

Watania International Holding (PJSC)

Consolidated financial statements
For the year ended 31 December 2025

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Directors' report

The directors submit their report on the audited consolidated financial statements for the year ended 31 December 2025.

Incorporation and registered offices

Watania International Holding (PJSC) (formerly, Dar Al Takaful (PJSC)) (the "Company") was incorporated as a public joint stock company and obtained its commercial license on 23 July 2008 while commenced operations on 1 September 2008. The address of the Company's registered office is P.O. Box. 235353, Dubai, United Arab Emirates.

Principal activities

The Company with its subsidiaries is collectively referred to as the "Group". The Group mainly issues long term and short term takaful contracts in connection with life and non-life takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Group also invests its funds in investment securities.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2025 are set out in the accompanying consolidated financial statements.

The Board of Directors have agreed to not to distribute dividends to its shareholders for the financial year ended on 31st December 2025. This decision is attributed to the following:

- Watania International Holding PJSC's earnings are primarily derived from its investment income and dividends received from its takaful operating subsidiaries, namely Watania Takaful General and Watania Takaful Family. During the year ended 31 December 2025, Watania Takaful Family continued its strong performance, while Watania Takaful General successfully turned around its financial performance and reported profits for the year. However, the payment of dividends to the holding company shareholders at this stage could place additional pressure on the solvency margins of the operating subsidiaries.
- The solvency position of the Group requires prudent capital allocation to support ongoing operations, strategic initiatives, and future growth plans. Accordingly, it is important to prioritize the retention of capital in order to strengthen financial resilience and ensure the long-term sustainability of the business.
- The decision regarding dividend distribution involves careful consideration of several factors, including regulatory requirements, operating conditions, financial liquidity, capital needs, and the overall economic environment. After evaluating these factors, the Board of Directors has concluded that declaring a dividend at this stage would not be prudent.
- The Board remains optimistic about the future prospects and performance of the Group and is committed to rewarding shareholders once the capital position and operating conditions allow for sustainable dividend distributions.

In light of the above considerations, the Board of Directors has decided to defer dividend distribution to the holding company shareholders for the current year, with the objective of preserving capital, strengthening the Group's financial position, and supporting its long-term growth strategy.

Financial position and results (continued)

We assure you that this decision has been made after thorough deliberation and with utmost consideration for the interests of our shareholders and the long-term sustainability of our business. We remain committed to transparent communication and will continue to keep our shareholders informed of any developments pertinent to dividend distribution in the future.

Directors

The following were the Directors of the Group for the year ended 31 December 2025:

Dr. Ali Saeed Bin Harmal Aldhaheri	Chairman
Mr. Matar Hamdan Sultan Hamad Al Ameri	Vice Chairman
Dr. Mohamed Ali Al Barwani	Member
Eng. Usama Mohamed Al Barwani	Member
Mr. Abdallah Malek Osseiran	Member
Mr. Mohammed Nayel Rashed Al Nayeli Alshamsi	Member
Dr. Ghuwaya Mohammed Khuwaidem Al Neyadi	Member

Auditors

The consolidated financial statements for the year ended 31 December 2025 have been audited by Deloitte & Touche (M.E.).

Approved by order of the Board of Directors on March 31, 2026.

Dr. Ali Saeed Bin Harmal Aldhaheri
Chairman

Mr. Gautam Datta
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

**To the shareholders of Watania International Holding (PJSC)
Dubai
United Arab Emirates**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Watania International Holding (PJSC) (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 are independent of the Group in accordance with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 this matter.

INDEPENDENT AUDITOR’S REPORT
To the shareholders of Watania International Holding (P.J.S.C) (continued)

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of takaful contract liabilities</i></p> <p>As at 31 December 2025, takaful contract liabilities amounted to AED 889 million. AED 338 million of this amount is measured using the General Measurement Model (GMM) and AED 551 is measured using the Premium Allocation Approach (PAA).</p> <p>A key element of the valuation of takaful contract liabilities is the Present value of future cash flows (PVFCFs). The PVFCFs, a key element of which are the expected credit losses (ECL) on contribution receivables, are included in the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) for contracts measured under the General Measurement Model (GMM) and the LIC for contracts measured under the PAA. As at 31 December 2025 this amounted to a net liability of AED 689 million for takaful contracts issued.</p> <p>The determination of the PVFCFs represents the Group’s expectations regarding future cash outflows minus cash inflows that will arise as the entity fulfils takaful contracts and involves actuarial and ECL models and several assumptions made by management. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates and use actuarial models. The risk of error arises as a result of inappropriate choices of actuarial methodologies, techniques and assumptions. Management used an external actuary to assist them in the aforementioned determination.</p> <p>As a result of all the above factors, as well as the significant audit effort required, we consider the valuation of the PVFCFs included in the LRC and LIC for contracts measured under the GMM and the LIC for contracts measured under the PAA, as a key audit matter.</p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process adopted by management to value the takaful contract liabilities; • Assessing the key controls related to the integrity of the data used in the process of valuation of the PVFCFs to determine if they had been appropriately designed and implemented; • Evaluating and testing the data used in the process of valuation of the PVFCFs; • Testing samples of claims case reserves by comparing the estimated amount of the case reserve to appropriate documentation, such as reports from loss adjusters, confirmations obtained from lawyers, re-takaful contracts etc; • Evaluating the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary’s engagement with the Group to determine if the scope of his work was sufficient for audit purposes. • With respect to the receivables’ impairment allowance, which is a component used in the determination of the PVFCFs, we: <ul style="list-style-type: none"> - Evaluated and tested the data used in the impairment model calculations receivables for amounts due; - Evaluated and tested the calculation of the allowance for expected credit loss allowance and the key assumptions and judgments used with the assistance of our internal specialists; and - Evaluated and tested balances determined to be individually impaired

INDEPENDENT AUDITOR’S REPORT
To the shareholders of Watania International Holding (P.J.S.C) (continued)

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Refer to the material accounting policy information note 3 for takaful contracts; note 4, which contains the disclosure of critical accounting judgements, estimates and assumptions relating to valuation of takaful contracts, note 9 which contains the disclosure of takaful contract liabilities and note 30 for takaful risk disclosures.</p>	<ul style="list-style-type: none"> • With the assistance with our internal actuarial specialists, we: <ul style="list-style-type: none"> - Evaluated the Group’s actuarial practices and provisions established, including the actuarial report issued by management’s expert; - Assessed the calculation methods and the models applied in the valuation process; - Assessed the key actuarial assumptions such as loss ratios, claims development factors, mortality rates, lapse rates and discount rates; - Determined if the estimates applied in the current and prior year were consistent; and - Performed independent calculation of the present value of future cash flows for the Group’s contract liabilities portfolio and assessed management’s estimates. • Assessing the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 19 March 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors’ Report which we obtained prior to the date of this auditor’s report. The other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information 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.

INDEPENDENT AUDITOR'S REPORT**To the shareholders of Watania International Holding (PJSC) (continued)****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 as issued by IASB and their preparation in compliance with UAE Federal Decree Law No. 32 of 2021, as amended, UAE federal decree law No. (6) 2025, 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 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 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 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 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.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Watania International Holding (PJSC) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the consolidated 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.

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 and regulations preclude 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

Furthermore, as required by the UAE Federal Decree Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021, as amended;
- iii) The Group has maintained proper books of account;
- iv) The financial information included in the Director's report is consistent with the books of account of the Group;
- v) Note 8 to the consolidated financial statements discloses the investments in securities as at 31 December 2025;
- vi) Note 23 to the consolidated financial statements discloses material related party transactions, and balances, and the terms under which they were conducted;
- vii) Note 21 to the consolidated financial statements discloses the social contributions made by the Group during the financial year ended 31 December 2025; and
- viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the Federal Law No. 32 of 2021, as amended, or its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025.

INDEPENDENT AUDITOR'S REPORT **To the shareholders of Watania International Holding (PJSC) (continued)**

Report On Other Legal And Regulatory Requirements (continued)

Further, as required by UAE Federal Decree Law No. (6) of 2025 and the related Financial Regulations for Insurance Companies, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)



Firas Anabtawi
Registration No.: 5482
31 March 2026
Dubai
United Arab Emirates

Watania International Holding (PJSC)
Consolidated statement of financial position
As at 31 December 2025

	Notes	2025 AED'000	Restated 2024 AED'000	Restated 2023 AED'000
ASSETS				
Investment properties	5	76,717	73,069	67,807
Property and equipment	6	10,706	14,676	15,131
Intangible assets	7	34,925	41,411	46,850
Investments at amortised cost	8	4,403	20,915	33,737
Investments at fair value through other comprehensive income (FVTOCI)	8	1,000	1,000	6,197
Investments at fair value through profit or loss (FVTPL)	8	563,695	476,205	427,521
Retakaful contract assets	9	247,356	298,256	103,519
Takaful contract assets	9	-	19	-
Trade and other receivables	10	47,835	52,924	65,153
Cash and cash equivalents	11	422,148	339,190	409,949
TOTAL ASSETS		1,408,785	1,317,665	1,175,864
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	260,156	260,156	260,156
Statutory reserve	13	17,722	12,270	9,828
Restricted reserve	13	9,441	7,359	5,383
Cumulative change in fair value of securities		-	-	199
Accumulated losses		(18,430)	(45,256)	(50,609)
Treasury shares	13	(9,986)	(7,554)	-
Reserves for treasury shares	13	3,113	2,282	-
TOTAL EQUITY		262,016	229,257	224,957
LIABILITIES				
Employees' end of service benefits	14	17,377	20,025	19,893
Deferred tax liability	33	5,060	4,496	3,909
Lease liability		4,382	6,066	7,557
Takaful contract liabilities	9	888,824	915,716	719,128
Retakaful contract liabilities	9	79,969	51,833	53,171
Trade and other payables	15	48,737	41,374	72,499
Current tax liability	33	2,420	23	-
Borrowings	16	100,000	48,875	74,750
TOTAL LIABILITIES		1,146,769	1,088,408	950,907
TOTAL EQUITY AND LIABILITIES		1,408,785	1,317,665	1,175,864

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Group as off and for the periods presented therein.



Dr. Ali Saeed Bin Harmal Aldhaheeri
Chairman



Mr. Gautam Datta
Chief Executive Officer

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

Watania International Holding (PJSC)
Consolidated statement of comprehensive income
For the year ended 31 December 2025

	Notes	2025 AED'000	Restated 2024 AED'000
Takaful revenue	17	918,423	869,585
Takaful service expenses	18	(669,924)	(994,094)
Takaful service result before retakaful contracts held		248,499	(124,509)
Allocation of retakaful contributions	9	(373,336)	(358,251)
Amounts recoverable from retakaful for incurred claims	9	150,732	474,932
Net (expense)/income from retakaful contracts held		(222,604)	116,681
Takaful service result		25,895	(7,828)
Finance expenses for takaful contracts issued	19	(30,196)	(26,139)
Finance income for retakaful contracts held	19	14,532	5,030
Takaful financial result		(15,664)	(21,109)
Net takaful income/(expense)		10,231	(28,937)
Net fair value gain on assets held at FVTPL (unit-linked)		21,590	22,861
Investment income	20	37,670	36,293
Total investment and other income		59,260	59,154
Net takaful and finance result		69,491	30,217
General and administrative expenses	21	(23,164)	(19,880)
Amortisation of intangibles		(4,142)	(5,311)
Impairment of intangible assets		(1,276)	-
Finance cost		(5,931)	(4,680)
Other income		2,425	10,035
Profit before tax for the year		37,403	10,381
Income tax expense	33	(3,043)	(610)
Profit after tax for the year		34,360	9,771
Other comprehensive loss			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Unrealised loss on equity investments at FVTOCI		-	(199)
Total comprehensive income for the year		34,360	9,572
Earnings per share (AED)			
Basic and diluted	22	0.132	0.038

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

Watania International Holding (PJSC)
Consolidated statement of changes in equity
For the year ended 31 December 2025

	Share capital AED'000	Treasury shares AED'000	Statutory reserve AED'000	Restricted reserve AED'000	Cumulative change in fair value of securities AED'000	Accumulated losses AED'000	Reserve for treasury shares AED'000	Total AED'000
As at 1 January 2024 (As previously reported)	260,156	-	9,828	5,383	199	(45,972)	-	229,594
Prior year adjustment (note 34)	-	-	-	-	-	(4,637)	-	(4,637)
As at 1 January 2024 (restated)	260,156	-	9,828	5,383	199	(50,609)	-	224,957
Purchase of treasury shares (note 13)	-	(7,554)	-	-	-	-	2,282	(5,272)
Profit for the year (restated)	-	-	-	-	-	9,771	-	9,771
Other comprehensive loss for the year	-	-	-	-	(199)	-	-	(199)
Total comprehensive income for the year	-	-	-	-	(199)	9,771	-	9,572
Transfer to statutory reserve (note 13)	-	-	2,442	-	-	(2,442)	-	-
Transfer to restricted reserve (note 13)	-	-	-	1,976	-	(1,976)	-	-
Balance at 31 December 2024	260,156	(7,554)	12,270	7,359	-	(45,256)	2,282	229,257
As at 1 January 2025 (As previously reported)	260,156	(7,554)	12,621	7,359	-	(38,660)	2,282	236,204
Prior year adjustment (note 34)	-	-	(351)	-	-	(6,596)	-	(6,947)
As at 1 January 2025 (restated)	260,156	(7,554)	12,270	7,359	-	(45,256)	2,282	229,257
Purchase of treasury shares (note 13)	-	(2,432)	-	-	-	-	831	(1,601)
Profit for the year	-	-	-	-	-	34,360	-	34,360
Total comprehensive income for the year	-	-	-	-	-	34,360	-	34,360
Transfer to statutory reserve (note 13)	-	-	5,452	-	-	(5,452)	-	-
Transfer to restricted reserve (note 13)	-	-	-	2,082	-	(2,082)	-	-
Balance at 31 December 2025	260,156	(9,986)	17,722	9,441	-	(18,430)	3,113	262,016

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

Watania International Holding (PJSC)
Consolidated statement of cash flows
For the year ended 31 December 2025

	Notes	2025 AED'000	Restated 2024 AED'000
Cash flows from operating activities			
Profit for the year before tax		37,403	10,381
Adjustments for:			
Depreciation of property and equipment	6	2,949	3,444
Amortisation of intangible assets	7	6,839	8,095
Impairment of intangible assets		1,276	-
Write-off of fixed assets		488	(41)
Change in fair value of investment properties	5	(3,648)	(5,262)
Unrealised gain on sale of financial assets at FVTPL		(7,054)	(6,189)
Realised gain on sale of financial assets at FVTPL		(1,661)	(2,325)
Income from wakala deposits	19	(12,816)	(16,206)
Income from debt securities	19	(4,420)	(3,300)
Dividend income on securities	19	(3,571)	(1,915)
Rental income		(5,650)	(5,046)
Finance cost		5,931	4,680
Interest expense on lease liability		270	224
Allowance/(reversal) for expected credit losses	10	484	(1,469)
Provision for employees' end of service benefits	14	5,277	4,675
Operating cash flows before changes in operating assets and liabilities		22,097	(10,254)
Change in trade and other receivables		3,930	16,851
Change in retakaful contract assets and liabilities - net		79,036	(196,094)
Change in takaful contract assets and liabilities - net		(48,463)	173,727
Change in trade and other payables		7,363	(32,324)
Net cash generated from/(used in) operations		63,963	(48,094)
End of service benefits paid	14	(7,925)	(4,543)
Income tax paid	33	(82)	-
Net cash generated from/(used in) operating activities		55,956	(52,637)
Cash flows from investing activities			
Purchase of property and equipment	6	(891)	(3,030)
Proceeds from sale of fixed assets		-	82
Purchase of intangible assets	7	(205)	(2,656)
Purchase of investment securities	8	(220,852)	(146,187)
Proceeds from sale investment securities		163,666	128,872
IFRS 9 ECL impact		-	(16)
Proceeds from redemption of FVTOCI investments	8	-	4,998
Amortisation of premium for investments at amortized cost	8	-	(329)
Proceeds from redemption of investments at amortized cost		16,512	13,173
Income received on wakala deposits		13,321	17,729
Rental income received		3,007	2,112
Dividend received		5,198	1,907
Income received from sukuk		5,607	2,765
Change in investment in wakala deposits – net		(77,958)	115,520
Net cash (used in)/generated from investing activities		(92,595)	134,940

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

Watania International Holding (PJSC)
Consolidated statement of cash flows (continued)
For the year ended 31 December 2025

	Notes	2025 AED'000	Restated 2024 AED'000
Cash flows from financing activities			
Repayment of lease liability		(1,684)	(1,491)
Payment of finance lease		(270)	(224)
Issuance of treasury shares	13	(1,601)	(5,272)
Finance costs paid		(5,931)	(4,680)
Net movement of borrowings	16	51,125	(25,875)
Net cash generated from/(used in) financing activities		41,639	(37,542)
Net change in cash and cash equivalents			
		5,000	44,761
Cash and cash equivalents at the beginning of year		123,111	78,350
Cash and cash equivalents at the end of the year	11	128,111	123,111

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025

1. Legal status and activities

Watania International Holding (PJSC) (the “Company”) was incorporated as a public joint stock company. During the year 2023, the Company’s insurance license has been cancelled as it will be an investment holding company and changed its name from Dar Al Takaful (PJSC) to Watania International Holding (PJSC). The address of the Company is P.O. Box 235353, Dubai, United Arab Emirates. The Company’s ordinary shares are listed on the Dubai Financial Market (“DFM”), United Arab Emirates.

The Company obtained its commercial license on 23 July 2008 and commenced operations on 1 September 2008.

The primary activity of the company includes investment in subsidiaries and securities such as agricultural, commercial, educational, energy, industrial, technological, and tourist enterprises & management, outer space projects, health care, sports, and water enterprises & development, oil & natural gas projects.

The Company with its subsidiaries is collectively referred to as the “Group” in these consolidated financial statements. At 31 December 2025, the Company had the following subsidiaries:

Name of subsidiary	Proportion of ownership interest		Principal activities
	2025	2024	
Watania Takaful Family (PJSC)	100%	100%	Family takaful and retakaful activities
Watania Takaful General (PJSC)	100%	100%	General takaful and retakaful activities

The consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021, as amended.

On 8 September 2025, the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect on 16 September 2025 which repealed the UAE Federal Law No. 14 of 2018 and UAE Federal Law No. 48 of 2023. The Group must within a period not exceeding one year from the date of the enforcement of its provisions from 16 September 2025 (“the transitional period”) comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

2 Application of new and revised IFRS Accounting Standards (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

Amendment to IAS 21— Lack of Exchangeability

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

2 Application of new and revised IFRS Accounting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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<i>IFRS 18 Presentation and Disclosures in Financial Statements</i>	1 January 2027
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IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the Notes to the condensed interim financial statements
- improve aggregation and disaggregation.

<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
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IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

2 Application of new and revised IFRS Accounting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

**Effective for
annual periods
beginning on or after**

New and revised IFRSs

IFRS 19 Subsidiaries without Public Accountability: Disclosures (continued)

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments 1 January 2026

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*.

Amendments IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity 1 January 2026

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21) 1 January 2027

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

2 Application of new and revised IFRS Accounting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Annual improvements to IFRS Accounting Standards — Volume 11</i>	1 January 2026

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a 'de facto agent'
- IAS 7: Cost method

IFRS Sustainability Disclosure Standards

<i>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</i>	Effective date not yet decided by the regulator in the United Arab Emirates
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IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

<i>IFRS S2 Climate-related Disclosures</i>	Effective date not yet decided by the regulator in the United Arab Emirates
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IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The above stated new standards and amendments are not expected to have any significant impact, other than IFRS 18, will have a material impact on the consolidated financial statements. The Group is currently working to identify the impacts IFRS 18 will have on the consolidated financial statements and its notes.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material Accounting Policy Information

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of UAE Federal Law No. (32) of 2021, as amended, relating to commercial companies and the UAE Federal Decree-Law No. (6) of 2025. These consolidated financial statements are prepared in UAE Dirhams (“AED”).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, financial assets carried at fair value through profit or loss and financial assets carried at fair value through other comprehensive income which are carried at fair value, takaful and retakaful contract assets and liabilities which are measured at the present value of their fulfilment cash flows and their contractual service margin (if any) and the provision for employees’ end of service indemnity which is measured in accordance with U.A.E labour laws.

The Group’s consolidated statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, trade and other receivables, trade and other payables and current tax liability. The following balances would generally be classified as non-current: investment properties, property and equipment, intangible assets, investments at fair value through other comprehensive income, provision for employees’ end of service, deferred tax liability and. The following balances are of mixed nature (including both current and non-current portions): investments at fair value through profit or loss, investments at amortised cost, retakaful contract assets and liabilities, takaful contract assets and liabilities, lease liability, and borrowings.

Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Company and all of its subsidiaries as of 31 December 2025. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Changes in the group ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts

IFRS 17 (the “Standard”) establishes principles for the recognition, measurement, presentation, and disclosure of takaful contracts, retakaful contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group’s estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of contributions that relate to recovering takaful acquisition cash flows. In addition, investment components are no longer included in takaful revenue and takaful service expenses. The Group assesses whether takaful and retakaful contracts contain components that are required to be separated from the host takaful contract, including investment components, embedded derivatives or distinct service components. Investment components identified within contracts are excluded from takaful revenue and takaful service expenses. Based on this assessment, the Group has not identified any embedded derivatives or distinct service components requiring separation.

The Group applies PAA to simplify the measurement of contracts in the non-family and group family takaful segment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk. For individual life takaful contracts, the Group has applied the General Measurement Model (GMM) and Variable Fee Approach (VFA), as applicable.

Recognition

Recognition requirements are slightly different for issued takaful contracts and held Retakaful contracts. For groups of issued takaful contracts, a group should be recognised at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; or if there is no contractual due date, when it is received from the policyholder and
- For a group of onerous contracts when the group becomes onerous.

Retakaful contracts held by an entity are recognised on the earlier of:

- Beginning of the coverage period of the group of retakaful contracts held; and
- Date the entity recognises an onerous group of underlying takaful contracts provided the retakaful contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional retakaful contracts held shall be delayed until the recognition of the first underlying contract issued under that retakaful contract.

Level of Aggregation

Level of aggregation relates to the unit of account under IFRS 17. The unit of account under IFRS 17 is referred to as a ‘Group of Contracts’ and requirements relating to level of aggregation define how groups of contracts have to be determined.

The Standard has set out the following three requirements to determine a group of contracts:

- Portfolio – contracts that have similar risks and that are managed together can be grouped.
- Profitability – contracts with similar expected profitability (at inception or initial recognition) can be grouped.
- Cohorts – contracts from 1st January to 31st December based on issue date are combined into annual cohorts.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

For this purpose, the Standard has mandated at least the following three classifications however it is permitted to use more granular classifications:

- Contracts that are onerous at inception;
- Contracts that are not onerous and have no significant possibility of becoming onerous; and
- All other contracts.

Retakaful portfolios are divided into:

- Group of contracts on which there is a net gain on initial recognition
- Group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- Group of the remaining contracts

Cohorts

Contracts issued more than 12 months apart cannot be grouped together. However, in certain circumstances a one-time simplification upon transition for contracts as at the transition is allowed. The Group has used this simplification while calculating the transition impact of its individual life contracts using fair value approach.

A unique combination of the above three requirements forms a group of contracts i.e., contracts with same portfolio, same expected profitability and issued in the same year can be grouped together. This grouping is permanent and cannot be changed once assigned, regardless of how the actual experience emerges after initial recognition. For instance, as experience emerges an entity may realise that a contract which was thought to be onerous at initial recognition is not onerous, but the grouping will not be changed.

The Group includes in the measurement of a group of takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the contributions, or in which the Group has a substantive obligation to provide the policyholder with takaful contract services. A substantive obligation to provide takaful contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; Or
- Both of the following criteria are satisfied:
 - The Group has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

For retakaful contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

Measurement model, in rudimentary terms, refers to the basis or a set of methodologies for the computation of takaful contract assets and liabilities and associated revenues and expenses. IFRS 17 has provided the following three measurement models:

Premium Allocation Approach (“PAA”)

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to LRC.

Under PAA, it is not required to consider each component of the contribution separately, instead, a single liability can be set up. The components of liability under PAA as at any valuation date can be summarised as follows:

Liability for Remaining Coverage (“LRC”)

- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims (“LIC”)

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All the Group’s short-term business is eligible for this simplification and the Group has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves requires an explicit provision of risk adjustment, this would increase the liabilities whereas discounting will generally decrease the liabilities. Contracts with coverage of less than one year were automatically recognised under PAA. For contracts where the coverage period exceeds one year, the Group performed a PAA eligibility test.

Initial measurement

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition
- Minus any takaful acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of takaful contracts are recognised.

3 Material accounting policy information (continued)

Measurement Models (continued)

Premium Allocation Approach (“PAA”) (continued)

The Company measures its retakaful assets for a group of retakaful contracts that it holds on the same basis as takaful contracts that it issues. However, they are adapted to reflect the features of retakaful contracts held that differ from takaful contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage, under PAA, at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period
- Minus takaful acquisition cash flows, with the exception of property takaful product line for which the entity chooses to expense takaful acquisition cash flows as they occur
- Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as takaful revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims ”
- The subsequent measurement of retakaful contracts held follows the same principles as those for takaful contracts issued and has been adapted to reflect the specific features of retakaful held.

Contracts not measured under Premium Allocation Approach (“PAA”)

GMM is the default measurement model and is applied to all contracts to which Premium Allocation Approach (“PAA”) and Variable Fee Approach (“VFA”) are not applied. GMM is based on the premise that contributions (or considerations) for takaful contracts comprises of certain components (such as claims, expenses, and profits) and that each component needs to be considered according to its nature. The liability under GMM as at any valuation date comprises of the following:

Liability for Remaining Coverage (“LRC”)

- Estimates of future cashflows;
- Risk adjustment;
- Discounting of estimates of future cashflows; and
- Contractual Service Margin (“CSM”).

Liability for Incurred Claims (“LIC”)

- Estimates of future cashflows;
- Risk adjustment; and
- Discounting of estimates of future cashflows.

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with direct participation feature if it meets all three of the following requirements:

- Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

Contracts not measured under Premium Allocation Approach (“PAA”) (continued)

The components of the liability under VFA are same as GMM and their calculations are quite similar too except for the computation of CSM. Under VFA, CSM calculations reflect the variability related to underlying items, but GMM does not reflect this variability. Similarly, there are some other aspects related to financial risk that impact the CSM under VFA but, not under GMM.

Above, the measurement models have been discussed in terms of takaful contract issued and associated liabilities, but same principles are applicable to retakaful contract held and associated assets (except for VFA). Similarly, both LRC and LIC components are mentioned, however, at initial recognition only LRC will be applicable.

Estimates of future cashflows, risk adjustment and discounting are collectively referred to as the Fulfilment Cashflows (“FCF”). In terms of revenues and expense GMM and VFA are quite similar, however, a significant difference exists between GMM/VFA and PAA.

The revenues under GMM and VFA show each component of the contribution separately (such as expected claims and expenses) whereas under PAA, the revenue shows just an aggregate amount.

Group’s unit-linked business is measured using VFA, all other long-term business is measured using GMM. There are fundamental differences between GMM/VFA and the current methodologies for the long-term business. The key differences are discussed below:

- Under IFRS 17 assets or liabilities will be determined using gross contribution calculations as opposed to risk contribution calculations. This implies that under IFRS 17 all components of assets or liabilities such as expenses or profits will be computed explicitly. This also implies that expenses or costs that occur only at the start will be deferred implicitly. The impact of this difference cannot be generalised as it depends on whether the implicit margins within risk-contribution based calculations are higher or lower than those required in gross-contribution based calculations.
- Similar to PAA, GMM and VFA also require an explicit risk adjustment. Risk adjustment is a new requirement, and it does not exist under the current standard. Risk adjustment will increase the liabilities for takaful contracts issued and increases the asset for the retakaful contracts held.
- IFRS 17 also introduces substantial changes to the pattern in which profits are recognised for long-term contracts it requires that the profits to be recognised in relation to the service provided. The new standard introduces a new measure, ‘coverage units’, to quantify the services provided in any period. Given that single contribution contracts recognise all expected profits at the start of the coverage whereas services are provided throughout that coverage period, it is expected that under IFRS 17 profit recognition for single contribution contracts will be delayed and therefore the net liabilities will increase because of this requirement. Similarly, for limited-payment plans, all expected profits are recognised by the end of the payment term and therefore the profits for these will also be relatively delayed in IFRS 17. The impact for regular payment plans will depend on how close the service pattern is to the one currently implied under the plans.
- The definition of revenue under GMM and VFA is quite different for long-term contracts. Under IFRS 17 revenue (or consideration) is more direct and separately includes each component of the contribution (i.e., expected claims and expenses and the portion of the profits relating to the period).

Estimates of Future Cashflows

The Standard requires that future cashflows should be estimated till the end of the contract boundary. End of contract boundary is defined as the point at which an entity can either reassess the risk or consideration i.e., contribution. The Standard does not provide the methodology for the estimation of future cashflows however, it does provide detailed guidance on the cashflows that are within and beyond the contract boundary. It also provides certain principles in relation to the estimates of future cashflows.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions. When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- Contributions and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling takaful contracts
- Transaction-based taxes

The measurement of retakaful contracts held follows the same principles as those for takaful contracts issued, with the exception of the measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.

Risk Adjustment

Risk adjustment reflects the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. For retakaful contracts, the risk adjustment for non-financial risk represents the amount of risk being transferred to the reinsurer. Risk adjustment does not consider financial risk. The Standard does not set out the methodology for the computation of risk adjustment, but it has provided certain principles.

Discounting

The Standard requires the estimates of future cashflows should be discounted to reflect the effect of time value of money and financial risks. Similar to other provisions, it does not specify a methodology for discounting or the derivation of discount rates however, it sets out certain principles. The Standard recognises the following two approaches for the derivation of the discount rates:

- Bottom-Up: An approach where a risk-free rate or yield curve is used and an illiquidity contribution is added to reflect the characteristics of the cashflows.
- Top-Down: An approach where the expected yield on a reference portfolio is used and adjustments are applied to reflect the differences between the liability cashflow characteristics and the characteristics of the reference portfolio.

For cashflows that are linked to the underlying items for contracts with direct participation features, the discount rates must be consistent with other estimates used to measure takaful contracts. The above two approaches may have to be adjusted to reflect the variability in the underlying items for such cashflows. The Group has adopted the Bottom-Up approach.

Contractual Service Margin ("CSM")

Contractual Service Margin (CSM) represents the unearned profit the entity will recognise as it provides takaful contract services in the future.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Initial measurement

“The Group measures the contractual service margin on initial recognition of a group of takaful contracts at an amount that results in no income or expenses arising from:

- i) The initial recognition of an amount for the fulfilment cashflows;
- ii) Any cash flows arising from the contracts in the group at that date;
- iii) The derecognition at the date of initial recognition of any asset for takaful acquisition cash flows or any other asset or liability previously recognised for cash flows relating to the group of contracts unless the group of contracts is onerous at initial recognition.

For retakaful contracts, an entity recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to statement of comprehensive income as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

Subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of takaful contracts that has not yet been recognised in statement of comprehensive income, because it relates to future service to be provided.

For a group of takaful contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue because of the transfer of takaful contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows and takaful premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in statement of comprehensive income while differences related to contributions received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any takaful finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

The measurement of retakaful contracts held follows the same principles as those for takaful contracts issued, with the exception of changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in statement of comprehensive income. Alternatively, changes in the fulfilment cash flows adjust the CSM. A portion of CSM is released to profit and loss as revenue in every period using coverage units, which are determined based on the quantity of benefits provided under the contracts and the expected coverage period over which takaful services are provided.

Onerous Contracts and Loss Components

When a group of contracts, whether at initial recognition or subsequently, is or becomes onerous, a loss component liability must be maintained. Under GMM and VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

Where the Group recognises a loss on initial recognition of an onerous group of underlying takaful contracts or when further onerous underlying takaful contracts are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful contracts held depicting the recovery of losses. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Key Accounting Policy Choices

The Group derecognises takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)
Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

IFRS 17 requires Group to make various accounting policy choices. The key accounting policy choices made by the Group are described below:

Accounting Policy	Group Decision
Level of Aggregation – Adopting more granular profitability classification	<p>For short term contracts, the Group has decided profitability based on the following criteria:</p> <ul style="list-style-type: none"> • If the normalised and risk adjusted combined ratio is greater than 100%, tag the cluster as “onerous”. • If the normalised and risk adjusted combined ratio is less than 95%, tag the cluster as “non-onerous”. • All other clusters will be tagged as “remaining”. <p>For individual life long-term contracts, the following approach will be used to determine profitability:</p> <ul style="list-style-type: none"> • If a LC is produced, the policy will be categorised as onerous. • If a CSM is produced, the following should be tested: <ul style="list-style-type: none"> i. If CSM/PV(Contributions) is greater than or equal to the 5%, tag the policy as non-onerous. ii. If CSM/PV(Contributions) is less than 5%, tag the policy as remaining.
Level of Aggregation – Adopting more granular cohort	The Group has decided to use annual cohorts for all portfolios and define the year from 1st January to 31st December.
PAA – Deferring takaful acquisition cashflows	The Group has decided to continue deferring takaful acquisition cashflows under IFRS 17.
PAA – Discounting LIC	Since there are a significant number of claims that are expected to be paid in more than one year, the Group has decided to discount LIC for all its group of contracts.
Profit Accretion – OCI Option	The Group has decided to not disaggregate the difference between profit and loss and other comprehensive income.

Assumptions

While requirements relating to assumptions are within the requirements relating to measurement models, some aspects of the assumptions have been presented separately in this section due to their significance. IFRS 17, unlike IFRS 4, sets out detailed guidance on the basis to derive the assumptions (underlying the calculations of takaful and retakaful contract assets and liabilities and associated revenues and expenses).

The key assumptions are provided below:

- IFRS 17 requires separate estimation of a best estimate liability and an explicit risk adjustment.
- Financial variables (such as discount rates) must be market consistent.

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Presentation and disclosures

IFRS 17 also contains comprehensive requirements related to presentation and disclosures. One of the key requirements is the presentation of revenue. For contracts under GMM and VFA, contributions will not be presented as revenues instead each component of the contribution (such as expected claims and expenses) will be shown separately. Another key requirement relates to the presentation of retakaful contracts held.

In addition to the above requirements, the new standard also introduces various new disclosures related to the takaful and retakaful contract assets and liabilities and associated revenues and expenses including the disaggregation of takaful contract assets and liabilities and retakaful contract assets and liabilities.

Takaful revenue

For takaful contracts measured under the premium allocation approach, the takaful revenue for each period is the amount of expected contribution receipts for providing coverage in the period. The Group allocates the expected contribution receipts to each period on the passage of time for all groups of contracts, except for longer term policies. Such contracts were recognized to have a significant financing component and in line with IFRS 17 standard interest accretion was applied to these contracts, but the impact of earned interest was taken as part of the takaful finance expense. For such contracts the Group has included changes in discount rates and other financial changes in profit or loss.

For takaful contracts measured under the general measurement model and the variable fee approach, takaful revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period, changes in the risk adjustment for non-financial risk, amounts of the CSM recognized for the services provided in the period, experience adjustments arising from contributions received in the period other than those that relate to future service and other amounts, including any other pre-recognition cash flows assets derecognized at the date of initial recognition.

Takaful revenue is adjusted to allow for policyholders' default on future contributions. The default probability is derived from the expected loss model prescribed under IFRS 9.

Takaful service expenses

Takaful service expenses include the following:

1. incurred claims for the period.
2. other incurred directly attributable expenses.
3. Takaful acquisition cash flows amortization.
4. changes that relate to past service – changes in the FCF relating to the LIC.
5. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts measured under the PAA, amortization of takaful acquisition cash flows is based on the passage of time for all groups of contracts regardless of the total coverage period of the contracts.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Net expenses from retakaful contracts

The Group recognizes retakaful expenses as it receives coverage or other services under groups of retakaful contracts. The Group presents financial performance of groups of retakaful contracts held separately between the amounts recoverable from reinsurers and allocation of the contributions for retakaful contracts held, comprising the following amounts:

1. retakaful expenses;
2. incurred claims recovery;
3. other incurred directly attributable retakaful service expenses;
4. effect of changes in risk of retakaful non-performance;
5. for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the Group of underlying takaful contracts); and
6. changes relating to past service (i.e. adjustments to incurred claims).

Income and expenses from retakaful contracts are presented separately from income and expenses from takaful contracts. Income and expenses from retakaful contracts, other than takaful finance income or expenses, are also presented separately in the takaful service result.

For contracts measured under the PAA, the Group recognizes retakaful expenses based on the passage of time over the coverage period of a group of contracts except for longer term policies. For such contracts, the recognition of retakaful expense followed the same principles as presented for the underlying takaful revenue.

For contracts not measured under the PAA, retakaful expenses comprise the following amounts relating to changes in the remaining coverage:

1. Takaful claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
2. changes in the risk adjustment for non-financial risk, excluding: - changes included in finance income (expenses) from retakaful contracts held; and – changes that relate to future coverage (which adjust the CSM);
3. amounts of the CSM recognized in statement of income for the services received in the period;
4. ceded contribution experience adjustments relating to past and current service; and
5. interest accreted on the LIC;

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding contributions and are accounted for as part of retakaful expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Takaful finance income and expenses

Takaful finance income and expenses comprise changes in the carrying amounts of groups of Takaful and retakaful contracts arising from the effects of the time value of money, financial risk, and changes therein.

For contracts measured under the PAA, the main amounts within takaful finance income or expenses are:

- the effect of changes in interest rates and other financial assumptions.

For contracts measured under the GMM, the main amounts within takaful finance income or expenses are:

1. interest accreted on the FCF and the CSM;
2. the effect of changes in interest rates and other financial assumptions; and
3. foreign exchange differences arising from contracts denominated in a foreign currency.

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Takaful finance income and expenses (continued)

For contracts measured under the VFA, the main amounts within takaful finance income or expenses are:

1. changes in the fair value of underlying items;
2. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
3. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Group classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Group's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective funding cost method, less provision for impairment. Discounting is omitted where the effect is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Financial assets at amortised cost comprise of investments at amortised cost, cash and cash equivalents, statutory deposits and most other receivables.

ii) Financial assets at fair value through other comprehensive income ('FVTOCI')

Investments in equity securities are classified as FVTOCI. At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement but is reclassified to retained earnings.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

IFRS 9 Financial Instruments (continued)

iii) Financial assets at fair value through profit and loss ('FVTPL')

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of income when the Group's right to receive the dividends is established.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Financial assets for participants

Financial assets for participants are designated at fair value through profit or loss at inception as these are held in external funds to match takaful and investment contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Business combinations and goodwill

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

For common control transactions in which all the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory, the Group recognises the difference between purchase consideration and carrying amount of net assets of acquired entities or businesses as an adjustment to equity. This accounting treatment is also applied to later acquisition of some or all shares of the non-controlling interests in a subsidiary.

Bonus reserve

The Reserve for the up-front Bonus for applicable savings plans is based on two different vesting periods. A four-year vesting period applies on policies issued before October 2016. A maturity vesting period applies on policies issued after October 2016.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

Property and equipment

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Capital work-in-progress (CWIP) is not depreciated.

Depreciation is provided on a straight-line basis over the useful lives of the following classes of assets:

Building	40 years
Leasehold improvement	5-10 years
Furniture and fixtures	4-5 years
Office equipment	3-5 years
Vehicles	5 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate at each financial year end.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognised.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure is recognised in the consolidated statement of income as the expense is incurred.

Leases

The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus as initial direct costs incurred. The right-to-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use or the end of the lease term.

The estimated useful life of the right-to-use asset is determined on the same basis as those of property and equipment. In addition, the right-to-use is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the funding cost rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

The lease liability is measured at amortised cost using the effective funding cost method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the profit or loss if the carrying amount of the right-to-use asset has been reduced to zero. The Group presents right-to-use assets that do not meet the definition of investment property in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income. The following estimated useful lives are applied:

Distribution network	15 years
Non-life takaful contracts	5 months
Customer relationships	4.5 – 5 years
Software	3 – 4 years

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by two independent surveyors annually.

Revenue recognition (other than takaful income)

Investment income

Profit income is recognised on an accrual basis taking into account effective funding cost rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Dividend income is recognised when the right to receive payment is established.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the carrying amount and are recorded on occurrence of the sale transaction.

3. Material accounting policy information (continued)

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Short term operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Segment reporting

Under IFRS 8 “Operating Segments”, reported segments’ profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Group for segment reporting under IFRS 8 are the same as those used in its consolidated financial statements.

Taxes

Tax Group and tax sharing mechanism

The Group has been approved by the Federal Tax Authority (“FTA”) as a Corporate Tax Group. Accordingly, the Corporate Tax liability for the tax group is assessed on a consolidated basis. Where a member of the tax group incurs a taxable loss for a financial year, such loss may be offset against the taxable profits of other group members in accordance with UAE Corporate Tax legislation. The allocation of group tax benefits and liabilities among group entities is governed by a tax sharing arrangement, which inter alia provides the following:

- group tax losses and the basic exemption limit are allocated to profitable entities in proportion to their respective taxable incomes for the relevant period; and
- any unutilised losses remain with the loss making entity and are carried forward in accordance with applicable tax regulations.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

Taxes (continued)

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

As per IAS 12 - 'Income Taxes', deferred tax is the amount of taxes expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements (from applying IFRS Standards) and the corresponding amounts attributed to those assets and liabilities for tax purposes i.e. the tax bases used in the computation of taxable income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

3. Material accounting policy information (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. Critical accounting estimates and judgements in applying accounting policies

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Coverage units and CSM amortisation

The determination and application of coverage units used for the amortisation of the Contractual Service Margin (CSM) involves significant judgement. Management determines coverage units based on the quantity of benefits provided under the contracts and the expected coverage period over which takaful services are provided. The CSM is recognised in profit or loss in line with the pattern of takaful services provided.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson and per member per month cost methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

4. Critical accounting estimates and judgements in applying accounting policies (continued)

Liability for incurred claims (continued)

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in profit rates, delays in settlement and changes in foreign currency exchange rates.

Discount rates

The bottom-up approach is used to derive the discount rate for all contracts within the scope of IFRS 17, where applicable. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in the liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cashflows (known as an 'illiquidity premium'). Risk free rates are determined by reference to the USD risk free yield curves. The illiquidity premium is determined based on actuarial judgment and in line with market benchmarks.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2025	2024	2025	2024	2025	2024	2025	2024
Takaful contracts issued	3.93%	4.68%	3.84%	4.56%	3.97%	4.52%	4.34%	4.57%
Retakaful contracts issued	3.93%	4.68%	3.84%	4.56%	3.97%	4.52%	4.34%	4.57%

Risk adjustment for non-financial risk

For contracts measured under the PAA, the Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach (using Over Dispersed Poisson methodology) at the 65th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

For individual life business, the Group has used a cost of capital approach at the 75th percentile.

Fair value judgement on investment properties

Fair value of investment property is estimated by two independent professional valuers for disclosure purposes only, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Fair value of unquoted financial assets at fair value through profit or loss

The fair value of unquoted financial assets carried at fair value through profit or loss is based on the periodic valuations by fund managers and represents the net asset value of the funds at the date of valuation and the fair value of quoted financial assets securities carried at fair value through profit or loss is based on quoted prices in active markets. Fair value of unquoted securities has been determined by the management based on Net Assets Value techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

4. Critical accounting estimates and judgements in applying accounting policies (continued)

Expected credit losses

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of takaful and retakaful receivables. For non-takaful receivables the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as FVTOCI, FVTPL or, Investments at amortised cost.

Equity instruments are classified as FVOCI securities when they are considered by management to be strategic equity investments that are not held to benefit from changes in their fair value and are not held for trading. Management is satisfied that the Group's investments in securities are appropriately classified.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5. Investment properties

	2025 AED'000	2024 AED'000
Balance at 1 January	73,069	67,807
Gain on fair value during the year (note 20)	3,648	5,262
Balance at 31 December	<u>76,717</u>	<u>73,069</u>

The investment properties represent the fair value of the properties located in U.A.E.

The fair value of the Group's investment properties as at 31 December 2025 and 2024 has been arrived at on the basis of valuations carried on the respective dates by two independent valuers who are not related to the Group and have appropriate qualification and recent market experience in the valuation of properties in the United Arab Emirates. The fair value is mainly based on unobservable inputs (i.e. Level 3).

The fair value was determined based on the income capitalisation approach and market comparable approach. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

The property rental income earned by the Group from its investment properties which are leased under operating leases and the direct operating expenses arising in the management of investment properties were as follows:

	2025 AED'000	2024 AED'000
Rental income	5,650	5,046
Direct operating expenses	(756)	(2,372)
Income from investment property (note 20)	<u>4,894</u>	<u>2,674</u>

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6. Property and equipment

2025	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Vehicles AED'000	Capital work in progress AED'000	Right to use assets AED'000	Total AED'000
Cost							
At 1 January	7,773	8,860	9,343	1,162	2,396	7,161	36,695
Additions	-	8	8	-	875	-	891
Transfers	-	-	-	-	(1,424)	-	(1,424)
Disposal/ write-off	(201)	-	-	-	(350)	-	(551)
At 31 December	7,572	8,868	9,351	1,162	1,497	7,161	35,611
Accumulated depreciation							
At 1 January	2,113	8,340	8,700	1,162	26	1,678	22,019
Charge for the year	834	114	493	-	-	1,508	2,949
Disposal/ write-off	(63)	-	-	-	-	-	(63)
At 31 December	2,884	8,454	9,193	1,162	26	3,186	24,905
Carrying amount							
At 31 December 2025	4,688	414	158	-	1,471	3,975	10,706

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

6. Property and equipment (continued)

2024	Leasehold improvements AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Vehicles AED'000	Capital work in progress AED'000	Right to use assets AED'000	Total AED'000
Cost							
At 1 January	6,983	8,719	8,918	1,162	908	7,161	33,851
Additions	309	124	310	-	2,823	-	3,566
Transfers	-	-	301	-	(837)	-	(536)
Transfer from capital work in progress	481	17	-	-	(498)	-	-
Disposal/ write-off	-	-	(186)	-	-	-	(186)
At 31 December	7,773	8,860	9,343	1,162	2,396	7,161	36,695
Accumulated depreciation							
At 1 January	1,263	8,220	7,950	1,162	26	99	18,720
Charge for the year	850	120	895	-	-	1,579	3,444
Disposal/ write-off	-	-	(145)	-	-	-	(145)
At 31 December	2,113	8,340	8,700	1,162	26	1,678	22,019
Carrying amount							
At 31 December 2024	5,660	520	643	-	2,370	5,483	14,676

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

7. Intangible assets

2025	Trade name AED'000	Distribution network AED'000	Life takaful contracts AED'000	Non-life takaful contracts AED'000	Customer relationships AED'000	Software AED'000	Total AED'000
Cost							
At 1 January, restated	6,092	30,437	-	3,339	25,514	23,401	88,783
Additions during the year	-	-	-	-	-	205	205
Transfers during the year	-	-	-	-	-	1,424	1,424
31 December	6,092	30,437	-	3,339	25,514	25,030	90,412
Accumulated amortisation and impairment							
At 1 January, restated	-	3,361	-	3,339	20,564	20,108	47,372
Charge for the year	-	2,029	-	-	2,113	2,697	6,839
Impairment loss	-	1,276	-	-	-	-	1,276
31 December	-	6,666	-	3,339	22,677	22,805	55,487
Carrying amount							
31 December 2025	6,092	23,771	-	-	2,837	2,225	34,925
2024							
Cost							
At 1 January	6,092	30,437	39,598	3,339	25,514	20,745	125,725
Prior year adjustment	-	-	(39,598)	-	-	-	(39,598)
At 1 January, restated	6,092	30,437	-	3,339	25,514	20,745	86,127
Additions during the year	-	-	-	-	-	2,656	2,656
31 December, restated	6,092	30,437	-	3,339	25,514	23,401	88,783
Accumulated amortisation							
At 1 January	-	2,600	3,382	3,339	16,014	17,324	42,659
Prior year adjustment	-	-	(3,382)	-	-	-	(3,382)
At 1 January, restated	-	2,600	-	3,339	16,014	17,324	39,277
Charge for the year	-	761	-	-	4,550	2,784	8,095
31 December	-	3,361	-	3,339	20,564	20,108	47,372
Carrying amount							
31 December 2024, restated	6,092	27,076	-	-	4,950	3,293	41,411

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

8. Investment in securities

Investment at amortised cost

Investment at amortised cost comprises the following:

	2025 AED'000	2024 AED'000
Quoted debt securities inside U.A.E.	4,403	20,915

The fair value of the investments at amortised cost amounted to AED 4.4 million as of 31 December 2025 (2024: AED 20.6 million).

Sukuk worth AED 4.4 million and Wakala deposit worth AED 16.7 million are held in margin accounts against a guarantee of AED 14.8 million to issue takaful business related performance and tender bonds (2024: Sukuk worth AED 17.2 million are held in margin accounts against a guarantee of AED 14.8 million).

Investments at fair value through comprehensive income (FVTOCI)

Investments at FVTOCI comprise the following:

	2025 AED'000	2024 AED'000
Unquoted debt securities in U.A.E.	1,000	1,000

Investments at fair value through profit or loss (FVTPL)

Investments at fair value through profit or loss comprises the following:

	2025 AED'000	2024 AED'000
Investment in mutual funds	363,399	339,011
Investment in debt securities	99,314	83,982
Investment in equity securities	100,982	53,212
	563,695	476,205
Quoted securities inside U.A.E.	200,296	137,194
Unquoted securities inside U.A.E.	16,243	15,321
Unquoted securities outside U.A.E.	347,156	323,690
	563,695	476,205

The movement in securities are as follows:

	Investments at amortised cost AED'000	Investments at FVTOCI AED'000	Investments at FVTPL AED'000	Total AED'000
2025				
At 1 January	20,915	1,000	476,205	498,120
Addition during the year	-	-	220,852	220,852
Maturity during the year	(16,512)	-	-	(16,512)
Disposal during the year	-	-	(163,666)	(163,666)
Fair value gain on financial assets at FVTPL - unit linked	-	-	21,590	21,590
Fair value gain on financial assets at FVTPL (note 20)	-	-	8,715	8,715
At 31 December 2025	4,403	1,000	563,696	569,099

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

8. Investment in securities (continued)

2024	Investments at amortised cost AED'000	Investments at FVTOCI AED'000	Investments at FVTPL AED'000	Total AED'000
At 1 January	33,737	6,197	427,521	467,455
Addition during the year	-	-	146,187	146,187
Maturity during the year	(13,173)	-	-	(13,173)
Disposal during the year	-	(4,998)	(128,873)	(133,871)
Amortisation of premiums	329	-	-	329
Expected credit losses	22	-	(5)	17
Fair value gain on financial assets at FVTPL - unit linked	-	-	22,861	22,861
Fair value gain on financial assets at FVTPL (note 20)	-	-	8,514	8,514
Fair value loss on financial assets at FVTOCI	-	(199)	-	(199)
At 31 December 2024	20,915	1,000	476,205	498,120

9. Takaful and retakaful contracts

The breakdown of groups of takaful contracts issued and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table on the below:

Takaful contracts issued

	2025			2024 Restated		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
General takaful	-	(314,398)	(314,398)	-	(389,570)	(389,570)
Medical takaful	-	(159,495)	(159,495)	-	(161,859)	(161,859)
Family takaful	-	(414,931)	(414,931)	19	(364,287)	(364,268)
Total takaful contracts issued	-	(888,824)	(888,824)	19	(915,716)	(915,697)

Retakaful contracts held

	2025			2024		
	Assets AED'000	Liabilities AED'000	Net AED'000	Assets AED'000	Liabilities AED'000	Net AED'000
General takaful	139,669	(6,144)	133,525	208,091	(3,307)	204,784
Medical takaful	98,931	(63)	98,868	85,087	(1,001)	84,086
Family takaful	8,756	(73,762)	(65,006)	5,078	(47,525)	(42,447)
Total takaful contracts issued	247,356	(79,969)	167,387	298,256	(51,833)	246,423

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
2025					
Takaful contract liabilities as at 1 January 2025, restated	179,516	-	401,255	19,234	600,005
Takaful contract assets as at 1 January 2025	(22)	-	3	-	(19)
Net takaful contract liabilities as at 1 January 2025, restated	179,494	-	401,258	19,234	599,986
Takaful revenue	(902,850)	-	-	-	(902,850)
Takaful service expenses					
Incurred claims and other expenses	-	-	542,871	16,099	558,970
Net takaful acquisition costs	157,564	-	-	-	157,564
Losses on onerous contract and reversals	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(40,131)	(19,267)	(59,398)
Takaful service result	(745,286)	-	502,740	(3,168)	(245,714)
Takaful finance expenses	-	-	8,127	-	8,127
Total changes in statement of comprehensive income	(745,286)	-	510,867	(3,168)	(237,587)
Cash flows					
Contributions received	903,221	-	-	-	903,221
Claims and other expenses paid	-	-	(532,053)	-	(532,053)
Direct attributable expense	-	-	(12,292)	-	(12,292)
Takaful acquisition cash flows	(170,629)	-	-	-	(170,629)
Total cash flows	732,592	-	(544,345)	-	188,247
Net takaful contract liabilities as at 31 December 2025					
Takaful contract liabilities as at 31 December 2025	166,800	-	367,780	16,066	550,646
Less: Takaful contract assets as at 31 December 2025	-	-	-	-	-
Net takaful contract liabilities as at 31 December 2025	166,800	-	367,780	16,066	550,646

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Contracts measured under the PAA (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
2024					
Takaful contract liabilities as at 1 January 2024, restated	171,786	297	236,325	9,577	417,985
Takaful revenue	(855,078)	-	-	-	(855,078)
Takaful service expenses					
Incurred claims and other expenses	-	-	700,503	25,582	726,085
Net takaful acquisition costs	151,338	-	-	-	151,338
Losses on onerous contract and reversals	-	(297)	-	-	(297)
Changes to liabilities for incurred claims			98,819	(15,925)	82,894
Takaful service result	(703,740)	(297)	799,322	9,657	104,942
Takaful finance expenses	-	-	3,263	-	3,263
Total changes in statement of comprehensive income	(703,740)	(297)	802,585	9,657	108,205
<i>Cash flows</i>					
Contributions received, restated	866,187	-	-	-	866,187
Claims and other expenses paid	-	-	(626,310)	-	(626,310)
Direct attributable expense	-	-	(11,342)	-	(11,342)
Takaful acquisition cash flows	(154,739)	-	-	-	(154,739)
Total cash flows, restated	711,448	-	(637,652)	-	73,796
Net takaful contract liabilities as at 31 December 2024					
Takaful contract liabilities as at 31 December 2024, restated	179,516	-	401,255	19,234	600,005
Less: Takaful contract assets as at 31 December 2024	(22)	-	3	-	(19)
Net takaful contract liabilities as at 31 December 2024, restated	179,494	-	401,258	19,234	599,986

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Contracts not measured under the PAA

	Liability for remaining coverage		Liabilities for incurred claims	Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	
2025				
Net takaful contract liabilities as at 1 January 2025	249,117	61,418	5,176	315,711
Takaful revenue	(15,573)	-	-	(15,573)
Takaful service expenses				
Incurred claims and other expenses	-	-	2,740	2,740
Net takaful acquisition costs	8,325	-	-	8,325
Losses on onerous contract	-	1,644	-	1,644
Changes to liabilities for incurred claims	-	-	79	79
Investments component	(55,325)	-	55,325	-
Takaful service result	(62,573)	1,644	58,144	(2,785)
Takaful finance expenses	21,972	75	22	22,069
Total changes in statement of comprehensive income	(40,601)	1,719	58,166	19,284
Cash flows				
Contribution received	92,347	-	-	92,347
Claims and other expenses paid	-	-	(57,971)	(57,971)
Takaful acquisition cash flows	(31,193)	-	-	(31,193)
Total cash flows	61,154	-	(57,971)	3,183
Net takaful contract liabilities as at 31 December 2025	269,670	63,137	5,371	338,178

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Contracts not measured under the PAA (continued)

2024	Liability for remaining coverage		Liabilities for incurred claims	Total AED'000
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	
Net takaful contract liabilities as at 1 January 2025	262,094	35,689	3,360	301,143
Takaful revenue	(14,507)	-	-	(14,507)
Takaful service expenses				
Incurred claims and other expenses	-	-	3,925	3,925
Net takaful acquisition costs	7,328	-	-	7,328
Losses on onerous contract	-	25,763	-	25,763
Changes to liabilities for incurred claims	-	-	(2,942)	(2,942)
Investments component	(71,762)	-	71,762	-
Takaful service result	(78,941)	25,763	72,745	19,567
Takaful finance expenses	22,897	(34)	13	22,876
Total changes in statement of comprehensive income	(56,044)	25,729	72,758	42,443
Cash flows				
Contribution received	68,489	-	-	68,489
Claims and other expenses paid	-	-	(70,942)	(70,942)
Takaful acquisition cash flows	(25,422)	-	-	(25,422)
Total cash flows	43,067	-	(70,942)	(27,875)
Net takaful contract liabilities as at 31 December 2024	249,117	61,418	5,176	315,711

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Reconciliation of measurement component of takaful contract balances not measured under the PAA

2025	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM	
			Contractual service margin AED'000	Total AED'000
Net takaful contract liabilities as at 1 January 2025	290,570	10,545	14,596	315,711
Changes that relate to current services				
CSM recognised for services provided	-	-	(1,631)	(1,631)
Change in risk adjustment for non- financial risk for risk expired	-	(9,350)	-	(9,350)
Experience adjustments	(4,780)	88	-	(4,692)
Changes that relate to future services				
Contracts initially recognised in the year	(10,718)	200	10,545	27
Changes in estimates that adjust the CSM	8,255	(75)	(8,180)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	12,797	(15)	-	12,782
Changes that relate to past services				
Adjustments to liabilities for incurred claims	344	(265)	-	79
Takaful service result	5,898	(9,417)	734	(2,785)
Net finance expenses from takaful contracts	21,926	-	143	22,069
Total changes in the statement of profit or loss	27,824	(9,417)	877	19,284
Cash flows				
Contributions received	92,347	-	-	92,347
Claims and other directly attributable expenses paid	(57,971)	-	-	(57,971)
Takaful acquisition cash flows paid	(31,193)	-	-	(31,193)
Total cash flows	3,183	-	-	3,183
Net takaful contract liabilities as at 31 December 2025	321,577	1,128	15,473	338,178

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For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Reconciliation of measurement component of takaful contract balances not measured under the PAA (continued)

2024	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM	
			Contractual service margin AED'000	Total AED'000
Net takaful contract liabilities as at 1 January 2024	277,660	9,319	14,164	301,143
Changes that relate to current services				
CSM recognised for services provided	-	-	(1,990)	(1,990)
Change in risk adjustment for non-financial risk for risk expired	-	3,281	-	3,281
Experience adjustments	(8,516)	3,184	-	(5,332)
Changes that relate to future services				
Contracts initially recognised in the year	(13,014)	2,078	11,121	185
Changes in estimates that adjust the CSM	8,655	192	(8,846)	1
Changes in estimates that result in losses and reversals of losses on onerous contracts	30,765	(4,401)	-	26,364
Changes that relate to past services				
Adjustments to liabilities for incurred claims	166	(3,108)	-	(2,942)
Takaful service result	18,056	1,226	285	19,567
Net finance expenses from takaful contracts	22,729	-	147	22,876
Total changes in the statement of profit or loss	40,785	1,226	432	42,443
Cash flows				
Contributions received	68,489	-	-	68,489
Claims and other directly attributable expenses paid	(70,942)	-	-	(70,942)
Takaful acquisition cash flows paid	(25,422)	-	-	(25,422)
Total cash flows	(27,875)	-	-	(27,875)
Net takaful contract liabilities as at 31 December 2024	290,570	10,545	14,596	315,711

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for retakaful contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

Contracts measured under the PAA

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED'000
	Excluding loss recovery component AED'000	Loss recovery component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
2025					
Retakaful contract assets as at 1 January 2025	(422,533)	-	703,278	12,433	293,178
Less: Retakaful contract liabilities as at 1 January 2025	(202,644)	-	147,859	2,952	(51,833)
Net retakaful contract (liabilities)/assets	(625,177)	-	851,137	15,385	241,345
An allocation of retakaful contributions	(368,161)	-	-	-	(368,161)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	223,280	3,299	226,579
Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	-	-	-
Expenses directly attributable to retakaful	-	-	(2,336)	-	(2,336)
Changes to amounts recoverable for incurred claims and other expenses	-	-	(70,405)	(7,062)	(77,467)
Net income or expense from retakaful contracts held	(368,161)	-	150,539	(3,763)	(221,385)
Retakaful finance income	-	-	14,571	-	14,571
Total changes in the statement of comprehensive income	(368,161)	-	165,110	(3,763)	(206,814)
Cash flows					
Retakaful Contributions and expenses paid	547,712	-	-	-	547,712
Directly attributable expenses paid	-	-	2,335	-	2,335
Amounts received	-	-	(425,947)	-	(425,947)
Total cash flows	547,712	-	(423,612)	-	124,100
Net retakaful contract (liabilities)/assets as at 31 December 2025	-	-	-	-	-
Retakaful contract assets as at 31 December 2025	(242,226)	-	471,793	9,033	238,600
Less: Retakaful contract liabilities as at 31 December 2025	(203,400)	-	120,842	2,589	(79,969)
Net retakaful contract (liabilities)/asset as at 31 December 2025	(445,626)	-	592,635	11,622	158,631

Watania International Holding (PJSC)
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9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for retakaful contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Contracts measured under the PAA (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total AED'000
	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	
2024					
Retakaful contract assets as at 1 January 2024	(194,941)	-	296,385	2,075	103,519
Less: Retakaful contract liabilities as at 1 January 2024	(200,253)	-	157,431	4,337	(38,485)
Net retakaful contract (liabilities)/assets	(395,194)	-	453,816	6,412	65,034
An allocation of retakaful contributions	(359,143)	-	-	-	(359,143)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	319,366	6,676	326,042
Changes in fulfilment cash flows that do not adjust underlying CSM	-	-	-	-	-
Expenses directly attributable to retakaful	-	-	(2,092)	-	(2,092)
Changes to amounts recoverable for incurred claims and other expenses	-	-	134,680	2,297	136,977
Net income or expense from retakaful contracts held	(359,143)	-	451,954	8,973	101,784
Retakaful finance income	-	-	5,380	-	5,380
Total changes in the statement of comprehensive income	(359,143)	-	457,334	8,973	107,164
Cash flows					
Retakaful Contributions and expenses paid	129,160	-	-	-	129,160
Directly attributable expenses paid	-	-	2,136	-	2,136
Amounts received	-	-	(62,149)	-	(62,149)
Total cash flows	129,160	-	(60,013)	-	69,147
Net retakaful contract (liabilities)/assets as at 31 December 2024					
Retakaful contract assets as at 31 December 2024	(422,533)	-	703,278	12,433	293,178
Less: Retakaful contract liabilities as at 31 December 2024	(202,644)	-	147,859	2,952	(51,833)
Net retakaful contract (liabilities)/asset as at 31 December 2024	(625,177)	-	851,137	15,385	241,345

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for retakaful contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Contracts not measured under the PAA

	<u>Assets for remaining coverage</u>		Amounts recoverable on incurred claims	Total AED'000
	Excluding loss recovery component AED'000	Loss recovery component AED'000	Estimates of the present value of future cash flows AED'000	
2025				
Net retakaful contract (liabilities) / assets as at 1 January 2025	(10,521)	13,849	1,750	5,078
An allocation of retakaful contributions	(5,175)	-	-	(5,175)
Amounts recoverable from reinsurers for incurred claims				
Amounts recoverable for incurred claims and other expenses	-	-	(14)	(14)
Changes in fulfilment cash flows that do not adjust underlying CSM	-	2,714	-	2,714
Expenses directly attributable to retakaful	-	-	(802)	(802)
Changes that relate to past service	-	-	2,058	2,058
Net income or expense from retakaful contracts held	(5,175)	2,714	1,242	(1,219)
Retakaful finance income	(48)	-	9	(39)
Investment components	(29)	-	29	-
Total changes in the statement of comprehensive income	(5,252)	2,714	1,280	(1,258)
Cash flows				
Retakaful contribution and expenses paid	4,472	-	-	4,472
Directly attributable expenses paid	-	-	802	802
Amounts received	-	-	(338)	(338)
Total cash flows	4,472	-	464	4,936
Net retakaful contract (liabilities) / assets as at 31 December 2025	(11,301)	16,563	3,494	8,756
Net retakaful contract (liabilities) / assets as at 31 December 2025	(11,301)	16,563	3,494	8,756

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Roll-forward of net asset or liability for retakaful contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

Contracts not measured under the PAA (continued)

	Assets for remaining coverage		Amounts recoverable on incurred claims	Total AED'000
	Excluding loss recovery component AED'000	Loss recovery component AED'000	Estimates of the present value of future cash flows AED'000	
2024				
Net retakaful contract (liabilities) / assets as at 1 January 2024	(15,788)	192	910	(14,686)
An allocation of retakaful contributions	892	-	-	892
Amounts recoverable from reinsurers for incurred claims	-	-	936	936
Amounts recoverable for incurred claims and other expenses	-	-	-	-
Changes in fulfilment cash flows that do not adjust underlying CSM	-	13,657	-	13,657
Expenses directly attributable to retakaful	-	-	(637)	(637)
Changes that relate to past service	-	-	49	49
Net income or expense from retakaful contracts held	892	13,657	348	14,897
Retakaful finance income	(353)	-	3	(350)
Total changes in the statement of comprehensive income	539	13,657	351	14,547
<i>Cash flows</i>				
Retakaful contribution and expenses paid	4,728	-	-	4,728
Directly attributable expenses paid	-	-	639	639
Amounts received	-	-	(150)	(150)
Total cash flows	4,728	-	489	5,217
Net retakaful contract (liabilities) / assets as at 31 December 2024	(10,522)	13,849	1,751	5,078
	1	-	(1)	-
Net retakaful contract (liabilities) / assets as at 31 December 2024	(10,521)	13,849	1,750	5,078

Watania International Holding (PJSC)
Notes to the consolidated financial statements
For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Reconciliation of measurement component of retakaful contract balances not measured under the PAA

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM	
			Contractual service margin AED'000	Total AED'000
2025				
Net retakaful contract (liabilities) / assets as at 1 January 2025	(4,364)	4,592	4,850	5,078
Changes that relate to current services				
CSM recognised for services provided	-	-	1,445	1,445
Change in risk adjustment for non-financial risk for risk expired	-	(3,971)	-	(3,971)
Experience adjustments	(3,452)	(14)	-	(3,466)
Changes that relate to future services				
Contracts initially recognised in the period	(333)	19	315	1
Changes in estimates that adjust the CSM	305	(29)	(276)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	2,714	2,714
Changes that relate to past service - adjustments to LFIC	2,157	(99)	-	2,058
Net expenses from retakaful contracts	(1,323)	(4,094)	4,198	(1,219)
Net finance income from retakaful contracts	(231)	-	192	(39)
Total changes in the statement of comprehensive income	(1,554)	(4,094)	4,390	(1,258)
Cash flows				
Contributions received	4,472	-	-	4,472
Claims and other directly attributable expenses paid	802	-	-	802
Recoveries from retakaful	(338)	-	-	(338)
Total cash flows	4,936	-	-	4,936
Net retakaful contract (liabilities) / assets as at 31 December 2025	(982)	498	9,240	8,756

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Reconciliation of measurement component of retakaful contract balances not measured under the PAA (continued)

	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM	
			Contractual service margin AED'000	Total AED'000
2024				
Net retakaful contract (liabilities) / assets as at 1 January 2024	(9,002)	3,423	(9,107)	(14,686)
Changes that relate to current services				
CSM recognised for services provided	-	-	1,519	1,519
Change in risk adjustment for non-financial risk for risk expired	-	983	-	983
Experience adjustments	(1,340)	30	-	(1,310)
Changes that relate to future services				
Contracts initially recognised in the period	(646)	76	570	-
Changes in estimates that adjust the CSM	1,638	25	(1,663)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	13,657	13,657
Changes that relate to past service	(7)	55	-	48
Net expenses from retakaful contracts	(355)	1,169	14,083	14,897
Net finance income from retakaful contracts	(224)	-	(126)	(350)
Total changes in the statement of comprehensive income	(579)	1,169	13,957	14,547
<i>Cash flows</i>				
Contributions received	4,728	-	-	4,728
Claims and other directly attributable expenses paid	639	-	-	639
Recoveries from retakaful	(150)	-	-	(150)
Total cash flows	5,217	-	-	5,217
Net retakaful contract (liabilities) / assets as at 31 December 2024	(4,364)	4,592	4,850	5,078

Watania International Holding (PJSC)
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For the year ended 31 December 2025 (continued)

9. Takaful and retakaful contracts (continued)

Reconciliation of the measurement components of takaful and retakaful contract balances measured under both PAA and Non-PAA as at:

2025	PAA AED'000	Non-PAA AED'000	Total AED'000
Takaful contract liabilities	550,646	338,178	888,824
Less: Takaful contract assets	-	-	-
Less: Retakaful contract assets	(238,600)	(8,756)	(247,356)
Retakaful contract liabilities	79,969	-	79,969
Net contract liabilities	<u>392,015</u>	<u>329,422</u>	<u>721,437</u>
2024	PAA AED'000	Non-PAA AED'000	Total AED'000
Takaful contract liabilities - restated	600,005	315,711	915,716
Less: Takaful contract assets	(19)	-	(19)
Less: Retakaful contract assets	(293,178)	(5,078)	(298,256)
Retakaful contract liabilities	51,833	-	51,833
Net contract liabilities	<u>358,641</u>	<u>310,633</u>	<u>669,274</u>

10. Trade and other receivables

	2025 AED'000	2024 Restated AED'000
Trade receivables	36,880	37,999
Other receivables	36,911	40,397
	<u>73,791</u>	<u>78,396</u>
Less: Expected credit losses	(25,956)	(25,472)
	<u>47,835</u>	<u>52,924</u>

Movements in charge for expected losses is given below:

	2025 AED'000	2024 AED'000
As at 1 January	25,472	26,941
Charge/(reversal) for the year	484	(1,469)
	<u>25,956</u>	<u>25,472</u>

	2025 AED'000	2024 AED'000
Trade receivables - Inside UAE		
Gross receivables	31,350	32,459
Less: Expected credit losses	(23,584)	(22,514)
	<u>7,766</u>	<u>9,945</u>

	2025 AED'000	2024 AED'000
Trade receivables - Outside UAE		
Gross receivables	5,530	5,540
Less: Expected credit losses	(2,372)	(2,958)
	<u>3,158</u>	<u>2,582</u>
Total trade receivables	<u>10,924</u>	<u>12,527</u>

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10. Trade and other receivables (continued)

Ageing of trade receivables is given below:

	2025 AED'000	2024 AED'000
Trade receivables - inside UAE		
30 - 90 days	-	-
91 - 180 days	-	-
181 - 360 days	-	6
More than 360 days	31,350	32,454
Less: Expected credit losses	(23,584)	(22,515)
	<u>7,766</u>	<u>9,945</u>
Trade receivables - outside UAE		
30 - 90 days	1,945	-
91 - 180 days	-	-
181 - 360 days	979	-
More than 360 days	2,606	5,540
Less: Expected credit losses	(2,372)	(2,958)
	<u>3,158</u>	<u>2,582</u>
Total	<u><u>10,924</u></u>	<u><u>12,527</u></u>

11. Cash and cash equivalents

	2025 AED'000	2024 AED'000
Cash and bank balances	99,811	111,484
Wakala deposits	322,337	227,706
	<u>422,148</u>	<u>339,190</u>
Less: Restricted deposit	(10,000)	(10,000)
Less: Deposits under lien	(21,781)	(7,473)
Less: Deposits pledged against parent company's Murabaha facility	(100,400)	(61,900)
Less: Deposits with original maturities of more than three months	(161,856)	(136,706)
Cash and cash equivalents for the purpose of cash flows	<u><u>128,111</u></u>	<u><u>123,111</u></u>

Wakala deposits:

Wakala deposits yield a profit rate of 3.2% p.a. to 5.2% p.a. (2024: 3.80% p.a. to 5.20%). Wakala deposits worth AED 100.0 million are hypothecated against Murabaha facility (note 16).

Restricted deposits:

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E Federal Law No. (6) of 2025 and are not available to finance the day-to-day operations of the Group.

These deposits have a fixed maturity of one year from the date of deposit and yield a profit rate of 3.2% p.a. to 5.2% p.a. (2024: 3.8% p.a. to 5.20% p.a.).

Watania International Holding (PJSC)
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12. Share capital

	2025 AED'000	2024 AED'000
Issued and fully paid:		
260,156,250 ordinary shares of AED 1 each (31 December 2024: 260,156,250 ordinary)	<u>260,156</u>	<u>260,156</u>

No dividend was declared and paid during the current year (2024: Nil).

13. Reserves

Statutory reserve

In accordance with U.A.E. Law No. (32) of 2021, as amended, the Group has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

For the year ended 31 December 2025, balance amounting to AED 5.4 million from the profit of Watania Takaful Family (subsidiary), Watania Takaful General (subsidiary) and Watania International Holding (Parent) was transferred to statutory reserve (2024: AED 2.8 million).

Restricted reserve

This reserve pertains to the subsidiaries which are takaful entities, and in accordance with article 34 of Central Bank of UAE' Board of Directors Decision No. 23 of 2019, concerning instructions organising retakaful operations, the reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of UAE.

For the year ended 31 December 2025, balance amounting to AED 2.1 million from the retained earnings of Watania Takaful Family (subsidiary) and Watania Takaful General (subsidiary) was transferred to retakaful reserve (2024: AED 1.9 million).

Treasury shares

The Group engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 31 December 2025, the Market Maker held 9,985,672 of Watania International Holding PJSC's shares on behalf of the Company, which are classified under equity as treasury shares at par value of AED 1 at 31 December 2025. During the year, the Company recorded Treasury Shares reserves of AED 3.1 million to reflect the discount on the acquisition of treasury shares.

At the end of the contract term with the Market Maker, the Company will have the option to either transfer the outstanding shares under its name or dispose of the shares in the market.

14. Employees' end of service benefits

	2025 AED'000	2024 AED'000
As at 1 January	20,025	19,893
Charged during the year	5,277	4,675
Paid during the year	(7,925)	(4,543)
As at 31 December	<u>17,377</u>	<u>20,025</u>

Watania International Holding (PJSC)
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15. Trade and other payables

	2025	2024 Restated
	AED'000	AED'000
Trade payables	10,283	7,028
Other payables	38,454	34,346
	48,737	41,374

16. Borrowings

The Group obtained a Murabaha facility of AED 100 million with ENBD group (AED 34.7 million on 30 January 2025 and AED 65.3 million on 10 Feb 2025) held at amortised cost. The facility was arranged to settle the previous facility balloon payment of AED 34.7 million due in 2025 and intercompany balances of Watania Takaful General PJSC "WTG" and Watania Takaful Family PJSC "WTF".

Total facility of AED 100 million carrying flexible profit rate of 3 months EIBOR plus 1.75% having a maturity period of 4 years with one year moratorium.

Other Murabaha arrangements are as follows:

Pledged collateral

- Pledge over Wakala deposits valued up to AED 100 million;
- Pledge over the shares of target entities i.e. WTF and WTG;
- A profit service reserve account will be maintained by the Group with bank that holds 6 months of profit service for outstanding facility amount at all the times;
- All proceeds from the operating target entities shall be deposited into a dividend account that the Group maintains with the bank; and
- Pledge over profit service reserve account and dividend account maintained with the bank.

Financial covenants

- A minimum capital requirement of AED 200 million.
- A minimum solvency coverage ratio of 100%.
- A minimum special purpose Liquid Assets Cover (cash plus marketable securities) of 100%; and
- Compliance with minimum guaranteed fund and net admissible assets requirements.

The Group has complied with all covenants for the year ended 31 December 2025 and 31 December 2024.

	2025	2024
	AED'000	AED'000
Opening balance as at 1 January	48,875	74,750
New murabaha facility	100,000	-
Repayments made during the year	(48,875)	(25,875)
As at 31 December	100,000	48,875

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17. Takaful revenue

2025	General and motor AED'000	Medical AED'000	Group family AED'000	Individual family AED'000	Total AED'000
Contracts not measured under the PAA					
CSM recognised for services provided	-	-	-	1,631	1,631
Change in risk adjustment for non-financial risk for risk expired	-	-	-	3,746	3,746
Expected incurred claims and other takaful service expenses	-	-	-	2,400	2,400
Experience adjustments	-	-	-	(529)	(529)
Recovery of takaful acquisition cash flows	-	-	-	8,325	8,325
Contracts measured under the PAA	326,235	448,578	128,037	-	902,850
	326,235	448,578	128,037	15,573	918,423
2024	General and motor AED'000	Medical AED'000	Group family AED'000	Individual family AED'000	Total AED'000
Contracts not measured under the PAA					
CSM recognised for services provided	-	-	-	1,990	1,990
Change in risk adjustment for non-financial risk for risk expired	-	-	-	(2,436)	(2,436)
Expected incurred claims and other takaful service expenses	-	-	-	6,179	6,179
Experience adjustments	-	-	-	1,445	1,445
Recovery of takaful acquisition cash flow	-	-	-	7,329	7,329
Contracts measured under the PAA	334,646	389,753	130,679	-	855,078
	334,646	389,753	130,679	14,507	869,585

Watania International Holding (PJSC)
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18. Takaful service expense

2025	General and motor	Medical	Group family	Individual family	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Incurring claims and other expenses	201,726	317,682	39,562	2,740	561,710
Net takaful acquisition costs	84,145	54,033	19,386	8,325	165,889
Losses on onerous contracts and reversals of those losses	-	-	-	1,644	1,644
Changes to liabilities for incurred claims	(76,689)	30,299	(13,008)	79	(59,319)
	209,182	402,014	45,940	12,788	669,924
2024	General and motor	Medical	Group family	Individual family	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Incurring claims and other expenses	383,717	281,663	60,706	3,924	730,010
Net takaful acquisition costs	78,696	55,776	16,865	7,329	158,666
Losses on onerous contracts and reversals of those losses	(296)	-	-	25,763	25,467
Changes to liabilities for incurred claims	87,947	2,558	(7,612)	(2,942)	79,951
	550,064	339,997	69,959	34,074	994,094

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19. Net takaful financial result

2025	General and motor AED'000	Medical AED'000	Group family AED'000	Individual family AED'000	Total AED'000
Takaful finance					
(expense)/income from takaful contracts issued					
Profit accreted to takaful contracts using current financial assumptions	(4,869)	(921)	(982)	(16,785)	(23,557)
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	(200)	(200)
Due to changes in profit rates and other financial assumptions	(960)	(125)	(270)	(5,084)	(6,439)
Total takaful finance expenses from takaful contracts issued	(5,829)	(1,046)	(1,252)	(22,069)	(30,196)
Retakaful finance					
income/(expenses) from retakaful contracts held					
Profit accreted to retakaful contracts using current financial assumptions	6,149	4,674	1,793	76	12,692
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	(111)	(111)
Due to changes in profit rates and other financial assumptions	1,008	558	389	(4)	1,951
Retakaful finance income/(expenses) from retakaful contracts held	7,157	5,232	2,182	(39)	14,532
Net takaful financial result	1,328	4,186	930	(22,108)	(15,664)

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19. Net takaful financial result (continued)

2024	General and motor AED'000	Medical AED'000	Group family AED'000	Individual family AED'000	Total AED'000
Takaful finance (expense)/income from takaful contracts issued					
Profit accreted to takaful contracts using current financial assumptions	(1,949)	(1,148)	(965)	(22,151)	(26,213)
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	(92)	(92)
Due to changes in profit rates and other financial assumptions	592	96	111	(633)	166
Total takaful finance expenses from takaful contracts issued	(1,357)	(1,052)	(854)	(22,876)	(26,139)
Retakaful finance income/(expenses) from retakaful contracts held					
Profit accreted to retakaful contracts using current financial assumptions	1,707	3,731	1,179	(429)	6,188
Effect of unlocking CSM at locked-in rates and FCF at current rates	-	-	-	(183)	(183)
Due to changes in profit rates and other financial assumptions	(709)	(364)	(164)	262	(975)
Retakaful finance income/(expenses) from retakaful contracts held	998	3,367	1,015	(350)	5,030
Net takaful financial result	(359)	2,315	161	(23,226)	(21,109)

20. Investment income

	2025 AED'000	2024 AED'000
Fair value gain		
Fair value gain on investment properties (note 5)	3,648	5,262
Fair value gain on financial assets at FVTPL (note 8)	8,715	8,514
Other investment income		
Income from wakala deposits	12,816	16,206
Dividend income	3,571	1,915
Income from debt securities	4,420	3,300
(Charges)/reversal for expected credit losses	(36)	139
Investment expenses	(358)	(1,717)
Rental income from investments properties - net (note 5)	4,894	2,674
	37,670	36,293

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21. General and administrative expenses

	2025 AED'000	2024 AED'000
Staff cost	11,785	10,187
Administrative expenses	6,227	4,603
Depreciation and amortisation	927	1,610
Marketing expenses	91	486
Other expenses	4,134	1,795
	<u>23,164</u>	<u>18,681</u>

The Group has made social contributions during the year amounting to AED 0.006 million (2024: AED 0.19 million).

22. Earnings per share

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2025	Restated 2024
Profit for the year attributable to shareholders (in AED'000)	<u>34,360</u>	9,771
Weighted average number of shares outstanding at 31 December	<u>260,156,250</u>	260,156,250
Basic and diluted earnings per share (in AED)	<u>0.132</u>	0.038

23. Related party transactions

Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties.

Related parties represent the major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties

Certain costs such as personnel costs, rent and utilities, advertising, legal and professional expenses, depreciation and other shared costs are incurred by Watania Takaful General (PJSC) (WTG), Watania Takaful Family (PJSC) (WTF) and Watania International Holding (PJSC) (WIH), which are shared on a mutually agreed basis. The shared service costs are allocated based on the approved allocation for the year, with different rates applied to certain expense categories (2024: 42.5% to WTG, 52.5% to WTF and 5% to WIH). During the year, the Group entered the following transactions with the related parties:

	2025 AED'000	2024 AED'000
Takaful revenue - net	29,628	10,349
Expenses recharged to related parties	23,583	23,720
BOD remuneration fees	3,330	1,199

Compensation of key management personnel

	2025 AED'000	2024 AED'000
Short-term benefits	6,998	7,245
Employees' end of service benefits	887	870
	<u>7,885</u>	<u>8,115</u>

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24. Fatwa and Sharia'a supervisory board

The Group's business activities are subject to the supervision of a Fatwa and Shari'a Supervisory Board (FSSB) consisting of three members appointed by the shareholders. FSSB performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Shari'a rules and principles.

According to the Group's FSSB, the Group is required to identify any income deemed to be derived from transactions not acceptable under Islamic Shari'a rules and principles, as interpreted by FSSB, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.

25. Zakat

This pertains to the subsidiaries, where Zakat is applicable. Zakat as approved by the Group's Sharia'a Supervisory Board amounted to AED 0.01153 per share (2024: AED 0.00890 per share).

The Management has opted to communicate the amount of Zakat payable to each shareholder, requiring them to pay their share of Zakat directly.

26. Segmental information

For management purposes the Group is organised into two business segments; general takaful management and investments. The general takaful segment comprises the takaful business undertaken by the Group on behalf of Policyholders. Investment comprises investment and cash management for the Group's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the consolidated financial statements.

Except for Wakala fees, Mudarib's fees and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation as shown below:

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26. Segmental information (continued)

2025	Takaful		Investments		Total AED'000
	General takaful AED'000	Group family (employee benefits) AED'000	Family AED'000	AED'000	
Takaful revenue	774,813	128,037	15,573	-	918,423
Takaful service expenses	(611,196)	(45,940)	(12,788)	-	(669,924)
Takaful service result before retakaful contracts held	163,617	82,097	2,785	-	248,499
Allocation of retakaful contributions	(272,230)	(95,931)	(5,175)	-	(373,336)
Amounts recoverable from retakaful for incurred claims	123,905	22,871	3,956	-	150,732
Net expenses from retakaful contracts held	(148,325)	(73,060)	(1,219)	-	(222,604)
Takaful service result	15,292	9,037	1,566	-	25,895
Takaful finance expenses for takaful contracts issued	(6,875)	(1,252)	(22,069)	-	(30,196)
Retakaful finance Profit/(loss) for retakaful contracts held	12,389	2,182	(39)	-	14,532
Takaful financial result	5,514	930	(22,108)	-	(15,664)
Net takaful Profit/(loss)	20,806	9,967	(20,542)	-	10,231
Net fair value change in financial assets at FVTPL-Unit linked	-	-	21,590	-	21,590
Investment income	28,531	2,239	-	6,900	37,670
Total investment and other income	28,531	2,239	21,590	6,900	59,260
Net operating income	49,337	12,206	1,048	6,900	69,491

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26. Segmental information (continued)

2025	Takaful		Investments		Total AED'000
	General takaful AED'000	Group family (employee benefits) AED'000	Family AED'000	AED'000	
General and administrative expenses	-	-	-	(23,164)	(23,164)
Amortisation of intangibles	-	-	-	(4,142)	(4,142)
Impairment of intangible assets	-	-	-	(1,276)	(1,276)
Finance cost	-	-	-	(5,931)	(5,931)
Other income	-	-	-	2,425	2,425
Profit/ (loss) before tax for the year	49,337	12,206	1,048	(25,188)	37,403

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26. Segmental information (continued)

Restated 2024	Takaful		Investments		Total AED'000
	General takaful AED'000	Group family (employee benefits) AED'000	Family AED'000	AED'000	
Takaful revenue	724,399	130,679	14,507	-	869,585
Takaful service expenses	(890,061)	(69,959)	(34,074)	-	(994,094)
Takaful service result before retakaful contracts held	(165,662)	60,720	(19,567)	-	(124,509)
Allocation of retakaful contributions Amounts recoverable from retakaful for incurred claims	(254,667)	(104,476)	892	-	(358,251)
Net expenses from retakaful contracts held	159,489	(57,705)	14,897	-	116,681
Takaful service result	(6,173)	3,015	(4,670)	-	(7,828)
Takaful finance expenses for takaful contracts issued	(2,409)	(854)	(22,876)	-	(26,139)
Retakaful finance Profit/(loss) for retakaful contracts held	4,365	1,015	(350)	-	5,030
Takaful financial result	1,956	161	(23,226)	-	(21,109)
Net takaful Profit/(loss)	(4,217)	3,176	(27,896)	-	(28,937)
Net fair value change in financial assets at FVTPL- Unit linked	-	-	22,861	-	22,861
Investment income	26,641	2,265	-	7,387	36,293
Total Investment and other income	26,641	2,265	22,861	7,387	59,154
Net operating income/(losses)	22,424	5,441	(5,035)	7,387	30,217

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26. Segmental information (continued)

Restated 2024	Takaful		Investments		Total AED'000
	General takaful AED'000	Group family (employee benefits) AED'000	Family AED'000	AED'000	
General and administrative expenses	-	-	-	(19,880)	(19,880)
Amortisation of intangibles	-	-	-	(5,311)	(5,311)
Finance cost	-	-	-	(4,680)	(4,680)
Other income	-	-	-	10,035	10,035
Profit/ (loss) before tax for the year	22,424	5,441	(5,035)	(12,449)	10,381

The following tables demonstrate other information related to each business segments:

	Takaful AED'000	Investment AED'000	Total AED'000
2025			
Total assets	1,128,913	279,872	1,408,785
Total liabilities	1,017,530	129,239	1,146,769
2024			
Total assets, restated	1,085,487	232,178	1,317,665
Total liabilities, restated	988,783	99,625	1,088,408

27. Capital management

Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group's risk management function is carried out by the Board of Directors, with its associated committees. This is supplemented with a clear organisational structure with delegated authorities and responsibilities from the Board of Directors to the Managing Director.

The Board of Directors meets regularly to approve any commercial, regulatory and organisational decisions. The Management under the authority delegated from the Board of Directors defines the Group's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

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27. Capital management (continued)

Capital management framework

The primary objective of the Group's capital management is to comply with the regulatory requirements in the U.A.E. and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group has fully complied with the externally imposed capital requirements. The Group's ability to comply with the solvency requirements depends on preparing and implementing an effective business plan subject to the approval of regulatory authorities.

Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that each subsidiary maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as these arise.

28. Financial instruments

Material accounting policies

Details of the Material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

Categories of financial instruments

	2025 AED'000	2024 Restated AED'000
Financial assets		
At amortised cost	474,386	413,029
At fair value	564,695	477,205
	1,039,081	890,234
Financial liabilities		
At amortised cost	177,976	100,811

29. Capital risk management

The Group's objectives when managing capital are:

- to comply with the takaful capital requirements required by UAE Federal Law No. 6 of 2007. The Group manages its capital on a basis of its minimum regulatory capital position;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

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30. Risk management

Asset liability management (ALM) framework

Financial risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The Group manages these positions to achieve long-term investment returns in excess of its obligations under takaful contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from takaful contracts by reference to the type of benefits payable to contract holders.

The Managing Director actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from takaful contracts.

The Managing Director regularly monitors the financial risks associated with the Group's other financial assets and liabilities not directly associated with takaful liabilities.

The risks faced by the Group and the way these risks are mitigated by management are summarised as follows:

Takaful risk

The principal risk the Group faces under takaful contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations.

This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The variability of risks is improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

i) Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly property, motor, marine, fire and medical risks. These are regarded as short-term takaful contracts, as claims are mostly advised and settled within one year of the insured event taking place. This helps to mitigate Takaful risk.

Motor

Motor Takaful is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising through accidents. Contract holders could also receive compensation for the fire or theft of their vehicles.

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Property

Property takaful is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the actual loss caused by the inability to use the insured properties.

For property takaful contracts the main risks are fire and business interruption. The Group's policies aim careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

30. Risk management (continued)

Takaful risk (continued)

i) Frequency and amounts of claims (continued)

Liability

For miscellaneous accident classes of takaful such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indemnity are underwritten.

Medical

Medical takaful is designed to compensate the contract holders for medical costs. Personal accident takaful entitles the contract holders or their beneficiaries to specified amounts in case of death or permanent or partial disability.

For medical takaful, the main risks are illness and related healthcare costs. The Group generally does not offer medical takaful to walk-in customers and is mainly offered to corporate customers with large population to be covered under the policy. The Group has retakaful to limit losses for any individual claim to 75%-80% of the claim amount.

Marine

Marine takaful is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes. For marine takaful the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Fire

Fire takaful is designed to compensate contract holders for damage and liability arising through loss or damage to the insured assets.

The Group's policies aim careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements.

Long term takaful contracts (life)

For unit-linked contracts, the capital risk element of the takaful liabilities can be matched against the investment for policyholders and therefore any change in the variables used to calculate these liabilities does not have any impact on the net asset or profit of the Group. In respect of unit-linked contracts, there is no uncertainty as to the amount to be paid by the Group on mortality or disability, as these are normally the coverage amounts under the policy. Reserves for mortality risk under unit-linked contracts include the reasonable possibility of significant loss due to the uncertainty of deaths among policyholders and rates of disability among policyholders.

30. Risk management (continued)

Takaful risk (continued)

ii) Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty compared to the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the takaful Group until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of takaful claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Takaful contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of reporting period.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as contribution rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before retakaful) are analysed below by type of risk where the insured operates for current and prior year contribution earned.

The Group believes that the claim liabilities under takaful contracts outstanding at the year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the consolidated financial statements. The takaful claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

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30. Risk management (continued)

Takaful risk (continued)

ii) Sources of uncertainty in the estimation of future claim payments (continued)

A hypothetical 1% change in the loss ratio, net of retakaful, would impact net underwriting income/(loss) as follow:

	2025 AED'000	2024 AED'000
Impact of change in loss ratio by +/- 1%		
Medical	2,973	2,482
Motor	1,320	1,495
Non-Motor	507	483
Group family	250	217
	<u>5,050</u>	<u>4,677</u>

iii) Process used to decide on assumptions

The risks associated with these takaful contracts are complex and subject to several variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual takaful contracts carried out at the reporting date to derive data for the contracts held. The Group has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

iv) Concentration of risks

The Takaful risk arising from Takaful contracts is concentrated mainly in the United Arab Emirates. The geographical concentration of risks is similar to prior year.

The table below sets out the concentration of contract liabilities by type of contract:

	Takaful Contract liabilities AED'000	Retakaful Contract liabilities AED'000	Retakaful Contract Assets AED'000	Net liabilities AED'000
2025				
Medical	159,495	63	(98,931)	60,627
Motor	93,193	1,255	(4,701)	89,747
Non-Motor	221,205	4,889	(134,968)	91,126
Group Family	76,753	73,762	-	150,515
Individual Family	338,178	-	(8,756)	329,422
Total	<u>888,824</u>	<u>79,969</u>	<u>(247,356)</u>	<u>721,437</u>
2024 restated				
Medical	161,859	1,001	(85,087)	77,773
Motor	112,270	-	(22,223)	90,047
Non-Motor	277,300	3,307	(185,887)	94,720
Group Family	48,576	47,525	-	96,101
Individual Family	315,711	-	(5,078)	310,633
Total	<u>915,716</u>	<u>51,833</u>	<u>(298,275)</u>	<u>669,274</u>

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30. Risk management (continued)

Takaful risk (continued)

v) Claims development process

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Gross claims development

Accident Year	Before				Total
	2023	2023	2024	2025	
	AED'000	AED'000	AED'000	AED'000	AED'000
At the end of each reporting year					
2024	2,528,433	591,766	754,736	-	3,874,935
2025	2,525,889	593,548	702,894	521,536	4,343,867
Gross estimates of Ultimate claims*					4,343,867
Gross estimates of the undiscounted claims and other attributable expenses payable					59,166
Gross estimates of the undiscounted amount of Ultimate claims* and payables					4,403,033
Cumulative payments to date					(4,026,424)
Gross undiscounted liabilities for incurred claims					376,609
Effect of discounting					(8,829)
Effect of risk adjustment for non-financial risk					16,065
Total gross liabilities for incurred claims					383,845

Net claims development process

Accident Year	Before				Total
	2023	2023	2024	2025	
	AED'000	AED'000	AED'000	AED'000	AED'000
At the end of each reporting year					
2024	1,608,190	402,442	278,516	-	2,289,148
2025	1,607,318	400,605	295,840	286,772	2,590,535
Gross estimates of Ultimate claims*					2,590,535
Gross estimates of the undiscounted claims and other attributable expenses payable					(334,530)
Gross estimates of the undiscounted amount of Ultimate claims* and payables					2,256,005
Cumulative payments to date					(2,484,296)
Gross undiscounted liabilities for incurred claims					(228,291)
Effect of discounting					3,436
Effect of risk adjustment for non-financial risk					4,443
Total net assets for incurred claims					(220,413)

*Includes unallocated loss adjustment expense (ULAE) reserve

30. Risk management (continued)

Takaful risk (continued)

vi) Retakaful risk

As general industry practice and in order to minimise financial exposure arising from large Takaful claims, the Group, in the normal course of business, enters into arrangements with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is effected under treaty, facultative and excess of loss retakaful contracts.

To minimise its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its retakaful and ensure diversification of retakaful providers. The Group deals with retakaful approved by the Board of Directors.

vii) Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table on the next page. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross and net liabilities, net profit, and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

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30. Risk management (continued)

Takaful risk (continued)

vii) Sensitivities (continued)

	Changes in assumption	Takaful contract liabilities AED'000	Retakaful contract assets AED'000	Net liabilities AED'000	Gross equity impact AED'000	Net equity impact AED'000	Gross SOCI impact AED'000	Net SOCI impact AED'000
2025								
Base		(888,824)	167,387	(721,437)	-	-	-	-
Discount Rate	1.0%	(886,219)	164,440	(721,779)	2,604	(343)	2,604	(343)
Discount Rate	-1.0%	(891,517)	170,358	(721,159)	(2,693)	278	(2,693)	278
Risk Adjustment	2.5%	(907,875)	173,240	(734,635)	(16,413)	(15,836)	(16,413)	(15,836)
Risk Adjustment	-2.5%	(880,531)	161,699	(718,832)	8,292	2,604	8,292	2,604
2024								
Base - restated		(915,697)	246,423	(669,274)	-	-	-	-
Discount Rate	1.0%	(913,554)	243,604	(669,950)	2,143	(676)	2,143	(676)
Discount Rate	-1.0%	(917,964)	249,268	(668,696)	(2,266)	578	(2,266)	578
Risk Adjustment	2.5%	(823,458)	251,725	(571,733)	92,239	97,540	92,239	97,540
Risk Adjustment	-2.5%	(899,390)	240,437	(658,953)	16,307	10,320	16,307	10,320

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30. Risk management (continued)

Financial risk

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, profit risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group does not enter into any derivative transactions.

i) Credit risk

Key areas where the Group is exposed to credit risk are:

- Retakaful contract assets;
- Amounts due from retakaful in respect of claims already paid;
- Amounts due from takaful contract holders; and
- Amounts due from takaful intermediaries.
- Investments in debt instruments;
- Cash and cash equivalents excluding cash in hand; and
- Fixed deposits.

The Group follows IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of takaful and other receivables. The Group applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision by creating provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

Retakaful is used to manage takaful risk. This does not, however, discharge the Group's liability as primary policyholder. If a retakaful fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of retakaful Group is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the management includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual participants and groups of participants are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual participants, or homogenous groups of participants, a financial analysis equivalent to that conducted for retakaful is carried out by the Group.

Of the bank balances and fixed deposits balance at the end of year, AED 142 million (2024: AED 135 million) is placed with one bank. The credit risk on liquid funds is limited because the single largest counterparty is a UAE sovereign bank.

The table on the next page presents an analysis of bank balances and fixed deposits by rating agency designation at the end of the reporting period based on S&P's rating or its equivalent for the main banking relationships:

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30. Risk management (continued)

Financial risk (continued)

i) Credit risk (continued)

	2025 AED'000	2024 AED'000
AA	22,890	9,297
A	376,832	327,561
BBB	4,424	1,281
BB and others	18,002	1,051
	<u>422,148</u>	<u>339,190</u>

The Group's other financial assets are held across various countries. The table below presents an analysis of financial assets apart from bank balances and fixed deposits by rating agency designation at the end of the reporting period based on S&P's rating or its equivalent:

	2025 AED'000	2024 AED'000
AAA	-	1,150
AA	24,942	24,904
A	74,053	74,898
BBB	41,232	35,890
BB and others	65,472	22,267
	<u>205,699</u>	<u>159,109</u>

ii) Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Collateral is mainly obtained in the form of postdated cheques and guarantees.

Financial instruments - investments

Investments in financial assets represent investments in quoted and unquoted equity and debt instruments of companies incorporated in the United Arab Emirates, and outside United Arab Emirates (note 6).

Cash and cash equivalents

Cash and cash equivalents of the Group are with Banks and other financial institutions registered and operate in the United Arab Emirates.

iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with its financial liabilities when they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

For VFA and GMM, Takaful and retakaful contract liabilities are measured using discounted cash flows.

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given on the next page:

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30. Risk management (continued)

Financial risk (continued)

iii) Liquidity risk (continued)

2025	Less than one year AED'000	More than one year AED'000	No term AED'000	Total AED'000
Assets				
Investment securities	110,875	94,824	-	205,699
Cash and cash equivalents	99,811	-	-	99,811
Restricted deposits	10,000	-	-	10,000
Wakala deposits	312,337	-	-	312,337
Retakaful contract assets	247,356	-	-	247,356
Trade and other receivables (excluding prepayments)	18,538	8,000	-	26,538
	798,917	102,824	-	901,741
Liabilities				
Trade and other liabilities	51,156	21,760	-	72,916
Borrowings	33,333	66,667	-	100,000
Takafu contracts liabilities	888,824	-	-	888,824
Retakaful contract liabilities	79,969	-	-	79,969
	1,053,282	88,427	-	1,141,709
2024 restated				
Assets				
Investment securities	97,685	61,424	-	159,109
Cash and cash equivalents	111,484	-	-	111,484
Restricted deposits	10,000	-	-	10,000
Wakala deposits	217,706	-	-	217,706
Retakaful contract assets	298,256	-	-	298,256
Takaful contract assets	19	-	-	19
Trade and other receivables (excluding prepayments)	6,683	12,521	-	19,204
	741,833	73,945	-	815,778
Liabilities				
Trade and other liabilities	42,532	24,956	-	67,488
Borrowings	-	48,875	-	48,875
Takaful contracts liabilities	915,716	-	-	915,716
Retakaful contract liabilities	51,833	-	-	51,833
	1,010,081	73,831	-	1,083,912

iv) Market risk

Market risk arises from fluctuations in foreign exchange rates, profit rates and equity prices. The value of risk that may be accepted by the Group is monitored on a regular basis by management.

v) Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Floating rate instruments expose the Group to cash flow risk.

The Group is exposed to profit rate risk on certain of its investments and bank balances and cash. The Group limits its risk by monitoring changes in such rates.

The sensitivity analysis on the next page has been determined based on the exposure to profit rates for profit-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year:

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30. Risk management (continued)

Financial risk (continued)

v) Profit rate risk (continued)

	Increase in basis points	Effect on profit for the year AED'000
2025		
Profit bearing assets	+100	5,280
2024		
Profit bearing assets	+100	6,518

Any movement in profit rates in the opposite direction will produce exactly opposite results.

The impact of changes in profit rate risk is not expected to be significant for the Group, as all financial assets and financial liabilities bears fixed profit rates.

vi) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group has no significant concentration of price risk. The price risk is managed by outsourcing the trading of securities held by the Group to professional brokers. However, the activities of brokers are also monitored and supervised by the management.

The following table shows the sensitivity of fair values to 20% increase or decrease as at 31 December:

	Reflected in profit or loss		Reflected in other comprehensive income	
	Favourable change AED'000	Unfavourable change AED'000	Favourable change AED'000	Unfavourable change AED'000
2025				
Equity securities	20,196	(20,196)	-	-
2024				
Equity securities	10,642	(10,642)	-	-

vii) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

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31. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market policyholders at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2024.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period.

The table on the next page provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Group into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2025	31 December 2024				
	AED'000	AED'000				
Investments at FVTOCI						
Unquoted debt securities	<u>1,000</u>	<u>1,000</u>	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value
	<u>1,000</u>	<u>1,000</u>				

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31. Fair value measurements (continued)

Financial assets (continued)	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 December 2025	31 December 2024				
	AED'000	AED'000				
Investments at FVTPL						
Quoted equity securities	200,296	137,194	Level 1	Quoted bid prices in an active market	N/A	N/A
Mutual funds units	363,399	339,011	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value
	<u>563,695</u>	<u>476,205</u>				

The management considers that the carrying amounts of financial assets held at amortised costs in the consolidated financial statements approximate their fair values. The fair value is mainly based on unobservable inputs (i.e. Level 3).

There were no changes during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

32. Contingencies and commitments

Commitments

The Group has capital commitments amounting to AED 0.14 million as at year end (2024: AED 0.87 million).

Guarantees

As at 31 December 2025, the Group has bank guarantees against labour and third-party commitments for AED 247,000 (2024: AED 267,000).

Legal claims

The Group is subject to litigation in the normal course of its business. Based on independent legal advice, except for the provisions already made as at 31 December 2025 the management does not believe that the outcome of these court cases will have a material impact on the Group's consolidated performance or consolidated statement of financial position.

33. Corporate tax

UAE corporate tax regime

On 9 December 2022, the United Arab Emirates issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, introducing a federal corporate tax regime in the UAE. The Corporate Tax Law applies to financial years beginning on or after 1 June 2023. As the Group's financial year ends on 31 December, the Group's current tax period commenced on 1 January 2025 and ends on 31 December 2025, with the corresponding tax return required to be filed by 30 September 2026.

Under the Corporate Tax Law, taxable income exceeding AED 375,000 is subject to corporate tax at a rate of 9%.

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33. Corporate tax (continued)

For the Group, current taxes shall be accounted for as appropriate in the consolidated financial statements for the period beginning 1 January 2024.

The Group has assessed the deferred tax implications and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), has recognised a deferred tax liability of AED 5.3 million in 2025.

Income tax expenses recognised in statement of comprehensive income are as follows:

	2025 AED'000	Restated 2024 AED'000
Consolidated statement of comprehensive income		
Current tax	2,479	23
Deferred tax	564	587
Net income tax expense recognised in the consolidated SOCI	3,043	610

Following is the analysis of current and deferred tax liabilities presented in the statement of financial position:

Movement in current tax liabilities:

	2025 AED'000	2024 AED'000
Balance at 1 January	23	-
Current tax charge for the year	2,479	23
Tax paid during the year	(82)	-
Balance at 31 December	2,420	23

Movement in deferred tax liabilities:

	2025 AED'000	Restated 2024 AED'000
Balance as of 1 January	4,496	3,909
Reversal of deferred tax liability on intangibles	(400)	(478)
Changes in fair value of investments	635	591
Changes in fair value real estate investments	329	474
Balance as of 31 December	5,060	4,496

The Effective Tax Rate (ETR) for the period ending 31 December 2025 is 8.14%.

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33. Corporate tax (continued)

Reconciliation of effective tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the UAE statutory tax rate as follows:

	2025 AED'000	2024 AED'000
Profit before tax	37,403	10,381
Tax calculated at statutory rate of 9%	3,366	934
Effect of:		
Tax impact of exempt income	(321)	(172)
Tax impact of disallowed expenses	54	132
Standard deduction	(34)	(34)
Prior period adjustment	59	-
Others	(81)	(250)
Income tax expense	3,043	610

Pillar Two – Global Minimum Tax

Recently, in order to align with OECD's Global Minimum Tax effort (Pillar Two), the UAE Ministry of Finance (MoF) has introduced a Domestic Minimum Top-Up Tax of 15% for Multinational Enterprises (MNEs) with effect from financial years starting on or after 1st January 2025.

The management has assessed and concluded that the Group does not fall within the scope of UAE DMITT rules for the year ended 31 December 2025. Management will continue to assess the potential applicability of Pillar Two rules on an ongoing basis in accordance with the relevant legislation.

34. Prior year adjustments and comparative information

The comparative amounts as at 31 December 2024 and 1 January 2024 and for the year ended 31 December 2024 have been restated due to correction of prior period errors relating to the takaful portfolios acquired upon business combinations. The IFRS 4 intangible assets should have been derecognized and consolidation adjustments eliminating deferred acquisition costs should have been no longer required upon first-time adoption of IFRS 17 that came into effect on the 1st of January 2023. The inaccurate recording of the takaful portfolio resulted in the overstatement of the intangible assets by AED 36,215 thousand, understatement of the trade and other receivables by AED 32,437 thousand and overstatement of the deferred tax liabilities by AED 340 thousand as at 1 January 2024 and overstatement of the intangible assets by AED 35,225 thousand, understatement of the trade and other receivables by AED 28,909 thousand and overstatement of the deferred tax liabilities by AED 568 thousand as at 31 December 2024. Moreover, this inaccurate recording resulted in overstatement of the amortization expense and tax expense by AED 990 thousand and AED 228 thousand respectively.

The comparative amounts as at 1 January 2024 and 31 December 2024 have also been restated to correct prior period errors relating to the recording of BOD remuneration fees. BOD remuneration fees were charged through the statement of changes in equity rather than as expenses through the statement of comprehensive income. The inaccurate recording resulted in understatement of the trade and other payables and understatement of accumulated losses by AED 1,199 thousand as at 1 January 2024 and 31 December 2024. Moreover, this error resulted in understatement of general and administrative expenses and overstatement of profit before tax by AED 1,199 thousand for the year ended 31 December 2024.

In addition, the comparative amounts as at 1 January 2024 and 31 December 2024 have been restated to correct prior period errors relating to not eliminating intercompany balances. Certain intercompany balances classified as takaful contract liabilities, trade and other payables and trade and other receivables were not properly eliminated. The inaccurate recording resulted in overstatement of takaful contract liabilities and trade and other receivable by AED 3,285 thousand as at 1 January 2024 and understatement of takaful contract liabilities and overstatement trade and other payables by AED 20,140 thousand as at 1 January 2024.

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34. Prior year adjustments and comparative information (continued)

In accordance with the requirements of 'IAS 1 Presentation of Financial Statements' and 'IAS 8 Accounting policies, Changes in Estimates and Errors', the above items have been corrected retrospectively and accordingly balances in the financial statements as at 31 December 2024 and 1 January 2024 and for the year ended 31 December 2024 have been restated as follows:

Impact on the consolidated statement of financial position as at 31 December 2024:

	As previously reported	Adjustment	As restated
	AED'000	AED'000	AED'000
Intangible assets	76,636	(35,225)	41,411
Trade and other receivables	24,015	28,909	52,924
Total assets	1,323,981	(6,316)	1,317,665
Accumulated losses	(38,660)	(6,596)	(45,256)
Statutory reserve	12,621	(351)	12,270
Total equity	236,204	(6,947)	229,257
Takaful contract liabilities	895,576	20,140	915,716
Trade and other payable	60,315	(18,941)	41,374
Deferred tax liability	5,064	(568)	4,496
Total liabilities	1,087,777	631	1,088,408
Total equity and liabilities	1,323,981	(6,316)	1,317,665

Impact of the consolidated statement of financial position as at 1 January 2024:

	As previously reported	Adjustment	As restated
	AED'000	AED'000	AED'000
Intangible assets	83,065	(36,215)	46,850
Trade and other receivables	36,001	29,152	65,153
Total assets	1,182,927	(7,063)	1,175,864
Accumulated losses	(45,972)	(4,637)	(50,609)
Total equity	229,594	(4,637)	224,957
Takaful contract liabilities	722,413	(3,285)	719,128
Trade and other payable	71,300	1,199	72,499
Deferred tax liability	4,249	(340)	3,909
Total liabilities	953,333	(2,426)	950,907
Total equity and liabilities	1,182,927	(7,063)	1,175,864

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34. Prior year adjustments and comparative information (continued)

Impact on the consolidated statement of comprehensive income for the year ended 31 December 2024:

	As previously reported	Adjustment	As restated
	AED'000	AED'000	AED'000
General and administrative expenses	(18,681)	(1,199)	(19,880)
Amortisation of intangibles	(6,301)	990	(5,311)
Other income	13,563	(3,528)	10,035
Profit for the year before tax	14,118	(3,737)	10,381
Income tax (expense)/credit	(838)	228	(610)
Profit for the year after tax	13,280	(3,509)	9,771
Total comprehensive income for the year	13,081	(3,509)	9,572
Earnings per share	0.052		0.038

Impact on the consolidated statement of changes in equity:

	As previously reported	Adjustment	As restated
	AED'000	AED'000	AED'000
Balance at 1 January 2024	229,594	(4,637)	224,957
Board of directors' remuneration fees	(1,199)	1,199	-
Balance at 31 December 2024	236,204	(6,947)	229,257

Impact on the consolidated statement of cash flows for the period ended 31 December 2024:

	As previously reported	Adjustment	As restated
	AED'000	AED'000	AED'000
Profit before tax for the year	14,118	(3,737)	10,381
Amortisation of intangibles	9,085	(990)	8,095
Operating cash flows before changes in assets and liabilities	(5,527)	(4,727)	(10,254)
Change in trade and other receivables	15,409	1,442	16,851
Change in takaful contract assets and liabilities - net	150,302	23,425	173,727
Change in trade and other payables	(10,985)	(21,339)	(32,324)
Board of directors' remuneration fees paid	(1,199)	1,199	-

35. Subsequent Events

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated. The Group's operations are primarily based in the UAE, which continues to demonstrate resilience. While the long-term economic impact remains uncertain, short-term impacts are not expected to be material, with any temporary interruption in business volumes anticipated to normalize in the near term.

The Group does not provide war cover and therefore has no direct exposure to war-related claims, while normal claims incidence is expected to remain stable or lower. In addition, investment-related risks have been partially mitigated through portfolio de-risking measures.

Based on this assessment, no material impact on the Group's financial position has been identified as at the date of approval of these financial statements. Management continues to monitor developments closely.

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36. Approval of the consolidated financial statements

The consolidated financial information was approved and authorized for issue by the Board of Directors on 31 March 2026.