
The directors' report to the shareholders on unaudited condensed consolidated interim financial statements for the quarter ended March 31, 2026.

Dear Shareholders,

It is my privilege to present to you the financial performance of Takaful Oman Insurance Company SAOG for the quarter ended March 31, 2026, 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:

- ❖ During the first quarter of 2026, the GCC region experienced a series of exceptional rainfall events, which had a notable impact on the insurance sector across the region. Takaful Oman received and managed over 1,800+ weather-related claims as of today. However, supported by the Company's strong Retakaful arrangements, which effectively limit potential losses, the net financial exposure remained contained, and accordingly, appropriate provision has been recognised in the financial statements.
- ❖ The company has kept pace with its growth trajectory and reported 10% growth in Gross Written Contributions (GWC) totaling to RO 13.87 million for the quarter ended 31st March 2026.
- ❖ The company has reported loss after tax (Shareholders' Fund and Participants' Fund) of RO 0.36 million for the quarter ending March 31, 2026, in comparison to RO 0.09 million in the corresponding period.
- ❖ The company has reported total comprehensive income (Shareholders' Fund and Participants' Fund) of RO 1.27 million for the quarter ended March 31, 2026, in comparison to loss after tax of RO 0.14 million in the corresponding period.
- ❖ The Shareholders' Fund has reported a profit after tax of RO 0.21 million for the quarter as compared to a profit of RO 0.07 million in prior year. Total comprehensive income for the quarter stands at RO 0.30 million in comparison to RO 0.09 million for prior period.
- ❖ The combined participants' fund results before OCI (General Takaful and Family Takaful) have reported a deficit of RO 0.57 million at Q1 2026 as compared to a deficit of RO 0.16 million at Q1 2025 (restated). After including OCI, surplus stands at RO 0.97 million. [2025 (restated): RO 0.23 million]
- ❖ The company has reported (Shareholders' Fund and Participants' Fund) investment income of RO 0.51 million for the quarter, reporting growth of 67% from previous year.

❖ Another notable improvement is the other comprehensive income which is RO 1.63 million for the quarter. (2025: other comprehensive loss: 0.05 million).

❖ The Company has fully redeemed its Series 2 Sukuk amounting to RO 6.0 million on its First Call Date in February 2026.

Financial Performance in Brief

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

Participants Funds

The Company has experienced a commendable 10% year-on-year growth in its top-line performance, with Gross Written Contributions totaling RO 13.87 million at Q1 2026, a notable increase from RO 12.61 million at Q1 2025. Notably, the Family Takaful segment constitutes 59% of the total top - line. Additionally, the Health Takaful Line of Business constitutes 17%, while the Motor and Non-Motor Takaful Line of Businesses constitutes 24%% respectively.

Recognized Takaful Contributions declined to RO 8.74 million for the quarter ending March 2026, compared to RO 9.17 million in the corresponding period of 2025 (restated), reflecting a decrease of 5% year-on-year. Reason for this decline is higher proportion of Life long term portfolio in comparison to Q1 2025, due to which profits are capitalized and released over-time.

Takaful Gross Margin has experienced a decline, decreasing from RO -0.32 million in Q1 2025 (restated) to RO -0.62 million in the corresponding period of 2026. The main reason for this decline is impact of weather-related claims in this quarter.

The combined participants' fund results before OCI (General Takaful and Family Takaful) have reported a deficit from takaful operations of RO 0.57 million at Q1 2026 as compared to a deficit of RO 0.16 million at Q1 2025 (restated). After including OCI, surplus stands at RO 0.97 million. [2025 (restated): RO 0.23 million]

The Family Takaful Participants' Fund has reported a Deficit from Takaful Operations of RO 0.01 million in comparison to RO 0.35 million for prior period. After including OCI the surplus stands at RO 1.46 million. [2025 (restated): Deficit RO 0.42 million].

The General Takaful Participants' Fund has reported a deficit from Takaful Operations of RO 0.55 million for the quarter. [2025 (restated): Surplus RO 0.19 million]. After including OCI, the deficits are reduced to RO 0.49 million.

Shareholders' Fund

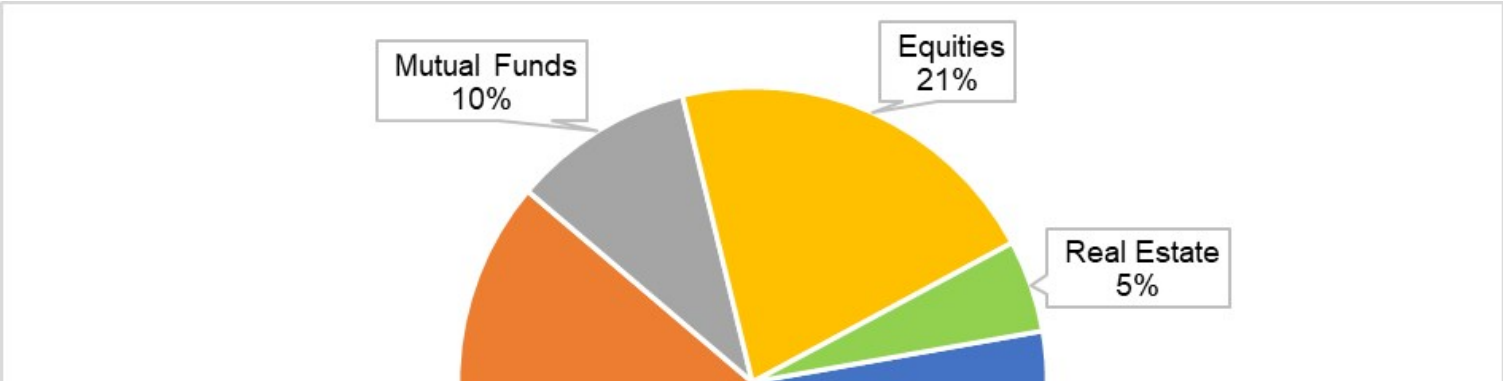
The Shareholders' fund revenue is primarily derived from the Wakala fees followed by the investment and mudarib fees income. For the quarter ended March 31, 2026, the shareholders' fund earned Wakala fees and Mudarib Fees of RO 2.57 million (Q1 2025: RO 2.43 million).

The Shareholders' fund has reported a profit after tax of RO 0.21 million at Q1 2026, as compared to RO 0.07 million in Q1 2025 (restated). While the total comprehensive income stands at RO 0.30 million comparison to RO 0.09 million in Q1 2025 (restated).

Investment Position & Performance:

The Company maintains a resilient and stable investment portfolio valued at RO 34.17 million, composed of bank deposits held with Islamic banks, representing 28% of the total combined investment portfolio. Notably, the Company generated combined (Shareholders Fund and Participants Fund) net investment income of RO 0.51 million Q1 2026 in comparison of RO 0.30 million in Q1 2025.

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 quarter ended March 31, 2026, are reviewed and approved by Shariah Supervisory Committee.

High Performing Leadership Team with Excellent Omanisation Ratio

Employees are a key driver of the Company’s performance and long-term sustainability. The Board recognizes that sustainable and profitable growth depends on a skilled, experienced, and motivated workforce. Accordingly, the Company’s human resources framework is guided by the principles of transparency, high ethical and moral standards, diversity, and equal opportunity.

The Company provides a healthy and supportive work environment aimed at maximizing employee potential and productivity. In line with government initiatives, Takaful Oman continues to contribute to national workforce development by offering training and learning opportunities to Omani youth within the insurance sector.

During the year, the Company achieved an overall Omanisation ratio of 82%, exceeding the regulatory requirement of 75%. The Board acknowledges that employees remain fundamental to the Company’s achievements and, to sustain its competitive position, the Company continues to invest in the training, development, and capability enhancement of its human capital.

Learning and Development

During the first quarter, Takaful Oman continued to strengthen organizational capability and regulatory readiness through focused learning and development interventions, covering 48 employees along with distribution partners. These initiatives were aligned with business priorities, compliance requirements, and the need to sustain operational effectiveness in an evolving regulatory and market environment.

Key programs delivered in Q1 included:

Training on new KYC guidelines, reinforcing regulatory compliance and risk mitigation.

Group Life and Medical product trainings, aimed at improving product knowledge and advisory capability within the Branch team and Agents.

Selling skills and CII aligned training programs, supporting improved customer engagement, ethical selling practices, and professional standards.

To further enhance governance and leadership readiness, the organization sponsored selected employees for Comprehensive Compliance Readiness 2026 training, strengthening preparedness for upcoming regulatory expectations. The L&D function successfully completed the Hogan Assessment Certification, enhancing internal capability in behavioral assessment, leadership development, and evidence-based talent decisions.

In addition, one employee achieved the Project Management Professional (PMP) certification, contributing to stronger internal project management and execution capability.

Digital learning adoption was expanded through the launch of the Domestic Helpers e- learning course on the TALEM platform, enabling standardized, trackable learning delivery and broader outreach.

Overall, these initiatives reflect a structured and proactive approach to capability building, with a strong emphasis on compliance, risk awareness, leadership effectiveness, and sustainable business performance.

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.

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 2025 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.

Notwithstanding the heightened geopolitical tensions across parts of the Middle East, Oman remains well positioned to manage potential external risks. The Sultanate's long-standing policy of neutrality, strong diplomatic engagement, and prudent economic management have consistently supported macroeconomic stability. Coupled with adequate fiscal buffers, a resilient banking sector, and diversified trade relationships, these strengths enhance Oman's capacity to navigate regional uncertainties while maintaining investor confidence and economic momentum.

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. Ali Saif Naseeb Al Mani

Chairman