

PRESS RELEASE

Dar Al Takaful (DAT) announces its consolidated Q3 2022 results

Dubai, UAE, November 15, 2022 – Dar Al Takaful PJSC (“DAT” or the “Company”) reported its interim financial results for the third quarter of 2022 including the consolidated financial statements of the merged entity resulting from the merger between DAT and Watania on 1 July 2022.

The Company has successfully concluded the majority of the merger related synergies at the end of the third quarter of 2022. As a result of the merger and integration process, the Company has incurred one-off merger related expenses (≈AED 15.0 million) that included costs related to system redundancies, IT harmonization, resource rationalization, consultant fees, and consolidation adjustments. This impact was seen on the bottom line of DAT’s consolidated statements, registering a net loss of AED 26.9 million in 9M 2022.

In addition to the one-off merger related expenses, the Company’s key Medical portfolio faced headwinds in the form of pricing pressures and increased hospital utilization post-COVID which negatively impacted the quarter’s operational income.

DAT remains focused on enhancing its overall operational and financial performance post-merger, and a net saving of ≈AED 20.0 million is expected to accrue as a result of the completion of all the merger synergies. This will generate positive returns for shareholders and policyholders in 2023 and beyond.

Financial Highlights:

- Gross written contributions for 9M 2022 at AED 598.0 million, up 2.8% year-on-year (y-o-y) showing resiliency and strong business fundamentals
- Operating expenses of AED 78.9 million during the period compared to AED 55.7 million in 9M 2021 due to merger related one-off expenses and consolidation adjustments (≈AED 15.0 million)
- Net loss of AED 26.9 million in 9M 2022 due to higher personnel costs and one-off merger related expenses
- Investment income increased to AED 5.3 million during the first nine months of this year (up 70.4% y-o-y) as a result of higher returns from invested and pooled assets

Dr. Ali Saeed Bin Harmal Aldhaheri, Chairman of DAT, said:

“During the third quarter, we successfully completed the merger as well as the integration process as planned. The merger and integration related expenses combined with some operational challenges affected our financial performance during the quarter. However, the implementation of our clear strategy ensured that the business has been future-proofed through various operational and performance enhancing drivers.

We have significantly improved our ability to create sustainable value for all of our key stakeholders and support the delivery of higher quality services as well our offering to deliver protection and financial security to our Participants (policyholders) when they need it most.

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We are now better positioned to benefit from potential growth opportunities stemming from our expanded footprint across Abu Dhabi and Dubai markets and the rebalancing of our product mix. This, combined with our improved and more transparent framework to inform capital allocation decisions and working capital management, will lead to improve our financial performance and drive sustainable profitability from 2023 onwards.”

Addressing the operational and business drivers that were achieved during the quarter, **Gautam Datta, Chief Executive Officer of DAT, said:**

“During the reporting quarter, we implemented a targeted strategic framework to bring about the merger’s synergies and executed key business and operational drivers to ensure we are building one of the leading UAE Takaful providers.

As a priority, on the 1st of July, the first legal trading day of the merged entity, we completed the consolidation of the two IT platforms into one unified infrastructure. We also reviewed the organizational structure and took steps to rationalise resources and streamline the merged entity’s human capital to achieve synergies, improve efficiencies and lower costs.

The broader distribution network, innovation across functions, increased efficiencies, transparency of reporting, and digitization of processes is transforming the organization into an agile and streamlined business with a significantly enhanced ability to offer higher levels of service excellence to our policyholders.

While we completed the integration process between the two merged companies in Q3 2022, the new branding is progressing at pace and is expected to be completed during the current financial year.”

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About Dar Al Takaful PJSC

Dar Al Takaful PJSC was established in 2008 as a Shari’ah-Compliant insurance company. In 2020, it completed the acquisition of Noor Takaful Family PJSC and Noor Takaful General PJSC. An award-winning insurance company, Noor Takaful has won the prestigious Insurance Brand of The Year 2021 award, conferred by Global Banking and Finance Review, as well as the Best Takaful Company 2021 and Most Innovative Takaful Company 2021, both awarded by World Business Outlook.

In July 2022, Dar Al Takaful completed the merger with National Takaful Company PJSC (Watania), forming one of the leading national Takaful providers in the UAE with share capital of AED 260 million. The merged entity, Dar Al Takaful, trades on the DFM under the ticker [DARTAKAFUL] It focuses on deepening customer reach, leveraging economies of scale, and delivering best-in-class protection and financial security to its policyholders. By capitalizing on its larger underwriting capacity, the company looks to offer more comprehensive and favorable coverage to meet the needs of a wider client base in the UAE’s addressable market, with further growth across the GCC region.

Dar Al Takaful PJSC’s vision is to provide protection and peace of mind. In line with its vision, Dar Al Takaful offers innovative ethical insurance solutions and promotes a culture of excellence among its staff. It offers a full range of takaful products - general, medical, and family - to both individuals and companies in the UAE. The products are offered at its head office in Dubai, online, and through its branches in Abu Dhabi, Sharjah, and Ajman.