

The directors' report to the shareholders on unaudited condensed consolidated interim financial statements for the nine months ended 30 September, 2025.

Dear Shareholders,

It is my privilege to present to you the financial performance of Takaful Oman Insurance Company SAOG for the nine months ended 30 September, 2025, on behalf of the Board of Directors.

I am pleased to announce that we have successfully completed the third reporting cycle as per the new financial reporting standards, specifically FAS 43 - Accounting for Takaful, FAS 42 - Presentation and Disclosures in the Financial Statements of Takaful Institutions, and FAS 30 - Impairment Credit Losses and Onerous Commitments. These standards came into effect on January 1, 2025. This significant milestone reflects our ongoing commitment to maintaining compliance with the latest regulatory requirements and ensuring the highest level of accuracy and transparency in our financial reporting practices.

The company has astutely leveraged the achievements of the previous year to drive continued progress. Allow me to present an overview of the key highlights:

- ❖ The company has kept pace with its growth trajectory and reported 15% growth in Gross Written Contributions (GWC) totaling to RO 38.69 million at Q3 2025 as compared to last year.
- ❖ Recognized Takaful Contributions has decreased to RO 24.72 million at Q3 2025 in comparison to RO 26.31 million at Q3 2024 mainly driven by the change in business mix.

Takaful Gross Margin has declined from 1.36 million at Q3 2024 to -1.83 million at Q3 2025 incorporating the losses from Motor & Medical segment.

- ❖ The combined (Shareholders Fund and Participants Fund) results, as per new accounting standard, recorded a net profit after tax and OCI of RO 1.353 million at Q3 2025 {Q3 2024 (restated): Profit after tax and OCI RO 0.69 million.
- ❖ The Company generated combined (Shareholders Fund and Participants Fund) net investment income of RO 0.89 million at Q3 2025. (Q3 2024: 0.81 million).

Despite the head winds coming from Motor and Medical segments, Takaful Oman has kept the pace and continued its topline growth in the profitable segments. We have full confidence that we will maintain our growth trajectory and successfully achieve our strategic goals in 2025 and beyond.

Financial Performance in Brief

I am delighted to announce the key financial indicators of the company.

Participants Funds

Recognized Takaful Contributions has decreased to RO 24.72 million at Q3 2025 in comparison to RO 26.31 million at Q3 2024.

Takaful Gross Margin has experienced a significant decline, decreasing from RO 1.36 million in Q3 2024 to RO -1.83 million in the corresponding period of 2025.

This downturn is primarily driven by the underperformance in the Motor Third Party and medical segment, which remains a key challenge not only to the company's overall profitability but also to the industry’s performance. In response, we are undertaking strategic corrective measures, including a comprehensive review and recalibration of our actuarial pricing models. These initiatives are aimed at restoring profitability and ensuring long-term sustainability within this business line. However, a combination of improved pricing efficiency and the launch of new products—SME Medical and Individual Health—is expected to ease this strain and support margin recovery.

The combined participants’ fund results (General Takaful and Family Takaful), as per new accounting standard, have reported a deficit of RO 1.28 million at Q3 2025 as compared to a surplus of RO 1.97 million at Q3 2024 (restated as per new accounting standard).

Furthermore, the Company has experienced a commendable 15% year-on-year growth in its top-line performance, with Gross Written Contributions totalling RO 38.69 million at Q3 2025, a notable increase from the RO 33.75 million at Q3 2024. Notably, the Family Takaful segment constitutes 55% of the total top-line. Additionally, the Health Takaful Line of Business constitutes 18%, while the Motor and Non-Motor Takaful Line of Businesses constitutes 16% and 11% respectively.

Shareholders' Fund

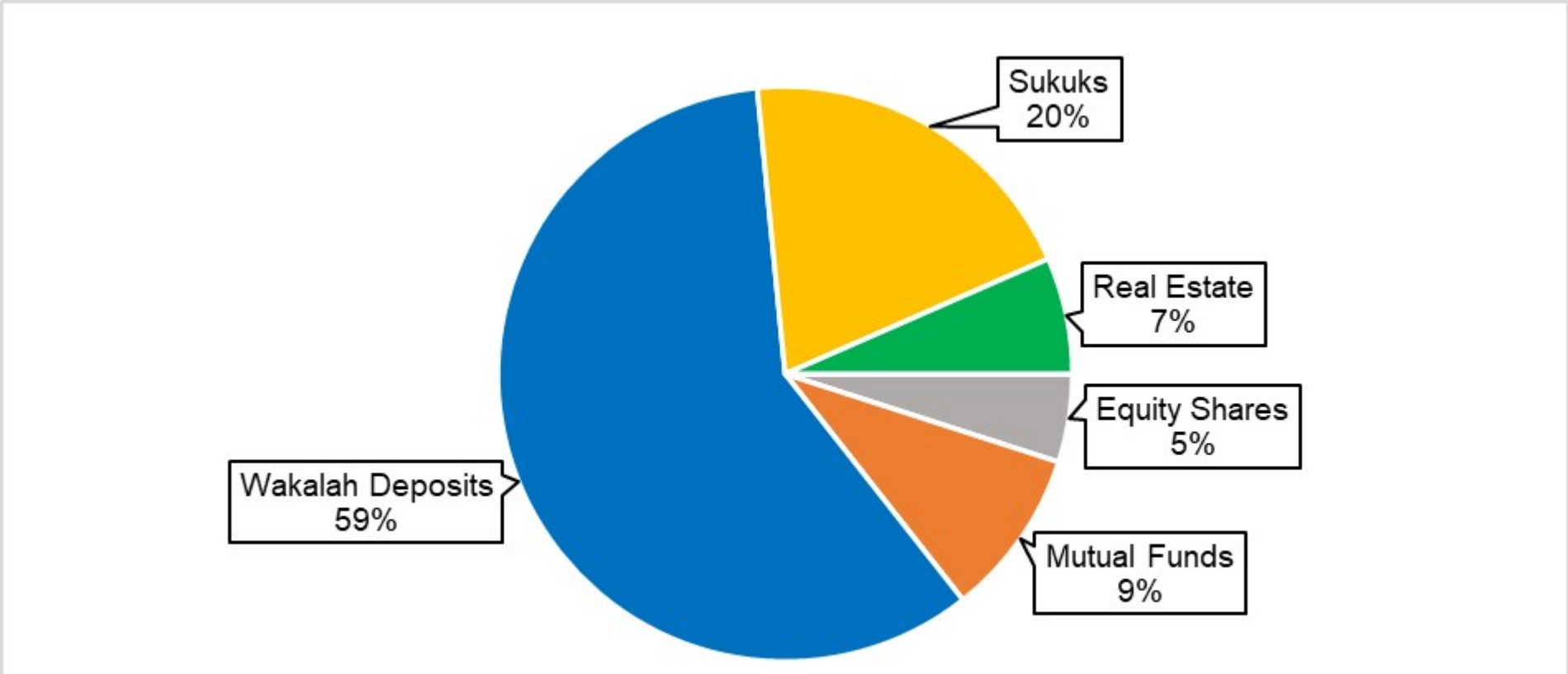
The Shareholders’ fund revenue is primarily derived from the Wakala fees followed by the investment and mudarib fees income. For the nine months ended September 30, 2025, the shareholders’ fund earned Wakala fees and Mudarib Fees of RO 7.04 million (Q3 2024: RO 3.29 million).

The Shareholders' fund has reported a profit before finance cost and tax of RO 2.76 million at Q3 2025, as compared to the loss before finance cost and tax of RO 0.99 million in Q3 2024 as restated in accordance with the new accounting standards.

Investment Position & Performance:

The Company maintains a resilient and stable investment portfolio valued at RO 27.43 million, composed of bank deposits held with Islamic banks, representing 59% of the total combined investment portfolio. Notably, the Company generated combined (Shareholders Fund and Participants Fund) net investment income of RO 0.89 million Q3 2025 in comparison of RO 0.81 million in Q3 2024.

The Company is diversifying its investment portfolio by increasing its allocation to more profitable Sukuks and Equity, demonstrating its commitment to enhancing overall investment income.



Shariah Compliance is the topmost priority

Takaful Oman Insurance has demonstrated a commitment to being transparent and accountable in optimizing its portfolio while abiding by the Shariah law. The Shariah Supervisory Committee exerts the supervisory role to ensure that the company operation is in compliance with Islamic Shariah rules and principle. The Financial statements for the nine months ended September 30, 2025, are reviewed and approved by Shariah Supervisory Committee.

High Performing Leadership Team with Excellent Omanisation Ratio

Employees are the cornerstone of any organization. To achieve sustainable & profitable growth, an experienced and motivated team is essential. Transparency, high ethical and moral standards, diversity, and equal opportunity are the fundamental pillars of HR policy. The company provides a healthy working environment, to harness the best potential of the employees. In line with government policy, the company provides youth training and learning opportunities in the insurance sector. Takaful Oman is proud to achieve an overall Omanisation ratio of 81% as against the required ratio of 75%. The company staff is the primary source of achievement. To keep the company ahead in industry, it continues to invest in the training and development of its human resources.

Asia's Best Workplaces 2025 award

Takaful Oman has been honored as one of **Asia's Best Workplaces 2025** by Great Place to Work® This recognition celebrates the company's dedication to creating a supportive, innovative, and inclusive work environment. As Oman's pioneering Islamic insurance provider, Takaful Oman continues to lead not only in its industry but also in workplace excellence—thanks to its passionate team and strong organizational values

Dhamani Platform

The Financial Services Authority launched the Dhamani Platform on January 1, 2025, to streamline the processing and payment of medical claims. Takaful Oman has successfully implemented this change, integrating the claims processed through Dhamani with the bank to ensure timely payments. This integration also facilitates accurate reporting to the regulator, enhancing transparency and efficiency in the claims process.

Learning and Development

Takaful Oman has implemented a range of targeted training and development initiatives aimed at fostering comprehensive skill enhancement among employees and channel partners. Recognizing the critical role of continuous learning in driving productivity and sustaining a competitive advantage, these programs encompass both technical competencies and essential soft skills, including communication, leadership, and collaboration. During the first nine months, 107 employees attended training sessions over 46 days, covering key topics such as Islamic Bank Contracts, Takaful insurance, the future of insurance, risk management, AML, information security, and the Insurance Elevate Program. These sessions aimed to strengthen industry knowledge, regulatory compliance, and professional development across the organization.

In alignment with national priorities and regulatory expectations, we have also actively supported the Omani workforce development agenda by participating in training programs under the Tamkeen initiative, sponsored by the Financial Services Authority (FSA).

This integrated approach underscores our commitment to the professional advancement of our team and partners, contributing meaningfully to the organization's sustained growth and success.

As part of our commitment to building technical excellence, a select group of employees and channel partners have successfully completed Chartered Insurance Institute (CII) training. This milestone marks a significant step in strengthening our internal capabilities, equipping participants with advanced industry knowledge and positioning them as trusted experts in their fields.

Information Technology:

Takaful Express:

Transforming Takaful Express into accessible, self-service points, similar to ATMs, can substantially enhance outreach and convenience for users. These will be placed in high footfall areas like malls, airports, transport hubs, and banks, improving accessibility, especially in remote locations without direct access to agents or branches. Users can easily complete enrollment, make payments, and receive digital policies via SMS, email, or WhatsApp, with integration for mobile wallets, debit cards, and QR payments.

The platform allows motor claims submissions, document uploads, excess payments, and claim tracking, while self-service options enable policy endorsement. Video and chat support offer live assistance. Takaful Express will act as a brand ambassador with engaging visuals, interactive banners, and loyalty-based promotions. Usage data will be analyzed to improve UI/UX, identify high-demand areas, and optimize product offerings.

Aggregators Integration

Building on its digital transformation journey and commitment to improving customer accessibility, Takaful Oman has integrated with the ONEIC platform. This enables Takaful Oman to be accessible to its customer via every possible distribution channel and manage their insurance services through need innovative and latest digital interfaces.

Affinity Partnerships

Affinity Portal is a B2B2C digital platform designed to empower partners to offer a range of insurance products directly to their end customers. The portal is fully white-labeled, allowing each partner to reflect their unique branding and identity—ensuring a seamless, personalized experience across digital touchpoints.

Building on this digital innovation, Takaful Oman has partnered with Al Maha Petroleum to deliver Sharia-compliant insurance solutions through Al Maha’s advanced digital platforms.

This collaboration marks a progressive step in reshaping the digital insurance landscape in the Sultanate, offering customers a unified, end-to-end experience through the Affinity Portal.

Environmental, Social, and Corporate Governance (ESG)

Takaful Oman Insurance SAOG is dedicated to pursuing the business in a socially responsible and sustainable manner. We are fully committed to a comprehensive ESG charter which demonstrates our commitment to ethical and responsible business practices, community development, environmental protection, employee engagement, stakeholder engagement, and ESG integration. The Company recognizes that our CSR activities and ESG considerations enhance society and the environment and foster long-term success as a responsible business.

In alignment with the ESG reporting guidelines issued by the Muscat Stock Exchange (MSX) for listed companies, Takaful Oman is pleased to announce the publication of its 2024 Sustainability Report along with 30 ESG Metrics. This marks a significant milestone in our commitment to transparency, accountability, and sustainable business practices.

Macro Economics Outlook

The macroeconomic outlook for Oman is promising, as evidenced by the significant improvement in the country’s credit rating. The revised outlook by S&P Global to ‘positive’ from ‘stable’, along with the affirmation of its ‘BBB-’ long- and short-term foreign and local currency sovereign credit ratings, reflects growing confidence among investors and lenders in Oman’s economy and banking sector.

This positive shift is a testament to the government’s effective measures to enhance public financial management and diversify economic revenue streams beyond oil. The ongoing improvement can be attributed to several factors, including the stability of oil prices, the government’s fiscal policies, and growth in foreign exchange reserves. The elevation in Oman’s credit outlook from stable to positive confirms the effectiveness of the nation’s economic and financial strategies, which align with national priorities and the objectives of the 10th Five-Year Plan, underscoring the strategic directions of the 2040 vision.

Acknowledgement:

The Board gratefully acknowledges **His Majesty Sultan Haitham bin Tariq al Said** for his outstanding leadership and vision.

The Board would like to convey their profound gratitude to the shareholders who have shown unwavering confidence in the Company and its management team. They would also like to thank the Financial Services Authority (FSA), Muscat Stock Exchange (MSX), the Re-Takaful operators, and all the Participants for their continuous guidance and support.

In addition, The Board wishes to express their heartfelt appreciation and recognition for the commitment, dedication, and innovative thinking displayed by every member of our Takaful Oman family, with complete confidence that they will continue to do so.

On behalf of the Board of Directors

Mr. Sulaiman Hamed Hamood Al Harthi
Chairman