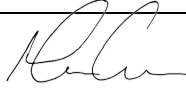


Detailed analysis of accumulated losses

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:	30 th October 2023
Name of the Listed Company:	Takaful Emarat Insurance (PSC)
Define the period of the financial statements:	Q3 2023
Value of the Accumulated losses:	AED 132,429 (in Thousands)
Accumulated losses to paid-up capital ratio (%):	88.3%
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):	<ol style="list-style-type: none"> 1. During 2019 the medical insurance portfolio has recorded losses due to reduced margin and incurred higher medical claims expenses than expected. 2. Investments have generated lower returns during the period. Furthermore, the company historically had invested into technology digitizing its sales and operations processes. However, some of these investments did not yield the desired output leading to writing off these investments during the previous periods. 3. Due to Merger and Acquisition project from 2020 – 2022, the market distribution channels preferred to write the business with other companies which led to decline in the business, as a result there was a pressure on the company profitability to be able to control the accumulated losses. 4. The company re-valuated some of the invested assets and wrote-off some of the bad debts which led to an increase in the accumulated losses.
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	<ol style="list-style-type: none"> 1. Capital restructuring which will offset the accumulated losses. 2. The company is planning to recover the lost business from the market due to the M&A activities that happened during the period from 2020-2022 by pushing the sales team to compensate the lost business through other lines. 3. Further work is underway to take other measures such as reviewing the underwriting guidelines and portfolio losses with a view to pricing modules appropriately. 4. Building up long term achievable business plan which will reduce the accumulated losses through solid profitable business. 5. Also, we are working on enhancing our systems and bringing in advanced technologies to improve the business processes and automation.

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
Action 1	During 2023-2024	During the board meeting held on October 27, 2023, discussions were held with the members of the Board of Directors on restructuring the company's capital through capital injection. The company will hold a general assembly meeting after getting the necessary approval from the concerned authorities.	The time frame for the capital increase will be implemented in accordance with legal procedures	Not applicable

The Name of the Authorized Signatory	Rayan Omer
Designation	Board Secretary
Signature and Date	30 October 2023 
Company's Seal	