

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025****1. General****1.1 Legal status and principal activities**

National Finance Company SAOG (the Company or NFC) is an Omani joint stock Company registered under the Commercial Companies Law of the Sultanate of Oman and is listed on the Muscat Securities Market. The principal activity of the Company is leasing business. The Company derives all of its income from financing operations, factoring and working capital funding within the Sultanate of Oman.

The Company operates across the Sultanate of Oman in 23 branches as at 30 September 2025 (30 September 2024: 23 branches, 31 December 2024: 23 locations).

2 Summary of material accounting policies

This unaudited condensed interim financial information as at and for the nine months period ended 30 September 2025 has been prepared in accordance with IAS 34, 'Interim financial reporting' and in compliance with the applicable provisions of the Commercial Companies Law of 2019, Financial Services Authority (FSA) of the Sultanate of Oman disclosure requirements and applicable regulations of the Central Bank of Oman.

This unaudited condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the most recent full audited financial statements of the Company as at and for the year ended 31 December 2024.

2.1 Basis of preparation*(a) Compliance with IFRS*

The interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and comply with the requirements of the Commercial Companies Law and the relevant disclosure requirements of the Capital Market Authority ("CMA") and applicable regulations of the Central Bank of Oman (CBO).

(b) Historical cost convention

These interim financial statements have been prepared under the historical cost convention except for asset held for sale, derivatives, freehold land and buildings which are measured at fair value.

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

(c) New and amended standards adopted by the Company

For the period ended 30 September 2025, the Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRS IC) of the IASB that are relevant to its operations and effective for periods beginning on 1 January 2025.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2024. There have been no changes in the risk management policies since that date.

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4 Critical estimates and judgements

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2024.

5 Operating segments

The Company has only one reportable segment namely, leasing and financing activities which includes leasing activities, working capital and debt factoring, all of which are carried out in Oman; hence no geographical segmentation is disclosed. Although the Company has individual and corporate customers, the entire lease portfolio is managed internally as one operating segment. All the Company's funding and costs are common. All relevant information relating to this reportable segment is disclosed in the unaudited condensed interim statement of financial position, unaudited condensed interim statement of profit or loss and other comprehensive income and notes to the interim financial statements.

6 Other operating income

	Quarter ended 30 September 2025	Nine months ended 30 September 2025	Quarter ended 30 September 2024	Nine months ended 30 September 2024
	RO '000	RO '000	RO '000	RO '000
Income from pre-closed leases	178	485	142	362
Penal charges	118	389	136	344
Cheque related charges	364	861	212	572
Miscellaneous income	217	716	249	772
	877	2,451	739	2,050

7 Operating expenses

	Quarter ended 30 September 2025	Nine months ended 30 September 2025	Quarter ended 30 September 2024	Nine months ended 30 September 2024
	RO '000	RO '000	RO '000	RO '000
Employee related expenses	3,059	8,729	2,513	7,577
Office expenses	346	1,231	424	1,140
Communication costs	243	785	241	733
Professional fees and subscriptions	149	439	61	283
Advertising and sales promotion	95	330	68	266
Directors' remuneration and sitting fees (note 26)	91	274	75	225
Occupancy costs	35	98	11	108
	4,018	11,886	3,393	10,332

8 Taxation

The Company is liable to income tax in accordance with the income tax law of the Sultanate of Oman at the tax rate of 15% (2024 – 15%) on the taxable profits.

(a) Status of tax assessments

The Company's tax assessments have been completed by the tax authorities up to tax year 2020. Assessments of the Company for tax years 2021 to 2024 are subject to agreement with the Oman Taxation Authorities. The management is of the opinion that the additional taxes assessed in respect of open tax assessments, if any, would not be material to the Company's financial position as at 30 September 2025.

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8 Taxation (continued)

(b) Tax liabilities - net

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Deferred tax liability	1,029	861	1,032
Provision for income tax	2,733	2,096	2,516
Net tax liabilities	3,762	2,957	3,548

(c) Reconciliation of tax expense

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rates with the income tax expense for the period:

	Quarter ended 30 September 2025 RO '000	Nine months ended 30 September 2025 RO '000	Quarter ended 30 September 2024 RO '000	Nine months ended 30 September 2024 RO '000
Accounting profit before income tax	4,694	12,949	3,409	10,298
Income tax expense computed at applicable tax rates	704	1,942	512	1,545
Tax charge for the period	704	1,942	512	1,545

9 Basic and diluted earnings per share and net assets per share

The calculation of earnings per share is as follows:

	Quarter ended 30 September 2025 RO '000	Nine months ended 30 September 2025 RO '000	Quarter ended 30 September 2024 RO '000	Nine months ended 30 September 2024 RO '000
Profit for the period attributable to equity shareholders (RO '000)	3,990	11,007	2,897	8,753
Interest on perpetual bonds (RO '000)	-	(1,352)	-	-
Net profit attributable to ordinary shareholders (RO '000)	3,990	9,655	2,897	8,753
Weighted average number of shares during the period ('000)	608,127	608,127	608,127	608,127
Basic and diluted earnings per share (RO)	0.007	0.016	0.005	0.014

The calculation of net assets per share is as follows:

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Net assets attributable to ordinary shareholders (RO '000)	112,933	108,696	110,603
Number of shares at the period/ year end ('000)	608,127	573,704	573,704
Net assets per share (RO)	0.186	0.189	0.193

Earnings per share as at 30 September 2025 have been calculated using weighted average shares outstanding for the period. Net assets per share have been calculated using outstanding shares as at 30 September 2025, 30 September 2024 and 31 December 2024.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
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10 Cash and cash equivalents

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Current accounts with banks	12,338	7,368	7,446
Cash in hand	7	128	131
	12,345	7,496	7,577

The Company classifies its bank balances under Stage 1. In relation to exposures with banks, the credit risk exposure is expected to be minimal because the Company transacts with reputable and rated local banks, with global ratings by Moody's Investors Service ranging between Aa3 to Ba2.

11 Statutory deposit

The Company is required to maintain capital deposit of RO 250,000 with the Central Bank of Oman (CBO) in accordance with the applicable licensing requirements. During the year, the deposit earned effective interest at the rate of 1.5% (2024-1.5%) per annum.

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

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Gross investment in finance leases	713,494	629,891	645,064
Unearned finance lease income	(162,480)	(135,683)	(139,955)
	551,014	494,208	505,109
Working capital finance*	152,444	130,495	134,422
Factoring receivables	1,041	1,101	1,099
	704,499	625,804	640,630
Allowance for expected credit losses	(65,757)	(59,881)	(61,761)
Net investment in finance leases, working capital finance and factoring receivables	638,742	565,923	578,869

*This does not include unearned interest income of RO 64.88 million from Working Capital finance (30 September 2024 RO 56.33 million, 31 December 2024 RO 57.84 million)

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Net investment in finance leases	502,741	448,917	458,363
Working capital	135,597	116,496	120,041
Factoring receivables	404	510	465
	638,742	565,923	578,869

(a) Unearned finance lease income:

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Opening balance	139,955	112,405	112,405
Additions during the period	64,156	58,768	76,193
Recognised during the period	(41,631)	(35,490)	(48,643)
Closing balance	162,480	135,683	139,955

*This does not include unearned interest income of RO 64.88 million from Working Capital finance (30 September 2024 RO 56.33 million, 31 December 2024 RO 57.84 million)

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

Income from financing activities

	Quarter ended 30 September 2025 RO '000	Nine months ended 30 September 2025 RO '000	Quarter ended 30 September 2024 RO '000	Nine months ended 30 September 2024 RO '000
Finance lease income	14,658	41,631	12,607	35,490
Working capital and factoring receivables	3,760	11,222	2,979	8,385
	<u>18,418</u>	<u>52,853</u>	<u>15,586</u>	<u>43,875</u>

(b) Allowance for expected credit losses (ECL):

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

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Opening balance	61,761	55,413	55,413
<u>Provision</u>			
Provided during the period	10,352	9,660	11,768
Released during the period	(5,042)	(6,623)	(7,356)
	5,310	3,037	4,412
Write off during the period	(2,331)	-	-
	2,979	3,037	4,412
<u>Unrecognised contractual income</u>			
Provided during the period	2,646	2,546	3,197
Released during the period	(1,219)	(1,115)	(1,261)
Write off during the period	(410)	-	-
	1,017	1,431	1,936
Closing balance	<u>65,757</u>	<u>59,881</u>	<u>61,761</u>

(c) The current and non-current amounts are disclosed in note 32 to these financial statements.

(d) The table below represents analysis of investment in finance leases, working capital finance and factoring receivables (gross and present value) for each of the following periods:

	Up to 1 year RO'000	1-2 Years RO'000	2-3 Years RO'000	3-4 Years RO'000	4-5 Years RO'000	>5 Year RO'000	Total RO'000
30 September 2025							
Gross	202,282	180,891	154,328	122,735	85,217	186,491	931,944
Present value	130,282	124,449	112,522	93,829	66,888	176,529	704,499
30 September 2024							
Gross	180,380	159,573	133,789	108,234	77,107	158,865	817,948
Present value	118,080	111,255	98,308	83,933	62,070	152,158	625,804
31 December 2024							
Gross	184,688	163,333	137,725	111,465	78,544	162,796	838,551
Present value	120,357	113,521	101,016	86,416	63,049	156,271	640,630

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

(e) The below table shows comparison of provision held as per IFRS 9 and required as per CBO norms:

As at 30 September 2025

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms RO' 000	Provision held as per IFRS 9 RO' 000	Difference RO' 000	Net carrying amount RO' 000	Interest recognized as per IFRS 9 RO' 000	Reserve interest as per CBO norms RO' 000
Standard	Stage 1	522,295	4	3,828	(3,824)	518,467	44,562	-
	Stage 2	94,266	59	11,759	(11,700)	82,507	7,878	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		616,561	63	15,587	(15,524)	600,974	52,440	-
Special mention	Stage 1	188	9	7	2	181	15	-
	Stage 2	573	28	19	9	554	50	4
	Stage 3	4,552	219	861	(642)	3,691	239	182
Subtotal		5,313	256	887	(631)	4,426	304	186
Substandard	Stage 1	116	29	5	24	111	7	1
	Stage 2	50	12	2	10	48	8	-
	Stage 3	3,048	712	702	10	2,346	86	199
Subtotal		3,214	753	709	44	2,505	101	200
Doubtful	Stage 1	-	-	-	-	-	-	-
	Stage 2	24	12	1	11	23	4	-
	Stage 3	2,636	921	610	311	2,026	-	235
Subtotal		2,660	933	611	322	2,049	4	235
Loss	Stage 1	4	4	-	4	4	-	-
	Stage 2	26	21	1	20	25	4	-
	Stage 3	76,721	56,866	47,962	8,904	28,759	-	14,581
Subtotal		76,751	56,891	47,963	8,928	28,788	4	14,581
Total	Stage 1	522,603	46	3,840	(3,794)	518,763	44,584	1
	Stage 2	94,939	132	11,782	(11,650)	83,157	7,944	4
	Stage 3	86,957	58,718	50,135	8,583	36,822	325	15,197
	Total	704,499	58,896	65,757	(6,861)	638,742	52,853	15,202
Total - 30 September 2024	Stage 1	448,596	51	2,496	(2,445)	446,100	36,242	-
	Stage 2	94,036	93	10,109	(10,016)	83,927	7,310	1
	Stage 3	83,172	56,845	47,276	9,569	35,896	323	13,679
	Total	625,804	56,989	59,881	(2,892)	565,923	43,875	13,680
Total - 31 December 2024	Stage 1	465,028	41	2,854	(2,813)	462,174	50,185	-
	Stage 2	90,996	81	10,170	(10,089)	80,826	9,642	1
	Stage 3	84,606	57,653	48,737	8,916	35,869	644	14,184
	Total	640,630	57,775	61,761	(3,986)	578,869	60,471	14,185

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

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

As at 30 September 2025

Asset classification as per CBO norms	Asset classification as per IFRS 9	Gross carrying amount RO' 000	Provision required as per CBO norms RO' 000	Provision held as per IFRS 9 RO' 000	Difference RO' 000	Net carrying amount RO' 000	Interest recognized as per IFRS 9 RO' 000	Reserve interest as per CBO norms RO' 000
Classified as performing	Stage 1	19,480	-	263	(263)	19,217	1,612	-
	Stage 2	51,247	59	10,081	(10,022)	41,166	4,020	-
	Stage 3	-	-	-	-	-	-	-
Subtotal		70,727	59	10,344	(10,285)	60,383	5,632	-
Classified as non-performing	Stage 1	217	32	4	28	213	17	1
	Stage 2	5	1	1	-	4	1	-
	Stage 3	14,023	9,663	8,174	1,489	5,849	-	2,884
Subtotal		14,245	9,696	8,179	1,517	6,066	18	2,885
Total	Stage 1	19,697	32	267	(235)	19,430	1,629	1
	Stage 2	51,252	60	10,082	(10,022)	41,170	4,021	-
	Stage 3	14,023	9,663	8,174	1,489	5,849	-	2,884
	Total	84,972	9,755	18,523	(8,768)	66,449	5,650	2,885
Total - 30 September 2024	Stage 1	12,204	30	192	(162)	12,012	971	-
	Stage 2	59,384	33	8,742	(8,709)	50,642	4,390	-
	Stage 3	13,275	9,486	6,578	2,908	6,697	-	2,208
	Total	84,863	9,549	15,512	(5,963)	69,351	5,361	2,208
Total - 31 December 2024	Stage 1	19,344	31	288	(257)	19,056	2,008	-
	Stage 2	50,662	11	8,899	(8,888)	41,763	5,042	-
	Stage 3	13,215	9,419	6,838	2,581	6,377	-	2,367
	Total	83,221	9,461	16,025	(6,564)	67,196	7,050	2,367

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

	As per CBO norms		As per IFRS 9		Difference	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Impairment loss charged to profit or loss	5,310	3,037	5,310	3,037	-	-
Provisions required as per CBO norms / held as per IFRS 9	74,098	70,669	65,757	59,881	8,341	10,788
Gross NPL ratio	12.5	13.4	12.3	13.3	0.2	0.1
Net NPL ratio	3.5	4.3	5.8	6.3	(2.3)	(2.0)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025 (continued)

13 Property, equipment and right-of-use assets

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 30 September 2025						
Cost or valuation						
At 1 January 2025	1,122	4,066	6,739	182	456	12,565
Additions	-	-	694	-	-	694
Disposals	-	-	-	-	-	-
At 30 September 2025	1,122	4,066	7,433	182	456	13,259
Accumulated depreciation						
At 1 January 2025	-	162	4,510	168	138	4,978
Charge for the period	-	122	609	5	81	817
Disposals	-	-	-	-	-	-
At 30 September 2025	-	284	5,119	173	219	5,795
Net book amount						
At 30 September 2025	1,122	3,782	2,314	9	237	7,464

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 30 September 2024						
Cost or valuation						
At 1 January 2024	1,122	4,066	5,723	174	231	11,316
Additions	-	-	706	16	242	964
Disposals	-	-	(14)	(8)	(59)	(81)
At 30 September 2024	1,122	4,066	6,415	182	414	12,199
Accumulated depreciation						
At 1 January 2024	-	-	3,939	174	98	4,211
Charge for the period	-	122	420	-	73	615
Disposals	-	-	(14)	(8)	(59)	(81)
At 30 September 2024	-	122	4,345	166	112	4,745
Net book amount - At 30 September 2024	1,122	3,944	2,070	16	302	7,454

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13 Property, equipment and right-of-use assets (continued)

	Freehold land RO '000	Buildings RO '000	Furniture, fixtures and equipment RO '000	Motor vehicles RO '000	Right-of-use assets RO '000	Total RO '000
At 31 December 2024						
Cost or valuation						
At 1 January 2024	1,122	4,066	5,723	174	231	11,316
Additions	-	-	1,030	16	284	1,330
Disposals	-	-	(14)	(8)	(59)	(81)
At 31 December 2024	1,122	4,066	6,739	182	456	12,565
Accumulated depreciation						
At 1 January 2024	-	-	3,939	174	98	4,211
Charge for the year	-	162	585	2	99	848
Disposals	-	-	(14)	(8)	(59)	(81)
At 31 December 2024	-	162	4,510	168	138	4,978
Net book amount						
At 31 December 2024	1,122	3,904	2,229	14	318	7,587

A valuation of the freehold land and buildings was last performed by third party independent valuers as on 24 December 2023 on an open market value basis. The revaluation surplus net of applicable deferred income tax was credited to other comprehensive income and is shown in 'revaluation reserve'. If the freehold land and buildings were stated on the historical cost basis, the amount would be RO 4.19 million (30 September 2024- RO 4.19 million, 31 December 2024- RO 4.19 million). The fair value measurement of the land and building have been categorized as Level 3 fair value measurements.

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14 Intangible assets

	30 September 2025			30 September 2024			31 December 2024
	Computer software	Intangible assets on acquisition	Total	Computer software	Intangible assets on acquisition	Total	Total
	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000	RO '000
Opening balance	701	1,792	2,493	601	1,792	2,393	2,393
Additions	124	-	124	81	-	81	100
	<u>825</u>	<u>1,792</u>	<u>2,617</u>	<u>682</u>	<u>1,792</u>	<u>2,474</u>	<u>2,493</u>
Accumulated Amortisation							
Opening balance	543	1,792	2,335	433	1,536	1,969	1,969
Charge for the period/year	84	-	84	82	192	274	366
	<u>627</u>	<u>1,792</u>	<u>2,419</u>	<u>515</u>	<u>1,728</u>	<u>2,243</u>	<u>2,335</u>
Closing balance	<u>198</u>	<u>-</u>	<u>198</u>	<u>167</u>	<u>64</u>	<u>231</u>	<u>158</u>

15 Share capital

The authorised share capital of the Company comprises 750,000,000 ordinary shares of Baizas 100 each (30 September 2024 and 31 December 2024 - 750,000,000 ordinary share of Baizas 100 each). The Company's issued and fully paid-up share capital amounts to 608,126,538 shares of Baizas 100 each (30 September 2024 - 573,704,281 shares of Baizas 100 each and 31 December 2024 - 573,704,281 shares of Baizas 100 each).

16 Legal reserve

In accordance with the Commercial Companies Law of Oman 2019, annual appropriations of 10% of the profit for the year are made to the legal reserve until the accumulated balance of the reserve is equal to at least one third of the Company's share capital. This reserve is not available for distribution.

17 Perpetual bonds

The Company had successfully completed the issuance of perpetual bonds on 03rd April 2024, in the amount of RO 35 million, with an annual coupon rate of 7.75%.

18 Creditors and accruals

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Creditors	16,499	10,596	7,107
Accruals and other liabilities	7,276	4,679	5,292
Lease liabilities	215	278	266
	<u>23,990</u>	<u>15,553</u>	<u>12,665</u>

19 Provision for employees' end of service benefits

The movement in end of service benefit during the period is stated below:

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Opening balance	674	617	617
Charge for the period	98	97	118
Payments during the period	(67)	(13)	(61)
Closing balance	<u>705</u>	<u>701</u>	<u>674</u>

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20 Bank borrowings

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Bank overdrafts	2,269	3,666	-
Short-term loans	185,798	154,086	178,129
Current portion of long-term loans	112,346	124,575	115,339
Non-current portion of long-term loans	117,374	99,187	92,044
	<u>417,787</u>	<u>381,514</u>	<u>385,512</u>

(a) During the period, interest was charged on the above borrowings at rates ranging between 5.10% and 6.85% per annum (30 September 2024- 5.75% and 6.95%, 31 December 2024- 5.75% and 6.95% per annum).

(b) At the reporting date, all outstanding borrowings were secured by a pari-passu floating charge on the Company's receivables from its customers.

(c) *Foreign currency forward contracts*

As at 30 September 2025, the notional amount of foreign currency forward contract amounted to RO 136.05 million [USD 353.73 million] (30 September 2024 RO 64.48 million [USD 167.64 million], 31 December 2024 - RO 68.31 million [USD 177.61 million]) to repay US Dollar term loans.

21 Fixed deposits

At 30 September 2025, the Company has accepted fixed deposits from corporate entities based in Oman for a total amount of RO 79.95 million (30 September 2024 - 50.57 million, 31 December 2024 - RO 58.49 million), with tenure ranging from 3 months to 5 years as per guidelines issued by the Central Bank of Oman. The carrying amount includes interest accrued till the end of the period.

22 Dividends

The shareholders at the latest Annual General Meeting approved a cash dividend of Baizas 12.6 per share (12.6%) and stock dividend of 6% on the shares outstanding on the record date. The cash dividend is amounted to RO 7,228,674 and stock dividend is amounted of RO 3,442,226. These financial statements reflect these dividends, which accounted for in shareholders' equity as an appropriation of retained earnings in 2025.

The cash dividend for 2023 amounting to RO 5,507,561 (cash dividend of Baizas 9.6 per share) was distributed during 2024.

23 Change in cash flows from operating activities (Principal)

Particulars	30 September 2025		30 September 2024	
	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000	Cash flow from bank borrowings RO '000	Cash flow from fixed deposits RO '000
Opening balance	385,003	57,394	350,612	39,460
Additions during the period	138,979	62,296	326,830	28,750
Repayments during the period	(107,047)	(41,543)	(297,370)	(18,056)
Closing balance	<u>416,935</u>	<u>78,147</u>	<u>380,072</u>	<u>50,154</u>
Change in cash flows	<u>31,932</u>	<u>20,753</u>	<u>29,460</u>	<u>10,694</u>

24 Commitments

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Approved lease commitments (refer 'a')	7,128	6,996	6,835
Operating lease in respect of rentals of branches (short term leases) (refer 'b')	120	99	120
	<u>7,248</u>	<u>7,095</u>	<u>6,955</u>

(a) Approved lease commitments expected to be paid within 30 days from the date of lease creation.

(b) The operating lease pertain to the approved rentals to be paid in the future for the respective branches.

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25 Contingencies

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Bank guarantees	114	114	114

In its ordinary course of business, the Company has arranged for bank guarantees in favour of its customers from banks in Oman.

26 Related party transactions and balances

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

The Company has entered into transactions in the ordinary course of business with related parties. Such transactions with related parties only on arm's length terms and in accordance with the relevant laws and regulations. Significant related party transactions during the period ended 30 September were as follows:

	Nine months ended 30 September 2025 RO '000	Nine months ended 30 September 2024 RO '000
Transactions with entities under common control		
Operating expenses	83	55
Purchase of property and equipment & intangible assets	55	13
Income from financing activities	192	212
Directors' fees and remuneration		
Directors' sitting fees and proposed remuneration	274	225
Remuneration to key members of management during the year		
Salaries and other benefits	1,002	859

The following balances were receivable from related parties:

	30 September 2025 RO '000	30 September 2024 RO '000	31 December 2024 RO '000
Investment in finance leases and working capital finance	4,244	4,269	4,270

27 Asset held for sale

Assets held for sale represents land acquired by the Company in part settlement of amounts due by the borrower following the conclusion of all credit recovery procedures available to the Company. This property was valued in September 2019 at RO 1.50 million and subsequently expected to be sold in the year 2025. The Company has recently valued this property on 18 December 2024 at RO 1.50 million. The property is based in Muscat at Ghala Heights, Wilayat Bausher.

28 Foreign currency reserve

In accordance with the CBO circular FM 41, in modification to the conditions stipulated in circular FM 11 the finance leasing Companies are exempted from creating exchange reserve (20%), in case the foreign currency borrowings (in excess of 40% of net worth) is denominated in US Dollars or in any other currency, where the exchange rate risk is fully hedged. As of 30 September 2025, the Company has foreign currency borrowing of RO 136.05 million [USD 353.73 million] (30 September 2024 RO 64.48 million [USD 167.64 million], 31 December 2024 - RO 68.31 million [USD 177.61 million]) which is fully hedged against exchange rate risk.

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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025 (continued)

29 Impairment reserve

In accordance with Central Bank of Oman (CBO) circular BM 1149, the mandatory regulatory impairment reserve is created when the provisions and reserve interest required as per CBO norms exceeds the allowance for expected credit losses held as per IFRS 9. The regulatory impairment reserve will not be available for payment of dividend or for inclusion in regulatory capital. Any subsequent utilisation of the impairment reserve would require prior approval of the CBO.

Impairment reserve net of tax is created by appropriation from retained earnings when the calculated provision as per CBO norms is higher than IFRS 9 ECL.

During the year 2024, an amount of RO 0.95 million was transferred to the impairment reserve in compliance with the guidelines issued by the CBO. As of 30 September 2025, the Company holds an impairment reserve of RO 8.67 million net of tax for the difference (30 September 2024: RO 7.72 million, 31 December 2024 - RO 8.67 million).

30 Advances, prepayments and other receivables

	30 September 2025 RO'000	30 September 2024 RO'000	31 December 2024 RO'000
Other receivables	3,961	3,082	3,058
Fair value of derivatives	6	197	102
Prepayments	3,334	2,512	1,049
Advances	373	396	391
	7,674	6,187	4,600

31 Financial instruments by category

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

	30 September 2025 RO'000	30 September 2024 RO'000	31 December 2024 RO'000
Financial assets			
Fair Value			
Derivative financial instrument	6	197	102
Amortised cost			
Cash and cash equivalents (note 10)	12,345	7,496	7,577
Net investment in finance leases (note 12)	502,741	448,917	458,363
Working capital finance and factoring receivables (note 12)	136,001	117,006	120,506
Other receivables	376	399	395
Statutory deposit (note 11)	250	250	250
Total financial assets	651,719	574,265	587,193

31 Financial instruments by category (continued)

	30 September 2025 RO'000	30 September 2024 RO'000	31 December 2024 RO'000
Financial liabilities			
Amortised cost			
Short-term loans (note 20)	188,067	157,752	178,129
Creditors and accruals (note 18)	23,990	15,553	12,665
Fixed deposits (note 21)	79,946	50,570	58,489
Long term loans (note 20)	229,720	223,762	207,383
Total financial liabilities	521,723	447,637	456,666

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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025 (continued)

32 Maturity analysis of assets and liabilities

The table below analyses the contractual maturities of assets and liabilities at the reporting date. The amounts show gross undiscounted cash flows.

At 30 September 2025	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	12,345	-	-	-	12,345
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	17,319	184,963	729,662	-	931,944
Advances and prepayments	-	7,674	-	-	7,674
Assets held for sale	-	1,500	-	-	1,500
Total assets	29,664	194,137	729,662	250	953,713
Equity and liabilities					
Total equity	-	-	-	147,933	147,933
Liabilities:					
Bank borrowings and fixed deposits	159,381	209,993	222,448	-	591,822
Creditors and accruals	-	23,990	-	-	23,990
Tax and other liabilities	-	2,733	705	1,029	4,467
Total equity and liabilities	159,381	236,716	223,153	148,962	768,212
Liquidity gap	(129,717)	(42,579)	506,509	(148,712)	
Cumulative liquidity gap	(129,717)	(172,296)	334,213	185,501	

At 30 September 2024	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	7,496	-	-	-	7,496
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	15,499	164,881	637,568	-	817,948
Advances and prepayments	1,360	4,827	-	-	6,187
Assets held for sale	-	1,500	-	-	1,500
Total assets	24,355	171,208	637,568	250	833,381
Equity and liabilities					
Total equity	-	-	-	143,696	143,696
Liabilities:					
Bank borrowings and fixed deposits	128,722	205,559	122,120	-	456,401
Creditors and accruals	-	15,553	-	-	15,553
Tax and other liabilities	-	2,096	701	861	3,658
Total equity and liabilities	128,722	223,208	122,821	144,557	619,308
Liquidity gap	(104,367)	(52,000)	514,747	(144,307)	
Cumulative liquidity gap	(104,367)	(156,367)	358,380	214,073	

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FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025 (continued)

32 Maturity analysis of assets and liabilities (continued)

At 31 December 2024	Up to 1 month RO '000	> 1 month to 1 year RO '000	> 1 year RO '000	Non-fixed maturity RO '000	Total RO '000
Assets					
Cash and cash equivalents	7,577	-	-	-	7,577
Statutory deposit	-	-	-	250	250
Investment in finance leases, working capital and factoring receivables	16,062	168,626	653,863	-	838,551
Advances and prepayments	-	4,600	-	-	4,600
Total assets	23,639	173,226	653,863	250	850,978
Equity and liabilities					
Total equity	-	-	-	145,603	145,603
Liabilities:					
Bank borrowings and fixed deposits	136,547	212,247	123,182	-	471,976
Creditors and accruals	7,107	5,558	-	-	12,665
Tax and other liabilities	-	2,689	674	859	4,222
Total equity and liabilities	143,654	220,494	123,856	146,462	634,466
Liquidity gap	(120,015)	(47,268)	530,007	(146,212)	
Cumulative liquidity gap	(120,015)	(167,283)	362,724	216,512	

The Company had unutilized credit facilities amounting to RO 130.05 million available as on 30 September 2025 (30 September 2024 – RO 26.30 million, 31 December 2024 – RO 60.74 million) to mitigate the impact of negative mismatch. The Company expects, given experience, local practice and discussions with lenders that short-term borrowing facilities will be extended, renewed or replaced on expiry and fixed deposits maturing within one year will be renewed if required as well as other measures to meet the gap in maturity. Accordingly, these financial statements been prepared on a going concern basis.