

Detailed Analysis of Accumulated Losses

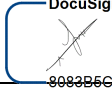
This form has been prepared in accordance with the disclosure requirements included in the SCA Board of Directors' Decision No. (32/R.M.) of 2019 concerning procedures for companies whose shares are listed on the market, and whose accumulated losses amount to (20%) or more of their paid-up capital. Listed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

Date:	14/05/2026
Name of the Listed Company:	TAKAFUL EMARAT – INSURANCE (PSC)
Define the period of the financial statements:	Q1 2026
Value of the Accumulated losses:	AED 44,590 (in Thousands)
Accumulated losses to paid-up capital ratio (%):	21%
The main reasons for the accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements):	The accumulated losses to paid-up capital ratio increased to 21% in Q1 2026 mainly due to the current geopolitical situation, which has caused significant volatility in the financial markets. This volatility led to a decline in the market value of the company's investments in equities, resulting in unrealized losses that affected the ratio. These changes are market-driven and do not reflect a deterioration in the company's core operations, which remain stable. Normalization of the Accumulated losses to paid-up capital ratio prior to Income tax credit and equity valuations will be set at 16%.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	As part of the company's ongoing initiatives to strengthen its technical and operational performance, Takaful revenues increased by 23% in Q1 2026 compared to Q1 2025, reflecting disciplined portfolio growth and improved business retention. The Takaful service result also improved from 20% to 27% of Takaful Revenues, demonstrating enhanced underwriting quality and stronger technical fundamentals. Despite the increase in Takaful revenue, G&A and acquisition costs remained at 27% of Takaful revenue, indicating effective cost management and the company's ability to scale operations without increasing its expense ratio. In parallel, the company continues to closely monitor the market prices of its equity investments. Based on recent market movements, the decline recorded in Q1 2026 is expected to be rectified in Q2 2026, as current pricing trends indicate a recovery in equity valuations.

Summary of the steps and initiatives undertaken by the company to address the accumulated losses: (Continued)	<ol style="list-style-type: none"> 1. Strengthening technical profitability: The company will continue enhancing underwriting discipline and portfolio quality to further improve Takaful service results beyond current levels, supporting sustainable recovery of accumulated losses through stronger recurring technical income. 2. Optimizing cost structure: The company will implement additional efficiency measures to maintain or reduce the current 27% expense ratio, ensuring that revenue growth translates directly into improved net results and accelerated loss recovery. 3. Active investment portfolio management: The company will closely monitor equity market movements and rebalance its investment portfolio where appropriate. With recent market prices showing recovery, the unrealized decline recorded in Q1 2026 is expected to be corrected in Q2 2026, supporting the reversal of market-driven losses.
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The Measures that will be taken to deal with the accumulated losses

Actions	The time frame for implementing the action	What has been implemented of the action and the percentage of implementation	Reasons for not implementing or delaying	Any modifications or changes made
Strengthening technical profitability	2026	Implementation of stronger underwriting actions already improved service results, further technical enhancements under process.	N/A	N/A
Optimizing cost structure	2026	Implementation of proper cost allocation already supported higher technical profits and revenue growth. additional optimization steps under process.	N/A	N/A
Active investment portfolio management	2026	Implementation of active monitoring shows that after Q1 2026, current equity prices reflect recovery, working on adjusting the investment portfolio is under process.	N/A	N/A

The Name of the Authorized Signatory	Adnan Sameer Saba El Aish
Designation	Chief Executive Officer
Signature and Date	DocuSigned by:  15.05.2026 Signed by: 8083B6C340B0479...
Company's Seal	