

Watania International Holding announces preliminary FY23 consolidated results

Watania General and Watania Family recover to record Underwriting Profit in Q4 2023 - delivering first operating profit since the merger in July 2022

Turnaround strategy puts Company in healthy financial position for FY24 and beyond

Dubai, UAE, 14 February 2024 – Watania International Holding PJSC (DFM: WATANIA; 'WIH' or the 'Company'), reported today its preliminary consolidated financial results for the full year 2023 (FY23).

Financial Updates FY2023:

- 12% increase in Takaful revenue year on year (y-o-y) reaching AED922 million versus AED820 million in FY 2022
- 162% increase y-o-y in net investment income to AED36 million compared to AED13.7 million in the previous year
- Approximately AED20 million in net cost synergies from the merger achieved in FY23
- Net profit of AED13.8 million demonstrating the highly successful turnaround strategy to recover from the net loss of AED53.1 million in FY 2022
- This is the Company's first operating profit since the merger in July 2022 and was driven by the underwriting profit (after expenses) of AED15 million in Q4 2023 achieved by all Takaful business lines during the quarter

Dr. Ali Saeed Bin Harmal Aldhaferi, Chairman, WIH said:

"Against the backdrop of the ongoing uncertainty in the regional macroeconomic environment, WIH achieved a steady result at the end of the financial year 2023. This reflects the significant improvements and corrective measures taken to turnaround both the financial and operational performance of the Company and its subsidiaries respectively since the completion of the merger in July 2022.

I'm pleased to report our Company's first operating profit for the last quarter of 2023 driven by underwriting profits achieved by all Takaful business lines during the quarter. The solid recovery in Q4 was due to the significant improvements in the results of both Medical and Motor lines of business, combined with strong growth in the Technical and Family (Islamic life insurance) lines.

Pleasingly, the Company is now well positioned operationally and financially to benefit from the expanded resources of the merged entity and to execute our ambitious and robust future-looking growth strategy that encompasses both organic and inorganic opportunities aimed to deliver positive returns and create sustainable value for shareholders. The strategy is in advanced stages of development and shall be presented to shareholders during the financial year 2024.

The commercial performance of the Takaful sector showed great strength in many areas in 2023. Despite the sectorial challenges and complexities of conforming to the new accounting standards, Takaful operators reported better performance during the year, showing early signs of positive impacts. We believe companies will be better positioned in the new financial year to fully adapt their business modeling and strategies to the new requirements.”

Operational Highlights (FY23):

- The name of the listed company changed to Watania International Holding PJSC in March 2023 and its business object changed following the cancellation of its insurance license as it became an investment holding company. The Company’s trading symbol on Dubai Financial Market became WATANIA in July 2023.
- The trade names of the Company’s fully owned subsidiaries were changed from Noor Takaful General PJSC (Motor and Technical) to Watania Takaful General and from Noor Takaful Family PJSC (Medical and Family) to Watania Takaful Family. This brought all business lines under the Watania moniker following a comprehensive brand architecture review initiated after the merger.
- In June, the holding Company moved to the new Dubai head office at The Galleries 2 in Jebel Ali.
- The Takaful subsidiaries expanded their geographic footprint across the UAE through five full services offices in Jebel Ali, Abu Dhabi, Business Point and Al Gurg branches in Deira, and in Sharjah.
- The Company and its subsidiaries increased their focus on long term sustainability through the execution of several initiatives across the environmental, social and governance areas to improve its impact and engagement with all relevant stakeholders.

Mr. Gautam Datta, CEO, WIH commented:

“Our landmark operating profit in the last quarter of the financial year comes on the back of implementing a strict underwriting discipline across all product lines, focusing on smart segmentation and competitive pricing based on data analysis. At the same time, we increased operational efficiency to bring down costs and paid constant attention to improving customer experience. It marks a solid step for us towards a return to normalized profitability moving forward following the significant reduction in our net losses from FY22.

During the year, we also benefited from the withdrawal of compulsory motor discounts by the Government, as well as the increasing awareness of life insurance or family protection products as evidenced by robust growth in our life (family Takaful) portfolio.

We are optimistic about the outlook in 2024 and beyond for the insurance industry, particularly the Takaful sector. This is due to the significant growth opportunities driven by advanced technologies, the expansion of mandatory areas of coverage, higher demand for better products at more competitive prices from an increasingly wealthier and more sophisticated population, underpinned by a continuously improving regulatory framework and strong economic indicators.

The introduction of the new accounting standards enhanced further the government's drive for more transparency and operational efficiency thus creating a more favorable environment for consolidation that will see more powerful players with the capacity to grow further within the UAE and the region.

Looking in to the future, we will explore both the strategic inorganic opportunities to expand into other regional markets by leveraging our lean Takaful business model as well as the investment opportunities within the Islamic financial services sector that are aligned with our values and growth objectives.”

ENDS.

Financial Reporting Considerations:

- The report for FY 2023 is based on the consolidated financial statements of the merged entity.
- The previous comparative period covering FY 2022 includes the financial statements for Dar Al Takaful PJSC for H1 2022 and the consolidated statements for the merged entity for Q3 and Q4 2022. As such the amounts are not directly comparable.

About Watania International Holding (WIH)

Watania International Holding PJSC is a listed entity on the DFM with share capital of AED 260 million. In 2020 Dar Al Takaful acquired Noor Takaful and in July 2022, the National Takaful Company (Watania) merged with Dar Al Takaful to create one of the largest Takaful entities in the UAE.

In March 2023, the name of the holding company, Dar Al Takaful, was changed to Watania International Holding PJSC and its insurance license was cancelled as it became an investment holding company that aims to expand its footprint through sharia compliant investments in the Takaful and Islamic finance sectors. In July 2023 its DFM trading symbol changed to [WATANIA] from [DARALTAKAFUL] following completion of regulatory conditions precedent.

Watania International Holding is the sole shareholder of two operating companies: Watania Takaful General (previously Noor Takaful General PJSC) and Watania Takaful Family (previously Noor Takaful Family PJSC). The two operating companies offer a full range of Takaful products including motor, general, technical, medical, and family (life insurance) to both individuals and companies in the UAE through a national network of full-services offices in Abu Dhabi, Sharjah, Jebel Ali and in Business Point and Al Gurg Tower in Deira.

For more information, please call 800-WATANIA or visit: www.watania.ae

For investor and media inquiries, please contact:

Noha Habib

Vice President – Corporate Communications & Investor Relations

Watania International Holding

noha.habib@watania.ae

+971 50 900 4127