

1 Legal status and principal activities

Muscat Finance SAOG ("the Company") is an Omani Joint Stock Company established on 11 October 1987 and registered in the Sultanate of Oman. The Company is involved in the activity of instalment financing and leasing of vehicles and other assets, debt factoring, working capital and receivable financing activities. The Company derives all of its income from leasing, factoring and working capital funding within the Sultanate of Oman. The Company's shares are listed in the Muscat Stock Exchange.

The Company's principal place of business is located at Bawshar, Ghala Heights, Sultanate of Oman.

2 Basis of preparation**Statement of compliance**

These interim condensed financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the applicable provisions of the Commercial Companies Law (CCL) and Regulations (CCR), Financial Services Authority (FSA), and the applicable regulations of the Central Bank of Oman (CBO) of the Sultanate of Oman.

Basis of measurement

The interim condensed financial statements have been prepared under the historical cost convention and going concern assumption. The preparation of financial statements is in conformity with IFRS Accounting Standards that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

Functional currencies

Accounting records are maintained in Rial Omani (﷮) which is the functional and presentation currency for these financial statement. All condensed interim financial information presented in Rial Omani ﷮ which has been rounded to the nearest thousands, unless otherwise stated.

Changes in accounting policies**a) Standards, amendments and interpretations effective and adopted from 1 January 2026**

The following new standards, amendment to existing standards or interpretations to various IFRS Accounting Standards are mandatorily effective for the reporting period beginning on or after 1 January 2026:

Standard or Interpretation	Title
Amendments to IFRS 9	Amendments to the Classification and Measurement of Financial Instrumen
Amendments to IFRS 9	Contracts Referencing Nature-dependent Electricity

These amendments have no effect on the interim condensed financial information of the Company.

(b) Standards, amendments and interpretations issued but not yet effective

The following new/amended accounting standards and interpretations have been issued by IASB that are effective in future accounting period and the Company has decided not to adopt early.

Standard or Interpretation	Title	
IFRS 18	Presentation and Disclosure in Financial	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Company does not expect these amendments and standards issued but not yet effective, to have a material impact on the interim condensed financial information of the Company.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies

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

3.1 Property and equipment

Items of property and equipment and capital work-in-progress are stated at historical cost less accumulated depreciation and impairment losses, if any, except for freehold land which is not depreciated.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of vehicles, equipment and other assets. All other expenditure is recognized in profit or loss as an expense as incurred. Depreciation assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

Description	Years
Building	25
Furniture, fixtures and office equipment	4 - 5

Freehold land is not depreciated as it is deemed to have an infinite future life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset 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 disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policy. Interest costs on bank borrowings to finance specific property and equipment are capitalised during the period that is required to bring the asset to a condition when it is ready for use.

3.2 Financial assets and financial liabilities

i) Recognition and initial measurement

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances are recognised on the statement of financial position when the Company disburses funds, extending credit to the borrower. This occurs once the lease agreement is finalised, and the borrower has met any necessary conditions for funding. The Company recognises balances due to customers when funds are transferred to the customer.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVTPL), wherein transaction costs are added to, or subtracted from, this amount. Finance debtors are measured at the transaction price.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.2 Financial assets and financial liabilities (continued)

ii) Classification

A financial asset is measured at amortised cost if it meets both of the following conditions mentioned below and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets 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 on the principal amount outstanding.

A debt instrument is measured at, fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVTPL

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Company's assessment. 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.

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.

In assessing whether the contractual cash flows are SPPI, 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);
- Features that modify consideration of the time value of money - e.g. periodical reset of interest rate.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.2 Financial assets and financial liabilities (continued)

ii) Classification (continued)

Reclassification

Financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

Trade and settlement date accounting

Purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

iii) Derecognition

A financial asset (in whole or in part) is derecognised where:

- the right 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 (i) the Company has transferred substantially all the risks and rewards of ownership, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the assets but has transferred control over the asset or a proportion of the asset.

iv) Modifications of financial assets and financial liabilities

Financial assets

The cash flows of the modified asset carried at amortised cost 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 profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

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.

Financial liability

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 fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Investment in finance debtors

'Investment in finance debtors' captions in the statement of financial position include loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.2 Financial assets and financial liabilities (continued)

v) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- Deposits and balances and due from banks;
- Debt investment securities carried at amortised cost;
- Net investment in finance debtors to customers;
- Customer acceptances and other financial assets;
- Loan commitments; and
- Financial guarantees and contracts.

With the exception of purchased or originated credit impaired (POCI) financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

Measurement of ECL

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect ECL over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) the contractual ability to demand repayment and cancel the undrawn commitment is present; and (c) the exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.2 Financial assets and financial liabilities (continued)

v) Impairment (continued)

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as timing of coupon payments, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more. However, the cases where the impairment is not recognised for assets beyond 90 days overdue are supported by reasonable information.

Significant increase in credit risk

The Company monitors all financial assets, issued financial commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime ECL rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets, issued financial commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information. In order to determine the significant increase in credit risk, the Company also considers the following factors.

- Inadequate or unreliable financial and other information such as unavailability of audited financial statements;
- Non-cooperation by the borrower in matters pertaining to documentation;
- Borrower being subject to 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 of commencement of commercial operations by more than one year; and
- Modification of terms resulting in concessions granted to the borrower including extension of moratorium, deferment of payment, waiver of covenants, etc.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.2 Financial assets and financial liabilities (continued)

v) Impairment (continued)

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Forward-looking information includes the future prospects of the macroeconomic indicators obtained from regulatory guidelines, economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail, financing forward looking information includes the same economic forecasts as corporate financing with additional forecasts of local economic indicators.

The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The Company considers the credit risk upon initial recognition of asset and whether there has been a significant increase in it on an ongoing basis throughout each reporting period. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Frequent dishonour of cheques;
- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers in the Company and changes in the operating results of the customer; and
- Macroeconomic information: in its models, the Company relies on a broad range of forward looking information as economic inputs along with various transformations of the same. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgment.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer is more than 29 days past due in making a contractual payment.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely

However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate financing there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

Purchased or originated credit-impaired (POCI) financial assets

Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Restructured or modified financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.2 Financial assets and financial liabilities (continued)

v) Impairment (continued)

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flows from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Write-offs

Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

3.3 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. In assessing 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 specific to the asset.

3.4 Investment property

Investment property is a property which is held either to earn rental income, for capital appreciation or both. Investment property is initially recognised at cost, which includes all the expenditures directly attributable to the construction of the property and bringing the investment property to the condition necessary for it to be capable of operating in the manner intended by management.

Investment property is subsequently measured at cost less accumulated depreciation. The Company uses the cost model for the measurement of investment property and the depreciation is recognised on a straight-line basis over the estimated useful life of the investment property. Freehold land is not depreciated as it is deemed to have an infinite future life.

3.5 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances, net of bank overdraft. In the statement of financial position, bank overdraft is included as part of liabilities.

3.6 Borrowings and corporate deposits

Borrowings which include corporate 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 profit or loss over the period of the borrowings using the effective interest rate method.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.7 End of service benefits and leave entitlements

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss as incurred. For non-Omani employees, provision is made for amounts payable under the new Oman Labour Law (Royal Decree 53/2023), based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability. Employee entitlements to annual leave and leave passage are recognised when they accrue to the employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the statement of financial position date. These accruals are included in current liabilities.

3.8 Leases - the Company as a lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3.9 Other liabilities

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.

3.10 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

3.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.12 Revenue recognition

Income from finance leases represents gross earnings on finance leases allocated to the period of the lease using the net investment method, which reflects a constant periodic rate of return. The lease finance income is recognised in 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.

Interest on factoring and working capital finance receivables is recognised using the effective interest rate method over the tenure of the agreement.

Interest on past due and impaired loans is not recognised in income and is transferred to reserve account. This is reversed from reserve account and is taken to profit or loss when actually received in cash.

Penal charges, lease processing charges, insurance and other operating fees are recognised when realised.

Dividend income is accounted for when the right to receive dividend is established.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3 Material accounting policies (continued)

3.13 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The Company presents net assets per share for its ordinary shares. Net assets per share is calculated by dividing the net assets as at the year-end by the number of shares outstanding at the year-end.

3.14 Interest expense

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

3.15 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 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 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. The Company has retail and corporate customers, the entire lease portfolio is managed internally as two business unit. All the Company's funding and costs are allocated between these two portfolios (refer Note 29).

3.16 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at either the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at the year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities such as instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gains or losses.

3.17 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to shareholders' equity or other comprehensive income, in which case it is recognised in shareholders' equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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 is no longer probable that the related tax benefits will be realised.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

3.18 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.

3.19 Commitments

Lease commitments are stated at contracted values at year end.

3.20 Directors' remuneration and sitting fees

The Board of Directors' remuneration is accrued within the limits specified by the Financial Services Authority and the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman. These costs are recorded as expenses in the period in which they are incurred.

4 Critical accounting estimates and judgments

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 judgments 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:

4.1 Economic useful lives of property and equipment

The Company's property and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company.

4.2 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in the active market for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments that are valued based on quoted prices of similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.3 Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

4 Critical accounting estimates and judgments (continued)

4.4 Taxation

Uncertainties exist with respect to the interpretation of tax regulations. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

4.5 Significant increase of credit risk

ECLs are measured as an allowance equal to 12-months ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 or stage 3 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. A significant increase in credit risk is presumed if a customer is more than 29 days past due in making a contractual payment.

4.6 IFRS 9 models and assumptions used

The Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Establishing group of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. product type of retail facilities). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Company of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-months to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-months or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and determining the forward looking information relevant to each scenario.

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

4 Critical accounting estimates and judgments (continued)

4.6 IFRS 9 models and assumptions used (continued)

Loss Given Default (LGD)

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, taking into account cash flows from collateral and integral credit enhancements.

4.7 Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and it satisfied that it has the resources to continue in business for the foreseeable future. Further more, management is not aware about any material uncertainties that may cast a significant doubt on the Company's ability to continue as a going concern. Therefore, the condensed interim financial statements continue to be prepared on a going concern basis.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

5 Cash and bank balances	31-Mar-26 ₹' 000	31-Mar-25 ₹' 000	31-Dec-25 ₹' 000
Balances with banks	2,158	607	2,455
Cash and cheques in hand	8	6	5
Cash and bank balances	2,166	613	2,460
Less: bank overdraft Note (17)	(942)	(2,078)	(1,248)
	1,224	(1,465)	1,212
6 Investment securities	31-Mar-26 ₹' 000	31-Mar-25 ₹' 000	31-Dec-25 ₹' 000
Investment at fair value through other comprehensive Income ("FVOCI")	4,297	776	4,298
	4,297	776	4,298

During the year 2025, the Company invested ₹ 4.302 million in bonds on which fair value loss recognised in equity amounted to ₹ 1K (31 March 2025: Nil) and interest income recognised in profit or loss amounted to ₹ 73K (31 March 2025: ₹ 12K) (Note 21) in the current period.

7 Net investment in finance debtors	31-Mar-26 ₹' 000	31-Mar-25 ₹' 000	31-Dec-25 ₹' 000
Gross investment in finance leases	159,079	148,698	156,046
Unearned lease income	(27,743)	(24,704)	(27,127)
Net instalment finance debtors	131,336	123,994	128,919
Debt factoring	11,258	10,307	10,935
	142,594	134,301	139,854
Less: allowance for impairment on above	(27,595)	(24,510)	(26,669)
Unrecognised contractual income	(11,109)	(9,440)	(10,739)
	103,890	100,351	102,446

The movement of unearned lease income during the period / year was as follows:

	31-Mar-26 ₹' 000	31-Mar-25 ₹' 000	31-Dec-25 ₹' 000
At 1 January	27,127	24,672	24,672
Additions during the period/ year	3,387	2,597	12,879
Recognised during the period/ year (Note 21)	(2,771)	(2,565)	(10,424)
At 31 March	27,743	24,704	27,127

The movement in allowance for finance debtors during the period/ year was as follows:

	31-Mar-26 ₹' 000	31-Mar-25 ₹' 000	31-Dec-25 ₹' 000
At 1 January	26,669	24,013	24,013
Charge during the period/ year, net	949	497	2,656
Written off during the period/ year	(23)	-	-
At 31 March	27,595	24,510	26,669

MUSCAT FINANCE SAOG**Notes to the interim condensed financial information for the three-month period ended 31 March 2026****7 Net investment in finance debtors (continued)**

At 31 March 2026, Investment in finance debtors include receivable from related parties amounting to RO 1.71 million (2025: RO 1.94 million) - refer to Note 27.

The movement in unrecognised contractual income during the year was as follows:

	31-Mar-26	31-Mar-25	31-Dec-25
	RO' 000	RO' 000	RO' 000
At 1 January	10,739	8,954	8,954
Charge during the period/ year	472	539	1,953
Released during the year/ year	(102)	(53)	(168)
At 31 March	11,109	9,440	10,739

As at 31 March 2025, finance debtors which are past due and impaired on which contractual income is not being accrued or has not been recognised amounted to RO 48.27 million (31 March 2025: RO 43.21 million).

8 Other receivables and prepayments

	31-Mar-26	31-Mar-25	31-Dec-25
	RO' 000	RO' 000	RO' 000
Other receivables and prepayments	626	445	492
Right-of-use asset (Note 12)	56	-	-
	682	445	492

9 Deferred tax

Deferred tax are calculated on all material temporary differences under the liability method using a principal tax rate of 15% (2025: 15%). Deferred tax asset is in respect of tax losses, impairment reserve and vehicles and equipment. The deferred tax asset recognised in the statement of financial position and the movement during the period is as follows:

	31-Mar-26	31-Mar-25	31-Dec-25
	RO' 000	RO' 000	RO' 000
Deferred tax asset At 1 January	(148)	398	398
Charged to profit or loss (Note 19)	(53)	-	(546)
Deferred tax (liability)/ asset at period / year end	(201)	398	(148)

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

10 Property and equipment

(a) The movement in property and equipment is as set out below:

<i>March 2026</i>	Land and building S' 000	Furniture, fixtures and office equipment S' 000	Total S' 000
Cost			
At 1 January 2026	1,945	1,262	3,207
Additions during the period	-	17	17
At 31 March 2026	1,945	1,279	3,224
Accumulated depreciation			
At 1 January 2026	133	924	1,057
Charged during the period	15	32	47
At 31 March 2026	148	956	1,104
Net book amount At 31 March 2026	1,797	323	2,120
<i>March 2025</i>			
	Land and building S' 000	Furniture, fixtures and office equipment S' 000	Total S' 000
Cost			
At 1 January 2025	1,945	1,206	3,151
Additions during the period	-	6	6
Transferred from capital work-in-progress to	-	-	-
At 31 March 2025	1,945	1,212	3,157
Accumulated depreciation			
At 1 January 2025	73	805	878
Charged during the period	15	28	43
At 31 March 2025	88	833	921
Net book amount At 31 March 2025	1,857	379	2,236

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

10 Property and equipment (continued)

December 2025

	Land and building S' 000	Furniture, fixtures and office equipment S' 000	Total S' 000
Cost			
At 1 January 2025	1,945	1,206	3,151
Additions during the year	-	56	56
At 31 December 2025	<u>1,945</u>	<u>1,262</u>	<u>3,207</u>
Accumulated depreciation			
At 1 January 2025	73	805	878
Charged during the year	60	119	179
At 31 December 2025	<u>133</u>	<u>924</u>	<u>1,057</u>
Net book amount			
At 31 December 2025	<u>1,812</u>	<u>338</u>	<u>2,150</u>

(b) Land and building includes land of RO 450,000.

11 Investment property

	31-Mar-26 S' 000	31-Mar-25 S' 000	31-Dec-25 S' 000
Cost			
At 1 January	<u>717</u>	<u>717</u>	<u>717</u>
Accumulated depreciation			
At 1 January	65	36	36
Charged during the period/ year	7	7	29
At 31 March	<u>72</u>	<u>43</u>	<u>65</u>
Net book amount			
At 31 March	<u>645</u>	<u>674</u>	<u>652</u>

The Company acquired land and building on the Sultan Qaboos Street in the year 2023. The building is comprising of ground and eight floors. The Company is using the ground and five floors as its head office and intends to let out the remaining three floors on rentals. Accordingly, the Company has classified the three floors as investment property.

The fair value of investment property was determined at S 717,000 (US\$ 1,862,000) as at 31 December 2023 by an external, independent valuer, having an appropriate recognised professional qualifications and have recent experience in location and category of property being valued. Based on management's assessment of current market conditions, no significant change in the property's fair value is expected as at 31 December 2025, and the carrying amount is not materially different from its fair value.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

12 Right-of-use asset

31-Mar-26

₮ '000

a) Premises building - branches

At 1 January	-
Addition during the period	60
Less: amortisation charge for the period	4
At 31 March	<u>56</u>

b) Lease Liabilities

At 1 January	60
Add: interest expense	1
Less: lease payments	(19)
At 31 March	<u>42</u>

Lease liabilities	42
Less: current portion of lease liabilities	(19)
Non-current portion of lease liabilities	<u>23</u>

During the year, the Company has entered into a long-term lease agreement for a period, ranging between 3 years to 5 years for three of its branches located in the Sultanate of Oman.

These three branches of the Company operate on premises buildings obtained on leases through lease agreements. As required by IFRS 16 - "Leases", the Company has recognised a right-of-use asset and corresponding lease liabilities on this leasehold land.

13 Statutory deposit

The Company is required to maintain a deposit of **₮** 250,000 (31 March 2025: **₮** 250,000) with CBO in accordance with the applicable licensing regulations. During the period, the deposit earned interest at the annual rate of 1.5% (31 March 2025: 1.5%).

14 Share capital

The authorised share capital of the Company comprises 500,000,000 (31 March 2025: 500,000,000) ordinary shares of 100 baiza each and paid up capital at 31 March 2026 comprised of 307,146,325 (31 March 2025: 307,146,325) fully paid shares of 100 baiza each.

The details of major shareholders who own 10% or more of the Company's shares are as follows:

Name of the shareholders holding greater than 10% of shares:

	31-Mar-26 %	31-Mar-25 %	31-Dec-25 %
Fincorp Investment Co. LLC	18.259	18.259	18.259
Zawawi Trading Co. LLC	17.450	17.450	17.450

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

15 Legal reserve

The legal reserve which is not available for distribution is calculated in accordance with Article 132 of the Commercial Companies Law. The annual appropriation required is 10% of the net profit for the year after tax, until such time as the legal reserve amounts to at least one-third of the issued and fully paid-up share capital of the Company. Such legal reserve may be used for covering the Company's losses and the increase of its share capital by way of issuing shares and it shall not be distributed to the shareholders as dividends except where the Company reduces its share capital, provided that the legal reserve shall not be less than one third of the share capital after the reduction. During the period ended 31 March 2026, no amount has been transferred to the legal reserve as appropriation from profits are made on an annual basis (31 March 2025: ~~OMR~~ Nil).

16 Impairment reserve

In accordance with circular 1149 of the guidelines issued by the Central Bank of Oman (CBO), the Company is required to create an impairment reserve in equity for an amount equal to the excess of the provision for non-performing loans computed under CBO guidelines compared to provisions for expected credit losses computed under IFRS 9 on instalment finance debtors. This impairment reserve is not available for the distribution of dividend or for inclusion in capital and reserves for the purposes of computation of leverage ratio as per the CBO requirements. During the period ended 31 March 2026, no amount is transferred to impairment reserve (31 March 2025: ~~OMR~~ 0.059 Million).

17 Bank borrowings

	31-Mar-26 OMR ' 000	31-Mar-25 OMR ' 000	31-Dec-25 OMR ' 000
Bank overdrafts (Note 5)	942	2,078	1,248
Short-term loans	22,690	32,450	23,390
Current portion of long-term loans	3,279	2,997	2,214
Bank borrowings due within a year	<u>26,911</u>	<u>37,525</u>	<u>26,852</u>
Non-current portion of long-term loans	4,837	1,337	3,260
	<u>31,748</u>	<u>38,862</u>	<u>30,112</u>

- Interest on long term loans are as per the agreed commercial rates. The interest rates on overdrafts are subject to change at the discretion of the banks, upon renewal of the facilities, which takes place generally on an annual
- Short term bank borrowings have a tenure of less than 1 year whereas long term loans have a tenure of 1 - 5 years.
- The fair value of short-term borrowings approximates their carrying value.
- The related interest rate risk and maturity profile are given under Note 32.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

18 Other liabilities	31-Mar-26 S' 000	31-Mar-25 S' 000	31-Dec-25 S' 000
Payable to vendors for finance debtors	3,806	4,756	3,082
Accruals for expenses	249	463	226
Advances received from customers	211	377	211
Interest payable	636	503	596
Employees' benefit liabilities	120	99	123
Other payables	452	264	334
Lease liabilities (Note 12)	42	-	-
	<u>5,516</u>	<u>6,462</u>	<u>4,572</u>

The movement in employees' end of service benefits during the period / year is as follows:

	31-Mar-26 S' 000	31-Mar-25 S' 000	31-Dec-25 S' 000
At 1 January	123	92	92
Charge for the period/ year (Note 24)	12	9	38
Paid during the period/ year	(15)	(2)	(7)
Closing balance	<u>120</u>	<u>99</u>	<u>123</u>

19 Taxation

The Company is subject to income tax at the rate of 15% (2025:15%) of the taxable income in accordance with the Income Tax Law of the Sultanate of Oman. Provision for tax has been made, after giving due consideration to adjustments for potential allowances and disallowances. Tax assessments have been completed and agreed for all the years up to 2021 with the Oman Tax Authority. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's financial position as at 31 March 2026.

20 Corporate deposits

The Company accepts term deposits from corporate customers in accordance with the CBO guidelines for a minimum period of 3 months upto 60 months. Refer note 26 for corporate deposits with related parties.

21 Interest income

	Period ended 31-Mar-26 S' 000	Period ended 31-Mar-25 S' 000
Installment finance (Note 7)	2,873	2,618
Interest on investment through FVOCI (Note 6)	73	12
	<u>2,946</u>	<u>2,630</u>

22 Interest expense

	Period ended 31-Mar-26 S' 000	Period ended 31-Mar-25 S' 000
Corporate deposits	551	385
Bank borrowings	455	618
	<u>1,006</u>	<u>1,003</u>

Notes to the interim condensed financial information for the three-month period ended 31 March 2026

	Period ended 31-Mar-26 £' 000	Period ended 31-Mar-25 £' 000
Fees, service charges and documentation charges	214	57
Other charges and recoveries	133	82
	<u>347</u>	<u>139</u>

	Period ended 31-Mar-26 C\$' 000	Period ended 31-Mar-25 C\$' 000
Staff costs *	564	584
Statutory and court fees	74	19
Office expenses	92	92
Rent	6	10
Marketing and promotion expenses	42	17
Professional fees	26	10
Communications	12	9
	<u>817</u>	<u>741</u>

	Period ended 31-Mar-26 ₹' 000	Period ended 31-Mar-25 ₹' 000
Salaries and allowances	443	451
Other benefits	63	78
Employees' benefit liabilities (Note 18)	12	9
Contribution to the Public Authority for Social Insurance	46	46
	<u>564</u>	<u>584</u>

MUSCAT FINANCE SAOG**Notes to the interim condensed financial information for the three-month period ended 31 March 2026****25 Basic and diluted earnings per share**

Basic and diluted earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Period ended 31-Mar-26 <u>£</u> ' 000	Period ended 31-Mar-25 <u>£</u> ' 000
Profit for the period attributable to ordinary shareholders	<u>303</u>	<u>418</u>
Weighted average number of ordinary shares in issue during the year	<u>307,146</u>	<u>307,146</u>
Basic and diluted earnings per share	<u><u>0.0010</u></u>	<u><u>0.001</u></u>

For the purpose of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As there are no dilutive potential shares, the diluted earnings per share are identical to the basic earnings per share.

26 Net assets per share

The calculation of net assets per share is as below:

	31-Mar-26 <u>£</u> ' 000	31-Mar-25 <u>£</u> ' 000	31-Dec-25 <u>£</u> ' 000
Total equity	<u>39,195</u>	<u>38,973</u>	<u>39,406</u>
Number of ordinary shares outstanding at 31 March	<u>307,146</u>	<u>307,146</u>	<u>307,146</u>
Net assets per share (<u>£</u>)	<u><u>0.128</u></u>	<u><u>0.127</u></u>	<u><u>0.128</u></u>

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

27 Related parties

Transactions with related parties during the period

The Company has entered into transactions in the ordinary course of business with related parties which include shareholders with significant influence, entities over which directors have an interest, members of the Board of Directors and key management personnel. During the year, the following transactions were carried out with related parties.

	Period ended 31-Mar-26 S' 000	Period ended 31-Mar-25 S' 000	
Interest income	38	41	
Other income	99		
	Period ended 31-Mar-26 S' 000	Period ended 31-Mar-25 S' 000	
Other operating expenditure			
Staff expenses	2	35	
Office expenses	6	18	
Directors' sitting fees	18	15	
Directors' remuneration	90	45	
Interest on corporate deposit	34	52	
	150	165	
Equipment purchased	-	1	
Related party balances at period / year end are as follows:	31-Mar-26 S' 000	31-Mar-25 S' 000	31-Dec-25 S' 000
Receivable from related parties:			
Net instalment finance debtors	1,712	1,944	1,757
Payable to related parties:			
Other liabilities (Note 18)	284	28	74
Corporate deposits (Note 20)	1,742	3,336	2,142
	2,026	3,364	2,216
Key management compensation	31-Mar-26 S' 000	31-Mar-25 S' 000	
Salaries and other benefits	71	70	
End of service benefits	1	2	
	72	72	

28 Commitments

The Company has no approved commitments to customers as on 31 March 2026 which is contingent upon fulfilment of the terms and conditions attached thereto.

29 Contingent liabilities

Letter of credit and financial guarantees

At 31 March 2026, there were no contingent liabilities (31 March 2025: S Nil).

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

30 Segmental information

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 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 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 primarily engaged in leasing activities, all of which are carried out in the Sultanate of Oman.

The reportable operating segments derive their revenue primarily from retail (vehicular and consumer durables) and corporate (non-vehicular, working capital and factoring), therefore these have been reported with unallocated items only for reconciliation.

Management assesses the performance of the operating segments primarily based on segmental revenue and profit before tax. Profit before tax is arrived at based on allocation of funding costs and other costs between two segments.

The segment information provided to the management committee for the reportable segments for the period ended 31 March 2026 and 31 March 2025 and year ended 31 December 2025 is as follows:

	Corporate S' 000	Retail S' 000	Un-allocated items S' 000	Total S' 000
31 March 2026				
Segmental revenues				
Interest income	436	2,437	73	2,946
Interest expense	(329)	(677)	-	(1,006)
Net interest income	107	1,760	73	1,940
Other operating income	197	150	-	347
Gross income	304	1,910	73	2,287
Segmental expenses				
Operating expenses	(267)	(550)	(107)	(924)
Depreciation and amortization	(19)	(39)	-	(58)
	(286)	(589)	(107)	(982)
Profit before allowance for impairment	18	1,321	(34)	1,305
Allowance for impairment	(596)	(353)	-	(949)
Segmental profit for the period before tax	(578)	968	(34)	356
Taxation	(17)	(36)	-	(53)
Segmental profit for the period	(596)	933	(34)	303
Total assets	20,495	83,395	10,160	114,050
Total liabilities	22,616	46,522	5,717	74,855

MUSCAT FINANCE SAOG
Notes to the interim condensed financial information for the three-month period ended 31 March 2026
30 Segmental information (continued)

31 March 2025	Corporate M' 000	Retail M' 000	Un-allocated items M' 000	Total M' 000
Segmental revenues				
Interest income	490	2,128	12	2,630
Interest expense	(368)	(635)	-	(1,003)
Net interest income	122	1,493	12	1,627
Other operating income	31	108	-	139
Gross income	153	1,601	12	1,766
Segmental expenses				
Operating expenses	(272)	(469)	(60)	(801)
Depreciation and amortization	(18)	(32)	-	(50)
	(290)	(501)	(60)	(851)
Profit before allowance for impairment	(137)	1,100	(48)	915
Allowance for impairment	(323)	(174)	-	(497)
Segmental profit for the period before tax	(460)	926	(48)	418
Taxation	-	-	-	-
Segmental profit for the period	(460)	926	(48)	418
Total segmental comprehensive income for the period	(460)	926	(48)	418
Total assets	25,314	75,037	5,392	105,743
Total liabilities	22,140	38,168	6,462	66,770

MUSCAT FINANCE SAOG
Notes to the interim condensed financial information for the three-month period ended 31 March 2026
30 Segmental information (continued)

31 December 2025	Corporate S' 000	Retail S' 000	Un-allocated items S' 000	Total S' 000
Segmental revenues				
Interest income	1,804	8,788	132	10,724
Interest expense	(1,381)	(2,692)	-	(4,073)
Net interest income	423	6,096	132	6,651
Other operating income	389	640	-	1,029
Gross income	812	6,736	132	7,680
Gross income				
Operating expenses	(356)	(2,952)	(107)	(3,415)
Depreciation and amortization	(70)	(138)	-	(208)
	(426)	(3,090)	(107)	(3,623)
Profit before allowance for impairment	386	3,646	25	4,057
Allowance for impairment	(1,990)	(666)	-	(2,656)
	-	-	-	-
Segmental profit for the year before tax	(1,604)	2,980	25	1,401
Taxation	(186)	(360)	-	(546)
Segmental profit for the year	(1,790)	2,620	25	855
Total segmental comprehensive income for the year	(1,790)	2,620	25	855
Total assets	21,735	80,711	10,302	112,748
Total liabilities	23,270	45,352	4,720	73,342

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

31 Financial risk management

Financial risk factors

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

Risk management is carried out by the management under the policies approved by the Board of Directors. The management identifies, evaluates and hedges financial risks in close cooperation with Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Market risk is the risk of loss due to adverse changes in interest rate and foreign exchange rates. The Company does not actively participate in trading on debts, equity securities, and foreign exchange.

Foreign exchange risk

Foreign currency risk is the risk arising from future commercial transactions or recognized 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. The Company is not exposed to foreign exchange risk as significant proportion of the Company's borrowings are denominated in functional currency or US Dollar which is pegged with Rial Omani.

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 such risk are the Company's borrowings, and its financing activities, 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, categorized by the earlier of contractual reprising or maturity dates.

Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The interest rates on short-term and long-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. The Company uses sensitivity analysis to analyses variable cost of borrowings. 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 ~~SR~~ 0.35 million (31 March 2025: ~~SR~~ 0.30 million). The Company's exposure to interest rate risk is shown under Note 32.

The Company is exposed to fluctuation in interest rates on its term loan balance. Derivative financial instruments are used to reduce exposure to fluctuations in interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

31 Financial risk management (continued)**Financial risk factors (continued)****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. 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.

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. Exposure to credit risk is managed through regular analysis of the ability of lessees to meet repayment obligations. Debt factoring activity debtors 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 estimation of counterparty credit exposure for risk management purposes is a complex mechanism and requires the use of credit risk models in place to determine various factors like changes in portfolio exposures, customer behaviours, market conditions, expected cash flows, probability of a customer to default etc. Company measures its credit risk using three drivers which are probability of default (PD) that derives likelihood of each customer to default based on its characteristics and credit behaviour, loss given default (LGD) that determines maximum amount a company will lose in case a client defaults and exposure at default (EAD) that is computed based on future contractual payments expected to receive from counterparty.

Incorporation of forward-looking information

Under IFRS 9, Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Company employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Company applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Company for strategic planning and budgeting.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

31 Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Measurement of ECL

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is the magnitude of the likely loss if there is a default. The Company will estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The calculation are on a discounted cash flow basis. Regulatory LGDs are taken for portfolios with limited historic data and low default portfolios.

EAD is an estimate of the current exposure for funded facilities. For non-funded facilities the EAD is taken as the product of the applicable credit conversion factors and contract values. Exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Company's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice. However, for financial instruments such as revolving credit facilities that include both a loan and an undrawn commitment component, the Company's contractual ability to demand repayment and cancel.

For such financial instruments the Company measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Company does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

31 Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Measurement of ECL (continued)

This is because these financial instruments are managed on a collective basis and are cancelled only when the Company becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Company expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics, such as:

- Instrument type;
- Credit risk grade; and
- Collateral type.

The Company uses external benchmark information for portfolios with limited historical data and for low default portfolios where there is no instances of historical default.

The Company has in place policies, which govern the determination of eligibility of various collaterals including credit protection, to be considered for credit risk mitigation, which includes the minimum operational requirements that are required for the specific collateral to be considered as effective risk mitigating. The Company's major collaterals are mortgaged properties, vehicles & other registerable assets or non-registerable assets.

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; and
- Adverse market feedback.

31 Financial risk management (continued)

Credit risk (continued)

The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms for nine-month period ended 31 March 2026:

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross Amount (3)	* Provision required as per CBO Norms (4)	Provision held as per IFRS 9 (5)	* Difference between CBO provision required and provision held (6) = (4) - (5)	Net Amount as per CBO norms (7) = (3) - 4 - 9)	Net Amount as per IFRS 9 (8) = (3) - (5)	Reserve interest as per CBO norms (9)
		₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000
Standard	Stage 1	85,739	-	638	(638)	85,739	85,101	-
	Stage 2	5,673	-	447	(447)	5,673	5,226	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		91,412	-	1,085	(1,085)	91,412	90,327	-
Special Mention	Stage 1	-	-	-	-	-	-	-
	Stage 2	2,911	119	1,392	(1,273)	2,346	1,519	446
	Stage 3	902	43	320	(277)	824	582	35
Subtotal		3,813	162	1,712	(1,550)	3,170	2,101	481
Substandard	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	864	202	269	(67)	608	595	54
Subtotal		864	202	269	(67)	608	595	54
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	406	156	156	-	218	250	32
Subtotal		406	156	156	-	218	250	32
Loss	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	46,099	28,664	35,482	(6,818)	6,893	10,617	10,542
Subtotal		46,099	28,664	35,482	(6,818)	6,893	10,617	10,542
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	-	-	-	-	-	-	-
	Stage 2	-	-	-	-	-	-	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-
Total	Stage 1	85,739	-	638	(638)	85,739	85,101	-
	Stage 2	8,584	119	1,839	(1,720)	8,019	6,745	446
	Stage 3	48,271	29,065	36,227	(7,162)	8,543	12,044	10,663
Total		142,594	29,184	38,704	(9,520)	102,301	103,890	11,109

* Excluding reserve interest as per CBO norms.

31 Financial risk management (continued)

Credit risk (continued)

The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms for the nine-month period ended 31 March 2025:

Asset Classification as per CBO Norms (1)	Asset Classification as per IFRS 9 (2)	Gross Amount (3)		* Provision required as per CBO Norms (4)		Provision held as per IFRS 9 (5)		* Difference between CBO provision required and provision held (6) = (4) - (5)	Net Amount as per CBO norms (7) = (3) - 4 - 9)		Net Amount as per IFRS 9 (8) = (3) - (5)		Reserve interest as per CBO norms (9)	
		₹' 000		₹' 000		₹' 000		₹' 000	₹' 000		₹' 000		₹' 000	
Standard	Stage 1	79,674		-		584		(584)	79,674		79,090		-	
	Stage 2	9,814		-		1,193		(1,193)	9,814		8,621		-	
	Stage 3	-		-		-		-	-		-		-	
Subtotal		89,488		-		1,777		(1,777)	89,488		87,711		-	
Special Mention	Stage 1	-		-		-		-	-		-		-	
	Stage 2	1,600		52		862		(810)	983		738		565	
	Stage 3	1,134		55		399		(344)	1,044		735		35	
Subtotal		2,734		107		1,261		(1,154)	2,027		1,473		600	
Substandard	Stage 1	-		-		-		-	-		-		-	
	Stage 2	-		-		-		-	-		-		-	
	Stage 3	334		79		123		(44)	238		211		17	
Subtotal		334		79		123		(44)	238		211		17	
Doubtful	Stage 1	-		-		-		-	-		-		-	
	Stage 2	-		-		-		-	-		-		-	
	Stage 3	3,876		1,760		1,519		241	1,844		2,357		272	
Subtotal		3,876		1,760		1,519		241	1,844		2,357		272	
Loss	Stage 1	-		-		-		-	-		-		-	
	Stage 2	-		-		-		-	-		-		-	
	Stage 3	37,869		27,266		29,270		(2,004)	2,052		8,599		8,551	
Subtotal		37,869		27,266		29,270		(2,004)	2,052		8,599		8,551	
Other items not covered under CBO circular BM 977 and related instructions	Stage 1	-		-		-		-	-		-		-	
	Stage 2	-		-		-		-	-		-		-	
	Stage 3	-		-		-		-	-		-		-	
Subtotal		-		-		-		-	-		-		-	
Total	Stage 1	79,674		-		584		(584)	79,674		79,090		-	
	Stage 2	11,414		52		2,055		(2,003)	10,797		9,359		565	
	Stage 3	43,213		29,160		31,311		(2,151)	5,178		11,902		8,875	
Total		134,301		29,212		33,950		(4,738)	95,649		100,351		9,440	

* Excluding reserve interest as per CBO norms.

31 Financial risk management (continued)

Credit risk (continued)

Groupings based on shared risks characteristics

The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms for restructured accounts:

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
(1)	(2)	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000
		(3)	(4)	(5)	(6) = (4)-(5)	(7)=(3)-(4)-(9)	(8) = (3)-(5)	(9)
Classified as non performing assets	Stage 1	-	-	-	-	-	-	-
	Stage 2	445	-	24	(24)	445	421	-
March 2026	Stage 3	7,172	1,957	3,181	(1,224)	4,402	3,991	813
Classified as non performing assets	Stage 1	-	-	-	-	-	-	-
	Stage 2	5,660	52	1,546	(1,494)	5,043	4,114	565
March 2025	Stage 3	1,814	1,398	1,073	325	150	741	266

The below table shows comparison of impairment allowance and loss held as per IFRS 9 and required as per CBO norms:

	31 March 2026			31 March 2025		
	As per CBO Norms	As per IFRS 9	Difference	As per CBO Norms	As per IFRS 9	Difference
	₹'000	₹'000	₹'000	₹'000	₹'000	₹'000
Impairment loss charged to profit and loss	-	949	NA	497	497	NA
Provisions required as per CBO norms/ held as per IFRS 9	40,293	38,704	(1,589)	38,652	33,950	(4,702)
Gross NPA ratio (percentage)	34%	34%	0%	32%	32%	0%
Net NPA ratio (percentage)	8%	12%	3%	5%	12%	6%

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

31 Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

The table below gives the maximum exposure to credit risk. The maximum exposures are shown before the effect of mitigation through the use of collateral agreements:

	31-Mar-26	31-Mar-25	31-Dec-25
	£' 000	£' 000	£' 000
Bank balances (Note 5)	2,158	607	2,455
Gross investment in finance debtors (Note 7)	142,594	134,301	139,854
Other receivables (Note 8)	682	445	492
	145,434	135,353	142,801

The above table represents a worst case scenario of credit risk exposure to the Company at 31 March 2026 and 31 March 2025 without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As can be seen above, the most significant exposures arise from gross investment in finance debtors to customers (including commitments) and bank balances.

At 31 March 2026 and 31 March 2025, the Company did not have any individual customer concentration of net investment in finance debtors. No single customer owes more than 10% of the aggregate amounts of net investment in finance debtors.

All leases extended by the Company are against security of assets financed and in certain cases if required against additional security. The Company regularly monitors credit quality of its financial assets.

Restructured finance debtors

Restructured lease receivables as at 31 March 2026 are RO 7.62 million (31 March 2025: RO 7.47 million and 31 December 2025: RO 7.67 million) and include impaired loans of RO 7.17 million (31 March 2025: RO 1.81 million and 31 December 2025: RO 3.5 million).

Once an asset is recognised for finance debtor, the Company monitors and assess payment behavior, revenues and financial statements of each borrower periodically along with qualitative factors to determine creditworthiness of client using factors like DPD as of current date, maximum DPD as of previous 6 months from reporting date.

The following tables explain the changes in the investment in finance leases, working capital and factoring receivables between the beginning and the end of the annual period due to these factors.

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

31 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk can be caused 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 and the Asset Liability Management Committee and monitored by diversification through long-term and short-term borrowings, increasing the number of lenders, developing additional products such as corporate deposits, seeking fixed interest rates for longer tenure. Fund management has been carried out by treasury function of the Company. 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 31.

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 and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure and to conform to regulations, the Company may take appropriate strategic decisions.

Central Bank of Oman (CBO) requires the Company to maintain a minimum paid up capital of RO 25 million which has been complied with.

Consistent with the regulations prevailing in the industry, the Company monitors capital on the basis of the gearing and leverage ratios. The gearing ratio is calculated as total borrowing (including 'current and non-current borrowings') divided by total equity as shown in the statement of financial position. Leverage ratio is calculated as total liabilities divided by net worth (excluding fair value and impairment reserve).

During the period ended 31 March 2026 and 31 March 2025, the Company's strategy was to maintain the gearing and leverage ratios within 5 times of the equity. The gearing and leverage ratios at 31 March 2026 and 31 March 2025 were as follows:

	31-Mar-26 S' 000	31-Mar-25 S' 000	31-Dec-25 S' 000
Borrowings and deposits - (1)	<u>69,138</u>	<u>60,308</u>	<u>68,622</u>
Total liabilities - (2)	<u>74,855</u>	<u>66,770</u>	<u>73,342</u>
Total equity - (3)	<u>39,195</u>	<u>38,973</u>	<u>39,406</u>
Net worth (defined above) - (4)	<u>36,918</u>	<u>34,976</u>	<u>37,128</u>
Gearing ratio (times) [1 / 3]	<u>1.76</u>	<u>1.55</u>	<u>1.74</u>
Leverage ratio (times) [2 / 4]	<u>2.03</u>	<u>1.91</u>	<u>1.98</u>

32 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 total assets and total liabilities at carrying amounts categorised by the earlier of contractual repricing or maturity dates as on 31 March 2026:

Period - 31 March 2026	Up to 6 month	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Fixed rate or non-interest rate sensitive	Total
	<u>£' 000</u>	<u>£' 000</u>	<u>£' 000</u>	<u>£' 000</u>	<u>£' 000</u>	<u>£' 000</u>	<u>£' 000</u>
ASSETS							
Cash and bank balances	-	-	-	-	-	2,166	2,166
Net investment in finance debtors	15,428	15,079	24,632	17,882	30,869	-	103,890
Investments at FVOCI	4,297	-	-	-	-	-	4,297
Other receivables and prepayment	-	-	-	-	-	682	682
Property and equipment	-	-	-	-	-	2,120	2,120
Investment property	-	-	-	-	-	645	645
Statutory deposit	250	-	-	-	-	-	250
Total assets	<u>19,975</u>	<u>15,079</u>	<u>24,632</u>	<u>17,882</u>	<u>30,869</u>	<u>5,613</u>	<u>114,050</u>
Liabilities							
Short term bank borrowings	23,632	-	-	-	-	-	23,632
Other liabilities	3,806	-	-	-	-	1,710	5,516
Deferred tax liability	-	-	-	-	-	201	201
Corporate deposits	18,636	14,455	4,035	44	220	-	37,390
Long term loans (including current portion)	1,551	2,527	2,862	730	446	-	8,116
Total liabilities	<u>47,625</u>	<u>16,982</u>	<u>6,897</u>	<u>774</u>	<u>666</u>	<u>1,911</u>	<u>74,855</u>
Gap between assets and liabilities	<u>(27,650)</u>	<u>(1,903)</u>	<u>17,735</u>	<u>17,108</u>	<u>30,203</u>	<u>3,702</u>	<u>39,195</u>
Cumulative gap between assets and liabilities	<u>(27,650)</u>	<u>(29,553)</u>	<u>(11,818)</u>	<u>5,290</u>	<u>35,493</u>	<u>39,195</u>	<u>39,195</u>

32 Financial instruments and financial risk management (continued)

(a) Interest rate risk (continued)

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 March 2025:

Period - 31 March 2025	Up to 6 month	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Fixed rate or non-interest rate sensitive	Total
	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000
ASSETS							
Cash and bank balances	-	-	-	-	-	613	613
Net investment in finance debtors	14,104	13,956	25,472	18,784	28,035	-	100,351
Investments at FVOCI	776	-	-	-	-	-	776
Other receivables and prepayment	-	-	-	-	-	445	445
Deferred tax asset	-	-	-	-	-	398	398
Property and equipment	-	-	-	-	-	2,236	2,236
Investment property	-	-	-	-	-	674	674
Statutory deposit	250	-	-	-	-	-	250
Total assets	<u>15,130</u>	<u>13,956</u>	<u>25,472</u>	<u>18,784</u>	<u>28,035</u>	<u>4,366</u>	<u>105,743</u>
Liabilities							
Short term bank borrowings	34,528	-	-	-	-	-	34,528
Other liabilities	4,756	-	-	-	-	1,706	6,462
Corporate deposits	15,216	5,255	309	393	273	-	21,446
Long term loans (including current position)	2,140	857	297	297	743	-	4,334
Total liabilities	<u>56,640</u>	<u>6,112</u>	<u>606</u>	<u>690</u>	<u>1,016</u>	<u>1,706</u>	<u>66,770</u>
Gap between assets and liabilities	<u>(41,510)</u>	<u>7,844</u>	<u>24,866</u>	<u>18,094</u>	<u>27,019</u>	<u>2,660</u>	<u>38,973</u>
Cumulative gap between assets and liabilities	<u>(41,510)</u>	<u>(33,666)</u>	<u>(8,800)</u>	<u>9,294</u>	<u>36,313</u>	<u>38,973</u>	<u>38,973</u>

32 Financial instruments and financial risk management (continued)

(a) Interest rate risk (continued)

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 2025:

Year - 31 December 2025	Up to 6 month	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Fixed rate or non-interest rate sensitive	Total
	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000	£' 000
ASSETS							
Cash and bank balances	-	-	-	-	-	2,460	2,460
Investments at FVOCI	4,298	-	-	-	-	-	4,298
Net investment in finance debtors	15,067	14,600	25,064	17,703	30,012	-	102,446
Other receivables and prepayment	-	-	-	-	-	492	492
Property and equipment	-	-	-	-	-	2,150	2,150
Investment property	-	-	-	-	-	652	652
Statutory deposit	250	-	-	-	-	-	250
Total assets	<u>19,615</u>	<u>14,600</u>	<u>25,064</u>	<u>17,703</u>	<u>30,012</u>	<u>5,754</u>	<u>112,748</u>
Liabilities							
Short term bank borrowings	24,638	-	-	-	-	-	24,638
Other liabilities	3,082	-	-	-	-	1,490	4,572
Deferred tax liability	-	-	-	-	-	148	148
Corporate deposits	19,253	16,188	2,500	344	225	-	38,510
Long term loans (including current position)	1,109	1,107	2,110	630	518	-	5,474
Total liabilities	<u>48,082</u>	<u>17,295</u>	<u>4,610</u>	<u>974</u>	<u>743</u>	<u>1,638</u>	<u>73,342</u>
Gap between assets and liabilities	<u>(28,467)</u>	<u>(2,695)</u>	<u>20,454</u>	<u>16,729</u>	<u>29,269</u>	<u>4,116</u>	<u>39,406</u>
Cumulative gap between assets and liabilities	<u>(28,467)</u>	<u>(31,162)</u>	<u>(10,708)</u>	<u>6,021</u>	<u>35,290</u>	<u>39,406</u>	<u>39,406</u>

32 Financial instruments and financial risk management (continued)

(b) Liquidity risk

The amounts disclosed in table below analyses the Company's assets and liabilities as on 31 March 2026 and 31 March 2025 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of the discounting is not significant.

The maturity profile of total assets and total liabilities at the year end is based on the contractual repayments and the same as at 31 March 2026 is as follows:

Period - 31 March 2026	Up to 6 month	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Fixed rate or non-interest rate sensitive	Total
	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000
ASSETS							
Cash and bank balances	2,166	-	-	-	-	-	2,166
Net investment in finance debtors	15,428	15,079	24,632	17,882	30,869	-	103,890
Investments at FVOCI	4,297	-	-	-	-	-	4,297
Other receivables and prepayment	-	-	-	-	-	682	682
Property and equipment	-	-	-	-	-	2,120	2,120
Investment property	-	-	-	-	-	645	645
Statutory deposit	250	-	-	-	-	-	250
Total assets	22,141	15,079	24,632	17,882	30,869	3,447	114,050
Liabilities							
Short term bank borrowings	23,632	-	-	-	-	-	23,632
Other liabilities	3,806	-	-	-	-	1,710	5,516
Deferred tax liability	-	-	-	-	-	201	201
Corporate deposits	18,636	14,455	4,035	44	220	-	37,390
Long term loans (including current portion)	1,551	2,527	2,862	730	446	-	8,116
Total liabilities	47,625	16,982	6,897	774	666	1,911	74,855
Gap between assets and liabilities	(25,484)	(1,903)	17,735	17,108	30,203	1,536	39,195
Cumulative gap between assets and liabilities	(25,484)	(27,387)	(9,652)	7,456	37,659	39,195	39,195

32 Financial instruments and financial risk management (continued)

(b) Liquidity risk (continued)

The maturity profile of total assets and total liabilities at the year end is based on the contractual repayments and the same as at 31 March 2025 is as follows:

Period - 31 March 2025	Up to 6 month	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Fixed rate or non-interest rate sensitive	Total
	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000	€' 000
ASSETS							
Cash and bank balances	613	-	-	-	-	-	613
Net investment in finance debtors	14,104	13,956	25,472	18,784	28,035	-	100,351
Investments at FVOCI	776	-	-	-	-	-	776
Other receivables and prepayment	-	-	-	-	-	445	445
Deferred tax asset	-	-	-	-	-	398	398
Property and equipment	-	-	-	-	-	2,236	2,236
Investment property	-	-	-	-	-	674	674
Statutory deposit	250	-	-	-	-	-	250
Total assets	<u>15,743</u>	<u>13,956</u>	<u>25,472</u>	<u>18,784</u>	<u>28,035</u>	<u>3,753</u>	<u>105,743</u>
Liabilities							
Short term bank borrowings	34,528	-	-	-	-	-	34,528
Other liabilities	4,756	-	-	-	-	1,706	6,462
Corporate deposits	15,216	5,255	309	393	273	-	21,446
Long term loans (including current position)	2,140	857	297	297	743	-	4,334
Total liabilities	<u>56,640</u>	<u>6,112</u>	<u>606</u>	<u>690</u>	<u>1,016</u>	<u>1,706</u>	<u>66,770</u>
Gap between assets and liabilities	<u>(40,897)</u>	<u>7,844</u>	<u>24,866</u>	<u>18,094</u>	<u>27,019</u>	<u>2,047</u>	<u>38,973</u>
Cumulative gap between assets and liabilities	<u>(40,897)</u>	<u>(33,053)</u>	<u>(8,187)</u>	<u>9,907</u>	<u>36,926</u>	<u>38,973</u>	<u>38,973</u>

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026
32 Financial instruments and financial risk management (continued)
(b) Liquidity risk (continued)

The maturity profile of total assets and total liabilities at the year end is based on the contractual repayments and the same as at 31 December 2025 is as follows:

Year - 31 December 2025	Up to 6 month	6 to 12 months	1 to 2 years	2 to 3 years	Over 3 years	Fixed rate or non-interest rate sensitive	Total
	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000	₹' 000
ASSETS							
Cash and bank balances	2,460	-	-	-	-	-	2,460
Investments at FVOCI	4,298	-	-	-	-	-	4,298
Net investment in finance debtors	15,067	14,600	25,064	17,703	30,012	-	102,446
Other receivables and prepayment	-	-	-	-	-	492	492
Property and equipment	-	-	-	-	-	2,150	2,150
Investment property	-	-	-	-	-	652	652
Statutory deposit	-	-	-	-	-	250	250
Total assets	21,825	14,600	25,064	17,703	30,012	3,544	112,748
Liabilities							
Short term bank borrowings	24,638	-	-	-	-	-	24,638
Other liabilities	3,082	-	-	-	-	1,490	4,572
Deferred tax Liability	-	-	-	-	-	148	148
Corporate deposits	19,253	16,188	2,500	344	225	-	38,510
Long term loans (including current position)	1,109	1,107	2,110	630	518	-	5,474
Total liabilities	48,082	17,295	4,610	974	743	1,638	73,342
Gap between assets and liabilities	(26,257)	(2,695)	20,454	16,729	29,269	1,906	39,406
Cumulative gap between assets and liabilities	(26,257)	(28,952)	(8,498)	8,231	37,500	39,406	39,406

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Notes to the interim condensed financial information for the three-month period ended 31 March 2026

33 Fair value

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried on the statement of financial position include cash and bank balances, net investment in finance debtors, investment at FVOCI and other financial assets at amortised cost, short term borrowings, corporate deposits, long term loans and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

In the opinion of the Company's management, the fair values of the financial assets and liabilities are not materially different from their carrying amounts.

34 Climate related risks

The Company recognizes the critical importance of addressing climate-related risks that have the potential to impact our business operations, financial performance, and strategic objectives. These risks are categorized into two primary domains: physical risks arising from acute weather events and long-term climate pattern shifts, and transition risks emerging from regulatory, technological, and market transformations towards a low-carbon

In Oman, physical risks are particularly pronounced, including tropical cyclones threatening coastal infrastructure, flash floods in wadis and low-lying areas, sustained high temperatures leading to water scarcity, and rising sea levels causing potential shoreline erosion. Transition risks encompass evolving regulatory landscapes, potential policy changes aligned with Oman's Vision 2040, increasing environmental compliance requirements, and shifting market dynamics favoring sustainable practices. To effectively manage these risks, Muscat Finance is committed to integrating comprehensive risk assessment strategies, conducting scenario analyses, developing green financing solutions, and enhancing stakeholder engagement. We are progressing towards embedding climate risk considerations into our risk management framework and have commenced ESG reporting by Q1 2025, demonstrating our approach towards addressing the complex challenges posed by climate change.

35 Comparative figures

Certain comparative figures of the previous period have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current period's interim condensed financial information. Such regrouping or reclassification did not affect either previously reported net profit or

36 Dividend

For the financial year ended 31 December 2025, the Board of Directors had proposed cash dividends of 1.67% of paid-up-share capital (31 December 2024: 1.62% cash dividends, amounted to ~~5~~ 497K) which was approved by the shareholders in the annual general meeting in March 2026. Accordingly, the Company has paid cash dividends of 1.67 Baizas per share amounting to ~~5~~ 513K from the Company's retained earnings.

37 Subsequent events

There were no events subsequent to 31 March 2026 and occurring before the date of the approval that are expected to have a significant impact on these condensed interim financial statements.