

## 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.

<b>Date:</b>	14 <sup>th</sup> August 2025
<b>Listed Company Name:</b>	United Fidelity Insurance Company
<b>Define the period of the financial statements:</b>	Q2 2025
<b>Accumulated losses:</b>	AED 97,821,037 (Q1 2025: AED 102,377,188)
<b>Accumulated losses to capital ratio:</b>	61.1% (Q1 2025: 63.9%)
<b>The main reasons leading to these accumulated losses and their history:</b>	<p>Fidelity United maintained its recovery trajectory in Q2 2025, delivering results better than budgetary expectations. As a result of the above the accumulated losses position with regard to the capital has improved during the period by 2.8%.</p> <p><b>Revenue Performance:</b> For the quarter ended 30 June 2025, insurance revenue totaled AED 274m, down 13% from AED 314m in Q2 2024. Commercial and Employee benefits remained 12% and 32% lower as compared to same period last year respectively. The Commercial lines increased by 12% vs last year. The above aligns with the Company's strategy to prioritize profitability and target preferred market segments.</p> <p><b>Claims &amp; Underwriting Results:</b> Insurance service expenses amounted to AED 233m, significantly lower than AED 512 million in Q2 2024, when results were impacted by exceptional flooding-related claims. After reinsurance recoveries, the net insurance service results recorded a loss of AED 16m, compared to AED 20.7m loss in the same quarter last year.</p> <p><b>Investment &amp; Overall Results:</b></p> <ul style="list-style-type: none"> <li>Investment income: AED 10.7m (Q2 2024: AED 11.2m)</li> <li>Net loss before tax: AED 9.5m (Q2 2024: loss of AED 11.6m)</li> <li>Net loss after tax: AED 8.9m (Q2 2024: profit of AED 9.9m)</li> </ul> <p>The financial results are positive in the last quarter on a standalone basis, resulting in a slight improvement on the accumulated losses as of June 30, 2025. However, on account of previously incurred underwriting losses the accumulated losses as of June 30, 2025 amounted to AED 97.8m.</p>

### 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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<b>Measures to be taken to address Accumulated losses:</b>	<p>We are pleased to report that, after five challenging quarters, Fidelity United returned to profitability in Q2 2025, recording a standalone pre-tax profit of AED 3.2 million.</p> <p>While the Company continues on its steady path to recovery, this remains a gradual process. We anticipate stronger financial performance in the latter part of the year, driven by the strategic initiatives implemented by our new management team. Our focus remains on profitable growth-renewing only quality accounts and applying strict underwriting discipline to all new business. Given the way insurance premiums are recognized over the policy term, the full benefits of these measures will become increasingly visible in the coming months.</p> <p>The Board is confident that Fidelity United will emerge from the current phase stronger, delivering sustainable profitability in 2025. Our shareholders and Board of Directors remain fully committed to the Company's long-term growth and are confident that, under the leadership of the new management team, Fidelity United will be able to restore profitability and reduce accumulated losses to below the 20% threshold.</p>
<b>Authorized Signatory:</b>	<b>Ahmed Nasef</b>
<b>Position:</b>	<b>Chief Executive Officer</b>
<b>Signature and Date:</b>	<b>August 14<sup>th</sup> 2025</b> 
<b>Company Seal:</b>	

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