

ANNUAL REPORT 2025



أثر يتجاوز التمويل
IMPACT BEYOND FINANCE

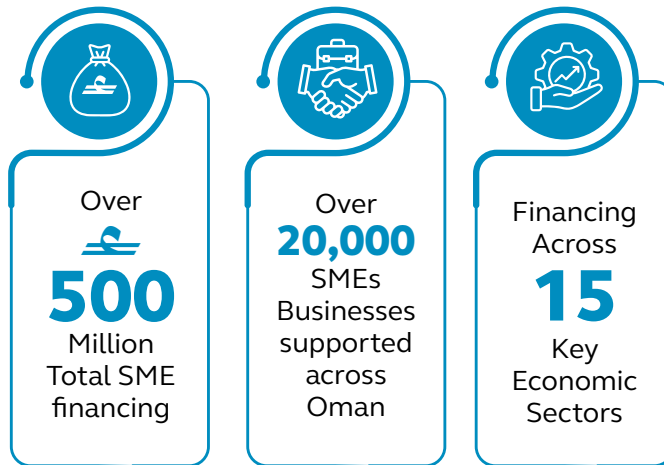
ANNUAL REPORT 2025



ATHAR



Taageer Finance's Impact in the last 25 years



As Oman charts its course toward a diversified, knowledge-driven economy, Taageer Finance stands as a committed partner in national progress, contributing to the fulfilment of Oman Vision 2040.

This annual report is a reflection of that commitment. It is a testament to what becomes possible when financial expertise meets genuine purpose.

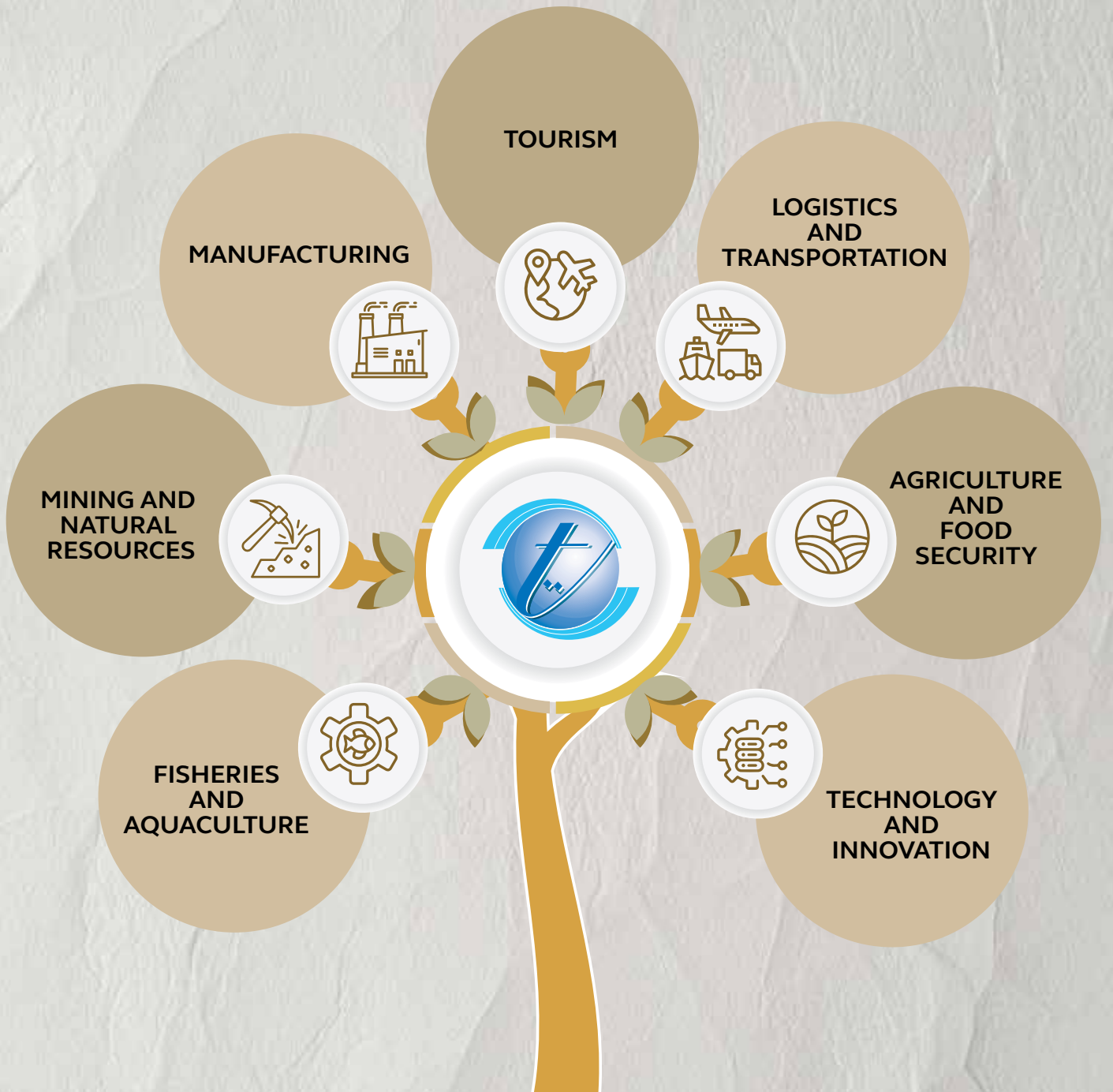
Taageer Finance's SME Impact in 2025





His Majesty
Sultan Haitham bin Tariq

OMAN VISION 2040



Taageer Finance's impact is driving growth across focus sectors of Oman's Vision 2040.



Table of Contents

Mission & Vision	6
Company Information	7
Board of Directors	9
Committees	10
Management	11
Director's Report	13
Management Report	17
Auditors Report on Corporate Governance	22
Corporate Governance	25
Auditor's Report	37
Statement of Financial Position	47
Statement of Profit or Loss & Other Comprehensive Income	48
Statement of Changes in Equity	49
Statement of Cash Flows	50
Notes to the Financial Statements	52

VISION & MISSION

VISION

To be the preferred financial partner delivering digital first solutions to SMEs and Retail Customers in the Region

MISSION

To provide our SMEs and Retail Customers with accessible, innovative and personalized financial services solutions that fits their financial lifestyle, fosters business growth, ensure financial security and contribute to the overall socio-economic development primarily in Oman and the Region



CORE VALUES



Data-driven



Innovation



Nurturing Collaboration



Sustainability



Personalized Customer Service



Integrity



Responsiveness (Agility)



Empowerment

COMPANY INFORMATION



Scope of Activities

The Company is engaged in the business of providing leasing, working capital finance and factoring receivables to retail, SME and corporate customers in the Sultanate of Oman



Bankers

Bank Muscat (SAOG)
Sohar International (SAOG)
Bank Dhofar (SAOG)
National Bank of Oman (SAOG)
Oman Arab Bank (SAOG)
Ahli Bank (SAOG)
Qatar National Bank (Oman)



Regulatory Authority

Central Bank of Oman
Financial Services Authority



Statutory Auditors

PwC



Legal Advisors

Al Busaidy Mansoor Jamal



Registered Office

P.O. Box 200, Postal Code 136,
MGM, Sultanate of Oman

Head Office - Al Khuwair

Tel : (+968) 24839800, 24839999
Fax : (+968) 24488592
info@taageer.com
www.taageer.om

Branch Offices

WATTYAH

T: (+968) 24564561

SEEB

T: (+968) 24536679

SOHAR

T: (+968) 26845595

BARKA

T: (+968) 26883603

NIZWA

T: (+968) 25414420

SALALAH

T: (+968) 23296288

AL KAMIL

T: (+968) 24839800

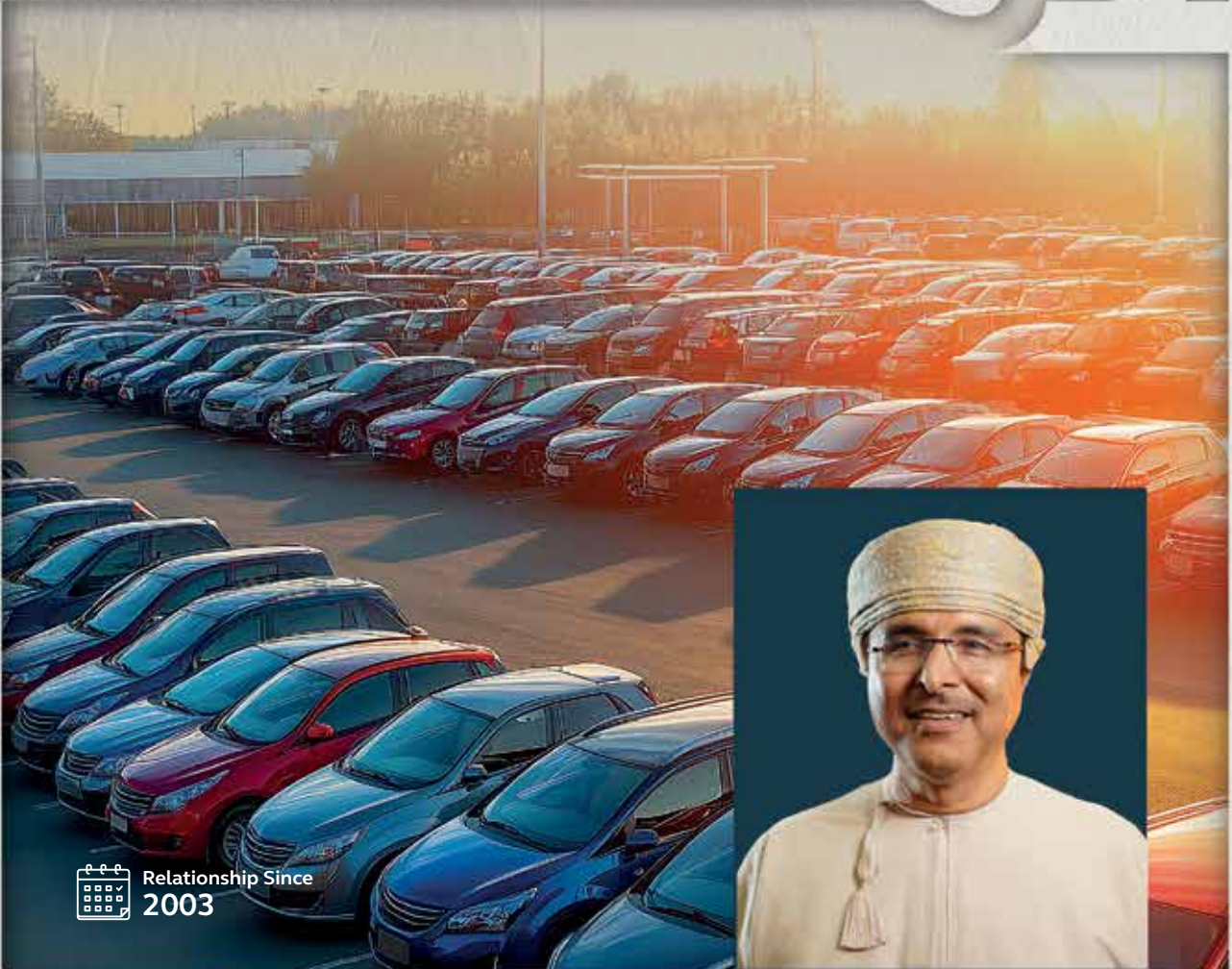
SUWAIQ

T: (+968) 26064699

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IMPACT BEYOND FINANCE

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Relationship Since
2003

Our Customer's Testimonials

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The impact of Taageer Finance's working capital support has been significant. It helped us enhance our operational efficiency, expand our fleet, and meet the growing demand for quality rental services.

Fahad Saleh Nasser Al Hooti
Discovery Car Rental LLC

BOARD OF DIRECTORS



Mr. Said Ahmed Safrar
Chairman



Mr. Abdullah Saleh Bakhrebah
Deputy Chairman



**Mr. Mahmood Hamed
Salem Al Gharibi**
Director



Mr. Ali Mohammed Ali Al Farsi
Director



**Dr. Seyed Mohammed
Hossein Ghoreishi**
Director



**Mr. Marai Ahmed Salem
Al-Shanfari**
Director



AUDIT & RISK COMMITTEE

Mr. Mahmood Hamed Salem Al Gharibi
Chairman

Mr. Ali Mohammed Ali Al Farsi
Member

Mr. Marai Ahmed Salem Al-Shanfari
Member

EXECUTIVE, NOMINATION & REMUNERATION COMMITTEE

Mr. Said Ahmed Safrar
Chairman

Mr. Abdullah Saleh Bakhrebah
Member

Mr. Ali Mohammed Ali Al Farsi
Member

Mr. Sayed Mohammad Hossein Ghoreishi
Member

STRATEGY COMMITTEE

Mr. Said Ahmed Safrar
Chairman

Mr. Abdullah Saleh Bakhrebah
Member

Mr. Ali Mohammed Ali Al Farsi
Member

THE MANAGEMENT



**Sheikh Khalil Ahmed Abdullah
Al Harthy**
Chief Executive Officer



Mr. Muhammad Kashif Yaqoob
Deputy Chief Executive Officer



Mr. Mohammed Ali Ibrahim Al Maimani
DGM – Head of Special Asset Management



Mr. Mustafa Al Lawati
Head of Legal Affairs



Mr. Moosa Al Lawati
Head of Finance

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IMPACT BEYOND FINANCE

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Relationship Since
2022



Our Customer's Testimonials

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Taageer Finance's support helped us strengthen our operations and build our capacity, making a real impact on how we deliver our work.

Marwan Ali Abdullah Al Ghadani
Sur United International Engineering

BOARD OF DIRECTORS' REPORT

for the year ended 31 December 2025



Dear Shareholders,
On behalf of the Board of Directors of Taageer Finance Company SAOG, I am pleased to present the audited financial statements for the year ended 31st December 2025.

Performance Summary

The Company continued with its strong performance in terms of business and portfolio growth. The gross lease and loan portfolio increased by 12.0% during the year to reach **ﷲ** 455.57 million as of December 31, 2025 as compared to **ﷲ** 406.90 million in 2024. The total Income for the year ended December 31, 2025 was **ﷲ** 39.87 million as compared to **ﷲ** 34.40 million in the previous year, showing a growth of 15.9%, mainly due to increase in business portfolio. Interest Expenses for the year 2025 at **ﷲ** 14.95 million, as compared to **ﷲ** 14.22 million for the year 2024, increased by 5.1% in line with the increase in borrowing portfolio. The Company recorded Operating Profit of **ﷲ** 17.49 million before Expected Credit Losses (ECL) charge and taxation for the year 2025. This was 33.5% higher than the operating profit of **ﷲ** 13.10 million for the previous year. However, the net Profit for the year, after ECL and tax charge, decreased by 24.6% to **ﷲ** 4.17 million (2024: **ﷲ** 5.53 million) due to higher ECL charge.

ECL charge for the current year is **ﷲ** 12.58 million, an increase of 90.6% from the charge of **ﷲ** 6.60 million for the same period last year. The cumulative ECL as at December 31, 2025 was **ﷲ** 43.47 million, 20.1% higher as compared to the cumulative ECL of **ﷲ** 36.18 million as of December 31, 2024. The Company maintained its ECL balance as per the requirements of IFRS 9 with additional management overlays against few overdue customers.

Funding Diversification

The bank borrowings remained the main source of funding for the Company with contribution of 56.1% in total funding (2024: 58.9%). The total bank borrowings as of December 31, 2025 was **ﷲ** 143.83 million, 5.1% higher than the last year (2024: **ﷲ** 136.85 million).

As part of its ongoing strategy to diversify funding sources, the Company increased its corporate deposit portfolio by 30.7% to **ﷲ** 72.51 million from **ﷲ** 55.46 million in 2024. This reflects a strong investors confidence in the Company's operations.

The funding mix also included Tier 1 perpetual bond of **ﷲ** 25 million, issued last year, which is classified under equity.

Portfolio Quality

Maintaining a high-quality portfolio has remained a key priority for the Company. In this regard, the Company has implemented multiple initiatives to enhance portfolio quality, including the strengthening of credit assessment criteria and the automation of internal processes. In addition, the Risk Department actively monitors credit concentration and identifies early warning signals. These robust risk management measures have supported the maintenance of portfolio quality, even as the Company continues to expand its portfolio size.

Customer Service

The Company has adopted a customer-centric approach across its operations, fostering long-term and mutually beneficial relationships with its customers. This approach has resulted in a high level of customer satisfaction and a loyal customer base. To continuously assess service quality, the Company conducts annual customer satisfaction surveys to capture customer feedback and evaluate perceptions of its products and services.

In addition, Taageer places strong emphasis on technology-driven solutions to enhance the overall customer experience. The Company's mobile application and interactive website have significantly improved customer engagement and convenience by enabling customers to seamlessly access and perform a range of services and transactions.

Proposed Dividends

The company has distributed dividends consistently year on year since the commencement of business. The Board of Directors are pleased to recommend a cash dividend of 6.4 Baizas per share (﷮ 1.787 million) and stock dividend of 1.6 Baizas per share (﷮ 0.447 million) for the financial year 2025, for the approval of the shareholders at the Annual General Meeting to be held on March 29, 2026.

Corporate Social Responsibility (CSR)

Throughout the year, the company remained steadfast in its commitment to giving back to the community by undertaking impactful initiatives to support Corporate Social Responsibility (CSR) efforts, particularly in the fields of education and health. The company contributed a total of ﷮ 49,810 toward these vital sectors (2024: ﷮ 19,890). This includes a donation of ﷮ 10,000 to the Oman Charitable Association, in compliance with Ministerial Decision No. 205/2021 (Article 1). These contributions underscore the Company's ongoing efforts to drive positive change and support the development of the communities it serves.

Corporate Governance

The Company continued to demonstrate its strong commitment to maintaining the highest standards of compliance and corporate governance. As outlined in detail in the Corporate Governance Report, comprehensive policies and procedures have been established and are appropriately aligned with the scale and complexity of the Company's operations, supported by a robust internal control framework.

During the year, the Company further strengthened its control environment by appointing KPMG as co-sourced internal auditors. This appointment underscores the Company's commitment to enhancing internal controls and adhering to best practices in governance and risk management.

Future Outlook

With Oman's economic growth projected at approximately 2.6% in 2026, the Company is well positioned to capitalize on emerging business opportunities. A strong funding position, supported by a disciplined credit framework, is expected to enable sustainable growth over the medium to long term.

The Company will continue to invest in system enhancements and the adoption of advanced technologies to improve operational efficiency and deliver a superior customer experience.

Acknowledgement

On behalf of the Board of Directors, I would like to extend our heartfelt gratitude to His Majesty Sultan Haitham bin Tareq bin Taimour for his visionary leadership and wise guidance.

We also take this opportunity to express our sincere appreciation to the Central Bank of Oman, the Financial Services Authority and the Muscat Securities Market for their invaluable support and guidance. Our deepest thanks go to our shareholders, bankers, dealers, and customers for their unwavering trust, confidence, and continued support.

Lastly, the Board wishes to acknowledge and commend the management and staff for their dedication, hard work and significant contributions to the company's success.

On behalf of the Board of Directors



Said Ahmed Safrar
Chairman

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Our Customer's Testimonials

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With the valued support of a commercial Auto Financing from Taageer Finance, we've made a strong impact expanding our fleet, strengthening our presence, and redefining the rental experience in Oman.

Malik Sulaiman Nasser Al Nabhani
Malik Al Nabhani For Modern Business

أثر يتجاوز التمويل

IMPACT BEYOND FINANCE

أثر



Relationship Since
2024

Our Customer's Testimonials

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Taageer Finance created a strong impact for us. Their support allowed us to scale our capabilities and confidently meet the rising demand in Oman's communication sector.

Usama Amor Ali Al Shukaili
Trifoil LLC

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economy

The global economy continued to expand in 2025, albeit at a slower and more uneven pace compared to previous years. According to the International Monetary Fund's (IMF) World Economic Outlook, global GDP growth for 2025 is estimated at approximately 3.2%. This performance reflects resilience in certain major economies, supported by robust investments, particularly in the technology sector. However, escalating trade tensions and heightened policy uncertainty among major economies continued to contribute to economic volatility, with tariff pressures and evolving trade relationships influencing investment decisions and cross-border capital flows. Ongoing geopolitical tensions in several regions have further weighed on global trade growth and business confidence.

Oman's Economy

Oman's economy is projected to grow by 2.9% in 2025, according to the IMF. This growth is primarily driven by the continued expansion of non-oil activities. During the first half of 2025, the non-oil sector recorded growth of 4.1%, while the oil sector grew by a modest 0.5%. This performance underscores the effectiveness of the Government's ongoing efforts to diversify the economy and promote non-oil sectors across the country.

The Government sustained and expanded its strategic support for small and medium-sized enterprises (SMEs), positioning them as a core pillar of economic diversification and private-sector-led growth. Key initiatives focused on improving access to finance, enhancing market participation, and strengthening institutional capacity to improve enterprise competitiveness, in alignment with Oman Vision 2040.

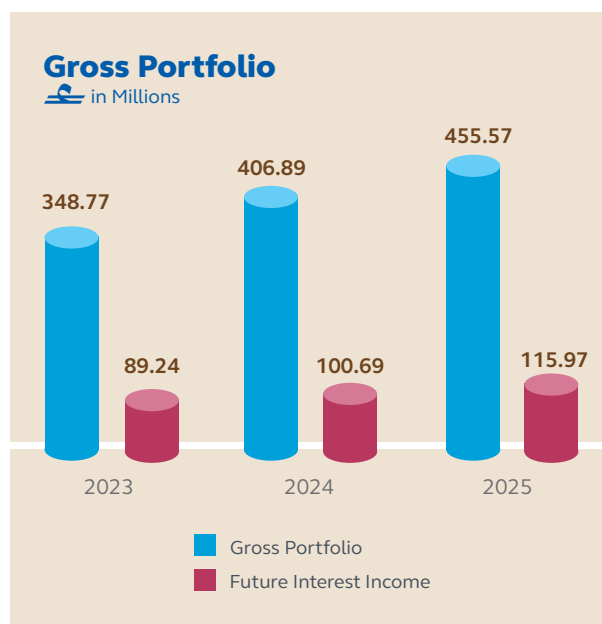
Inflation in Oman remained subdued, with average consumer price inflation recorded at approximately 0.6% in 2024. Inflationary pressures continued to be contained in 2025, with the average rate estimated at around 0.9%, supported by administrative price measures and stable import prices.



Performance at a glance

Portfolio:

The Company achieved robust business and portfolio growth during FY 2025. The gross lease and loan portfolio expanded by 12%, increasing from **₹ 406.9 million** in 2024 to **₹ 455.6 million** as of 31 December 2025. This growth was broad-based and observed across all business segments.

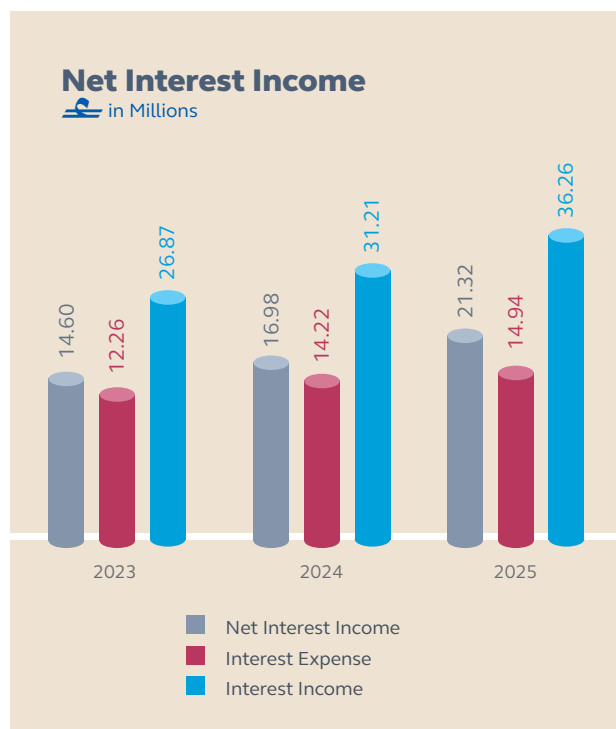


Future interest income rose to ₪ 116.0 million as of 31 December 2025, compared to ₪ 100.7 million in the previous year, representing an increase of 15.2%. This growth reflects a healthy return on the portfolio and supports sustained future revenue generation.

Interest Income:

Finance income for the year amounted to ₪ 36.3 million, representing a 16.3% increase compared to ₪ 31.2 million in 2024. This growth was primarily driven by the expansion of the lease and loan portfolio.

Interest expense increased to ₪ 14.9 million in 2025, up by 4.9% from ₪ 14.2 million in the previous year, reflecting higher borrowings undertaken to support portfolio growth.

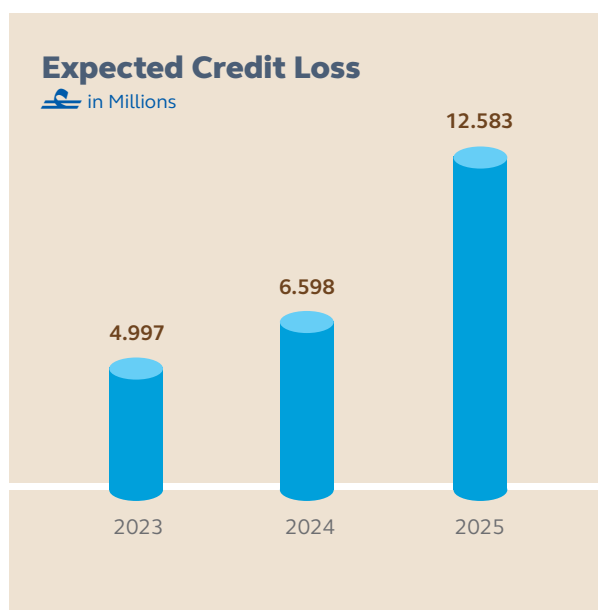


Consequently, Net Interest Income rose to ₪ 21.4 million in 2025, compared to ₪ 17.0 million in 2024, registering a strong increase of 25.9%.

Expected Credit Losses (ECL):

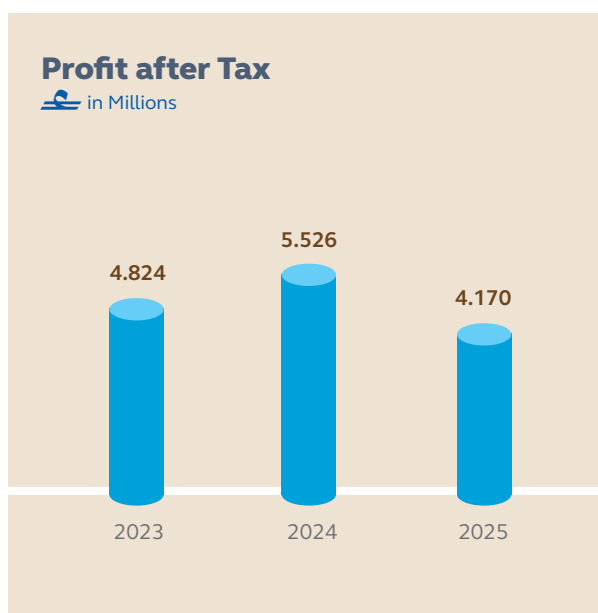
During the year, the Company continued to pursue a prudent strategy of strengthening provisions against potential future credit losses. Expected Credit Loss (ECL) charges were recognised in accordance with the Company's IFRS 9 ECL model, including additional management overlays applied to selected overdue accounts.

The ECL charge for the year amounted to ₪ 12.6 million, compared to ₪ 6.6 million in the previous year, representing an increase of 90.9%. As at 31 December 2025, the total allowance for ECL stood at ₪ 43.5 million, up from ₪ 36.2 million as at 31 December 2024. This level of provisioning provides coverage of 59.1% of the overdue portfolio, compared to 66.2% in the prior year.



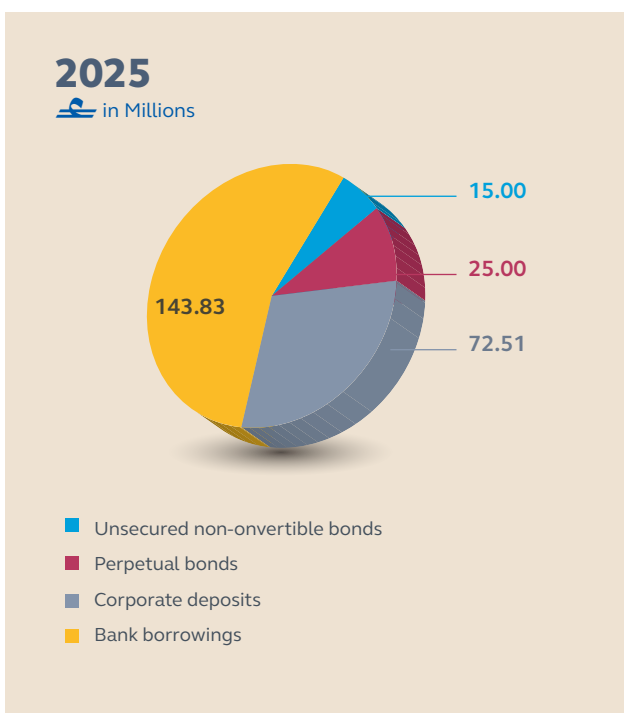
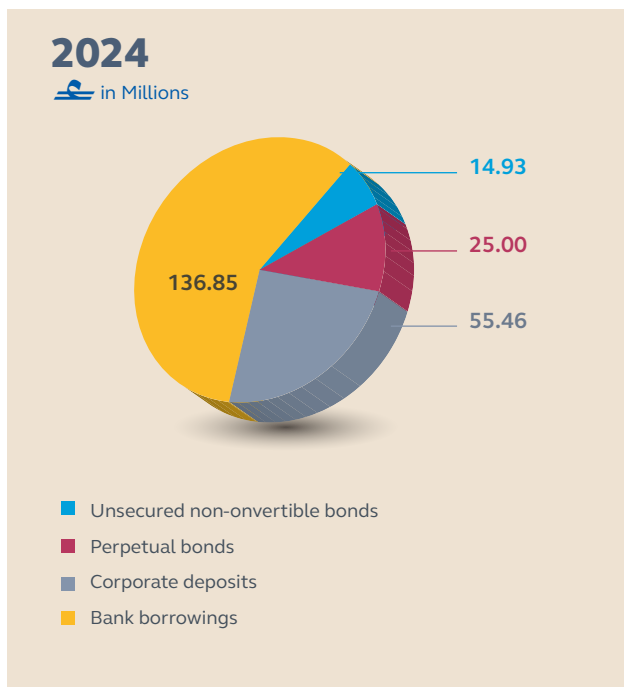
Profitability:

Operating profit before the ECL charge and taxation reached ₪ 17.5 million, reflecting a 33.6% increase from the previous year's ₪ 13.1 million. However, the net profit for the year has decreased to ₪ 4.2 million from ₪ 5.5 million last year, due to higher ECL charge.



Funding

Bank borrowings continued to represent the primary source of funding for Taageer Finance. As at 31 December 2025, total bank borrowings stood at **₹ 143.8 million**, reflecting a 5.1% increase from **₹ 136.8 million** in the previous year. Bank borrowings accounted for 56% of the Company's total funding as at 31 December 2025, compared to 59% in 2024.



During the year, the Company significantly expanded its corporate deposit portfolio, which increased by 30.6% to **₹ 72.5 million** as at 31 December 2025, up from **₹ 55.5 million** at the end of the prior year.

In addition, the funding mix continued to be supported by a Tier 1 perpetual bond of **₹ 25 million**, which was issued last year.

Asset Quality:

Strong risk management and the preservation of asset quality remain central to Taageer Finance's growth strategy. In addition to a well-trained marketing team, the Company maintains independent Credit and Risk functions that provide objective and robust assessments of new business origination and ongoing portfolio quality.

To further strengthen asset quality, the Company has restructured its remedial and recovery teams, enhancing their effectiveness in managing stressed assets and improving recoveries. In parallel, Taageer continues to focus on smaller ticket-size transactions to support risk diversification, while closely monitoring exposure across various industry sectors for early signs of financial stress and adjusting portfolio strategies as required.

Customer Experience & Technology:

The Company has adopted a customer-centric approach aimed at building long-term relationships and strengthening customer loyalty. The Company leverages technology extensively—including mobile applications, its website, and a dedicated customer feedback system—to enhance engagement and continuously improve the customer experience.

In recognition of long-standing customer relationships, Taageer Finance has introduced SME cards for commercial customers with a strong repayment track record. These cards offer priority services and exclusive access to new financing solutions at preferential rates, further reinforcing the value proposition for the Company's loyal customers.

The Company also conducts customer satisfaction surveys to assess customer perceptions of its services. In the most recent survey, more than 500 customers participated, and the overall feedback received was positive.

Efforts made by the Company for Financial Consumer Protection Regulatory Framework (FCPRF)

The Company is continuously making efforts with reference to adherence to FCPRF and the following efforts are initiated:

1. Customer Complaint system through mobile application
2. Call center facility to address customer grievances
3. Suggestion Box for walk-in customer in Head Office and branches to register complaints.
4. Exclusive email address for customer to forward complaints and grievances
5. Separate Customer service department to receive and address complaints through Central Bank of Oman

The employees of customer service department are deputed for training and awareness programs during the year.

All complaints and grievances received through above mechanism are addressed within 48 hours and the customer is contacted and informed.

The details of complaints received and resolved during the year 2025 is given below:

1	Number of complaints pending at the beginning of the year	0
2	Number of complaints received during the year	44
3	Number of complaints closed during the year	44
3.1	Of which, number of complaints rejected by Taageer	0
4	Number of complaints pending at the end of the year	0
4.1	Of which number of complaints pending beyond 30 days	0

Milestones and Awards:

Taageer Finance has received multiple awards acknowledging its contributions to the industry. These awards reinforce our commitment to excellence and innovation, motivating us to continually enhance our operations. We take great pride in these recognitions and remain dedicated to maintaining high standards while delivering outstanding value to our stakeholders.

During the year 2025, Taageer has been awarded as a winner of the following awards:

- **Best Digital Customer Experience**
- **Oman Banking & Finance Awards** – by OER
- **Best Digital Strategy**
- **Oman Banking & Finance Awards** – by OER
- **Best Finance & Leasing Companies**
- **Oman Banking & Finance Awards** – by OER
- **Top Omani Brand** – by Alam al-Iktisaad
- **Finance Company of the Year**
– by Oman Forum 2025
- **Customer-first Digital Platform Innovator**
– by OER Live
- **Best performing company in the mid-cap sector**
– by OER Corporate Excellence Awards 2025

Human Resources

The Company's staff strength increased to 194 employees in 2025 (2024: 177 employees), reflecting ongoing expansion and increasing demand for skilled talent. We are dedicated to fostering a diverse and inclusive workplace where every employee feels valued, respected, and empowered to contribute their unique skills and perspectives.

As part of our commitment to developing local talent, approximately 90% of our employees are Omani nationals as of the end of 2025. This highlights our dedication to integrating local expertise into our workforce while supporting national employment and skills development initiatives.

Business Continuity and Disaster Recovery

The Company has a robust disaster recovery and business continuity plan to protect against unforeseen events. This plan is regularly reviewed and updated to reflect changes in the organizational structure. Additionally, every six months disaster recovery drills are conducted to evaluate and improve response strategies.

The Company has significantly strengthened its infrastructure by implementing an active-active configuration between the Head Office and Disaster Recovery site. This setup allows both locations to operate simultaneously, ensuring enhanced reliability and resilience. Furthermore, we have optimized Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO), minimizing data loss and downtime during disruptions.

Taageer Finance has a strong cyber security framework. We conduct annual Vulnerability Assessment & Penetration Testing (VAPT) to identify and remediate potential vulnerabilities. Annual security audits are performed to ensure that our security infrastructure complies with international cybersecurity standards. Furthermore, the Company has implemented a Security Information and Event Management (SIEM) system integrated with a Managed Security Operations Centre (MSOC) to enhance threat monitoring and significantly reduce incident response times.

Future Outlook

With stable economic growth of approximately 2.6% projected for Oman in 2026, the Company is well positioned to capitalize on emerging business opportunities. Strong funding position, coupled with a disciplined credit approach, will provide sustainable growth in the coming years.

The Company will continue to invest in system enhancements and the adoption of advanced technologies to improve operational efficiency and deliver an enhanced customer experience. Taageer Finance's forward-looking business strategy will emphasize the use of innovative technologies in the development of new products, alongside selective geographical expansion, to maintain competitiveness.

In parallel, a robust approach to risk and portfolio management will remain a key strategic priority, ensuring the safeguarding of shareholder value while supporting long-term profitability and sustainable growth.

Acknowledgement

On behalf of the management, I thank the Chairman, Vice-Chairman of the Board, Chairman of Audit & Risk Committee, Chairman of the Executive, Nomination & Remuneration Committee, Chairman of the Strategy Committee and Board members for their continuous guidance.

We also take this opportunity to thank our shareholders, our employees and regulatory bodies for their continuous support.



Khalil Ahmed Al Harthy
Chief Executive Officer

AUDITOR'S REPORT ON CORPORATE GOVERNANCE



Agreed-upon procedures report on factual findings in connection with the Corporate Governance report

To the Board of Directors of Taageer Finance Company SAOG

Purpose of this Agreed-upon Procedures Report

Our report is solely for the purpose of assisting the directors of Taageer Finance Company SAOG (the "Company") in determining whether their Corporate Governance Report is in compliance with the Code of Corporate Governance (the "Code") of the Financial Services Authority of the Sultanate of Oman ("FSA"), as prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose.

Responsibilities of the directors

The directors of the Company have prepared the Corporate Governance Report ("the Report") and remain solely responsible for it, and are also responsible for identifying and ensuring that the contents of the Report comply with the Code. The directors are also responsible for determining that the scope of the agreed-upon procedures is appropriate and sufficient for the purposes of the engagement.

Our responsibilities

We have conducted the procedures agreed with the Company, and set out below, in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness or sufficiency of the agreed-upon procedures.

This agreed-upon procedure engagement is not an audit or assurance engagement made in accordance with generally accepted auditing or assurance standards, the objective of which would be the expression of assurance on the contents of the Report. Accordingly, we do not express such assurance.

Had we performed additional procedures, or had we performed an audit or assurance engagement on the Report, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the relevant ethical requirements, including International Independence Standards, in the International Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethical Standards Board for Accountants.

We apply the International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers LLC, Salam Square - South, 4th Floor,
Suites 402-404, Madinat Al Sultan Qaboos
P.O. Box 3075, Ruwi, Postal Code 112, Muscat, Sultanate of Oman,
T: +968 2 455 9110, F: +968 2 456 4408,

Chartered Accountants Licence No. L1065369, Management Consultants Licence No. L1065290,
Commercial Register No. 1230865 Tax Card No 8055889

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AUDITOR'S REPORT ON CORPORATE GOVERNANCE



Agreed-upon procedures report on factual findings in connection with the Corporate Governance report (continued)

To the Board of Directors of Taageer Finance Company SAOG (continued)

Procedures and Findings

We have performed the procedures described below, which were agreed with the Company in the terms of our engagement letter dated 1 June 2025, on the compliance of the Report with the Code for the year ended 31 December 2025.

S. No	Procedures	Findings
(a)	We obtained the Corporate Governance Report issued by the Board of Directors and compared its contents to the minimum requirements of the FSA as set out in Annexure 3 of the Code.	No exception noted
(b)	We obtained from the Company details of the areas of non-compliance with the Code identified by the Company, as set out in its Board minutes and in its non-compliance checklist, and compared these with those included in the Report in the section "Details of non-compliance and penalties, together with the reasons for such non-compliance for the year ended 31 December 2025". Additionally, we obtained written representations from the directors that there were no other areas of non-compliance with the Code for the year ended 31 December 2025, of which they were aware.	No exception noted

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

This report relates only to the accompanying Corporate Governance Report of the Company to be included in its annual report for the year ended 31 December 2025 and does not extend to the Company's financial statements taken as a whole.

PricewaterhouseCoopers

12 March 2026
Muscat, Sultanate of Oman



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IMPACT BEYOND FINANCE

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Relationship Since
2025

Our Customer's Testimonials

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Partnering with Taageer Finance was a key milestone in my journey. Their financing support made a real impact in meeting my business needs and driving my goals forward.

Ibrahim Murad
Noor Dubai Projects for Cargo & Services LLC

CORPORATE GOVERNANCE

In accordance with the Financial Services Authority (FSA), formerly Capital Market Authority (CMA) guidelines, we are pleased to present the Corporate Governance Report for the year ended 31 December 2025. The Auditors, PwC, have issued a separate Report on the Corporate Governance.

COMPANY'S PHILOSOPHY

Taageer's philosophy of corporate governance is aimed at promoting trusteeship, transparency, empowerment, control and ethical corporate citizenship. Taageer is committed to working with its stakeholders to improve

the economic development. We strive to achieve this by implementing corporate governance in compliance within guidelines set by the Central Bank of Oman and the Capital Market Authority.

THE BOARD OF DIRECTORS

The present Board of Directors were appointed in the Annual General Meeting held on 24 March 2024 for a period of three years. Board of Directors has formed three Committees namely, Audit & Risk Committee, The Executive Nomination & Remuneration Committee and Strategy Committee.

Composition of the Board of Directors: (in accordance with Article 1 of Code of Corporate Governance)

Name of Director /	Position	
Mr. Said Ahmed Safrar Independent & Non-Executive	Chairman	(w.e.f 28 March 2024 as Temporary Director, elected as Director on 25 March 2025 and appointed as Chairman on 12 October 2025)
Mr. Abdullah Saleh A Bakhrebah Non-Independent & Non-Executive	Vice-Chairman	(appointed as Temporary Director w.e.f 29 September 2025)
Mr. Ali Mohammed Ali Al Farsi Non-Independent & Non-Executive	Director	(re-elected w.e.f 24 March 2024)
Dr. Seyed Mohammad Hossein Ghoreishi Independent & Non-Executive	Director	(elected w.e.f 24 March 2024)
Mr. Mahmood Hamed Salim Al Gharibi Independent & Non-Executive	Director	(elected w.e.f 24 March 2024)
Mr. Marai Ahmed Salim Marai Al Shanfari Independent & Non-Executive	Director	(elected w.e.f 24 March 2024)
Sheikh Khalil Ahmed Al-Harthy Independent & Non-Executive	Chairman	(elected w.e.f 24 March 2024 and resigned on 2 October 2025)
Mr. Fahad Al Haqbani Non-Independent & Non-Executive	Director	(elected w.e.f 24 March 2024 and resigned on 29 September 2025)

Board of Directors held 8 meetings during the year. The details of members' participation in the meetings along with their Directorships in other companies in Oman are as follows:

Name of the Director	Position	Board Meeting attended	Last AGM attendance	Directorships in other Companies	Position in the other Company
Mr. Said Ahmed Safrar	Chairman	8	Yes	Sohar International Bank SAOG	Director
		29-01-2025			
		29-04-2025			
		29-07-2025		The First Mazoon Fund	Chairman
		14-08-2025			
		30-09-2025		Dhofar Foods & Investment Co. SAOG	Chairman
		12-10-2025			
		28-10-2025		Dhofar University SAOC	Director
10-12-2025					
Mr. Abdullah Saleh Bakhrebah	Vice Chairman	4	No	---	---
		30-09-2025			
		12-10-2025			
		28-10-2025			
10-12-2025					
Mr. Mahmood Hamed Salim Al Gharibi	Director	8	Yes	Al Suwadi Power Company SAOG	Director
		29-01-2025			
		29-04-2025			
		29-07-2025		Iskan Oman Investment Co SAOC	Director
		14-08-2025			
		30-09-2025		Al Mutawar Hotels and Resorts SAOC	Director
		12-10-2025			
		28-10-2025		NBO Money Market Fund	Director
10-12-2025					
				Al Azaiba Clothing Factory SAOC	Director

Name of the Director	Position	Board Meeting attended	Last AGM attendance	Directorships in other Companies	Position in the other Company
Mr. Ali Mohammed Ali Al Farsi	Director	8 29-01-2025 29-04-2025 29-07-2025 14-08-2025 30-09-2025 12-10-2025 28-10-2025 10-12-2025	Yes	---	---
Dr. Seyed Mohammad Hossein Ghoreishi	Director	8 29-01-2025 29-04-2025 29-07-2025 14-08-2025 30-09-2025 12-10-2025 28-10-2025 10-12-2025	No	---	---
Mr. Marai Ahmed Salim Marai Al Shanfari	Director	8 29-01-2025 29-04-2025 29-07-2025 14-08-2025 30-09-2025 12-10-2025 28-10-2025 10-12-2025	Yes	---	---
Sheikh Khalil Ahmed Al-Harthy	Chairman	3 29-01-2025 29-04-2025 29-07-2025	Yes	Al Batinah Power SAOG Takaful Oman Insurance SAOG	Director Director
Mr. Fahad Al Haqbani	Director	3 29-04-2025 29-07-2025 14-08-2025	No	---	---

AUDIT & RISK COMMITTEE

The main role of the Audit & Risk Committee is to:

- Assist the Board in assuring the integrity and credibility of the financial reporting process;
- Review the Company's internal financial controls and the Company's internal control and risk management systems;
- Monitor and review the effectiveness of the Company's internal audit function;
- Selecting and evaluating the External Auditors.
- Devising a risk management plan, obtaining approval by the board and following up its implementation. The plan shall, at minimum, include the following:
 1. Key risks which the Company is exposed to and their probability (risk appetite).
 2. Mechanisms for identification, measurement and monitoring of these risks.
 3. Mechanisms for periodic examination, detection and reporting of risks (especially new risks).
 4. Means to mitigate risks, if avoidance is not possible.
- The committee may seek the assistance of any other entity on a consultancy basis to assist the committee in performing its duties.
- The committee shall submit its recommendations to the board at the time determined by the board.

The Internal Audit work plan is drawn up in consultation with the Audit & Risk Committee. Internal Audit is done on a quarterly basis and a report is submitted to the Audit & Risk Committee for their review. The Chairman of the Audit & Risk Committee presents to the Board the proceedings of the Audit & Risk Committee meeting. The audit covers areas of operations of the Company as per the approved internal audit work plan. The Management has responded to the various issues raised by the Internal Auditor and submits a compliance report on the same.

Outsourced Internal Auditors, KPMG carried out review and audit as per approved audit plan by Audit & Risk Committee and presented reports along with management comments to ARC.

The Audit & Risk Committee comprises of 3 Board members. Audit & Risk Committee held 7 meetings during the year. Details of the members and their attendance in the meetings held are as follows:

Name of the Director	Position	Meetings attended	Date of appointment
Mr. Mahmood Hamed Salim Al Gharibi	Chairman	7	Nominated on 28 March 2024 and appointed as Chairman of Audit & Risk Committee on 12 October 2025
Mr. Ali Mohammed Ali Al Farsi	Member	7	Nominated on 28 March 2024
Mr. Marai Al Shanfari	Member	2	Nominated on 12 October 2025
Mr. Said Ahmed Safrar	Chairman	5	Nominated on 28 March 2024 upto 12 October 2025

External Quality Assurance Review of the Internal Audit Unit

As per the guidelines issued by Financial Services Authority (FSA), formerly Capital Market Authority (CMA) in February 2021, the Company should conduct a comprehensive external evaluation of the Internal Audit Unit work at least once in every four years through a specialized third party – other than the Company's External / Internal Auditor of the Company in the past 4 years, The Internal Audit activity of the Company has got evaluated twice in the year 2011, 2016 by a specialized third party, prior to the mandatory requirement by FSA and in the year 2020 after the guidelines were issued by FSA.

During 2024, the Board of Directors have appointed MGI Vision, an independent entity, to carry out evaluation of the Internal Audit Unit. MGI Vision have carried out the evaluation of the Internal Audit Unit and submitted their report. The Audit & Risk Committee has reviewed the evaluation report and submitted to the Board of Directors. MGI Vision concluded that the Internal Audit activity of the Taageer Finance Company "generally confirms" to the International Professional Practices Framework (IPPF) and local regulations relevant to Internal Audit activity.

Risk Department Functions:

- i. Setting and reviewing the Company's policies pertaining to risk management, taking into account the Company's business, changes in market conditions and the Company's investment and expansion tendencies and approach.
- ii. Setting up an executive program for risk management in the Company and providing training or orientation to the Board and the executive management.

Executive, Nomination & Remuneration Committee

The Executive, Nomination & Remuneration Committee comprises of 4 Board members. The main role of the Executive, Nomination & Remuneration Committee is to;

- Review, recommend and approve / reject credit proposals within specified financial limits;
- Review and recommend the annual budget to the BOD for its approval;
- Review Company's monthly management accounts, its performance vs budget, financial management and operations of the Company and recommend to the BOD appropriate action on the issues arising there from; and
- Recommend appointment/replacement of Management of the Company other than CEO, COO and Head of Internal Audit, updated periodical management review; including compensation related matters shall be recommended by the Management and reviewed and approved by the Committee within the overall budget and delegation of the Board

Functions of Nomination & Remuneration Committee:

- Identify and nominate suitably qualified persons to serve as directors of the Company while adhering to the requirements local rules & regulations.
- Find competent persons to join the Board on temporary basis when a vacancy on the Board arises.
- Search for and nominate competent persons for executive posts as per the request of the Board.
- Prepare recommendations concerning remuneration and sitting fees payable to members of the Board and its sub-committees subject in all cases to the provisions of the Capital Market Authority's Administrative Decisions from time to time.
- Prepare clear, credible and accessible policies to inform the Company's shareholders of the remuneration paid to members of the Board and in relation to executive remuneration.
- Prepare remuneration, allowance, performance based remuneration criteria and bonus policies for the executive management and periodically review the same taking into consideration market conditions and the Company's performance.
- Seek assistance of or consult any other party to enable it to perform its functions if required after obtaining the Board's approval on such assistance or consultation, provided that there is no conflict of interest with the person who shall assist or advise the Committee.

Executive, Nomination & Remuneration Committee held 5 meetings during year. Details of present members and their attendance in the meeting held are as follows:

Name of the Director	Position	Meetings attended	Date of appointment
Mr. Said Ahmed Safrar	Chairman	2	Nominated on 28 March 2024
Mr. Abdullah Saleh Bakhrebah	Member	2	Nominated on 29 September 2025 as Temporary Director
Mr. Ali Mohammed Ali Al Farsi	Member	2	Nominated on 12 October 2025
Dr. Seyed Mohammad Hossein Ghoreishi	Member	5	Nominated on 28 March 2024
Mr. Marai Ahmed Salim Marai Al Shanfari	Member	3	Nominated on 28 March 2024 upto 12 October 2025
Sheikh. Khalil Ahmed Al-Harthy	Chairman	3	Nominated on 28 March 2024 upto 2 October 2025
Mr. Fahad Al Haqbani	Member	2	Nominated on 28 March 2024 upto 29 September 2025

Strategy Committee

The main objective of the Board Strategy Committee is to define and agree on the business strategy of the Company and take necessary decisions in order to derive a new business strategy.

The Main responsibilities of the Strategy Committee which was constituted as a sub-committee of the Board after the election of the new Board Members at the AGM held on 24 March 2024 are as under:

- i) Discuss and agree on future business strategies and recommend company strategy to the board of directors.
- ii) Engage consultants as deemed necessary.
- iii) Ensure execution of approved company strategy, including strategic investments and corporate matters.
- iv) Act on special projects that may be assigned from time to time by the board of directors.

Strategy Committee held 3 meetings during the year. Details of present member and their attendance in the meetings held are as follows:

Name of the Director	Position	Meetings attended	Date of appointment
Mr. Said Ahmed Safrar	Chairman	3	Nominated on 28 March 2024 and appointed as Chairman of Strategy Committee on 12 October 2025
Mr. Abdullah Saleh Bakhrebah	Member	-	Nominated on 12 October 2025
Mr. Ali Mohammed Ali Al Farsi	Member	3	Nominated on 28 March 2024
Sheikh. Khalil Ahmed Al-Harthy	Chairman	3	Nominated on 28 March 2024 upto 2 October 2025

BRIEF PROFILE OF DIRECTORS

Mr. Said Ahmed Safrar

Mr. Said Ahmed Safrar holds a Master in Business Administration (MBA) from the University of Hull in the UK, a Business Management Diploma from King's College Bournemouth in the UK and a Specialized Diploma from the Arab Academy for Banking and Financial Science in Jordan.

Mr. Said has over 26 years of experience in the Banking and Telecommunications' Sector, he is the Chairman of Dhofar Foods & Investment Co. SAOG, The First Mazoon Fund and Wasel Exchange SAOC. He is also a Director in Dhofar Generating Company SAOG and Sohar International Bank SAOG. Currently Mr. Said Safrar holds the position of Chief Executive Officer of Oman Investment & Finance Co. SAOG.

Mr. Abdullah Saleh A Bakhrebah

Mr. Abdullah Bakhraibah is the CEO of The Arab Investment Company (TAIC). Abdullah has over 16 years of experience, gained through working with international and local financial institutions. He holds

an MBA from London Business School and a Bachelor's degree in Management Information Systems from King Fahd University of Petroleum and Minerals. Prior to joining TAIC, he was the CEO of State Street Saudi Arabia Financial Solutions.

Mr. Abdullah also served as Head of Business and Products Development at Ashmore Investment Saudi Arabia from 2019 to mid-2020 where he chaired the board of Ashmore's investment funds and Tazah Limited Company.

From 2015 to 2018, he was Head of Sales in Saudi Arabia for Gulf International Bank (UK) and GIB Capital where he led the business development, and represented GIB Capital's Debt Capital Market team in the issuance of \$ 12.5 billion Bonds with the National Debt Management Center at the Saudi Ministry of Finance.

Mr. Abdullah's career journey also includes various roles at SAB, including structured derivatives and treasury risk advisory from 2008 to 2015. He began his professional career at SAB as a Money Markets and Investment Dealer in the Treasury Department in 2008.

Mr. Abdullah was elected as a member for the Capital Market Authority's Capital Market Institutions Committee back in 2020 for 2 years.

Mr. Fahad Abdullah Al-Haqbani

Mr. Fahad Al-Haqbani is a Director of the Company with over 25 years of experience in investments and financial services. He holds a Master's degree in International Marketing from the University of Strathclyde, Glasgow, United Kingdom, and a B.A. in Business Administration from King Saud University, Saudi Arabia. He has been serving The Arab Investment Company, Saudi Arabia for over 20 years. Currently he is the General Manager of Finance & Administration Affairs and a member of the Investment Committee and Credit Committee of the Arab Investment Company, Saudi Arabia.

Mr. Al-Haqbani is currently a member of the Board of Directors of the Arab Jordan Investment Bank - Jordan, and he is also a member of the Board of Directors of the Arab Jordan Investment Bank (Qatar) L.L.C. He has extensive experience in investments and financial services.

Mr. Ali Al Farsi

Mr. Ali Al Farsi is an Associate – Local & Financials at the Oman Investment Authority (OIA) with 8 years of experience in Private Equity and Asset Management. He is being involved in the execution and managing investments in various sectors including financial services, insurance, retail, telecom infrastructure, tech-venture capital, and manufacturing. He is an IC member at GC Credit Opportunities Fund II, a fund with committed capital of US\$ 250M that provides private debt and quasi-equity financing to mid-market companies in the Middle East, Turkey, and Sub-Saharan Africa. He holds a bachelor's degree in Finance from the College of Economics at Sultan Qaboos University.

Dr. Seyed Mohammad Hossein Ghoreishi

Dr. Seyed Mohammad Hossein Ghoreishi has a Ph.D. in Public Policy in addition to a Masters Degree in Business Administration and a Bachelor's Degree in Industrial Engineering. More than ten years of management experience in Economic Affairs, Public Administration and has been part of academic publications. Presently, the Director General of Ministerial Office, Ministry of Economic Affairs and Finance, Tehran, Iran.

Mr. Mahmood Hamed Salim Al Gharibi

Mr. Mahmood Al Gharibi holds a bachelor's degree in finance at Sultan Qaboos University, 17 years of experience in the field of finance and investment, director in Al-Mutawar Hotels and Resorts Company, Al Suwadi Power Company SAOG and Iskan Oman Investment Company SAO|C.

Mr. Marai Ahmed Salim Marai Al Shanfari

Mr. Marai Al-Shanfari holds a Master's degree in Quality management with a Bachelor's degree in Transportation Management and He works at the Oman Telecommunications Company in Finance, Administration and Quality Control.

BRIEF PROFILE OF MANAGEMENT

Sheikh Khalil Ahmed Al-Harthy

Chief Executive Officer

Mr. Khalil Al Harthy holds a bachelor's degree in finance and information systems, a Diploma in Financial and Banking Sciences, and has professional experience as an investment portfolio manager at the Central Bank of Oman, Assistant General Manager at the National Insurance Company, CEO of Credit Oman Company, and a member of Al Batinah Power SAOG. A member of Takaful Oman Insurance SAOG

Mr. Muhammad Kashif Yaqoob

Deputy CEO

Mr. Muhammad Kashif Yaqoob has over 30 years of experience with multinational financial groups including 17 years international experience at C level positions. He has worked as CEO of ORIX Group's Joint Venture in Kazakhstan and has represented ORIX Group as Member on Board of Directors in Joint Venture Companies in Oman and Egypt. Mr Yaqoob has conducted consultancy assignments on behalf of ORIX Group in Russia, Mongolia & Poland etc. He has worked in several positions with ORIX Group in Pakistan and handled areas including Corporate Planning, Operating Lease, New Business Development & International Operations.

Mr Yaqoob carries Master's in Business Administration from IBA Karachi and Bachelor's in Electrical Engineering from N.E.D. University of Engineering & Technology Karachi.

.Mr. Mohamed Ali Ibrahim Al Maimani

Deputy General Manager

Mohamed Ali Ibrahim Al Maimani, has more than 26 years of experience in banking sector in different senior position such as Branch network, Human Resources, Loan Management etc. He holds a level 7 Diploma in Strategic and leadership Management along with a banking Diploma from the Arab Academy for Financial Studies, Jordan. He is also recognized as certified Chartered Manager from Chartered Management Institute, UK.

REMUNERATION MATTERS

The Board of Directors has recommended Director's remuneration of **₹** 150,000 for the year 2025 (2024 - **₹** 171,000) in line with Articles 129-133 of the Ministerial Decision 27/2021 issuing the Executive Regulations for Public Joint Stock Companies. Article 133 of the Executive Regulations provides that the general meeting shall determine the remuneration of the member of the board of directors pursuant to the following rules.

a) Shall not exceed **₹** 300,000 for the company that realized net profits equal to or exceeding the profits realized in the previous financial year and has no accumulated losses or losses in the capital.

b) Shall not exceed **₹** 150,000 for the company that realized net profits less than the profits realized in the previous financial year and no losses in the capital.

The Board was paid sitting fees as per details given herein under as approved in the last AGM held on 25 March 2025.

In the case of institutional representatives on the board, payment of sitting fees have been made to the Director or directly to the institution whose nominee is represented on the Board as per the instruction from the Director or decision of the institution.

The Company held 8 Board meetings during the year 2025, and **₹** 25,000 (2024 - **₹** 18,500) has been paid towards Directors' sitting fees.

During the year 2025, 7 Audit & Risk Committee meetings were held and **₹** 8,400 (2024 - **₹** 7,600) was paid towards Audit & Risk Committee sitting fees.

During the year 2025, 5 Executive, Nomination & Remuneration Committee meetings were held and **₹** 7,600 (2024 - **₹** 7,600) was paid towards Executive, Nomination & Remuneration Committee sitting fees.

During the year 2025, 3 Strategy Committee meetings were held and **₹** 3,600 (2024 - **₹** 8,400) was paid towards Strategy Committee sitting fee.

During the year 2025, **₹** 688,243 (2024 - **₹** 813,742) was paid as salary and related benefits to the five senior most officers of the company. Employment contracts with these officers are in accordance with the labour laws of the Sultanate of Oman.

PROCESS OF NOMINATION OF THE DIRECTORS

The company follows the provisions of the Commercial Companies Law and the guidelines from the Central Bank of Oman in respect of nomination of the members of the Board of Directors.

Evaluation of Board of Director

As per the new code of Corporate Governance for Public Listed Companies issued by the Capital Market Authority in 2015, the performance of the Board of Directors needs to be reviewed impartially and independently by a third party appointed by the Annual General Meeting in accordance with a benchmark and standards set by the Board or the General Meeting once during the term of Board of Directors. The last report of Oman Centre for Governance and Sustainability (OCGS) a third party consultant was presented at the previous AGM held on 24 March 2024. The next review of the newly elected board members on 24 March 2024 shall be undertaken before the end of the term of the current Board.

MEANS OF COMMUNICATION WITH THE SHAREHOLDERS

The Company publishes quarterly accounts in two national newspapers and also submits the same to the Muscat Stock Exchange. Annual report is mailed to all the Shareholders. And other relevant information at Muscat Stock Exchange (MSX) website (www.msx.om).

MARKET PRICE DATA

• High/Low price and index

The shares of the company are listed on the Muscat Stock Exchange. Details of market price data during 2025 are as follows:

Month	Market Price (₹)		Volume Traded	Index	
	High	Low		MSX	Sector
Jan-2025	0.116	0.104	53,680	4,543	7,824
Feb-2025	0.110	0.106	49,606	4,436	7,740
Mar-2025	0.108	0.108	106,601	4,367	7,691
Apr-2025	0.104	0.102	123,863	4,316	7,641
May-2025	0.104	0.103	23,692	4,561	7,942
Jun-2025	0.104	0.103	150,956	4,501	7,850
Jul-2025	0.116	0.107	234,101	4,781	8,120
Aug-2025	0.119	0.115	133,233	5,030	8,372
Sep-2025	0.117	0.112	7,851,038	5,182	8,525
Oct-2025	0.127	0.118	122,534	5,610	9,229
Nov-2025	0.132	0.124	54,205	5,706	9,212
Dec-2025	0.134	0.130	240,538	5,867	9,909

• Distribution of shares

Name of the shareholders (holding more than 5%)	Percentage (%)	No. of shares
Oman Investment Authority	34.99	97,703,118
The Arab Investment Co. SAA	18.79	52,453,304
Iran Foreign Investment Co.	12.49	34,888,112
Social Protection Fund	9.24	25,811,602
Dhofar International Development & Investment Co SAOG	6.23	17,394,284
Ahmed Salim Ali Marai Al Shanfari	8.40	23,452,040

STATUTORY AUDITORS

PwC is a tech-forward, people-empowered network, delivering assurance, advisory, tax and legal services with more than 364,782 people operating from 136 countries and in 636 cities across the globe. By combining deep local expertise with advanced global capabilities, we help clients create and protect value. The firms in our network are committed to working together to provide quality services on a global scale to international and local clients, while remaining local businesses with deep knowledge of local laws, regulations, and standards.

PwC has operated in the Middle East region for more than 40 years. Collectively, our Middle East network employs in the region of over 11,000+ People including over 471 partners and over 822 directors working from 30 offices (in 22 locations) across 12 countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, State of Palestine, Qatar, Saudi Arabia and the United Arab Emirates and 43% of our Middle East workforce is female. We are one of the fastest growing PwC member firms worldwide and the largest professional services firm in the Middle East. Our tailored solutions help clients to meet the challenges and opportunities of doing business in the Middle East market and beyond. (www.pwc.com/me).

PwC is strongly committed to Oman where we are recognized as one of the leading providers of quality business advisory services. We have had a local practice since 1971 and now have 8 partners, one of whom is Omani and 3 directors, and approximately 142+ other members of staff operating from our office in Muscat.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.

AUDIT FEES

During the year ended 31 December 2025, fees paid or accrued to PwC amounted to **₹ 42,930** (exclusive of VAT) for audit and audit related services.

NON-COMPLIANCE

The Company has complied with all regulatory requirements except for few instances during last three years. No amounts were paid as penalty to The Central Bank of Oman (CBO) during 2025 and 2024. An amount of **₹ 12,000** was paid as penalty to The Central Bank of Oman (CBO) during 2023. The Company has taken necessary corrective actions to ensure compliance in future.

CORPORATE SOCIAL RESPONSIBILITY

Taageer is committed to shoulder its financial responsibility in social sphere. During the year the company kept its spirit of contributing to the community by taking several initiatives to support CSR activities in the areas of Education and Health. The company made a total of **₹ 49,810** in donations in the above-mentioned fields including **₹ 10,000** made to Oman charitable Association as per Ministerial Decision No. 205/2021 (Article 1).

ACKNOWLEDGEMENT

The Board of Directors acknowledges confirmation of:

- Its responsibility for the preparation of the financial statements in accordance with the applicable standards and rules;
- Review of the efficiency and adequacy of internal control systems of the Company and that it complies with internal rules and regulations;
- There are no material matters that affect the continuation of the Company and its ability to continue its operations during the next financial year.



Mahmood Al Gharibi

Chairman Audit and Risk Committee

أثر يتجاوز التمويل

IMPACT BEYOND FINANCE

أثر



Relationship Since
2022

Our Customer's Testimonials

”

The impact of Taageer Finance on our growth has been remarkable. Their financing enabled us to acquire essential medical equipment and elevate patient care.

Saleh Al Farsi
Azhar Private Hospital



Relationship Since
2020

Our Customer's Testimonials



The impact made by Taageer Finance has been truly meaningful. It allowed us to expand our operations and enhance the everyday shopping experience for our customers.

Ibrahim Rafiei
Rial Discount Center LLC



Independent auditor's report

To the shareholders of Taageer Finance Company SAOG

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Taageer Finance Company SAOG (the "Company") as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities and the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matter	Expected credit losses on net investment in finance leases, working capital finance and factoring receivables
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Our audit approach (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses on net investment in finance leases, working capital finance and factoring receivables</p> <p>At 31 December 2025, the Company had net investments in finance leases, working capital finance and factoring receivables of ₪ 296.1 million net of credit impairment provisions of ₪ 43.5 million. The Company applies the requirements of IFRS 9 'Financial Instruments' to determine Expected Credit Losses (ECL) on its net investment in finance leases, working capital finance and factoring receivables. Information on the accounting policy, credit risk and significant accounting estimates and judgements are included in notes 2.8, 3.1 and 2.22, respectively, to the accompanying financial statements. Disclosures relating to the ECL provisions are included in note 5 to the accompanying financial statements.</p>	<p>We assessed the appropriateness of the methodology used to calculate ECL and the adequacy of the ECL as at 31 December 2025. We carried out the following procedures in conjunction with our ECL expert who supported us on certain specific matters:</p> <ul style="list-style-type: none"> • understanding the Company's IFRS 9-based impairment provisioning policy and comparing it with the requirements of IFRS 9; • assessing the design and testing, on a sample basis, the operating effectiveness of controls over the estimation of ECL on net investment in finance leases, working capital finance and factoring receivables;



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
<p>We identified expected credit losses on net investment in finance leases, working capital finance and factoring receivables as a key audit matter because it has a material impact on the Company and, to arrive at the estimated provisions required, the directors make complex and subjective judgements over both the timing of recognition of impairment and the estimation of the amount of expected impairment loss, such as:</p> <ul style="list-style-type: none"> • choosing appropriate models and assumptions for the measurement of ECL which include estimations of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD); • determining criteria for Significant Increase in Credit Risk (SICR); • selection of forward-looking macroeconomic scenarios and their probability weightings; • judgement to determine when a default event has occurred (for stage 3 customers); and 	<ul style="list-style-type: none"> • obtaining an understanding of and testing the completeness and accuracy of the historical and current datasets, on a sample basis, used for ECL calculations within the Company's models; • assessing the appropriateness of the criteria used to determine the SICR; • assessing the appropriateness of the definition of default; • testing a sample of customers to determine the appropriateness and proper application of the staging criteria; • testing the reasonableness of historical macroeconomic and forward-looking information and assumptions used by the directors by agreeing it to the latest available macro-economic information; • reviewing of PD, LGD and EAD methodology and its compliance with IFRS 9 requirements; • testing and assessing the reasonableness of the Company's use of scenarios, weightings and discounting; • obtaining an understanding of the methodology to identify and calculate impairment allowances and testing a sample of customer credit exposures against the methodology; • testing the appropriateness of the directors' judgemental adjustments to the ECL model provisions; and



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none">determining disclosure requirements in accordance with IFRS Accounting Standards. <p>In addition, the directors make judgemental adjustments to modelled outcome, the measurement of which is inherently judgemental and subject to a high level of estimation uncertainty.</p>	<ul style="list-style-type: none">assessing the completeness and adequacy of the related financial statement disclosures required by IFRS Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the Board of Directors' Report, the Corporate Governance report and Management Discussion and Analysis report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Company's Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Other information (continued)

When we read the Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the relevant requirements of the Financial Services Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent auditor's report (Continued)

To the shareholders of Taageer Finance Company SAOG

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

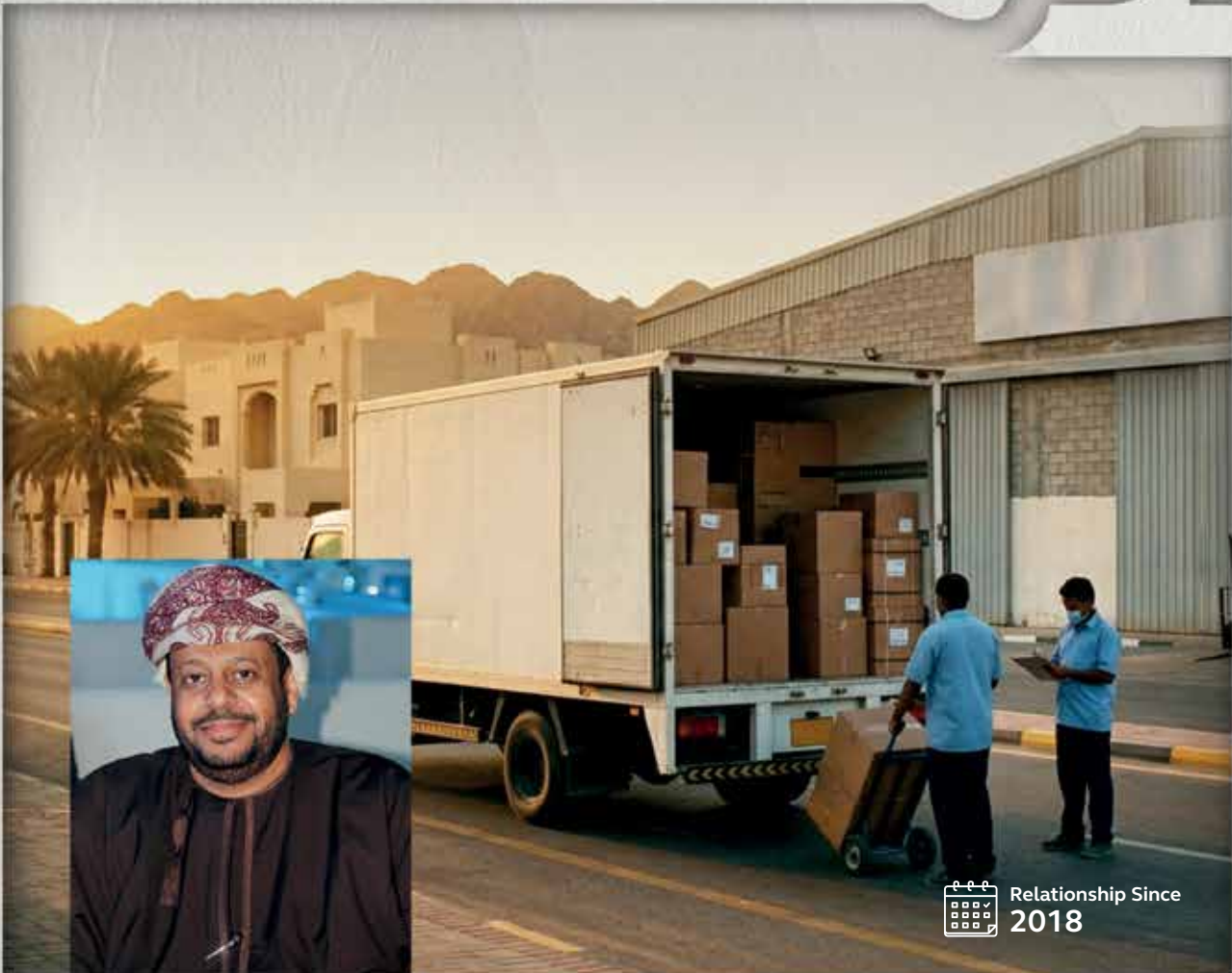
Further, as required by the relevant requirements of the Financial Services Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of 2019, we report that the financial statements have been prepared and comply, in all material respects, with those requirements and provisions.

Amit Daji

Muscat, Sultanate of Oman

12 March 2026





Relationship Since
2018

Our Customer's Testimonials



With the support of Taageer Finance, we enhanced our trading operations and expanded our capacity to serve the market delivering a strong impact on our growth.

Abdullah Salim Nasser Saif Al Mukhaini
Al Orouba Al Asriya

أثر يتجاوز التمويل
IMPACT BEYOND FINANCE

أثر



Relationship Since
2020

Our Customer's Testimonials

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With Taageer, we were able strengthen our operations, meet growing demand, and grow as a trusted partner in the industry. Thank you Taageer for your support.

Sulaiman Mohammed Nasser Al Wahaibi
Naseem Al Bustan Trading & Contco

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

	Note	2025 ₹ 000	2024 ₹ 000
ASSETS			
Cash and bank balances	4	19,435	20,103
Net investment in finance leases, working capital finance and factoring receivables	5	296,135	270,028
Other receivables and prepayments	6	166	25
Vehicles, equipment and right-of-use assets	8	899	779
Intangible assets		23	48
Deferred tax asset	18(f)	79	79
Statutory deposit	9	250	250
Total assets		316,987	291,312
LIABILITIES AND EQUITY			
LIABILITIES			
Creditors, accruals and other liabilities	10	5,576	3,899
Short-term loans	11	65,111	62,728
Tax payable	18(c)	755	983
Unsecured non-convertible bonds	12(b)	15,004	14,938
Corporate and security deposits	13	72,506	55,463
Long-term loans	12(a)	78,715	74,120
Provision for employees' end of service benefits	10.1	331	318
Total liabilities		237,998	212,449
EQUITY			
Share capital	14(a)	27,922	27,109
Legal reserve	14(b)	7,185	6,768
Impairment reserve	14(c)	2,222	2,222
Fair value reserve	7	(441)	(441)
General reserve	14(d)	915	727
Retained earnings		16,186	17,478
Total shareholders' equity attributable to the equity holders of the Company		53,989	53,863
Perpetual bonds	14(f)	25,000	25,000
Total equity		78,989	78,863
Total equity and liabilities		316,987	291,312
Net assets per share (baizas)	15	193	199

The financial statements including notes and other explanatory information on pages 52 to 112 were approved and authorised for issue by the Board of Directors on 29 January 2026 and were signed on their behalf by:



Chairman



Director



Chief Executive Officer

Independent auditors' report - pages 37 to 44.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 ₹ 000	2024 ₹ 000
Income			
Finance income	16 (a)	36,262	31,206
Interest expense	16 (b)	(14,945)	(14,224)
Net finance income		21,317	16,982
Other operating income	16 (c)	3,604	3,197
		24,921	20,179
Expenses			
Staff costs	17.2	(4,957)	(4,701)
Other expenses	17.1	(2,021)	(2,005)
Depreciation and amortization		(454)	(374)
Impairment on net investment in finance leases, working capital finance and factoring receivables	5(c)	(12,583)	(6,598)
		(20,015)	(13,678)
Profit before tax		4,906	6,501
Income tax expense	18(a)	(736)	(975)
Profit for the year		4,170	5,526
Basic and diluted earnings per share (baizas)	19	14.93	20.38

There was no other comprehensive income for the year ended 31 December 2025 and 31 December 2024.

The notes and other explanatory information on pages 52 to 112 form an integral part of these financial statements.

Independent auditor's report - pages 37 to 44.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital ₹ 000	Legal reserve ₹ 000	Impairment reserve ₹ 000	Fair value reserve ₹ 000	General reserve ₹ 000	Retained earnings ₹ 000	Perpetual bonds ₹ 000	Total ₹ 000
At 1 January 2025	27,109	6,768	2,222	(441)	727	17,478	25,000	78,863
Total comprehensive income for the year:	-	-	-	-	-	4,170	-	4,170
Profit for the year	-	-	-	-	-	4,170	-	4,170
Transactions with owners:								
Dividend [note 14(e)]	813	-	-	-	-	(2,982)	-	(2,169)
Other transactions within equity:								
Interest on perpetual bonds	-	-	-	-	-	(1,875)	-	(1,875)
Transfer to legal reserve [note 14(b)]	-	417	-	-	-	(417)	-	-
Transfer to general reserve [note 14(d)]	-	-	-	-	188	(188)	-	-
Total other transactions and transactions with owners	813	417	-	-	188	(1,292)	-	126
At 31 December 2025	27,922	7,185	2,222	(441)	915	16,186	25,000	78,989

	Share capital ₹ 000	Legal reserve ₹ 000	Impairment reserve ₹ 000	Fair value reserve ₹ 000	General reserve ₹ 000	Retained earnings ₹ 000	Perpetual bonds ₹ 000	Total ₹ 000
At 1 January 2024	26,384	6,215	2,222	(441)	478	15,639	-	50,497
Total comprehensive income for the year:	-	-	-	-	-	5,526	-	5,526
Profit for the year	-	-	-	-	-	5,526	-	5,526
Transactions with owners:								
Dividend [note 14(e)]	725	-	-	-	-	(2,572)	-	(1,847)
Other transactions within equity:								
Issue of perpetual bonds	-	-	-	-	-	-	25,000	25,000
Issue cost of perpetual bonds	-	-	-	-	-	(313)	-	(313)
Transfer to legal reserve [note 14(b)]	-	553	-	-	-	(553)	-	-
Transfer to general reserve [note 14(d)]	-	-	-	-	249	(249)	-	-
Total other transactions and transactions with owners	725	553	-	-	249	(249)	-	-
At 31 December 2024	27,109	6,768	2,222	(441)	727	17,478	25,000	78,863

The notes and other explanatory information on pages 52 to 112 form an integral part of these financial statements.

Independent auditor's report - pages 37 to 44.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 ₹ 000	2024 ₹ 000
Operating activities			
Profit before income tax expenses		4,906	6,501
Adjustments for:			
Impairment on net investment in finance leases, working capital finance and factoring receivables		12,583	6,598
Depreciation and amortization		454	374
Loss/gain on sale of vehicles and equipment		14	(23)
Finance cost on lease liabilities	10.2	15	19
Net adjustment for interest accrued on short term loans, long term loans and unsecured non-convertible bonds		(77)	(63)
Accrued interest on term deposits		12	15
Provision for employees' end of service benefits	10.1	70	9
		<u>17,977</u>	<u>13,430</u>
Working capital changes:			
Net investment in finance leases, working capital finance and factoring receivables		(38,449)	(47,705)
Other receivables and prepayments		(382)	244
Corporate and security deposits		17,043	22,991
Creditors, accruals and other liabilities		1,550	1,044
Cash flow from operations before payment of tax and employees' end of service benefits		(2,261)	(9,996)
Income tax paid	18(c)	(964)	(858)
Employees' end of service benefits paid	10.1	(57)	-
Net cash used in operating activities		<u>(3,282)</u>	<u>(10,854)</u>
Investing activities			
Purchase of vehicles and equipment	8	(300)	(218)
Proceeds from sale of vehicles and equipment		30	23
Deposits placed with banks		-	(336)
Deposits redeemed		2,000	-
Net cash from/(used) from investing activities		<u>1,730</u>	<u>(531)</u>
Financing activities			
Dividend paid		(2,169)	(1,847)
Short term loans received		103,000	56,650
Short term loans paid		(100,500)	(46,150)
Long term loans received		56,000	36,634
Long term loans paid		(51,379)	(35,996)
Unsecured non-convertible bonds paid		-	(14,630)
Issuance of perpetual bonds		-	25,000
Issue cost of perpetual bonds		-	(312)
Interest payment on perpetual bonds		(1,875)	-
Payment of lease liability including interest	10.2	(181)	(204)
Net cash from financing activities		2,896	19,145
Net change in cash and cash equivalents		1,344	7,760
Cash and cash equivalents at the beginning of the year		17,793	10,033
Cash and cash equivalents at the end of the year	4	19,137	17,793

The notes and other explanatory information on pages 52 to 112 form an integral part of these financial statements.

Independent auditor's report - pages 37 to 44.

STATEMENT OF CASHFLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

The above figures reconcile to the amount of cash and bank balances shown in the statement of financial position at the end of the financial year as follows:

	2025	2024
	₹ 000	₹ 000
Balance as above	19,137	17,793
Deposits which have original maturity of more than 3 months	343	2,355
ECL	(45)	(45)
Balances per statement of financial position	19,435	20,103

Interest received was ₹ 24.32 (2024: ₹ 23.28 million) and interest paid was ₹ 13.92 (2024: ₹ 13.48 million). These are part of operating cash flows of the Company.

Significant non-cash changes

Additions to right-of-use assets and lease liabilities during the year are ₹ 0.293 (2024: ₹ 0.047 million).

The notes and other explanatory information on pages 52 to 112 form an integral part of these financial statements.

Independent auditor's report - pages 37 to 44.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025

1 Legal status and principal activities

Taageer Finance Company SAOG (the Company) is an Omani joint stock company registered with the Ministry of Commerce on 22 October 2005. The Company was incorporated as a closed stock company on 24 December 2000 and was converted to an Omani joint stock company on 21 October 2005 by a resolution of the shareholders passed on 27 August 2005. The Company is engaged in the business of providing leasing, working capital finance and factoring receivables to retail, SME and corporate customers in the Sultanate of Oman. The tenure of such financing generally varies from 6 months up to 10 years at fixed interest rates prevalent in the market at the time of financing. The financing is collateralised against land, equipment and vehicles. The Company manages its liquidity and financing through borrowing from various commercial banks. The Company also accepts corporate deposits and issues non-convertible and perpetual bonds for funding. The Company's shares are listed on Muscat Securities Market. The registered office of the Company is located at Al-Khuwair, Muscat, Sultanate of Oman.

The Company operates in the Sultanate of Oman with a network of eight branches (2024 - seven branches) and has employed 194 employees as at 31 December 2025 (2024 - 177 employees).

2 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with IFRS Accounting Standards

These financial statements have been prepared in accordance with IFRS Accounting Standards, applicable requirements of the Commercial Companies Law of 2019, Financial Services Authority (FSA) of the Sultanate of Oman disclosure requirements and applicable regulations of the Central Bank of Oman.

(b) Historical cost convention

These financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income, which are measured at fair value.

The statement of financial position is presented in descending order of liquidity, as this presentation is more appropriate to the Company's operations.

(c) Standards, amendments and interpretations effective in 2025

Following new standards, amendments to standards and interpretations have become effective for the first time for the reporting periods beginning on or after 1 January 2025.

- Amendment to IAS 21 - Lack of Exchangeability (effective date - 1 Jan 2025)

The amendment listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Standards, amendments and interpretations to existing IFRS Accounting Standards that are not yet effective

Following are the new standards and amendments to existing standards that have been issued, but not yet effective, and are applicable for future reporting periods.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity - Effective date – 1 January 2026
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)
- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Availability of optional adoption/ effective date deferred indefinitely
- Volume 11 – Annual improvements to IFRS Accounting standards - (effective from 1 January 2026)
- Sale or contribution of Assets between an Investor and its associate or Joint venture – Amendments to IFRS 10

The Company is evaluating the impact on future financial statements, if any, of adopting these pronouncements.

2.2 Foreign currency transactions

The financial statements are presented in Rial Omani, rounded to the nearest thousands which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

2.3 Revenue recognition

(a) Finance income from finance leases

Where the Company is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable ('Net investment in finance leases') and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease). The difference between the gross receivable and the present value represents unearned finance income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.3 Revenue recognition (continued)

This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return by applying the rate implicit in the lease to (i) the gross book value of lease receivables in stage 1 and 2 and (ii) net carrying amount of lease receivables in stage 3 of the ECL model. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

(b) Finance income from factoring receivables and working capital finance

The finance income on factoring receivables and working capital finance receivables is recognised in the statement of profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently. Factoring contracts are generally for a term ranging between 90 days to 180 days.

(c) Other operating income

Insurance commission is recognised at a point in time when the Company satisfies its performance obligation. The amount of fee received, or receivable represents the transaction price for the services identified as distinct performance obligations.

Other operating income other than insurance commission are recognised when realised.

2.4 Interest expense

Interest expense is recognised on accrual basis using the effective interest rate method.

2.5 Income tax expense

Income tax on the results for the year comprises of current tax calculated as per the fiscal regulations of the Sultanate of Oman and deferred tax.

Current tax is recognised in the statement of profit or loss and other comprehensive income as the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred income tax assets and liabilities are offset as there is a legally enforceable right to offset these in Oman. The tax effects on the temporary differences are disclosed under non-current assets as deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The principal temporary differences arise from depreciation on 'vehicles, equipment and right-of-use assets' and 'provisions for impairment of net investment in finance leases, working capital finance and factoring receivables.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.6.1 Vehicles and equipment

Vehicles and equipment are stated at historical cost less accumulated depreciation less accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Motor vehicles	3 years
Computer and office equipment	3-4 years
Furniture and fixtures	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

2.6.2 Intangible assets

Intangible assets comprise of computer software. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful life of 3 years and is recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

2.7 Leases

Company as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.7 Leases (continued)

- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The lease term is considered to be the non-cancellable period for which the Company has the right to use an underlying asset. The lease term is adjusted for periods covered by an option to extend; if it is reasonably certain that the option will be exercised as well as periods covered by an option to terminate the lease; if it is reasonably certain that the option will not be exercised.

2.8 Financial assets and liabilities

(i) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation of the effective interest rate includes transaction costs that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or a financial liability.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Summary of material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an ECL allowance is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

(ii) Classification and subsequent measurement

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

Financial liabilities, other than lease commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading.

The Company measures cash and bank balances, statutory deposits, working capital finance and factoring receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 (Financial Instruments - Presentation) and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial liabilities

Under IFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The amount presented separately in OCI related to changes in own credit risk of a designated financial liability at FVTPL are not recycled to profit or loss, even when the liability is derecognised, and the amounts are paid. Instead, own credit gains and losses should be reclassified to retained earnings within equity upon derecognition of the relevant liability.

(iii) Reclassifications

The Company does not reclassify its financial assets subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2024.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

(iv) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss for the year.

(v) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the original financial asset is derecognised, and a new financial asset is recognised at fair value. If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income within impairment loss.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.8 Financial assets and liabilities (continued)

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at either amortised cost or fair value. The difference between the carrying amount of the financial liability derecognised and the new financial liability with modified terms is recognised in the statement of profit or loss.

Modifications of financial liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss.

(vi) Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured at 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Note 3.1 (b) provides more detail of how the ECL allowance is measured.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.9 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or cash generating exceeds its recoverable amount. Recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.11 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from equity, net of any tax effects.

For policy on reserves please refer note 14(a) and 14(d).

2.12 Borrowings

Borrowings, which include corporate and security deposits, are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.13 Employees' end of service benefits and leave entitlements

Contributions to a defined contribution retirement plan, for Omani employees in accordance with Oman Social Insurance Scheme, are recognised as an expense in the statement of comprehensive income as incurred. The Company's obligation, in respect of non-Omani terminal benefits, under defined benefits retirement plan, is the amount of future benefits that such employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate used reflects current market assessments of the time value of money.

Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the reporting date. The provision relating to end of service benefits and accrual relating to annual leave and leave passage is disclosed as a current liability.

2.14 Creditors, accruals and other liabilities

Creditors, accruals and other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Liabilities are recognised for amounts to be paid for goods and services received, whether or not billed to the Company.

2.15 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Chief Executive Officer (being the chief operating decision maker) to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the Chief Executive Officer (being the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company is engaged in leasing activities, all of which are carried out in the Sultanate of Oman. Although the Company has retail and corporate customers, the entire lease portfolio is managed internally as one business unit. All the Company's funding and costs are common and are not allocated between these two portfolios.

2.16 Dividend distribution

The Board of Directors of the Company recommends to the shareholders the dividend to be paid out of the Company's profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law of 2019 and other relevant directives issued by the FSA while recommending the dividend. Dividends are recognised as a liability when declared and approved.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.17 Earnings and net assets per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to ordinary shareholders of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (note 19).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(iii) Net assets per share

Net assets per share is calculated by dividing:

- the net assets attributable to ordinary shareholders of the Company; and
- by the number of ordinary shares outstanding at 31 December (note 15).

2.18 Directors' remuneration and sitting fees

Director's remuneration is computed in accordance with the requirements of the Commercial Companies Law of 2019 and the Financial Services Authority of Sultanate of Oman and is recognised as an expense in the Company's statement of profit or loss and other comprehensive income in the year of approval from shareholders in the AGM.

The Annual General Meeting shall approve the remuneration and sitting fees in line with Articles 129-133 of the Ministerial Decision 27/2021 issuing the Executive Regulations for Public Joint Stock Companies, as per the requirements of the Financial Services Authority. The total director's remuneration in one year shall not exceed 300,000 (limited to 150,000 if the current financial year net profit is lesser as compared to the previous financial year net profit).

2.19 Provisions

The Company recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.20 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.22 Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed by the Company to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial period are discussed below:

(a) Impairment losses on net investment in finance leases, working capital finance and factoring receivables

To assess the impairment losses on investment in finance leases, working capital finance and factoring receivables, the Company follows guidelines issued by Central Bank of Oman and the requirements of applicable IFRS Accounting Standards. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on the credit loss allowance:

- segmentation of financial assets for the ECL assessment purposes;
- determination of a level of ECL assessment on an individual instrument basis or on a collective basis;
- definition of default applied by the Company;
- development and application of internal credit grading models, which assigns PDs to the individual credit risk grades;
- development and application of internal models used to estimate exposure at default (“EAD”) for financial instruments and credit related commitments;
- assessment of loss given default (“LGD”), including the judgments made in valuation of collaterals;
- criteria for assessing if there has been a significant increase in credit risk;
- selection of forward-looking macroeconomic scenarios and their probability weightings.

Details of inputs, assumptions and estimation techniques used in ECL measurement are disclosed in Note 3.1 which also sets out key sensitivities of the ECL.

The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

2 Material accounting policies (continued)

2.22 Significant accounting estimates and judgements (continued)

(b) Classification of the Equity Tier 1 instrument under IAS 32

The Company has issued Perpetual Tier 1 Securities listed on the Muscat Stock Exchange, which have been classified as equity in accordance with IAS 32: Financial Instruments – Classification. The key features of the instruments are as follows:

- no fixed date of maturity
- payment of interest and/or capital is solely at the discretion of the Company
- the instruments are deeply subordinated and rank just above the ordinary shareholders
- these securities also allow the Company to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the Central Bank of Oman.

The determination of equity classification of these instruments requires significant judgement as certain clauses, particularly the “Events of Default”, require interpretation. The Directors, after factoring in the clauses relating to the write-down, non-payment and subordination in the instrument offering document consider that the Company will not reach the point of insolvency before a write-down is affected due to a non-viability event. Accordingly, such clauses were assessed by the Directors as not being substantive for the purpose of determining the debt vs equity classification. The Directors have considered appropriate independent legal advice in forming their judgement around this matter.

(c) Going concern

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis. Please refer to note 23(b),

3 Financial risk management

3.1 Financial risk factors

The Company’s activities expose it to variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company aims to follow a strategy of minimising risk in order to reduce its vulnerability to adverse market conditions and this is reflected in the risk appetite set by the Board of Directors and implemented by management. The low assumption of risk is mainly achieved through diversification of the asset portfolio.

The Company has risk management function to oversee the risk management programme. In addition, oversight is provided by the Asset Liability Management Committee which includes representation from credit, treasury and risk management function. The Company has independent policies and procedures which address credit risk, liquidity risk and market risk, which arise from the Company’s business.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and financing rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

Price risk is a risk that fair value of financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk). The Company is not exposed to price risk as it does not have significant exposure to equity instruments traded in an active market.

(ii) Foreign currency risk

Foreign currency risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Company's functional currency. The majority of the Company's transactions are denominated in the functional currency. Accordingly, foreign exchange risk is considered to be minimal.

(iii) Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The most important sources of interest rate risk are the Company's borrowings where fluctuations in interest rates, if any, are reflected in the results of operations.

Interest rate gap is a common measure of rate risk. A positive gap occurs when more assets than liabilities are subject to rate change during a prescribed period of time. A negative gap occurs when liabilities exceed assets subject to rate changes during a prescribed period of time. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

The Company's leasing activities, working capital finance and factoring receivables, long term deposits, borrowings (loans from commercial banks, corporate deposits and unsecured non-convertible bonds) carry fixed rate of interest; hence, these activities do not expose the Company to interest rate risk. The interest rates on short-term borrowings with banks are subject to change upon re-negotiation of the facilities, which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short-term loans. The Company does not hedge against its cash flow and fair value interest rate risk.

The Company uses sensitivity analysis to analyse cost of borrowings and leasing. Management estimates that the Company's interest costs are sensitive to the extent that a change in 50 basis points in the average funding cost would change interest cost on borrowings by ₹ 1.157 million (2024 - ₹ 1.037 million) and finance income on its leasing, working capital finance and factoring receivables by ₹ 1.481 million (2024 - ₹ 1.350 million). The Company's exposure to interest rate risk is shown under note 23(a) to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is crucial for the Company's business; therefore, management carefully manages its exposure to credit risk.

(i) Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Company uses a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1

Credit risk has not increased significantly since initial recognition – recognise 12-month expected credit losses.

Stage 2

Credit risk has increased significantly since initial recognition – recognise lifetime expected losses with revenue being calculated based on the gross amount of the asset.

Stage 3

There is objective evidence of impairment as at the reporting date to recognise lifetime expected losses, with revenue being based on the net amount of the asset (that is, based on the impaired amount of the asset).

The Company has adopted key assumptions and judgements in addressing the requirements of IFRS 9 as given below:

- Significant increase in credit risk (SICR), which includes quantitative criteria such as grouping of contracts, DPD, rating downgrade of customers from initial recognition which is considered significant and qualitative criteria such as restructuring and periodical reviews of the customers;
- Definition of default, staging, rebuttals, SICR, provisioning methodology etc;
- Selection of an appropriate forward-looking model, inputs, correlation and estimations; and
- Information of forward- looking criteria of macro-economic variables incorporated in PIT PD for ECL;
- Grouping of instruments for losses measured on a collective basis.

The Company's credit policy aims to ensure that the target portfolio credit loss will be less than 1% of the portfolio increase for the current year. The Board of Directors periodically reviews this loss norm along with the management.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Significant increase in credit risk (SICR)

To determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and forward-looking information.

While determining the credit risk of the customer which has increased significantly from the initial recognition, the Company reviews portfolio for Retail and Corporate on different parameters. SICR is done on quantitative and qualitative criteria.

For retail exposures, the Company uses both quantitative and qualitative criteria:

- Adverse findings for an account/borrower as per market information
- Loan rescheduling due to credit reasons
- Accounts overdue between 30 and 90 days

For Corporate, the Company uses both quantitative and qualitative criteria.

- Under quantitative criteria, the Company uses the following SICR triggers:
 - days past due information (i.e. Stage 2 if the days past due is above 30 days) or;
 - change in the rating grade to assess significant increase in credit risk (i.e. 5 notches down for the rating scale of R1, 4 notches down for the rating scale of R2 to R3, 3 notches down for the rating scale of R4, 2 notches down for the rating scale of R5, and one notch down for rating R6).
- Under qualitative criteria, the Company uses following criteria like:
 - restructuring due to credit reasons
 - inadequate or unreliable financial and other information such as unavailability of audited financial statements;
 - non-cooperation by the borrower in matters pertaining to documentation;
- Under qualitative criteria, the Company uses following criteria like:(continued)
 - borrower is the subject of litigation by third parties that may have a significant impact on his financial position;
 - frequent changes in senior management;
 - intra-group transfer of funds without underlying transactions;
 - deferment/delay in the date for commencement of commercial operations by more than one year;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

- modification of terms resulting in concessions granted to the borrower including extension of moratorium, deferment of payment and waiver of covenants;
- a fall of 25 percent or more in the turnover or in the earnings before interest and taxes (EBIT) as compared to the previous year;
- erosion in net worth by more than 20 percent as compared to the previous year end coupled with an increase in leverage; and
- a fall in the debt service coverage ratio to below 1.

The customers' past history and records are reviewed by periodical risk evaluation under SICR triggers.

The Company reviews the existing corporate accounts' (above ~~₹~~ 250,000) rating given at initial recognition and assigns the new rating at review dates based on quantitative and qualitative information while assessing significant change or increase in credit risk during annual review or restructuring exercise.

The Company reviews and restructures facilities (retail and corporate) based on review of customers financial and cash flow position to maximize recoveries and collections from the customers and facilitate them to manage their cash flows efficiently to reduce their credit risk. These contracts are marked as restructured and would trigger the SICR if flagged due to credit reasons and would be mapped as qualitative indicator in ECL model and reviewed periodically.

Definition of Default and credit impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when it meets one or more of the following criteria:

- the borrower is more than 90 days past due on any credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- significant financial difficulty of the borrower; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or another financial reorganisation

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months (for those that has been downgraded due to qualitative reasons). This period of twelve months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different cure definitions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Expected Credit Losses (ECL)

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default (“PD”), Exposure at Default (“EAD”), Loss Given Default (“LGD”) and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate (“EIR”) for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument’s lifetime period. The lifetime period is equal to the remaining contractual period to maturity of financial instruments, adjusted for expected prepayments, if any.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL has been calculated as probability weighted figure for three scenarios i.e. Base case, Upside and Downside with 31.25%, 37.5% and 31.25% weightings respectively (31 December 2024 – 31.58%, 34.21% and 34.21%).

The following table shows a comparison of the Company’s allowances for expected credit losses on its financial assets under IFRS 9 based on the probability weightings of two scenarios with allowances for expected credit losses resulting from simulations of each scenario weighted at 100%.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Information of forward- looking criteria incorporated in ECL computation

	ECL	Impact on reported ECL
	₹ 000	₹ 000
31 December 2025		
Optimistic scenario – 100%	38,776	(4,694)
Pessimistic scenario – 100%	56,504	13,034

	ECL	Impact on reported ECL
	₹ 000	₹ 000
31 December 2024		
Optimistic scenario – 100%	27,891	(8,286)
Pessimistic scenario – 100%	42,847	6,670

Information of forward- looking criteria incorporated in ECL computation

The Company has incorporated forward looking parameters of macro-economic variables using statistical modelling to estimate the 12 months and Lifetime PIT PDs. The key macro-economic variables has been established based on correlation factor to historical PDs. TTC PDs are derived based on Company's historical performance and are roll rate-based approach for Retail while rating migration for corporate portfolio. Internal rating for Corporates is derived based on various parameters on quantitative and qualitative factors which is aggregated to obtain a score for a particular rating level.

The judgement to use macroeconomic variable is based on impact of macroeconomic variable on business, customer behavior, repayment pattern and eventually default. The macroeconomic variables used are derived based on the relationship that can be established with the relevant variables and the underlying default behavior of the credit portfolios. The Company based on its assessment of various macro-economic variables has determined that oil prices to be the key macro-economic variable for its portfolio due to major business dominant factor. Oil price used by the Company around \$69/ (31 December 2024: \$84/bbl).

An increase in oil price by 10% will result in a decrease in ECL by ₹ 0.506 million (31 December 2024: ₹ 0.493 million). A decrease in oil price by 10% will result in an increase in ECL by ₹ 0.467 million (31 December 2024: ₹ 0.465 million).

Important accounting judgements and estimations

The calculation of the ECL allowance for finance lease, working capital and factoring receivables requires the use of statistical models and use of assumptions with respect to forecasted micro-economic conditions, external ratings and credit risk behaviour and changes which may result in the likeness of the contracts defaulting and resulting in losses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Grouping of related financial assets for calculating ECL allowance

The related financial assets are grouped in the calculating the ECL based on the asset type product in the model which are retail and corporate.

In case of the portfolio of exposure to corporate, the credit risk for individual counterparties are assessed at inception of the lease through a grading methodology based on repayment history along with financial evaluation of borrowers as per risk grading model as approved by the board of directors of the Company.

Credit risk in the case of the retail portfolio is assessed at the inception of the lease on the basis of the net disposable income of the counterparty, stability of employment in case of salaried clients and income levels from business /other sources for other categories of customers.

(ii) Credit risk control and mitigation policies

The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title on leased assets, security deposits, personal guarantees and mortgages over properties.

The overall decision to provide leasing to a particular customer is based on the following key parameters:

1. Internal credit rating of the customer based on the qualitative assessment of credit risk
2. Minimum income level and maximum debt burden of the customer
3. Loan repayment history with other financial institution sourced from Mala'a report/BSCB
4. Level of collaterals provided by the customer

Exposure to credit risk is managed through regular analysis of the ability of lessees to meet repayment obligations.

Working capital finance and factoring receivables includes amounts advanced to clients in respect of debts factored interest on the amounts advanced and related charges. In the event of default in settlement of debts factored by customers of the client, the Company has recourse to the client.

The Company does not have significant concentration of credit risk since it enters into leasing and financing contracts with various small individual, retail and corporate customers. At the inception of the contract, internal credit risk ratings are allocated to each exposure. These credit risk grades are defined using a variety of qualitative and quantitative factors including income levels, employment segment, nationality etc.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

The Company generally receives repayments through variable channels such as cheques and bank transfers. The Company also has an effective rental instalment and rental monitoring system which allows it to identify potential problem accounts. The Company has approved collection policies and procedures establishing a collection strategy to follow up with the delinquent customers. In order to monitor exposure to credit risk, reports are reviewed by the risk committee on a quarterly basis. The Company seeks necessary legal assistance from external law firms in order to be actively involved in the collection process of delinquent customers. The Company also appropriately assesses the collateral requirements for particular leasing and financing to minimise its credit risk emanating from such leasing and financing. An allowance for ECL is maintained at a level which, in the judgment of management, is adequate to provide for potential losses that can be reasonably anticipated.

The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions. Some of the early warning indicators are listed below:

- frequent dishonour of cheques;
- inability to reach the customer over phone or in person;
- lack of response to written communications;
- utilised limits in excess of authorised limits as disclosed by Mala'a reports;
- inability to obtain current financials; and
- adverse market feedback.

Maximum exposure to credit risk before collateral held or other credit enhancements:

	2025	2024
	<u>₹ 000</u>	<u>₹ 000</u>
Exposure		
Bank balances	19,270	20,046
Statutory deposit	250	250
Net investment in finance leases, working capital finance and factoring receivables	296,135	270,028
Total exposure	<u>315,655</u>	<u>290,324</u>

The Company holds enforceable collaterals against net investments in finance lease to mitigate credit risk exposure. For bank balances the Company deals with reputed banks in the Sultanate of Oman and ECL has been recorded as per the model. Security deposit is held with Central Bank of Oman.

(iii) Concentration of credit risk

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Concentrations of credit risk (whether on or off statement of financial position) that arise from financial instruments exist for groups of counter-parties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Company has established robust credit risk management policies and procedures and a risk grading system for analysing the risk associated with credit. This facilitates the approving authorities in making their credit decision. In addition, Risk Management Department (RMD) assists/ reviews grading of obligors, conducts regular macro analysis of the credit portfolio and monitors credit concentration limits.

The analysis of credit risk is given below:

Customer concentration	2025	2024
	<u>₹ 000</u>	<u>₹ 000</u>
Gross investment in finance leases:		
Retail	118,725	103,650
Corporate	144,269	139,632
	<u>262,994</u>	<u>243,282</u>
Working capital finance and factoring receivables:		
Corporate	76,611	62,923

Economic sector concentration of gross investment in finance leases, working capital finance and factoring receivables:

	2025	2024
	<u>₹ 000</u>	<u>₹ 000</u>
Gross investment in finance leases:		
Manufacturing	22,716	25,621
Trading and construction	36,470	41,860
Services	85,083	72,151
Individuals	118,725	103,650
	<u>262,994</u>	<u>243,282</u>
Working capital finance and factoring receivables:		
Manufacturing	13,380	8,568
Trading and construction	30,131	25,942
Services	33,100	28,413
	<u>76,611</u>	<u>62,923</u>

Geographical concentration

The Company only carries out business within the Sultanate of Oman and geographical exposure is within the country.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(1) Assessment of SICR

The assessment of Significant Increase in Credit risk (SICR) and the measurement of ECLs are based on reasonable and supportable information that is available. The Company has also considered additional ECL to address significant increase in credit risk in certain accounts based on its judgment and experience.

This has resulted in staging downgrade of certain exposures and recognition of additional ECL provisions and allowance for expected credit losses. As part of the Company's credit evaluation process especially given the current economic situation, the Company obtained further information from the customer to understand their financial position and ability to repay the amount and in case where indicators of significant deterioration were noted, the customers' credit ratings and accordingly exposure staging were adjusted, where applicable.

The Company's model has been constructed and calibrated using historical trends, asset correlations and forward-looking economic scenarios. The severity of the current macro-economic projections and the added complexity caused by the various support schemes and regulatory guidance across the main regions in which the Company operates could not be reliably modelled for the time being. Consequently, the existing model may generate results that are either overly conservative or overly optimistic depending on the specific portfolio / segment. As a result, post-model adjustments are needed. Given model changes take a significant amount of time to develop and test and the data limitation issues noted above, the Company expects that post-model adjustments will be applied for the foreseeable future.

(2) Post-model adjustments (PMA) and management overlays

Post-model adjustments (PMAs) and management overlays made in estimating the reported ECL as at 31 December 2025 are set out as follows:

PMAs and management overlays

The Company's ECL model continues to be sensitive to the assumptions and areas continually reassessed as part of its usual model refinement exercise. Other than changes in the macro-economic indicators and recalibration of its PD and LGD models, the Company has not considered any other change in ECL model. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the actual outcomes may be different to those projected. To meet any additional challenge, the Company has also considered additional customer specific overlays, based on the management experience and close monitoring of the customers with significant increase in credit risk. Since, the models may not always capture all the stressed events, it is therefore prudent to incur additional ECL based on the management experience and current uncertain situation in the economy.

As on the reporting date the provisions held by the Company includes customer specific management overlays of ₹ 4.573 million (2024: ₹ 3.975 million), representing 10.5% (2024: 11%) of accumulated impairment.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Impairment

The below table shows provision held as per IFRS 9:
As at 31 December 2025

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross amount ₹ 000 (3)	Provision required as per CBO Norms ₹ 000 (4)	Provision held as per IFRS 9 ₹ 000 (5)	Difference between CBO provision required, and provision held ₹ 000 (6) = (4)-(5)	Net Amount as per CBO norms ₹ 000 (7) = (3)-(4)-(9)	Net Amount as per IFRS 9 ₹ 000 (8) = (3)-(5)	Reserve interest as per CBO norms ₹ 000 (9)
	Stage 1	188,211	-	1,798	(1,798)	188,211	186,413	-
	Stage 2	77,884	-	8,083	(8,083)	77,884	69,801	-
	Stage 3	-	-	-	-	-	-	-
Standard		266,095	-	9,881	(9,881)	266,095	256,214	-
Subtotal		-	-	-	-	-	-	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	19,165	1,054	6,931	(5,877)	16,599	12,234	1,512
Special Mention		19,165	1,054	6,931	(5,877)	16,599	12,234	1,512
Subtotal		-	-	-	-	-	-	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	5,690	1,318	1,520	(202)	3,970	4,170	402
Substandard		5,690	1,318	1,520	(202)	3,970	4,170	402
Subtotal		-	-	-	-	-	-	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	8,311	4,100	2,842	1,258	3,445	5,469	766
Doubtful		8,311	4,100	2,842	1,258	3,445	5,469	766
Subtotal		-	-	-	-	-	-	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Loss		40,344	26,542	22,296	4,246	4,782	18,048	9,020
Subtotal		40,344	26,542	22,296	4,246	4,782	18,048	9,020
	Stage 1	188,211	-	1,798	(1,798)	188,211	186,413	-
	Stage 2	77,884	-	8,083	(8,083)	77,884	69,801	-
	Stage 3	73,510	33,014	33,589	(575)	28,796	39,921	11,700
Sub Total		339,605	33,014	43,470	(10,456)	294,891	296,135	11,700
Other items not covered under CBO circular BM 977 and related instructions		19,730	-	45	(45)	-	19,685	-
	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	2,205	-	2,205	(2,205)	-	-	-
Total		21,935	-	2,250	(2,250)	-	19,685	-
Total		361,540	33,014	45,720	(12,706)	294,891	315,820	11,700

Provision held as per IFRS 9 includes the interest reserved by the Company as per CBO norms against impaired finance lease receivables, working capital and factoring receivables.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

As at 31 December 2024

Asset Classification as per CBO Norms	(1)	Asset Classification as per IFRS 9	(2)	Gross amount ₹ 000	(3)	Provision required as per CBO Norms ₹ 000	(4)	Provision held as per IFRS 9 ₹ 000	(5)	Difference between CBO provision required, and provision held ₹ 000	(6) = (4)-(5)	Net Amount as per CBO norms ₹ 000	(7) = (3)-(4)-(9)	Net Amount as per IFRS 9 ₹ 000	(8) = (3)-(5)	Reserve interest as per CBO norms ₹ 000	(9)
Standard		Stage 1		179,633	-	-	-	1,371	1,371	(1,371)	(1,371)	179,633	179,633	178,262	178,262	-	-
		Stage 2		71,932	-	-	-	8,363	8,363	(8,363)	(8,363)	71,932	71,932	63,569	63,569	-	-
		Stage 3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal				251,565	-	-	-	9,734	9,734	(9,734)	(9,734)	251,565	251,565	241,831	241,831	-	-
Special Mention		Stage 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 3		8,764	436	436	436	2,119	2,119	(1,683)	(1,683)	7,892	7,892	6,645	6,645	436	436
Subtotal				8,764	436	436	436	2,119	2,119	(1,683)	(1,683)	7,892	7,892	6,645	6,645	436	436
Substandard		Stage 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 3		3,286	761	761	761	955	955	(193)	(193)	2,288	2,288	2,331	2,331	237	237
Subtotal				3,286	761	761	761	955	955	(193)	(193)	2,288	2,288	2,331	2,331	237	237
Doubtful		Stage 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 3		4,099	1,433	1,433	1,433	1,350	1,350	84	84	2,259	2,259	2,749	2,749	406	406
Subtotal				4,099	1,433	1,433	1,433	1,350	1,350	84	84	2,259	2,259	2,749	2,749	406	406
Loss		Stage 1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 3		38,492	25,094	25,094	25,094	22,020	22,020	3,074	3,074	6,267	6,267	16,472	16,472	7,130	7,130
Subtotal				38,492	25,094	25,094	25,094	22,020	22,020	3,074	3,074	6,267	6,267	16,472	16,472	7,130	7,130
Sub Total		Stage 1		179,633	-	-	-	1,371	1,371	(1,371)	(1,371)	179,633	179,633	178,262	178,262	-	-
		Stage 2		71,932	-	-	-	8,363	8,363	(8,363)	(8,363)	71,932	71,932	63,569	63,569	-	-
		Stage 3		54,640	27,725	27,725	27,725	26,443	26,443	1,282	1,282	18,706	18,706	28,197	28,197	8,209	8,209
Total				306,205	27,725	27,725	27,725	36,177	36,177	(8,452)	(8,452)	270,271	270,271	270,028	270,028	8,209	8,209
Other items not covered under CBO circular BM 977 and related instructions		Stage 1		20,341	-	-	-	45	45	(45)	(45)	-	-	20,296	20,296	-	-
		Stage 2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Stage 3		1,992	-	-	-	1,992	1,992	(1,992)	(1,992)	-	-	-	-	-	-
Total				22,333	-	-	-	2,037	2,037	(2,037)	(2,037)	-	-	20,296	20,296	-	-
Total				328,538	27,725	27,725	27,725	38,214	38,214	(10,489)	(10,489)	270,271	270,271	290,324	290,324	8,209	8,209

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of the Directors, indicate that payment will most likely continue. These policies are kept under continuous review.

31 December 2025

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between CBO provision required and provision held	Net Carrying Amount as per CBO norms	Net Carrying Amount as per IFRS 9	Reserve interest as per CBO norms for the year
	Stage 1	891 -		13	(13)	891	878	-
	Stage 2	39,142 -		4,192	(4,192)	39,142	34,950	-
	Stage 3	-		-	-	-	-	-
Subtotal		40,033 -		4,205	(4,205)	40,033	35,828	-
	Stage 1	-		-	-	-	-	-
	Stage 2	-		-	-	-	-	-
	Stage 3	-		-	-	-	-	-
Subtotal		7,015	3,053	2,737	316	3,311	4,278	651
		7,015	3,053	2,737	316	3,311	4,278	651
	Stage 1	891 -		13	(13)	891	878	-
	Stage 2	39,142 -		4,192	(4,192)	39,142	34,950	-
	Stage 3	7,015	3,053	2,737	316	3,311	4,278	651
Total	Total	47,048	3,053	6,942	(3,889)	43,344	40,106	651

The above restructured portfolio is for the year ended 31 December 2025.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

31 December 2024

Asset Classification as per CBO Norms	Asset Classification as per IFRS 9	Gross Carrying Amount	Provision required as per CBO Norms	Provision held as per IFRS 9	Difference between provision required and provision held	Net Carrying Amount as per CBO norms	Net Carrying Amount as per IFRS 9	Reserve interest as per CBO norms for the year
Stage 1		-	-	-	-	-	-	-
Stage 2		10,818	-	993	(993)	10,818	9,825	-
Stage 3		-	-	-	-	-	-	-
Subtotal		10,818	-	993	(993)	10,818	9,825	-
Classified as non-performing		-	-	-	-	-	-	-
Stage 1		-	-	-	-	-	-	-
Stage 2		-	-	-	-	-	-	-
Stage 3		2,075	796	687	109	1,033	1,388	246
Subtotal		2,075	796	687	109	1,033	1,388	246
Total		12,893	796	1,680	(884)	11,851	11,213	246

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

31 December 2025

	As per CBO	As per IFRS 9
Provisions required as per CBO norms/ held as per IFRS 9	44,714	43,470
Gross NPL ratio (percentage)	21.65%	21.65%
Net NPL ratio (percentage)	9.76%	13.05%

31 December 2024

	As per CBO	As per IFRS 9
Provisions required as per CBO norms/ held as per IFRS 9	35,934	36,177
Gross NPL ratio (percentage)	17.84%	17.84%
Net NPL ratio (percentage)	6.92%	10.08%

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the allowance for expected credit losses as per IFRS Accounting Standards. The allowance for expected credit losses reserve is a yearly appropriation from the net profit after tax. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

During the year no reserve has been transferred to 'Impairment Reserve' as there is no additional provision required as per CBO guidelines.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk can arise by market disruptions or credit downgrades, which may result in unavailability of certain sources of funding.

Sources of funding are regularly reviewed by the management, diversification through long-term and short-term borrowings, increasing the number of lenders, developing additional products like corporate deposits, seeking fixed interest rates for longer tenure, etc.

Funds management is carried out by the treasury function. It includes managing and monitoring day to day cash flows and funding needs. This is achieved through maintaining approved credit facilities to cover net future funding needs and monitoring cash flows projections. The maturity profile of the Company's financial liabilities is set out under note 23(b) to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

Net debt reconciliation

Refer below for the analysis of net debt and the movements in net debt:

Particulars	Cash flows from short term loans ₹ 000	Cash flows from long term loans ₹ 000	Cash flows from Unsecured non-convertible bonds ₹ 000
At 1 January 2025	62,728	74,120	14,938
Additions during the year (cash changes)	103,000	56,000	-
Repayments during the year (cash change)	(100,500)	(51,379)	-
Non-cash changes	(117)	(26)	66
At 31 December 2025	<u>65,111</u>	<u>78,715</u>	<u>15,004</u>
Change in cash flows – net	<u>2,500</u>	<u>4,621</u>	-

Particulars	Cash flows from short term loans ₹ 000	Cash flows from long term loans ₹ 000	Cash flows from Unsecured non-convertible bonds ₹ 000
At 1 January 2024	52,071	73,470	29,800
Additions during the year (cash changes)	56,650	36,634	-
Repayments during the year (cash change)	(46,150)	(35,996)	(14,630)
Non-cash changes	157	12	(232)
At 31 December 2024	<u>62,728</u>	<u>74,120</u>	<u>14,938</u>
Change in cash flows – net	<u>10,500</u>	<u>638</u>	<u>(14,630)</u>

(d) Operational risk

The operational risk is defined as the risk of direct or indirect loss which may arise due to several reasons associated with the operations of the Company such as internal processes, individuals, infrastructure and technology, and due to reasons arising out of external factors other than Company's credit processes, market and liquidity risks. Operational risks arise from all of the Company's operations and external factors and are faced by the business entity.

The Company's primary objective is to put in place the necessary internal controls, periodic internal audits, checks and controls, technology updates and reviews to minimise operational risk. Specific audits are conducted by the Company's internal auditors and reports directly to the Audit and Risk Committee members.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

The Company undertakes responsibility to implement internal checks and controls to mitigate operational risk by the following;

- (i) Adherence to maker checker policy and delegation of powers by having proper approval matrix;
- (ii) Timely reconciliations and regular reviews of accounts;
- (iii) Documentation of policies, controls, procedures and manuals;
- (iv) Compliance with legal, statutory requirements and corporate governance; and
- (v) Develop business ethics and standards.

3.2 Fair values estimation

The carrying amounts, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year approximate their fair values. The fair values of long-term bank borrowings is considered to approximate their carrying amounts as these carry interest rates in line with current market rates. The fair value of fixed deposits is not considered to be materially different from their carrying amount in view of the duration of these deposits which does not exceed 4 years and interest resetting. Carrying amounts of fixed deposits reasonably approximates fair value. Refer to note 21 for fair value information in respect of the Company's net investment in finance leases, working capital finance and factoring receivables.

Except for financial assets at fair value through other comprehensive income, the Company's financial instruments are not carried at fair value in the statement of financial position. All financial assets (other than financial assets at fair value through comprehensive income) and financial liabilities of the Company are carried at amortised cost in the statement of financial position.

3.3 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company also has the objective with respect to meeting the capital requirements of the Central Bank of Oman, the regulatory authority. The Company has complied with CBO requirements of maintaining minimum paid up capital of **₹** 25 million.

In accordance with the provisions of the Commercial Companies Law of Oman, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to at least one third of the Company's paid-up share capital. This reserve is not available for distribution.

The Company monitors its gearing ratio in order to maintain it within the limits prescribed by the regulatory authority.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

3 Financial risk management (continued)

Gearing ratio

The Company's Board Executive Committee reviews the capital structure on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Company has a limit of gearing ratio of 5 times of net-worth as stipulated by the Capital Adequacy norms specified by the Central Bank of Oman. The gearing ratio for the year is as follows:

	2025	2024
Total liabilities (₹ 000)	237,998	212,449
Net equity ((₹ 000)	78,989	78,863
Total liabilities to net equity ratio (times)	3.0	2.7

4 Cash and bank balances

	2025	2024
	₹ 000	₹ 000
Term Deposits	343	2,355
Current and call accounts	18,972	17,736
Cash in hand	165	57
ECL	(45)	(45)
	19,435	20,103

Cash and cash equivalents include cash on hand, all bank balances, including deposits with a maturity of three months or less from the date of placement. The deposits carry interest rate between 3.5% to 4% (2024: 3.75 % to 4.8 %).

With respect to exposures with banks, management considers the credit risk exposure to be minimal as the Company deals with reputed and rated local banks as per the global ratings by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties.

	2025	2024
	₹ 000	₹ 000
Rating		
BA1	-	12,864
BA3	-	1,914
BAA3	17,077	2
AA3	2,223	5,292
Unrated	15	19
Total	19,315	20,091

Bank balances are classified under Stage 1.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

4 Cash and bank balances (continued)

The Company applies the three-stage model under IFRS 9 to measure the expected credit losses for cash and cash equivalents. Under the three-stage model, management analyses the credit quality of cash and cash equivalents. The financial assets that do not have a significant increase in credit risk since the initial recognition are considered as stage 1 assets and management follows the 12 months expected credit loss method for recognising the loss allowance. When there is a significant increase in credit risk noted since the initial recognition, those assets are considered under stage 2 and lifetime expected credit loss is followed. Financial assets that have objective evidence of impairment at reporting stage (stage 3), lifetime expected credit loss is followed. Closing ECL on bank balance is ~~₹~~ 45,000 (31 December 2024: ~~₹~~ 45,000) and the ECL charge for the year is Nil (31 December 2024: Nil).

(i) Reconciliation to statement of cash flows

The above figures reconcile to the amount of cash shown in the statement of cashflows at the end of the financial year as follows:

	2025 ₹ 000	2024 ₹ 000
Cash and bank balances	19,435	20,103
Deposits which have original maturity of more than 3 months	(343)	(2,355)
ECL	45	45
Cash and cash equivalents	<u>19,137</u>	<u>17,793</u>

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5 Net investment in finance leases, working capital finance and factoring receivables

	2025 ₹ 000	2024 ₹ 000
Gross investment in finance lease	378,959	343,972
Working capital finance and factoring receivables*	76,611	62,923
Unearned finance income (refer 'b')	<u>(115,965)</u>	<u>(100,690)</u>
	339,605	306,205
Allowance for expected credit losses (ECL) **	<u>(43,470)</u>	<u>(36,177)</u>
	<u>296,135</u>	<u>270,028</u>

* Net of unearned finance income of ~~₹~~ 45.960 million (2024: ~~₹~~ 39.142 million)

** Includes Reserve interest of ~~₹~~ 11.700 million (2024- ~~₹~~ 8.209 million)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

- (a) The table below represents analysis of gross lease receivables and present value of lease receivables for each of the following periods:

	Up to 1 year ₹ 000	1 year to 2 years ₹ 000	2 years to 3 years ₹ 000	3 years to 4 years ₹ 000	4 years to 5 years ₹ 000	>5 years ₹ 000	Total ₹ 000
At 31 December 2025							
Gross investment in finance lease	89,954	61,708	53,815	45,789	36,820	90,873	378,959
Present value of gross investment in finance lease	61,121	37,933	34,762	31,116	25,865	72,197	262,994
At 31 December 2024							
Gross investment in finance lease	87,505	55,839	50,369	42,793	33,677	73,789	343,972
Present value of gross investment in finance lease	61,070	34,359	33,479	30,110	24,630	59,634	243,282

The significant changes in the gross investment in leases are mainly due to the new leases originated during the year which are partially offset by the leases matured during the year.

The following tables explain the changes in the net investment in finance leases, working capital finance and factoring receivables between the beginning and the end of the annual period as at 31 December 2025 due to these factors:

	Corporate				Retail			
	Stage 1 ₹ 000	Stage 2 ₹ 000	Stage 3 ₹ 000	Total ₹ 000	Stage 1 ₹ 000	Stage 2 ₹ 000	Stage 3 ₹ 000	Total ₹ 000
Opening balance	94,356	64,269	43,178	201,803	85,276	7,663	11,462	104,401
Transfer from 1 to 2	(18,427)	18,427	-	-	(5,452)	5,452	-	-
Transfer from 1 to 3	(4,578)	-	4,578	-	(2,874)	-	2,874	-
Transfer from 2 to 3	-	(17,311)	17,311	-	-	(1,662)	1,662	-
Transfer from 2 to 1	3,114	(3,114)	-	-	2,706	(2,706)	-	-
Transfer from 3 to 1	369	-	(369)	-	492	-	(492)	-
Transfer from 3 to 2	-	1,262	(1,262)	-	-	344	(344)	-
Net movement	17,712	4,511	(4,107)	18,116	15,517	749	(981)	15,285
Closing balance	92,546	68,044	59,329	219,919	95,665	9,840	14,181	119,686

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

The following tables explain the changes in the expected credit loss allowance between the beginning and the end of the annual period as at 31 December 2025:

Allowance for expected credit losses

	Corporate				Retail			
	Stage 1 ₹ 000	Stage 2 ₹ 000	Stage 3 ₹ 000	Total ₹ 000	Stage 1 ₹ 000	Stage 2 ₹ 000	Stage 3 ₹ 000	Total ₹ 000
Opening balance	520	7,720	20,514	28,754	851	644	5,928	7,423
Transfer from 1 to 2	(101)	101	-	-	(76)	76	-	-
Transfer from 1 to 3	(33)	-	33	-	(37)	-	37	-
Transfer from 2 to 3	-	(4,968)	4,968	-	-	(143)	143	-
Transfer from 2 to 1	133	(133)	-	-	217	(217)	-	-
Transfer from 3 to 1	84	-	(84)	-	146	-	(146)	-
Transfer from 3 to 2	-	294	(294)	-	-	97	(97)	-
Net movement	114	4,162	2,189	6,465	(20)	450	398	828
Closing balance	717	7,176	27,326	35,219	1,081	907	6,263	8,251

The following tables explain the changes in the net investment in finance leases, working capital finance and factoring receivables between the beginning and the end of the annual period as at 31 December 2024 due to these factors:

	Corporate				Retail			
	Stage 1 ₹ 000	Stage 2 ₹ 000	Stage 3 ₹ 000	Total ₹ 000	Stage 1 ₹ 000	Stage 2 ₹ 000	Stage 3 ₹ 000	Total ₹ 000
Opening balance	84,211	54,304	35,003	173,518	68,866	6,518	10,621	86,005
Transfer from 1 to 2	(12,320)	12,320	-	-	(4,279)	4,279	-	-
Transfer from 1 to 3	(7,463)	-	7,463	-	(1,395)	-	1,395	-
Transfer from 2 to 3	-	(7,909)	7,909	-	-	(1,489)	1,489	-
Transfer from 2 to 1	3,925	(3,925)	-	-	2,058	(2,058)	-	-
Transfer from 3 to 1	225	-	(225)	-	451	-	(451)	-
Transfer from 3 to 2	-	1,505	(1,505)	-	-	262	(262)	-
Net movement	25,778	7,974	(5,467)	28,285	19,575	151	(1,330)	18,396
Closing balance	94,356	64,269	43,178	201,803	85,276	7,663	11,462	104,401

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

The following tables explain the changes in the expected credit loss allowance between the beginning and the end of the annual period as at 31 December 2024:

	Corporate				Retail			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000
Opening balance	749	5,511	17,811	24,071	984	625	5,240	6,849
Transfer from 1 to 2	(213)	213	-	-	(94)	94	-	-
Transfer from 1 to 3	(69)	-	69	-	(29)	-	29	-
Transfer from 2 to 3	-	(516)	516	-	-	(148)	148	-
Transfer from 2 to 1	206	(206)	-	-	198	(198)	-	-
Transfer from 3 to 1	69	-	(69)	-	128	-	(128)	-
Transfer from 3 to 2	-	461	(461)	-	-	70	(70)	-
Net movement	(222)	2,257	2,648	4,683	(336)	201	709	574
Closing balance	520	7,720	20,514	28,754	851	644	5,928	7,423

(b) The movement of unearned finance income during the period was as follows:

	2025	2024
	₹ 000	₹ 000
At 1 January	100,690	89,243
Additions during the year	42,591	36,988
Recognised during the year	(27,316)	(25,541)
At 31 December	115,965	100,690

(c) The movement in the provision and reserve interest for impairment of net investment in finance lease, working capital finance and factoring receivables during the year was as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

The loss allowances for ECL as at 31 December reconcile to the opening loss allowances as follows:

As at 31 December 2025

	Net investment in finance leases, working capital finance and factoring receivables		Other receivables		Total	
	Corporate	Retail	Corporate	Retail	Corporate	Retail
	At 1 January	28,755	7,422	940	1,052	29,695
Charge for the year	10,312	2,030	155	86	10,467	2,116
Reserve interest	3,647	485	-	-	3,647	485
Write off	(7,484)	(1,697)	(15)	(13)	(7,499)	(1,710)
At 31 December	<u>35,230</u>	<u>8,240</u>	<u>1,080</u>	<u>1,125</u>	<u>36,310</u>	<u>9,365</u>

As at 31 December 2024

	Net investment in finance leases, working capital finance and factoring receivables		Other receivables		Total	
	Corporate	Retail	Corporate	Retail	Corporate	Retail
	At 1 January	24,071	6,849	799	876	24,870
Charge for the year	5,760	521	141	176	5,901	697
Reserve interest	2,153	287	-	-	2,153	287
Write off	(3,229)	(235)	-	-	(3,229)	(235)
At 31 December	<u>28,755</u>	<u>7,422</u>	<u>940</u>	<u>1,052</u>	<u>29,695</u>	<u>8,474</u>

The most significant changes in the ECL of the Company arise from the net investment in finance leases, working capital finance and factoring receivables. The changes in the ECL on other financial assets at amortised cost are not significant.

As to net investments in finance leases, working capital finance and factoring receivables, the ECL changes primarily relate to the corporate portfolio and were due to the downward movement of exposures to non-performing grades. The subsequent remeasurement of these exposures post stage transfer is reflected in the charge for the year.

As a matter of policy, the Company considers waiver / write-off or settlement only in such cases where it is satisfied that the recovery of the full outstanding liabilities from the borrower is not possible in the normal course of business or out of the securities realisation or through enforcement of the guarantee (wherever available) and that legal action will not yield higher recoveries after considering the time and costs involved.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

Proposals for waivers / write-offs are not formula driven and are decided on a case-by-case basis after weighing all pros and cons. The rationale is invariably documented. In all cases, the Company aims to recover the maximum value through enforcement of collaterals / guarantees of guarantors. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is reasonable expectation of recovery. The Company has written off an amount of ~~€~~ 9.2 million during the year (31 December 2024: ~~€~~ 3.5 million). As of 31 December 2025, the receivables amount written off still subject to enforcement activity amount to ~~€~~ 8.9 million (2024: ~~€~~ 1.9 million).

At 31 December 2025, stage 3 lease contract receivables and working capital receivables on which interest has been reserved or on which interest is not being accrued amount to ~~€~~ 73.5 million (2024 - ~~€~~ 54.6 million). Interest is reserved by the Company against net investment in finance leases, working capital finances and factoring receivables, which are under stage 3, to comply with the rules, regulations and guidelines issued by the CBO.

- (d) An analysis of portfolio under different stages of net investment in finance leases, working capital finance and factoring receivables is summarised below:

	2025	2024
	€ 000	€ 000
Portfolio under stages		
Stage 1	188,211	179,633
Stage 2	77,884	71,932
Stage 3	73,510	54,640
Gross investment in finance leases, working capital finance and factoring receivables	339,605	306,205
Allowance for ECL	(43,470)	(36,177)
Net investment in finance leases, working capital finance and factoring receivables	<u>296,135</u>	<u>270,028</u>

- (e) Net investment in finance leases, working capital finance and factoring receivables rescheduled / restructured

Restructuring activities include extended payment arrangements, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria, which, in the judgment of the management, indicate that payment will most likely continue. These policies are continuously reviewed.

	2025	2024
	€ 000	€ 000
Stage 1	891	-
Stage 2	39,142	10,818
Stage 3	7,015	2,075
	<u>47,048</u>	<u>12,893</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

(f) Analysis of impairment and collateral

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2025	2024
	₹ 000	₹ 000
Against individually impaired		
Equipment and property	19,714	15,341
Vehicles	17,810	16,541
	<u>37,524</u>	<u>31,882</u>

The exposure against each type of collateral is shown below:

	2025	2024
	₹ 000	₹ 000
Against individually impaired		
Equipment and property	25,644	16,967
Vehicles	29,162	27,363
	<u>54,806</u>	<u>44,330</u>

The Company has an exposure of ₹ 18.704 million (2024: ₹ 10.691 million) of impaired assets against which no collateral or other security enhancements are held.

The Company has no exposure (2024: nil) against which it has not recognised a loss allowance because of the collateral.

The Company holds above collaterals against certain of its credit exposures. The Company evaluates its collateral value by applying the reducing balance method in the value of equipment and vehicles held as collateral. Value of property held as collateral is obtained from external valuations held.

Credit risk grading

The Company uses internal credit risk gradings that reflects its assessment of the probability of default of individual counterparties. The Company has adopted a risk rating framework, having 9 performing risk grades (including special mention) and 1 non-performing risk grade. The Company's internal Risk Rating (RR) risk rates a customer and to associate a default probability to each rating grade. The ratings assist studying the distribution of borrowers, grade wise exposures, transition of credit risk ratings over time, grade wise defaults, Non-Performing Loans (NPL) etc. Risk appetite is also set in terms of how much exposure the Company expects in various grade bands. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

'Low Grade' exposures include the risk rate of R1 to R7 for corporate customers and B1 to B2 for retail customers which includes the exposures with good to excellent business credit quality, good to exceptional capacity for timely fulfilment of the financial obligation and negligible or low probability of default and/or low levels of expected loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

5 Net investment in finance leases, working capital finance and factoring receivables (continued)

'Medium Grade' exposures include the risk rate of R8 to R9 for corporate customers and B3 for retail customers, which includes the exposures of acceptable to fair credit quality, satisfactory capacity for timely fulfilment of the financial obligation. These exposures carry average to marginally acceptable risk.

'High Grade' exposures include the risk rate of R10 for corporate customers and B4 for retail customers, which includes the exposures with below or weak acceptable credit quality. The exposures carry high risk, caution and special mention category. Projected repayment capacity is strained, and prospects may deteriorate at some future date. These reflect either weak operating environment or operations reflect weakness. High grade also includes non-performing leases of the Company.

- g) An analysis of credit quality of gross exposures as at 31 December 2025 and changes in gross exposure balances from 1 January 2025 to 31 December 2025 is set out in the following tables by class of financial assets.

2025:

	Stage 1	Stage 2	Stage 3	Total
	₹ 000	₹ 000	₹ 000	₹ 000
Net investment in finance lease, working capital financing and factoring receivables				
Low	188,211	15,886	14,525	218,622
Medium	-	59,963	19,796	79,759
High	-	2,035	39,189	41,224
Total	188,211	77,884	73,510	339,605

2024:

	Stage 1	Stage 2	Stage 3	Total
	₹ 000	₹ 000	₹ 000	₹ 000
Net investment in finance lease, working capital financing and factoring receivables				
Low	179,633	47,709	16,435	243,777
Medium	-	24,223	16,691	40,914
High	-	-	21,515	21,515
Total	179,633	71,932	54,641	306,206

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

6 Other receivables and prepayments

	2025	2024
	<u>£ 000</u>	<u>£ 000</u>
Prepaid expenses	166	25
Other receivables	2,205	1,992
	2,371	2,017
Allowance for ECL against other receivables [refer 6(a)]	(2,205)	(1,992)
	166	25

- (a) Allowance for ECL for impairment against other receivables includes provision held against legal fee and other charges recoverable from various individual and corporate parties under litigations.

The Company applies the three-stage model under IFRS 9 to measure the expected credit losses for other receivables. Under the three-stage model, management analyses the credit quality of cash and cash equivalents. The financial assets that do not have a significant increase in credit risk since the initial recognition are considered as stage 1 assets and management follows the 12 months expected credit loss method for recognising the loss allowance. When there is a significant increase in credit risk noted since the initial recognition, those assets are considered under stage 2 and lifetime expected credit loss is followed. Financial assets that have objective evidence of impairment at reporting stage (stage 3), lifetime expected credit loss is followed.

Closing ECL on other receivables is £ 2.205 million (31 December 2024: £ 1.992 million) and the ECL charge for the year is £ 0.241 million (31 December 2024: £ 0.317 million).

7 Financial assets at fair value through other comprehensive income

	2025	2024
	<u>£ 000</u>	<u>£ 000</u>
The Arab Leasing Company Limited	-	-

The Company has investment in a foreign unquoted equity security which is classified as financial asset at fair value through other comprehensive income. The FVOCI designation was made because the investment is expected to be held for the long-term. The fair value of this investment has been assessed as Nil and a fair value reserve was created (net of tax) of £ 441,000 (31 December 2024 – £ 441,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

8 Vehicles, equipment and right-of-use assets

	Motor Vehicles ₹ 000	Office and computer equipment ₹ 000	Furniture and fixtures ₹ 000	Work in progress ₹ 000	Right-of- use assets ₹ 000	Total ₹ 000
Cost						
At 1 January 2025	191	583	543	-	769	2,086
Additions	-	124	176	-	293	593
Disposal of assets	(62)	(1)	-	-	-	(63)
At 31 December 2025	<u>129</u>	<u>706</u>	<u>719</u>	<u>-</u>	<u>1,062</u>	<u>2,616</u>
Accumulated depreciation						
At 1 January 2025	144	336	317	-	510	1,307
Charge for the year	3	137	129	-	160	429
Disposal of assets	(18)	(1)	-	-	-	(19)
At 31 December 2025	<u>129</u>	<u>472</u>	<u>446</u>	<u>-</u>	<u>670</u>	<u>1,717</u>
Net book value						
At 31 December 2025	<u>-</u>	<u>234</u>	<u>273</u>	<u>-</u>	<u>392</u>	<u>899</u>
	Motor Vehicles ₹ 000	Office and computer equipment ₹ 000	Furniture and fixtures ₹ 000	Work in progress ₹ 000	Right-of- use assets ₹ 000	Total ₹ 000
Cost						
At 1 January 2024	194	1,020	1,168	134	721	3,237
Additions	62	66	8	-	48	184
Transfer	-	134	-	(134)	-	-
Disposal of assets	(65)	-	-	-	-	(65)
Written off	-	(637)	(633)	-	-	(1,270)
At 31 December 2024	<u>191</u>	<u>583</u>	<u>543</u>	<u>-</u>	<u>769</u>	<u>2,086</u>
Accumulated depreciation						
At 1 January 2024	194	921	824	-	361	2,300
Charge for the year	15	52	126	-	149	342
Sale of assets	(65)	-	-	-	-	(65)
Written off	-	(637)	(633)	-	-	(1,270)
At 31 December 2024	<u>144</u>	<u>336</u>	<u>317</u>	<u>-</u>	<u>510</u>	<u>1,307</u>
Net book value						
At 31 December 2024	<u>47</u>	<u>247</u>	<u>226</u>	<u>-</u>	<u>259</u>	<u>779</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

8 Vehicles, equipment and right-of-use assets (continued)

The right of use assets represents its leases in respect of the branch offices of the Company.

Amounts recognised in the statement of profit or loss:

	2025	2024
	₹ 000	₹ 000
Depreciation charge of right-of-use assets	160	149
Finance costs (included within interest expenses)	15	19

The total cash outflow for leases during the current year was ₹ 0.181 million (2024: ₹ 0.204 million).

There are no expenses relating to short term-leases.

9 Statutory deposit

The Company is required to maintain a deposit of ₹ 250,000 (2024 - ₹ 250,000) with the Central Bank of Oman, which is restricted in nature, in accordance with the applicable licensing regulations. During the year, the deposit earned interest at the rate of 1.5% (2024 - 1.5%) per annum.

10 Creditors, accruals and other liabilities

	2025	2024
	₹ 000	₹ 000
Leased assets payable	1,786	816
Accruals for expenses	2,806	2,144
Lease liability (note 10.2)	305	178
Other liabilities	679	761
	<u>5,576</u>	<u>3,899</u>

10.1 Provision for employees' end of service benefits

	2025	2024
	₹ 000	₹ 000
At 1 January	318	309
Charge for the year (note 17.2)	70	9
Paid	(57)	-
At 31 December	<u>331</u>	<u>318</u>

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the net present value of its obligations as at 31 December 2025 and 2024, using the projected unit credit method, in respect of employees' end of service benefits payable under the Oman Labour Law 2003 and the Social Security Law of 1991. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 6% (2024 - 6%) per annum. Under this method, an assessment has been made of an employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% (2024 - 3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

10 Creditors, accruals and other liabilities (continued)

10.2 Lease liability

	2025	2024
	₹ 000	₹ 000
At 1 January	178	315
Additions	293	48
Finance charges	15	19
Repayment	(181)	(204)
At 31 December	<u>305</u>	<u>178</u>
	2025	2024
	₹ 000	₹ 000
Current	183	91
Non-current	122	87
At 31 December	<u>305</u>	<u>178</u>

11 Short-term loans

The Company availed short-term borrowing facilities from various commercial banks. The contractual limits of these borrowings are ₹ 110.5 million (2024 - ₹ 67.5 million), these loans are secured by a pari-passu charge over the total assets of the company. Maturities of the short-term loans are disclosed in note 23 (b) to these financial statements.

During the year, interest was charged on the above borrowings at rates ranging between 4.75% and 6.9% per annum (31 December 2024 - 5.75 % and 7% per annum).

At 31 December 2025, the Company had undrawn short term loan facilities amounting to ₹ 47.5 million (2024 ₹ 5.0 million).

12(a) Long-term loans

The Company has entered into long term loan facility agreements with commercial banks. The aggregate contractual limit of long-term loans is ₹ 111.875 million (2024 - ₹ 89.378). These loans are secured by a pari-passu charge over the total assets of the Company. The maturity dates of the aforementioned facilities range from January 2025 to June 2029.

Total outstanding long-term loans at 31 December 2025 amount to ₹ 78.715 million (2024 - ₹ 74.120 million) out of which current portion of long-term loans as at 31 December 2025 amounted to ₹ 28.124 million (2024 - ₹ 42.005 million).

During the year, interest was charged on the above borrowings at rates ranging between 5.7 % and 7% per annum (31 December 2024 - 6.5% and 7.25% per annum).

The tenure of the long-term loans range between 4 years and 5 years (31 December 2024: 3 years and 5 years).

At 31 December 2025, the Company had undrawn bank facilities amounting to ₹ 17.5 million (2024 ₹. 4.1 million).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

12(b) Unsecured non-convertible bonds

The Company issued unsecured non-convertible bonds for an amount of ~~₹~~ 14.956 million in 2023 for a period of 3 years which is outstanding as at December 31, 2025. The coupon rate on this bond is 7.5% per annum.

	2025	2024
	₹ 000	₹ 000
Bonds	<u>15,004</u>	<u>14,938</u>

13 Corporate and security deposits

	2025	2024
	₹ 000	₹ 000
Corporate deposits	72,474	55,431
Security deposits	32	32
	<u>72,506</u>	<u>55,463</u>

The Company accepts term deposits from corporate customers in accordance with the Central Bank of Oman guidelines for a minimum period of 3 months. The interest rates on corporate and security deposits range between 4.7% to 7.5% per annum (2024 - 5.5% to 7.5% per annum). Maturity profile is included under note 23.

14 Shareholders' equity

(a) Share capital

The authorised share capital comprises 300,000,000 ordinary shares (2024 - 300,000,000 ordinary shares) with a par value of ~~₹~~ 0.100 per share (2024: ~~₹~~ 0.100 per share). All issued ordinary shares are fully paid. The Company's issued and fully paid-up share capital comprises of 279,223,213 ordinary shares (2024 - 271,090,499 ordinary shares). Central Bank of Oman's requirement related to minimum paid up capital is set out under note 3.3 to these financial statements. At 31 December, the shareholders who own 10% or more of the Company's share capital were:

	2025		2024	
	Shareholding	Shares	Shareholding	Shares
	%	held	%	Held
Oman Investment Authority	34.99%	97,703,118	34.99	94,857,398
Arab Investment Company S.A.A	18.79%	52,453,304	18.79	50,925,538
Iran Foreign Investment Company	12.49%	34,888,112	12.49	33,871,954

(b) Legal reserve

In accordance with article 274 of the Commercial Companies Law of 2019, annual appropriations of 10% amounting to ~~₹~~ 417 thousand (2024 - ~~₹~~ 553 thousand) from the profit for the year, are made to this legal reserve until the accumulated balance of the reserve is equal to one third of the Company's paid up share capital. This reserve is not available for distribution.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

14 Shareholders' equity (continued)

(c) Impairment reserve

Impairment reserve net of tax is created by appropriation from retained earnings when the calculated provision as per CBO norms is higher than IFRS9 ECL.

As of December 2025, the Company holds an impairment reserve of ~~€~~ 2.222 million net of tax for the difference that existed on 31 December 2025 (31 December 2024: ~~€~~ 2.222 million).

(d) General reserve

The Board of Directors of the Company resolved to transfer an additional amount of ~~€~~ 188 thousand (2024 - ~~€~~ 249 thousand) to general reserve. The reserve has been created for any one-off contingency in future, by transfer of 5% (2024-5%) of net profit for the year after appropriation towards legal reserve as approved by Board of Directors. This reserve will not be available for future distribution once created.

(e) Dividend

Dividend is not accounted for until it has been approved at the Annual General Meeting (AGM). The Board of Directors has proposed a cash dividend of 6.4% and stock dividend of 1.6% for the year ended 31 December 2025 (2024- cash dividend of 8% and stock dividend of 3%). The dividend proposed per share for the year ended 31 December 2025 is 8 baizas (2024- 11 baizas).

(f) Perpetual bonds

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. The Company's perpetual bonds are not redeemable by holders and bear an entitlement to distribution that is non-cumulative and it is governed by the terms and conditions of the instrument. The payment of interest and/or principal is solely at the discretion of the Company. Accordingly, they are presented within equity. Distributions thereon are recognised in equity.

In 2024, the Company issued perpetual bonds of ~~€~~ 25.0 million through private placement. The bonds carry interest rate of 7.5% per annum, payable semi-annually in arrears. The bonds have no fixed or final redemption date. The issuer has an option to redeem the bonds on the call date. The first call date is in October 2029 and prior approval of the CBO is required before redemption.

15 Net assets per share

Net assets per share is calculated by dividing the net assets attributable to the equity holders of the Company at the year-end by the number of shares outstanding:

	2025	2024
	€ 000	€ 000
Net equity attributable to the equity holders of the Company (€ '000)	53,989	53,863
Number of ordinary shares outstanding at 31 December (Numbers 000)	279,223	271,090
Net assets per share (baizas)	193	199

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

16 Finance lease

(a) Finance income

	2025	2024
	₹ 000	₹ 000
Income from investment in finance lease	27,316	25,541
Income from working capital financing and factoring receivables	8,631	5,073
Income on bank deposits	315	592
	<u>36,262</u>	<u>31,206</u>

(b) Interest expenses

	2025	2024
	₹ 000	₹ 000
Interest expense on loans	9,458	9,241
Interest expense on bonds	1,187	2,193
Interest expense on corporate deposits	4,300	2,790
	<u>14,945</u>	<u>14,224</u>

(c) Other operating income

	2025	2024
	₹ 000	₹ 000
Insurance commission	1,804	1,576
Services charges	1,470	1,275
Foreclosure charges	344	323
Loss/profit on sale of assets	(14)	23
	<u>3,604</u>	<u>3,197</u>

17.1 Other expenses

	2025	2024
	₹ 000	₹ 000
Professional fees and subscriptions	255	393
Communication costs	299	250
Travelling expenses	74	65
Fuel cost	100	82
Directors' remuneration and sitting fees (note 20)	216	142
Advertising and sales promotion	100	129
IT maintenance and license fees	89	73
Printing and stationery expenses	114	149
Utility costs	36	37
Annual general meeting expenses	2	4
Insurance	26	42
Donations	50	20
Other office expenses	660	619
	<u>2,021</u>	<u>2,005</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

17.2 Staff costs

	2025	2024
	₹ 000	₹ 000
Wages and salaries	4,158	4,068
Other benefits	395	331
Contribution to defined contribution plan*	334	293
Charge for end of service benefits (note 10.1)	70	9
	<u>4,957</u>	<u>4,701</u>

* Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurances Law of 1991 and its subsequent amendments are recognised as an expense in the statement of comprehensive income as incurred.

18 Taxation

(a) Components of tax expense:

	2025	2024
	₹ 000	₹ 000
Current tax		
- current year	748	978
- prior years	(12)	(3)
Deferred tax		
- current year	(6)	14
- prior years	6	(14)
	<u>736</u>	<u>975</u>

(b) Reconciliation of tax expense

The Company has provided for taxation in accordance with the income tax laws of the Sultanate of Oman at the rate of 15% (2024 - 15%) of taxable profits. The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the year:

	2025	2024
	₹ 000	₹ 000
Accounting profit before taxation	<u>4,906</u>	<u>6,501</u>
Income tax expense computed at applicable tax rates	736	975
Non-deductible expenses	6	17
Deferred tax – Prior years	6	(14)
Current tax – Prior years	(12)	(3)
	<u>736</u>	<u>975</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

18 Taxation (continued)

(c) The movement in taxation liability is as follows:

	2025	2024
	€ 000	€ 000
At 1 January	983	866
Current tax for the year	748	978
Current tax – prior years	(12)	(3)
Paid during the year	(964)	(858)
At 31 December	<u>755</u>	<u>983</u>

(d) Status of the tax assessments

The tax returns of the Company for the tax years 2022 to 2024 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The management is of the opinion that any other additional taxes, if any, related to the open tax years would not be material to the Company's financial position as at 31 December 2025.

(e) VAT assessments

The company filed VAT returns for the financial years 2023, 2024 and 2025 and the Secretary General of Tax is yet to take up the assessment.

(f) Deferred tax asset

Deferred income taxes are calculated on all taxable temporary differences using a principal tax rate of 15% (2024 - 15%). Deferred tax assets and the deferred tax charge in the statement of profit or loss and other comprehensive income are as follows:

Deferred tax asset	1 January	Recognised in the statement of profit or loss and other comprehensive income	31 December
	€ 000	€ 000	€ 000
2025			
Vehicles and equipment	10	6	16
Impairment allowance on investment in finance leases, working capital finance, factoring receivables and other receivables	-	-	-
Fair value change of financial assets at fair value through other comprehensive income	78	-	78
Right-of-use assets and lease liabilities	(9)	(6)	(15)
Deferred tax asset – net	<u>79</u>	<u>-</u>	<u>79</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

18 Taxation (continued)

	1 January	Recognised in the statement of profit or loss and other comprehensive income	31 December
	₹ 000	₹ 000	₹ 000
2024			
Vehicles and equipment	9	1	10
Impairment allowance on investment in finance leases, working capital finance, factoring receivables and other receivables	-	-	-
Fair value change of financial assets at fair value through other comprehensive income	78	-	78
Right-of-use assets and lease liabilities	(8)	(1)	(9)
Deferred tax asset – net	<u>79</u>	<u>-</u>	<u>79</u>

19 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares during the year.

	2025	2024 (Restated)
Profit for the year (₹'000)	<u>4,170</u>	<u>5,526</u>
Weighted average number of shares during the year (Numbers 000)	<u>279,223</u>	<u>279,223</u>
Basic and diluted earnings per share (baizas)	<u>14.93</u>	<u>19.79</u>

20 Related party transactions

Related parties comprise the shareholders, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Company's Board of Directors.

The following were the transactions and balances which are with those related parties which meet the definition of a related party under IAS 24. The Company has entered into these transactions in the ordinary course of business and the terms and conditions of these transactions are mutually agreed.

	2025	2024
	₹ 000	₹ 000
Transactions with related party:		
Interest expense on corporate and security deposits (shareholder)	303	264
Finance income (key management personnel)	3	2
Sale of vehicles to key management personnels	30	23
Directors' remuneration and sitting fees	<u>216</u>	<u>142</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

20 Related party transactions (continued)

The Company maintains the following balances with these related parties which arise in the normal course of business.

	2025	2024
	<u>€ 000</u>	<u>€ 000</u>
Balances with related party:		
Corporate and security deposits (shareholder)	5,400	4,757
Net investment in finance leases (key management personnel)	14	23

The interest rates on corporate and security deposits from related parties range between 5.8% to 8% per annum (2024 – 5.5% to 6.5 % per annum). These balances are expected to be settled in cash.

The interest rates on net investment in finance leases to related parties range between 7% to 8% per annum (2024 – 7% to 8% per annum). These balances are expected to be settled in cash.

The expected credit losses on these net investment in finance leases balances to key management personnel is immaterial.

20.1 Compensation of key management personnel

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration of key management during the year was as follows:

	2025	2024
	<u>€ 000</u>	<u>€ 000</u>
Short term employee benefits	366	579
End of service benefits	29	23
Other benefits	293	212

20.2 The following are the related party transactions/balances where the Company have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity. These related parties are outside the scope of IAS 24. However, those are disclosed in line with the local regulations. The Company has entered into these transactions in the ordinary course of business and the terms and conditions of these transactions are mutually agreed.

	2025	2024
	<u>€ 000</u>	<u>€ 000</u>
Transactions with other related parties:		
Interest on bank loans	1,095	503
Interest on corporate and security deposits	925	547
Balances with other related parties:		
Bank borrowings	40,150	6,250
Corporate and security deposits	16,740	12,250

Corporate and security deposits from related parties attract interest rate between 4.7% to 7.25% (2024: 7% to 7.25%). Bank loans from related parties attract interest rate between 4.8% to 5.7% (2024: 6.5% to 7%).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

21 Fair value information

Based on the valuation methodology outlined below, the fair value of all financial instruments at 31 December 2025 is considered by the management not to be materially different from their carrying values except for net investment in finance leases, working capital finance and factoring receivables.

Fair value of net investment in finance leases, working capital finance and factoring receivables is calculated based on discounted expected future principal and interest cash flows. Repayments are assumed to occur at contractual repayment dates, where applicable. For finances that do not have fixed repayment dates or that are subject to repayment risk, repayments are estimated based on experience in previous periods when interest rates were at levels similar to current levels, adjusted for any differences in interest rate outlook. Expected future cash flows are estimated considering credit risk and any indication of impairment. Expected future cash flows for homogeneous categories of finances are estimated on a portfolio basis and discounted at current rates offered for similar loans to new borrowers with similar credit profiles. The fair value of net investment in finance leases, working capital finance and factoring receivable at 31 December 2025 is ₪ 332.103 million (2024: ₪ 296.804 million). These are level 3 financial instruments. The estimated fair values of finances reflect changes in credit status since the finances were made and changes in interest rates in the case of fixed rate leases.

The estimated fair value of other financial instruments is based on discounted cash flows using rates currently offered for deposits of similar remaining maturities. As other financial instruments are either short term in nature or subject to repricing at the market rates on regular intervals, the fair value approximates to the carrying value.

Fair value measurements recognised in the statement of financial position:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

22 Business analysis

The financial information that can be separately recognised for retail and corporate portfolios are as follows:

	2025			2024		
	Retail	Corporate	Total	Retail	Corporate	Total
			₹ 000			₹ 000
Income						
Finance income	14,508	21,754	36,262	11,924	19,282	31,206
Interest expense	-	-	(14,945)	-	-	(14,224)
Net income from financing activities			21,317			16,982
Other operating income	-	-	3,604	-	-	3,197
Total income			24,921			20,179
Expenses						
General and administrative expenses	-	-	(6,978)	-	-	(6,706)
Depreciation	-	-	(454)	-	-	(374)
Allowance for ECL	(2,116)	(10,467)	(12,583)	(697)	(5,901)	(6,598)
Profit before tax			4,906			6,501
Income tax expense			(736)			(975)
Profit for the year			4,170			5,526
Assets						
Net investment in finance leases, working capital finance and factoring receivables	110,485	185,650	296,135	96,218	173,810	270,028
Other assets	-	-	20,852	-	-	21,284
Total assets			316,987			291,312
Total liabilities			237,998			212,449

All Company's leasing activities are carried-out in the Sultanate of Oman.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

23 Financial instruments and financial risk management

(a) Interest rate risk

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates as on 31 December 2024 and 2025:

	0 - 30 days	31 - 180 days	181 - 365 days	1 - 3 years	Over 3 years	Non interest rate sensitive	Total
	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000	₹ 000
31 December 2025							
Financial assets							
Cash and bank balances	18,927	-	-	-	343	165	19,435
Net investment in finance leases, working capital finance and factoring receivables	24,546	15,841	20,244	76,165	159,339	-	296,135
Statutory deposit					250		250
Total financial assets	43,473	15,841	20,244	76,165	159,932	165	315,820
Financial liabilities							
Short-term loans	32,111	33,000	-	-	-	-	65,111
Creditors, accruals and other liabilities	-	-	-	-	-	5,576	5,576
Corporate and security deposits	1,674	23,982	26,904	18,440	1,506	-	72,506
Unsecured non-convertible bonds		108	14,896	-	-	-	15,004
Long term loans	1,974	13,187	12,962	39,063	11,529		78,715
Total financial liabilities	35,759	70,277	54,762	57,503	13,035	5,576	236,912
Interest rate sensitive gap	7,714	(54,436)	(34,518)	18,662	146,897	(5,411)	78,908
Cumulative gap	7,714	(46,722)	(81,240)	(62,578)	84,319	78,908	

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

23 Financial instruments and financial risk management (continued)

31 December 2024	181 - 365 days					Non interest rate sensitive	Total
	0 - 30 days	31 - 180 days	181 - 365 days	1 - 3 years	Over 3 years		
	₱ 000	₱ 000	₱ 000	₱ 000	₱ 000	₱ 000	₱ 000
Financial assets							
Cash and bank balances	17,691	-	2,013	-	342	57	20,103
Net investment in finance leases, working capital finance and factoring receivables	25,457	14,958	19,107	70,063	140,443	-	270,028
Statutory deposit					250		250
Total financial assets	43,148	14,958	21,120	70,063	141,035	57	290,381
Financial liabilities							
Short-term loans	36,664	26,064	-	-	-	-	62,728
Creditors, accruals and other liabilities	-	-	-	-	-	3,899	3,899
Corporate and security deposits	633	10,440	16,891	25,993	1,506	-	55,463
Unsecured non-convertible bonds	-	107	-	14,831	-	-	14,938
Long term loans	2,628	24,478	14,899	27,550	4,565	-	74,120
Total financial liabilities	39,925	61,089	31,790	68,374	6,071	3,899	211,148
Interest rate sensitive gap	3,223	(46,131)	(10,670)	1,689	134,964	(3,842)	79,233
Cumulative gap	3,223	(42,908)	(53,578)	(51,889)	83,075	79,233	

Net investment in finance leases, working capital finance and factoring receivables carry interest rates ranging between 8 % to 16% (2024 - 8% to 16%) per annum. Interest rates for all other interest-bearing financial assets and financial liabilities are disclosed in the respective notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

23 Financial Instruments and financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations regarding its financial liabilities when they fall due under normal and stress circumstances. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Liquidity risk can also be caused by market disruptions or credit downgrades, which may cause certain sources of funding to be less readily available. To mitigate this risk, management manages assets with liquidity in mind, maintaining an appropriate balance of cash and cash equivalents and monitors future cash flows and liquidity on a daily basis to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company also has revolving credit facilities from commercial banks that it can access to meet future liquidity needs.

The Company expects to have adequate liquid funds to settle its current liabilities through close monitoring of both current assets and current liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. The effect of discounting of liabilities with contractual maturity of less than 1 year is not considered material. Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring the statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The amounts disclosed in table below analyses the Company's assets and liabilities as on 31 December 2025 and 2024 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

23 Financial Instruments and financial risk management (continued)

	Carrying amount ₹ 000	0 – 30 Days ₹ 000	31 - 180 days ₹ 000	181 - 365 days ₹ 000	1 - 3 years ₹ 000	Over 3 years ₹ 000	Non-fixed maturity ₹ 000	Total ₹ 000
December 2025								
Financial assets								
Cash and bank balances	19,435	19,092	-	-	-	390	-	19,482
Net investment in finance leases, working capital finance and factoring receivables	296,135	31,629	34,399	41,465	145,855	248,182	-	501,530
Statutory deposit	250	-	-	-	-	-	250	250
Total	315,820	50,721	34,399	41,465	145,855	248,572	250	521,262
Financial liabilities								
Short-term loans	65,111	32,204	33,213	-	-	-	-	65,417
Lease liabilities	305	42	80	64	152	-	-	338
Creditors, accruals and other liabilities (excluding lease liabilities)	5,271	5,271	-	-	-	-	-	5,271
Corporate and security deposits	72,506	1,680	24,341	28,023	20,430	1,894	-	76,368
Unsecured non-convertible bonds	15,004	-	556	15,521	-	-	-	16,077
Long term loans	78,715	2,696	15,681	15,406	44,171	11,993	-	89,947
Total liabilities	236,912	41,893	73,871	59,014	64,753	13,887	-	253,418
Liquidity gap		8,828	(39,472)	(17,549)	81,102	234,685	250	267,844
Cumulative liquidity gap		8,828	(30,644)	(48,193)	32,909	267,594	267,844	-

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

23 Financial Instruments and financial risk management (continued)

December 2024	Carrying amount ₹ 000	181 - 365 days				Over 3 years ₹ 000	Non-fixed maturity ₹ 000	Total ₹ 000
		0 - 30 Days ₹ 000	31 - 180 days ₹ 000	181 - 365 days ₹ 000	1 - 3 years ₹ 000			
Financial assets								
Cash and bank balances	20,103	17,748	-	2,080	-	402	-	20,230
Net investment in finance leases, working capital finance and factoring receivables	270,028	31,966	31,550	37,938	130,742	213,841	-	446,037
Statutory deposit	250						250	250
Total	290,381	49,714	31,550	40,018	130,742	214,243	250	466,517
Financial liabilities								
Short-term loans	62,728	36,766	26,311	-	-	-	-	63,077
Lease liabilities	178	27	33	41	95	-	-	196
Creditors, accruals and other liabilities (excluding lease liabilities)	3,721	3,721	-	-	-	-	-	3,721
Corporate and security deposits	55,463	635	10,619	17,630	29,657	2,007	-	60,548
Unsecured non-convertible bonds	14,938	-	571	562	16,078	-	-	17,211
Long term loans	74,120	3,237	30,702	13,278	29,764	4,666	-	81,647
Total liabilities	211,148	44,386	68,236	31,511	75,594	6,673	-	226,400
Liquidity gap		5,328	(36,686)	8,507	55,148	207,570	250	240,117
Cumulative liquidity gap		5,328	(31,358)	(22,851)	32,297	239,867	240,117	

The Company has un-utilised credit facilities, including short term loan facilities with rollover option, as at reporting date to mitigate the impact of negative mismatch. Please refer to note 11 and 12 for details of un-utilised credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

24 Presentation of financial instruments by measurement category

The accounting policies for financial instruments have been applied to the line items below:

2025	Financial assets at fair value through other comprehensive income ₹ 000	Amortised cost ₹ 000	Finance lease receivables	Total carrying amount ₹ 000
Financial assets				
Cash and cash equivalents	-	19,435	-	19,435
Net investment in finance leases, working capital finance and factoring receivables	-	-	296,135	296,135
Statutory deposit	-	250	-	250
Total financial assets		19,685	296,135	315,820
				Total carrying amounts ₹ 000
Financial liabilities (all at amortised cost)				
Short-term loans				65,111
Creditors, accruals and other liabilities				5,576
Unsecured non-convertible bonds				15,004
Corporate and security deposits				72,506
Long term loans				78,715
Total financial liabilities				236,912
				Total carrying amounts ₹ 000
2024	Financial assets at fair value through other comprehensive income ₹ 000	Amortised cost ₹ 000	Finance lease receivables	Total carrying amount ₹ 000
Financial assets				
Cash and cash equivalents	-	20,103	-	20,103
Net investment in finance leases, working capital finance and factoring receivables	-	-	270,028	270,028
Statutory deposit	-	250	-	250
Total financial assets		20,353	270,028	290,381
				Total carrying amounts ₹ 000
Financial liabilities (all at amortised cost)				
Short-term loans				62,728
Creditors, accruals and other liabilities				3,899
Unsecured non-convertible bonds				14,938
Corporate and security deposits				55,463
Long term loans				74,120
Total financial liabilities⁷				211,148

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2025 (continued)

25 Presentation of statement of financial position in order of liquidity

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 23 for analysis of financial instruments by their maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period.

	31 December 2025			31 December 2024		
	Amount expected to be settled or recovered			Amount expected to be settled or recovered		
	Within 12 months of reporting period	After 12 months of reporting period	Total	Within 12 months of reporting period	After 12 months of reporting period	Total
ASSETS						
Cash and bank balances	19,092	343	19,435	19,767	336	20,103
Net investment in finance leases, working capital finance and factoring receivables	60,631	235,504	296,135	59,522	210,506	270,028
Other receivables and prepayments	166	-	166	25	-	25
Deferred tax asset – net	-	79	79	-	79	79
Vehicles, equipment and right-of-use assets	-	899	899	-	779	779
Intangible assets	-	23	23	-	48	48
Statutory deposit	-	250	250	-	250	250
Total	79,889	237,098	316,987	79,314	211,998	291,312
LIABILITIES						
Creditors, accruals and other liabilities	5,576	-	5,576	3,899	-	3,899
Employees' end of service benefits	-	331	331	-	318	318
Short-term loans	65,111	-	65,111	62,728	-	62,728
Unsecured non-convertible bonds	15,004	-	15,004	-	14,938	14,938
Tax payable	755	-	755	983	-	983
Corporate and security deposits	52,559	19,947	72,506	27,964	27,499	55,463
Long-term loans	28,124	50,591	78,715	42,005	32,115	74,120
Total	167,129	70,869	237,998	137,579	74,870	212,449

Independent auditor's report - pages 37 to 44.