

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 provision of the decision as soon as their accumulated losses reach (20%) or more of their paid-up capital.

Date:	12 th May 2025
Listed Company Name:	United Fidelity Insurance Company
Define the period of the financial statements:	Q1 2025
Accumulated losses:	AED 102,377,188
Accumulated losses to capital ratio:	63.99%

The main reasons leading to these accumulated losses and their history:

Fidelity United continued its recovery journey in Q1 as planned and generated financial results which are in line with the budgeted performance. Insurance revenue for the quarter ended March 31, 2025, amounted to AED 134m as compared to AED 161m for the same period last year representing a 17% reduction. This variation in the top line is aligned with Fidelity United's strategy to focus on profitable and preferred segments. The reduction in business is related to the Commercial and Employee Benefit lines of business showing a drop in vs last year by 19.5% and 34.6% respectively. The Consumer business on the other hand remained strong and demonstrated increase of 12.7% as compared to the same period last year. The Insurance service expense amounted to AED 140m compared to last year's figure of AED 165m. The key challenge was the unfavorable commercial and consumer underwriting results on account of higher than expected claims. After considering the reinsurance recoveries, the net Insurance service result portrays an unfavorable position of AED 17.6m as compared to AED 3.9m for Q1 2024.

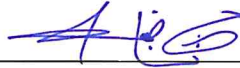
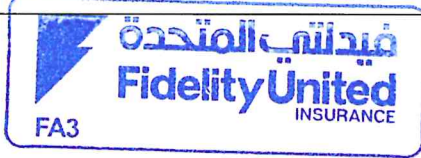
After accounting for the Investment income of AED 5.1m (2024: AED 8.0m), finance income/ expenses and other operating expenses, the net loss before tax stands at AED 12.7m as compared to a net profit of AED 2.6m in the prior year. After considering the favorable corporate income tax impact due to the business losses, the net loss after tax stood at AED 11.3m (2024: Net profit after tax AED 3.0m).

The underwriting losses are the main reason for the accumulated losses reaching a total amount of AED 102.3m as of March 31, 2025.

UNITED FIDELITY INSURANCE COMPANY

In Conformity with the Federal Law No. 6/2007 Reg. No (8) dated 22/12/1984. Authorized paid-up Capital Dh. 160,000,000

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Measures to be taken to address Accumulated losses:	<p>Fidelity United is on its way to a recovery, however this process is anticipated to take time. Considering the earning pattern of insurance premiums over the period of insurance policy, the above efforts will show positive results in Q3 / Q4 of 2025.</p> <p>For the year 2025 our focus will be to underwrite profitable business and continue working strongly towards enhancing customer services and innovatively working to cater to our customer requirements for an ever-changing business world. This also includes enhancing our connectivity through automation initiatives allowing business to be booked seamlessly through our business partners.</p> <p>The Board is confident that Fidelity United will be able to emerge out of the current scenario much stronger and generate profitable results in 2025. Fidelity United's shareholders and Board of Directors remain committed towards the long-term sustainable growth of the company and are confident that under the new leadership team Fidelity United will be able to restore its profitability and bring down the losses below the 20% threshold.</p>
Authorized Signatory:	Ahmed Nasef 
Position:	Chief Executive Officer
Signature and Date:	May 12th 2025
Company Seal:	

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