening	179,983	48,551	253,564	5,275	487,373
Insurance contract assets – opening	(160,240)	(18,435)	(51,161)	-	(229,836)
Opening balance – net	19,743	30,116	202,403	5,275	257,537
Insurance revenue	(858,313)	-	-	-	(858,313)
<u>Insurance service expenses</u>					
Incurred claims and other incurred insurance service expenses / (income)	-	-	779,246	(1,531)	777,715
Reversal of onerous contracts	-	(5,392)	-	-	(5,392)
Changes that relate to past service	-	-	(30,021)	-	(30,021)
Insurance acquisition cashflows amortisation	143,720	-	-	-	143,720
Insurance service expenses / (income)	143,720	(5,392)	749,225	(1,531)	886,022
Finance cost from insurance contracts	-	-	3,515	-	3,515
Total changes in the statement of income	(714,593)	(5,392)	752,740	(1,531)	31,224
<u>Cashflows</u>					
Premiums received	762,703	-	-	-	762,703
Claims and other incurred insurance service expenses paid	-	-	(572,828)	-	(572,828)
Insurance acquisition cashflows paid	(131,091)	-	-	-	(131,091)
Total cash inflows / (outflows)	631,612	-	(572,828)	-	58,784
<u>Insurance contracts</u>					
Insurance contract liabilities – closing	166,846	24,872	402,980	3,744	598,442
Insurance contract assets – closing	(230,080)	(148)	(20,669)	-	(250,897)
Closing balance – net	(63,234)	24,724	382,311	3,744	347,545

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

7. INSURANCE AND REINSURANCE CONTRACTS – (CONTINUED)

7.2 Analysis by remaining coverage and incurred claims – (continued)

7.2.2 Reinsurance contracts held

As at 30 June 2026 – (Unaudited)							
			Asset for remaining coverage		Asset for incurred claims		Total
			Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	
Reinsurance contracts							
Reinsurance contract assets – opening			(38,121)	-	(39,284)	(1,964)	(79,369)
Reinsurance contract liabilities – opening			108,415	-	12,521	1,007	121,943
Opening balance – net			70,294	-	(26,763)	(957)	42,574
Allocation of reinsurance premium			37,950	-	-	-	37,950
<u>Amounts recoverable from reinsurers</u>							
Claims recovered and other directly attributable expenses			-	-	-	(282)	(282)
Changes that relate to past service			-	-	(7,036)	-	(7,036)
Amounts recoverable from reinsurers – net			-	-	(7,036)	(282)	(7,318)
Finance income from reinsurance contracts			-	-	(439)	-	(439)
Total changes in the statement of income			37,950	-	(7,475)	(282)	30,193
<u>Cashflows</u>							
Premiums ceded and acquisition cashflows paid			(206,975)	-	-	-	(206,975)
Recoveries from reinsurance			38,009	-	1,166	-	39,175
Total cash (outflows) / inflows			(168,966)	-	1,166	-	(167,800)
Reinsurance contracts							
Reinsurance contract assets – closing			(110,454)	-	(43,187)	(2,241)	(155,882)
Reinsurance contract liabilities – closing			49,732	-	10,115	1,002	60,849
Closing balance – net			(60,722)	-	(33,072)	(1,239)	(95,033)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

7. INSURANCE AND REINSURANCE CONTRACTS – (CONTINUED)

7.2 Analysis by remaining coverage and incurred claims – (continued)

7.2.2 Reinsurance contracts held – (continued)

	As at 31 December 2025 (Audited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non- financial risk	
<u>Reinsurance contracts</u>					
Reinsurance contract assets – opening	(7,915)	(415)	(68,695)	(3,583)	(80,608)
Reinsurance contract liabilities – opening	70,949	-	28,647	1,009	100,605
Opening balance – net	63,034	(415)	(40,048)	(2,574)	19,997
Allocation of reinsurance premium	214,661	-	-	-	214,661
<u>Amounts recoverable from reinsurers</u>					
Claims recovered and other directly attributable expenses	-	-	(50,325)	1,617	(48,708)
Loss-recovery on onerous underlying contracts	-	415	-	-	415
Changes that relate to past service	-	-	31,939	-	31,939
Amounts recoverable from reinsurers – net	-	415	(18,386)	1,617	(16,354)
Finance income from reinsurance contracts	-	-	(1,529)	-	(1,529)
Total changes in the statement of income	214,661	415	(19,915)	1,617	196,778
<u>Cashflows</u>					
Premiums ceded and acquisition cash flows paid	(233,651)	-	-	-	(233,651)
Recoveries from reinsurance	26,250	-	33,200	-	59,450
Total cash (outflows) / inflows	(207,401)	-	33,200	-	(174,201)
<u>Reinsurance contracts</u>					
Reinsurance contract assets – closing	(38,121)	-	(39,284)	(1,964)	(79,369)
Reinsurance contract liabilities – closing	108,415	-	12,521	1,007	121,943
Closing balance – net	70,294	-	(26,763)	(957)	42,574

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

8. GOODWILL

Effective 31 December 2008, the Company acquired the insurance operations of UCA Insurance Bahrain B.S.C. ('the seller') in the Kingdom of Saudi Arabia for a total consideration of SAR 656.95 million. The acquisition resulted in the recognition of goodwill amounting to SAR 78.4 million. The amount payable to the Seller in respect of the goodwill was subsequently settled in full after obtaining the required approvals from the Saudi Central Bank ("SAMA").

On 31 December 2025, an independent impairment study was conducted in accordance with the requirements of the International Accounting Standard (IAS 36) to review the carrying amounts of goodwill recognised. For the impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit (CGU). Management considers the overall insurance portfolios of the Company as one CGU. The management reviews goodwill annually for impairment testing.

Management performed an impairment assessment of goodwill on 31 December 2025 in accordance with IAS 36 Impairment of assets by determining the recoverable amount of the relevant (CGU). The recoverable amount was assessed using the fair value less costs of disposal (FVLCD) approach, based on Level 1 market inputs, specifically the quoted share price and outstanding shares of the Company using market capitalisation approach.

Based on the above assessments, management concluded that recoverable amount is higher than carrying amount therefore no impairment of goodwill is required as at the reporting date.

9. STATUTORY DEPOSIT

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Statutory deposit	-	60,000
Less: Expected credit loss	-	(11)
Balance at the end of the period / year	-	59,989

In compliance with Article 58 of the Implementing Regulations of the Insurance Authority (IA), the Company has deposited 15% of its share capital amounting to SAR nil as of 30 June 2026 (31 December 2025: SAR 60 million) in a bank designated by SAMA now the IA. The Company cannot withdraw this deposit without the IA's approval. Commission accruing on this deposit is payable to the IA. In accordance with instructions received from the IA vide its circular dated 1 March 2016, the Company has disclosed the commission due on the statutory deposit as an asset and a liability in the interim condensed financial statements.

Accrued income on this deposit is payable to Insurance Authority (IA) amounting to SAR 1.72 million (31 December 2025: SAR 0.85 million).

On 14 April 2026, the Company received a No-Objection Letter from the IA authorizing the utilization of the statutory deposit amounting to SAR 60 million for the settlement of individual policyholder claims. On 31 May 2026, the Company received the related funds and commenced settling eligible individual motor claims based on their seniority and in accordance with the claims settlement mechanism established by the Company.

As required by the IA, the Company appointed an independent consulting firm to oversee the motor claims settlement process and provide the IA with weekly progress updates. These measures are supporting the orderly settlement of policyholder claims and the Company's ongoing efforts to protect stakeholder interests and maintain the continuity of its operations.

Subsequent to the period ended 30 June 2026, the Company commenced settling eligible individual motor claims, covered by the IA approval, based on their seniority and in accordance with the claims settlement mechanism established by the Company.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

10. ZAKAT AND INCOME TAX

Significant components of zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are shareholders' equity at the end of the year, the ending balance of the liabilities classified as non-current and the closing balance of the non-current deductible assets.

The differences between the financial and the zakatable / taxable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations

a. Movements in zakat and income tax provision during the period / year are as follows:

30 June 2026	Zakat payable	Income tax payable	Total (Unaudited)
Balance at beginning of the period	516	1,300	1,816
Provision during the period	1,800	-	1,800
Reversal during the period	-	(1,300)	(1,300)
Payments during the period	(1,816)	-	(1,816)
Balance at end of the period	500	-	500

31 December 2025	Zakat payable	Income tax payable	Total (Audited)
Balance at beginning of the year	12,629	1,300	13,929
Reversal during the year	(3,004)	-	(3,004)
Payments during the year	(9,109)	-	(9,109)
Balance at end of the year	516	1,300	1,816

Zakat is payable at 2.578% of the approximate zakat base (excluding adjusted net profit for the period / year) and 2.5% of adjusted net profit for the year attributable to Saudi shareholders.

b. Status of zakat assessments

The Company submitted the zakat declaration for the year ended 31 December 2025 and obtained the necessary zakat certificate.

The zakat is applicable on 100% (2025: 100%) of the shareholders while income tax applicable on nil (2025: nil) of the shareholders. The Company has filed its zakat and income tax declarations for the periods ended 31 December 2009 to 2024 and obtained restricted zakat and tax certificates. The following are the detailed outstanding assessments as of the date of the financial statements:

Assessment years 2009 – 2011

The Company has filed its Zakat/tax returns for the years ended 31 December 2009 to 2011 and obtained the necessary Zakat/tax certificates.

ZATCA has issued the amended assessment based on the decision of the Preliminary Objection Committee and claimed additional Zakat and tax and withholding tax for a total of SAR 27.09 million. Accordingly, the Zakat, tax and withholding tax status for the said years are considered finalized as per our zakat consultant. The Company has settled the said liability.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

10. ZAKAT AND INCOME TAX – (CONTINUED)

b. Status of zakat assessments

Assessment years 2012 and 2013

The Company has filed its Zakat/tax returns for the years ended 31 December 2012 and 2013 and obtained the necessary zakat/tax certificates.

ZATCA issued an assessment for the fiscal years 2012 and 2013, claiming additional Zakat, tax, and withholding tax liabilities amounting to SAR 15.84 million. The Company actively pursued a final settlement with the Dispute Resolution Committee (DRC), which has accepted the Company's offer to settle the liability at SAR 10.93 million. The Company has settled the said liability.

Assessment years 2014 to 2020

The Company has filed its zakat/tax returns for the years ended 31 December 2014 to 2020 and obtained the necessary zakat/tax certificates.

ZATCA finalized reviewing the zakat and tax returns for the said year's and they are considered finalized as per our zakat consultant.

Assessment years 2021 and 2022

The Company has filed the zakat and Tax returns up to the years 2021 and 2022 and obtained the necessary certificates.

ZATCA has issued an assessment for the fiscal years 2021 and 2022 which shows a total credit balance of SAR 0.39 million for both years resulting from the deduction of Governmental Sukuk.

The Company agreed with ZATCA, and the case is considered finalized as per our zakat consultant.

Assessment year 2023 and 2024

The Company has filed its zakat return for the years ended 31 December 2023 and 2024 and obtained the necessary zakat/tax certificates.

ZATCA is in the process of reviewing the zakat return for the said year.

Assessment year 2025

The Company has filed its Zakat return for the year ended 31 December 2025 and obtained the necessary Zakat/tax certificates valid till 30 April 2027.

ZATCA has not opened an audit study for the said year to date.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

10. ZAKAT AND INCOME TAX – (CONTINUED)

c. VAT assessment

Assessment year 2018 and 2019

The fines imposed on the assessments amounting to SR 20.25 million for the years 2018 and 2019 were subsequently canceled as the Company has taken advantage of ZATCA's initiative to stabilize the economy and boost the private sector.

The Company has booked a provision against VAT on zero rated supplies. On other objected items, the Company is confident that these will be recovered through input claim in the VAT return and from reinsurer.

Assessment year 2020

ZATCA issued the final VAT assessments, demanding payment of an additional VAT amount of SAR 3.13M. UCA appealed SAR 2.8M out of this amount, pertaining to Reinsurance Commission Income earned from non-resident reinsurers. The cases were decided in favor of ZATCA at GSZTCC Higher Court level.

Assessment year 2021 and 2022

ZATCA issued the final VAT assessments for both years, demanding payment of an additional VAT amount of SAR 12.5M. UCA appealed against SAR 11.5M out of this amount, pertaining to Reinsurance Commission Income earned from non-resident reinsurers and Output VAT on bad debts. The cases are currently at GSZTCC Higher Court level. The GSZTCC Higher Court has rejected UCA's appeal relating to Reinsurance Commission Income from non-resident reinsurers totaling SAR 8.47M of Output VAT. However, a final decision has yet to be issued in respect of Output VAT on bad debts totaling SAR 3.04M.

Assessment year 2023

ZATCA has finalized the VAT assessments for FY23, with a total additional VAT liability of SAR 6.53M and penalties of SAR 10.97M. Subject to payment of this additional VAT liability of SAR 6.53M before 31 December 2026, the penalties are expected to be waived under ZATCA's amnesty scheme.

Assessment year 2024

Please note that ZATCA commenced the VAT audit for the 2024 financial year and requested the initial set of documentation which the Company has submitted to the auditors, and there are currently no outstanding items pending from the Company's side.

In line with ZATCA's standard audit procedures, the Authority will review the submitted documentation and may issue additional information requests or supporting document requirements as part of the ongoing audit process. The Company is currently awaiting any further queries or requests from ZATCA.

We would like to highlight that, in accordance with Article 64 of the VAT Implementing Regulations, ZATCA has the authority to initiate or amend an assessment within five (5) years from the end of the calendar year in which the relevant tax period falls. This statutory timeframe emphasizes the necessity of maintaining accurate VAT compliance and comprehensive documentation for past tax periods.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

11. BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share for the six-month period ended 30 June 2026 and 2025 have been calculated by dividing the net loss for the respective period attributable to the shareholders by the weighted average number of outstanding shares at the reporting date.

There are no potential ordinary shares in issue at the reporting date therefore, basic and diluted loss per share is same, the calculation of basic and diluted loss per share is as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Net loss for the period attributable to the shareholders	(872)	(81,541)	(7,737)	(104,861)
Weighted average number of ordinary shares	40,000	40,000	40,000	40,000
Basic and diluted losses per share	(0.02)	(2.04)	(0.19)	(2.62)

12. COMMITMENTS AND CONTINGENCIES

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Letters of guarantee issued in favour of non-government customers	400	400
	400	400

- The Company has capital commitments outstanding as at 30 June 2026 amounting to SAR 3.1 million (31 December 2025: SAR 5.5 million) in respect of software development project.
- As at 30 June 2026, the Company's bankers have given guarantees to non-government customers amounting to SAR 0.4 million (31 December 2025: SAR 0.4 million) in respect of motor insurance.
- Refer note 10 for contingencies pertaining to zakat and income tax assessments.
- The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business primarily pertaining to insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. Further, there was no material change in the status of legal proceedings during the current period from the status disclosed as at 31 December 2025. Refer to Note 10 for zakat related matters.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

13. INSURANCE SERVICE RESULT

An analysis of insurance revenue, insurance service (expenses) / income and net (expenses) / income from reinsurance contracts held by portfolio of contracts for the periods ended 30 June 2026 and 30 June 2025 are included in following tables respectively. Additional information on amounts recognized in interim condensed statement of income is included in the insurance and reinsurance contract balances reconciliation.

For the three-month period ended 30 June 2026 – (Unaudited)

	Medical	Motor- Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
Insurance revenue from contracts measured under PAA	749	8,549	38,674	-	38,742	1,574	88,288
Insurance revenue – total	749	8,549	38,674	-	38,742	1,574	88,288
Incurred claims and other incurred insurance service expenses	1,648	(3,293)	(54,117)	-	(1,130)	(5,194)	(62,086)
Reversal of losses on onerous contracts	56	119	8,130	-	-	-	8,305
Changes that relate to past service	623	(1,480)	17,833	-	(4,972)	901	12,905
Insurance acquisition cash flows amortization	(3,837)	(3,661)	(3,866)	-	(7,823)	(47)	(19,234)
Insurance service expenses – total	(1,510)	(8,315)	(32,020)	-	(13,925)	(4,340)	(60,110)
Allocation of reinsurance premium paid – contracts measured under the PAA	-	(1,627)	693	-	(21,427)	(1,254)	(23,615)
Amounts recoverable from reinsurers							
Claims recovered and other directly attributable expenses	(1)	(4)	(49)	-	14	240	200
Changes to amounts recoverable for incurred claims	67	157	(627)	-	5,349	(32)	4,914
Amounts recoverable from reinsurers – net	66	153	(676)	-	5,363	208	5,114
Net (expenses) / income from reinsurance contracts	66	(1,474)	17	-	(16,064)	(1,046)	(18,501)
Total insurance service result	(695)	(1,240)	6,671	-	8,753	(3,812)	9,677

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

13. INSURANCE SERVICE RESULT – (CONTINUED)

For the six-month period ended 30 June 2026 – (Unaudited)

	Medical	Motor- Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
Insurance revenue from contracts measured under PAA	1,951	20,900	107,439	-	53,785	4,898	188,973
Insurance revenue – total	1,951	20,900	107,439	-	53,785	4,898	188,973
Incurred claims and other incurred insurance service expenses	(1,692)	(30,004)	(118,590)	-	(746)	(6,540)	(157,572)
Reversal of losses on onerous contracts	139	916	22,182	-	-	-	23,237
Changes that relate to past service	2,620	3,062	22,386	-	(7,789)	1,298	21,577
Insurance acquisition cash flows amortization	(4,683)	(7,922)	(11,104)	-	(9,629)	(3,881)	(37,219)
Insurance service expenses – total	(3,616)	(33,948)	(85,126)	-	(18,164)	(9,123)	(149,977)
Allocation of reinsurance premium paid – contracts measured under the PAA	(5)	(1,627)	8	-	(33,619)	(2,707)	(37,950)
<u>Amounts recoverable from reinsurers</u>							
Claims recovered and other directly attributable expenses	(17)	(3)	(45)	-	278	69	282
Changes to amounts recoverable for incurred claims	(170)	175	(355)	-	7,442	(56)	7,036
Amounts recoverable from reinsurers – net	(187)	172	(400)	-	7,720	13	7,318
Net expenses from reinsurance contracts	(192)	(1,455)	(392)	-	(25,899)	(2,694)	(30,632)
Total insurance service result	(1,857)	(14,503)	21,921	-	9,722	(6,919)	8,364

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

13. INSURANCE SERVICE RESULT – (CONTINUED)

For the three-month period ended 30 June 2025 – (Unaudited)

	Medical	Motor- Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
Insurance revenue from contracts measured under PAA	8,510	22,981	131,140	-	42,720	5,927	211,278
Insurance revenue – total	8,510	22,981	131,140	-	42,720	5,927	211,278
Incurred claims and other incurred insurance service expenses	(11,051)	(39,513)	(146,946)	60	(168)	(953)	(198,571)
Reversal of losses / (losses) on onerous contracts	1,523	(15,284)	10,717	-	-	-	(3,044)
Changes that relate to past service	(434)	(2,031)	(13,049)	1,974	(1,408)	(221)	(15,169)
Insurance acquisition cash flows amortization	(1,806)	(5,863)	(12,873)	(51)	(6,441)	(2,013)	(29,047)
Insurance service expenses – total	(11,768)	(62,691)	(162,151)	1,983	(8,017)	(3,187)	(245,831)
Allocation of reinsurance premium paid – contracts measured under the PAA	4,946	276	(1,538)	-	(35,777)	(5,121)	(37,214)
<u>Amounts recoverable from reinsurers</u>							
Claims recovered and other directly attributable expenses	(6,557)	380	121	(135)	55	396	(5,740)
Changes to amounts recoverable for incurred claims	(105)	119	(3)	(1,830)	1,327	269	(223)
Amounts recoverable from reinsurers – net	(6,662)	499	118	(1,965)	1,382	665	(5,963)
Net (expenses) / income from reinsurance contracts – total	(1,716)	775	(1,420)	(1,965)	(34,395)	(4,456)	(43,177)
Insurance service result from Company's directly written business	(4,974)	(38,935)	(32,431)	18	308	(1,716)	(77,730)
Share of surplus from insurance pools	-	-	-	-	-	36	36
Total insurance service result	(4,974)	(38,935)	(32,431)	18	308	(1,680)	(77,694)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

13. INSURANCE SERVICE RESULT – (CONTINUED)

For the six-month period ended 30 June 2025 – (Unaudited)

	Medical	Motor- Comprehensive	Motor-TPL	Energy	Engineering	Others	Total
Insurance revenue from contracts measured under PAA	22,385	43,258	262,611	10,297	80,203	11,677	430,431
Insurance revenue – total	22,385	43,258	262,611	10,297	80,203	11,677	430,431
Incurred claims and other incurred insurance service expenses	(37,562)	(67,087)	(270,225)	92	(338)	(4,918)	(380,038)
Reversal of losses / (losses) on onerous contracts	2,487	(13,965)	2,499	-	-	-	(8,979)
Changes that relate to past service	14,958	(2,159)	(11,881)	3,402	(913)	2,534	5,941
Insurance acquisition cash flows amortization	(4,229)	(11,850)	(22,982)	(148)	(10,867)	(3,985)	(54,061)
Insurance service expenses – total	(24,346)	(95,061)	(302,589)	3,346	(12,118)	(6,369)	(437,137)
Allocation of reinsurance premium paid – contracts measured under the PAA	1,619	22	(2,511)	(10,121)	(67,307)	(9,745)	(88,043)
<u>Amounts recoverable from reinsurers</u>							
Claims recovered and other directly attributable expenses	(3,475)	436	245	(231)	121	3,811	907
Changes to amounts recoverable for incurred claims	(1,906)	275	(187)	(3,154)	861	(2,262)	(6,373)
Amounts recoverable from reinsurers – net	(5,381)	711	58	(3,385)	982	1,549	(5,466)
Net (expenses) / income from reinsurance contracts – total	(3,762)	733	(2,453)	(13,506)	(66,325)	(8,196)	(93,509)
Insurance service result from Company's directly written business	(5,723)	(51,070)	(42,431)	137	1,760	(2,888)	(100,215)
Share of surplus from insurance pools	-	-	-	-	-	36	36
Total insurance service result	(5,723)	(51,070)	(42,431)	137	1,760	(2,852)	(100,179)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

14. SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION

	Note	For the six-month period ended 30	
		June	
		2026 (Unaudited)	2025 (Unaudited)
Net changes in fair value of investment measured at FVOCI	6	-	2,508

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them (affiliated entities). Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances as at period / year end.

	Nature of transactions	Amount of transactions three-month period ended 30 June		Amount of transactions six-month period ended 30 June	
		2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
<u>Major shareholders</u>					
Haji Hussien Ali Reza	Premium written	-	1,128	-	4,534
	Payments received and claims paid	-	(4,270)	(85)	(9,128)
Saudi Bin Laden – Group	Premium written	483	181,137	187,695	183,871
	Payments received and claims paid	(100,998)	(43,622)	(197,253)	(148,685)
Construction Product Co.	Premium written	8	770	18	877
	Payments received and claims paid	(4,051)	-	(4,056)	-

Related party balances

	Balance receivable as at	
	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Premium receivable		
Saudi Bin Laden – Group	55,116	64,674
Construction Product Company	3,978	8,016
Haji Hussein Ali Reza	603	688
	59,697	73,378

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

15. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Other balances		
U.C.A Holding W.L.L	22,048	22,048

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is based on employment terms and as per the by-laws of the Company.

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

	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
<u>For the three-month period ended</u>		
Salaries and other benefits	1,095	1,772
Employees' benefit obligations	82	118
	1,177	1,890

Remuneration to those charged with governance	1,179	300
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	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
<u>For the six-month period ended</u>		
Salaries and other benefits	2,221	3,544
Employees' benefit obligations	639	235
	2,860	3,779

Remuneration to those charged with governance	2,071	1,295
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UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

16. 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 advantages accessible market for the asset or liability.

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

a) Determination of fair value and fair value hierarchy

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

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

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

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

b) Carrying amounts and fair value

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

<u>30 June 2026 – (Unaudited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	72,722	72,722
Financial assets measured at fair value through profit or loss (FVTPL)				
Discretionary portfolio	250	-	-	250
	<u>250</u>		<u>72,722</u>	<u>72,972</u>
<u>31 December 2025 – (Audited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	72,722	72,722
Investment measured at fair value through profit or loss (FVTPL)				
Discretionary portfolio	250	-	-	250
	<u>250</u>		<u>72,722</u>	<u>72,972</u>

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

(All amounts in SAR '000 unless otherwise stated)

16. FAIR VALUES OF FINANCIAL INSTRUMENTS – (CONTINUED)

b) Carrying amounts and fair value – (continued)

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 pertaining to investment in Najm, are as follows:

- **Discounted cashflows ("DCF") method:** The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate ("WACC"). The value derived from such an analysis result into a value for the enterprise (the "Enterprise Value"). This value includes the equity value of the Company in addition to its net debt position. In order to arrive to an equity value of a Company (the "Equity Value"), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and
- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

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

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

There were no transfers between levels 1 and 2 for recurring fair value measurements for the period ended 30 June 2026 and year ended 31 December 2025. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements.

UNITED COOPERATIVE ASSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

16. FAIR VALUES OF FINANCIAL INSTRUMENTS – (CONTINUED)

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period / year	<u>72,722</u>	<u>61,124</u>
Fair value gain during the period / year	<u>-</u>	<u>11,598</u>
Balance at the end of the period / year	<u>72,722</u>	<u>72,722</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

16. FAIR VALUES OF FINANCIAL INSTRUMENTS – (CONTINUED)

e) Valuation process

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

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

17. RISK MANAGEMENT

Risk governance

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

Risk management structure:

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

Board of directors:

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

Audit committee and internal audit department:

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

Senior management:

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

Risk management committee:

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

18. CAPITAL MANAGEMENT

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

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

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

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

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

The equity as at 30 June 2026 consists of paid-up share capital of SAR 400 million, accumulated losses of SAR 459.58 million, fair value revaluation reserve of SAR 70.80 million and remeasurement reserve of employees' benefit obligations of SAR 5.62 million (31 December 2025: paid-up share capital of SAR 400 million, accumulated losses of SAR 451.84 million, fair value revaluation reserve of SAR 70.80 million and remeasurement reserve of employees' benefit obligations of SAR 5.62 million), in the statement of financial position.

As of 30 June 2026, the solvency margin calculated in accordance with Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law shows a significant deterioration, resulting in a negative position. This indicates that the Company has not complied with the regulatory requirement to maintain the minimum solvency margin prescribed under the said Article.

The amendment made to the Co-operative Insurance Companies Law in accordance with the Royal Decree (M/12) dated 23/1/1443H (corresponding to 01/09/2021) requires the minimum capital of insurance companies to be SAR 300 million.

In the opinion of the Board of Directors, the Company has not fully complied with the externally imposed capital requirements as of 30 June 2026.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

19. OPERATING SEGMENTS

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

- Medical - coverage for health insurance.
- Motor - coverage for motor insurance and for Manafeth third party liability insurance for foreign vehicles.
- Energy - coverage for energy insurance.
- Engineering - coverage for engineering insurance.
- Others - coverage for property, marine, aviation, third party liability and general accidents insurance.

The Chief Executive Officer of the Company monitor the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors, for the Company as per the above reportable segments.

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

Segment assets do not include cash and cash equivalents, term deposits, investments, prepaid expenses and other assets, right-of-use assets, property and equipment, intangible assets, statutory deposit and accrued income on statutory deposit. Accordingly, these are included in unallocated assets. Segment liabilities do not include accrued expenses and other liabilities, lease liabilities, zakat and income tax payable, and accrued income on statutory deposit payable to IA. Accordingly, these are included in unallocated liabilities. These unallocated assets and liabilities are not reported to CODM under related segments and are monitored on a centralized basis.

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

Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

19. OPERATING SEGMENTS – (CONTINUED)

For the three-month period ended 30 June 2026 – (Unaudited)	Medical	Motor	Energy	Engineering	Others	Total
Insurance revenue	749	47,223	-	38,742	1,574	88,288
Insurance service expenses	(1,510)	(40,335)	-	(13,925)	(4,340)	(60,110)
Net income / (expenses) from reinsurance contracts	66	(1,457)	-	(16,064)	(1,046)	(18,501)
Total insurance service result	(695)	5,431	-	8,753	(3,812)	9,677
Commission income from financial assets not measured at FVTPL	-	-	-	-	-	1,247
Net loss on financial assets measured at amortised cost	-	-	-	-	-	(4,703)
Net investment loss						(3,456)
Net finance cost from insurance contracts issued	(187)	(297)	-	(80)	(220)	(784)
Net finance income / (cost) from reinsurance contracts held	1	(7)	-	63	123	180
Net insurance finance cost	(186)	(304)	-	(17)	(97)	(604)
Net insurance and investment result						5,617
Other income						11
Other operating expenses						(6,000)
Loss for the period attributable to the shareholders before zakat and income tax						(372)
Zakat and income tax						(500)
Net loss for the period attributable to the shareholders						(872)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

19. OPERATING SEGMENTS – (CONTINUED)

For the six-month period ended 30 June 2026 – (Unaudited)	Medical	Motor	Energy	Engineering	Others	Total
Insurance revenue	1,951	128,339	-	53,785	4,898	188,973
Insurance service expenses	(3,616)	(119,074)	-	(18,164)	(9,123)	(149,977)
Net expenses from reinsurance contracts	(192)	(1,847)	-	(25,899)	(2,694)	(30,632)
Total insurance service result	(1,857)	7,418	-	9,722	(6,919)	8,364
Commission income from financial assets not measured at FVTPL						2,431
Net loss on financial assets measured at amortised cost						(4,703)
Net investment loss						(2,272)
Net finance cost from insurance contracts issued	(732)	(808)	-	(175)	(548)	(2,263)
Net finance income / (cost) from reinsurance contracts held	23	(3)	-	141	278	439
Net insurance finance cost	(709)	(811)	-	(34)	(270)	(1,824)
Net insurance and investment result						4,268
Other income						11
Other operating expenses						(11,516)
Loss for the period attributable to the shareholders before zakat and income tax						(7,237)
Zakat and income tax						(500)
Net loss for the period attributable to the shareholders						(7,737)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

19. OPERATING SEGMENTS – (CONTINUED)

For the three-month period ended 30 June 2025 – (Unaudited)

	Medical	Motor	Energy	Engineering	Others	Total
Insurance revenue	8,510	154,121	-	42,720	5,927	211,278
Insurance service expenses	(11,768)	(224,842)	1,983	(8,017)	(3,187)	(245,831)
Net expenses from reinsurance contracts	(1,716)	(645)	(1,965)	(34,395)	(4,456)	(43,177)
Insurance service result from Company's directly written business	(4,974)	(71,366)	18	308	(1,716)	(77,730)
Share of surplus from insurance pools	-	-	-	-	36	36
Total insurance service result	(4,974)	(71,366)	18	308	(1,680)	(77,694)
Net loss on financial assets measured at amortised cost						-
Commission income from financial assets not measured at FVTPL						2,773
Net investment income						2,773
Net finance cost from insurance contracts issued	(93)	(290)	(7)	(97)	(355)	(842)
Net finance income from reinsurance contracts held	5	49	7	80	285	426
Net insurance finance cost	(88)	(241)	-	(17)	(70)	(416)
Net insurance and investment result						(75,337)
Other income						-
Other operating expenses						(6,204)
Loss for the period attributable to the shareholders before zakat and income tax						(81,541)
Zakat and income tax						-
Net loss for the period attributable to the shareholders						(81,541)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

19. OPERATING SEGMENTS – (CONTINUED)

For the six-month period ended 30 June 2025 – (Unaudited)	Medical	Motor	Energy	Engineering	Others	Total
Insurance revenue	22,385	305,869	10,297	80,203	11,677	430,431
Insurance service expenses	(24,346)	(397,650)	3,346	(12,118)	(6,369)	(437,137)
Net expenses from reinsurance contracts	(3,762)	(1,720)	(13,506)	(66,325)	(8,196)	(93,509)
Insurance service result from Company's directly written business	(5,723)	(93,501)	137	1,760	(2,888)	(100,215)
Share of surplus from insurance pools	-	-	-	-	36	36
Total insurance service result	(5,723)	(93,501)	137	1,760	(2,852)	(100,179)
Net loss on financial assets measured at amortised cost						-
Commission income from financial assets not measured at FVTPL						6,713
Net investment income						6,713
Net finance cost from insurance contracts issued	(717)	(805)	(64)	(221)	(892)	(2,699)
Net finance income from reinsurance contracts held	44	139	60	182	675	1,100
Net insurance finance cost	(673)	(666)	(4)	(39)	(217)	(1,599)
Net insurance and investment result						(95,065)
Other income						501
Other operating expenses						(14,271)
Loss for the period attributable to the shareholders before zakat and income tax						(108,835)
Zakat and income tax						3,974
Net loss for the period attributable to the shareholders						(104,861)

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

19. OPERATING SEGMENTS – (CONTINUED)

As at 30 June 2026 – (Unaudited)

	Medical	Motor	Energy	Engineering	Others	Total
<u>Assets</u>						
Insurance contract assets	13,871	148,579	15,716	26,213	24,401	228,780
Reinsurance contract assets	4,953	5,488	74	120,988	24,379	155,882
Unallocated assets						449,031
Total assets						833,693
<u>Liabilities</u>						
Insurance contract liabilities	80,902	394,150	15,690	186,313	27,631	704,686
Reinsurance contract liabilities	1,096	16,100	70	27,164	16,419	60,849
Unallocated liabilities						51,316
Total liabilities						816,851

As at 31 December 2025 (Audited)

	Medical	Motor	Energy	Engineering	Others	Total
<u>Assets</u>						
Insurance contract assets	14,283	166,113	16,642	30,394	23,465	250,897
Reinsurance contract assets	5,846	5,633	74	45,379	22,437	79,369
Unallocated assets						458,478
Total assets						788,744
<u>Liabilities</u>						
Insurance contract liabilities	81,428	419,623	15,690	67,008	14,693	598,442
Reinsurance contract liabilities	2,235	15,849	70	82,244	21,545	121,943
Unallocated liabilities						43,780
Total liabilities						764,165

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

20. GROSS WRITTEN PREMIUMS (GWP)

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

		For the three-month period ended 30 June 2026			
		(Unaudited)			
Breakdown of GWP		Medical	Motor	Others	Total
Retail		-	(349)	620	271
Small		-	(152)	99	(53)
Medium		(80)	-	(1)	(81)
Corporate		-	-	3,725	3,725
Total		(80)	(501)	4,443	3,862

		For the six-month period ended 30 June 2026			
		(Unaudited)			
Breakdown of GWP		Medical	Motor	Others	Total
Retail		-	1,509	1,281	2,790
Small		(47)	(137)	223	39
Medium		(236)	-	334	98
Corporate		-	166	198,215	198,381
Total		(283)	1,538	200,053	201,308

		For the three-month period ended 30 June 2025			
		(Unaudited)			
Breakdown of GWP		Medical	Motor	Others	Total
Retail		75	130,743	877	131,695
Very small		46	21	536	603
Small		244	102	429	775
Medium		1,470	136	609	2,215
Corporate		250	2,908	125,106	128,264
Total		2,085	133,910	127,557	263,552

		For the six-month period ended 30 June 2025			
		(Unaudited)			
Breakdown of GWP		Medical	Motor	Others	Total
Retail		75	277,177	1,024	278,276
Very small		586	1,093	1,861	3,540
Small		870	789	807	2,466
Medium		2,991	463	1,636	5,090
Corporate		381	64,357	140,219	204,957
Total		4,903	343,879	145,547	494,329

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

(All amounts in SAR '000 unless otherwise stated)

21. NET WRITTEN PREMIUMS

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

For the three-month period ended 30 June 2026				
(Unaudited)				
Items	Medical	Motor	Others	Total
Gross written premiums	(80)	(501)	4,443	3,862
Reinsurance premium ceded – globally (including excess of loss)	-	(366)	(2,646)	(3,012)
Reinsurance premium ceded – locally (including excess of loss)	-	(447)	(1,569)	(2,016)
Net written premiums	(80)	(1,314)	228	(1,166)

For the six-month period ended 30 June 2026				
(Unaudited)				
Items	Medical	Motor	Others	Total
Gross written premiums	(283)	1,538	200,053	201,308
Reinsurance premium ceded – globally (including excess of loss)	-	(732)	(149,265)	(149,997)
Reinsurance premium ceded – locally (including excess of loss)	(6)	(894)	(48,961)	(49,861)
Net written premiums	(289)	(88)	1,827	1,450

For the three-month period ended 30 June 2025				
(Unaudited)				
Item	Medical	Motor	Others	Total
Gross written premium	2,085	133,910	127,557	263,552
Reinsurance premium ceded – globally (including excess of loss)	(3,991)	(687)	(108,497)	(113,175)
Reinsurance premium ceded – locally (including excess of loss)	(957)	(687)	(18,587)	(20,231)
Net written premium – total	(2,863)	132,536	473	130,146

For the six-month period ended 30 June 2025				
(Unaudited)				
Item	Medical	Motor	Others	Total
Gross written premium	4,903	343,879	145,547	494,329
Reinsurance premium ceded – globally (including excess of loss)	(1,637)	(1,374)	(124,202)	(127,213)
Reinsurance premium ceded – locally (including excess of loss)	(116)	(1,374)	(20,729)	(22,219)
Net written premium - total	3,150	341,131	616	344,897

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(All amounts in SAR '000 unless otherwise stated)

22. SUBSEQUENT EVENTS

In these interim condensed financial statements, there are no subsequent events that occurred between 30 June 2026 and the date of approval of these interim condensed financial statements, which may have material impact on these interim condensed financial statements.

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements has been approved by the Board of Directors on 04 August 2026, corresponding to 21 Safar 1448H.