

**Keynote by the Chairman of the Board of Directors  
Of Watania International Holding  
at the Annual General Assembly Meeting**

Dear esteemed shareholders,

The Annual General Meeting (AGM) of Watania International Holding PJSC was held earlier today, and I am pleased to share that in 2023, our company has emerged as a dynamic investment firm, with its subsidiaries showcasing their prominent position in the Takaful sector in the UAE following the successful implementation of the transformation strategy since the completion of the merger in 2022.

During the 2023 fiscal year, our company achieved financial and operational success despite the challenging regional macroeconomic conditions. Our resilience during the year confirms our ability to adapt to change in the operating environment and the effectiveness of our strategic vision.

We are pleased that the significant efforts made since the merger have strengthened the company's operational and financial position. We are now well placed to benefit from the anticipated market expansion in 2024 and beyond. The company now stands as one of the few in the sector with a flexible and scalable business model underpinned by a solid infrastructure that supports growth plans. Our subsidiaries are also strategically positioned to assume leadership roles in the sector, with a focus on continuous improvement of profits and overall financial performance.

The company depends for its financial performance and profits mainly on its investment in the two wholly owned subsidiaries, 'Watania Takaful Family' and 'Watania Takaful General'. In 2023, the company generated a total income of AED 954,363,000 from Takaful activities, an increase from AED 820,181,000 in 2022. Additionally, the total shareholders' equity rose to AED 229,597,000 in 2023, up from AED 218,460,000 in 2022.

At the end of 2023, the company achieved a net profit of AED 13,275,000, a significant improvement from the losses of AED 53,130,000 in 2022. Earnings per share also improved to AED 0.051 in 2023, compared to a negative figure of 0.204 in 2022.

The net profits achieved during the financial year are testament to the recovery of both subsidiaries following the turnaround strategy and great efforts by our teams since the merger in 2022.

We have successfully established the necessary groundwork to optimize long-term value for our shareholders. Our strategy is well-defined to capitalize on the substantial growth in the Takaful sector in the GCC. The sector is projected to expand at a compound growth annual rate of 5.3% between 2023 and 2028 in terms of gross written premium revenue.

This expected growth is driven by robust economic development, population growth, heightened demand for health, family or life insurance, extensive infrastructure projects, enhanced legal frameworks and regulatory processes, the introduction of mandatory insurance schemes, and increased merger and acquisition activities within the sector.

We are optimistic about the future and expect to see better performance in the coming years as the insurance market is set to experience significant growth. We are currently exploring various opportunities within the Takaful sector to expand our investment portfolio and bolster the market share of our two Takaful subsidiaries. Our strategic focus revolves around capitalizing on new investment avenues while concurrently solidifying the market share of our subsidiaries in this vital sector.

The Board of Directors decided against distributing dividends to the company's shareholders for the fiscal year ending December 31, 2023, for the following reasons:

- First, the company's financial performance and profits depend mainly on its investment in the two subsidiaries, 'Watania Takaful Family' and 'Watania Takaful General'. The two companies faced significant operational challenges following the merger in 2022. Although they recovered in 2023, they still need assistance in 2024 to rectify their financial positions and comply with the regulatory capital and financial solvency requirements. The distribution of dividends to the Company's shareholders would put undue pressure on both subsidiaries, potentially impairing their ability to meet these requirements.
- The financial solvency status of the Company itself necessitates careful capital management to fund business operations and to fuel strategic initiatives and future growth projects. Capital preservation and cash liquidity are essential for boosting financial flexibility and maintaining long-term business sustainability, particularly amid economic uncertainty.

- The Board of Directors made the decision not to distribute dividends after a thorough assessment of key factors including compliance with solvency requirements, operating conditions, company expenses, cash liquidity, and capital needs for sustainable growth. The Board determined that distributing dividends at this juncture would not be prudent.

However, the Board of Directors confirms its commitment to striking a balance between the interests of the Group and the shareholders. We are optimistic about the Company's future growth opportunities and performance and eagerly anticipate rewarding shareholders in the near future.

On behalf of the Board of Directors, I would like to thank our esteemed shareholders for their trust and unwavering support to achieve our company's objectives and growth strategies. We also thank our dedicated employees, our valued customers and our partners as we continue to collaborate to achieve positive outcomes for all.

Best regards,

Dr. Ali Saeed Bin Harmal Aldhaheri  
Chairman  
Watania International Holding