

التاريخ: 2026/04/27

الاشارة: FE/LET/YG/2026/2874

السادة: البنك بورصة عمان المحترمين

تحية وبعد،

الموضوع: البيانات المالية للربع الرابع 2026 باللغة الانجليزية

بالإشارة الى الموضوع اعلاه، نرفق لكم البيانات المالية للشركة كما في 2025-12-31 باللغة الإنجليزية علما بأنها ما زالت خاضعة لموافقة البنك المركزي

وتفضلوا بقبول فائق الاحترام والتقدير،

شركة المتوسط والخليج للتأمين - الأردن



The Mediterranean and Gulf Insurance Company - Jordan

Public Shareholding Company

Financial Statements

31 December 2025

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company

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INDEPENDENT AUDITOR'S REPORT

**To The Shareholders of
The Mediterranean and Gulf Insurance Company – Jordan
Public Shareholding Company
Amman – Jordan**

Qualified Opinion

We have audited the financial statements of **The Mediterranean and Gulf Insurance Company – Jordan PLC**, which comprise the statement of financial position as at 31 December 2025, statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the basis for qualified opinion paragraph the accompanying financial statements presented fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

We were unable to verify the accuracy of the net balances due from the Jordan Insurance Federation, amounting to JOD (200,000) as at 31 December 2025, due to the lack of sufficient and appropriate audit evidence.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

As disclosed in the statement of financial position, the Company's accumulated losses have exceeded (94%) of its share capital as at 31 December 2025. This raises substantial doubt about the Company's ability to continue as a going concern. The Company's continuity depends on its ability to successfully implement the management's future plan referred to in Note (46) of the financial statements.

Emphasis of Matter

As disclosed in note (38) of financial statements, Company's solvency margin as at 31 December 2025 is below the minimum margin determined by the Central Bank of Jordan amounting to (150%).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Insurance Contracts Liabilities

The accompanying financial statements, as at the end of the year 2025, include insurance contracts liabilities amounting to JOD (12,594,872). Measuring insurance contracts liabilities includes a degree of material judgment and is based on many assumptions and estimates and requires the adjustment for non-financial risks that the Company needs to take into account for uncertainty about the amount and timing of cash flows from non-financial risks while the company fulfils insurance contracts. In addition to estimating the present value of future cash flows, which is based on the best estimate of the ultimate cost of all incurred claims, but not yet settled at the reporting date, whether reported or not, along with related claims handling costs and the measurement of onerous contracts. Given the uncertainty inherent in the estimation process and the objectivity associated with measuring insurance contracts liabilities, ensuring the accurate measurement and completeness of insurance contract liabilities is considered one of the key audit matters to us. Our audit procedures regarding the measurement and completeness of insurance contract liabilities included an understanding, evaluating and testing the key controls related to claims processing and provisions recording procedures. We performed substantive tests on recorded amounts for a sample of reported and paid claims, including, comparing outstanding claims amounts with appropriate documentation and payments in subsequent periods. We assessed the completeness of the data used as inputs in the actuarial evaluations and tested the accuracy of the basic claims data used by the actuary appointed by the company's management in estimating the present value of future cash flows and the risk adjustment for non-financial risks by comparing them with other accounting records. We also evaluated the competence, capabilities, and objectivity of the actuary appointed by the company's management based on their professional qualifications and experience. We involved our internal actuarial specialists to assess the company's methods and assumptions and evaluate the company's actuarial practices and provisions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The **Mediterranean and Gulf Insurance Company – Jordan (PLC)** as at **31 December 2025** maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Director's report, and we recommend the general assembly to approve it, after considering the matter described in the basis for qualified opinion paragraph.

1 March 2026
Amman – Jordan



Arab Professionals
Ibrahim Hammoudeh
License No. (606)

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company
Statement of Financial Position as at 31 December 2025
(In Jordanian Dinar)

	Note	2025	2024
Assets			
Bank deposits	3	3,474,553	7,154,228
Investment properties	4	4,291,470	4,389,051
Financial assets measured at fair value through other comprehensive income	5	-	216,112
Total Investments		7,766,023	11,759,391
Cash on hand and at banks	6	62,713	135,130
Insurance contracts assets	7	527,767	330,930
Reinsurance contracts assets	8	3,058,990	2,204,793
Property and equipment	10	3,534,416	3,580,097
Intangible assets	11	100,564	127,576
Right of use assets	12	55,453	75,867
Other assets	13	548,771	621,589
Total Assets		15,654,697	18,835,373
Liabilities and Equity			
Liabilities			
Insurance contracts liabilities	7	12,594,872	13,038,109
Accrued expenses	15	56,600	8,867
Reinsurance contracts liabilities	8	1,798,642	1,904,909
Lease obligation	12	57,199	78,553
Income tax provision	9	50,926	50,926
Other liabilities	14	183,983	363,559
Total Liabilities		14,742,222	15,444,923
Equity			
Paid – in capital	16	10,000,000	10,000,000
Statutory reserve	17	315,702	315,702
Cumulative change in fair value	18	-	(510,327)
Accumulated losses	19	(9,403,227)	(6,414,925)
Net Equity		912,475	3,390,450
Total Liabilities and Equity		15,654,697	18,835,373

“The attached notes from (1) to (46) are an integral part of these financial statements”

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company
Statement of profit or loss for the year ended 31 December 2025
(In Jordanian Dinar)

	Note	2025	2024
Revenues			
Insurance contracts revenues	20	23,207,755	20,218,635
Insurance contracts expenses	21	(23,951,317)	(20,472,591)
Insurance contracts services results		(743,562)	(253,956)
Reinsurance contracts held expenses	22	(7,408,132)	(5,344,213)
Reinsurance contracts held revenues	23	5,215,096	3,370,589
Reinsurance contracts services results		(2,193,036)	(1,973,624)
Net insurance and reinsurance services results		(2,936,598)	(2,227,580)
Finance expenses from insurance contracts	24	(281,872)	(188,774)
Finance income from reinsurance contracts	25	11,558	85,659
Net insurance financing results		(270,314)	(103,115)
Net insurance contracts services and financing results		(3,206,912)	(2,330,695)
Interest income	26	358,737	410,537
Gain from financial assets and investments	27	19,700	14,608
Other revenues	28	631,545	875,525
Gain from sale of property and equipment	29	-	2,000
Total Revenues		(2,196,930)	(1,028,025)
Unallocated administrative and employees expenses	30	(256,390)	(441,316)
Unallocated depreciation and amortization	30	(10,872)	(9,069)
Unallocated other expenses	30	(122,329)	(68,991)
Total expenses		(389,591)	(519,376)
Loss for the year		(2,586,521)	(1,547,401)
Basic and diluted loss per share for the year	31	(0.26)	(0.155)

“The attached notes from (1) to (46) are an integral part of these financial statements”

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company
Statement of other comprehensive income for the year ended 31 December 2025
(In Jordanian Dinar)

	<u>2025</u>	<u>2024</u>
Loss for the year	(2,586,521)	(1,547,401)
Other comprehensive income items:		
Net changes in fair value reserve	<u>108,546</u>	<u>(2,880)</u>
Total comprehensive loss for the year	<u>(2,477,975)</u>	<u>(1,550,281)</u>

“The attached notes from (1) to (46) are an integral part of these financial statements”

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company
Statement of changes in equity for the year ended 31 December 2025

(In Jordanian Dinar)

	Paid - In Capital	Statutory Reserve	Cumulative Change in Fair Value	Accumulated losses	Total Equity
Balance as at 1 January 2025	10,000,000	315,702	(510,327)	(6,414,925)	3,390,450
Total comprehensive loss for the year	-	-	108,546	(2,586,521)	(2,477,975)
Sale of financial assets at fair value through other comprehensive income	-	-	401,781	(401,781)	-
Balance as at 31 December 2025	<u>10,000,000</u>	<u>315,702</u>	<u>-</u>	<u>(9,403,227)</u>	<u>912,475</u>
Balance as at 1 January 2024	10,000,000	315,702	(507,447)	(4,867,524)	4,940,731
Total comprehensive loss for the year	-	-	(2,880)	(1,547,401)	(1,550,281)
Balance as at 31 December 2024	<u>10,000,000</u>	<u>315,702</u>	<u>(510,327)</u>	<u>(6,414,925)</u>	<u>3,390,450</u>

“The attached notes from (1) to (46) are an integral part of these financial statements”

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company
Statement of cash flows for the year ended 31 December 2025
(In Jordanian Dinar)

	Note	2025	2024
Cash flows from operating activities			
Loss for the year before income tax		(2,586,521)	(1,547,401)
Adjustments:			
Gain from sale of property and equipment		-	(2,000)
Interest income		(358,737)	(410,537)
Depreciation and amortization		217,448	172,261
Right of use assets depreciation		20,414	20,661
Interest expenses on lease obligation		5,646	5,435
Dividends income from financial assets and investments		(19,700)	(14,608)
Unneeded provision for expected credit losses (Accounts receivable related to insurance operation)		(277,752)	-
Unneeded provision for expected cheques under collection		(15,288)	(68,782)
Provision for expected credit losses (Accounts receivable related to reinsurance operation)		41,862	281,390
Cash flows used in operating activities before changes in working capital items		(2,972,628)	(1,563,581)
Reinsurance contracts assets		(896,059)	(79,130)
Insurance contracts liabilities		(347,034)	2,024,453
Reinsurance contracts liabilities		(106,267)	(400,310)
Other assets		7,314	(65,712)
Accrued expenses		47,733	(44,713)
Other liabilities		(179,576)	133,251
Net cash flows from operating activities before income tax paid		(4,446,517)	4,258
Income tax paid		-	(30,173)
Net cash flows used in operating activities		(4,446,517)	(25,915)
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through other comprehensive income		324,658	-
Deposits maturing for more than three months		(1,460,512)	(97,194)
Interest received		424,241	476,864
Purchase of property and equipment		(43,244)	(420,759)
Proceeds from sale of property and equipment		-	2,000
Purchase of intangible assets		(3,930)	(105,539)
Dividends received		19,700	14,608
Net cash flows used in investing activities		(739,087)	(130,020)
Cash flows used in financing activities			
Lease obligation and interest payments		(27,000)	(21,847)
Net increase in cash and cash equivalents		(5,212,604)	(177,782)
Cash and cash equivalents, beginning of year		5,275,317	5,453,099
Cash and cash equivalents, end of year	33	62,713	5,275,317

“The attached notes from (1) to (46) are an integral part of these financial statements”

The Mediterranean and Gulf Insurance Company - Jordan
Public Shareholding Company
Notes to the financial statements
31 December 2025
(In Jordanian Dinar)

1 . General

The Mediterranean and Gulf Insurance Company - Jordan was established on 21 November 2006 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (422) with paid up capital of JOD (10,000,000). Divided equally into (10,000,000) shares with par value JOD (1) per share. The Company head office is in the Hashemite Kingdom of Jordan. The Company is engaged in insurance business which includes motors, fire, general accidents, marine, medical, liability and aviation insurance.

The accompanying financial statements have been approved for issue by the Company's Board of Directors on 20 February 2026 and subject to approval of the Shareholder General Assembly.

2 . Summary of Significant Accounting Policies

2/1 Basis of Preparation

The financial statements were prepared in accordance with the International Financial Reporting Standards and According to the templates set by the Central Bank of Jordan.

The financial statements have been prepared on a historical cost basis except for financial assets at fair value.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year.

The preparation of financial statements requires the use of important and specific accounting estimates, and it also requires management to use its own estimates in the process of applying the company's accounting policies.

2/2 Changes in accounting policies

The following amendments to standard has been published that are mandatory for accounting year beginning on or after 1 January 2025.

New IFRS and amendments	Effective Date
These amendments clarify how the company should assess whether a currency is exchangeable and how to determine the spot exchange rate when exchangeability is lacking. Additionally, they require disclosure of information that enables users of the financial statements to understand the effect or the expected effect of a lack of exchangeability on the company's financial position, financial performance, and cash flows (Amendments to IAS 21).	1 January 2025

The adoption of these amendments has no material impact on the financial statements of the Company for the current and past year.

2.3 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses, the resultant provisions and the changes in fair value that are presented in equity and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

A) Expected credit losses

The company applies the simplified approach as required by International Financial Reporting Standard (9) for calculating the expected credit loss allowance. This method obliges recognition of an impairment loss allowance for expected credit losses over the lifetime of the receivables and contractual assets. This is in consideration of credit risks and business condition.

The expected credit loss rates are based on historical credit losses the company has experienced over the preceding three years until the end of the current period. These historical loss rates are then adjusted for current and future information regarding macroeconomic factors affecting the company's customers.

The insurance company is required to establish a provision for amounts owed between it and local insurance companies and foreign reinsurance companies that remain unsettled and have a maturity exceeding one year.

B) Impairment in the value of financial assets.

The management periodically reviews whether a financial asset or group of financial assets is impaired, if so this impairment is taken to the statement of profit or loss.

C) Income tax

The financial year is charged with its related income tax in accordance with regulations.

Accrued income tax

Tax expenses are calculated based on taxable profits, which differ from reported profits in the income statement because reported profits include non-taxable revenues or non-deductible expenses for tax purposes, either in the current financial year or subsequent years, accepted accumulated tax losses, or items that are not subject to taxation.

Taxes are calculated based on the tax rates prescribed by the laws, regulations, and instructions in the Hashemite Kingdom of Jordan.

Deferred taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced in the event that it will not be possible to benefit from those deferred tax assets partially or in whole, or to pay the tax liability.

D) Property & equipment and intangible assets

Management reviews periodically the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.

E) The present value of future cash flows

Cash flows are defined as all expected receipts and payments within the boundaries of an insurance or reinsurance contract, after adjusting them to reflect the timing and uncertainty of those amounts. This adjustment is based on actuarial assumptions and the company's experience in managing its portfolio of insurance or reinsurance contracts.

Future cash flows are recognized at their present value, and this section provides an overview of items likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, along with information about the accounting basis for each affected item in the financial statements.

When applying the measurement requirements according to International Financial Reporting Standard (IFRS) 17, the following inputs and methods were used, which involve significant estimates. The present value of future cash flows is estimated using deterministic scenarios, and the assumptions used in these deterministic scenarios are derived to approximate the weighted average probability for a complete set of scenarios.

E.1) Discount rates

The bottom-up approach was used to derive the discount rate for cash flows that do not vary with the underlying items' returns in participating contracts (except for investment contracts without discretionary participation features (DPF) that fall outside the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-free rate adjusted for the differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the related cash flows (known as the illiquidity premium). The risk-free rate was derived using available market swap rates in the currency of the insurance contract being measured or an equivalent currency, adjusted for currency basis spreads.

E.2) Estimations of future cash flows to fulfill insurance contracts.

The measurement of each group of contracts within the scope of International Financial Reporting Standard 17 includes all future cash flows within the boundaries of each contract group. The estimation of these future cash flows is based on the expected and probabilistic future cash flows. The company estimates the expected cash flows and their likelihood of occurrence on the measurement date. In formulating these expectations, the company uses information about past events, current conditions, and future condition expectations. The company's estimation of future cash flows represents an average of a range of scenarios that reflect the full spectrum of possible outcomes. Each scenario specifies the amount, timing, and probability of future cash flows. The weighted average of the estimated future cash flows is calculated using a deterministic scenario that represents the expected average probability of a set of scenarios.

When establishing assumptions related to estimating cash flows for groups of insurance contracts, the company takes into consideration factors such as underlying risks, aggregation level, the likelihood of contract settlement before the end of the coverage period, and other expected practices of insurance contract holders. Additionally, the company considers other factors that could impact the estimates and sources of information for these factors.

When estimating cash flows related to expenses at the portfolio or higher level, they are allocated to groups of contracts using systematic approaches such as the direct cost method. The Islamic insurance company has determined that this method leads to a systematic and rational allocation, where similar methods are consistently applied to allocate expenses of a similar nature. Typically, cash flows for acquisition costs of contract groups are allocated based on the total written premiums.

E.3) Financing revenues (expenses) - Insurance and reinsurance contracts

Insurance financing revenues or expenses include the change in carrying amount of the portfolio of insurance contracts arising from:

1. The effect of the time value of money and changes in the time value of money.
2. The impact of financial risks and changes in financial risks.

For contracts measured under the Premium Allocation Approach (PAA), the main amounts within the revenues or expenses of insurance finance are:

1. The accumulated profits on the liability for incurred claims.
2. The impact of changes in profit rates and other financial assumptions.

The company classifies changes in the risk adjustment for non-financial risks within the insurance service result and as revenues or expenses of insurance financing.

For contracts measured under the Premium Allocation Approach (PAA), the company includes all insurance financing revenues or expenses for the period in the statement of profit or loss (That is, the profit or loss option is applied).

F) Adjustments for non-financial risk

Represents an amount against the uncertainty of the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the portfolio of insurance/reinsurance contracts held.

The non-financial risk adjustment is applied to the present value of estimated future cash flows and reflects the compensation required by the company to bear the uncertainty regarding the amount and timing of cash flows arising from non-financial risks as the company executes insurance contracts. For reinsurance contracts retained, the non-financial risk adjustment represents the amount of risk transferred from the company to the reinsurer.

The Company calculate the non-financial risk adjustments based on the Mack Chain Method at 75% confidence level.

The Company has separated the financial impact of non-financial risk adjustments between the insurance contract results and the insurance financing results.

G) Non-insurance components

Insurance contracts are contracts through which the company accepts significant insurance risks from policyholders by agreeing to compensate the policyholder if there is an uncertain future event that negatively impacts the policyholder. When conducting this assessment, all substantive rights and obligations are considered, including those arising from laws or regulations, on a contract-by-contract basis. The company exercises judgment to evaluate whether the contract transfers insurance risks (i.e., whether there is a scenario with a commercial substance in which the company has the potential for loss based on present value) and whether the accepted insurance risks are significant.

The company issues insurance policies for various types of coverage, including motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contractor's plant and equipment insurance, miscellaneous insurance, workers compensation insurance, liability insurance, glass plate insurance, personal accidents and medical. All of these fall within the definition of insurance contracts and insurance risks. The company does not engage in issuing savings, investment, or participatory policies.

Separation of non-insurance components:

1- Investment component

The Company is required to separate the investment component distinct from the primary insurance contract when the investment component is distinct and only if the following two conditions are met:

- The investment component and the insurance component are not correlated to a large extent.
- The contract is sold on equivalent terms, or may be sold, separately in the same market or in the same legal jurisdiction, either by the entities issuing the insurance contracts or by other parties.

The investment component and the insurance component are directly related and only if:-

- The entity was unable to measure one component without looking at the other. Thus, if the value of one component differs from the value of the other component, the entity shall apply IFRS 17 to calculate the investment element and co-insurance component, or.
- The policyholder cannot benefit from one of the components unless the other is also present. Thus, if the expiry or maturity of one contract component causes the expiry or maturity of the other, the entity shall apply IFRS 17 to account for the investment component and the pooled insurance component.

2- Goods and services components

The Company shall separate any commitments to transfer distinct goods or services to the policyholder other than insurance contract services. And it must account for these commitments by applying International Financial Reporting Standard 15. Accordingly, it is:

- Separate the cash inflows between the insurance component and any promises to provide distinct goods or services other than insurance contract services, and
- Separate the cash outflows between the insurance component and any promised goods or services other than insurance contract services, so that:
 1. The cash outflows that relate directly to each component are attributable to that component; and
 2. Any cash outflows are attributed on a systematic and logical basis, reflecting the cash outflows the entity expects to arise as if this component were a separate contract.

A good or service other than the insurance contract promised to the policyholder is not distinctive if:

- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components of the contract, and the entity provides an important service in linking the good or service with the components of the insurance.

Contracts that have the legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts and are accounted for in accordance with IFRS 9 Financial Instruments. The Company does not issue any investment or savings insurance contracts.

The Company defines an insurance contract with direct participation features as a contract that meets the following criteria at inception:

- The contractual terms specify that policyholders participate in a share of a clearly identified pool of underlying items.
- The Company expects to pay the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The Company expects that a substantial proportion of any change in the amounts to be paid to the policyholder will vary with the change in the fair value of the underlying items.

All other insurance contracts issued by the Company are without direct participation features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposure. A reinsurance contract transfers significant risk if it substantially transfers all insurance risk relating to the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

References to insurance contracts in these financial statements apply to both insurance contracts issued and reinsurance contracts held, unless otherwise specified.

H) Lawsuits Filed Against the Company

A provision is recorded for lawsuits filed against the Company based on a legal assessment prepared by the Company's legal counsel, which determines the potential risks that may arise in the future. These assessments are reviewed periodically.

Significant Accounting Policies

A) Business Segments

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which is measured based on the reports used by the top management of the Company.

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

B) Definition of insurance contract

The contract under which an insurance company accepts significant insurance risks from the policyholder. By agreeing to compensate the contract holder in the event of a specific and uncertain future occurrence (the insured event), which adversely impacts the contract holder. The company recognizes a group of insurance contracts at the following timings, whichever is earlier.

- The start of the coverage period for the group of contracts.
- From the date of the first payment due from any contract holder in the group.
- From the date when the facts and circumstances indicate that the group to which an insurance contract will belong is onerous, for group of onerous contracts.

The company does not issue contracts containing the direct participation feature, and all insurance contracts issued by the company are classified as insurance contracts and do not contain any non-insurance components.

C) Reinsurance contracts held

It is an insurance contract issued by a reinsurer to compensate an insurance company for claims arising from one or more of its issued insurance contracts (the underlying contracts).

Reinsurance contracts held are recognized:

- If the reinsurance contracts held are proportionate to a group of insurance contracts, the reinsurance contracts held are recognized at the beginning of the coverage period for this group of contracts, or upon the initial recognition of any underlying contract, whichever comes first.
- From the beginning of the coverage period for the group of reinsurance contracts held.

D) Initial recognition of insurance contracts / general approach / variable fee.

At initial recognition, the company measures a group of insurance contracts as follows:

- 1) The cash flows for fulfilling the contracts, which include:
 - Estimates of future cash flows.
 - Adjustments for the time value of money and financial risks associated with future cash flows, to the extent that these financial risks are not included in the estimates of future cash flows (discount rates).
 - Adjustments for non-financial risks.
- 2) Contractual service margin.

E) Subsequent measurement of insurance contracts / general approach / variable fee.

At initial recognition, the company records the book value of the liability, which includes the following:

- 1) The liability for the remaining coverage, which includes the net present value of cash inflows and outflows (after applying the discount rate), adjusted for non-financial risks and contractual service margin.
- 2) The liability for incurred claims, which is calculated based on the best estimate of future cash flows for settling the claims, adjusted for non-financial risks, and considering the application of the discount rate to claims expected to be settled beyond one year.

F) Initial recognition of insurance contracts / premium allocation approach.

At initial recognition, the company records the book value of the liability, which includes the following:

- 1) The received insurance premiums at initial recognition.
- 2) Deducting any costs paid for the acquisition of insurance contracts on that date.

G) Subsequent measurement of insurance contracts / premium allocation approach.

- 1) At the end of each subsequent period, the company confirms the book value of the liability, considering the following adjustments to the balance of the liability:
 - a) Add the insurance premiums received for the period,
 - b) Subtract cash flows for acquisitions of insurance contracts,
 - c) Add any amounts related to the amortization of cash flows to acquire established insurance contracts as an expense
 - d) Adding any incidental adjustment on the financing component.
 - e) Deducting the amount recognized as insurance revenue for services provided in that period.
 - f) Deduct any paid investment component transferred to incurred claims.
- 2) Liabilities for claims incurred, which are calculated according to the best estimate of future cash flows to settle claims plus adjustments for non-financial risks, considering the application of the discount rate to claims.

H) Modification of insurance contracts

The company modify insurance contracts by addressing changes that have occurred in future cash flows due to the modification, treating them as changes in estimates of cash flows for fulfilling the contracts, unless the criteria for derecognizing insurance contracts are met.

I) Derecognition of insurance contracts

The company derecognizes insurance contracts in the following cases:

- The contract extinguished (obligation specified in the insurance contract expires or is discharged or cancelled).
- If a modification to an insurance contract does not meet the criteria for modification as per the standard's requirements, the company derecognizes the contract and recognizes a new contract.

J) Onerous Insurance contracts (PAA)

The company recognizes insurance contracts as onerous contracts if, at the initial recognition date, the contract is expected to incur a loss. The loss component is measured if the expected cash flows to fulfill the contract's obligations or the group of contracts exceed the expected cash inflows from that contract or group of contracts. The loss is recognized immediately in the statement of profit and loss in insurance contract expenses. The loss component is measured on a gross basis but can be mitigated by the loss recovery component if the contracts are covered by reinsurance contracts.

K) Liability for the remaining coverage

The liability that the company must recognize upon initial recognition of insurance contracts, which pertains to subsequent financial periods as a result of existing insurance contracts.

L) Liability for incurred claims.

It is the total expected costs incurred by the company due to events covered by the insurance contract that occurred before the end of the financial period. This includes reported and unreported claims, as well as related expenses.

M) Contractual service margin.

It is the unearned profit from in-force contracts that are expected to be profitable, and it is recognized simultaneously with providing services under insurance contracts.

N) A summary of measurement approaches.

- 1) The insurance company classify insurance contracts according to the following:

The portfolio	Contract classification	Measurement approach.*
Comprehensive insurance	Insurance contracts	PAA
Compulsory insurance	Insurance contracts	PAA
Buses & borders	Insurance contracts	PAA
Marine insurance	Insurance contracts	PAA
Aviation insurance	Insurance contracts	PAA
Fire insurance	Insurance contracts	PAA
Engineering insurance	Insurance contracts	GMM eligible to PAA
Liability insurance	Insurance contracts	GMM eligible to PAA
General insurance (Other Accidents)	Insurance contracts	PAA
Medical insurance (Group and Individual)	Insurance contracts	PAA

*The company conducted an eligibility test (PAA) for groups of insurance contracts with coverage periods exceeding one year. All groups passed the eligibility test, showing no significant differences between the liabilities of the remaining coverage contracts and the remaining coverage assets under the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach

- 2) The insurance company classify reinsurance contracts held according to the following:

The portfolio	Measurement approach.**
Motors reinsurance	PAA
Marine reinsurance	PAA
Aviation reinsurance	PAA
Fire reinsurance	GMM eligible to PAA
General reinsurance (individual accident)	GMM eligible to PAA
Engineering reinsurance	GMM eligible to PAA
Liability reinsurance	GMM eligible to PAA
Medical reinsurance	GMM eligible to PAA

**The company conducted an eligibility test (PAA) for groups of reinsurance contracts with coverage periods exceeding one year. All groups passed the eligibility test, showing no significant differences between the liabilities of the remaining coverage contracts and the remaining coverage assets under the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach.

O) **Aggregation level.**

The company classifies groups of insurance contracts and reinsurance contracts according to the following:

The company manages insurance contracts issued by insurance departments within the operational sector. Each insurance management handles contracts subject to similar risks, all insurance contracts within an insurance management represent a group of contracts. Similarly, each portfolio is classified into groups of contracts issued within a fiscal year (annual groups), (a) onerous (loss-making) contracts upon initial recognition, (b) contracts that have a significant possibility of becoming onerous (loss-making) at a later time upon initial recognition, or (c) a group of remaining contracts. These groups represent the aggregation level at which recognition and measurement of insurance contracts occur at the outset. These distinctions are not subsequently reconsidered.

For each portfolio of contracts, the company determines the appropriate level for which it has reasonable and supportable information to assess whether these contracts are onerous (loss-making) upon initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of accuracy determines the groups of contracts. The company uses an estimation approach to determine the level of accuracy for which it possesses reasonable and supportable information sufficient to conclude that all contracts within a homogenous group will be adequately allocated to the same group without performing individual assessments of contracts.

Contracts issued within the participating insurance management are always priced with high expected profit margins. Therefore, these contracts are allocated to groups of contracts that have a low possibility of becoming onerous (loss-making) as is the case upon initial recognition.

Compulsory motor insurance contracts which are underwritten through the Unified Compulsory Insurance Bureau have been included in one group of contracts and classified as having a significant possibility of becoming onerous (loss-making) prior to acquisition.

For other motor vehicle contracts that are measured using the retrospective accounting approach, the company assumes that no contracts of this nature are onerous (loss-making) upon initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish between onerous and non-onerous contracts (not likely to become loss-making).

For non-onerous contracts, the entity evaluates the likelihood of changes in facts and circumstances occurring in subsequent periods to determine whether the contracts have a significant possibility of becoming onerous.

The evaluation of portfolios of reinsurance contracts held is conducted separately from portfolios of issued insurance contracts, applying the company's requirements to reinsurance contracts. The company aggregates reinsurance contracts entered into during a fiscal year (annual groups) into groups of (a) contracts that have a positive net profit upon initial recognition, if any; (b) contracts that do not have a significant possibility of future net profit upon initial recognition; and (c) the remaining contracts in the portfolio, if any.

The evaluation of reinsurance contracts held is performed for aggregation purposes on an individual contract basis. The company tracks internal management information reflecting historical experience of these contracts' performance and utilizes this information to determine the pricing of these contracts in a manner that positions the reinsurance contracts held at a net cost position with little likelihood of future net profit arising later.

P) Profitability level

The previously mentioned groups of contracts are classified into the following categories, based on the expected net cash flows from the contract and the accounting approach adopted in dealing with contract groups:

- Contracts that have no likelihood of becoming onerous at initial recognition.
- Contracts that are onerous.
- Other contracts.

Q) Financial assets

Financial assets are classified at initial recognition into one of the following categories:

- 1-At amortized cost.
- 2-At fair value through profit or loss
- 3-At fair value through other comprehensive income

1- Financial assets at amortized cost

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of profit or loss.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

2- Financial Assets at Fair Value through Profit or Loss

It is the financial assets held by the Company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of profit or loss.

Dividends from these financial assets are recorded in the statement of profit or loss.

Reclassification

Financial assets may be reclassified from the amortized cost to financial assets at fair value through statement of income and vice versa only when the entity changes the business model on which it was classified as stated above, considering the following:

- Any previously recognized profits, losses or benefits may not be recovered.
- When financial assets are reclassified at fair value, their fair value is determined at the date of reclassification. Any gain or loss arising from differences between the previously recorded value and the fair value is recognized in the statement of profit or loss.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value at the date of reclassification.

3- Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss on a separate line item.

Q) Investment properties

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses (except for lands), these investments are depreciated over their useful life at a rate of 2%, and any decrease in their value is recorded in statement of profit or loss.

R) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of profit or loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Furniture and Equipment	15%
Vehicles	15%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

S) Intangible assets

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite live are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the statement of profit or loss.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight-line basis over their estimated economic useful.

T) Cash and cash equivalents

Cash and cash equivalents are carried in the financial statement at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand and at banks, deposits with maturities less than three months, less restricted funds.

U) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

V) Recognition of financial assets

Financial assets and financial liabilities are recognized on the trading date which is the date that the entity commits itself to purchase or sell the financial assets.

W) Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date.

In case market prices are not available, there is no active trading for certain financial instruments, or the market is inactive, their fair value is estimated using several methods, including:

- Comparing them to the current market value of a similar financial instrument to a large extent.
- Analyzing the future cash flows and discounting the expected cash flows using a rate employed in a similar financial instrument.
- Option pricing models.

The valuation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors, as well as any anticipated risks or benefits when estimating the value of financial instruments. In cases where it is not feasible to measure their fair value using a reliable method, they are presented at cost, after any impairment in value has been recognized.

X) Financial liabilities

The company classifies financial liabilities based on the purpose for which the obligation was incurred. The accounting policy for financial liabilities is as follows:

1- Payables and reinsurance contracts liability.

Payables and reinsurance contracts liability are initially recognized at fair value, subsequently measured at amortized cost using the effective interest rate method.

2- Credit facilities

They are initially recognized at fair value net of costs associated with obtaining the facilities, Subsequently, these liabilities are measured at amortized cost using the effective murabha method. The finance cost includes the initial expenses, the premium paid upon settlement, and the murabha that accrues during the term of the obligation.

Y) Insurance Contract Liabilities

Liabilities are recognized when the Company has an obligation at the date of the financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as insurance contract liability is the best estimate of the consideration required to settle the present obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a liability is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

Z) Provision for end of service indemnity

The provision for end of service indemnity is calculated in accordance with the company's policy, which is in line with the Jordanian labor law.

The compensations incurred for employees who leave the service are recorded against the provision for end of service indemnity upon payment. A provision for the company's liabilities related to employees' end-of-service compensation is included in the statement of profits or losses.

A/1 Foreign currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Translation differences for items of non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value and translated at the date of fair value determination. Foreign exchange gains or losses are reflected in the statement of profit or loss.

A/2 Revenue recognition

Dividend and Deposits revenue

The Dividends revenues are realized when the shareholder has the right to receive the payment once declared by the General Assembly of Shareholders.

Deposits revenues are recorded using the accrual basis based on the accrued periods

Rent revenues

Rental revenues from investment properties under operating lease agreements are recognized using the straight-line method over the duration of those contracts and on an accrual basis.

A/3 Insurance acquisition cost

Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalize and amortize these costs over the coverage period.

A/4 Insurance contract expenses

The Company allocates directly attributable employee expenditures and General and Administrative expenses related to insurance contracts to the respective insurance portfolios, incorporating them into the calculation of contract profitability.

Indirectly attributable employee expenditures and General and Administrative expenses not directly related to insurance contracts are allocated based on approved cost centers, including total gross written premiums of the insurance portfolios, paid claims and outstanding claims, and number of employees.

3 . **Bank Deposits**

Bank	2025			2024	
	Deposits mature within (1) month	Deposits mature after (1) month to (3) months	Deposits mature after (3) months to (1) year	Total	Total
Blom Bank	-	-	708,000	708,000	3,699,232
Capital Bank	-	-	654,694	654,694	1,440,955
Arab Bank	-	-	2,111,859	2,111,859	2,014,041
Total deposits inside Jordan	-	-	3,474,553	3,474,553	7,154,228

- The annual interest rates on the deposits in Jordanian Dinar ranged between (4.75%) to (5.75%) during the year 2025, against (4.75%) to (5.75%) during the year 2024.
- Deposits pledged to the favor of the Central Bank of Jordan Governor in addition to his duty JOD (650,000) as at 31 December 2025 against JOD (650,000) as at 31 December 2024.

4 . **Investment Properties**

	Lands	Buildings	Total
Cost			
Balance as at 1/1/2025	563,769	4,250,478	4,814,247
Balance as at 31/12/2025	563,769	4,250,478	4,814,247
Accumulated depreciation			
Balance as at 1/1/2025	-	425,196	425,196
Depreciation for the year	-	97,581	97,581
Balance as at 31/12/2025	-	522,777	522,777
Net book value as at 31 /12/ 2025	563,769	3,727,701	4,291,470
Cost			
Balance as at 1/1/2024	502,839	3,852,300	4,355,139
Transfers	60,930	398,178	459,108
Balance as at 31/12/2024	563,769	4,250,478	4,814,247
Accumulated depreciation			
Balance as at 1/1/2024	-	170,901	170,901
Transfers	-	173,259	173,259
Depreciation for the year	-	81,036	81,036
Balance as at 31/12/2024	-	425,196	425,196
Net book value as at 31 /12/ 2024	563,769	3,825,282	4,389,051

The fair value of the investment properties as assessed by real estate appraiser equals to an amount of JOD (5,024,500) as at 31 December 2024 according to instruction issued by Central Bank of Jordan.

5 . Financial Assets at Fair value Through Other Comprehensive Income

	2025	2024
Quoted shares in Amman stock exchange - Inside Jordan	-	216,112
	<u>-</u>	<u>216,112</u>

6 . Cash on hand and at banks

	2025	2024
Cash on hand	751	1,641
Current bank accounts	61,962	133,489
Total	<u>62,713</u>	<u>135,130</u>

The bank balances restricted against - lawsuits filed against the Company amounted to JOD (117,626) as at 31 December 2025.

The Mediterranean and Gulf Insurance Company – Jordan PLC
Notes to the Financial Statements (Continued)
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7. Insurance Contracts Assets / Liabilities– Premium Allocation Approach

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component contracts	loss component	Present value of future cash flows	Non-financial risk adjustments	Total
31 December 2025					
Insurance contracts assets at beginning of the year	199,883	-	122,256	8,791	330,930
Insurance contracts liabilities at beginning of the year	1,322,086	292,374	10,923,934	499,715	13,038,109
Net insurance contracts liabilities (assets) at the beginning of the year	1,122,203	292,374	10,801,678	490,924	12,707,179
Insurance contracts revenues	(23,207,755)	-	-	-	(23,207,755)
Insurance contracts expenses					
Incurred claims and other directly attributable expenses	-	-	16,815,916	-	16,815,916
Changes related to past service –changes related to LfIC	-	-	2,612,616	(168,745)	2,443,871
Change in non-financial risk adjustment	-	-	-	197,107	197,107
Change in the provision for losses unallocated loss adjustment	-	-	1,125	-	1,125
Change in onerous contracts	-	(237,210)	-	-	(237,210)
Employees expenses	-	-	1,544,744	-	1,544,744
Administrative expenses	-	-	1,345,140	-	1,345,140
Others expenses	-	-	739,556	-	739,556
Amortization of insurance acquisition cost	1,101,068	-	-	-	1,101,068
Net insurance contracts expenses	1,101,068	(237,210)	23,059,097	28,362	23,951,317
Insurance contracts services results	(22,106,687)	(237,210)	23,059,097	28,362	743,562
Finance expenses - insurance contracts	-	-	281,872	-	281,872
Net change - comprehensive income	(22,106,687)	(237,210)	23,340,969	28,362	1,025,434
Cash received from underwritten contracts	22,406,674	-	-	-	22,406,674
Paid claims	-	-	(19,533,059)	-	(19,533,059)
Paid administrative, employees and other expenses	-	-	(3,629,440)	-	(3,629,440)
Paid acquisition cost	(909,683)	-	-	-	(909,683)
Total cash flows	21,496,991	-	(23,162,499)	-	(1,665,508)
Insurance contracts assets at the end of the year	527,767	-	-	-	527,767
Insurance contracts liabilities at the end of the year	1,040,274	55,164	10,980,148	519,286	12,594,872
Net insurance contracts liabilities (assets) at the end of the year	512,507	55,164	10,980,148	519,286	12,067,105

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component contracts	loss component	Present value of future cash flows	Non-financial risk adjustments	Total
31 December 2024					
Insurance contracts assets at beginning of the year	1,231,903	-	43,516	(3,925)	1,271,494
Insurance contracts liabilities at beginning of the year	(110,128)	365,769	11,262,535	504,826	12,023,002
Net insurance contracts liabilities (assets) at the beginning of the year	(1,342,031)	365,769	11,219,019	508,751	10,751,508
Insurance contracts revenues	(20,218,635)	-	-	-	(20,218,635)
Insurance contracts expenses					
Incurred claims and other directly attributable expenses	-	-	16,429,693	-	16,429,693
Changes related to past service –changes related to LfIC	-	-	(113,761)	(392,949)	(506,710)
Change in non-financial risk adjustment	-	-	-	375,122	375,122
Change in onerous contracts	-	(73,395)	-	-	(73,395)
Employees expenses	-	-	1,533,772	-	1,533,772
Administrative expenses	-	-	1,125,203	-	1,125,203
Others expenses	-	-	741,738	-	741,738
Amortization of insurance acquisition cost	847,168	-	-	-	847,168
Net insurance contracts expenses	847,168	(73,395)	19,716,645	(17,827)	20,472,591
Insurance contracts services results	(19,371,467)	(73,395)	19,716,645	(17,827)	253,956
Finance expenses - insurance contracts	-	-	188,774	-	188,774
Net change - comprehensive income	(19,371,467)	(73,395)	19,905,419	(17,827)	442,730
Cash received from underwritten contracts	22,781,683	-	-	-	22,781,683
Paid claims	-	-	(16,922,047)	-	(16,922,047)
Paid administrative, employees and other expenses	-	-	(3,400,713)	-	(3,400,713)
Paid acquisition cost	(945,982)	-	-	-	(945,982)
Total cash flows	21,835,701	-	(20,322,760)	-	1,512,941
Insurance contracts assets at the end of the year	199,883	-	122,256	8,791	330,930
Insurance contracts liabilities at the end of the year	1,322,086	292,374	10,923,934	499,715	13,038,109
Net insurance contracts liabilities (assets) at the end of the year	1,122,203	292,374	10,801,678	490,924	12,707,179

7/1 Accounts Receivable Related To Insurance Operations

	2025	2024
Insurance policyholders receivables	3,884,754	4,829,086
Due from related parties (Note 32)	973,108	1,679,360
Employees' receivables	13,810	16,322
Other receivables	1,001,453	1,064,821
Total receivables related to insurance operations	5,873,125	7,589,589
Less: Provision for expected credit loss*	(1,526,742)	(1,804,494)
	4,346,383	5,785,095

This item represents accounts receivable related to insurance operations that considered in the calculation of insurance contract assets and liabilities which is included in footnote (7).

* Movement in the provision for expected credit loss is as follows:

	2025	2024
Balance at beginning of the year	1,804,494	1,804,494
Unneeded provision	(277,752)	-
Balance at end of the year	1,526,742	1,804,494

The aging of accounts receivables that are not doubtful is as follows:

	2025	2024
Undue	2,410,626	3,997,778
Past due from 1-90 days	950,061	1,431,479
Past due from 91-180 days	519,111	355,838
Past due from 181-360 days	466,585	-
Total	4,346,383	5,785,095

7/ 2 Checks under Collection

	2025	2024
Checks under collection*	946,572	1,492,104
Less: Provision for expected credit loss **	(26,789)	(42,077)
	919,783	1,450,027

This item represents Checks under collection related to insurance operations that considered in the calculation of insurance contract assets and liabilities which is included in footnote (7).

* This item does not include any checks under collection with due dates more than one year from the date of these financial statements. An amount of JOD (Zero) as at 31 December 2025, has been recognized, compared to JOD (52,746) as at 31 December 2024, as interest income, which represents the amortization of amounts recorded in previous years due to the discounting of these checks.

** Movement on the provision for expected credit loss is as follows:

	2025	2024
Balance at beginning of the year	42,077	110,859
Unneeded provision	(15,288)	(68,782)
Balance at end of the year	26,789	42,077

The aging of checks under collection is as follows:

	2025	2024
Due within (1-180) days	663,206	1,109,545
Due within (181-360) days	283,366	382,559
Total	946,572	1,492,104

7/ 3 Accounts Payable Related To Insurance Operations

	2025	2024
Medical network payables	2,907,237	3,807,809
Insurance policyholders' payables and other payables	2,061,785	1,157,709
Due to related parties – Medivisa Jordan (Note 32)	-	260
	4,969,022	4,965,778

This item represents accounts payable related to insurance operations that considered in the calculation of insurance contract assets and liabilities which is included in footnote (7).

8 . Reinsurance Contract Assets / Liabilities – Premium Allocation Approach

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Non-financial risk adjustments	
31 December 2025					
Reinsurance contracts assets at beginning of the year	1,514,761	-	663,011	27,021	2,204,793
Reinsurance contracts liabilities at beginning of the year	3,182,549	(54,101)	(1,190,500)	(33,039)	1,904,909
Net reinsurance contracts (assets) liabilities at the beginning of the year	1,667,788	(54,101)	(1,853,511)	(60,060)	(299,884)
Reinsurance services expenses	7,408,132	-	-	-	7,408,132
Recovery of incurred claims	-	-	(5,036,572)	-	(5,036,572)
Changes in non-financial risk adjustment	-	-	-	(84,381)	(84,381)
Changes related to prior services– changes in free cash flow related to the recovery of incurred claims	-	-	179,741	47,013	226,754
Other revenues	-	-	(374,998)	-	(374,998)
Change in onerous contracts	-	54,101	-	-	54,101
Reinsurance service results	7,408,132	54,101	(5,231,829)	(37,368)	2,193,036
Finance expenses - reinsurance contracts	-	-	(11,558)	-	(11,558)
Net change - comprehensive income	7,408,132	54,101	(5,243,387)	(37,368)	2,181,478
Premiums paid net of ceding commissions and other directly attributable expenses	(8,322,053)	-	-	-	(8,322,053)
Received claims recovery from reinsurers	-	-	5,180,111	-	5,180,111
Total cash flows	(8,322,053)	-	5,180,111	-	(3,141,942)
Reinsurance contracts assets at the end of the year	1,044,775	-	1,916,787	97,428	3,058,990
Reinsurance contracts liabilities at the end of the year	1,798,642	-	-	-	1,798,642
Net reinsurance contracts (assets) liabilities at the end of the year	753,867	-	(1,916,787)	(97,428)	(1,260,348)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Non-financial risk adjustments	
31 December 2024					
Reinsurance contracts assets at beginning of the year	613,475	84,737	1,672,625	36,216	2,407,053
Reinsurance contracts liabilities at beginning of the year	2,502,884	-	(183,496)	(14,169)	2,305,219
Net reinsurance contracts (assets) liabilities at the beginning of the year	1,889,409	(84,737)	(1,856,121)	(50,385)	(101,834)
Reinsurance services expenses	5,344,213	-	-	-	5,344,213
Recovery of incurred claims	-	-	(3,140,078)	-	(3,140,078)
Changes in non-financial risk adjustment	-	-	-	(39,363)	(39,363)
Changes related to prior services– changes in free cash flow related to the recovery of incurred claims	-	-	-	29,688	29,688
Other revenues	-	-	(251,472)	-	(251,472)
Change in onerous contracts	-	30,636	-	-	30,636
Reinsurance service results	5,344,213	30,636	(3,391,550)	(9,675)	1,973,624
Finance expenses - reinsurance contracts	-	-	(85,659)	-	(85,659)
Net change - comprehensive income	5,344,213	30,636	(3,477,209)	(9,675)	1,887,965
Premiums paid net of ceding commissions and other directly attributable expenses	(5,565,834)	-	-	-	(5,565,834)
Received claims recovery from reinsurers	-	-	3,479,819	-	3,479,819
Total cash flows	(5,565,834)	-	3,479,819	-	(2,086,015)
Reinsurance contracts assets at the end of the year	1,514,761	-	663,011	27,021	2,204,793
Reinsurance contracts liabilities at the end of the year	3,182,549	(54,101)	(1,190,500)	(33,039)	1,904,909
Net reinsurance contracts (assets) liabilities at the end of the year	1,667,788	(54,101)	(1,853,511)	(60,060)	(299,884)

8/1 Accounts Receivables (Reinsurance Contracts Held)

	2025	2024
Reinsurance contracts assets (Local)	943,197	779,089
Reinsurance contracts assets (Foreign) *	737,830	1,376,022
Total accounts receivable (reinsurance contracts)	1,681,027	2,155,111
Less: Provision for expected credit losses**	(493,252)	(451,390)
Net accounts receivable (reinsurance contracts)	1,187,775	1,703,721

This item represents accounts receivable related to reinsurance operations that considered in the calculation of reinsurance contract assets and liabilities which is included in footnote (8).

* These amounts include insurance receivables due from related parties amounting to JOD (49,208) as at 31 December 2025, compared to JOD (49,208) as at 31 December 2024.

** Movement on the provision for expected credit loss is as follows:

	2025	2024
Balance at beginning of the year	451,390	170,000
Provision for the year	41,862	281,390
Balance at end of the year	493,252	451,390

The aging of accounts receivable that are not doubtful (reinsurance contracts) is as follows:

	2025	2024
Past due from 1-90 days	1,001,520	1,404,716
Past due from 91-180 days	186,255	299,005
Total	1,187,775	1,703,721

8/2 Accounts Payable (Reinsurance Contracts Held)

	2025	2024
Reinsurance contracts liabilities held (Local)	329,339	1,600,557
Reinsurance contracts liabilities held (Foreign) *	2,958,380	2,947,062
Total accounts payable (reinsurance contracts held)	3,287,719	4,547,619

This item represents accounts payable related to reinsurance operations that considered in the calculation of reinsurance contract assets and liabilities which is included in footnote (8).

* These amounts include accounts payable due to related parties amounting to JOD (81,987) as at 31 December 2025, compared to JOD (81,987) as at 31 December 2024.

9 . **Income Tax**

A- Income Tax Provision

The movement on Income tax provision is as follow:

	2025	2024
Balance at beginning of the year	50,926	81,099
Income tax paid	-	(30,173)
Balance at end of the year	50,926	50,926

The following is the reconciliation between declared loss and taxable loss:

	2025	2024
Accounting loss	(2,586,521)	(1,868,130)
Nondeductible expenses	2,312,494	2,547,918
Non – taxable profit	(2,783,593)	(1,779,658)
Taxable loss	(3,057,620)	(1,099,870)
Income tax rate according to Law	26%	26%
Effective income tax rate	-	-

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2020.
- The income tax returns for the years 2021, 2022 , 2023 and 2024 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No Income and National Contribution Tax provision has been taken on the Company's results of operations for the year at 31 December 2025 as the Company's expenses exceeded its taxable revenues.
- According to the management and tax advisor of the Company the provision of Income and National Contribution tax is sufficient and there is no need for additional provisions.

10 . Property and Equipment

	<u>Lands</u>	<u>Buildings</u>	<u>Furniture & Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost					
Balance at 1/1/2025	350,483	3,331,037	219,957	133,080	4,034,557
Additions	-	33,400	9,844	-	43,244
Balance at 31/12/2025	<u>350,483</u>	<u>3,364,437</u>	<u>229,801</u>	<u>133,080</u>	<u>4,077,801</u>
Accumulated depreciation					
Balance at 1/1/2025	-	264,335	57,046	133,079	454,460
Depreciation for the year	-	58,656	30,269	-	88,925
Balance at 31/12/2025	<u>-</u>	<u>322,991</u>	<u>87,315</u>	<u>133,079</u>	<u>543,385</u>
Net book value at 31/12/2025	<u>350,483</u>	<u>3,041,446</u>	<u>142,486</u>	<u>1</u>	<u>3,534,416</u>
Cost					
Balance at 1/1/2024	411,413	3,040,606	492,247	133,080	4,077,346
Additions	-	327,008	95,103	-	422,111
Disposals	-	-	(331,876)	-	(331,876)
Transfers	(60,930)	(36,577)	(35,517)	-	(133,024)
Balance at 31/12/2024	<u>350,483</u>	<u>3,331,037</u>	<u>219,957</u>	<u>133,080</u>	<u>4,034,557</u>
Accumulated depreciation					
Balance at 1/1/2024	-	61,260	366,574	130,979	558,813
Depreciation for the year	-	50,379	22,967	-	73,346
Disposals	-	-	(330,528)	-	(330,528)
Transfers	-	152,696	(1,967)	2,100	152,829
Balance at 31/12/2024	<u>-</u>	<u>264,335</u>	<u>57,046</u>	<u>133,079</u>	<u>454,460</u>
Net book value at 31/12/2024	<u>350,483</u>	<u>3,066,702</u>	<u>162,911</u>	<u>1</u>	<u>3,580,097</u>

11 . Intangible Assets

	<u>2025</u>	<u>2024</u>
	<u>Computer softwares and programs</u>	<u>Computer softwares and programs</u>
Cost		
Balance at beginning of the year	354,405	307,475
Additions	3,930	105,539
Disposals	-	(58,609)
Balance at end of the year	<u>358,335</u>	<u>354,405</u>
Accumulated amortization		
Balance at beginning of the year	226,829	267,559
Amortization for the year	30,942	17,879
Disposals	-	(58,609)
Balance at end of the year	<u>257,771</u>	<u>226,829</u>
Net book value at end of the year	<u>100,564</u>	<u>127,576</u>

12 . Leased Assets

The movement on the right of use assets and lease obligation is as follows:

	Right of use assets	Lease obligation
Balance at 1/1/2025	75,867	78,553
Interest during the year (Note 30)	-	5,646
Rent paid during the year	-	(27,000)
Depreciation during the year (Note 30)	(20,414)	-
Balance at 31/12/2025	55,453	57,199
	2025	2024
Balance due within 12 months	25,772	25,458
Balance due after 12 months	31,427	53,095
	57,199	78,553

13 . Other Assets

	2025	2024
Accrued revenues	276,759	336,450
Income tax withholdings	179,905	151,573
Prepaid expenses	49,750	114,764
Bank Margin on bank guarantees	42,357	4,186
Other	-	14,616
	548,771	621,589

14 . Other Liabilities

	2025	2024
Commissions payables	126,147	208,789
Sales tax withholdings	-	109,403
Shareholders' withholdings	6,377	6,377
Social security withholdings	35,011	18,462
Stamps withholdings	9,256	12,758
Others	7,192	7,770
	183,983	363,559

15 . Accrued Expenses

	2025	2024
Accrued expenses	23,600	-
Actuarial consulting fees	33,000	8,867
	56,600	8,867

16. Paid-in Capital

The Company's authorized, subscribed and paid-in capital is JOD (10,000,000) divided equally into (10,000,000) shares with a par value of JOD (1) each as at 31 December 2025, 2024.

17. Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders.

18. Cumulative Change in Fair Value

This item represents the change in fair value of financial assets measured at fair value through other comprehensive income:

	2025	2024
Balance at beginning of the year	(510,327)	(507,447)
Change in fair value during the year	108,546	(2,880)
Loss from sale of financial assets at fair value through other comprehensive income	401,781	-
Balance at end of the year	-	(510,327)

19. Accumulated Losses

	2025	2024
Balance at beginning of the year	(6,414,925)	(4,867,524)
Loss for the year	(2,586,521)	(1,547,401)
Loss from sale of financial assets at fair value through other comprehensive income	(401,781)	-
Balance at end of the year	(9,403,227)	(6,414,925)

The Mediterranean and Gulf Insurance Company – Jordan PLC
Notes to the Financial Statements (Continued)
31 December 2025

20 . Insurance Contracts Revenues

2025	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Change in insurance contracts liabilities against the remaining coverage	11,114,877	236,647	871,704	340,775	178,951	339,971	9,303,541	83,792	22,470,258
Insurance contracts issuance fees	289,393	14,582	31,163	9,369	13,632	233	373,590	5,535	737,497
Total insurance contracts revenues	11,404,270	251,229	902,867	350,144	192,583	340,204	9,677,131	89,327	23,207,755

2024	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Change in insurance contracts liabilities against the remaining coverage	10,328,665	-	992,269	376,133	151,316	310,034	7,372,533	58,144	19,589,094
Insurance contracts issuance fees	257,289	-	37,052	22,901	8,625	10,344	285,709	7,621	629,541
Total insurance contracts revenues	10,585,954	-	1,029,321	399,034	159,941	320,378	7,658,242	65,765	20,218,635

The Mediterranean and Gulf Insurance Company – Jordan PLC
Notes to the Financial Statements (Continued)
31 December 2025

21 . Insurance Contracts Expenses

2025	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Incurred claims	11,000,206	11,832	162,790	71,260	142,434	(10,050)	8,032,673	18,512	19,429,657
Amortization of acquisition costs	649,121	-	68,672	22,278	11,050	33,649	306,861	9,437	1,101,068
Onerous contracts losses (recoveries)	(183,751)	-	-	-	-	-	(53,459)	-	(237,210)
Non – financial risk adjustments	(22,627)	-	25,067	10,446	21,829	(5,003)	7,797	(9,147)	28,362
Administrative and general expenses	775,250	-	68,032	35,448	22,114	87,212	346,131	10,953	1,345,140
Employees expenses	908,670	-	71,717	40,041	29,095	121,447	362,409	11,365	1,544,744
Other expenses	18,582	-	-	-	-	-	720,974	-	739,556
Total insurance contracts expenses	13,145,451	11,832	396,278	179,473	226,522	227,255	9,723,386	41,120	23,951,317

2024	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Incurred claims	9,464,617	-	86,202	232,598	21,655	77,351	6,409,506	24,003	16,315,932
Amortization of acquisition costs	520,731	-	49,769	29,846	9,289	27,169	203,106	7,258	847,168
Onerous contracts losses (recoveries)	(36,362)	-	-	-	-	-	(37,033)	-	(73,395)
Non – financial risk adjustments	(35,824)	-	4,419	12,282	(8,312)	4,871	2,838	1,899	(17,827)
Administrative and general expenses	598,553	-	118,410	57,606	32,621	47,628	251,066	19,319	1,125,203
Employees expenses	824,420	-	136,713	74,886	51,093	91,446	320,907	34,307	1,533,772
Other expenses	9,790	-	-	-	-	-	731,948	-	741,738
Total insurance contracts expenses	11,345,925	-	395,513	407,218	106,346	248,465	7,882,338	86,786	20,472,591

The Mediterranean and Gulf Insurance Company – Jordan PLC
Notes to the Financial Statements (Continued)
31 December 2025

22 . Reinsurance Contracts Held Expenses

2025	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Change in reinsurance contracts liabilities against the remaining coverage	1,435,806	236,647	812,015	195,253	125,737	316,337	4,230,073	56,264	7,408,132
Total Reinsurance Contracts Held Expenses	1,435,806	236,647	812,015	195,253	125,737	316,337	4,230,073	56,264	7,408,132
2024	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Change in reinsurance contracts liabilities against the remaining coverage	532,171	-	1,202,759	338,719	90,490	320,129	2,808,492	51,453	5,344,213
Total Reinsurance Contracts Held Expenses	532,171	-	1,202,759	338,719	90,490	320,129	2,808,492	51,453	5,344,213

23 . Reinsurance Contracts Held Revenues

2025	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Recovered incurred claims from reinsurance	(40,058)	11,823	104,743	56,080	80,580	(19,889)	4,650,741	12,811	4,856,831
Other revenues	258	-	164,788	903	34,606	107,107	52,006	15,330	374,998
Loss from onerous contracts	-	-	-	-	-	-	(54,101)	-	(54,101)
Non-financial risk adjustments	2,313	-	14,605	9,354	13,576	(5,734)	10,165	(6,911)	37,368
Total reinsurance contracts revenues	(37,487)	11,823	284,136	66,337	128,762	81,484	4,658,811	21,230	5,215,096
2024	Motors	Aviation	Fire	Engineering	Liability	Marine	Medical	Others	Total
Recovered incurred claims from reinsurance	(3,976)	-	69,917	213,909	(2,492)	73,188	2,767,560	21,972	3,140,078
Other revenues	4,107	-	148,765	66,164	(9,093)	133,976	(103,203)	10,756	251,472
Loss from onerous contracts	-	-	-	-	-	-	(30,636)	-	(30,636)
Non-financial risk adjustments	(12,432)	-	4,238	10,368	499	5,595	(96)	1,503	9,675
Total reinsurance contracts revenues	(12,301)	-	222,920	290,441	(11,086)	212,759	2,633,625	34,231	3,370,589

24 . Finance Expenses - Insurance Contracts

	2025	2024
Finance expenses	(281,872)	(188,774)
Total	(281,872)	(188,774)

- The Company used discount rates ranged between (5.56%) and (6.11%) as at 31 December 2025, compared to (6.29%) and (6.55%) as at 31 December 2024.
- The discount rate is determined at the level of the Company and not at the level of portfolios. The risk-free discount rate in US dollars issued by the European Insurance and Occupational Pensions Authority (EIOPA) was used since the exchange rate of the Jordanian dinar is linked to the current exchange rate of the US dollar, and an additional margin was increased on discount rates of (2%), as the yield on Jordanian government bonds is higher than the yield on US government bonds.

25 . Finance Revenues - Reinsurance Contracts

	2025	2024
Finance revenues	11,558	85,659
Total	11,558	85,659

- The Company used discount rates ranged between (5.56%) and (6.11%) as at 31 December 2025, compared to (6.29%) and (6.55%) as at 31 December 2024.
- The discount rate is determined at the level of the Company and not at the level of portfolios. The risk-free discount rate in US dollars issued by the European Insurance and Occupational Pensions Authority (EIOPA) was used since the exchange rate of the Jordanian dinar is linked to the current exchange rate of the US dollar, and an additional margin was increased on discount rates of (2%), as that the yield on Jordanian government bonds is higher than the yield on US government bonds.

26 . Interest Income

	2025	2024
Interest on bank deposit	358,737	357,791
Financing interest – Amortization of discount on checks under collection	-	52,746
	358,737	410,537

27 . Gain from Financial Assets and Investments

	2025	2024
Cash dividend (Financial assets measured at fair value through other comprehensive income)	19,700	14,608
	19,700	14,608

28 . Others Revenues

	2025	2024
Revenues from medical claims discounts	228,805	278,932
Ownership transfer	108,227	121,266
Reconciliation of accounts payable	-	190,412
Al- Abdali building rent	181,880	148,335
Reinsurers participation revenues	29,066	25,320
Other revenues	83,567	111,260
	631,545	875,525

29 . Gain from Sale of Property and Equipment

	2025	2024
Gain from sale of property and equipment	-	2,000
	-	2,000

30 . Administrative, Employees and Other Expenses

30/1 . Administrative Expenses

	2025	2024
Professional fees	430,397	311,005
Other expenses	243,706	403,143
Depreciation and amortization	217,448	172,261
Insurance administrative fees	188,255	101,310
Insurance	30,249	67,149
Cleaning and consumables	47,655	57,443
Water, electricity and heating	42,734	54,901
Maintenance	64,869	51,526
Postage and telecommunications	34,200	49,157
Stationery and printing	37,541	39,465
Rents	-	38,300
Bank expenses	31,105	35,139
Governmental and other fees	63,788	30,348
Advertisements	24,342	25,589
Right of use assets depreciation (Note 12)	20,414	20,661
Hospitality	19,853	20,508
Cars expenses	14,859	19,859
Travel and transportations	27,083	16,694
Taxes on property	20,798	6,621
Lease obligation interest (Note 12)	5,646	5,435
Total	1,564,942	1,526,514
Unallocated administrative expenses	219,802	401,311
Allocated administrative expenses	1,345,140	1,125,203
Total	1,564,942	1,526,514

30/2 . Employees Expenses

	2025	2024
Salaries and bonuses	1,443,626	1,427,674
Company's contribution in social security	147,999	151,776
Training and development expenses	579	3,396
	1,592,204	1,582,846
Unallocated employees expenses	47,460	49,074
Allocated employees expenses	1,544,744	1,533,772
Total	1,592,204	1,582,846

30/3 . Other Expenses

	2025	2024
Medical Claims Management	647,046	703,962
Others	214,839	106,767
	861,885	810,729
Unallocated other expenses	122,329	68,991
Allocated other expenses	739,556	741,738
Total	861,885	810,729

The company allocates direct general and administrative expenses and employees expenses to insurance contract groups and includes them in the calculation of contract profitability through a direct relationship with the insurance portfolios. While, indirect general and administrative expenses and employees expenses not related to insurance contracts are allocated based on a set of approved cost centers, including total written insurance premiums for the portfolios, paid claims and outstanding claims cost center, and the number of employees cost center.

Allocation of Expenses and Acquisition Costs

2025					2024				
Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total	Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total
2,157,904	1,148,470	1,424,134	389,591	5,120,099	1,897,262	1,107,145	1,243,475	519,376	4,767,258
2,157,904	1,148,470	1,424,134	389,591	5,120,099	1,897,262	1,107,145	1,243,475	519,376	4,767,258

31 . Basic and Diluted Loss Per Share

Loss per share was calculated by dividing the loss for the year by weighted average number of shares during the year as follows:

	2025	2024
Loss for the year	(2,586,521)	(1,547,401)
Weighted average number of shares	10,000,000	10,000,000
Loss per share	(0.26)	(0.155)

32 . Related Party Transactions

The Company has entered into transactions with major shareholders, members of the Board of Directors, senior management, and companies controlled by them as part of its normal course of business, using standard profit rates and customary commercial commissions.

Below is a summary of the balances with related parties as shown in the statement of financial position:

	2025	2024
Amounts due from related parties		
The Mediterranean and Gulf Insurance and Reinsurance Company – Lebanon - Major shareholder	966,190	1,672,442
Addison Bradley International – Lebanon (Sister company - Reinsurance brokerage company)	49,208	49,208
The Mediterranean and Gulf Insurance Company – Bahrain (Sister company)	6,918	6,918
	<u>1,022,316</u>	<u>1,728,568</u>
	2025	2024
Amounts due to related parties		
Addison Bradley International – Lebanon (sister company – Reinsurance brokerage company)	81,987	81,987
Medivisa – Jordan (Sister company)	-	260
	<u>81,987</u>	<u>82,247</u>

Below is a summary of transactions with related parties as shown in the statement of profit or loss:

	2025	2024
Finance interest– amortization of discount on checks under collection from Al-Manaseer Group – Major shareholder	-	52,746
Board of Directors' members expenses	143,475	132,000

Below is a summary of benefits (salaries, bonuses, and other benefits) for the company's senior executive management:

	2025	2024
Salaries and benefits	<u>244,708</u>	<u>169,254</u>

33 . Cash and Cash Equivalents

The cash and cash equivalents that appear in the statement of cash flows represent the following:

	2025	2024
Cash on hand and at banks	62,713	135,130
Add : Deposits at banks	3,474,553	7,154,228
Deduct : Deposits at banks mature after 3 months	<u>(3,474,553)</u>	<u>(2,014,041)</u>
Net cash and cash equivalents at end of the year	<u>62,713</u>	<u>5,275,317</u>

34. Fair Value Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company include cash on hand and at banks, bank deposits, other assets, reinsurance contracts assets and financial assets at fair value through other comprehensive income. Financial liabilities of the Company include insurance contract liabilities, reinsurance contracts liabilities, lease obligations and other liabilities.

There are no significant differences between the book value and fair value of the financial assets and financial liabilities.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

2025	Level One	Level Two	Level Three	Total
Financial assets at fair value through other comprehensive income	-	-	-	-
	-	-	-	-
2024	Level One	Level Two	Level Three	Total
Financial assets at fair value through other comprehensive income	216,112	-	-	216,112
	<u>216,112</u>	<u>-</u>	<u>-</u>	<u>216,112</u>

35. Risks management

First: Descriptive Disclosures

Risk management is the process of assessing and analyzing risks and development of strategies to manage them. These strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the Company, in addition to accepting the related consequences partially or wholly, Risk management can be divided into four sections:

First: Material risks such as (natural catastrophes, fires, accidents, and other external risks not relating to the Company's operations).

Second: Legal risks resulting from legal claims or any risks arising from the laws and regulations issued by the Insurance Commission and the related non-compliance.

Third: Risks arising from financial matters such as (interest rate, credit risk, foreign currencies risks, and market risk).

Fourth: Intangible risks that are difficult to identify such as knowledge risk that occurs upon the application of inadequate knowledge by employees, Moreover, relationships risks occur when there is inefficient cooperation with clients. All these risks reduce the employee's productivity in knowledge and lessen the effectiveness of expenditures, profit, service, quality, reputation, and the quality of gains.

Management of risks adopted by the Company relies on prioritizing so that risks with huge losses and high probability are treated first while risks with lower losses and lesser probability are treated later on.

Risk Management Policy

First: Planning and Preparation

The work scope plan and criteria for adopting and evaluating risks at the Company have been set through creating the Institutional Development and Quality Department that monitors this performance.

Second: Identification of Risks

The risk inherent in any insurance contract arises from the possibility that the insured event may occur. Therefore, such events should be identified at their source; once the event or its source is identified, the incidents arising from that source may lead to new risks that can be addressed and mitigated before they occur. There are many ways to identify risks such as identification based on objectives as each of the Company's sections has certain objectives it endeavors to achieve. Any event that threatens the achievement of these objectives is considered a risk. Based on this, risks are studied and pursued. Moreover, there is a type of risk identification based on a comprehensive classification of all probable sources of risk. Still another type of risk identification is common risks especially for similar companies.

Third: How to Deal with Risks

The Company deals with probable risks by means of the following methods:

- Transfer: This represents the process of transferring the risk to another party through contracts or financial protection.
- Avoidance: This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Company from conducting certain activities profitable for the Company.
- Reduction: This is the process of decreasing the loss arising from the occurrence of risk.
- Acceptance: There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

Fourth: Plan

An clear and practical plan has been set to deal with risks through a pricing policy that relies on historical statistics to avoid the occurrence of loss from any insurance branch so that the premium covers the probable cumulative risks.

Fifth: Execution

The Company's technical departments are possible for implementing the plan so that the risk effects are mitigated. Moreover, all avoidable risks are avoided.

Sixth: Plan Review and Evaluation

The Risks Department follows up on the Company's development and constantly and continuously develops and upgrades the plan in effect.

Risk Management Arrangements

Determinants

Top priority is given to the Risks Department, This affects the Company's productivity and profitability, Moreover, the Risks Department distinguishes between actual risk and uncertainties, priorities are given to risks with huge losses and high probability so as to avoid them.

Risks Management Responsibilities

- Updating the risk data base constantly and continuously.
- Predicting any probable risk.
- Cooperating with executive management to treat risks and mitigate risk.
- Preparing plans and risk reports continuously in order to avoid the probable risk or reduce the probability of its occurrence

Risk Treatment Strategy

- Determining the Company's objectives.
- Clarifying strategies for the Company's objectives.
- Distinguishing risk.
- Assessing risk.
- Identifying methods to avoid and treat risk.

Second: Second: Quantitative Disclosures

A. Insurance Risk

1- Insurance risk

Risks of any insurance policy represent the probability of occurrence of the insured event and the uncertainty of the related claim amount due to the nature of the insurance policy, whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. Where probability theory can be applied for pricing and reserving purposes, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from the related statistics.

Studies have shown that the more similar the insurance policies are, the nearer the expectations are to the average actual loss. Moreover, diversifying the types of insurance risks covered decreases the probability of the overall insurance loss.

The Company is engaged in underwriting various classes of insurance, including fire, accident, marine and transport, motor, liability, aviation, and medical insurance, through its head office located in Al Boulevard – Abdali Project in Amman, as well as its other branches.

The Company, through its team of professional and administrative staff, is committed to providing the highest level of service to its clients. In this regard, a comprehensive framework has been established to protect the Company from potential risks, whether natural or non-natural. This includes the establishment of adequate provisions and the deployment of appropriate technical resources to ensure the Company's continuity and sustainability. Accordingly, the Company has developed and implemented a risk management strategy

Steps Followed in Determining the Assumptions

These steps rely on internal data derived from quarterly claims reports, as well as sorting of executed insurance contracts as of the date of the statement of financial position, in order to extract the active insurance contracts. The selection of the applied results for the accident year for each type of insurance depends on assessing the most suitable methodology to observe historical development.

2 - Claims Development

The schedules below show the actual claims (based on management's estimates at year-end) compared to the expectations for the past four years based on the year in which the insurance claims were reported.

Motor Insurances / Gross The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	102,264,347	9,614,817	9,888,925	8,496,555	8,818,750	139,083,393
After one year	103,891,444	11,279,663	11,654,295	10,519,522	-	137,344,923
After two years	103,820,402	11,349,519	12,225,238	-	-	127,395,160
After three years	103,721,221	11,577,437	-	-	-	115,298,659
After four years	104,023,292	-	-	-	-	104,023,292
Total accumulated claims paid	103,824,771	11,361,626	11,711,027	8,648,703	6,331,847	141,877,975
Total liabilities	104,023,292	11,577,437	12,225,238	10,519,522	8,818,750	147,164,240
Total liabilities for incurred claims	198,521	215,811	514,211	1,870,819	2,486,903	5,286,265
Discounting effect	-	-	-	-	(414,217)	(414,217)
Total liabilities for incurred claims	198,521	215,811	514,211	1,870,819	2,072,686	4,872,048

Motor Insurances / Net The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	86,598,644	7,854,808	8,254,005	7,258,852	7,577,569	117,543,878
After one year	87,837,802	9,193,548	9,787,001	9,076,997	-	115,895,348
After two years	87,816,162	9,357,184	10,294,269	-	-	107,467,615
After three years	87,708,848	9,513,199	-	-	-	97,222,048
After four years	87,939,203	-	-	-	-	87,939,203
Total accumulated claims paid	87,740,682	9,297,388	9,780,058	7,284,336	5,116,018	119,218,482
Total liabilities	87,939,203	9,513,199	10,294,269	9,076,997	7,577,569	124,401,237
Total liabilities for incurred claims	198,521	215,811	514,211	1,792,661	2,461,551	5,182,755
Discounting effect	-	-	-	-	(390,134)	(390,134)
Total liabilities for incurred claims	198,521	215,811	514,211	1,792,661	2,071,417	4,792,621

Marine Insurances / Gross The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	910,128	95,080	73,106	20,001	9,926	1,108,241
After one year	857,475	94,698	101,871	21,581	-	1,075,625
After two years	853,430	98,981	101,946	-	-	1,054,358
After three years	854,738	99,432	101,946	-	-	1,056,116
After four years	854,738	-	-	-	-	854,738
Total accumulated claims paid	854,738	99,212	100,946	20,170	7,612	1,082,679
Total liabilities	854,738	99,432	101,946	21,581	9,926	1,087,624
Total liabilities for incurred claims	-	220	1,000	1,411	2,314	4,945
Discounting effect	-	-	-	-	(169)	(169)
Total liabilities for incurred claims	-	220	1,000	1,411	2,145	4,776

Marine Insurances / Net The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	659,227	90,299	60,003	19,998	9,926	839,453
After one year	574,846	64,810	67,882	21,428	-	728,967
After two years	572,089	69,113	69,033	-	-	710,235
After three years	574,138	67,148	-	-	-	641,286
After four years	575,104	-	-	-	-	575,104
Total accumulated claims paid	575,104	67,148	69,033	21,428	9,264	741,977
Total liabilities	575,104	67,148	69,033	21,428	9,926	742,639
Total liabilities for incurred claims	-	-	-	-	662	662
Discounting effect	-	-	-	-	(105)	(105)
Total liabilities for incurred claims	-	-	-	-	557	557

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Fire Insurances / Gross The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	5,703,976	93,484	69,996	60,286	335,024	6,262,766
After one year	5,815,712	775,597	292,832	174,409	-	7,058,549
After two years	5,624,961	776,608	385,362	-	-	6,786,931
After three years	5,596,573	828,559	-	-	-	6,425,131
After four years	5,598,073	-	-	-	-	5,598,073
Total accumulated claims paid	5,598,073	825,888	298,117	91,833	125,783	6,939,694
Total liabilities	5,598,073	828,559	385,362	174,409	335,024	7,321,427
Total liabilities for incurred claims	-	2,671	87,245	82,576	209,241	381,733
Discounting effect	-	-	-	-	(17,015)	(17,015)
Total liabilities for incurred claims	-	2,671	87,245	82,576	192,226	364,718

Fire Insurances / Net The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	5,192,264	86,703	55,893	60,245	180,997	5,576,103
After one year	5,268,247	731,128	257,806	97,092	-	6,354,273
After two years	5,074,118	732,159	274,398	-	-	6,080,674
After three years	5,046,471	781,694	-	-	-	5,828,165
After four years	5,048,937	-	-	-	-	5,048,937
Total accumulated claims paid	5,048,937	781,694	274,398	91,833	125,783	6,322,645
Total liabilities	5,048,937	781,694	274,398	97,092	180,997	6,383,118
Total liabilities for incurred claims	-	-	-	5,259	55,214	60,473
Discounting effect	-	-	-	-	(4,091)	(4,091)
Total liabilities for incurred claims	-	-	-	5,259	51,123	56,382

Liability Insurances / Gross The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	235,261	7,349	22,377	1,567	90,639	357,192
After one year	235,872	16,498	22,947	98,549	-	373,866
After two years	295,806	17,437	22,958	-	-	336,202
After three years	334,040	19,373	-	-	-	353,413
After four years	474,720	-	-	-	-	474,720
Total accumulated claims paid	449,720	19,373	22,958	10,500	14,500	517,051
Total liabilities	474,720	19,373	22,958	98,549	90,639	706,239
Total liabilities for incurred claims	25,000	-	-	88,049	76,139	189,188
Discounting effect	-	-	-	-	(5,485)	(5,485)
Total liabilities for incurred claims	25,000	-	-	88,049	70,654	183,703

Liability Insurances / Net The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	233,929	7,349	22,377	1,567	51,888	317,109
After one year	234,040	16,498	22,947	59,798	-	333,283
After two years	293,974	17,437	22,958	-	-	334,369
After three years	332,208	19,373	-	-	-	351,580
After four years	472,888	-	-	-	-	472,888
Total accumulated claims paid	472,888	19,373	22,958	10,500	14,500	540,219
Total liabilities	472,888	19,373	22,958	59,798	51,888	626,904
Total liabilities for incurred claims	-	-	-	49,298	37,388	86,686
Discounting effect	-	-	-	-	(2,559)	(2,559)
Total liabilities for incurred claims	-	-	-	49,298	34,829	84,127

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Medical Insurance / Gross The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	-	-	-	-	8,016,118	8,016,118
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Total accumulated claims paid	-	-	-	-	7,611,855	7,611,855
Total liabilities	-	-	-	-	8,016,118	8,016,118
Total liabilities for incurred claims	-	-	-	-	404,263	404,263
Discounting effect	-	-	-	-	(53,152)	(53,152)
Total liabilities for incurred claims	-	-	-	-	351,111	351,111

Medical Insurance / Net The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	-	-	-	-	7,853,178	7,853,178
After one year	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Total accumulated claims paid	-	-	-	-	7,689,659	7,689,659
Total liabilities	-	-	-	-	7,853,178	7,853,178
Total liabilities for incurred claims	-	-	-	-	163,519	163,519
Discounting effect	-	-	-	-	(36,875)	(36,875)
Total liabilities for incurred claims	-	-	-	-	126,644	126,644

Other Insurance / Gross The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	127,173	15,000	8,838	1,896	679	153,586
After one year	136,001	30,006	32,719	30,844	-	229,570
After two years	136,416	31,209	33,177	-	-	200,802
After three years	136,416	31,209	-	-	-	167,625
After four years	136,416	-	-	-	-	136,416
Total accumulated claims paid	136,416	30,795	32,137	26,933	50	226,331
Total liabilities	136,416	31,209	33,177	30,844	679	232,325
Total liabilities for incurred claims	-	414	1,040	3,911	629	5,994
Discounting effect	-	-	-	-	(500)	(500)
Total liabilities for incurred claims	-	414	1,040	3,911	129	5,494

Other Insurance / Net The accident year	2021 and before	2022	2023	2024	2025	Total
At the year of accident	265,629	5,512	13,222	505	50	284,917
After one year	300,488	33,632	38,747	3,595	-	376,462
After two years	299,200	33,613	37,799	-	-	370,612
After three years	298,459	36,028	-	-	-	334,487
After four years	297,493	-	-	-	-	297,493
Total accumulated claims paid	297,493	36,028	37,799	2,538	50	373,909
Total liabilities	297,493	36,028	37,799	3,595	50	374,966
Total liabilities for incurred claims	-	-	-	1,057	-	1,057
Discounting effect	-	-	-	-	(90)	(90)
Total liabilities for incurred claims	-	-	-	1,057	(90)	967

3 - Insurance Risk Concentrations

Below are schedules presenting risk concentration based on insurance type and geographical distribution:
Insurance contracts liabilities are concerted based on insurance type as follow:

	2025		2024	
	Net	Total	Net	Total
Motor	7,180,942	7,495,153	7,113,350	7,394,002
Aviation	9	341,585	-	-
Marine	188,489	34,750	(112,140)	65,185
Fire and damages property	161,325	440,115	896,063	521,928
Liabilities	111,977	956,208	345,663	856,628
Medical	3,690,852	3,318,304	4,476,220	4,122,787
Others	930	8,757	19,069	77,579
Total	11,334,524	12,594,872	12,738,225	13,038,109

The Company covers all its activities by proportional reinsurance treaties, facultative and excess of loss treaties, in addition to treaties that cover the Company's aggregate retention under catastrophe reinsurance agreements.

Assets and liabilities concentrated based on geographical area and sector as follow:

	2025			
	Assets	Liabilities	Reinsurance Assets	Reinsurance Liabilities
A- According to geographical area				
Inside Jordan	15,164,464	14,342,190	2,651,224	1,405,411
Middle East Countries	311,541	252,600	366,454	265,841
Europe	50,841	44,658	34,231	85,671
Other	127,851	102,774	7,081	41,719
Total	15,654,697	14,742,222	3,058,990	1,798,642

	2024			
	Assets	Liabilities	Reinsurance Assets	Reinsurance Liabilities
A- According to geographical area				
Inside Jordan	18,300,405	13,763,454	1,770,390	614,393
Middle East Countries	156,422	304,850	164,121	75,841
Europe	99,651	1,112,673	98,741	505,763
Other	278,895	263,946	171,541	708,912
Total	18,835,373	15,444,923	2,204,793	1,904,909

	2025		
	Assets	Liabilities	Off- financial position items
B- According to sector			
Public sector	675,495	572,209	42,054
Companies and corporations	11,657,661	10,954,122	-
Individuals	3,321,541	3,215,891	-
Total	15,654,697	14,742,222	42,054
	2024		
	Assets	Liabilities	Off- financial position items
B- According to sector			
Public sector	1,835,141	2,936,341	41,860
Companies and corporations	13,372,699	9,933,129	-
Individuals	3,627,533	2,575,453	-
Total	18,835,373	15,444,923	41,860

B. Financial Risks

The risks that the Company face revolve around the possibility of insufficient return on investments to fund the obligations arising from insurance contracts and investments.

The Company follows financial policies to manage several risks within a specified strategy, The Company's management controls the risk and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. This risk includes interest rate risk, credit risk, foreign currency risk and market risk.

The Company follows a hedging policy for each of its assets and liabilities when required, the hedging policy is related to future expected risks

1- Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices. Market risks arise as a result of having opened positions in interest rates, currencies and investment in stocks. These risks are monitored according to specific policies and procedures and through specialized committees and business units.

Market risks and its monitoring are measured using sensitivity analysis.

1/1 Interest rate risk

Interest rate risk relates to the interest rate on fixed deposits held with banks as of 31 December 2025. The interest rate on bank deposits ranged from 4.75% to 5.75% yearly (31 December 2024: 4.75% to 5.75% yearly). The company places 6 months to one year fixed-term deposits to mitigate the risk of interest rate fluctuations. Additionally, the company reduces its exposure to interest rate risk by monitoring changes in market interest rates, aligning the maturity of assets and liabilities, and regularly reviewing yield gaps. Assuming a 1% increase/decrease in interest rates, the company's profit would increase/decrease by JOD (34,746) as of 31 December 2025, and by (JOD 71,542 as of 31 December 2024).

2/1 Foreign currencies risk

The foreign currencies risk is the risk relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. The Jordanian Dinar is considered the Company's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Company. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

Most of the Company's assets and liabilities are funded in Jordanian Dinar or US Dollar. The exchange rate of the US Dollar to Jordanian Dinar is fixed and the probability of this risk is very minimal.

3/1 Liquidity Risk

The Management applies a suitable system to manage its short- and long-term funding risk and maintains sufficient reserves through monitoring the expected cash flows and comparing the maturity of assets with the maturity of financial and technical liabilities on the other hand.

Liquidity risk is the risk that the Company will not be able to meet its obligations associated as they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liabilities, and monitors liquidity daily and maintains sufficient amount of cash and cash equivalents and traded instruments.

The table below summarizes the maturity profile of financial liabilities (based on the remaining maturity period from the date of the financial statements):

<u>2025</u>	<u>Less than 1 month</u>	<u>1 month to 3 months</u>	<u>3 months to 6 months</u>	<u>6 months to 1 year</u>	<u>1 year to 3 year</u>	<u>Without maturity</u>	<u>Total</u>
Liabilities							
Insurance contracts liabilities	876,299	1,752,598	2,628,897	5,257,789	2,079,289	-	12,594,872
Reinsurance contracts liabilities	146,866	293,732	440,598	881,196	36,250	-	1,798,642
Accrued expenses	4,717	9,434	14,151	28,298	-	-	56,600
Income tax provision	12,732	38,194	-	-	-	-	50,926
Lease obligation	2,148	4,296	6,444	12,884	31,427	-	57,199
Other liabilities	15,332	30,664	45,996	91,991	-	-	183,983
Total	1,058,094	2,128,918	3,136,086	6,272,158	2,146,966	-	14,742,222
Total Assets	639,124	1,278,248	1,917,372	3,834,741	7,985,212	-	15,654,697
Net	(418,970)	(850,670)	(1,218,714)	(2,437,417)	5,838,246	-	912,475
<u>2024</u>	<u>Less than 1 month</u>	<u>1 month to 3 months</u>	<u>3 months to 6 months</u>	<u>6 months to 1 year</u>	<u>1 year to 3 year</u>	<u>Without maturity</u>	<u>Total</u>
Liabilities							
Insurance contracts liabilities	785,767	1,571,533	2,357,300	4,714,599	3,608,910	-	13,038,109
Reinsurance contracts liabilities	422,792	15,410	144,541	1,030,944	291,222	-	1,904,909
Accrued expenses	-	8,867	-	-	-	-	8,867
Income tax provision	-	-	50,926	-	-	-	50,926
Lease obligation	2,122	23,336	-	-	53,095	-	78,553
Other liabilities	264,095	61,541	37,923	-	-	-	363,559
Total	1,474,776	1,680,687	2,590,690	5,745,543	3,953,227	-	15,444,923
Total Assets	4,153,042	992,614	2,624,942	2,673,631	8,391,144	-	18,835,373
Net	2,678,266	(688,073)	34,252	(3,071,912)	4,437,917	-	3,390,450

4/1 Equity price risk

Equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD (zero) during the year 2025 (2024: JOD 21,611).

5/1 Credit Risk

This type of risk arises from the inability of other parties indebted to the company to fulfill their obligations. These risks result from the following:

- Reinsurers.
- Policyholders.
- Insurance brokers.

To reduce credit risk, the company undertakes the following measures:

- Establishing credit limits for brokers and agents.
- Monitoring accounts receivable.
- Implementing reinsurance policies with financially strong counterparties.
- Maintaining the company's cash balances with reputable local and international banks.

4. Reinsurance Risk

As is the case with insurance companies, in order to reduce its exposure to major losses that may arise from major insurance claims, the Company, within the normal course of its business, enters into reinsurance agreements with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Company evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations coming from geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Company from its obligations towards policyholders. As a result, the Company remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance agreements.

In order to reduce its exposure to major losses that may arise from major insurance claims, the Company, within the normal course of its business, enters into reinsurance agreements with other parties.

The Company applies the treaty and facultative reinsurance agreements terms upon underwriting for all types of insurance regardless of the size.

The Company completes the reinsurance coverage for each risk assigned to it before the issuance of the insurance policy in case of insurance policies exceeding the relative agreements limits.

If the Company decides to assign more than 30% of any insurance contract, it shall obtain a facultative reinsurance cover by at least 60% of that contract from reinsurance Company that is classified as first or second class in accordance with the instructions of the solvency margin.

The Company reinsures on a facultative basis 60% of risks excluded from treaties to a reinsurance company (companies) classified as 1st or 2nd class according to the solvency margin instructions.

The Company follows up on the treaty and facultative reinsurance Companies on monthly basis to ensure that the classification is not downgraded below 1st and 2nd class.

5. Operational Risks

Operational risks relate to systems downtime or may result from any intentional or unintentional human error. These risks may affect the Company's reputation as they may lead to financial losses. These risks may be avoided through segregating duties, setting the necessary procedures to obtain any information from the Company's systems, and making aware and training the Company's personnel.

6. Insurance Risk Sensitivity

The table below shows the possible reasonable effect of the change in earned revenues from written premiums on the statement of profit or loss and equity, keeping all other affecting variables fixed:

Insurance type	Change rate	Effects on the earned revenues from written premiums	Current year underwriting Profit (loss) before tax	Equity *
Motors	5%	525,612	(2,102,933)	(2,102,933)
Aviation	5%	-	(38,858)	(38,858)
Fire and damages property	5%	5,503	(159,136)	(159,136)
Liability	5%	2,685	(9,310)	(9,310)
Marine	5%	1,652	53,286	39,431
Medical	5%	228,347	50,866	37,641
Others	5%	620	9,574	7,085
		764,419	(2,196,511)	(2,226,080)

Insurance type	Change rate	Effects on the claims cost	Current year underwriting Profit (loss) before tax	Equity*
Motors	5%	562,972	(3,191,517)	(3,191,517)
Aviation	5%	-	(38,858)	(38,858)
Fire and damages property	5%	3,544	(168,182)	(168,182)
Liability	5%	3,087	(15,082)	(15,082)
Marine	5%	443	51,191	37,881
Medical	5%	170,719	(348,200)	(348,200)
Others	5%	272	8,683	6,425
		741,037	(3,701,965)	(3,717,533)

* Net after deducting income tax effect.

- If there is a negative change the effect equals the change above with changing the sign.

7. Legal Risks

This type of risk results from legal claims against the company, and to avoid this risk the company established independent legal department to follow up company's work accordance with law regulating insurance business and the instructions of central bank / insurance regulatory oversight.

36 . Maturity Analysis of Assets and Liabilities:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

2025	within one year	More than one year	Total
Assets:			
Bank deposits	3,474,553	-	3,474,553
Cash on hand and at banks	62,713	-	62,713
Property and equipment	88,925	3,445,491	3,534,416
Insurance contracts assets	527,767	-	527,767
Reinsurance contracts assets	2,915,400	143,590	3,058,990
Intangible assets	30,942	69,622	100,564
Other assets	548,771	-	548,771
Right of use assets	20,414	35,039	55,453
Investment properties	-	4,291,470	4,291,470
Total Assets	7,669,485	7,985,212	15,654,697
Liabilities:			
Insurance contracts liabilities	10,515,583	2,079,289	12,594,872
Reinsurance contracts liabilities	1,762,392	36,250	1,798,642
Accrued expenses	56,600	-	56,600
Income tax provision	50,926	-	50,926
Other liabilities	183,983	-	183,983
Lease obligation	25,772	31,427	57,199
Total Liabilities	12,595,256	2,146,966	14,742,222
Net	(4,925,771)	5,838,246	912,475

2024	within one year	More than one year	Total
Assets:			
Bank deposits	7,154,228	-	7,154,228
Financial assets measured at fair value through other comprehensive income	-	216,112	216,112
Cash on hand and at banks	135,130	-	135,130
Property and equipment	73,346	3,506,751	3,580,097
Insurance contracts assets	330,930	-	330,930
Reinsurance contracts assets	2,009,430	195,363	2,204,793
Intangible assets	17,879	109,697	127,576
Other assets	621,589	-	621,589
Right of use assets	20,661	55,206	75,867
Investment properties	81,036	4,308,015	4,389,051
Total Assets	10,444,229	8,391,144	18,835,373
Liabilities:			
Insurance contracts liabilities	9,429,199	3,608,910	13,038,109
Reinsurance contracts liabilities	1,613,687	291,222	1,904,909
Accrued expenses	8,867	-	8,867
Income tax provision	50,926	-	50,926
Other liabilities	363,559	-	363,559
Lease obligation	25,458	53,095	78,553
Total Liabilities	11,491,696	3,953,227	15,444,923
Net	(1,047,467)	4,437,917	3,390,450

37 . Analysis of Main Sectors

1- Background information on the Company's business segments

For management purposes, the Company measures its insurance segments in accordance with the reports used by executive manager and the company's primary decision maker to include General insurance sector which comprise fire, engineering, liability, marine, medical, and motor insurance. This sector is the base used by the Company to disclose information related to key sectors, the mentioned sector also includes the Company's investments and cash management. The activities between the business sectors are performed based on market price estimates under the same terms applied in dealing with third parties.

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The following is the distribution of the assets and liabilities of the company by product type:

	Motors		Aviation		Marine		Fire and damages property		Liability		Medical		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Assets																
Reinsurance contracts assets	407,778	439,900	341,576	-	102,666	133,734	390,718	210,930	844,231	37,267	957,948	1,307,571	14,073	75,391	3,058,990	2,204,793
Insurance contracts assets	364,418	330,930	-	-	-	-	20,859	-	-	-	136,003	-	6,487	-	527,767	330,930
Accounts receivable	2,043,758	3,597,745	-	-	23,137	66,701	325,912	28,747	12,894	49,166	1,915,620	1,997,676	25,062	45,060	4,346,383	5,785,095
Financial assets	-	216,112	-	-	-	-	-	-	-	-	-	-	-	-	-	216,112
Investment properties	4,291,470	4,389,051	-	-	-	-	-	-	-	-	-	-	-	-	4,291,470	4,389,051
Other assets	548,771	621,589	-	-	-	-	-	-	-	-	-	-	-	-	548,771	621,589
Liabilities																
Insurance contracts liabilities	7,495,153	7,394,002	341,585	-	34,750	65,185	440,115	521,928	956,208	856,628	3,318,304	4,122,787	8,757	77,579	12,594,872	13,038,109
Reinsurance contracts liabilities	93,567	159,248	-	-	256,405	(43,591)	111,928	585,065	-	(473,698)	1,330,496	1,661,004	6,246	16,881	1,798,642	1,904,909
Other liabilities	183,983	363,559	-	-	-	-	-	-	-	-	-	-	-	-	183,983	363,559

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The following is the distribution of the statement of profit or loss items of the company by product type:

	Motors		Aviation		Marine		Fire and damages property		Liability		Medical		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Insurance contracts revenues	11,404,270	10,585,954	251,229	-	340,204	320,378	1,253,011	1,428,355	192,583	159,941	9,677,131	7,658,242	89,327	65,765	23,207,755	20,218,635
Deduct : Insurance contracts expenses	(13,145,451)	(11,345,925)	(11,832)	-	(227,255)	(248,465)	(575,751)	(802,731)	(226,522)	(106,346)	(9,723,386)	(7,882,338)	(41,120)	(86,786)	(23,951,317)	(20,472,591)
Insurance contracts services results	(1,741,181)	(759,971)	239,397	-	112,949	71,913	677,260	625,624	(33,939)	53,595	(46,255)	(224,096)	48,207	(21,021)	(743,562)	(253,956)
Reinsurance contracts held expenses	(1,435,806)	(532,171)	(236,647)	-	(316,337)	(320,129)	(1,007,268)	(1,541,478)	(125,737)	(90,490)	(4,230,073)	(2,808,492)	(56,264)	(51,453)	(7,408,132)	(6,344,219)
Reinsurance contracts held revenues	(37,487)	(12,301)	11,823	-	81,484	212,759	350,473	513,361	128,762	(11,086)	4,658,811	2,633,625	21,230	34,231	5,215,096	3,370,589
Reinsurance contracts services results	(1,473,293)	(544,472)	(224,824)	-	(234,853)	(107,370)	(656,795)	(1,028,117)	3,025	(101,576)	428,738	(174,867)	(35,034)	(17,222)	(2,193,036)	(1,973,624)
Net insurance and reinsurance services results	(3,214,474)	(1,304,443)	14,573	-	(121,904)	(35,457)	20,465	(402,493)	(30,914)	(47,981)	382,483	(398,963)	13,173	(38,243)	(2,936,598)	(2,227,580)
Finance expenses from insurance contracts	(277,333)	(155,068)	-	-	(636)	(1,691)	(4,856)	(13,523)	(1,627)	(10,098)	3,146	(1,102)	(566)	(7,292)	(281,872)	(188,774)
Finance income from reinsurance contracts	5,891	5,599	-	-	-	1,732	6,161	15,246	-	2,493	(2,482)	54,833	1,988	5,756	11,558	85,659
Net insurance contracts service and financing results	(3,485,916)	(1,453,912)	14,573	-	(122,540)	(35,416)	21,770	(400,770)	(32,541)	(55,586)	383,147	(345,232)	14,595	(39,779)	(3,206,912)	(2,330,695)

2. Geographical distribution

The following disclosure demonstrates geographical distribution of the Company's operations; the Company mainly conducts its operations in Jordan. Which represent domestic operations. Also, the Company exercise international activities.

The following table shows the distribution of revenues and assets of the Company and capital expenditures based on their pertaining geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	2025	2024	2025	2024	2025	2024
Total assets	15,164,464	18,300,405	490,233	534,968	15,654,697	18,835,373
Total revenues	23,207,755	20,218,635	-	-	23,207,755	20,218,635
Capital expenditures	47,174	527,650	-	-	47,174	527,650

The Company's assets, liabilities, and off-financial position items are concentrated in the following geographical areas:

	2025			2024		
	Assets	liabilities	Off- financial position items	Assets	liabilities	Off- financial position items
According to geographical area						
Inside Jordan	15,164,464	14,342,190	42,054	18,300,405	13,763,454	41,860
Other Middle East Countries	311,541	252,600	-	156,422	304,850	-
Europe	50,841	44,658	-	99,651	1,112,673	-
Other countries	127,851	102,774	-	278,895	263,946	-
Total	15,654,697	14,742,222	42,054	18,835,373	15,444,923	41,860

38. Capital Management

The company's objectives in managing its capital are as follows:

- 1- Compliance with the minimum capital requirements for insurance companies as stipulated by the Insurance Business Regulation Law.
- 2- Ensuring the company's continuity, thereby enabling it to provide shareholders with appropriate returns on capital.
- 3- Providing suitable returns to shareholders by pricing insurance contracts in accordance with the risks associated with those contracts.
- 4- Adhering to the Central Bank of Jordan's regulations concerning solvency margins.
- 5- The Company's solvency margin as at 31 December 2025 is below the minimum margin determined by Central Bank of Jordan which amounts to (150%).

	2025	2024
Available capital	1,966,591	4,607,313
Capital required		
Required capital against risks, excluding operational risks	3,505,857	4,081,086
Required capital against operational risks	530,042	820,059
Total required capital	4,035,899	4,901,145
Solvency margin	49%	94%

39 . Onerous Contracts

Onerous contracts are limited to those classified under the compulsory motor insurance and medical insurance portfolio. The company is obligated to issue these contracts as part of its motor insurance license, and the production is distributed equally among insurance companies holding this license. The company does not have the option to set the pricing.

40 . Lawsuits Against the Company

The value of lawsuits filed against the company amounted to JOD (1,388,615) as at 31 December 2025, compared to JOD (920,716) as at 31 December 2024. This amount represents legal claims related to the company's activities, technical provisions have been calculated to cover any obligations related to these lawsuits.

In the opinion of the Company's management and its lawyer, the estimated provisions considered sufficient and there is no need to take additional provision.

41 . Contingent Liabilities

The Company has bank guarantees of JOD (42,054) as at 31 December 2025, compared to JOD (41,860) as at 31 December 2024.

42 . Subsequent Events

No subsequent events have a material impact on the financial statement as at 31 December 2025.

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43 . Premiums Based on Insurance Type

	Motors		Aviation		Marine		Fire and damages property		Liability		Medical		Other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Written premiums	9,582,555	10,359,472	566,400	-	328,825	279,528	892,328	1,064,743	90,992	935,593	8,021,443	8,143,778	49,223	68,722	19,531,766	20,851,836
Total premiums	9,582,555	10,359,472	566,400	-	328,825	279,528	892,328	1,064,743	90,992	935,593	8,021,443	8,143,778	49,223	68,722	19,531,766	20,851,836
Deduct:																
Local reinsurers' share	991,327	420,166	-	-	69,783	56,039	450,786	637,236	39,401	845,290	-	1,254,139	8,114	16,422	1,559,411	3,229,292
Foreign reinsurers' share	-	-	566,400	-	225,544	210,932	332,296	357,327	12,467	26,848	4,038,269	1,732,808	30,872	39,869	5,205,848	2,367,784
Net underwritten premiums	8,591,228	9,939,306	-	-	33,498	12,557	109,246	70,180	39,124	63,455	3,983,174	5,156,831	10,237	12,431	12,766,507	15,254,760

44 . Amortization of Acquisition Cost for Insurance Contracts Assets

<u>2025</u>	<u>Motors</u>	<u>Aviation</u>	<u>Fire</u>	<u>Engineer</u>	<u>Liability</u>	<u>Marin</u>	<u>Medical insurance</u>	<u>Other</u>	<u>Total</u>
Number of years expected to amortize the acquisition cost for insurance contracts assets									
One year	136,659	-	22,553	6,703	2,160	9,755	79,067	2,956	259,853
Total	136,659	-	22,553	6,703	2,160	9,755	79,067	2,956	259,853

<u>2024</u>	<u>Motors</u>	<u>Aviation</u>	<u>Fire</u>	<u>Engineer</u>	<u>Liability</u>	<u>Marin</u>	<u>Medical insurance</u>	<u>Other</u>	<u>Total</u>
Number of years expected to amortize the acquisition cost for insurance contracts assets									
One year	294,626	-	28,589	10,464	5,675	7,067	98,813	5,979	451,213
Total	294,626	-	28,589	10,464	5,675	7,067	98,813	5,979	451,213

45 . Accounts Receivable Analysis

	<u>2025</u>			<u>2024</u>		
	<u>Accounts receivable</u>	<u>Provision for expected credit losses</u>	<u>Total</u>	<u>Accounts receivable</u>	<u>Provision for expected credit losses</u>	<u>Total</u>
Motors	3,044,605	(1,000,847)	2,043,758	4,082,936	(485,191)	3,597,745
Liability	23,548	(10,654)	12,894	59,327	(10,161)	49,166
Marine	43,678	(20,541)	23,137	102,029	(35,328)	66,701
Fire and damages property	376,107	(50,195)	325,912	336,458	(307,711)	28,747
Medical	2,346,526	(430,906)	1,915,620	2,935,107	(937,431)	1,997,676
Other	38,661	(13,599)	25,062	73,732	(28,672)	45,060
Total	5,873,125	(1,526,742)	4,346,383	7,589,589	(1,804,494)	5,785,095

46 . Material uncertainty related to going concern

The Company's Board of Directors has developed a remedial plan to address its financial position and enhance its ability to continue as a going concern. A number of corrective actions were identified, most notably the restructuring of the executive management and the review and update of the operational policies in place, as well as the reassessment of the pricing policy in a manner consistent with market conditions.

The plan also included improving claims management processes in a way that contributes to enhancing operational efficiency and reducing losses. In addition, the plan included amending the credit policy and monitoring its implementation in a manner that serves the best interests of both the Company and its customers. Accordingly, management will conduct a comprehensive assessment of the Company's financial and operational position based on the results achieved by the end of the current fiscal year.