

The Board of Directors' Report – Half Year ended June 30, 2026

On behalf of the Board, I am pleased to present the Directors' Report for the half year ended June 30, 2026.

During the first half of 2026, the Company delivered an improved financial performance compared with the corresponding period in 2025. Although the Company recorded a net loss for the period, the loss narrowed significantly year on year, reflecting continued progress towards sustainable profitability

Insurance revenue for the period increased by 33% to AED 365.1 million, compared with AED 273.9 million in the corresponding period of 2025. This reflects stronger top-line performance during the first half of the year.

Insurance service expenses amounted to AED 384.1 million, compared with AED 233.4 million in the prior-year period. However, this increase was materially offset by a significant improvement in reinsurance results. Net recoveries from reinsurance contracts held amounted to AED 4.5 million, compared with a net expense of AED 56.5 million in the first half of 2025. Consequently, the insurance service loss narrowed by 10% to AED 14.4 million, compared with AED 16.0 million in the corresponding period last year.

Net investment income was AED 8.5 million, compared with AED 10.7 million in the corresponding period of 2025, primarily reflecting the impact of geopolitical developments in the region.

Overall, the Company reported a net loss before tax of AED 7.5 million for the period, compared with a net loss before tax of AED 9.5 million in the first half of 2025, representing an improvement of 21%. After recognising an income tax benefit of AED 1.2 million, the net loss after tax was AED 6.4 million, compared with AED 8.9 million in the corresponding period last year—an improvement of 29%.

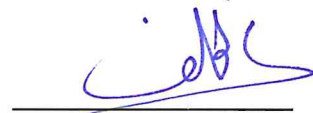
During the first half of 2026, the Company also received a capital injection of AED 30 million. This further strengthened its capital base and supports the execution of its strategic priorities.

The following are the key financial indicators to provide a clearer view:

Key Financial Parameters (in '000)	For the Half Year ended on 30 th June		Variance
	2026	2025	
Insurance Revenue	365,116	273,877	33%
Insurance Service Expenses	(384,127)	(233,414)	(65%)
Insurance Service Result	(14,433)	(16,033)	19%
Investment Income	8,501	10,718	(21%)
Net Profit/(Loss) before Tax	(7,510)	(9,530)	21%
Income tax	1,154	608	90%
Net Profit/(Loss) after tax	(6,356)	(8,922)	29%

Looking Ahead

The Board is pleased with the improvement in the Company's half yearly results. The continued reduction in losses, together with the capital injection received during the period, provides a stronger foundation for the business. Management will remain focused on disciplined underwriting, prudent risk selection, optimized reinsurance arrangements, operational efficiency and selective growth in profitable segments. The Board remains confident that these measures will further strengthen the Company's financial position and support the creation of sustainable long-term value for shareholders and stakeholders.



Chairman of the Board
Dated: August 10th, 2026

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. 190,000,000
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