The directors' report to the shareholders on audited consolidated financial statements for the year ended on 31 December 2025.

Dear Shareholders,

It is my privilege to present to you the financial performance of Takaful Oman Insurance Company SAOG for the financial year ended on 31 December 2025, on behalf of the Board of Directors.

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 25% growth in Gross Written Contributions (GWC) totaling to RO 50.19 million for the financial year 2025.

- The Shareholders' Fund has reported a profit for the year of RO 0.56 million as compared to a loss of RO 1.39 million in prior year.

- The Shareholders' Fund has reported a total comprehensive income before Hiba for the year of RO 0.56 million as compared to a loss of RO 1.39 million in prior year.

- The Family Takaful Participants' Fund has reported a surplus from Takaful Operations after OCI for the year of RO 1.05 million (2024(restated): RO 2.63) marking the fourth consecutive year of surplus in this segment.

- The Family Takaful Participants' Fund has fully repaid all outstanding Qard Hassan to Shareholders' amounting to RO 1.93 million (2024: RO 1.50 million). This marks the complete closure of Qard Hassan provided by the Shareholders to this segment.

- The General Takaful Participants' Fund has reported a deficit from Takaful Operations after OCI for the year of RO 1.25 million (2024(restated): RO 0.48 million).

- To strengthen the participants' fund, a Hiba of RO 1.36 million has been given from Shareholders' fund to the General Takaful Participants' fund.

- The company has reported (Shareholders' Fund and Participants' Fund) investment income of RO 1.42 million year reported growth 10% from previous year.

❖ Another notable improvement is the other comprehensive income which has increased by 65% to RO 0.48 million.

❖ In December 2025, the Company issued RO 6.0 million Sukuk under Series 2 of its RO 25 million Sukuk Program. The Series 1 Sukuk was fully redeemed by the Company on its First Call Date in February 2026.

Financial Performance in Brief

Takaful Oman has successfully completed the full year 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.

These adoptions have impacted on the opening retained earnings and prior year financial statements of the Shareholders' Fund and Participants' Fund and have been restated accordingly. The nature of these changes, along with their financial impact on the Company's earlier reported financial statements, is presented in Note 2.1 of the financial statements.

Further, there has been a significant change in preliminary reported financial numbers and the audited financial statements. The primary reason for this change is driven from the takaful service policy acquisition cost which was earlier deferred in preliminary results in line with the conventional companies which adopts IFRS 17. However, under FAS 43, there is a difference in accounting treatment. In line with the Takaful business model, the company has taken an approach to expense out takaful service acquisition cost.

Following are the more details on the key financial matters:

Shareholders' Fund

Particulars *(RO m)*	**2025**	**2024** *(Restated)*	**Variance**
Revenue	10.32	6.12	69%
Expenses including Tax	(9.76)	(7.50)	30%
Profit/(Loss) after Tax	0.56	(1.39)	141%
Hiba from shareholders' to Participants' Fund	(1.36)	-	100%
Profit/(Loss) after Hiba	(0.79)	(1.39)	43%

The Shareholders' fund revenue is primarily derived from the Wakala fees followed by the investment and mudarib fees income. For the year ended December 31, 2025, the shareholders' fund earned Wakala fees and Mudarib Fees of RO 9.81 million (2024: RO 5.14 million). Following the upward revision of the Wakala Fee in Q4 2024, coupled with strong topline growth, the shareholders' fund has reported increase in Wakala Fee income. Resultantly the shareholders has become profitable before Hiba, the increase in expenses is primarily attributable to the acquisition costs.

Qard Hasan granted in 2022 to the General Takaful Participants' Fund has been converted as Hiba amounting to RO 0.86 million. Further an additional Hiba of RO 0.50 million has been given to eliminate the deficit arising in the Particpants' Fund.

Participants' fund – Family Takaful

Particulars *(RO m)*	**2025**	**2024** *(Restated)*	**Variance**
Gross Contribution	28.75	17.74	62%
Recognised Takaful Contributions	12.72	13.72	-7%
Takaful Gross Margin	1.09	2.15	-49%
Net Takaful Results	0.30	2.28	-87%
Surplus from takaful operations	1.05	2.63	-60%

Takaful Oman commands 24% share of the Family Takaful market, positioning it as one of the segment's major players in Oman. The Family Takaful business represents more than 50% of the Company's overall gross written contributions.

Despite a 62% increase in Gross Written Contributions, the recognised Takaful contribution declined by 7%, and the surplus decreased by 60%. This outcome is primarily attributable to

Increase in Wakala Fee: The earlier Wakala Fee of 13% for the family takaful participants' fund has been increased to 26% from 4th quarter 2024. This has resulted in an increase in expense for the fund.

A shift in the product mix toward long-term Family Takaful products – As per FAS 43, these long-duration contracts, contractual service margin is released progressively over the policy term rather than upfront, resulting in lower immediate contribution and surplus recognition.

Decline in the Market discount rates - During 2025, global interest rates declined, leading to lower market discount rates. In line with the FAS 43

framework, the Company revalued its takaful assets and liabilities, resulting in an accounting expense of RO 0.78 million. This adjustment is technical in nature and does not represent a realized loss or cash outflow. The Company's operational performance and cash flows, remain unaffected by this adjustment.

Despite all these changes, Family Takaful Business has been resilient and shown a surplus.

c) Participants' fund – General Takaful

Particulars *(RO m)*	**2025**	**2024** *(Restated)*	**Variance**
Gross Contribution	21.44	22.50	-5%
Recognised Takaful Contributions	21.72	21.53	1%
Takaful Gross Margin	(1.76)	(0.98)	79%
Net Takaful Results	(1.81)	(1.05)	73%
Surplus from takaful operations	(1.25)	(0.48)	161%
Hiba from Shareholders to Participants	1.36	0.00	-
Net surplus to Participants' Funds	0.11	(0.48)	-122%

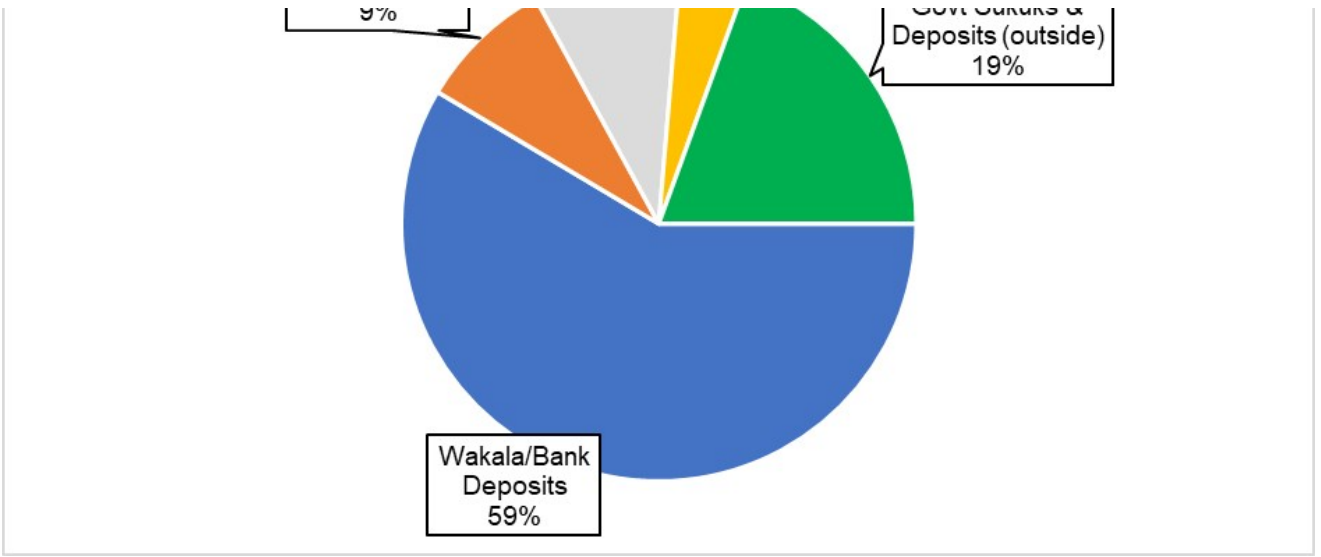
The decrease in Gross Contribution is in line with the company's bottom line driven strategy. However, the deficits are arising mainly in Motor and Health Takaful. The market has been challenging in these lines of business. The management has been taking steps including price corrections and underwriting controls to improvise profitability. The benefit realization of these measures started from 4th quarter 2025. However, as a short-term strategy, to address the deficits arising during 2025, Hiba has been provided to mitigate and strengthen Participants' fund.

Investment Portfolio

The Company maintains a resilient and stable investment portfolio valued at RO 37.89 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 1.42 million in 2025 in comparison of RO 1.29 million in 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.





Successful completion of Series II Sukuks issuance of Takaful Oman and the redemption of Series 1 Sukuk:

I am pleased to report the successful closure of the Series II Sukuk issuance under Takaful Oman's Sukuk Al Mudarabah Programme, completed on 30 December 2025 with FSA approval and allotment of OMR 6 million. Issued through private placement at a semi-annual profit rate of 6.75% and listed on the Muscat Stock Exchange, the issuance attracted strong participation from institutional investors, fund managers, and wealth management clients, underscoring continued investor confidence in the Company's strategy and financial strength. In parallel, the Company has redeemed the Series I Sukuk of OMR 6 million on 1 February 2026, originally issued on 1 February 2021 at an 8.5% semi-annual profit rate, in line with programme terms and our capital management strategy, marking the completion of the first issuance cycle and reflecting disciplined financial stewardship.

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 year ended December 31, 2025, are audited by External Shariah Auditor and reviewed and approved by Shariah Supervisory Committee.

The SSC members are working tirelessly and have conducted multiple meetings during 2025. The SSC has issued a satisfactory report on Shariah matters (including investments) of the company.

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 82% 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.

Digital First Insurer

The company continued to build strong momentum in its digital transformation journey, expanding automation across policy servicing, customer interactions, partner integrations, and claims operations. Several enhancements initiated during the year have already strengthened process efficiency, improved customer convenience, and reinforced the stability of our core platforms. At the same time, a comprehensive modernization program is underway to advance core systems, enhance data capabilities, and establish a secure, scalable foundation for future technologies. A key focus of the organization's outlook is the acceleration of AI adoption, with multiple projects already in progress introducing intelligent automation, advanced customer-facing digital experiences, and smarter, data-driven decision-making across underwriting, risk, operations, and service delivery. These initiatives collectively position the company to benefit from greater operational agility, deeper insights, and an increasingly seamless and personalized digital journey for customers and partners.

Oman Insurer of the Year – MENAII Awards – Winner 2023-24-25

The Company has been honored with the prestigious title of **"Oman Insurer of the Year 2025"** for the **third consecutive year**, reaffirming its steadfast commitment to excellence, innovation, and leadership within the insurance sector. The award was presented at a distinguished gala event hosted by **MENA II** in UAE in February 2026.

This esteemed recognition underscores Takaful Oman's unwavering dedication to organizational transformation, operational efficiency, and service excellence. The strong financial results for the year 2025 despite challenging conditions further reflect the Company's robust performance, marked by solid and promising indicators. These achievements highlight Takaful Oman's superior customer service standards and its forward-looking approach to developing insurance solutions that effectively meet the evolving needs of the Omani market.

Environmental, Social, and Corporate Governance (ESG)

Takaful Oman Insurance SAOG remains steadfast in its commitment to conducting business in a socially responsible, ethical, and sustainable manner. The Company continues to embed responsible business practices across its operations encompassing strong governance, environmental stewardship, community investment, employee engagement, and meaningful stakeholder collaboration. We recognize that our CSR initiatives and ESG priorities not only enrich the communities we serve and safeguard the environment, but also reinforce our long-term growth, resilience, and reputation as a responsible insurer.

Through this sustained level of disclosure, we reaffirm our dedication to delivering long-term value for policyholders, shareholders, employees, and the wider community while actively contributing to a more sustainable, responsible, and inclusive future for Oman.

Macro Economics Outlook

Oman's economic outlook for 2026 remains broadly positive, with growth expected to strengthen as non-oil sectors continue expanding and earlier oil-production cuts gradually unwind. The country enters the year on firmer macroeconomic footing, supported by improved fiscal discipline, rising credit ratings, and sustained progress in diversification efforts, particularly across manufacturing, logistics, services, and construction. Economic activity is projected to remain resilient, with stable inflation providing a supportive backdrop for businesses and households. The government's continued focus on prudent budgeting, non-oil revenue development, and targeted investment helps reinforce financial stability and deepen private-sector participation. While global uncertainties—including oil-price volatility and geopolitical risks—may influence the external environment, Oman's strengthened foundations, ongoing structural reforms, and improved investor confidence position the economy for steady and sustainable growth through 2026.

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