



# Independent auditor’s report to the shareholders of Gulf Insurance Group K.S.C.P.

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## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gulf Insurance Group K.P.S.C. (the “Parent Company”) and its subsidiaries (together referred to as the “Group”), as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

### Basis for opinion

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 consolidated financial statements** section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Our audit approach

#### Overview

Key Audit Matter	Valuation of liability for incurred claims-present value of future cash flows and risk adjustment
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls,

including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our

audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of liability for incurred claims-present value of future cash flows and risk adjustment</b> <p>As at 31 December 2024, as disclosed in notes 8 and 9, the estimates of present value of future cash flows amounted to KD 456,452 thousand (2023: KD 415,773 thousand) and the risk adjustment amounted to KD 37,222 thousand (2023: KD 39,155 thousand).</p> <p>The valuation of the liability for incurred claims (LIC) under IFRS 17 is a key judgmental area for management as it requires the use of complex actuarial methods to estimate contractual cash flows, in particular ultimate claim expectations and claim development patterns. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. In addition, the risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk. The Group applies key judgments and assumptions in deciding on the technique used to determine the risk adjustment for non-financial risks.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"><li>• Understood and evaluated management’s process for the valuation of outstanding claims.</li><li>• Evaluated the competence, capabilities and objectivity of the management’s experts based on their professional qualifications and experience and assessed their independence.</li><li>• Performed substantive tests, on a sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves.</li><li>• Checked the completeness of the underlying data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data used by the management in estimating the present value of the future cash flows and risk adjustment for non-financial risk by comparing it to the accounting and other records</li></ul> <p>We involved our actuarial specialists to:</p> <ul style="list-style-type: none"><li>• Evaluate the methodology and assumptions related to the present value of future cash flows, risk adjustment, and discounting against the requirements of IFRS 17 as well as alignment with industry practice.</li><li>• Assess the appropriateness of key actuarial assumptions used including claims ratios and development patterns.</li><li>• Independently project the future cash flows relating to claims incurred but not settled at the reporting date, whether reported or not, being a component of the best estimate liability for incurred claims using sensitivity testing on the key areas of judgment to develop a reasonable range and compare it to management’s estimate.</li><li>• Evaluate management’s approach to determining the risk adjustment relative to the requirements of IFRS 17, and perform independent assessment to confirm that the risk adjustment is within IFRS 17 methodology set by management.</li><li>• Independently calculate the impact of the time value of money on the components of the liability for incurred claims and compare it to management’s estimate.</li><li>• We assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.</li></ul>

Other information

The directors are responsible for the other information. The other information comprises the report of the Board of Directors (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's complete Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Group's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the Companies' Law no. 1 of 2016 and its executive regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

- As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

Consolidated financial statements

- to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

Furthermore, in our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report

of the Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that, we obtained all information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, its executive regulation and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory count was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, its executive regulation nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the financial year ended 31 December 2024 that might have had a material effect on the business of the Group or on its consolidated financial position.

Moreover, we further report that during the course of our audit, we have not become aware of any violations of Law No. 7 of 2010 pertaining to the Establishment of the Capital Markets Authority and the Regulation of Securities' Activity and subsequent amendments thereto and its executive bylaws during the year ended 31 December 2024 that might have had a material effect on the business of the Group or on its consolidated financial position.

Khalid Ebrahim Al-Shatti

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PricewaterhouseCoopers (Al-Shatti & Co.)  
27 March 2025  
Kuwait