

Dear Shareholders,

On behalf of the Board of Directors of Arabia Falcon Insurance SAOG, I am pleased to present the financial results of the company for the first quarter ending March 31, 2026.

Business overview

Macroeconomic conditions weakened during the first quarter, driven by regional geopolitical tensions and rising oil prices, which contributed to higher inflation expectations and volatility in investment markets.

Against this backdrop, the insurance sector recorded modest growth. Total gross written premiums increased by 4% to RO 185 million in Q1 2026, compared to RO 179 million in Q1 2025 (source: Financial Services Authority portal).

The industry is expected to continue growing at an average annual rate of approximately 5% over the coming years. However, claims inflation remains a key concern, placing sustained pressure on underwriting margins and reinforcing the need for disciplined pricing and effective claims management. Elevated claims have historically led to technical losses across several insurers in Oman.

Within this context, the Company's Q1 2026 performance was below expectations. Results were primarily impacted by higher claims frequency and value due to inflation, in addition to lower investment income during the period.

Management has initiated corrective actions focused on restoring portfolio profitability and enhancing investment returns, with the objective of improving overall performance during the remaining part of the year.

Income and Technical Results

Gross written Premium decreased by 26% from RO 9.7 million in Q1 2025 to RO 7.1 million in Q1 2026. The decrease was due mainly to stopping writing medical business in the second half of 2025 which accounted for RO 1.9 million in Q1 2025.

Insurance revenue decreased by 2% from RO 6.2 million in Q1 2025 to RO 6.1 million in Q1 2026

Net insurance service results inclusive of net insurance finance expense decreased from RO 109k profit in Q1 2025 to 421k loss in Q1 2026.

Investment income decreased by 13% from RO 574k in Q1 2025 to RO 502k in Q1 2026.

- e) The net loss for the year was RO 80k compared with RO 490k profit in the previous year, due to the drop in both technical results and investment income.
- f) The shareholder's Equity was RO 22.178 million on March 31, 2026, compared with RO 21.590 million on March 31, 2025. Dividend of RO 1,239,620 (12 baiza per share) approved by AGM held on March 31, 2026, compared with RO 1,033,017 (10 baiza per share) in the previous year.

Outlook for 2026

Overall, the year is expected to be challenging. Improvements in both technical profitability and investment income are expected in the remaining part of the

year. Over the past few years, management has implemented necessary measures to address rising claims and has continuously reviewed pricing strategies to restore claims ratios to acceptable levels. Property and casualty lines are expected to sustain steady growth and profitability, life segment to continue a strong growth trajectory.

Management remains committed to growing the insurance portfolio in a disciplined and profitable manner, while maintaining tight control over expenses, with the primary objective of delivering improved technical profitability by year-end.

The Company also continues to advance its digital transformation strategy, with significant investments planned for the coming year to strengthen market leadership, enhance digital capabilities, and elevate service excellence.

Acknowledgements

I take this opportunity to wish success to His Majesty Sultan Haitham bin Tariq bin Taimur towards further development and prosperity of the country. We would like to thank the Financial Service Authority and all other regulatory bodies for their continuous guidance and support.

On behalf of the Board of Directors, I would also like to thank the management team and the employees of the company for an outstanding year.

We sincerely thank our shareholders for their continued confidence, support and trust in the company over the years.

For & on behalf of the Board of Directors of

Arabia Falcon Insurance SAOG

Elie Khoury

Chairman of the Board