The directors' report to the shareholders on unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2026.

Dear Shareholders,

It is my privilege to present to you the Financial Performance of Takaful Oman Insurance Company SAOG for the nine months ended September 30, 2026, on behalf of the Board of Directors.

The key highlights of the financial performance during the period ended 30 September 2026 are presented below:

- The company has maintained its growth momentum and reported 6% growth in Gross Written Contributions (GWC) totaling to RO 41.13 million for the nine months ended 30th September 2026.
- The company has reported positive Combined Profit after tax (Shareholders' Fund and Participants' Fund) of RO 1.33 million for the nine months ended September 30, 2026, in comparison to loss after tax of RO 1 million in the corresponding period.
- The company has reported total comprehensive income (Shareholders' Fund and Participants' Fund) of RO 2.56 million for the nine months ended September 30, 2026, in comparison to loss of RO 0.82 million in the corresponding period.
- The Shareholders' Fund reported profit before tax of RO 0.35 million for the nine months ended 30 September 2026, compared with RO 0.72 million for the corresponding period of the previous year. Total comprehensive loss for the nine-months period stood at RO 0.19 million, compared with a total comprehensive profit of RO 0.55 million in the corresponding period of the prior year.
- The combined Participants' Funds (General Takaful and Family Takaful) recorded a strong recovery in current period of 2026. For the nine months ended 30 September 2026, the fund results before OCI (General Takaful and Family Takaful) have reported a surplus of RO 1.55 million as compared to deficit of RO 1.52 million for the prior period September 2025. After including OCI, surplus stands at RO 2.74 million as compared to deficit of RO 1.37 million for the prior period.
- The company has reported (Shareholders' Fund and Participants' Fund) investment income of RO 1.50 million for the nine months period ended September 2026, reporting growth of 46% from previous period.
- Another strong improvement achieved in other comprehensive income which stood at RO 1.23 million for the nine months period ended September 2026. (2025: other comprehensive income: 0.18 million).

Financial Performance in Brief

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

Participants' Funds

For the nine months ended 30 September 2026, the Company reported Gross Written Contributions of RO 41.13 million, representing a 6% increase over RO 38.69 million recorded in the corresponding period of 2025. Family Takaful contributed 57% of the total portfolio, followed by Non-Motor Takaful at 17%, Motor Takaful at 16% and Health Takaful at 10%.

Recognized Takaful Contributions increased to RO 27.57 million for the nine months ended September 30, 2026, compared to RO 24.91 million in the corresponding period of 2025 (restated), reflecting improvement of 11% year-on-year. The increase was mainly due to higher proportion of Family Takaful business within the portfolio during the period.

The Takaful Gross Margin improved significantly during the period under review from deficit of RO 2.16 million in the prior period to surplus of RO 0.66 million for the nine months ended 30 September 2026, representing an improvement of RO 2.82 million. The improvement was primarily attributable to the continued recovery of the Motor portfolio, reflecting the effectiveness of the Company's risk selection, portfolio management and pricing initiatives.

The combined Participants' Funds (General Takaful and Family Takaful) recorded significant improvement during the nine months of September 2026, reporting a surplus from Takaful operations before OCI of RO 1.55 million compared with a deficit of RO 1.52 million during the nine months of September 2025.

After taking into account the OCI, the total surplus attributable to the Participants' Funds increased to RO 2.74 million, compared with deficit of RO 1.37 million in the prior period.

The Family Takaful Participants' Fund recorded a marked improvement during the third quarter of 2026, generating a surplus from Takaful operations of RO 0.71 million for the three months ended 30 September 2026, compared with a deficit of RO 2 million reported in the third quarter of the previous period September 2025.

For the nine months ended 30 September 2026, the Fund reported a surplus from Takaful operations of RO 1.1 million, compared with a surplus of RO 0.72 million in the corresponding period of 2025. After incorporating the impact of other comprehensive income, the total surplus for the period increased to RO 2.22 million, compared with a surplus of RO 0.87 million in the corresponding period of the previous year (restated).

The General Takaful Participants' Fund recorded during the third quarter of 2026, generated a surplus from Takaful operations of RO 0.80 million, compared with a deficit of RO 0.52 million in the last year third quarter before OCI. On a year-to-date basis, the Fund reported a surplus from Takaful operations of RO 0.46 million for the nine months ended 30 September 2026, against deficit of RO 2.24 million in the corresponding period of the previous year (restated). After recognizing OCI, the overall surplus increased to RO 0.52 million.

Shareholders' Fund

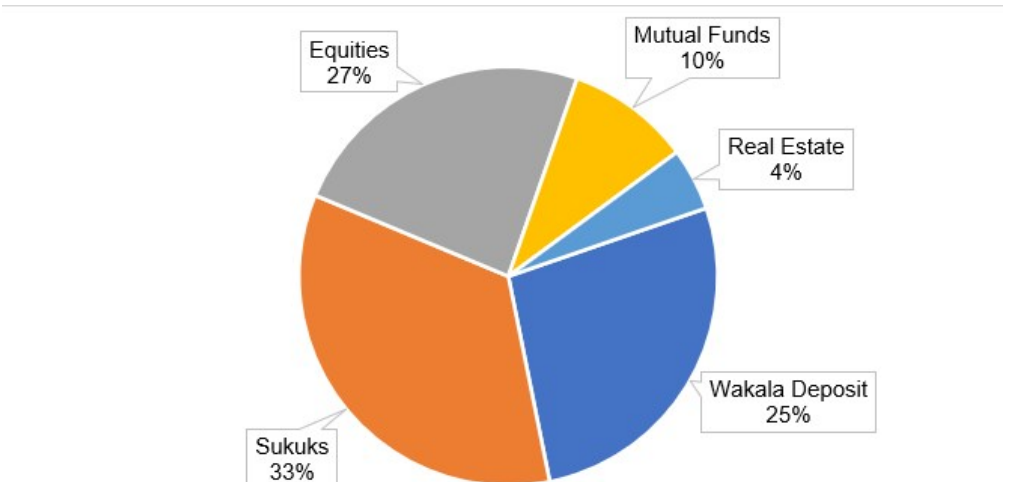
The Shareholders' fund revenue is primarily derived from the Wakala fees followed by the investment and mudarib fees income. For the nine months ended September 30, 2026, the shareholders' fund earned Wakala fees and Mudarib Fees of RO 7.76 million (9M 2025: RO 7.36 million).

The Shareholders' fund has reported loss after tax of RO 0.22 million at 9M 2026, as compared to profit of RO 0.52 million in 9M 2025 (restated). While the total comprehensive loss stands at RO 0.19 million comparison to total comprehensive Income RO 0.55 million in 9M 2025 (restated).

Investment Position & Performance:

The Company maintains a resilient and stable investment portfolio valued at RO 40.10 million, composed of bank deposits held with Islamic banks, representing 25% of the total combined investment portfolio. Notably, the Company generated higher combined (Shareholders Fund and Participants Fund) net investment income of RO 1.50 million 9M 2026 in comparison with RO 1.02 million in 9M 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 nine months ended September 30, 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 83%, 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 nine months, Takaful Oman continued to strengthen organizational capability and regulatory readiness through focused learning and development interventions, covering 144 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 included:

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

Group Life and Medical product training, 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.

Below are the category wise Digital transformations completed so far area wise:

- **Digital Products:** Motor Private, Domestic Helper (Life & Health), Individual & Group Travel, Unified Credit Life, Individual Health and My Health Plus
- **Digital Channels:** Agent Portal, Customer Portal, Partner Integration, Affinity Channel and WhatsApp Sales BOT

- **Digital Claims:** End-to-end Digital Claims are available for Motor.
- **AI Portfolio:** Medical Endorsements, OCR Engines and AI Inspection.

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 Economic 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. Oman's fiscal position continues to benefit from fiscal discipline and stronger hydrocarbon revenues.

Notwithstanding the ongoing heightened geopolitical tensions across parts of the Middle East, Oman remains well positioned to manage

potential external risks. Oman’s location and port infrastructure provide a structural advantage. Its deep-water ports outside the Strait of Hormuz help support hydrocarbon, fertilizer and other exports and reduce some of the exposure faced by other regional economies. 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 visionary leadership and continued guidance.

The Board also extends its sincere appreciation to the shareholders for their trust and confidence in the Company and its management. The Board further thanks the Financial Services Authority (FSA), Muscat Stock Exchange (MSX), the Re-Takaful operators, and all Participants for their ongoing support and valued contributions.

Finally, the Board would like to recognize and thank every member of the Takaful Oman family for their dedication, hard work, and commitment throughout the year. Their efforts and collaborative spirit continue to play a vital role in the Company's success, and the Board is confident that they will maintain this momentum in the years ahead.

On behalf of the Board of Directors

Mr. Ali Saif Naseeb Al Mani

Chairman