AGREED-UPON PROCEDURES REPORT REGARDING PROPOSED *ABSORPTION OF ACCUMULATED LOSSES AGAINST SHARE PREMIUM*

To Mediterranean and Gulf Insurance and Reinsurance Company (Medgulf)
(A Joint Stock Company)

PURPOSE OF THIS AGREED-UPON PROCEDURES REPORT AND RESTRICTION ON USE AND DISTRIBUTION

Our report is solely for the purpose of assisting *Board of Directors* ("Intended User") in determining whether the **Mediterranean and Gulf Insurance and Reinsurance Company's** ("Engaging Party" or the "Company") proposed absorption of accumulated losses against the share premium as at 31 March 2026, and may not be suitable for another purpose. This report is intended solely for the Engaging Party and Intended Users, and should not be used by, or distributed to, any other parties.

RESPONSIBILITIES OF THE ENGAGING PARTY

The Engaging Party has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement. The Engaging Party (also the "Responsible Party") is responsible for the subject matter on which the agreed-upon procedures are performed, namely proposed absorption of accumulated losses against the share premium and to comply with the applicable requirements of CMA procedures.

PRACTITIONER'S / AUDITOR'S RESPONSIBILITY

We have conducted the agreed-upon procedures engagement in accordance with International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagement*, that is endorsed in the Kingdom of Saudi Arabia. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

PROFESSIONAL ETHICS AND QUALITY MANAGEMENT

We have complied with the International Code of Ethics for Professional Accountants, issued by International Ethics Standard Board for Accountants, that is endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), "referred as IESBA Code" and the independence requirements in Part 4A of IESBA Code.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, that is endorsed in the Kingdom of Saudi Arabia and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RIYADH
Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 31952

PKF Al-Bassam
Chartered Accountants

AGREED-UPON PROCEDURES REPORT REGARDING PROPOSED *ABSORPTION OF ACCUMULATED LOSSES AGAINST SHARE PREMIUM*

To Mediterranean and Gulf Insurance and Reinsurance Company (Medgulf)
(A Joint Stock Company)

PROCEDURES AND FINDINGS

We have performed the procedures described below, which were agreed upon with the Company in the terms of engagement dated **17 May 2026**, which are as follows:-

S.no	Procedures	Findings
1	Reviewing proposed set-off calculation against share premium of the Company.	We reviewed proposed set-off calculation against share premium of the Company. No exceptions were noted.
2	Verifying related reserve balances against the latest approved condensed interim financial statements.	We verified related reserve balances against the latest approved condensed interim financial statements. No exceptions were noted.
3	Tracing the amounts of share premium and accumulated losses from the general ledger of the Company before the date of adjustment.	We traced the amounts of share premium amounting to Saudi Riyals 224,974 thousand and accumulated losses amounting to Saudi Riyals 77,823 thousand from the general ledger of the Company as of 31 March 2026. No exceptions were noted.
4	Obtaining from management and reading the Board of Directors' resolution dated 03 May 2026 and Extraordinary General Assembly (EGA) resolution dated 29 June 2026 related to the proposed absorption of accumulated losses against the share premium of the Company as of March 31, 2026.	We obtained from management and reviewed the Board of Directors' resolution dated 03 May 2026 and the Extraordinary General Assembly resolution dated 29 June 2026 related to the proposed absorption of accumulated losses against the share premium of the Company. No exceptions were noted.
5	Obtaining management approved statement of financial position as of date of adjustment before and after the proposed adjustment of accumulated losses against the share premium of the Company .	We obtained the unaudited condensed interim statement of financial position as of 31 March 2026, before and after proposed adjustment of accumulated losses against the share premium of the Company, presented as Annexure A to this report and checked its mathematical accuracy. No exceptions were noted.

PKF Al-Bassam
Chartered Accountants

AGREED-UPON PROCEDURES REPORT REGARDING PROPOSED *ABSORPTION OF ACCUMULATED LOSSES AGAINST SHARE PREMIUM*

To Mediterranean and Gulf Insurance and Reinsurance Company (Medgulf)
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PROCEDURES AND FINDINGS (continued)

S.no	Procedures	Findings
6	Obtaining from management the journal entry for recording of the proposed adjustment of accumulated losses against the share premium of the Company.	We obtained from management the proposed journal entry for recording of the proposed adjustment of accumulated losses against the share premium of the Company which is as follows and no exceptions were noted:

Description	Before Absorption of losses	Adjustment	After Absorption of losses
	(Saudi Riyals in thousands)		
Share premium as of March 31, 2026	224,974	(77,823)	147,151
Accumulated losses as of March 31, 2026	(77,823)	77,823	-

PKF Al-Bassam
Chartered Accountants

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337
Riyadh: 24 Muharram 1448 AH
Corresponding to: 9 July 2026

شركة بي كي اف البسام
محاسبون ومراجعون قانونيون
C. R. 1010385804
PKF Al Bassam
chartered accountants

Annexure 'A'

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026 :

	March 31, 2026	Accumulated Loss Absorption Impact	March 31, 2026
	SR'000 (Unaudited)	*SR'000*	*SR'000 (Unaudited)*
ASSETS			
Cash and cash equivalents	**560,541**	-	**560,541**
Short term deposits	**205,056**	-	**205,056**
Financial investments	**1,335,001**	-	**1,335,001**
Insurance contract assets	**25,506**	-	**25,506**
Reinsurance contract assets	**407,101**	-	**407,101**
Prepayment and other assets, net	**305,405**	-	**305,405**
Investment in an associate	**12,295**	-	**12,295**
Property and equipment, net	**29,989**	-	**29,989**
Intangible assets, net	**24,889**	-	**24,889**
Right of use assets, net	**16,417**	-	**16,417**
Statutory deposit	**187,500**	-	**187,500**
Accrued commission on statutory deposit	**6,365**	-	**6,365**
Goodwill	**723,465**	-	**723,465**
Deferred tax asset	**9,581**	-	**9,581**
TOTAL ASSETS	**3,849,111**	-	**3,849,111**
LIABILITIES			
Accrued expenses and other liabilities	**118,233**	-	**118,233**
Insurance contract liabilities	**2,006,602**	-	**2,006,602**
Reinsurance contract liabilities	**38,561**	-	**38,561**
Zakat & income tax	**7,735**	-	**7,735**
Lease liability	**15,088**	-	**15,088**
End of service indemnities	**44,524**	-	**44,524**
Accrued commission on statutory deposit	**6,365**	-	**6,365**
TOTAL LIABILITIES	**2,237,108**	-	**2,237,108**
EQUITY			
Share capital	**1,381,579**	-	**1,381,579**
Share premium	**224,974**	**(77,823)**	**147,151**
Statutory reserve	**26,135**	-	**26,135**
Accumulated losses*	**(77,823)**	**77,823**	-
Re-measurement of end of service indemnities	**(22,565)**	-	**(22,565)**
Fair values reserve on investments	**79,703**	-	**79,703**
TOTAL EQUITY	**1,612,003**	-	**1,612,003**
TOTAL LIABILITIES AND EQUITY	**3,849,111**	-	**3,849,111**

*The unaudited condensed interim statement of financial position as at 31 March 2026 shows accumulated losses representing 5.6% of the share capital before the reduction and 0% following the reduction.