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takaful emarat

www.takafulemarat.com

Detailed analysis of accumulated losses

(If the accumulated losses 50% and above of the company's capital)

This form has been prepared in accordance with the disclosure requirements included in the SCA Board of Directors' Decision No. (32/R.M.) of 2019 concerning procedures for companies whose shares are listed on the market, and whose accumulated losses amount to (20%) or more of their paid-up capital. Listed Companies are required to comply with the provisions of the decision as soon as their accumulated losses reach (50%) or more of their paid-up capital.

Date:	19th August 2024
Name of the Listed Company:	Takaful Emarat Insurance (PSC)
Define the period of the financial statements:	Q2 2024
Value of the Accumulated losses:	AED 194,113 (in Thousands)
Accumulated losses to paid-up capital ratio (%):	129%
The main reasons for accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements):	1. The company faced accumulated losses since 2019 due to higher-than-expected medical claims, lower investment returns, and unsuccessful technology investments. 2. Additional losses were incurred from declining business due to a merger and acquisition project between 2020 till 2022, revaluation of assets, and restating financial statements for equity investment impairments.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	1. The General Assembly, in its meeting held on 14th June 2024, approved a capital increase of AED 185 million to write-off the accumulated losses as of Q3 2023. 2. Building up long term achievable business plan which will recover the accumulated losses through writing solid profitable business. 3. With the commitment of the management towards achieving the business plan, the company reported 36% higher net takaful income in 2024 compared to 2023, (AED 38 million 30th June 2024, 28 million 30th June 2023). 4. On the investment side, the net investment income in 2024 increased by 31% compared to 2023.
The date on which the company's general assembly approved the plan for dealing with accumulated losses:	27 February 2024 and 14 June 2024

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The Measures that will be taken to deal with the accumulated losses and the approved plan				
Actions	**The time frame for implementing the action according to approved plan**	**The implemented action and the percentage of implementation**	**Reasons for not implementing the action or delaying**	**Any modifications or changes made to the action**
Action 1	During 2024	During the general Assembly meeting held in February 2024, discussions were held on restructuring the company's capital through capital reduction to write-off the accumulated losses as of Q3 2023. The company took the approval to write off the accumulated losses as of Q3 2023 with total amount of AED 132,429 (in thousands) and to increase the capital with total amount AED 125 million. In Q2 this year the board of directors has discussed along with the major shareholders the necessity to increase the capital to AED 185 million instead of AED 125 million which will fulfill the future growth plans. In June 2024, the company got approval from General Assembly to the proposed increase in the Company's paid-up capital.	The time frame for the capital increase will be implemented in accordance with legal procedures	Not applicable

The Name of the Authorized Signatory	Mohammad Abu Quora
Designation	Chief Executive Officer
Signature and Date	19 Aug 2024 DocuSigned by: 7E646D409B7C466...
Company's Seal	Signed by: