

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2024**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2024

| INDEX | PAGE |
|--|-------------|
| Independent Auditors' Review Report | 1 |
| Interim Condensed Consolidated Statement of Financial Position | 2 |
| Interim Condensed Consolidated Statement of Income | 3 |
| Interim Condensed Consolidated Statement of Comprehensive Income | 4 |
| Interim Condensed Consolidated Statement of Changes in Equity | 5 – 6 |
| Interim Condensed Consolidated Statement of Cash Flows | 7 |
| Notes to the Interim Condensed Consolidated Financial Statements | 8 – 31 |



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INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bupa Arabia for Cooperative Insurance Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2024, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes (collectively referred to as the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

**For PricewaterhouseCoopers
(Public Accountants)**

Mufaddal Ali
License Number 447



Jeddah, Kingdom of Saudi Arabia
29 Muharram 1446H
Corresponding to 4 August 2024

For KPMG Professional Services

Ebrahim Oboud Baeshen
License Number 382




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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)


| | Notes | 30 June 2024 (Unaudited) | 31 December 2023 (Audited) |
|--|-------|--------------------------------|----------------------------------|
| <u>Assets</u> | | | |
| Cash and cash equivalents | 4 | 1,733,693 | 1,255,896 |
| Reinsurance contract assets | 5.2 | 140,100 | 74,090 |
| Prepaid expenses and other assets | | 444,053 | 475,475 |
| Term deposits | 7 | 5,992,005 | 7,223,011 |
| Financial assets at amortised cost – net | 6 | 938,794 | 587,360 |
| Financial assets at fair value | 6 | 5,621,775 | 4,246,757 |
| Fixtures, furniture and equipment – net | | 67,311 | 69,879 |
| Deferred tax asset | 14 | 41,639 | 38,609 |
| Right-of-use assets – net | | 117,651 | 143,388 |
| Intangible assets – net | | 76,585 | 67,236 |
| Statutory deposit | 8 | 149,960 | 149,960 |
| Accrued income on statutory deposit | 8 | 13,147 | 8,690 |
| Goodwill | | 98,000 | 98,000 |
| Total assets | | 15,434,713 | 14,438,351 |
| <u>Liabilities</u> | | | |
| Accrued and other liabilities | | 1,324,011 | 734,859 |
| Insurance contract liabilities | 5.1 | 8,580,434 | 8,267,196 |
| Lease liabilities | | 126,731 | 166,066 |
| Due to related parties | 13 | 23,139 | 40,935 |
| Provision for end-of-service benefits | | 184,867 | 186,487 |
| Provision for zakat and income tax | 14 | 411,482 | 358,589 |
| Accrued income payable to Insurance Authority | 8 | 13,147 | 8,690 |
| Total liabilities | | 10,663,811 | 9,762,822 |
| <u>Equity</u> | | | |
| Share capital | 15 | 1,500,000 | 1,500,000 |
| Statutory reserve | 16 | 1,352,757 | 1,352,757 |
| Share based payments reserve | | 34,278 | 48,477 |
| Shares held under employees share scheme | | (31,314) | (65,115) |
| Retained earnings | | 2,017,748 | 1,853,721 |
| Re-measurement reserve for end-of-service benefits | | (13,698) | (13,698) |
| Investments fair value reserve | | (88,869) | (613) |
| Total equity | | 4,770,902 | 4,675,529 |
| Total liabilities and equity | | 15,434,713 | 14,438,351 |



Chairman
Loay Hisham Nazer



Chief Financial Officer
Hatim Tariq Jamal



Director and Chief Executive Officer
Tal Hisham Nazer

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (unaudited)


For the three-month and six-month periods ended 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Notes | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|-------|-------------------------------------|-------------|-----------------------------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Insurance revenue | 5.1 | 4,562,414 | 3,885,014 | 8,936,472 | 7,635,427 |
| Insurance service expense | 5.1 | (4,171,830) | (3,501,613) | (8,207,409) | (7,080,012) |
| Net expenses from reinsurance contracts held | 5.2 | (13,257) | (11,378) | (30,135) | (14,909) |
| Net insurance service result | | 377,327 | 372,023 | 698,928 | 540,506 |
| Investment income on financial assets at amortised cost | | 105,561 | 89,866 | 208,751 | 167,365 |
| Investment income on financial assets at fair value | | 77,222 | 33,169 | 132,396 | 58,350 |
| Net impairment loss on financial assets | | 74 | 49 | (146) | (194) |
| Net insurance and investment results | | 560,184 | 495,107 | 1,039,929 | 766,027 |
| Other operating expenses | | (108,369) | (76,527) | (184,100) | (133,680) |
| Other revenue | | 22,843 | 22,110 | 45,305 | 46,405 |
| Other cost | | (9,852) | (8,386) | (20,205) | (16,312) |
| Income attributed to the shareholders before zakat and income tax | | 464,806 | 432,304 | 880,929 | 662,440 |
| Zakat charge | 14 | (18,819) | (24,544) | (38,490) | (45,743) |
| Income tax charge | 14 | (41,383) | (36,410) | (78,412) | (56,751) |
| Net income attributed to the shareholders after zakat and income tax | | 404,604 | 371,350 | 764,027 | 559,946 |
| Basic and diluted earnings per share (expressed in SR per share) | 18 | 2.70 | 2.48 | 5.10 | 3.75 |


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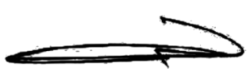
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)


INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)


For the three-month and six-month periods ended 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|---|---|-------------|---|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net income attributed to the shareholders after zakat and income tax | 404,604 | 371,350 | 764,027 | 559,946 |
| Other comprehensive (loss) / income | | | | |
| <i>A. Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods</i> | | | | |
| Net changes in fair value of investments measured at fair value through other comprehensive income (FVOCI) – equity instruments | (210) | 6,640 | (4,850) | 11,040 |
| <i>B. Items that are or may be reclassified to interim condensed consolidated statements of income in subsequent periods</i> | | | | |
| Net changes in fair value of investments measured at FVOCI – debt instruments | (28,999) | (28,633) | (83,671) | (17,423) |
| Net changes in allowance for expected credit losses of investments measured at FVOCI – debt instruments | 33 | 85 | 265 | 130 |
| Total other comprehensive loss | (29,176) | (21,908) | (88,256) | (6,253) |
| Total comprehensive income for the period | 375,428 | 349,442 | 675,771 | 553,693 |


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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Share capital | Statutory reserve | Share based payments reserve | Shares held under employees share scheme | Retained earnings | Re-measurement reserve for end-of-service benefits | Investments fair value reserve | Total equity |
|---|------------------|-------------------|------------------------------|--|-------------------|--|--------------------------------|------------------|
| 2024 | | | | | | | | |
| Balance at 31 December 2023 (audited) | 1,500,000 | 1,352,757 | 48,477 | (65,115) | 1,853,721 | (13,698) | (613) | 4,675,529 |
| Net income for the period attributed to the shareholders after zakat and income tax | - | - | - | - | 764,027 | - | - | 764,027 |
| Other comprehensive loss | - | - | - | - | - | - | (88,256) | (88,256) |
| Total comprehensive income / (loss) for the period | - | - | - | - | 764,027 | - | (88,256) | 675,771 |
| Provision for employees share scheme | - | - | 19,602 | - | - | - | - | 19,602 |
| Delivery of shares held under employees share scheme | - | - | (33,801) | 33,801 | - | - | - | - |
| Dividends declared (note 15) | - | - | - | - | (600,000) | - | - | (600,000) |
| Balance at 30 June 2024 (unaudited) | 1,500,000 | 1,352,757 | 34,278 | (31,314) | 2,017,748 | (13,698) | (88,869) | 4,770,902 |



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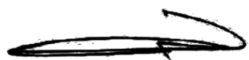
BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six-month period ended 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Share capital | Statutory reserve | Share based payments reserve | Shares held under employees share scheme | Retained earnings | Re-measurement reserve for end-of-service benefits | Investments fair value reserve | Total equity |
|---|------------------|-------------------|------------------------------|--|-------------------|--|--------------------------------|------------------|
| 2023 | | | | | | | | |
| Balance at 31 December 2022 (audited) | 1,500,000 | 1,164,724 | 54,268 | (78,235) | 1,641,591 | (7,043) | (74,416) | 4,200,889 |
| Net income for the period attributed to the shareholders after zakat and income tax | - | - | - | - | 559,946 | - | - | 559,946 |
| Other comprehensive loss | - | - | - | - | - | - | (6,253) | (6,253) |
| Total comprehensive income / (loss) for the period | - | - | - | - | 559,946 | - | (6,253) | 553,693 |
| Provision for employees share scheme | - | - | 12,056 | - | - | - | - | 12,056 |
| Delivery of shares held under employees share scheme | - | - | (31,955) | 31,955 | - | - | - | - |
| Dividends declared (note 15) | - | - | - | - | (540,000) | - | - | (540,000) |
| Income tax refundable from non-Saudi shareholders | - | - | - | - | 21,890 | - | - | 21,890 |
| Balance at 30 June 2023 (unaudited) | <u>1,500,000</u> | <u>1,164,724</u> | <u>34,369</u> | <u>(46,280)</u> | <u>1,683,427</u> | <u>(7,043)</u> | <u>(80,669)</u> | <u>4,248,528</u> |



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


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)


For the six-month period ended 30 June 2024


(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Notes | Six-month period ended 30 June | |
|---|-------|-----------------------------------|--------------------|
| | | 2024 | 2023 |
| Cash flows from operating activities | | | |
| Net income attributed to shareholders before zakat and income tax | | 880,929 | 662,440 |
| <u>Adjustments for non-cash items:</u> | | | |
| Depreciation of fixtures, furniture and equipment | | 7,882 | 7,504 |
| Amortisation of right-of-use assets | | 10,398 | 11,172 |
| Amortisation of intangible assets | | 8,231 | 8,196 |
| Loss on disposal of fixtures, furniture and equipment | | 3,171 | - |
| Gain on termination of a lease | | (10,474) | - |
| Provision for employees share scheme | | 19,602 | 12,056 |
| Net impairment loss on financial assets | | 27 | 153 |
| Investment income on financial assets at amortized cost | | (208,751) | (167,365) |
| Investment income on financial assets at fair value | | (132,396) | (58,350) |
| Provision for end-of-service benefits | | 15,487 | 13,366 |
| Finance cost | | 2,378 | 3,140 |
| <u>Changes in operating assets and liabilities:</u> | | | |
| Insurance contract liabilities | | 323,977 | 967,111 |
| Reinsurance contract assets | | (66,010) | (56,729) |
| Investment carried at FVTPL | | 83,059 | - |
| Prepaid expenses and other assets | | 31,422 | (76,095) |
| Due from related parties | | - | (12,080) |
| Accrued and other liabilities | | (10,848) | 125,419 |
| Due to related parties | | (17,796) | - |
| | | 940,288 | 1,439,938 |
| End-of-service benefits paid | | (17,107) | (3,720) |
| Surplus paid to policyholders | | (10,739) | (13,848) |
| Zakat and income tax paid | | (67,039) | (97,390) |
| Net cash generated from operating activities | | 845,403 | 1,324,980 |
| Cash flows from investing activities | | | |
| Placement in term deposits | 7 | (1,504,848) | (1,875,315) |
| Proceeds from maturity of term deposits | 7 | 2,910,870 | 1,979,701 |
| Additions to investments carried at fair value | 6 | (1,349,401) | (1,400,498) |
| Additions to investments carried at amortised cost | 6 | (609,371) | (101,265) |
| Disposals of investments carried at fair value | 6 | 87,534 | 272,657 |
| Disposal of investments carried at amortised cost | 6 | - | 3,939 |
| Proceeds from commissions and dividends | | 139,575 | 89,298 |
| Additions to fixtures, furniture and equipment | | (8,485) | (17,085) |
| Additions to intangible assets | | (17,580) | (9,424) |
| Net cash used in investing activities | | (351,706) | (1,057,992) |
| Cash flows from financing activities | | | |
| Lease liabilities paid * | | (15,900) | (18,878) |
| Net cash used in financing activities | | (15,900) | (18,878) |
| Net change in cash and cash equivalents | | 477,797 | 248,110 |
| Cash and cash equivalents at beginning of the period | | 1,255,896 | 1,287,961 |
| Cash and cash equivalents at end of the period | | 1,733,693 | 1,536,071 |
| <u>Non-cash transactions</u> | | | |
| Income tax refundable from non-Saudi shareholders | | - | 21,890 |
| Dividends declared | | 600,000 | 540,000 |

*Lease liabilities paid includes principal portion of SR 13.5 million (2023: SR 15.7 million) and interest portion of SR 2.4 million (2023: SR 3.1 million).


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The accompanying notes from 1 to 19 an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

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

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

The Board of Directors approves the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by the Saudi Central Bank (“SAMA”), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full. During the year ended 31 December 2023, the Insurance Authority has been established by a royal decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issued updated regulations. Therefore, the accrued income liability is payable to the Insurance Authority.

The Company has the following subsidiaries:

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements of the Group have 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 pronouncement that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations [Employees’ end of service benefits (“EOSBs”)] recorded at the present value using the projected unit credit method. Moreover, the insurance and reinsurance contracts are measured at the estimated fulfilment cashflows that are expected to arise as the Group fulfils its contractual obligations in accordance with IFRS 17. The details relating to gross written premium under note 12 of these interim condensed consolidated financial statements are disclosed to comply with the requirements of Insurance Authority.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The Group's interim condensed consolidated statement of financial position is presented in order of liquidity. The current and non-current classification of the assets and liabilities has not changed since the year ended 31 December 2023.

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2023. The risk management policies are consistent with those as disclosed in the annual consolidated financial statements for the year ended 31 December 2023.

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

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SR) and all amounts are rounded off to the nearest thousand, unless otherwise indicated.

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2023.

(c) Basis of consolidation

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 June 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (continued)

(d) Seasonality of operations

Due to the seasonality of operations, operating profits are expected to fluctuate from one period to another.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023.

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

| <u>Standards, amendments, interpretations</u> | <u>Description</u> | <u>Effective date</u> |
|---|--|-----------------------|
| Amendments to IAS 1 Presentation of Financial Statements | Non-current Liabilities with covenants and classification of Liabilities as Current or Non-current | 01 January 2024 |
| Amendments to IFRS 16 Leases | Lease Liability in a Sale and Leaseback | 01 January 2024 |
| Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures | Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 | 01 January 2024 |

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

b) Accounting standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

| <u>Standards, amendments, interpretations</u> | <u>Description</u> | <u>Effective from periods beginning on or after the following date</u> |
|---|---|--|
| Amendments to IAS 21 | Lack of exchangeability – Amendments to IAS 21 | 01 January 2025 |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | Available for optional adoption/effective date deferred indefinitely |
| New standard “IFRS 18” | IFRS 18, ‘Presentation and Disclosure in Financial Statements’ | 01 January 2027 |
| New standard “IFRS 19” | IFRS 19, ‘Reducing subsidiaries disclosures’ | 01 January 2027 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | 30 June 2024 (unaudited) | | |
|----------------------------|----------------------------|-----------------------------|------------------|
| | Insurance operations | Shareholders' operations | Total |
| Bank balances | 742,891 | 991,301 | 1,734,192 |
| Less: Impairment allowance | (282) | (217) | (499) |
| | <u>742,609</u> | <u>991,084</u> | <u>1,733,693</u> |
| | 31 December 2023 (audited) | | |
| | Insurance operations | Shareholders' operations | Total |
| Bank balances | 897,625 | 358,651 | 1,256,276 |
| Less: Impairment allowance | (300) | (80) | (380) |
| | <u>897,325</u> | <u>358,571</u> | <u>1,255,896</u> |

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date. During the six-month period ended 30 June 2024, cash transferred between insurance operations and shareholders' operations amounted to SR 508 million (31 December 2023: SR 261 million).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS

| | Note | 30 June 2024 | 31 December 2023 |
|--|-------|------------------|------------------|
| <u>Insurance contract liabilities</u> | | | |
| Corporate | 5.1 a | 7,358,018 | 7,097,020 |
| SMEs and others | 5.1 b | 1,222,416 | 1,170,176 |
| | | 8,580,434 | 8,267,196 |
| <u>Reinsurance contract assets</u> | 5.2 | 140,100 | 74,090 |

5.1 Analysis by remaining coverage and incurred claims for insurance contracts

a. Corporate

| | Period ended 30 June 2024 (unaudited) | | | | |
|--|--|----------------|---|---------------------------|--------------------|
| | Liability for remaining coverage (LRC) | | Liability for incurred claims (LIC) | | |
| | Excluding loss component | Loss component | Estimate of present value of cash flows | RA for non-financial risk | Total |
| Insurance contracts issued: | | | | | |
| Opening insurance contract liabilities | 3,793,448 | - | 3,182,948 | 120,624 | 7,097,020 |
| Insurance revenue | (7,901,759) | - | - | - | (7,901,759) |
| Insurance service expenses | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 7,123,592 | 119,812 | 7,243,404 |
| Losses on onerous contracts | - | 3,099 | - | - | 3,099 |
| Changes that relate to past service - adjustments to the LIC | - | - | (240,736) | (90,851) | (331,587) |
| Reversal of onerous contracts | - | 55,831 | - | - | 55,831 |
| Insurance acquisition cash flows amortization | 374,377 | - | - | - | 374,377 |
| Insurance service expenses | 374,377 | 58,930 | 6,882,856 | 28,961 | 7,345,124 |
| Insurance service result | (7,527,382) | 58,930 | 6,882,856 | 28,961 | (556,635) |
| Cash flows | | | | | |
| Premiums received | 7,313,174 | - | - | - | 7,313,174 |
| Claims and other directly attributable expenses paid | - | - | (6,210,185) | - | (6,210,185) |
| Insurance acquisition cash flows paid | (285,356) | - | - | - | (285,356) |
| Total cash flows | 7,027,818 | - | (6,210,185) | - | 817,633 |
| Closing insurance contract liabilities | 3,293,884 | 58,930 | 3,855,619 | 149,585 | 7,358,018 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

b. SMEs and others

| | Period ended 30 June 2024 (unaudited) | | | | |
|--|--|----------------|---|---------------------------|--------------------|
| | Liability for remaining coverage (LRC) | | Liability for incurred claims (LIC) | | Total |
| | Excluding loss component | Loss component | Estimate of present value of cash flows | RA for non-financial risk | |
| Insurance contracts issued: | | | | | |
| Opening insurance contract liabilities | 718,782 | - | 437,251 | 14,143 | 1,170,176 |
| Insurance revenue | (1,034,713) | - | - | - | (1,034,713) |
| Insurance service expenses | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 834,970 | 13,376 | 848,346 |
| Losses on onerous contracts | - | - | - | - | - |
| Changes that relate to past service - adjustments to the LIC | - | - | (34,745) | (10,691) | (45,436) |
| Reversal of onerous contracts | - | - | - | - | - |
| Insurance acquisition cash flows amortization | 59,375 | - | - | - | 59,375 |
| Insurance service expenses | 59,375 | - | 800,225 | 2,685 | 862,285 |
| Insurance service result | (975,338) | - | 800,225 | 2,685 | (172,428) |
| Cash flows | | | | | |
| Premiums received | 991,815 | - | - | - | 991,815 |
| Claims and other directly attributable expenses paid | - | - | (732,685) | - | (732,685) |
| Insurance acquisition cash flows paid | (34,462) | - | - | - | (34,462) |
| Total cash flows | 957,353 | - | (732,685) | - | 224,668 |
| Closing insurance contract liabilities | 700,797 | - | 504,791 | 16,828 | 1,222,416 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

a. Corporate

| | Year ended 31 December 2023 (audited) | | | | Total |
|--|--|----------------|---|---------------------------|--------------|
| | Liability for remaining coverage (LRC) | | Liability for incurred claims (LIC) | | |
| | Excluding loss component | Loss component | Estimate of present value of cash flows | RA for non-financial risk | |
| Insurance contracts issued: | | | | | |
| Opening insurance contract liabilities | 3,083,652 | 61,561 | 2,486,425 | 97,512 | 5,729,150 |
| Insurance revenue | (13,917,361) | - | - | - | (13,917,361) |
| Insurance service expenses | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 13,001,338 | 111,151 | 13,112,489 |
| Losses on onerous contracts | - | - | - | - | - |
| Changes that relate to past service - adjustments to the LIC | - | - | (268,952) | (88,039) | (356,991) |
| Reversal of onerous contracts | - | (61,561) | - | - | (61,561) |
| Insurance acquisition cash flows amortization | 638,054 | - | - | - | 638,054 |
| Insurance service expenses | 638,054 | (61,561) | 12,732,386 | 23,112 | 13,331,991 |
| Insurance service result | (13,279,307) | (61,561) | 12,732,386 | 23,112 | (585,370) |
| Cash flows | | | | | |
| Premiums received | 14,710,090 | - | - | - | 14,710,090 |
| Claims and other directly attributable expenses paid | - | - | (12,035,863) | - | (12,035,863) |
| Insurance acquisition cash flows paid | (720,987) | - | - | - | (720,987) |
| Total cash flows | 13,989,103 | - | (12,035,863) | - | 1,953,240 |
| Closing insurance contract liabilities | 3,793,448 | - | 3,182,948 | 120,624 | 7,097,020 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

b. SMEs and others

| | Year ended 31 December 2023 (audited) | | | | |
|--|--|----------------|---|---------------------------|--------------------|
| | Liability for remaining coverage (LRC) | | Liability for incurred claims (LIC) | | Total |
| | Excluding loss component | Loss component | Estimate of present value of cash flows | RA for non-financial risk | |
| Insurance contracts issued: | | | | | |
| Opening insurance contract liabilities | 602,662 | - | 354,862 | 12,511 | 970,035 |
| Insurance revenue | (1,970,354) | - | - | - | (1,970,354) |
| Insurance service expenses | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 1,612,229 | 13,111 | 1,625,340 |
| Losses on onerous contracts | - | - | - | - | - |
| Changes that relate to past service - adjustments to the LIC | - | - | (60,042) | (11,479) | (71,521) |
| Reversal of onerous contracts | - | - | - | - | - |
| Insurance acquisition cash flows amortization | 108,622 | - | - | - | 108,622 |
| Insurance service expenses | 108,622 | - | 1,552,187 | 1,632 | 1,662,441 |
| Insurance service result | (1,861,732) | - | 1,552,187 | 1,632 | (307,913) |
| Cash flows | | | | | |
| Premiums received | 2,103,653 | - | - | - | 2,103,653 |
| Claims and other directly attributable expenses paid | - | - | (1,469,798) | - | (1,469,798) |
| Insurance acquisition cash flows paid | (125,801) | - | - | - | (125,801) |
| Total cash flows | 1,977,852 | - | (1,469,798) | - | 508,054 |
| Closing insurance contract liabilities | 718,782 | - | 437,251 | 14,143 | 1,170,176 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS (continued)

5.2 Analysis by remaining coverage and incurred claims for reinsurance contracts

| | Period ended 30 June 2024 (unaudited) | | | | |
|--|---------------------------------------|-------------------------|---|---------------------------|------------------|
| | Asset for remaining coverage | | Asset for incurred claims | | |
| | Excluding loss component | Loss recovery component | Estimate of present value of cash flows | RA for non-financial risk | Total |
| Reinsurance contracts held: | | | | | |
| Opening reinsurance contract assets | (21,385) | - | (50,484) | (2,221) | (74,090) |
| Reinsurance expense | 106,735 | - | - | - | 106,735 |
| Claims recovered and other directly attributable expenses | - | - | (112,251) | (1,666) | (113,917) |
| Changes that relate to past service - adjustments to the asset for incurred claims | - | - | 35,745 | 1,572 | 37,317 |
| Net expense from reinsurance contracts held | 106,735 | - | (76,506) | (94) | 30,135 |
| Cash flows | | | | | |
| Premiums ceded | (170,516) | - | - | - | (170,516) |
| Recoveries from reinsurance | - | - | 74,371 | - | 74,371 |
| Total cash flows | (170,516) | - | 74,371 | - | (96,145) |
| Closing reinsurance contract assets | (85,166) | - | (52,619) | (2,315) | (140,100) |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. INSURANCE AND REINSURANCE CONTRACTS (continued)

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

| | Year ended 31 December 2023 (audited) | | | | |
|--|---------------------------------------|-------------------------|---|---------------------------|-----------|
| | Asset for remaining coverage | | Asset for incurred claims | | |
| | Excluding loss component | Loss recovery component | Estimate of present value of cash flows | RA for non-financial risk | Total |
| Reinsurance contracts held: | | | | | |
| Opening reinsurance contract assets | (2,669) | - | (24,585) | (901) | (28,155) |
| Opening reinsurance contract liabilities | 2,605 | - | - | - | 2,605 |
| Net opening balance | (64) | - | (24,585) | (901) | (25,550) |
| Reinsurance expense | 151,740 | - | - | - | 151,740 |
| Claims recovered and other directly attributable expenses | - | - | (131,077) | (1,740) | (132,817) |
| Changes that relate to past service - adjustments to the asset for incurred claims | - | - | 8,903 | 420 | 9,323 |
| Net expense from reinsurance contracts held | 151,740 | - | (122,174) | (1,320) | 28,246 |
| Cash flows | | | | | |
| Premiums ceded | (173,061) | - | - | - | (173,061) |
| Recoveries from reinsurance | - | - | 96,275 | - | 96,275 |
| Total cash flows | (173,061) | - | 96,275 | - | (76,786) |
| Closing reinsurance contract assets | (21,385) | - | (50,484) | (2,221) | (74,090) |

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. INVESTMENTS

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|--|--------------------------|--------------------------|------------------|----------------------------|--------------------------|------------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Financial assets at amortised cost - net | 614,901 | 323,893 | 938,794 | 294,764 | 292,596 | 587,360 |
| Financial assets at fair value | 2,760,074 | 2,861,701 | 5,621,775 | 1,947,087 | 2,299,670 | 4,246,757 |
| | 3,374,975 | 3,185,594 | 6,560,569 | 2,241,851 | 2,592,266 | 4,834,117 |

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

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|-------------------------------|--------------------------|--------------------------|------------------|----------------------------|--------------------------|------------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Investments at FVTPL | 34,856 | 406,758 | 441,614 | 46,361 | 422,328 | 468,689 |
| Investments at FVOCI – Debt | 2,725,218 | 1,498,418 | 4,223,636 | 1,900,726 | 1,354,937 | 3,255,663 |
| Investments at FVOCI – Equity | - | 956,525 | 956,525 | - | 522,405 | 522,405 |
| | 2,760,074 | 2,861,701 | 5,621,775 | 1,947,087 | 2,299,670 | 4,246,757 |

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

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|--------|--------------------------|--------------------------|----------------|----------------------------|--------------------------|----------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Sukuks | - | - | - | 11,014 | 36,044 | 47,058 |
| Funds | 34,856 | 383,625 | 418,481 | 35,347 | 376,298 | 411,645 |
| Equity | - | 23,133 | 23,133 | - | 9,986 | 9,986 |
| | 34,856 | 406,758 | 441,614 | 46,361 | 422,328 | 468,689 |

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. INVESTMENTS (continued)

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

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|--------|--------------------------|--------------------------|------------------|----------------------------|--------------------------|------------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Sukuks | 2,725,218 | 1,498,418 | 4,223,636 | 1,900,726 | 1,354,937 | 3,255,663 |
| | <u>2,725,218</u> | <u>1,498,418</u> | <u>4,223,636</u> | <u>1,900,726</u> | <u>1,354,937</u> | <u>3,255,663</u> |

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

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|---|--------------------------|--------------------------|----------------|----------------------------|--------------------------|----------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Equity | - | 107,807 | 107,807 | - | 58,774 | 58,774 |
| Sukus | - | 784,136 | 784,136 | - | 410,444 | 410,444 |
| Investments in discretionary portfolios | - | 64,582 | 64,582 | - | 53,187 | 53,187 |
| | <u>-</u> | <u>956,525</u> | <u>956,525</u> | <u>-</u> | <u>522,405</u> | <u>522,405</u> |

(iv) Investments measured at amortized cost – net comprise of the following:

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|---|--------------------------|--------------------------|----------------|----------------------------|--------------------------|----------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Sukuks | 615,066 | 323,984 | 939,050 | 294,843 | 292,678 | 587,521 |
| Less: Impairment allowance on investments at amortised cost | (165) | (91) | (256) | (79) | (82) | (161) |
| | <u>614,901</u> | <u>323,893</u> | <u>938,794</u> | <u>294,764</u> | <u>292,596</u> | <u>587,360</u> |

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. INVESTMENTS (continued)

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

| | 30 June 2024 (unaudited) | | | 31 December 2023 (audited) | | |
|---|--------------------------|--------------------------|------------------|----------------------------|--------------------------|------------------|
| | Insurance operations | Shareholders' operations | Total | Insurance operations | Shareholders' operations | Total |
| Balance at the beginning of the period / year | 2,241,930 | 2,592,348 | 4,834,278 | 1,285,445 | 2,093,115 | 3,378,560 |
| Purchased during the period / year | 1,264,497 | 994,275 | 2,258,772 | 1,669,634 | 753,008 | 2,422,642 |
| Disposed during the period / year | (96,370) | (374,223) | (470,593) | (765,380) | (295,242) | (1,060,622) |
| Unrealized gains / (losses) during the period / year, net | (44,669) | (29,298) | (73,967) | 49,361 | 39,303 | 88,664 |
| Accrued interest | 9,752 | 2,583 | 12,335 | 2,870 | 2,164 | 5,034 |
| | 3,375,140 | 3,185,685 | 6,560,825 | 2,241,930 | 2,592,348 | 4,834,278 |

Movement in loss allowance for investments at amortised cost and FVOCI debt instruments for the period is as follows:

| | 30 June 2024 (unaudited) | | | |
|--|----------------------------|--|---|--------------|
| | Stage 1 12-month ECL | Stage 2 ECL not Credit impaired | Stage 3 Lifetime ECL credit impaired | Total |
| Balance at the beginning of the period | (161) | - | - | (161) |
| Charge for the period | (95) | - | - | (95) |
| Balance at the ending of the period | (256) | - | - | (256) |

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. TERM DEPOSITS

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure with a small allocation in Mudaraba structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three-months to more than one year and yield financial income at rates ranging from 1.55% to 6.40% per annum (2023: 1.55% to 6.40% per annum). The movements in term deposits during the period ended 30 June 2024 as follows:

| | 30 June 2024 (unaudited) | | |
|--|----------------------------|--------------------------|------------------|
| | Insurance operations | Shareholders' operations | Total |
| Balance at the beginning of the period before loss allowance | 5,358,428 | 1,866,544 | 7,224,972 |
| Placed during the period | 1,133,220 | 371,628 | 1,504,848 |
| Matured during the period | (1,973,472) | (937,398) | (2,910,870) |
| Commission income earned during the period | 132,665 | 42,018 | 174,683 |
| Less: loss allowance | (1,267) | (361) | (1,628) |
| | <u>4,649,574</u> | <u>1,342,431</u> | <u>5,992,005</u> |
| | 31 December 2023 (audited) | | |
| | Insurance operations | Shareholders' operations | Total |
| Balance at the beginning of the year before loss allowance | 4,753,100 | 1,655,389 | 6,408,489 |
| Placed during the year | 3,534,871 | 800,000 | 4,334,871 |
| Matured during the year | (3,127,255) | (677,545) | (3,804,800) |
| Commission income earned during the year | 197,712 | 88,700 | 286,412 |
| Less: loss allowance | (1,460) | (501) | (1,961) |
| | <u>5,356,968</u> | <u>1,866,043</u> | <u>7,223,011</u> |

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

| | 30 June 2024 (unaudited) | | |
|--|------------------------------|--------------------------|--------------|
| | Insurance operations | Shareholders' operations | Total |
| Balance at the beginning of the period | 1,460 | 501 | 1,961 |
| Provision made during the period | (193) | (140) | (333) |
| Balance at end of the period | <u>1,267</u> | <u>361</u> | <u>1,628</u> |
| | 31 December 2023 (unaudited) | | |
| | Insurance operations | Shareholders' operations | Total |
| Balance at the beginning of the year | 1,217 | 424 | 1,641 |
| Provision made during the year | 243 | 77 | 320 |
| Balance at end of the year | <u>1,460</u> | <u>501</u> | <u>1,961</u> |

8. STATUTORY DEPOSIT

As required by SAMA Insurance Regulations, the Group deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 150 million, in a bank designated by SAMA. Accrued income on this deposit is payable to Insurance Authority amounting to SR 13.15 million (31 December 2023: SR 8.69 million) and this deposit cannot be withdrawn without approval from Insurance Authority. As requested by SAMA during 2023, the Group has released the accrued income on statutory deposit to SAMA up to 31 December 2022 amounting to SR 16.24 million. The statutory deposit is shown on the statement of financial position net of impairment allowance.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. FIDUCIARY ASSETS

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

In order to fulfil the commitment relating to this agreement, the Group receives funds in advance from the customer to settle anticipated claims from medical service providers. As the Group acts as an agent, the relevant bank balance and related payables at the reporting date, are excluded from the condensed interim consolidated statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SR 290 million as of 30 June 2024 (31 December 2023: SR 424 million).

10. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies are as follows:

- i) There was no material change in the status of legal proceedings as at 30 June 2024 since the last annual consolidated audited financial statements.
- ii) As of 30 June 2024, total letters of guarantee issued by banks amounted to SR 258 million (31 December 2023: SR 161 million).

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

a) Determination of fair value and fair value hierarchy

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

b) Carrying amounts and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

| | Fair value | | | | Carrying value |
|---|------------------|------------------|---------------|------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total | |
| 30 June 2024 (unaudited) | | | | | |
| Financial assets measured at fair value: | | | | | |
| - Investment at FVTPL | 27,692 | 344,389 | 69,533 | 441,614 | 441,614 |
| - Investment at FVOCI – Debt | 4,073,636 | 150,000 | - | 4,223,636 | 4,223,636 |
| - Investment at FVOCI – Equity | 708,525 | 248,000 | - | 956,525 | 956,525 |
| | <u>4,809,853</u> | <u>742,389</u> | <u>69,533</u> | <u>5,621,775</u> | <u>5,621,775</u> |
| | | | | | |
| | Fair value | | | | Carrying value |
| | Level 1 | Level 2 | Level 3 | Total | |
| 31 December 2023 (audited) | | | | | |
| Financial assets measured at fair value: | | | | | |
| - Investment at FVTPL | 17,194 | 392,780 | 58,715 | 468,689 | 468,689 |
| - Investment at FVOCI – Debt | 2,733,619 | 522,044 | - | 3,255,663 | 3,255,663 |
| - Investment at FVOCI – Equity | 274,405 | 248,000 | - | 522,405 | 522,405 |
| | <u>3,025,218</u> | <u>1,162,824</u> | <u>58,715</u> | <u>4,246,757</u> | <u>4,246,757</u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

c) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 30 June 2024 and 31 December 2023, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks and mutual funds are based on prices quoted on reliable third-party sources. Management believes that the fair values of the said financial assets as at 30 June 2024 are not materially different from their carrying values since the financial instruments are short term in nature, carry profit rates which are based on prevailing market profit rates and are expected to be realized at their current carrying values within twelve months from the date of the statement of financial position.

| <u>Type</u> | <u>Valuation technique</u> | <u>Significant unobservable inputs</u> | <u>Inter-relationship between significant unobservable inputs and fair value measurement</u> |
|--------------|--|--|--|
| Mutual funds | Mutual funds classified as Level 3 are fair valued based on the latest available NAV adjusted for the fair value which are not observable. | Fair value of underlying assets | The estimated fair value will increase / decrease directly in line with the change in fair value of underlying assets. |

Sensitivity analysis:

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

| | <u>Period-ended 30 June 2024 (unaudited)</u> | <u>Year-ended 31 December 2023 (audited)</u> |
|-----------------------------------|--|--|
| +/- 5% change in net assets value | +/- 3,477 | +/- 2,936 |

12. OPERATING SEGMENTS

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

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. OPERATING SEGMENTS (continued)

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

| | 30 June 2024 (unaudited) | | |
|---------------------------------------|--------------------------|------------------|-------------------|
| Operating segments | Corporate | SMEs & Others | Total |
| <u>Assets</u> | | | |
| Asset of incurred claims | 54,934 | - | 54,934 |
| Asset of remaining coverage | 85,166 | - | 85,166 |
| Reinsurance contract assets | 140,100 | - | 140,100 |
| Unallocated assets | | | 15,294,613 |
| Total assets | | | 15,434,713 |
| <u>Liabilities</u> | | | |
| Liability of incurred claims | 4,005,204 | 521,619 | 4,526,823 |
| Liability of remaining coverage | 3,352,814 | 700,797 | 4,053,611 |
| Insurance contract liabilities | 7,358,018 | 1,222,416 | 8,580,434 |
| Unallocated liabilities | | | 2,083,377 |
| Total liabilities | | | 10,663,811 |

| | 31 December 2023 (audited) | | |
|---------------------------------|----------------------------|---------------|-------------------|
| Operating segments | Corporate | SMEs & Others | Total |
| <u>Assets</u> | | | |
| Asset of incurred claims | 52,705 | - | 52,705 |
| Asset of remaining coverage | 21,385 | - | 21,385 |
| Reinsurance contract assets | 74,090 | - | 74,090 |
| Unallocated assets | | | 14,364,261 |
| Total assets | | | 14,438,351 |
| <u>Liabilities</u> | | | |
| Liability of incurred claims | 3,303,572 | 451,394 | 3,754,966 |
| Liability of remaining coverage | 3,793,448 | 718,782 | 4,512,230 |
| Insurance contract liabilities | 7,097,020 | 1,170,176 | 8,267,196 |
| Unallocated liabilities | | | 1,495,626 |
| Total liabilities | | | 9,762,822 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. OPERATING SEGMENTS (continued)

| | Three-month period ended 30 June 2024 (unaudited) | | | Three-month period ended 30 June 2023 (unaudited) | | |
|---|--|------------------------------|----------------|--|------------------------------|----------------|
| | Corporate | SMEs & Others | Total | Corporate | SMEs & Others | Total |
| Insurance revenue | 4,043,183 | 519,231 | 4,562,414 | 3,408,238 | 476,776 | 3,885,014 |
| Insurance service expense | (3,737,667) | (434,163) | (4,171,830) | (3,143,401) | (358,212) | (3,501,613) |
| Net expenses from reinsurance contracts held | (13,257) | - | (13,257) | (11,378) | - | (11,378) |
| Net insurance service result | 292,259 | 85,068 | 377,327 | 253,459 | 118,564 | 372,023 |
| Investment income on financial assets at amortised cost | | | 105,561 | | | 89,866 |
| Investment income on financial assets at fair value | | | 77,222 | | | 33,169 |
| Net impairment loss on financial assets | | | 74 | | | 49 |
| Net insurance and investment results | | | 560,184 | | | 495,107 |
| Other operating expenses | | | (108,369) | | | (76,527) |
| Other revenue | | | 22,843 | | | 22,110 |
| Other cost | | | (9,852) | | | (8,386) |
| Income attributed to the shareholders before zakat and income tax | | | 464,806 | | | 432,304 |
| Zakat charge | | | (18,819) | | | (24,544) |
| Income tax charge | | | (41,383) | | | (36,410) |
| Net income attributed to the shareholders after zakat and income tax | | | 404,604 | | | 371,350 |

The details of gross written premium are as follows:

| | Three-month period ended 30 June 2024 (unaudited) | Three-month period ended 30 June 2023 (unaudited) |
|--------------------|--|--|
| Corporates | 2,565,353 | 2,744,774 |
| Medium enterprises | 716,243 | 819,058 |
| Small enterprises | 286,056 | 275,272 |
| Micro enterprises | 37,408 | 32,020 |
| Individuals | 11,641 | 8,972 |
| | 3,616,701 | 3,880,096 |

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. OPERATING SEGMENTS (continued)

| | Six-month period ended 30 June 2024 (unaudited) | | | Six-month period ended 30 June 2023 (unaudited) | | |
|---|---|----------------|------------------|---|----------------|----------------|
| | Corporate | SME & Others | Total | Corporate | SME & Others | Total |
| Insurance revenue | 7,901,759 | 1,034,713 | 8,936,472 | 6,693,698 | 941,729 | 7,635,427 |
| Insurance service expense | (7,345,124) | (862,285) | (8,207,409) | (6,294,491) | (785,521) | (7,080,012) |
| Net expenses from reinsurance contracts held | (30,135) | - | (30,135) | (14,909) | - | (14,909) |
| Net insurance service result | 526,500 | 172,428 | 698,928 | 384,298 | 156,208 | 540,506 |
| Investment income on financial assets at amortised cost | | | 208,751 | | | 167,365 |
| Investment income on financial assets at fair value | | | 132,396 | | | 58,350 |
| Net impairment loss on financial assets | | | (146) | | | (194) |
| Net insurance and investment results | | | 1,039,929 | | | 766,027 |
| Other operating expenses | | | (184,100) | | | (133,680) |
| Other revenue | | | 45,305 | | | 46,405 |
| Other cost | | | (20,205) | | | (16,312) |
| Income attributed to the shareholders before zakat and income tax | | | 880,929 | | | 662,440 |
| Zakat charge | | | (38,490) | | | (45,743) |
| Income tax charge | | | (78,412) | | | (56,751) |
| Net income attributed to the shareholders after zakat and income tax | | | 764,027 | | | 559,946 |

The details of gross written premium are as follows:

| | Six-month period ended 30 June 2024 (unaudited) | Six-month period ended 30 June 2023 (unaudited) |
|--------------------|---|---|
| Corporates | 8,407,819 | 6,809,002 |
| Medium enterprises | 1,743,395 | 1,823,672 |
| Small enterprises | 612,612 | 572,916 |
| Micro enterprises | 78,479 | 62,991 |
| Individuals | 23,838 | 20,975 |
| | 10,866,143 | 9,289,556 |

13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, Board members and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Contract pricing policies and terms are conducted on an arm's length basis and transactions are approved by the Group's management or where required and applicable the Group's Board of Directors. The following are the details of the major related party transactions during the period and their related balances:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

| Related party | Nature of transaction | Amount of transactions during the period ended | | Receivable/(payable) | |
|--|--|---|-----------------------------|-----------------------------|----------------------------------|
| | | income / (expenses) | | balance as at | |
| | | 30 June 2024 (unaudited) | 30 June 2023 (unaudited) | 30 June 2024 (unaudited) | 31 December 2023 (audited) |
| Balances included in insurance contract liabilities | | | | | |
| Shareholders and entities with common directorship* | Premium issued | 406,826 | 361,412 | 11,058 | 13,882 |
| Shareholders and entities with common directorship* | Claims incurred | (257,073) | (103,269) | (11,995) | (21,055) |
| Shareholders | Medical costs charged by providers | (109,802) | (138,296) | (18,552) | (20,418) |
| | | | | (19,489) | (27,591) |
| Balances included in reinsurance contract assets | | | | | |
| Shareholders | Reinsurance Premium ceded | (158,675) | (103,604) | (38,831) | (50,674) |
| Balances included in due (to)/from related parties | | | | | |
| Shareholders | Expenses recharged from a related party-net | (1,229) | (1,570) | (538) | (788) |
| Shareholders | Tax equalization – net | - | 21,890 | - | - |
| Shareholders | Board and committee member remuneration fees | (465) | (440) | (465) | (920) |
| Bupa Middle East Holdings Two W.L.L. (Affiliate) | Trademark fee | (22,136) | (18,821) | (22,136) | (39,227) |
| | | | | (23,139) | (40,935) |

*During the period ended 30 June 2024, premium issued related to shareholders amounts to SR 1.25 million (2023: SR 0.3 million) and claims paid related to shareholders amounts to SR 0.28 million (2023: SR 0.13 million). The remaining represents the transactions and balances against the entities with common directorship or common key management personnel have been presented in accordance with the local laws and regulations.

The remuneration of the key management personnel during the period ended 30 June is as follows:

| | 30 June 2024 (unaudited) | 30 June 2023 (unaudited) |
|----------------------------------|---|-----------------------------|
| Short-term benefits | 18,800 | 15,241 |
| Long-term benefits | 1,168 | 964 |
| Share based payment transactions | 13,884 | 7,268 |
| | 33,852 | 23,473 |

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

14. ZAKAT AND INCOME TAX

Breakup of zakat and income tax charge for the Three-month and six-month periods ended 30 June 2024 and 2023 are as follows:

| | Six-month period ended 30 June 2024 (unaudited) | Six-month period ended 30 June 2023 (unaudited) |
|---------------------------------|--|--|
| Current zakat charge | 38,490 | 45,743 |
| Current tax charge | 81,442 | 53,863 |
| Deferred tax charge (note 14.a) | (3,030) | 2,888 |
| | 78,412 | 56,751 |
| | 116,902 | 102,494 |

a) The reconciliation of deferred tax assets is as follows:

| | 30 June 2024 (unaudited) | 31 December 2023 (audited) | 30 June 2023 (unaudited) |
|--------------------------------|--------------------------------|----------------------------------|--------------------------------|
| Opening deferred tax asset | 38,609 | 40,511 | 40,511 |
| Deferred tax (charge) / income | 3,030 | (1,902) | (2,888) |
| | 41,639 | 38,609 | 37,623 |

Movements in the Zakat and income tax accrued during the period ended 30 June 2024 and year ended 31 December 2023 respectively are as follows:

| | Zakat payable | Income tax Payable | Total 30 June 2024 (unaudited) | Total 31 December 2023 (audited) |
|---|------------------|-----------------------|--------------------------------------|---|
| Balance at beginning of the period/year | 329,078 | 29,511 | 358,589 | 326,566 |
| Provided during the period/year | 38,490 | 81,442 | 119,932 | 174,614 |
| Payments during the period/year | (16,814) | (50,225) | (67,039) | (142,591) |
| Balance at end of the period/year | 350,754 | 60,728 | 411,482 | 358,589 |

Status of assessments

Bupa Arabia For Cooperative Insurance Company

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2023 with Zakat, Tax and Customs Authority ("ZATCA").

The Company has finalized its zakat and income tax returns with ZATCA for the fiscal periods 2008 through 2016 and 2018. For the year 2017, the Company received an assessment amounting to SR 35.8 million in as additional zakat and tax liability, the Company has escalated the matter to the General Secretariat of Tax Committees ("GSTC") with the Appeal Committee for Tax Violations and Disputes and awaits for the decision. Also, the Company has received the final assessment for the years 2019 and 2020 amounting to SR 36.7 million and SR 41 million, respectively. The Company has filed an appeal to the GSTC with the Appeal Committee for Tax Violations and Disputes and their review and the outcome of the appeal is awaited. The management believes that these assessments are appropriately provisioned.

The Company is yet to receive the final assessment for the years ended 31 December 2021 and 2022.

Bupa Arabia For Third Party Administration

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2023 with ZATCA. The due zakat and tax under these years and these returns are still under ZATCA's review.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

14. ZAKAT AND INCOME TAX (continued)

Horizon Medical Services Company

The Company has filed its zakat and income tax return for the financial year of 2023 with ZATCA. The return for this year is still under ZATCA's review.

15. SHARE CAPITAL

The authorised, issued and paid-up capital of the Group is SR 1,500 million at 30 June 2024 (31 December 2023: SR 1,500 million) consisting of 150 million shares (31 December 2023: 150 million shares) of SR 10 each. Shareholding structure of the Group is as below:

| | 30 June 2024 (unaudited) | | 31 December 2023 (audited) | |
|--------------------|-----------------------------|-----------|-------------------------------|-----------|
| | Holding percentage | Amount | Holding percentage | Amount |
| Major shareholders | 48.3% | 723,825 | 48.3% | 723,825 |
| General Public | 51.7% | 776,175 | 51.7% | 776,175 |
| | 100% | 1,500,000 | 100% | 1,500,000 |

The total shareholders' equity as of 30 June 2024 for Saudi shareholders is SR 3,112 million (31 December 2023: SR 2,663 million) and foreign shareholder is SR 1,688 million (31 December 2023: SR 1,994 million) after incorporating their respective shareholding percentage and impact of zakat, income tax, reimbursement and other adjustments.

On 28 May 2024, the Board of Directors of the Company has recommended dividend amounting to SR 600 million at SR 4 per share for the year ended 31 December 2023 (SR 540 million at SR 3.6 per share for the year ended 31 December 2022). The dividends declared relating to the shares held under employees share option scheme amounted to SR 828 thousands (2023: SR 1,453 thousands). The dividends were approved by the shareholders in the Extraordinary General Assembly meeting held on 30 June 2024.

16. STATUTORY RESERVE

As required by the Saudi Arabian Insurance Regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Group carries out this transfer on an annual basis at 31 December. As at 30 June 2024, SR 1,353 million (31 December 2023: SR 1,353 million) had been set aside as a statutory reserve, representing 90.2% (31 December 2023: 90.2%) of the paid-up share capital.

17. CAPITAL MANAGEMENT

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

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

In the opinion of the Board of Directors, the Group has fully complied with the regulatory capital requirements during the reported financial period.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 June 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

18. EARNINGS PER SHARE

The basic earnings per share have been calculated by dividing 'net income attributed to the shareholders after zakat and income tax' amounting to SR 764,027 thousand (30 June 2023: SR 559,946 thousand) for the period by the weighted average number of ordinary shares issued and outstanding shares amounting to 150 million shares (30 June 2023: 150 million shares).

The diluted earnings per share have been calculated by dividing 'net income attributed to the shareholders after zakat and income tax' amounting to SR 764,027 thousand (30 June 2023: SR 559,946 thousand) for the period by the weighted average number of ordinary shares issued and outstanding shares amounting to 150 million shares (30 June 2023: 150 million shares) adjusted for the effects of all dilutive potential ordinary shares (effect of treasury shares) amounting to 207 thousand (30 June 2023: 404 thousand shares) at period end.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors, on 28 July 2024G.