

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

**INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT
AUDITORS' REVIEW REPORT – (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION

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 of 30 June 2025 and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on the interim condensed financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the accompanying interim condensed financial information which indicates that the Company had accumulated losses of Saudi Riyals 300.5 million as of 30 June 2025 (31 December 2024: Saudi Riyals 195.6 million). Further, the Company's solvency margin is 6% as of 30 June 2025, which is below the minimum solvency requirements as mandated by the Insurance Authority ("IA"). The ability of the Company to improve its financial performance and meet the minimum solvency margin requirements is dependent on the favourable outcome and realisation of the Company's planned measures and actions detailed further in note 1. These events and conditions, along with other matters as set forth in note 1 to the accompanying interim condensed financial information, 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 modified in respect of this matter.

OTHER MATTER

The interim condensed financial information of the Company for the three-month and six-month periods ended 30 June 2024 was jointly reviewed by another auditor together with the continuing auditor, who expressed an unmodified conclusion on 07 Safar 1446H (corresponding to 11 August 2024). In addition, the financial statements of the Company for the year ended 31 December 2024 were jointly audited by another auditor, who expressed an unmodified opinion on 27 Ramadan 1446H (corresponding to 27 March 2025).

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION - CONTINUED

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

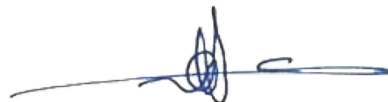
We draw your attention to note 18 of the interim condensed financial information which describes that the Company has not complied with the applicable requirements of maintaining the solvency margin as per Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law.

**For RSM Allied Accountants
Professional Services**



Meshal Abdullah Al Khaldi
License No. 601

**For Crowe Solutions for
Professional Consulting**



Abdullah M. AlAzem
License No. 335




11 August 2025
Corresponding to: 17 Safar 1447H



UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

| | | 30 June 2025 | 31 December 2024 |
|---|-------------|-------------------------|-----------------------------|
| | Note | (Unaudited) | (Audited) |
| ASSETS | | | |
| Cash and cash equivalents | 5 | 37,547 | 73,030 |
| Term deposits | 6 | 62,230 | 83,475 |
| Investments: | | | |
| Financial assets at fair value through profit or loss ("FVTPL") | 7 | 250 | 250 |
| Financial assets at amortised cost | 7 | 171,867 | 176,102 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 7 | 63,632 | 61,124 |
| Prepaid expenses and other assets | | 10,054 | 29,473 |
| Insurance contract assets | 8 | 228,690 | 229,836 |
| Reinsurance contract assets | 8 | 65,048 | 80,608 |
| Right-of-use assets | | 1,519 | 3,037 |
| Property and equipment | | 11,426 | 12,419 |
| Intangible assets | | 31,461 | 31,219 |
| Goodwill | | 78,400 | 78,400 |
| Statutory deposit | 9 | 59,989 | 59,989 |
| Accrued commission income on statutory deposit | 9 | 3,059 | 1,641 |
| TOTAL ASSETS | | 825,172 | 920,603 |
| LIABILITIES | | | |
| Insurance contract liabilities | 8 | 500,060 | 487,373 |
| Reinsurance contract liabilities | 8 | 97,960 | 100,605 |
| Accrued expenses and other liabilities | | 39,916 | 35,882 |
| Lease liabilities | | 767 | 1,375 |
| Employees' benefit obligations | | 11,153 | 11,484 |
| Accrued income payable to Insurance Authority | 9 | 3,059 | 1,641 |
| Provision for zakat and income tax | 10 | 6,296 | 13,929 |
| TOTAL LIABILITIES | | 659,211 | 652,289 |
| EQUITY | | | |
| Share capital | | 400,000 | 400,000 |
| Accumulated losses | 1 | (300,478) | (195,617) |
| Fair value reserve for investments | | 61,709 | 59,201 |
| Re-measurement reserve of employees' benefit obligations | | 4,730 | 4,730 |
| TOTAL EQUITY | | 165,961 | 268,314 |
| TOTAL LIABILITIES AND EQUITY | | 825,172 | 920,603 |


Chief Financial Officer


Chief Executive Officer


Chairman

The accompanying notes from 1 to 24 form an integral part of this interim condensed financial information.

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 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

| | Note | <i>Three-month period ended 30 June</i> | | <i>Six-month period ended 30 June</i> | |
|--|------|---|---------------------|---|---------------------|
| | | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Insurance revenue | 13 | 211,278 | 216,793 | 430,431 | 466,400 |
| Insurance service expenses | 13 | (245,831) | (189,422) | (437,137) | (372,153) |
| Net expense from reinsurance contracts | 13 | (43,177) | (19,180) | (93,509) | (72,807) |
| Insurance service result from Company's directly written business | | (77,730) | 8,191 | (100,215) | 21,440 |
| Share of surplus / (deficit) from insurance pools | 14 | 36 | (1,541) | 36 | (305) |
| Total insurance service result | | (77,694) | 6,650 | (100,179) | 21,135 |
| Net gain on financial assets measured at FVTPL | | - | - | - | 4 |
| Commission income on investments | | 2,773 | 3,605 | 6,713 | 7,223 |
| Net investment income | | 2,773 | 3,605 | 6,713 | 7,227 |
| Net finance costs from insurance contracts issued | | (842) | (2,199) | (2,699) | (2,727) |
| Net finance income from reinsurance contracts held | | 426 | 112 | 1,100 | 672 |
| Net insurance finance costs | | (416) | (2,087) | (1,599) | (2,055) |
| Net insurance and investment result | | (75,337) | 8,168 | (95,065) | 26,307 |
| Other income / (loss) | | - | - | 501 | (3,367) |
| Other operating expenses | | (6,204) | (7,372) | (14,271) | (16,635) |
| (Loss) / profit for the period attributable to the shareholders before zakat and income tax | | (81,541) | 796 | (108,835) | 6,305 |
| Zakat | 10 | - | (500) | 3,974 | (1,000) |
| Income tax | 10 | - | - | - | - |
| Net (loss) / profit for the period attributable to the shareholders | | (81,541) | 296 | (104,861) | 5,305 |
| Basic and diluted (losses) / earnings per share (expressed in Saudi Riyals per share) | 11 | (2.04) | 0.01 | (2.62) | 0.13 |


Chief Financial Officer


Chief Executive Officer


Chairman

The accompanying notes from 1 to 24 form an integral part of this interim condensed financial information.

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 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

| | <i>Three-month period ended 30 June</i> | | <i>Six-month period ended 30 June</i> | |
|--|---|--------------------|---|--------------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Net (loss) / profit for the period attributable to the shareholders | (81,541) | 296 | (104,861) | 5,305 |
| 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) / income for the period attributable to the shareholders | (81,541) | 296 | (102,353) | 5,305 |



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from 1 to 24 form an integral part of this interim condensed financial information.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '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 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 |

| | Share capital | Accumulated losses | Fair value reserve for investments | Re-measurement reserve of employees' benefit obligations | Total |
|--|----------------|--------------------|------------------------------------|--|----------------|
| Balance at 31 December 2023 (Audited) | 400,000 | (180,562) | 41,540 | 4,177 | 265,155 |
| Total comprehensive income for the period: | | | | | |
| Net income for the period attributable to the shareholders | - | 5,305 | - | - | 5,305 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period attributable to the shareholders | - | 5,305 | - | - | 5,305 |
| Balance at 30 June 2024 (Unaudited) | 400,000 | (175,257) | 41,540 | 4,177 | 270,460 |


Chief Financial Officer


Chief Executive Officer


Chairman

The accompanying notes from 1 to 24 form an integral part of this interim condensed financial information.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

| | Note | <i>Six-month period ended 30 June</i> | |
|---|------|---------------------------------------|-------------|
| | | 2025 | 2024 |
| | | (Unaudited) | (Unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss) / profit for the period attributable to the shareholders before zakat and income tax | | (108,835) | 6,305 |
| <u>Adjustments for non-cash items:</u> | | | |
| Depreciation of property and equipment | | 5,769 | 2,265 |
| Amortization of intangible assets | | 522 | 519 |
| Depreciation of right-of-use assets | | 1,518 | 825 |
| Finance costs on lease liabilities | | 48 | 32 |
| Unrealized gain on financial assets measured at FVTPL | | - | (4) |
| Unrealized gain on term deposits | | - | (3,608) |
| Realized gain on term deposits | | - | (1,231) |
| Commission income from investment measured at amortised cost | | (6,713) | (2,384) |
| Provision for employees' benefit obligations | | - | 629 |
| | | (107,691) | 3,348 |
| <u>Changes in operating assets and liabilities:</u> | | | |
| Prepaid expenses and other assets | | 19,419 | 14,507 |
| Insurance contract assets | | 1,146 | - |
| Reinsurance contract assets | | 15,560 | (41,590) |
| Insurance contract liabilities | | 12,687 | 150,264 |
| Reinsurance contract liabilities | | (2,645) | - |
| Accrued expenses and other liabilities | | 4,034 | (3,389) |
| Cash (used in) / generated from operations | | (57,490) | 123,140 |
| Zakat and income tax paid | 10 | (3,659) | (3,938) |
| Employees' benefit obligations paid | | (331) | (327) |
| Net cash (used in) / generated from operating activities | | (61,480) | 118,875 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Placement of term deposits | | - | (22,096) |
| Proceeds from maturity of term deposits | | 21,622 | 1,231 |
| Commission income received from financial assets at amortised cost | 7 | 10,571 | 2,406 |
| Payments for purchases of property and equipment | | (4,776) | (4,987) |
| Payments for purchases of intangible assets | | (764) | (6,035) |
| Net cash generated from / (used in) investing activities | | 26,653 | (29,481) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of lease liabilities | | (656) | (1,704) |
| Net cash used in financing activities | | (656) | (1,704) |
| Net change in cash and cash equivalents | | (35,483) | 87,690 |
| Cash and cash equivalents at the beginning of the period | 5 | 73,030 | 122,279 |
| Cash and cash equivalents at the end of the period | 5 | 37,547 | 209,969 |


Chief Financial Officer


Chief Executive Officer


Chairman

The accompanying notes from 1 to 24 form an integral part of this interim condensed financial information.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS - CONTINUED
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

| | Note | <i>Six-month period ended 30 June</i> | |
|--|------|---------------------------------------|-------------|
| | | 2025 | 2024 |
| | | (Unaudited) | (Unaudited) |
| Supplemental schedule of non-cash information | | | |
| Net changes in fair value of investment measured a FVOCI | 7 | 2,508 | |



 Chief Financial Officer



 Chief Executive Officer



 Chairman

The accompanying notes from 1 to 24 form an integral part of this interim condensed financial information.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '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, 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. 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-Saedan Building;
King Fahd Road
P.O. Box 2041
Riyadh 12264
Kingdom of Saudi Arabia.

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 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.

(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”), to evaluate a potential merger between Arabia and the Company. In the event that a binding merger agreement is signed with Arabia, the transaction would be executed through a share exchange offer with Arabia as the merging company and UCA as the merged company. This will involve increasing Arabia’s capital and issuing new shares to the shareholders of UCA based on a swap ratio to be agreed between the parties. Both companies have agreed to negotiate definitive agreements that will outline the commercial terms, including the final transaction structure and swap ratio. The MoU also includes customary provisions that regulate confidentiality and other related matters. The completion of the merger will be subject to obtaining the necessary approvals from the regulatory authorities and the shareholders of both Arabia and the Company. Subsequent to the period end, in connection with this proposed merger, UCA has appointed a financial advisor to support the Company in evaluating the transaction and related processes.

(c) Business performance

During the six-month period ended 30 June 2025, the Company reported net loss of Saudi Riyals 104.9 million, primarily attributable to losses recognized in the motor line of business. The insurance service result for the motor line declined significantly, shifting from a profit of Saudi Riyals 32.9 million in the comparative period ended 30 June 2024 to a loss of Saudi Riyals 93.5 million in the current period. This decline was principally driven by recognition of losses on onerous contracts (see Note 13), and intensified competition in the motor insurance market, which exerted pressure on pricing and underwriting margins. Management has formulated and implemented corrective measures since the year ended 31 December 2024, including enhanced pricing strategies and portfolio optimization efforts aimed at restoring profitability in this line of business.

(d) Material uncertainty related to going concern

The Company has accumulated losses of Saudi Riyals 300.5 million as of 30 June 2025 (31 December 2024: accumulated losses of Saudi Riyals 195.6 million). Further, the Company’s solvency margin of 6% as of 30 June 2025 (31 December 2024: 44.65%) remains below the minimum solvency requirements as mandated by Insurance Authority (IA).

On May 11, 2025, the Company announced on Tadawul that its accumulated losses had reached 54.7% of its issued share capital. In accordance with Article 132 of the Saudi Companies Law (“the Regulations”), if the losses of a joint-stock company amount to half of the issued capital, the Board of Directors shall, within 60 days from the date of its knowledge thereof, announce the losses and the recommendations relating thereto, and shall, within 180 days from 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 the dissolution of the Company.

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

1. General information – Legal status and principal activities – (continued)

(d) Material uncertainty related to going concern – (continued)

As part of this process, the Board of Directors shall provide its recommendation on the Company's future direction for presentation to the shareholders. The Company is in the process of fulfilling these requirements, and the Extraordinary General Assembly meeting is expected to be held no later than November 11, 2025.

Article 68 2(b) of the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations"), when the solvency margin falls between 50% and 75% 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 IA to immediately take all or any of the measures including formulate and provide 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.

In response to IA's correspondence, the Company has formulated and implemented various performance improvement measures starting late 2023, as approved by the Company's Board of Directors, which, among others, include better pricing strategies for Motor and Medical segments. Management expects that these measures will further reflect positively in the operational results and cash flows for 2025 and the years to come. Also, the Company signed a non-binding Memorandum of Understanding (MoU) with Arabia Insurance Cooperative Company ("Arabia"), to evaluate a potential merger between Arabia and the Company. In the event that a mutually beneficial merger agreement cannot be reached, the Company intends to further increase its share which will further boost up its solvency ratio. However, management's assessment and realisation of its planned measures and actions outlined in the business plan is dependent on a number of factors, estimates and assumptions including the achievement of the projected improvement in the results of the Motor and Medical segment and achieving the desired solvency ratios. Accordingly, these events and conditions including realisation of planned measures and actions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

UCA has developed a 5-year business plan, approved by the Board of Directors and submitted to the Insurance Authority (IA). To address accumulated losses and mitigate going concern risks, the Board proposed, during its 8 December 2024 meeting, a capital reduction from SR 400 million to SR 300 million, restructuring by offsetting Saudi Riyal 100 million with accumulated losses.

A shareholder circular, prepared in compliance with Article 76 of CMA regulations, has been submitted to the IA for approval. Further, IA have requested certain information including solvency recovery plan and equity position post capital reduction. The Company appointed an expert to address those queries and has submitted the report to IA. However, the Company is currently awaiting IA approval. Upon approval from IA, the Company will proceed with submitting their request to the Capital Market Authority for capital reduction approval and consequently presenting it to shareholders for approval at an Extra Ordinary General Assembly Meeting.

Furthermore, as of 30 June 2025, no impairment of goodwill has been recognised, despite the presence of potential indicators, including the material uncertainty related to going concern as disclosed in Note 1(d). This conclusion is supported by the most recent independent valuation dated 31 December 2024, which determined that the recoverable amounts of the relevant assets exceeded their respective carrying amounts, thereby providing substantial headroom. In addition, a sensitivity analysis was performed, demonstrating that the recoverable amount continued to exceed the carrying amount by a substantial margin, thereby indicating no impairment. Moreover, there was no evidence of a sustained decline in the underlying performance or outlook of the CGU that carry goodwill. The losses reported for the six-month period are primarily attributable to underperformance in the motor segment due to short-term and non-recurring pricing initiatives, for which management has implemented corrective actions, as detailed in Note 1(c). The key assumptions underpinning the value-in-use calculations including the discount rate, EBITDA margins, and terminal growth rate remain reasonable and continue to support the recoverable amounts as at the reporting date. These assumptions will be closely monitored and reassessed in future reporting periods. Additionally, the ongoing merger and capital initiatives, as discussed in Note 1, are expected to contribute to a medium-term recovery and provide additional support to the current assessment

UNITED COOPERATIVE ASSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

1. General information – Legal status and principal activities – (continued)

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

Notwithstanding the above, the financial information has been prepared on a going concern basis as management believes that the Company will be both, able to continue its operations and meet its obligations, as they fall due within the next 12 months as reflected in the detailed business plan and projected cash flows for the years from 2025 to 2029. Further, management believes that it will be able to meet the solvency requirements based on the plan outlined above. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

2. Basis of preparation

(a) Statement of compliance

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

As required by the Saudi Arabian Insurance Regulations (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 information 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 information may not be considered indicative of the expected results for the full year.

(b) Basis of measurement

The interim condensed financial information 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.

(c) Basis of presentation

The interim condensed financial information does not include all of the information required for full annual financial information and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2024. 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, term deposits, 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 statutory deposit. 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 and employees' benefit obligations.

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company. All financial information presented in Saudi Riyals 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 six-month period ended 30 June 2025, 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 INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025
(All amounts in Saudi Riyals '000 unless otherwise stated)

3. Material accounting policies

The material accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024, 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 2025. 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 |
|--|---|---|
| Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability | An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. | Annual periods beginning on or after 1 January 2025 |

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 information 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 financial information. The Company intends to adopt these interpretations when they are effective.

| 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. |

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3. Material accounting policies - (continued)

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

| Interpretation | Description | Effective date |
|---|--|--|
| 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. |
| 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. |

Impact assessment

The management is in the process of assessing the impact of the amendments on its financial information, however, no material impact is expected.

4. Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 information, 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 information as at and for the year ended 31 December 2024.

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5. Cash and cash equivalents

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|----------------------------|---|----------------------------------|
| Bank balances | 37,563 | 72,273 |
| Short term deposits | - | 773 |
| Less: Expected credit loss | (16) | (16) |
| | 37,547 | 73,030 |

Cash at banks is placed with counterparties with sound credit ratings. As of 30 June 2025, deposits were placed with the local bank with original maturity of less than three months amounted SR nil (31 December 2024: SR 0.8 million) from the date of placement and earned commission income ranges from 5.20% to 5.30%.

6. Term deposits

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|-------------------------------------|---|----------------------------------|
| Term deposits | 60,182 | 81,804 |
| Accrued commission income | 2,048 | 1,671 |
| Balance at end of the period / year | 62,230 | 83,475 |

The term deposits represent deposits held with the local commercial banks and earn commission at market rates. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three-months and less than twelve-months. As of 30 June 2025, the deposit yield commission rate of 5.72% (31 December 2024: 6%).

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

7. Investments

a) Investments are classified as follows:

| | Note | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|-------------|---|----------------------------------|
| Financial assets at fair value through profit or loss ("FVTPL") | 7.1 | 250 | 250 |
| Financial assets at amortised cost | 7.2 | 171,867 | 176,102 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 7.3 | 63,632 | 61,124 |
| | | 235,749 | 237,476 |

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

Movement in investment in discretionary portfolio is as follows:

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|---|----------------------------------|
| Balance at beginning of the period / year | 250 | 246 |
| Changes in fair value of investments | - | 4 |
| Balance at end of the period / year | 250 | 250 |

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7. Investments - (continued)

7.1 Financial assets at fair value through profit or loss ("FVTPL") - (continued)

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.

7.2 Financial assets at amortised cost

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---------------------------------------|---|----------------------------------|
| Saudi Government Sukuk – (note 7.2.1) | 171,867 | 159,994 |
| Other Sukuks | - | 16,108 |
| | 171,867 | 176,102 |

7.2.1 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 3.58 million during the period (30 June 2024: SAR 2.38 million).

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

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|---|----------------------------------|
| Balance at beginning of the period / year | 61,124 | 43,463 |
| Changes in fair value of investments | 2,508 | 17,661 |
| Balance at end of the period / year | 63,632 | 61,124 |

The above represents the Company's 3.45% (31 December 2024: 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.

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8. Insurance and reinsurance contracts

8.1 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 |
|---|---------------|-------------------------|----------------|----------------|-----------------|-----------------|----------------|
| As at 30 June 2025 – (Unaudited) | | | | | | | |
| <u>Insurance contracts</u> | | | | | | | |
| Insurance contract liabilities | 76,688 | 64,276 | 287,959 | 8,109 | 18,640 | 44,388 | 500,060 |
| Insurance contract assets | (12,868) | (72,327) | (89,557) | (4,260) | (28,126) | (21,552) | (228,690) |
| | 63,820 | (8,051) | 198,402 | 3,849 | 9,486 | 22,836 | 271,370 |
| <u>Reinsurance contracts</u> | | | | | | | |
| Reinsurance contract liabilities | 7,713 | 12,085 | 17,587 | 70 | 41,842 | 18,663 | 97,960 |
| Reinsurance contract assets | (4,318) | (1,659) | (77) | (4,531) | (16,113) | (38,350) | (65,048) |
| | 3,395 | 10,426 | 17,510 | (4,461) | 25,729 | (19,687) | 32,912 |
| | | | | | | | |
| | Medical | Motor- Comprehensive | Motor- TPL | Energy | Engineering | Others | Total |
| As at 31 December 2024 – (Audited) | | | | | | | |
| <u>Insurance contracts</u> | | | | | | | |
| Insurance contract liabilities | 83,317 | 39,687 | 281,459 | 12,007 | 26,895 | 44,008 | 487,373 |
| Insurance contract assets | (5,702) | (85,612) | (62,382) | (4,259) | (45,236) | (26,645) | (229,836) |
| | 77,615 | (45,925) | 219,077 | 7,748 | (18,341) | 17,363 | 257,537 |
| <u>Reinsurance contracts</u> | | | | | | | |
| Reinsurance contract liabilities | 6,414 | 9,586 | 17,589 | 6,449 | 39,741 | 20,826 | 100,605 |
| Reinsurance contract assets | (7,022) | (139) | (49) | (14,235) | (16,848) | (42,315) | (80,608) |
| | (608) | 9,447 | 17,540 | (7,786) | 22,893 | (21,489) | 19,997 |

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8. Insurance and reinsurance contracts – (continued)

8.2 Analysis by remaining coverage and incurred claims

8.2.1 Insurance contracts

| | As at 30 June 2025 – (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 | 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 | (430,431) | - | - | - | (430,431) |
| <u>Insurance service expenses</u> | | | | | |
| Incurred claims and other incurred insurance service expenses* | - | - | 380,400 | (362) | 380,038 |
| Reversal on onerous contracts | - | 8,979 | - | - | 8,979 |
| Changes that relate to past service | - | - | (5,941) | - | (5,941) |
| Insurance acquisition cashflows amortization | 54,061 | - | - | - | 54,061 |
| Insurance service expenses | 54,061 | 8,979 | 374,459 | (362) | 437,137 |
| Finance cost from insurance contracts | - | - | 2,699 | - | 2,699 |
| Total changes in the statement of income | (376,370) | 8,979 | 377,158 | (362) | 9,405 |
| <u>Cashflows</u> | | | | | |
| Premiums received | 410,719 | - | - | - | 410,719 |
| Claims and other incurred insurance service expenses | - | - | (362,128) | - | (362,128) |
| Insurance acquisition cashflows paid | (44,163) | - | - | - | (44,163) |
| Total cash inflows / (outflows) | 366,556 | - | (362,128) | - | 4,428 |
| <u>Insurance contracts</u> | | | | | |
| Insurance contract liabilities – closing | 187,167 | 39,095 | 268,885 | 4,913 | 500,060 |
| Insurance contract assets – closing | (177,238) | - | (51,452) | - | (228,690) |
| Closing balance – net | 9,929 | 39,095 | 217,433 | 4,913 | 271,370 |

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8. Insurance and reinsurance contracts – (continued)

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

8.2.1 Insurance contracts – (continued)

| | As at 31 December 2024 – (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 | 134,650 | 21,472 | 221,034 | 9,858 | 387,014 |
| Insurance contract assets – opening | (79,021) | (16,962) | (5,146) | - | (101,129) |
| Opening balance – net | 55,629 | 4,510 | 215,888 | 9,858 | 285,885 |
| Insurance revenue | (1,049,578) | - | - | - | (1,049,578) |
| <u>Insurance service expenses</u> | | | | | |
| Incurred claims and other incurred insurance service expenses | - | - | 675,764 | (4,583) | 671,181 |
| Reversal of onerous contracts | - | 25,606 | - | - | 25,606 |
| Changes that relate to past service | - | - | (19,929) | - | (19,929) |
| Insurance acquisition cashflows amortisation | 106,278 | - | - | - | 106,278 |
| Insurance service expenses | 106,278 | 25,606 | 655,835 | (4,583) | 783,136 |
| Finance cost from insurance contracts | - | - | 4,142 | - | 4,142 |
| Total changes in the statement of income | (943,300) | 25,606 | 659,977 | (4,583) | (262,300) |
| <u>Cashflows</u> | | | | | |
| Premiums received | 1,008,259 | - | - | - | 1,008,259 |
| Claims and other incurred insurance service expenses | - | - | (673,462) | - | (673,462) |
| Insurance acquisition cashflows paid | (100,845) | - | - | - | (100,845) |
| Total cash inflows / (outflows) | 907,414 | - | (673,462) | - | 233,952 |
| <u>Insurance contracts</u> | | | | | |
| Insurance contract liabilities – closing | 179,983 | 48,551 | 253,564 | 5,275 | 487,373 |
| Insurance contract assets – closing | (160,240) | (18,435) | (51,161) | - | (229,836) |
| Closing balance – net | 19,743 | 30,116 | 202,403 | 5,275 | 257,537 |

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8 Insurance and reinsurance contracts – (continued)

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

8.2.2 Reinsurance contracts held

| | As at 30 June 2025 – (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 | |
| <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 |
| <u>Allocation of reinsurance premium</u> | | | | | |
| | 88,043 | - | - | - | 88,043 |
| <u>Amounts recoverable from reinsurers</u> | | | | | |
| Claims recovered and other directly attributable expenses | - | - | (1,647) | 491 | (1,156) |
| Loss-recovery on onerous underlying contracts | - | 249 | - | - | 249 |
| Changes that relate to past service | - | - | 6,373 | - | 6,373 |
| Amounts recoverable from reinsurers – net | - | 249 | 4,726 | 491 | 5,466 |
| Finance income from reinsurance contracts | - | - | (1,100) | - | (1,100) |
| Total changes in the statement of income | 88,043 | 249 | 3,626 | 491 | 92,409 |
| <u>Cashflows</u> | | | | | |
| Premiums ceded and acquisition cashflows paid | (111,207) | - | - | - | (111,207) |
| Recoveries from reinsurance | 28,033 | - | 3,680 | - | 31,713 |
| Total cash (outflows) / inflows | (83,174) | - | 3,680 | - | (79,494) |
| <u>Reinsurance contracts</u> | | | | | |
| Reinsurance contract assets – closing | (6,407) | (166) | (55,383) | (3,092) | (65,048) |
| Reinsurance contract liabilities – closing | 74,310 | - | 22,641 | 1,009 | 97,960 |
| Closing balance – net | 67,903 | (166) | (32,742) | (2,083) | 32,912 |

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8 Insurance and reinsurance contracts – (continued)

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

8.2.2 Reinsurance contracts held – (continued)

| | As at 31 December 2024 – (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 | (8,437) | - | (54,507) | (3,843) | (66,787) |
| Reinsurance contract liabilities – opening | 74,698 | - | 18,825 | 973 | 94,496 |
| Opening balance – net | 66,261 | - | (35,682) | (2,870) | 27,709 |
| | | | | | |
| Allocation of reinsurance premium | 307,696 | - | - | - | 307,696 |
| | | | | | |
| <u>Amounts recoverable from reinsurers</u> | | | | | |
| Claims recovered and other directly attributable expenses | - | - | (46,878) | 296 | (46,582) |
| Loss-recovery on onerous underlying contracts | - | (415) | - | - | (415) |
| Changes that relate to past service | - | - | (15,728) | - | (15,728) |
| Amounts recoverable from reinsurers – net | - | (415) | (62,606) | 296 | (62,725) |
| | | | | | |
| Finance expense from reinsurance contracts | - | - | (1,634) | - | (1,634) |
| Total changes in the statement of income | 307,696 | (415) | (64,240) | 296 | 243,337 |
| | | | | | |
| <u>Cashflows</u> | | | | | |
| Premiums ceded and acquisition cashflows paid | (389,962) | - | - | - | (389,962) |
| Recoveries from reinsurance | 79,039 | - | 59,874 | - | 138,913 |
| Total cash (outflows) / inflows | (310,923) | - | 59,874 | - | (251,049) |
| | | | | | |
| <u>Reinsurance contracts</u> | | | | | |
| Reinsurance contract assets – closing | (7,915) | (415) | (68,695) | (3,583) | (80,608) |
| Reinsurance contract liabilities – closing | 70,949 | - | 28,647 | 1,009 | 100,605 |
| Closing balance – net | 63,034 | (415) | (40,048) | (2,574) | 19,997 |

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9. Statutory deposit

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|---|----------------------------------|
| Statutory deposit – (note 9.1) | 60,000 | 60,000 |
| Less: Expected credit loss | (11) | (11) |
| Balance at the end of the period / year | 59,989 | 59,989 |

9.1 In compliance with Article 58 of the Implementing Regulations of Insurance Authority (IA), the Company has deposited 15% of its share capital amounting to SR 60 million as of 30 June 2025 (31 December 2024: SR 60 million) in a bank designated by SAMA. The Company cannot withdraw this deposit without IA approval. Commission accruing on this deposit is payable to IA. In accordance with instructions received from IA vide their 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 information.

Accrued income on this deposit is payable to Insurance Authority (IA) amounting to Saudi Riyals 3.06 million (31 December 2024: Saudi Riyals 1.64 million) and this deposit cannot be withdrawn without approval from IA.

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 beginning of the year, adjusted net income and certain other items. Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the Zakat, Tax and Customs Authority ("ZATCA") could be different from the declaration filed by the Company.

a. Movements in provision during the period / year

| | Zakat payable | Income tax payable | Total 30 June 2025 (Unaudited) |
|------------------------------------|----------------------|---------------------------|---|
| Balance at beginning of the period | 12,629 | 1,300 | 13,929 |
| Provided during the period | - | - | - |
| Adjustment during the period | (3,974) | - | (3,974) |
| Payments during the period | (3,659) | - | (3,659) |
| Balance at end of the period | 4,996 | 1,300 | 6,296 |

| | Zakat payable | Income tax payable | Total 31 December 2024 (Audited) |
|----------------------------------|----------------------|---------------------------|---|
| Balance at beginning of the year | 12,567 | 1,300 | 13,867 |
| Provided during the year | 4,000 | - | 4,000 |
| Payments during the year | (3,938) | - | (3,938) |
| Balance at end of the year | 12,629 | 1,300 | 13,929 |

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10. Zakat and income tax – (continued)

b. Status of zakat assessments

The Company submitted the Zakat declaration for the year ended 31 December 2024 and obtained the necessary Zakat certificate.

The Zakat is applicable on 100% (2024: 100%) of the shareholders while income tax on nil (2024: nil) of the shareholders. The Company has filed its zakat and income tax declarations for the periods ended 31 December 2009 to 2023 and obtained restricted zakat and tax certificates. The following are the detailed outstanding assessments as of the date of the financial information:

Assessment years 2005, 2006, 2007 and 2008

During 2017, the Company received the zakat assessments for the years 2005 to 2008 from the ZATCA with regards to the insurance operations transferred from UCA Insurance Bahrain BSC claiming zakat liability amounting to SAR 6.01 million and withholding tax liability amounting to SAR 16.09 million. Management has filed an objection against the above assessments and is confident of receiving a favorable outcome. Further, the Company has issued a bank guarantee in favor of ZATCA amounting to SAR 22.09 million (2021: SAR 22.09 million) against such assessments. Management is of the view that any additional liability as a result of these assessments will eventually be charged to the shareholders of the UCA Insurance Bahrain BSC.

Assessment years 2009 – 2011

The Company has filed its Zakat/tax declarations for the years ended 31 December 2009 to 2011 and obtained the necessary Zakat/tax certificates. The ZATCA 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 27.1 million. The Company had finalized its Zakat, tax and withholding tax status for the said years.

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.

The Zakat, Tax, and Customs Authority (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. Subsequent to the year end, the Company is currently making payments in monthly installments over a one-year period as per the agreed settlement terms.

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 studying the Zakat and tax returns for the said year's and they are considered finalized.

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.

The Zakat, Tax, and Customs Authority (ZATCA) has issued an assessment for the fiscal years 2021 and 2022 which shows a total credit balance of SR 0.39 million for both years resulting from the deduction of Governmental Sukuk.

The Company agreed with ZATCA, and the case is considered finalized.

Assessment years 2023

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

ZATCA is in the process of studying the Zakat return for the said year.

Assessment years 2024

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

ZATCA has not studied the Company's return for the said year to date.

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10. Zakat and income tax – (continued)

c. VAT assessment

On 25 August 2020, the Company received an assessment from ZATCA to pay additional principal VAT of SAR 12.28 million for the years 2018 and 2019 as well as additional fines of SAR 20.25 million for those years. In order to avoid incurring additional fines based on ZATCA's initiative the Company paid the principal VAT on 28 October 2020 without prejudice to its position and objected to the items issued for the evaluation. On 20 February 2021, the Company filed an appeal with the General Secretariat of Tax Committees (GSTC) against the decision of the ZATCA for which management is confident of a favorable outcome. The objected items are zero rated supplies, self-invoicing, and reinsurance commission.

The fines imposed on the assessments amounting to SAR 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.

11. Basic and diluted (losses) / earnings per share

(Losses) / earnings per share for the six-month period ended 30 June 2025 and 2024 have been calculated by dividing the net (loss) / profit for the respective periods attributable to the shareholders by the weighted average number of ordinary shares at the reporting date. Diluted (losses) / earnings per share are not applicable to the Company.

The basic and diluted (losses) / earnings per share is calculated as follows:

| | For the three-month period ended 30 June | | For the six-month period ended 30 June | |
|---|---|---------------------|---|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Net (loss) / profit for the period attributable to the shareholders | (81,541) | 296 | (104,861) | 5,305 |
| Weighted average number of ordinary shares | 40,000 | 40,000 | 40,000 | 40,000 |
| Basic and diluted (losses) / earnings per share | (2.04) | 0.01 | (2.62) | 0.13 |

12. Commitments and contingencies

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--------------------------------|----------------------------------|
| Letters of guarantee issued in favour of ZATCA | 22,096 | 22,096 |
| Letters of guarantee issued in favour of non-government customers | 300 | 300 |
| | 22,396 | 22,396 |

- The Company has capital commitments outstanding as at 30 June 2025 amounting to SAR 10.6 million (31 December 2024: SAR 16.61 million) in respect of software development project.
- As at 30 June 2025, the Company's bankers have given guarantees to non-government customers amounting to SAR 0.3 million (2024: SAR 0.30 million) in respect of motor insurance and to ZATCA amounting to SAR 22.09 million (2024: SAR 22.09 million) in respect of a disputed assessment order (also refer note 10) which is deposited with a bank and is included in term deposits. The Company cannot withdraw this deposit without ZATCA approval.
- Refer note 10 for contingencies pertaining to zakat and income tax assessments.
- The Company is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings as at 30 June 2025.

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13. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net (expenses) / income from reinsurance contracts held by portfolio of contracts for the periods ended 30 June 2025 and 30 June 2024 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 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) |
| (Losses) / reversal of 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) |

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13. Insurance revenue and expenses – (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) |
| (Losses) / reversal of 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) |

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13. Insurance revenue and expenses – (continued)

For the three-month period ended 30 June 2024 – (Unaudited)

| | Medical | Motor- Comprehensive | Motor-TPL | Energy | Engineering | Others | Total |
|---|----------|-------------------------|-----------|----------|-------------|----------|-----------|
| Insurance revenue from contracts measured under PAA | 25,977 | 24,394 | 120,853 | 21,706 | 17,629 | 6,234 | 216,793 |
| Insurance revenue – total | 25,977 | 24,394 | 120,853 | 21,706 | 17,629 | 6,234 | 216,793 |
| Incurred claims and other incurred insurance service expenses* | (28,548) | (23,427) | (95,934) | (2,596) | (1,413) | (5,825) | (157,743) |
| (Losses) / reversal of losses on onerous contracts | (1,673) | 401 | (10,376) | - | - | - | (11,648) |
| Changes that relate to past service | 913 | 6,677 | 12,263 | 6,119 | 3,850 | (25,984) | 3,938 |
| Insurance acquisition cash flows amortization | (3,862) | (5,675) | (9,605) | (348) | (4,017) | (462) | (23,969) |
| Insurance service expenses – total | (33,170) | (22,024) | (103,552) | 3,175 | (1,580) | (32,271) | (189,422) |
| Allocation of reinsurance premium paid – contracts measured under the PAA | (9,034) | (17,916) | 14,384 | (21,086) | (5,790) | (2,417) | (41,409) |
| <u>Amounts recoverable from reinsurers</u> | | | | | | | |
| Claims recovered and other directly attributable expenses | 111 | 304 | 683 | 5,754 | 285 | 4,338 | 11,475 |
| Loss-recovery on onerous underlying contracts | - | - | - | - | - | - | - |
| Changes to amounts recoverable for incurred claims | (288) | (481) | (845) | (5,911) | (3,613) | 21,892 | 10,754 |
| Amounts recoverable from reinsurers – net | (177) | (177) | (162) | (157) | (3,328) | 26,230 | 22,229 |
| Net (expenses) / income from reinsurance contracts – total | (9,211) | (18,093) | 14,672 | (21,243) | (9,118) | 23,813 | (19,810) |
| Insurance service result from Company's directly written business | (16,404) | (15,723) | 31,973 | 3,638 | 6,931 | (2,224) | 8,191 |
| Share of deficit from insurance pools | (1,541) | - | - | - | - | - | (1,541) |
| Total insurance service result | (17,945) | (15,723) | 31,973 | 3,638 | 6,931 | (2,224) | 6,650 |

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13. Insurance revenue and expenses – (continued)

For the six-month period ended 30 June 2024 – (Unaudited)

| | Medical | Motor- Comprehensive | Motor-TPL | Energy | Engineering | Others | Total |
|---|----------|-------------------------|-----------|----------|-------------|----------|-----------|
| Insurance revenue from contracts measured under PAA | 50,723 | 59,620 | 235,592 | 43,532 | 64,298 | 12,635 | 466,400 |
| Insurance revenue – total | 50,723 | 59,620 | 235,592 | 43,532 | 64,298 | 12,635 | 466,400 |
| Incurred claims and other incurred insurance service expenses* | (62,118) | (56,426) | (185,871) | (4,319) | (2,169) | (6,036) | (316,939) |
| (Losses) / reversal of losses on onerous contracts | (7,401) | 1,023 | (10,320) | - | - | - | (16,698) |
| Changes that relate to past service | 1,307 | 10,057 | 26,190 | (1,677) | 3,268 | (25,492) | 13,653 |
| Insurance acquisition cash flows amortization | (7,745) | (9,089) | (21,369) | (2,142) | (10,854) | (970) | (52,169) |
| Insurance service expenses – total | (75,957) | (54,435) | (191,370) | (8,138) | (9,755) | (32,498) | (372,153) |
| Allocation of reinsurance premium paid – contracts measured under the PAA | (12,632) | (16,262) | 1,748 | (42,232) | (38,333) | (6,507) | (114,218) |
| <u>Amounts recoverable from reinsurers</u> | | | | | | | |
| Claims recovered and other directly attributable expenses | 11,589 | 527 | 198 | 6,491 | 110 | 4,816 | 23,731 |
| Loss-recovery on onerous underlying contracts | - | - | - | - | - | - | - |
| Changes to amounts recoverable for incurred claims | 420 | 810 | (3,477) | 1,569 | (3,066) | 21,424 | 17,680 |
| Amounts recoverable from reinsurers – net | 12,009 | 1,337 | (3,279) | 8,060 | (2,956) | 26,240 | 41,411 |
| Net (expenses) / income from reinsurance contracts – total | (623) | (14,925) | (1,531) | (34,172) | (41,289) | 19,733 | (72,807) |
| Insurance service result from Company's directly written business | (25,857) | (9,740) | 42,691 | 1,222 | 13,254 | (130) | 21,440 |
| Share of (deficit) / surplus from insurance pools | (1,084) | - | - | - | - | 779 | (305) |
| Total insurance service result | (26,941) | (9,740) | 42,691 | 1,222 | 13,254 | 649 | 21,135 |

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14. Share of surplus from insurance pools

Hajj and Umrah scheme

This represents the Company's share in the surplus for general accident product arising from the Hajj and Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from 1 January 2020, and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement since 2024 as the aforementioned arrangement has been discontinued.

15. Related party transactions and balances

Related parties represent shareholders with significant influence, directors and key management personnel (KMP) of the Company, and entities controlled or jointly controlled by such shareholders and KMP. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances

| | | Amount of transactions | | Amount of transactions | |
|-------------------------------|---|---------------------------------|-----------------|------------------------|-------------------|
| | | three-month period ended | | six-month period ended | |
| | | 30 June | | 30 June | |
| Nature of transactions | | 2025 | 2024 | 2025 | 2024 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Major shareholders | | | | | |
| Haji Hussien Ali Reza | Premium written Payments received and claims paid | 1,128 (4,270) | 1,272 (3,715) | 4,534 (9,128) | 4,864 (3,913) |
| Saudi Bin Laden – Group | Premium written Payments received and claims paid | 181,137 (43,622) | 94,447 (91,876) | 183,871 (148,685) | 143,304 (138,375) |
| Construction Product Co. | Premium written Payments received and claims paid | 770 - | 1,649 (50) | 877 - | 1,735 (292) |
| Related party balances | | | | | |
| | | Balance receivable as at | | | |
| | | 30 June | | 31 December | |
| | | 2025 | | 2024 | |
| | | (Unaudited) | | (Audited) | |
| Premium receivable | | | | | |
| Haji Hussein Ali Reza | | 870 | | 5,401 | |
| Saudi Bin Laden – Group | | 233,454 | | 198,268 | |
| Construction Product Company | | 8,286 | | 7,409 | |
| | | 242,610 | | 211,078 | |
| Other balances | | | | | |
| United Commercial Agencies | | - | | 4 | |

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15. Related party transactions and balances - (continued)

Key management personnel are people who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise directors, top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. Compensation to key management personnel is based on employment terms. The following table shows the compensation of the key management personnel for the six month period:

| | 30 June 2025 (Unaudited) | 30 June 2024 (Unaudited) |
|---|---|---|
| Salaries and other allowances | 3,544 | 3,732 |
| End of service indemnities | 235 | 253 |
| | 3,779 | 3,985 |
| Remuneration to those charged with governance | 1,295 | 1,186 |

16. Fair values of financial instruments

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

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

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.

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16. Fair values of financial instruments – (continued)

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.

| 30 June 2025 – (Unaudited) | <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 | - | - | 63,632 | 63,632 |
| Investment measured at fair value through profit or loss (FVTPL) | | | | |
| Discretionary portfolio | 250 | - | - | 250 |
| | <u>250</u> | <u>-</u> | <u>63,632</u> | <u>63,882</u> |
| 31 December 2024 – (Audited) | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <i>Investment measured at fair value through other comprehensive income (FVOCI)</i> | | | | |
| Equity | - | - | 61,124 | 61,124 |
| <i>Investment measured at fair value through profit or loss (FVTPL)</i> | | | | |
| Discretionary portfolio | 250 | - | - | 250 |
| | <u>250</u> | <u>-</u> | <u>61,124</u> | <u>61,374</u> |

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm investments, are as follows:

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

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

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

There were no transfers between levels of the fair value hierarchy for the period ended 30 June 2025 and year ended 31 December 2024. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements.

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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 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|---|----------------------------------|
| Balance at the beginning of the period / year | 61,124 | 43,463 |
| Fair value gain | 2,508 | 17,661 |
| Balance at the end of the period / year | 63,632 | 61,124 |

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

| | Fair value | | Unobservable inputs | | Range of inputs | | Relationship of Unobservable input to Fair value |
|------------------------------------|---|----------------------------------|---|----------------------------------|---|----------------------------------|---|
| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) | |
| Unquoted equity investment in Najm | 63,632 | 61,124 | Earnings growth factor | Earnings growth factor | 9.0% | 9.9% | Reducing the revenue growth rate by 100 basis points, would decrease the fair value by Saudi Riyals 0.6 million. (2024: Saudi Riyals 0.6 million) |
| | | | WACC | WACC | 16.5% | 16.5% | Increasing the WACC by 100 basis points, would decrease the fair value by SAR 1.8 million. (2024: SAR 1.7 million) |
| | | | Terminal value growth rate | Terminal value growth rate | 1.5% | 1.5% | Reducing the terminal value growth rate to 0.5%, would decrease the fair value by SAR 1.1 million. (2024: SAR 1.1 million) |
| | | | EV/EBITDA multiple | EV/EBITDA multiple | 7 | 7 | Reducing the EV/EBITDA multiple to 6.3 would decrease the fair value by Saudi Riyals 1.8 million (2024: Saudi Riyals 1.4 million). |

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

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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 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 information for the year ended 31 December 2024.

18. Capital management

Objectives are set by the Board of Directors 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

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18. Capital management – (continued)

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

As per guidelines laid out by Insurance Authority (IA) 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 2025 consists of paid-up share capital of SAR 400 million, accumulated losses of SAR 300.5 million, fair value revaluation reserve of SAR 61.71 million and remeasurement reserve of employees' benefit obligations of 4.73 million (31 December 2024: paid-up share capital of SAR 400 million, accumulated losses of SAR 195.6 million, fair value revaluation reserve of SAR 59.20 million and remeasurement reserve of employees' benefit obligations of 4.73 million), in the statement of financial position.

The solvency ratio as of 30 June 2025 calculated using the requirement as per article 66 equivalent to 6% which is below the required 100% margin (31 December 2024: 44.7%).

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 Saudi Riyals 300 million by 15 December 2024.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements as of 30 June 2025.

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. 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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. Information disclosed in the note is based on current reporting to the Chief Operating decision maker. No inter-segment transactions occurred during the period.

Assets not allocated to segments include cash and cash equivalents, term deposits, investments including accrued investment income, receivable from brokers / agents, prepaid expenses and other assets, investments in equity accounted investments, intangible assets, property, equipment, and right-of-use assets, accrued income on statutory deposit and statutory deposit. Liabilities not allocated to segments include accrued expenses and other liabilities, zakat payable, accrued income payable on statutory deposit and defined benefits obligation.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

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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 gain on investments measured at FVTPL | | | | | | - |
| Commission income on investments | | | | | | 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) |

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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 gain on investments measured at FVTPL | | | | | | - |
| Commission income on investments | | | | | | 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) |

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19. Operating segments – (continued)

| For the three-month period ended 30 June 2024 – (Unaudited) | Medical | Motor | Energy | Engineering | Others | Total |
|--|----------|-----------|----------|-------------|----------|-----------|
| Insurance revenue | 25,977 | 145,247 | 21,706 | 17,629 | 6,234 | 216,793 |
| Insurance service expenses | (33,170) | (125,576) | 3,175 | (1,580) | (32,271) | (189,422) |
| Net (expense) / income from reinsurance contracts | (9,211) | (3,421) | (21,243) | (9,118) | 23,813 | (19,810) |
| Insurance service result from Company's directly written business | (16,404) | 16,250 | 3,638 | 6,931 | (2,224) | 8,191 |
| Share of deficit from insurance pools | (1,541) | - | - | - | - | (1,541) |
| Total insurance service result | (17,945) | 16,250 | 3,638 | 6,931 | (2,224) | 6,650 |
| Net gain on investments measured at FVTPL | | | | | | - |
| Commission income on investments | | | | | | 3,605 |
| Net investment income | | | | | | 3,605 |
| Net finance cost from insurance contracts issued | (48) | (2,009) | (22) | 57 | (177) | (2,199) |
| Net finance income from reinsurance contracts held | (13) | 3 | 21 | (33) | 134 | 112 |
| Net insurance finance cost | (61) | (2,006) | (1) | 24 | (43) | (2,087) |
| Net insurance and investment result | | | | | | 8,168 |
| Other operating expenses | | | | | | (7,372) |
| Profit for the period attributable to the shareholders before zakat and income tax | | | | | | 796 |
| Zakat and income tax | | | | | | (500) |
| Net profit for the period attributable to the shareholders | | | | | | 296 |

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19. Operating segments – (continued)

For the six-month period ended 30 June 2024 – (Unaudited)

| | Medical | Motor | Energy | Engineering | Others | Total |
|--|----------|-----------|----------|-------------|----------|-----------|
| Insurance revenue | 50,723 | 295,212 | 43,532 | 64,298 | 12,635 | 466,400 |
| Insurance service expenses | (75,957) | (245,805) | (8,138) | (9,755) | (32,498) | (372,153) |
| Net (expense) / income from reinsurance contracts | (623) | (16,456) | (34,172) | (41,289) | 19,733 | (72,807) |
| Insurance service result from Company's directly written business | (25,857) | 32,951 | 1,222 | 13,254 | (130) | 21,440 |
| Share of (deficit) / surplus from insurance pools | (1,084) | - | - | - | 779 | (305) |
| Total insurance service result | (26,941) | 32,951 | 1,222 | 13,254 | 649 | 21,135 |
| Net gain on investments measured at FVTPL | | | | | | 4 |
| Commission income on investments | | | | | | 7,223 |
| Net investment income | | | | | | 7,227 |
| Net finance cost from insurance contracts issued | (498) | (1,637) | (76) | (150) | (366) | (2,727) |
| Net finance income from reinsurance contracts held | 27 | 258 | 71 | 115 | 201 | 672 |
| Net insurance finance cost | (471) | (1,379) | (5) | (35) | (165) | (2,055) |
| Net insurance and investment result | | | | | | 26,307 |
| | | | | | | (3,367) |
| Other operating expenses | | | | | | (16,635) |
| Profit for the period attributable to the shareholders before zakat and income tax | | | | | | 6,305 |
| Zakat and income tax | | | | | | (1,000) |
| Net profit for the period attributable to the shareholders | | | | | | 5,305 |

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19. Operating segments – (continued)

As at 30 June 2025 – (Unaudited)

| | Medical | Motor | Energy | Engineering | Others | Total |
|----------------------------------|---------|---------|--------|-------------|--------|----------------|
| <u>Assets</u> | | | | | | |
| Insurance contract assets | 12,868 | 161,884 | 4,260 | 28,126 | 21,552 | 228,690 |
| Reinsurance contract assets | 4,318 | 1,736 | 4,531 | 16,113 | 38,350 | 65,048 |
| Unallocated assets | - | - | - | - | - | 531,434 |
| Total assets | | | | | | 825,172 |
| <u>Liabilities</u> | | | | | | |
| Insurance contract liabilities | 76,688 | 352,235 | 8,109 | 18,640 | 44,388 | 500,060 |
| Reinsurance contract liabilities | 7,713 | 29,672 | 70 | 41,842 | 18,663 | 97,960 |
| Unallocated liabilities | - | - | - | - | - | 61,191 |
| Total liabilities | | | | | | 659,211 |

As at 31 December 2024 (Audited)

| | Medical | Motor | Energy | Engineering | Others | Total |
|----------------------------------|---------|---------|--------|-------------|--------|----------------|
| <u>Assets</u> | | | | | | |
| Insurance contract assets | 5,702 | 147,994 | 4,259 | 45,236 | 26,645 | 229,836 |
| Reinsurance contract assets | 7,022 | 188 | 14,235 | 16,848 | 42,315 | 80,608 |
| Unallocated assets | - | - | - | - | - | 610,159 |
| Total assets | | | | | | 920,603 |
| <u>Liabilities</u> | | | | | | |
| Insurance contract liabilities | 83,317 | 321,146 | 12,007 | 26,895 | 44,008 | 487,373 |
| Reinsurance contract liabilities | 6,414 | 27,175 | 6,449 | 39,741 | 20,826 | 100,605 |
| Unallocated liabilities | - | - | - | - | - | 64,311 |
| Total liabilities | | | | | | 652,289 |

20. Surplus distribution

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

| | |
|--------------------------------------|-------------|
| Transfer to Shareholders' operations | 90% |
| Transfer to Policyholders payable | 10% |
| | 100% |

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

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21. Gross written premium

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

| Breakdown of GWP | For the three-month period ended 30 June 2025 | | | |
|------------------|---|---------|---------|---------|
| | (Unaudited) | | | |
| | 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 |

| Breakdown of GWP | For the six-month period ended 30 June 2025 | | | |
|------------------|---|---------|---------|---------|
| | (Unaudited) | | | |
| | 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 |

| Breakdown of GWP | For the three-month period ended 30 June 2024 | | | |
|------------------|---|---------|--------|---------|
| | (Unaudited) | | | |
| | Medical | Motor | Others | Total |
| Retail | 3,552 | 124,926 | 7 | 128,485 |
| Very small | 2,684 | 43 | 240 | 2,967 |
| Small | 180 | 110 | 1,495 | 1,785 |
| Medium | 6,764 | 235 | 571 | 7,570 |
| Corporate | 4,049 | 1,031 | 88,520 | 93,600 |
| Total | 17,229 | 126,345 | 90,833 | 234,407 |

| Breakdown of GWP | For the six-month period ended 30 June 2024 | | | |
|------------------|---|---------|---------|---------|
| | (Unaudited) | | | |
| | Medical | Motor | Others | Total |
| Retail | 3,552 | 266,633 | 11 | 270,196 |
| Very small | 6,260 | 707 | 2,337 | 9,304 |
| Small | 5,897 | 1,502 | 5,666 | 13,065 |
| Medium | 16,474 | 507 | 1,892 | 18,873 |
| Corporate | 39,566 | 57,094 | 218,104 | 314,764 |
| Total | 71,749 | 326,443 | 228,010 | 626,202 |

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22. Net written premium

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

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

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

| Item | For the three-month period ended 30 June 2024 | | | |
|---|---|---------|----------|----------|
| | (Unaudited) | | | |
| | Medical | Motor | Others | Total |
| Gross written premium | 17,229 | 126,345 | 90,833 | 234,407 |
| Reinsurance premium ceded – globally (including excess of loss) | (7,212) | (3,093) | (76,172) | (86,477) |
| Reinsurance premium ceded – locally (including excess of loss) | (1,868) | (695) | (14,578) | (17,141) |
| Net written premium - total | 8,149 | 122,557 | 83 | 130,789 |

| Item | For the six-month period ended 30 June 2024 | | | |
|---|---|----------|-----------|-----------|
| | (Unaudited) | | | |
| | Medical | Motor | Others | Total |
| Gross written premium | 71,749 | 326,443 | 228,010 | 626,202 |
| Reinsurance premium ceded – globally (including excess of loss) | (9,675) | (12,491) | (207,089) | (229,255) |
| Reinsurance premium ceded – locally (including excess of loss) | (2,971) | (2,449) | (18,626) | (24,046) |
| Net written premium - total | 59,103 | 311,503 | 2,295 | 372,901 |

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23. Subsequent events

On 22 Muharram 1447 (corresponding to 17 July 2025), in connection with this proposed merger, the Company announced the appointment of a financial advisor to support the Company in evaluating the transaction and related processes.

In this interim condensed financial information, except for the matter above, there are no significant subsequent events that occurred between 30 June 2025 and the date of approval of this interim condensed financial information, which may have material impact on this interim condensed financial information.

24. Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on 5 August 2025, corresponding to 11 Safar 1447H.