

Detailed analysis of accumulated losses

(If the accumulated losses between 20% to less than 50% of the company's capital)

This form has been prepared in accordance with the disclosure requirements included in the SCA Board of Directors' Decision No. (32/R.M.) of 2019 concerning procedures for companies whose shares are listed on the market, and whose accumulated losses amount to (20%) or more of their paid-up capital. Listed Companies are required to comply with the provisions of the decision as soon as their accumulated losses reach (20%) or more of their paid-up capital.

Date:	14 August 2025
Name of the Listed Company:	TAKAFUL EMARAT – INSURANCE (PSC)
Define the period of the financial statements:	Q2 2025
Value of the Accumulated losses:	AED 33,540 (in Thousands)
Accumulated losses to paid-up capital ratio (%):	16%
The main reasons for the accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements):	<ol style="list-style-type: none"> 1. The Company faced accumulated losses since 2019 due to higher-than-expected medical claims and lower investment returns. 2. Additional losses were incurred from declining business due to a merger and acquisition project between 2020 till 2022, revaluation of assets, and restated financial statements for equity investment impairments.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	<p>In the second quarter of 2025, the company reported a net income after tax of AED 9.8 million, demonstrating a solid recovery from the AED 13 million net loss incurred during the same period last year. This positive performance was driven by improved operational efficiency, disciplined cost control, and a well-executed investment strategy. Moreover, following the capital injection in December 2024, the company's solvency metrics have remained strong and consistently in line with regulatory requirements, further reinforcing its financial stability and resilience.</p> <p>This financial strength enables the company to actively pursue strategic growth opportunities, invest in innovation, and expand its product offerings.</p> <p>Furthermore, sound financial position facilitates improved underwriting capacity and operational flexibility, both of which</p>

<p>Summary of the steps and initiatives undertaken by the company to address the accumulated losses: (Continued)</p>	<p>are critical to increasing market share and maintaining long-term competitiveness in the UAE's dynamic insurance sector.</p> <ol style="list-style-type: none"> Sustainable Business Development: The company is implementing a strategic plan aimed at building a strong and profitable business foundation, with an emphasis on sustainable growth and enhanced underwriting performance. Enhanced Investment Returns: By adopting revised investment strategies, the company has achieved a notable improvement in net investment income, demonstrating effective portfolio management and better alignment with market conditions. Revenue Growth: The company achieved significant growth in Takaful revenues compared to the same period last year, recording an increase of 49% to reach AED 284 million. This performance reflects strong business momentum and an enhanced market position.
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The Measures that will be taken to deal with the accumulated losses				
Actions	The time frame for implementing the action	What has been implemented of the action and the percentage of implementation	Reasons for not implementing or delaying	Any modifications or changes made
Increase Revenue	2025	Implementation of increasing revenue streams and creating new marketing strategies to enhance sales and boost income is under process.	N/A	N/A
Improve Operational Efficiency	2025	Implementation of enhanced operational processes and adopting new systems to increase productivity is under process.	N/A	N/A
Diversify Investments	2025 - 2026	Implementation of effective investment strategy to diversify the investment portfolio and increase returns on assets is under process.	N/A	N/A

The Name of the Authorized Signatory	Adnan Sameer Saba El Aish
Designation	Acting Chief Executive Officer
Signature and Date	14 August 2025
Company's Seal	

Initial
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Signed by:

Company Seal