



حديد الجزيرة Jazeera Steel

THE ONE SOURCE FOR WORLD CLASS STEEL PRODUCTS

28TH ANNUAL
REPORT 2025

Al Jazeera Steel Products Co. SAOG

Suhar Industrial City, P.O. Box 40, Suhar 327, Sultanate of Oman

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C.R.No.: 1550438



The Quality Standard in Steel



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Company Auditor

KPMG LLC

Internal Auditor

Moore Stephens LLC

Legal Advisor

Rajab Al Kathiri & Partners
Law Firm

Dubai Office

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Bankers

Ahli Bank, Bank Dhofar, Bank Muscat, Gulf International Bank, National Bank of Oman,
Oman Arab Bank, Sohar International Bank, Bank Nizwa, Qatar National Bank, Abu Dhabi
Commercial Bank UAE, Emirates NBD Bank UAE, First Abu Dhabi Bank PJSC.



BOARD OF DIRECTORS

Sheikha. Amal Suhail Salim Bahwan	Chairperson
Mr. Shihab Salim Al-Barwani	Vice - Chairman
Mr. Abdul Kader Darwish Al Balushi	Director
Mr. Rahul Kar	Director
Ms. Amna Ahmed Ali Bahwan Al Mukhaini	Director
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	Director
Mr. Mahmood Mohammed Salim Al-Aamri	Director

Chairperson's Report

Dear Shareholders,

By the grace, assistance, and direction of the Almighty God and in a period of renewed renaissance under the leadership of His Majesty Sultan Haitham Bin Tariq, it gives me pleasure on behalf of the Board of Directors of Al Jazeera Steel Products Co. SAOG, to invite you all to the 28th Annual General Meeting of the Company and to present the Annual Report for the company, Audited Financial Statement and Auditors Report for the year ended 31 December 2025.

Key points of 2025 Operational Performance

The company performed strongly in 2025, with a significant rise in net profits of 30% year on year. Sales volume for the year have increased by 9% over the previous year, despite challenges. This has been achieved by increased focus on profitability and optimizing sales, inventory management and cost control. The company could capitalize on the booming construction sector in the GCC region, mainly in Oman, and rest of the GCC.

The Company focused on the health and safety of its employees as a paramount concern and continues to do everything possible to ensure that employees can work in a safe and secure environment.

The year 2025 was marked by major tariff and non-tariff barriers being introduced across various geographies across the world. China's domestic steel use is normalizing as its economy matures, with projections suggesting a gradual annual decline over the next decade. As a result, sizable volumes of Chinese steel produced are being exported. 2025 saw the highest ever Chinese steel exports, and predominantly into our GCC region. European domestic steel consumption is currently experiencing weakness and uncertainty, with volumes below pre-pandemic levels. Key trends show fluctuating apparent consumption, mirroring overall demand, with domestic deliveries down, and high import market shares persisting despite recent slight drops.

As the Carbon Border Adjustment Mechanism (CBAM) introduced by the European Union (EU) enters a definitive phase in 2026, the company has been working closely with suppliers and other partners in the supply chain on decarbonization to ensure a low carbon footprint of our products.

The GCC steel sector however remained a bright spot driven by major construction activities undertaken by the key economies of GCC. After a record year of project awards in 2024 at 314 Bln USD, 2025 saw a slight dip with 218 Bln USD, however, the projects announced in 2024 advanced to execution mode, leading to a strong drive in steel demand. The GCC economies remained robust and expected to continue to perform well in the coming years.

The Company has successfully undergone the certification process and the surveillance audit for American Petroleum Institute (API) Monogram and is now fully capable of producing line pipes for the Oil and Gas segment. The company also went through rigorous audits conducted by Petroleum Development Oman (PDO) Oman and qualified for supplies to PDO for API electric resistance welded pipes.

The Company continues to invest in human resources and provides training to its employees to develop their skills at various levels. Local employment is encouraged, and we have achieved 44% Omanization in our workforce. Recently the company successfully completed annual sports events aimed at encouraging teamwork and improving employee motivation.

Despite the multiple challenges faced, the company with its consistent operations, optimizing sales and smarter procurement could end the year with a net profit of **ﷵ** 10.133 million which represents a 30% jump year on year. This is commendable especially considering numerous unexpected challenges faced by the team.

Particulars	Group			Parent		
	Jan-Dec 2025	Jan-Dec 2024	Change %	Jan-Dec 2025	Jan-Dec 2024	Change %
Production quantity in MT	489,380	452,357	8%	489,380	452,357	8%
Sales quantity in MT	520,682	476,789	9%	521,664	479,500	9%
Sales Value in RO	150,456,244	146,685,336	3%	149,316,519	145,864,579	2%
Net Profit in RO	9,576,833	7,090,156	35%	10,132,598	7,767,025	30%

Looking Ahead

It is expected that GDP growth in the GCC is to be at 4.4% in 2026, out of which GCC oil sectors forecasted expand by 5.1% in 2026. The UAE’s real estate sector is on track to surge to USD 132 Bln by 2030, growing at a compound annual rate of 8.06%, according to new projections from market. Hence, demand for construction products is expected to grow continuously in the coming years.

The economic growth of the region remains Vision Documents of the 3 major economies of Oman, UAE and KSA which outlines increasing share of non-oil economy which in turn will boost further steel consumption.

We are pleased to inform that the company’s Greenfield project of Medium Sections Mill in KEZAD in Abu Dhabi is coming up at good pace and is expected to go onstream by mid-2026 and will give us access to high growth GCC markets for our medium sections.

We remain optimistic about the future growth of our company and the region with the hope of continuing investments by the governments into the infrastructural sector and continuing international investments into this region.

Dividends:

The Board of Directors is pleased to recommend a cash dividend of Baiza 40 for the year for every share held. The following table shows the dividend declared during the past years.

Year	2019	2020	2021	2022	2023	2024
Cash Dividend (in Baiza)	5	14	44	15	19	43

Internal Control Systems and their adequacy

The Company has proper and adequate systems of internal controls required to ensure that all assets are safeguarded and protected against unauthorized use or disposition and that all transactions are authorized and reported correctly. The internal control system is supplemented by an extensive program of internal audits, review by management, documented policies, guidance, and procedures. The internal control system is designed to ensure that all data is reliable for preparing and maintaining financial statements.

The Company has an audit committee comprising of non-executive directors to review the audit work, which in turn is reviewed by the Board.

The greatest strength of your Company is the quality and spirit of its people. Also, it enjoys a good reputation in the market for its quality and dependability. Both these factors have contributed positively to its growth and development. I would like to record my appreciation and sincere gratitude to all the employees of Jazeera Steel, who toiled under very difficult conditions, making all efforts and have consistently produced positive results.

M/s KPMG the Company’s Auditors have audited the accounts up to 31 December 2025 and their report is enclosed.

On behalf of the Board, I would like to thank all our stakeholders, consisting of Management, the Union, Bankers, Suppliers, Customers, Muscat Stock Exchange and all our Shareholders for their support and cooperation, which in turn reflects their confidence in us.

Above all, we pay tribute to the visionary leadership of His Majesty Sultan Haitham bin Tariq as he leads Oman into a new era and vow to support all his endeavors to take Oman to greater heights of prosperity and development.

On Behalf of the Board



Amal Suhail Salim Bahwan
Chairperson
15th February 2026

Management Discussion and Analysis Report

The Management of Al Jazeera Steel Products Co. SAOG is pleased to present the Management Discussion and Analysis Report for the year ended 31 December 2025.

Global Economic Environment

The year 2025 has been positive for GCC countries in terms of stable oil prices, and investments in various infrastructure projects and generally the construction industry advanced from 2024 to a period of strength in 2025.

In September 2025, Standard & Poor's (S&P) affirmed Oman's investment-grade credit rating at 'BBB-' with a stable outlook. This credit rating for the Sultanate of Oman confirms the success of the financial and economic policies adopted by the government and the priorities adopted at the beginning of the 10th 5-Year Development Plan 2021-2025. This has had a positive impact on the growth of various economic activities, the labor market, and foreign investments.

Non-oil sectors in the Sultanate of Oman continue to enhance their role in supporting economic growth and achieving financial sustainability, registering a gradual increase in their contribution to the Gross Domestic Product (GDP), reflecting the effectiveness of economic diversification policies and progress towards the targets of "Oman Vision 2040." The contribution of non-oil sectors to Gross Domestic Product at constant prices rose to 73.3% by the end of Q3 2025, compared to 72.5% in similar period of 2024.

Oman's industrial sector posted strong performance in the Q2 2025, with the combined net profits of industrial companies listed on the Muscat Stock Exchange rising to 24.5 Mln OMR , compared to 4.25 Mln OMR in the same period of 2024.

In the UAE, real estate market continued its growth trajectory in 2025, with high number of transaction volumes and values. With record number of project announcements in 2024, the projects have advanced to construction stage in 2025, leading to a major demand push for construction products. The demand for all construction products remained at record levels, notably rebars' demand touched record highs.

However, for the larger Middle East region, the year 2025 was a year of turmoil, though towards the end of the year we are seeing some signs of peace and stability.

On the international market, Chinese real estate market continued to be slow and steel consumption has slowed down considerably from previous years. Consequently, Chinese exports were at record highs; and we saw a sharp increase in imports into the GCC region partly supported by the strong demand growth in the region. However, Jazeera Steel has managed to protect its market and improve its volumes in the region. Jazeera Steel has managed to perform consistently through adverse times, by maintaining proximity to customers, on-time deliveries and a high level of customer service.

Industry Structure and Company Development

The GCC steel market is poised for strong, sustained growth through 2030, with the demand driven by ambitious, non-oil economic diversification projects. Steel demand is expected to see a 6% annual increase, with consumption crossing above 30 Mln MT by 2030.

The company has strategically poised itself to supply high value products into the market by consistently enhancing its product portfolio, expanding into newer geographies with greenfield projects, maximizing sales into profitable segments and dynamically adapting to the changing needs of customers.

The Company has successfully undergone the certification process and the surveillance audit for the American Petroleum Institute (API) Monogram and is now fully capable of producing line pipes for the Oil and Gas segment. The company also qualified in the stringent audit for enabling supplies to Petroleum Development Oman (PDO). With this certification we are confident of winning substantial orders from PDO in the coming years and adding to ICV supplies to PDO. The Company has also recently received accreditation by the GCC Accreditation Center (GAC) and has met the accreditation requirements in accordance with the internationally recognized standard ISO/IEC 17025:2017, "General requirements for the competence of testing and calibration laboratories."

The Company has also successfully supplied new sizes into the market, which were added to its portfolio, post upgradation of the Merchant bar mill in 2023.

Health and Safety

The Company considers the health and safety of its employees to be of the utmost importance. The company continues its relentless focus on the occupational safety of its employees.

The Company has its own clinic with facilities to provide basic medical assistance to the employees. The clinic employs a full-time male nurse, and a doctor is available part-time every day.

The Company has also obtained a group medical policy for its employees and eligible dependents from a reputed insurance company in Oman. Furthermore, the Company also has a group life policy for all its employees.

Operational Review

Despite various headwinds in terms of global economy and turbulence in the Middle East, the company performed strongly in 2025, with a significant rise in net profits of 30% year on year. Sales for the year have increased by 9% over previous year, from 479,500 MT in 2024 to 521,664 MT in 2025. This has been achieved by increased focus on profitability and optimizing sales, inventory management and cost control. Stability of Raw material prices through the year have also contributed to stability in market prices.

Financial Review

The financial performance of the Company in 2025 as compared to that of 2024 is given below:

(Amount in OMR)

Particulars	Group			Parent		
	2025	2024	Variance %	2025	2024	Variance %
Revenues	150,456,244	146,685,336	3%	149,316,519	145,864,579	2%
Gross Profit	27,854,188	23,887,030	17%	26,581,043	22,865,421	16%
Other income	259,629	2,367	10869%	259,629	464,085	(44%)
Selling & Distribution Expenses	9,030,084	8,483,300	6%	8,753,826	8,337,123	5%
General & Administration Expenses	6,546,851	5,829,171	12%	5,266,685	4,771,148	10%
Other Operating Expenses	38,433	25,102	53%	26,748	25,102	7%
Release of ECL on trade receivables	(24,019)	(49,041)	(51%)	(30,936)	(56,486)	(45%)
Net Interest Expense	959,103	1,209,744	(21%)	873,184	1,113,128	(22%)
Income Tax	1,986,532	1,300,965	53%	1,818,567	1,372,466	33%
Net Profit	9,576,833	7,090,156	35%	10,132,598	7,767,025	30%
EPS	0.078	0.057		0.081	0.062	

Future Outlook

The outlook for Gulf Cooperation Council (GCC) economies remains robust, with growth momentum projected to accelerate from 2025 through 2026, driven by a combination of recovering oil output and strong non-oil sector expansion. Real GDP growth is forecast to rise from an average of 3.2%–3.3% in 2025 to over 4% in 2026. This upward trend is supported by structural reforms, rapid digital transformation, and massive investment in non-hydrocarbon sectors.

Non-oil activity, which accounts for over 73% of total GDP, is the primary driver of growth, with sectors such as logistics, tourism, financial services, and manufacturing expanding rapidly. The steel sector is expected to perform well on the back of major construction projects in the region, driven by investments and the Vision documents of GCC countries, leading to diversification of economies away from the hydrocarbon sector.

We remain cautiously optimistic about the region's ability to overcome geopolitical tensions and withstand oil price shocks in the future.

With the various upgrades and incremental enhancements we have made to our mills, as well as strategic targeting of niche market segments, we are confident of Jazeera Steel's constant growth both in terms of volumes and bottom-line.

Human Resources and Omanization

Our total employee strength is 691. One of the ways in which the Company improves its competence in the present market is through employee training and personal development.

We are happy with the fact that we are an important contributor to the Omani economy and are proud that 44 % of our Employees are Omanis.

Our trained and skilled workforce, along with their hard work, has contributed to enhancing productivity and sales.

Corporate Social Responsibility

The Company sees Corporate Social Responsibility as an essential element of any corporate development. The Company sees itself as part of the wider Suhar and Omani society. We actively support the underprivileged in medical treatment, employability, and education. The company has donated for schools and charitable organizations. Further, the Company sponsored events that support the promotion of various arts, cultural forums, and sports.



A N Venkat
Chief Executive Officer



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Private and confidential
Our ref: aud/mc/an/25095/26

Agreed-upon procedures on Code of Corporate Governance ("the Code") of Al Jazeera Steel Products Co SAOG

To the Board of Directors of Al Jazeera Steel Products Co SAOG

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting the Al Jazeera Steel Products Co SAOG for submission of agreed upon procedures report on the compliance with the Code of Corporate Governance (the "Code") to the Financial Services Authority ("FSA") (formerly the Capital Market Authority) to assist in compliance of requirements prescribed in the FSA Circular No. E/10/2016 dated 1 December 2016 (together the "Governance Code") and may not be suitable for another purpose. This report is intended solely for the Al Jazeera Steel Products Co SAOG and the intended users and should not be used by, or distributed to, any other parties.

Responsibilities of the Al Jazeera Steel Products Co SAOG

The Board of Directors has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Management of Al Jazeera Steel Products Co SAOG is responsible for the accuracy and completeness of the subject matter on which the agreed-upon procedures are performed.

Practitioners' Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Al Jazeera Steel Products Co SAOG, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.



Practitioners' Responsibilities (continued)

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

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

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

Procedures and Findings

We have performed the procedures described below, which were agreed upon with Al Jazeera Steel Products Co SAOG in the terms of engagement dated 13 January 2025, on the compliance with the Code:

S. No	Procedures	Findings
(a)	We checked that the corporate governance report (the report) issued by the Board of Directors includes as a minimum, all items suggested by FSA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in the Annexure 3	No exceptions noted.
(b)	We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2025. With respect to procedure above, we inquired from and obtained written representation from management and those charged with governance for non-compliance with the Code for the year ended 31 December 2025.	No non-compliance with the Code noted during the year.

This report relates only to the items specified above and does not extend to the Company's financial statements taken as a whole.

KPMG LLC
 Muscat, Sultanate of Oman



15 February 2026

Corporate Governance Report

Pursuant to the Code of Corporate Governance laid out by the Financial Services Authority (FSA), the Board has adopted a set of governance policies that cover its relationship with the shareholders and the conduct by the Board of its own affairs. The Company is pleased to present the Corporate Governance Report for the year ended 31 December 2025. The Company's external auditor, KPMG LLC, has issued a separate report on the Company's Corporate Governance Report for the year ended 31 December 2025.

A. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Al Jazeera Steel Products Co SAOG ("Al Jazeera" or "the Company") believes that for a company to succeed on a sustainable basis, it must maintain high standards of Corporate Governance towards its employees, consumers and society. Al Jazeera has always focused on good Corporate Governance, which is a key driver of sustainable growth and profitability in the long-term and value addition for our shareholders.

In this report, Al Jazeera Steel Products Co SAOG confirms its compliance with the Code.

B. BOARD OF DIRECTORS

a) Composition of the Board

As of 31 December 2025, the Company had 7 members as its Board of Directors. During the year, the composition of the Board was as given below:

Brief Profile of the Board of Directors

Sheikha Amal Suhail Bahwan Al Mukhaini – Chairperson

Sheikha Amal Bint Bahwan is currently the Vice-Chairperson of Suhail Bahwan Group Holding LLC, with extensive experience in managing the companies within the Suhail Bahwan Group.

She also is the Chairperson of the Board of Directors of: National Bank of Oman SAOG, Al Jazeera Steel Products Co SAOG, Al Afia Healthcare Development and Investment Co SAOC, Inventure Group Holding Co and DHL Global Forwarding Co. LLC

Also, she serves as a member of the Board Members of the following companies: Oman Oil Marketing Co SAOG and National Pharmaceutical Industries SAOC. In addition, she serves as a Board member for the Centre for Social Investment and a member of the Consultative Committee for the Children's Association in Oman.

She is the first Omani lady whose photo was published on the cover of Forbes Middle East. She is consistently ranked among the most influential women in the Middle East by Forbes Middle East and in the list of the most powerful Arab women during the last five years.

She holds a Master Degree in Administration and BA in Education from Sultan Qaboos University.

Mr. Shihab Salim Al-Barwani – Vice Chairman

Mr. Shihab Al Barwani holds B.Eng. (Hons) in Instrumentation and Control System Engineering from UK (1987) with over 42 years of experience in oil and gas industry, both in Oman and internationally. He worked with Petroleum Development Oman in diverse roles and held position of Senior VP Project Delivery and HSSE at OQ. Additionally, Mr. Shihab is also a Director at Galfar Engineering & Contracting SAOG.

Mr. Abdul Kader Darwish Al Balushi – Director

Mr. Abdul Kader has over 45 years of experience in the banking sector out of which 25 years with Bank Muscat SAOG in various managerial positions before retiring as General Manager-Credit Policy & Planning. He holds a master's degree in business administration from Heriot-Watt University, UK and CPA from Oregon State Board of Accountancy, USA.

Mr. Rahul Kar – Director

Mr. Rahul Kar is a Chartered Accountant and is currently working as the Financial Advisor to the Chairman of Suhail Bahwan Group Holding LLC. Mr. Kar is a Director and Nomination & Remuneration Committee member of Oman United Insurance Company SAOG.

Ms. Amna Bahwan Al Mukhaini – Director

After venturing into the competitive and fast-paced world of finance followed by an exciting and educational period in strategic planning and events, Ms. Bahwan has confidently garnered an array of experiences and is proudly deputy CEO of Inventure Metal Product Industries.

Having a background in accounting and finance coupled with a creative mindset, she has had a wide variety of experience which has helped her develop the versatile techniques through which she deals with new challenges daily.

It is because of that her perspective has widened, and her unorthodox outlook has proved beneficial to any business or company she has worked with.

Ms. Amna Bahwan holds a bachelor's degree in accounting and finance from University of Bradford and Certification on Circular Economy and Sustainability Strategies from University of Cambridge with 10+ years of experience in finance field.

Mr. Ali Ahmed Ali Bahwan Al Mukhaini – Director

Mr. Ali Bahwan holds a Mechanical Engineering degree MEng (hons) from the University of Bath, United Kingdom, with various past enriching experiences with reputable companies such as Steyr Mannlicher in Austria, Oman India Fertilizer Co. SAOC, Suez Tractabel Operation & Maintenance Oman LLC in Oman, and most recently as a Materials and Processes Engineer at Leonardo Aircraft in Varese, Italy with a prominent role in the strategic planning and initiation of new R&D projects, in particular from the aspect of sustainability.

Mr. Mahmood Salim Al-Aamri – Director

Mr. Mahmood holds Bachelor of Engineering (B.Eng.) Mechanical Engineering - Sunderland University, United Kingdom and MSC in Industrial Engineering from Sultan Qaboos University with more than 31 years of experience in the Oil and Gas industry and management of large-scale Integrated Engineering and Tourism Complex projects and Asset Management.

Mr. Mahmood has worked in various senior positions with Petroleum Development Oman, The Wave, Oman Gas Company and presently working with OQ as VP Project Assurance.

b) Directors' attendance record at the Board meeting and Last Annual General Meeting

During the year 2025, five board meetings were held on the following dates:

1. 09 February 2025	2. 27 April 2025	3. 27 July 2025
4. 26 October 2025	5. 21 December 2025	

The maximum interval between any two meetings in 2025 was 91 days. The interval between the last meeting in 2024 and the first meeting in 2025 was 52 days.

The attendance record of each director at the Board meetings and at the General meetings held during the year 2025 is given below:

Name of the Director	Category	Board Meeting					AGM
		09-Feb	27-Apr	27-Jul	26-Oct	21-Dec	23 Mar
Sheikha Amal Suhail Salim Bahwan	NE	√	√	√	√	√	√
Mr. Shihab Salim Al Barwani	NE & ID	√	√	√	√	√	√
Mr. Abdul Kader Darwish Al Balushi	NE & ID	√	√	√	√	√	√
Mr. Rahul Kar	NE & ID	√	√	√	√	√	√
Ms. Amna Bahwan Al Mukhaini	NE	√	√	√	√	√	√
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	NE	√	√	√	√	√	√
Mr. Mahmood Salim Al Aamri	NE & ID	√	√	√	√	√	√

NE: Non-Executive Director

ID: Independent Director

√: Present

The Board Secretary, under the guidance of the Board members, coordinated the meetings. The meetings were conducted with exhaustive agendas and proceedings were minuted. The Chief Executive Officer reports to the Board the operations of the Company and all related issues were discussed, ensuring the growth and progress of the Company.

c) Public Joint Stock Companies where our Director is a Chairperson / Director

Name of Director	Name of the Company	Position
Sheikha Amal Suhail Salim Bahwan	National Bank of Oman SAOG	Chairperson
	Oman Oil Marketing Co. SAOG	Director
Mr. Rahul Kar	Oman United Insurance SAOG	Director
Mr. Shihab Salim Al Barwani	Galfar Engineering & Contracting SAOG	Director

No Director is a member of the Board for more than four public joint stock companies whose principal place of business is the Sultanate of Oman or is a chairperson of more than two such companies. No Director is a member of the Board of Directors of a public and another joint stock company which carry-out similar objectives and whose principal place of business is in the Sultanate of Oman.

Company Management

The names, designations, description of the responsibilities of the Key Management staff in Al Jazeera Steel Products Co SAOG and a brief profile of them are as follows:

Mr. AN Venkat – Chief Executive Officer

Mr. AN Venkat is an engineering graduate in Metallurgy from IIT- Roorkee, India, with additional Financial Certifications from Xavier School of Management (XLRI), Jamshedpur, India & London School of Economics. He has more than 34 years' experience in the international steel industry at various management levels across the globe, with a special focus on GCC, Middle East and India. In his previous engagement, he worked as Vice President - Sales at Emsteel (previously known as Emirates Steel Arkan), Abu Dhabi, the UAE. As a part of the executive management committee, he was instrumental in the growth of 1.5 million tonnes predominantly a re-rolling facility to a 3.5 million tonnes completely integrated steel facility. His experience spans across geographies, markets and product segments in the steel industry, which lends him a unique blend of product & market knowledge. He has proven abilities in operations management, marketing, sales & commercial functions, with a proven track record of leading multi-cultural teams and bringing out record-breaking performances within a very short span of time. He has successfully handled change management in large enterprises in extremely challenging market conditions. Mr. AN Venkat started his career with Tata Steel as a graduate engineer, later moved to ArcelorMittal and was finally designated as Managing Director of AMI GCC & India. He is currently also serving as an Independent Board Member in Steel1, an advanced steel fabrication facility in India.

Mr. Bejoy John – Chief Financial Officer

Mr. Bejoy is a Chartered Accountant by profession with an experience of 28 years in the field of finance and accounts functions in various industries at the management level, responsible for all the Finance and Commercial functions of the Company and reports to the Chief Executive Officer and the Board of Directors of the Company.

Mr. Arun Kumar Sinha – Chief Marketing Officer

Mr. Arun is a post-graduate in Marketing Management and has an experience of 36 years in steel industry at various management levels; responsible for all the marketing activities of the Company and reports to the Chief Executive Officer of the Company.

Mr. Yousuf Al Kamali – Chief of HR & Administration

Mr. Yousuf holds graduate degree in History and has a total experience of 43 years. He retired from Ministry of Education as a School Headmaster. He is with the Company since its inception and is responsible for all HR & Administration related activities and reports to the Chief Executive Officer. He holds the additional responsibility of being Advisor to the CEO on Government affairs and relations & external corporate affairs.

Mr. Milind Kulkarni – Chief Operating Officer

A Mechanical Engineering graduate from Dr Ambedkar Marathwada University with distinction throughout. Started career with Ispat Profiles India limited (a formerly Ispat group company). Worked in Saudi Arabia, Oman & Indonesia, specifically in Section Rolling Mills, with total 31 years of experience in operations of different types of section mills and projects.

Mr. Virendra Kumar Sharma – Asst. General Manager - Merchant Bar Mill

Is a graduate Mechanical Engineer and has experience of over 36 years in the various steel plants at various levels. Responsible for all the production, dispatch and plant related activities of Merchant Bar Mill for the Company and reports to the Chief Operating Officer.

d) Information supplied to the Board

Among others, this includes:

- Capital and operating budgets and quarterly updates
- Quarterly results of the Company before submission to MSX / FSA
- Monthly Management Reports
- Minutes of the Audit and Other Committee meetings
- Information of recruitment, resignation and removal of senior executives along with the updated organization chart
- Legal cases which are material
- Serious accidents, dangerous occurrences and pollution problems, if any
- Material default in financial obligations to or by the Company
- Issues involving public or product liability claims of significance
- Joint Venture proposals and agreements
- Transactions involving payment towards intellectual property/goodwill/brand equity
- Any significant industrial relations problem including new wage agreements
- Sale of investments, assets and divisions which are not in normal course of business
- Non-compliance with any regulatory requirement
- Details of any foreign exchange exposure and steps taken to hedge the risk

The Board of Al Jazeera Steel Products Co. SAOG is routinely presented with all the above information whenever applicable and are materially significant. These are submitted either as part of the agenda well in advance of the Board meetings or are being tabled during the course of the Board meetings.

e) Directors with materially significant related party transactions, pecuniary or business relationship with the Company

During the year, there were no materially significant related party transactions of pecuniary nature between Al Jazeera Steel Products Co. SAOG and its Directors who may have potential conflict with the interests of the Company at large. The normal contracts and transactions in ordinary course of business are decided at arms' length basis based on competitive quotes and on transparent mode of tendering.

f) Remuneration of Directors

All Directors are eligible for sitting fees of ~~₹~~ 400 for every Board meeting attended during the period. The Company also pays ~~₹~~ 300 to all members towards sitting fees for every Audit Committee, Nomination and Remuneration Committee and Investment Committee meeting attended during the period.

An amount of ~~₹~~ 109,429 was paid during the year as Directors' Remuneration for 7 Directors, relating to the previous year.

Directors' Remuneration payable as per FSA regulations and subject to the approval of the shareholders in the forth-coming Annual General Meeting amounted to ~~₹~~ 140,000 for the year ended 31 December 2025.

Sitting fees payable/paid to individual directors for the year (in ~~₹~~) are as set out below:

Name of the Director	Board Meetings	Audit Committee	ENR Committee	Investment Committee	Total
Sheikha Amal Suhail Salim Bahwan	2,000	-	600	-	2,600
Mr. Shihab Salim Al Barwani	2,000	1,800	-	900	4,700
Mr. Abdul Kader Darwish Al Balushi	2,000	1,800	-	-	3,800
Mr. Rahul Kar	2,000	-	600	1,200	3,800
Ms. Amna Bahwan Al Mukhaini	2,000	1,800	600	-	4,400
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	2,000	-	-	1,200	3,200
Mr. Mahmood Salim Al Aamri	2,000	-	-	1,200	3,200
Total	14,000	5,400	1,800	4,500	25,700

g) Process of nomination of the Directors

The Company adheres to the process as has been laid down in the Commercial Companies Law and by the Financial Services Authority in conjunction with the Articles of Association of the Company, which stipulate that the nomination of the Directors is usually done by the shareholders in the Annual General Meeting.

h) Audit Committee (AC)

The Board has constituted an Audit Committee comprising two independent directors and one non-independent director.

i. Terms of Reference of the Audit Committee are as set out below:

- To recommend to the Board, name of the independent auditors to audit the financial statements of the Company.
- To evaluate the performance of the independent auditors and, where appropriate, replace such auditors.
- To review the audited financial statements and discuss them with the management and the independent auditors. Based on such review, the Committee makes its recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report.

- To monitor all reporting, accounting, control and the financial aspects of the executive management's activities.
- To review and recommend policies for the approval by the Board.
- To investigate any activity within the Company.
- To seek information from any employee.
- To discuss with a representative of management, the interim financial information contained in the Company's Quarterly Report prior to its filing (These discussions may be held either with the Committee as a whole, or with the Committee chairperson, or by telephone.)
- To oversee internal audit activities, including discussing with management and the internal auditors the internal audit function's organization, objectivity, responsibilities, plans, results, budget and staffing.
- Discussing with the management, the internal auditors and the independent auditors the quality and adequacy of and compliance with the Company's internal controls and provide assurance to the Board of Directors regarding the adequacy of the internal control environment within the Company.
- Discussing with management and/or the Company's lawyer any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements and any material reports or inquiries from regulatory or governmental agencies.

The Committee carries out its functions in accordance with the policy approved by the Board and in line with the resolutions issued by the Financial Services Authority.

- ii. Six Audit Committee meetings were held during the financial year ended 31 December 2025. The dates of the meetings and the member's attendance are as follows:

Name of the Director	Position	Audit Committee Meeting					
		09-Feb-25	05-Mar-25	27-Apr-25	27-Jul-25	26-Oct-25	11-Dec-25
Mr. Abdul Kader Darwish Al Balushi	Chairman	√	√	√	√	√	√
Mr. Shihab Salim Al Barwani	Member	√	√	√	√	√	√
Ms. Amna Bahwan Al Mukhaini	Member	√	√	√	√	√	√

√: Present

Total sitting fees payable/paid to the Audit Committee members is ~~5~~ 5,400 for the year 2025.

i) Internal Control

The Audit Committee, on behalf of the Board regularly reviewed the internal control prevailing in the Company. The Audit Committee (AC) has appointed a full time in-house internal auditor from August 2011 onwards.

The Company has an internal audit firm for reviewing and reporting on various issues of the Company along with recommendations and management comments thereupon. The Audit Committee reviews the internal auditor's reports on a regular basis. The Internal Controls prevailing in the Company are adequate. The internal audit activities for the whole year were carried out by an audit firm, Moore Stephens LLC and the total audit fees paid / payable for the whole year 2025 ~~10~~ 10,500.

j) Executive and Nomination & Remuneration Committee (ENRC)

Executive and Nomination & Remuneration Committee operates within its terms of reference issued by the Board of Directors.

i) ENRC's key responsibilities include:

- Set performance-based criteria to determine the bonus and remuneration of the Directors and Executive Management

- Succession planning for Directors and Executive Management
 - Look for and nominate qualified persons to the Board of Directors
 - Assist in selecting qualified persons for the Executive Management
- (ii) Two ENRC meetings were held during the financial year ended 31 December 2025, the dates of the meeting and the member's attendance are as follows.

Name of the Director	Position	Executive and Nomination & Remuneration Committee	
		9 Feb 25	26 Oct 25
Sheikha Amal Suhail Salim Bahwan	Chairperson	√	√
Mr. Rahul Kar	Member	√	√
Ms. Amna Bahwan Al Mukhaini	Member	√	√

√: Present

Total sitting fees payable/paid to the ENRC committee members amounted to ~~₹~~ 1,800 for the year 2025.

k) Investment Committee (IC)

Investment Committee operates within its terms of reference issued by the Board of Directors.

- i) Investment Committee's key responsibilities include:
- **Investment Strategy and Policy Oversight**
 - ◇ Collaborate with executive management to review and recommend investment strategies, policies, and guidelines for Board approval.
 - ◇ Continuously review and refine the investment strategy and policies to align with changes in the external environment and applicable regulations.
 - **Evaluation of Investment Opportunities**
 - ◇ Study and assess investment opportunities presented by executive management, including:
 - Mergers and acquisitions of companies, businesses, or assets.
 - Disposals, exits, or transfers of ownership of existing investments.
 - Joint ventures, partnerships, and related agreements.
 - New investments, project expansions, and related financing opportunities.
 - **Portfolio Performance Monitoring**
 - ◇ Oversee and evaluate the performance of the company's investment portfolio to ensure alignment with strategic objectives.
 - **Risk and Compliance Management**
 - ◇ Ensure compliance with regulatory requirements and adherence to ethical investment standards.
 - ◇ Provide guidance on risk management strategies to safeguard the company's investment portfolio.

- **Advisory Role to the Board**

- ◊ Offer recommendations to the Board regarding key investment decisions and their potential impact on the company's growth and sustainability.

(ii) Four investment committee meetings were held during the financial year ended 31 December 2025, the dates of the meeting and the member's attendance are as follows.

Name of the Director	Position	Investment Committee			
		05-Feb-25	27-Mar-25	20-Jul-25	23-Oct-25
Mr. Shihab Salim Al Barwani	Chairperson	√	√	Ab	√
Mr. Rahul Kar	Member	√	√	√	√
Mr. Ali Ahmed Ali Bahwan Al Mukhaini	Member	√	√	√	√
Mr. Mahmood Salim Al Aamri	Member	√	√	√	√

√: Present Ab: Absent

Total sitting fees payable/paid to the investment committee members amounted to ~~₹~~ 4,500 for the year 2025.

MANAGEMENT REMUNERATION

The remuneration package of the executives is made up of a fixed and a variable component. The fixed component includes a salary, valued perquisites and retirement benefits. The variable component is a performance-linked incentive, which is calculated based on pre-determined parameters of performance.

During the year 2025, the total cost of the top executives of the Company was ~~₹~~ 800,839 (Salary & others ~~₹~~ 774,562 Gratuity ~~₹~~ 26,277).

The severance notice period of these executives is three months with end of service benefits payable as per the Omani Labour Law.

Employment Contract

Al Jazeera enters into a formal Contracts of employment with each employee and such contracts are in line with the regulations of the Ministry of Manpower and Omani Labour Law.

DETAILS OF NON-COMPLIANCE BY THE COMPANY

There were no penalties or strictures imposed by the Financial Securities Authorities (FSA) or Muscat Stock Exchange (MSX) or any other authorities on the Company for any matters related to the capital market during the last three years.

MEANS OF COMMUNICATION WITH THE SHAREHOLDERS AND INVESTORS

Al Jazeera Steel Products Co SAOG has its own web site at the URL www.jazeerasteel.com, which was built for our worldwide customers and partners. The website contains detailed specifications on the various product ranges manufactured, along with timely updates on all the vital information relating to the Company, annual financial results, official press releases and presentation to analysts.

The quarterly/annual results were published in the local newspapers both in Arabic and English. The financial results are also uploaded on the website of Muscat Stock Exchange (www.msx.om). The results were not sent individually to the shareholders in view of the above. Shareholders wishing to acquire a set of results can download them from the MSX website or were

advised to contact our offices directly. The company has an appropriate disclosure policy and adequate procedures are in place to ensure implementation and monitoring of compliance of the policy.

In 2025, the company conducted two interactive meetings with investors and analysts. A public invitation was issued through the Muscat Stock Exchange, inviting investors and media representatives to attend and participate.

The first meeting took place on February 26, 2025, during which the company's management presented the audited financial statements for the year ended 31 December 2024, were discussed. The second meeting, held on August 11, 2025, during which the unaudited financial statements for the period ending 30 June 2025 was discussed. The management addressed participants' questions and inquiries during both meetings, which saw participation from investors and analysts from both within and outside the Sultanate. Following both meetings, the company provided the recording files to the Muscat Stock Exchange for publication on its website.

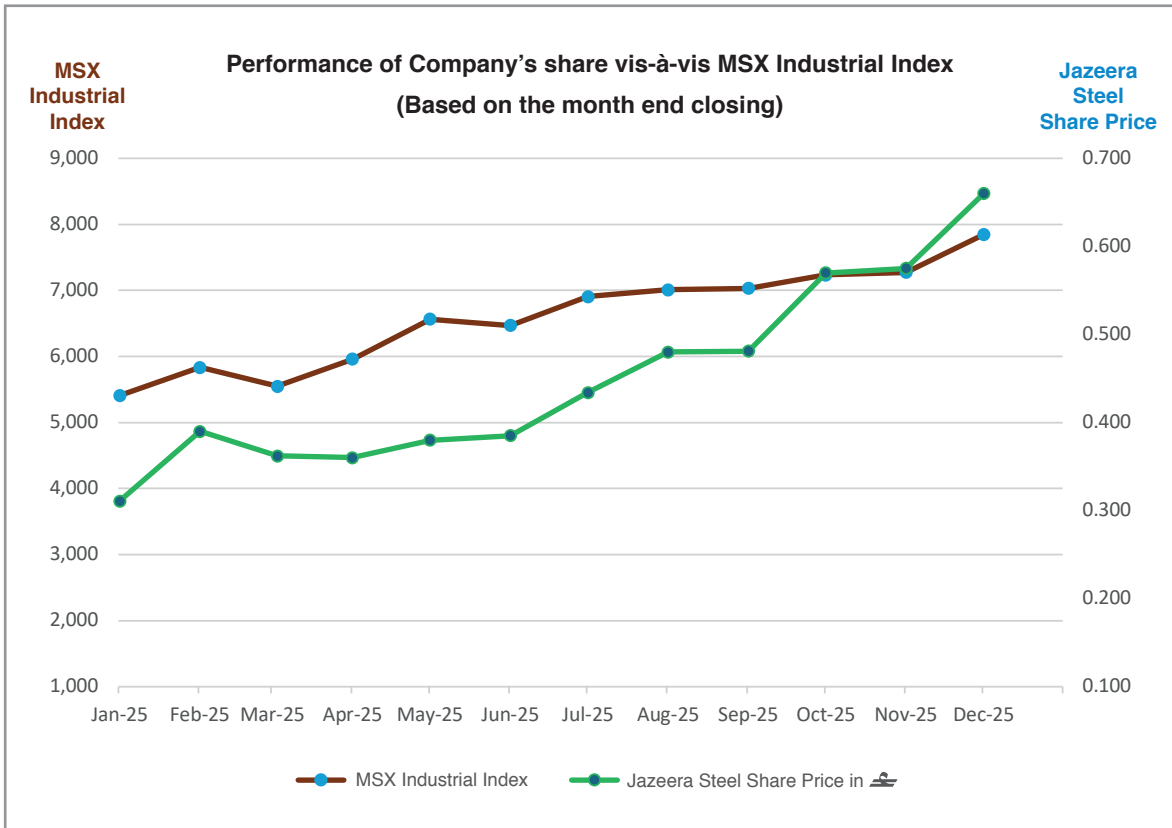
A copy of the Management Discussion and Analysis is circulated along with the financial statements.

MARKET PRICE DATA

Market Price Data for the year 2025 – High / Low during each month:

Month	Company Share Price (﷮)		MSX Industrial Index	
	High	Low	High	Low
January-25	0.317	0.288	5,467	5,210
February-25	0.390	0.309	5,863	5,406
March-25	0.415	0.362	5,850	5,439
April-25	0.379	0.340	5,967	5,376
May-25	0.380	0.349	6,578	5,871
June-25	0.390	0.345	6,720	6,209
July-25	0.440	0.375	6,930	6,459
August-25	0.497	0.430	7,159	6,881
September-25	0.485	0.465	7,058	6,895
October-25	0.590	0.485	7,273	6,940
November-25	0.600	0.566	7,318	7,150
December-25	0.666	0.575	7,897	7,251

Performance of the Company's share price in comparison to the broad-based MSX Index of the Industrial sector in Oman during the year 2025 based on month-end closing is illustrated in the below chart:



Distribution of shareholding

Distribution schedule of each class of equity security with number of holders and percentage in the following categories as at 31 December 2025 is as follows:

Categories	No. of Shares	No. of Shareholders	% of Total Outstanding Shares
Less than 1%	11,334,397	746	9.07%
1 % to less than 5%	22,758,477	8	18.22%
5 % to less than 10%	27,107,126	3	21.70%
10% to less than 50%	-	-	-
More 50%	63,697,960	1	51.00%
Total	124,897,960	758	100.00%

The shareholding pattern of shareholders holding more than 5% as on 31 December 2025 was:

Name of the Shareholders	Total Shares	% of Share Capital
Sheikha Amal Suhail Salim Bahwan	63,697,960	51.00%
Social Protection Fund	10,379,234	8.31%
Oman Investment Authority - 2	10,102,854	8.09%
Al Aرامي Group Holding LLC	6,625,038	5.30%
Total	90,805,086	72.70%

The Company does not have any GDRs, ADRs, warrants or any convertible instruments as of 31 December 2025 and hence the likely impact on equity is NIL.

PROFESSIONAL PROFILE OF THE STATUTORY AUDITOR

The shareholders of the Company appointed KPMG LLC as its external auditors for 2026. KPMG LLC has been operating in Oman since 1974 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 180 people, amongst whom are five partners and five other engagement leaders, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 138 countries and territories and have 276,000 people working in member firms around the world. KPMG LLC and KPMG Lower Gulf Limited are member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

DETAILS OF NON-COMPLIANCE WITH THE PROVISIONS OF CORPORATE GOVERNANCE

This Corporate Governance Report is prepared in compliance with the Code of Corporate Governance issued by the Financial Services Authority.

BOARD OF DIRECTORS ACKNOWLEDGES THAT:

The Company has all its systems and procedures formally documented and in place. The Company has "Internal Regulations" separately compiled as per regulatory requirements. The Board of Directors has reviewed this manual and approved it. The "Internal Regulations" has all the necessary and prescribed procedures. The Board has reviewed these regulations.

The Board of Directors is responsible to ensure that the financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the requirements of the Commercial Companies Law of the Sultanate of Oman and the Rules and Guidelines on disclosure prescribed by the Financial Services Authority.

There are no material events affecting the continuation of Al Jazeera Steel Products Co SAOG and its ability to continue its production operations during the next financial year.



Amal Suhail Salim Bahwan
Chairperson



Abdul Kader Darwish Al Balushi
Director



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Independent auditors' report

To the Shareholders of Al Jazeera Steel Products Co SAOG

Report on the Audit of the Consolidated and Parent Company (Separate) Financial Statements

Opinion

We have audited the consolidated and parent company (separate) financial statements of Al Jazeera Steel Products Co SAOG ("the Parent Company") and its subsidiaries ("the Group"), which comprise the consolidated and parent company (separate) statement of financial position as at 31 December 2025, the consolidated and parent company (separate) statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and parent company (separate) financial statements present fairly, in all material respects, the consolidated and unconsolidated financial position of the Group and Parent Company as at 31 December 2025, and its consolidated and unconsolidated financial performance and its consolidated and unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements* section of our report. We are independent of the Group and Parent Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the consolidated and parent company (separate) financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated and parent company (separate) financial statements of public interest entities in the Sultanate of Oman. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

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

Revenue Recognition

See Note 4(l) and 19 to the consolidated and parent company (separate) financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Total revenue recognized during the year by the Parent Company amounted to ₹ 149.3 million (2024 : ₹ 145.9 million) and the Group amounted to ₹ 150.5 million (2024 : ₹ 146.7 million).</p> <p>Revenue from the sale of steel products, under IFRS 15, is based on the terms specified in the contract with customers and is recognised when the performance obligation is satisfied for the transaction.</p> <p>We have identified it as a key audit matter, because of the volume of transactions with varying inco-terms across the different geographical locations.</p> <p>Refer to notes 4(l) for accounting policies.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - We obtained an understanding of the Group and Parent Company's processes relating to revenue recognition; - We involved our IT audit team to test design and operating effectiveness of both general IT controls and IT application controls involved in the revenue recording process; - We tested the design and implementation of the relevant internal controls over recognition of revenue; - We assessed the appropriateness of the Group's revenue recognition policies with the relevant IFRS; - In testing revenue recognition, our audit involved performing test of details on a sample basis. We inspected the relevant underlying supporting documents, for the samples selected, to verify that revenue recognition for the sales transactions sampled is appropriate as per IFRS 15 in line with the applicable inco-terms; and - We performed sales cut-off procedures by selecting a sample of invoices for goods delivered by road and sea to test whether the sales are recorded in the appropriate period.



Other Information

Management is responsible for the other information. The other information comprises the Chairperson's report, the Corporate Governance Report and Management Discussion and Analysis Report.

Our opinion on the consolidated and parent company (separate) financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company (separate) financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and parent company (separate) financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company (Separate) Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and parent (separate) financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the relevant requirements of the Financial Services Authority and the applicable provisions of the Commercial Companies Law of 2019, and for such internal control as management determines is necessary to enable the preparation of consolidated and parent company (separate) financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and parent company (separate) financial statements, management is responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Parent Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's and Parent Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent company (separate) financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Consolidated and Parent Company (Separate) Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and parent company (separate) financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company (separate) financial statements, including the disclosures, and whether the consolidated and parent company (separate) financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

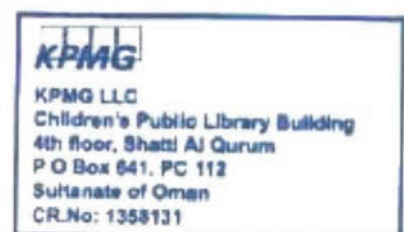
Report on Other Legal and Regulatory Requirements

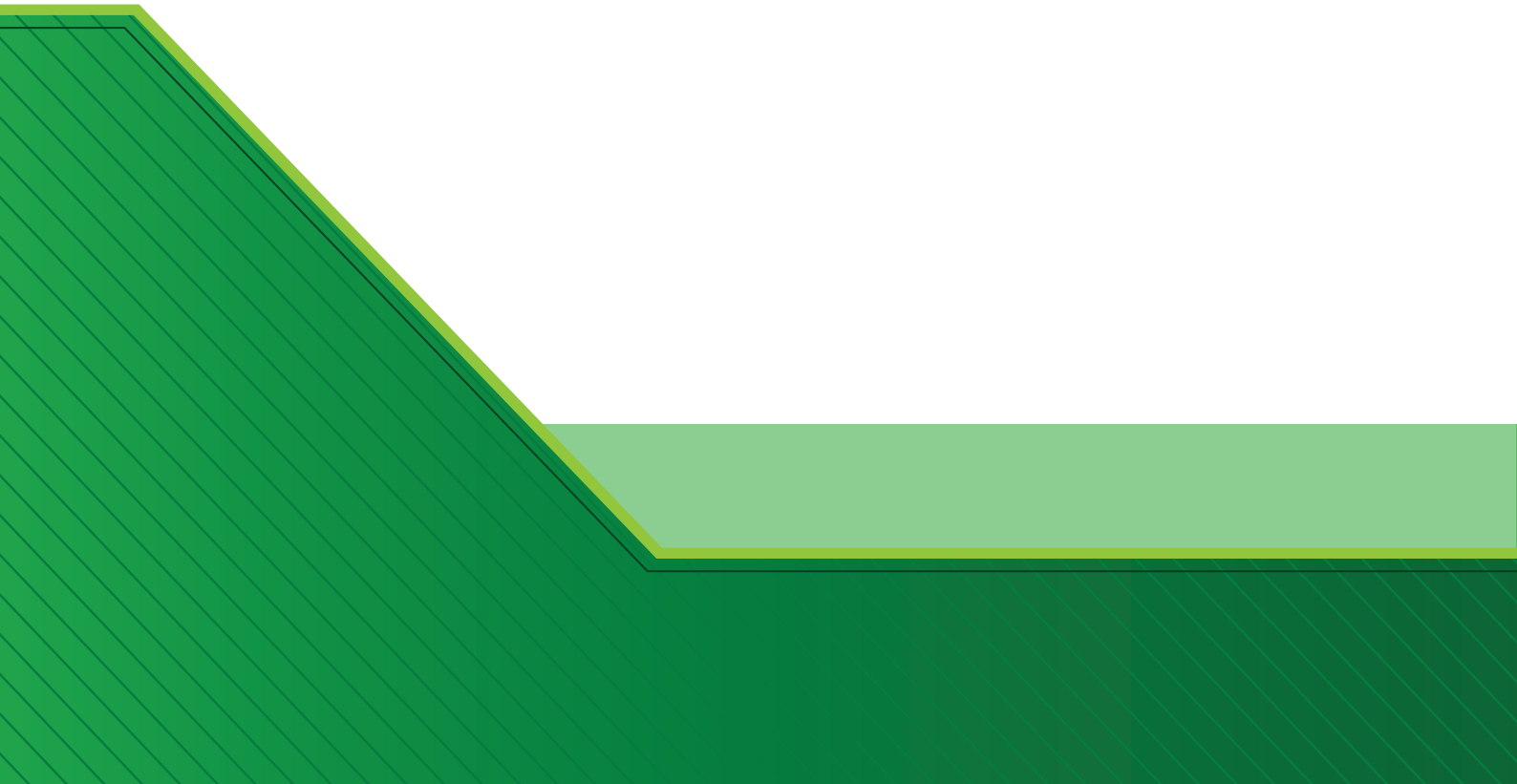
Further, we report that these financial statements as at and for the year ended 31 December 2025, comply, in all material respects, with the:

- relevant requirements of the Financial Services Authority; and
- applicable provisions of the Commercial Companies Law of 2019.

Mobeen Chaudhri
15 February 2026


KPMG
KPMG LLC







FINANCIAL STATEMENTS

Al Jazeera Steel Products Company SAOG
Consolidated and separate statement of financial position as at 31
December
(Expressed in )

	Notes	2025	Group 2024	Parent Company 2025	2024
ASSETS					
Non-current assets					
Property, plant and equipment	6	61,066,925	35,188,707	21,832,365	21,509,139
Right-of-use assets	7	12,113,873	12,129,682	2,755,509	2,780,953
Intangible assets	8	181,621	245,821	180,002	245,821
Investment in a subsidiary	9	-	-	7,310,936	6,072,663
Deferred tax assets	28	-	223,328	-	77,273
Total non-current assets		73,362,419	47,787,538	32,078,812	30,685,849
Current assets					
Inventories	10	30,430,992	27,209,359	28,863,829	25,877,812
Trade and other receivables	11	36,153,141	38,071,198	34,139,311	35,916,061
Prepayments		436,087	420,725	343,756	291,821
Bank deposits	12	323,062	669,557	262,000	608,495
Cash and cash equivalents	12	6,934,398	7,182,785	6,004,853	6,516,915
Total current assets		74,277,680	73,553,624	69,613,749	69,211,104
Total assets		147,640,099	121,341,162	101,692,561	99,896,953
EQUITY AND LIABILITIES					
Equity					
Share capital	13	12,489,796	12,489,796	12,489,796	12,489,796
Share premium	13	13,856,484	13,856,484	13,856,484	13,856,484
Legal reserve	14	4,166,344	4,166,344	4,163,266	4,163,266
Fair value reserve	20	(115,262)	-	-	-
Retained earnings		30,965,691	26,191,144	31,277,951	26,139,333
Equity attributable to owners		61,363,053	56,703,768	61,787,497	56,648,879
Non-controlling interest	39	1,486,541	1,398,306	-	-
Total Equity		62,849,594	58,102,074	61,787,497	56,648,879
Non-current liabilities					
Bank borrowings	16	28,803,584	7,543,554	-	-
Employees' end of service benefits	17	2,723,399	2,759,104	2,572,763	2,672,674
Lease liabilities	7	13,837,622	13,457,617	3,126,342	3,065,418
Deferred tax liabilities	28	109,821	-	109,821	-
Site restoration provision	19	694,144	-	-	-
Derivative	20	133,771	-	-	-
Other long term liabilities	18	53,444	60,428	-	-
Total non-current liabilities		46,355,785	23,820,703	5,808,926	5,738,092
Current liabilities					
Trade and other payables	18	26,234,529	20,595,245	22,879,031	19,173,499
Bank borrowings	16	9,846,292	16,787,084	9,268,739	16,787,084
Derivative	20	27,587	-	-	-
Lease liabilities	7	617,251	687,357	250,080	205,654
Income tax payable	28	1,709,061	1,348,699	1,698,288	1,343,745
Total current liabilities		38,434,720	39,418,385	34,096,138	37,509,982
Total liabilities		84,790,505	63,239,088	39,905,064	43,248,074
Total equity and liabilities		147,640,099	121,341,162	101,692,561	99,896,953
Net assets per share	31	0.491	0.454	0.495	0.454

The audited consolidated and separate financial statements, and the accompanying notes, were approved and authorised for issue by the Board of Directors on 15 February 2026 and signed on their behalf by::



Amal Suhail Salim Bahwan
Chairperson



Abdul Kader Darwish Al Balushi
Director



A N Venkat
Chief Executive Officer



Bejoy John
Chief Financial Officer

Al Jazeera Steel Products Co. SAOG
Consolidated and separate statement of profit or loss and other
comprehensive income for the year ended 31 December
(Expressed in **ﷲ**)

	Notes	Group		Parent	
		2025	2024	2025	2024
Revenue from contract with customers	21	150,456,244	146,685,336	149,316,519	145,864,579
Cost of revenue	22	(122,602,056)	(122,798,306)	(122,735,476)	(122,999,158)
Gross profit		27,854,188	23,887,030	26,581,043	22,865,421
Other income	25	259,629	2,367	259,629	464,085
		28,113,817	23,889,397	26,840,672	23,329,506
Expenses					
Selling and distribution expenses	23	(9,030,084)	(8,483,300)	(8,753,826)	(8,337,123)
General and administrative expenses	24	(6,546,851)	(5,829,171)	(5,266,685)	(4,771,148)
Other operating expenses	26	(38,433)	(25,102)	(26,748)	(25,102)
Release of expected credit losses on trade receivables	11	24,019	49,041	30,936	56,486
		(15,591,349)	(14,288,532)	(14,016,323)	(13,076,887)
Operating profit for the year		12,522,468	9,600,865	12,824,349	10,252,619
Finance expense	27 (a)	(1,184,530)	(1,320,871)	(1,098,611)	(1,224,255)
Finance income	27 (b)	225,427	111,127	225,427	111,127
Profit before tax for the year		11,563,365	8,391,121	11,951,165	9,139,491
Income tax expense	28	(1,986,532)	(1,300,965)	(1,818,567)	(1,372,466)
Profit for the year		9,576,833	7,090,156	10,132,598	7,767,025
Profit attributable to:					
Parent Company		9,772,575	7,131,223	10,132,598	7,767,025
Non-controlling interest		(195,742)	(41,067)	-	-
		9,576,833	7,090,156	10,132,598	7,767,025
Basic and diluted earnings per share attributable to shareholders of the Parent Company	30	0.078	0.057	0.081	0.062

Al Jazeera Steel Products Co. SAOG


Consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 December (continued)

(Expressed in )

Other comprehensive income

		Group		Parent	
	Notes	2025	2024	2025	2024
Items not to be reclassified to profit or loss in subsequent periods					
Remeasurement of defined benefit liability	17	441,952	(93,492)	443,096	(95,019)
Effective portion of cash flow hedge	20	(144,077)	-	-	-
Related tax on other comprehensive income	28	(66,144)	13,933	(66,464)	14,253
Other comprehensive income for the year, net of tax		<u>231,731</u>	<u>(79,559)</u>	<u>376,632</u>	<u>(80,766)</u>
Total comprehensive income for the year		<u>9,808,564</u>	<u>7,010,597</u>	<u>10,509,230</u>	<u>7,686,259</u>
Total comprehensive income attributable to:					
Parent Company		10,033,354	7,051,018	10,509,230	7,686,259
Non-controlling interest		(224,790)	(40,421)	-	-
		<u>9,808,564</u>	<u>7,010,597</u>	<u>10,509,230</u>	<u>7,686,259</u>

Al Jazeera Steel Products Co. SAOG

Consolidated and separate statement of changes in shareholders' equity
for the year ended 31 December 2025
(Expressed in )

Group	Notes	Share capital	Share premium	Legal reserve	Fair value reserve	Retained earnings	Attributable to Parent Company Shareholders	Non-controlling Interests	Total
Balance at 1 January 2024		12,489,796	13,856,484	4,166,344	-	21,513,187	52,025,811	399,132	52,424,943
Profit for the year		-	-	-	-	7,131,223	7,131,223	(41,067)	7,090,156
Other comprehensive income net of tax									
Defined benefit plan actuarial loss		-	-	-	-	(80,205)	(80,205)	646	(79,559)
Dividends paid	15	-	-	-	-	(2,373,061)	(2,373,061)	-	(2,373,061)
Transactions with non - controlling interest		-	-	-	-	-	-	1,039,595	1,039,595
Balance at 31 December 2024		12,489,796	13,856,484	4,166,344	-	26,191,144	56,703,768	1,398,306	58,102,074
Balance at 1 January 2025		12,489,796	13,856,484	4,166,344	-	26,191,144	56,703,768	1,398,306	58,102,074
Profit for the year		-	-	-	-	9,772,575	9,772,575	(195,742)	9,576,833
Other comprehensive income net of tax									
Defined benefit plan actuarial gain, net of tax	17	-	-	-	-	372,584	372,584	3,224	375,808
Changes in fair value of derivative instrument	20	-	-	-	(115,262)	-	(115,262)	(28,815)	(144,077)
Dividends paid	15	-	-	-	-	(5,370,612)	(5,370,612)	-	(5,370,612)
Transactions with non - controlling interest		-	-	-	-	-	-	309,568	309,568
Balance at 31 December 2025		12,489,796	13,856,484	4,166,344	(115,262)	30,965,691	61,363,053	1,486,541	62,849,594

Al Jazeera Steel Products Co. SAOG
 Consolidated and separate statement of changes in shareholders' equity
 for the year ended 31 December 2025
 (Expressed in **ﷲ**)

Parent Company	Notes	Share capital	Share premium	Legal reserve	Retained earnings	Total
Balance at 1 January 2024		12,489,796	13,856,484	4,163,266	20,826,135	51,335,681
Net profit after tax and total comprehensive income for the year		-	-	-	7,767,025	7,767,025
Other comprehensive income for the year						
Defined benefit plan actuarial loss, net of tax		-	-	-	(80,766)	(80,766)
Transactions with owners for the Company						
Dividends paid	15	-	-	-	(2,373,061)	(2,373,061)
Balance at 31 December 2024		12,489,796	13,856,484	4,163,266	26,139,333	56,648,879
Balance at 1 January 2025		12,489,796	13,856,484	4,163,266	26,139,333	56,648,879
Profit for the year		-	-	-	10,132,598	10,132,598
Other comprehensive income for the year						
Defined benefit plan actuarial gain, net of tax		-	-	-	376,632	376,632
Dividends paid	15	-	-	-	(5,370,612)	(5,370,612)
Balance at 31 December 2025		12,489,796	13,856,484	4,163,266	31,277,951	61,787,497


Al Jazeera Steel Products Co. SAOG
Consolidated and separate statement of cash flows for the year ended 31
December
(Expressed in **ﷲ**)

	Notes	Group		Parent Company	
		2025	2024	2025	2024
Cash flows from operating activities					
Profit after tax for the period		9,576,833	7,090,156	10,132,598	7,767,025
Adjustments for:					
Finance expense	27 (a)	1,184,530	1,320,871	1,098,611	1,224,255
Finance income	27 (b)	(225,427)	(111,127)	(225,427)	(111,127)
Depreciation on property, plant and equipment	6	2,236,345	1,668,827	2,185,601	1,659,954
Depreciation on right-of-use assets	7	166,577	166,512	143,739	142,944
Amortisation of intangible assets	8	118,462	104,148	116,616	104,148
Provision for obsolete and slow-moving inventories	10	(475,356)	(65,208)	(487,535)	(73,023)
Allowance for expected credit losses on trade receivables	11	(24,019)	(49,041)	(30,936)	(56,486)
Loss on disposal of property, plant and equipment	26	38,433	25,102	26,748	25,102
Dividend income from a subsidiary	25	-	-	-	(461,718)
Provision for employees' end of service benefits	17	273,992	579,456	263,218	553,998
Interest on defined benefit liability	17	154,438	104,186	150,388	101,575
Income tax expense	28	1,986,532	1,300,965	1,818,567	1,372,466
		<u>15,011,340</u>	<u>12,134,847</u>	<u>15,192,188</u>	<u>12,249,113</u>
Changes in:					
Inventories		(2,746,277)	278,023	(2,498,481)	976,420
Trade and other receivables		1,942,076	1,172,289	1,805,177	1,293,717
Prepayments		(15,362)	(195,694)	(51,935)	(101,828)
Trade and other payables		5,632,300	1,770,946	3,705,532	615,176
Cash generated from operating activities		<u>19,824,077</u>	<u>15,160,411</u>	<u>18,152,481</u>	<u>15,032,598</u>
Income tax paid		(1,359,165)	(555,744)	(1,343,394)	(538,047)
Employees' benefit liabilities paid	17	(69,616)	(62,413)	(67,912)	(60,506)
Lease Registration fees paid		(3,743)	-	(3,743)	-
Net cash generated from operating activities		<u>18,391,553</u>	<u>14,542,254</u>	<u>16,737,432</u>	<u>14,434,045</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(27,202,323)	(17,136,882)	(2,537,528)	(5,857,847)
Purchase of intangible assets	8	(54,262)	(29,188)	(50,797)	(29,188)
Decrease/(increase) in bank deposits	12	346,495	(15,339)	346,495	(15,339)
Proceeds from disposal of property, plant and equipment		1,952	2,858	1,953	2,858
Investment in a subsidiary		-	-	(1,238,273)	(4,158,380)
Dividend income from a subsidiary	25	-	-	-	461,718
Interest income received	27 (b)	225,427	111,127	225,427	111,127
Net cash used in investing activities		<u>(26,682,711)</u>	<u>(17,067,424)</u>	<u>(3,252,723)</u>	<u>(9,485,051)</u>
Cash flows from financing activities					
Interest paid	27 (a)	(1,167,249)	(1,523,445)	(1,098,611)	(1,424,954)
Dividends paid	15	(5,370,612)	(2,373,061)	(5,370,612)	(2,373,061)
Proceeds from Non-controlling Interest	9 (ii)	309,568	1,039,595	-	-
Payment of lease liabilities (principal)	7 (b)	(48,174)	(97,338)	(9,203)	(10,382)
Proceeds from bank borrowings	38	110,944,016	80,901,275	72,776,748	74,676,967
Repayments against bank borrowings	38	(96,624,778)	(78,992,864)	(80,295,093)	(78,992,864)
Net cash used in financing activities		<u>8,042,771</u>	<u>(1,045,838)</u>	<u>(13,996,771)</u>	<u>(8,124,294)</u>
Net change in cash and cash equivalents		<u>(248,387)</u>	<u>(3,571,008)</u>	<u>(512,062)</u>	<u>(3,175,300)</u>
Cash and cash equivalents, beginning of the year		7,182,785	10,753,793	6,516,915	9,692,215
Cash and cash equivalents, end of the year	12 (ii)	<u>6,934,398</u>	<u>7,182,785</u>	<u>6,004,853</u>	<u>6,516,915</u>

Disclosure as required by IAS 7 "Statement of Cash Flows" has been shown in Note 36 to the financial statements.

Al Jazeera Steel Products Co. SAOG

Notes to the consolidated and separate financial statements for the year ended 31 December 2025

(Expressed in )

1. Legal status and principal activities

Al Jazeera Steel Products Company SAOG ("the Parent Company") is an Omani public joint stock company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman. The Company's shares are listed on the Muscat Stock Exchange. The principal activities of the Parent Company are manufacturing and sale of steel products including associated works. Major shareholders and ultimate beneficial owner of the company is disclosed in note 13.

The Parent Company operates two plants namely tube mill and merchant bar mill. The commercial operations of the tube mill commenced in May 1999 and the merchant bar mill commenced in October 2009. During 2015, the Parent Company also added a new facility to manufacture rebar products in the existing merchant bar mill. The Parent Company has following subsidiaries:-

- Al Jazeera Oman Steel Products Company, single member Company, Saudi Arabia

The Parent Company holds 100% shares in Al Jazeera Oman Steel Products Company Ltd., a limited liability company registered in the Kingdom of Saudi Arabia. The principal activities of the subsidiary are import and sale of steel products manufactured by the Parent Company. The Parent Company acquired 51% shareholding in the subsidiary on 15 June 2015 and acquired the remaining 49% shareholding on 31 March 2017.

- Al Jazeera Steel Products Co L.L.C., United Arab Emirates

The Parent Company holds 80% shares in Al Jazeera Steel Products Company LLC., a limited liability company registered in the United Arab Emirates. The subsidiary company is setting up a 450,000 metric tons per annum state of the art new medium section mill in Khalifa Economic Zone Abu Dhabi (KEZAD), UAE. The subsidiary was incorporated on 4 October 2022.

The consolidated and separate financial information as at, and for the year ended, 31 December 2025, comprise the results of the Company and its subsidiaries (together referred to as "the Group").

The Parent Company's principal place of business is located at Suhar, Sultanate of Oman.

These consolidated and separate financial statements were approved for issue by the Board of Directors on 15 February 2026.

2. Basis of preparation


(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards issued by International Accounting Standards Board (IFRS Accounting Standards), and the applicable requirements of the Commercial Companies Law 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations, and the applicable regulations of Financial Services Authority of the Sultanate of Oman.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared on a historical cost basis except derivatives which are measured at fair value, employees' end of service benefits which are measured at present value of defined benefit obligation. The preparation of consolidated and separate 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 Group's accounting policies as mentioned in note 5 of these financial statements.

(c) Functional currencies

The consolidated and separate financial statements are presented in Omani Rials () which is the functional and reporting currency of the Parent Company. All amounts have been rounded to the nearest Omani rial, unless otherwise indicated.

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year
ended 31 December 2025
(Expressed in S.A.)

3. Adoptions of new and revised IFRS Accounting Standards

3.1 New standards or amendments for 2025 and forthcoming requirements

A number of new standards, amendments to standards and interpretations are effective for the year beginning on or after 1 January 2025. Those which are relevant to the consolidated and separate financial statements of the Group and the Parent Company, are set out below.

New and revised IFRS Accounting Standards	Effective for annual periods beginning on or after
Lack of Exchangeability - Amendments to IAS 21	1 January 2025

The above standard do not have an impact on the consolidated and separate financial statements of the Company.

3.2 New and revised IFRS issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2025 and earlier application is permitted. However, the Group and the Parent Company has not early adopted the following new or amended accounting standards in preparing these consolidated and separate financial statements.

A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Parent Company is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group and the Parent Company's consolidated and separate statement of profit or loss, the consolidated and separate statement of cash flows and the additional disclosures required for MPMs. The Group and the Parent Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.


B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

	Effective for annual periods beginning on or after
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability- Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely.

Al Jazeera Steel Products Co. SAOG

Notes to the consolidated and separate financial statements for the year ended 31 December 2025

(Expressed in )

4. Material accounting policies

The material accounting policies adopted in the preparation of these consolidated and separate financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries up to the reporting date. Control is achieved where the Parent Company has the power over the investee, is exposed to or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns.

Entities are consolidated from the date on which control is transferred to the Parent Company and ceases to be consolidated from the date on which control is transferred out of the Parent Company. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary. The Parent Company applies the acquisition method to account for business combinations in accordance with IFRS 3.

Non-controlling interests are presented in the consolidated statement of financial position within shareholders' equity, separate from the equity attributable to the shareholders. Non-controlling interests are separately disclosed in the consolidated statement of profit or loss and other comprehensive income. Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by the Parent Company.

All inter-company transactions, balances and gains or losses on transactions between the Parent Company and its subsidiaries are eliminated as part of the consolidation process.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment and can be measured reliably. All other expenditures are recognised in profit or loss as an expense when incurred.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful life.

The estimated useful lives for the current and prior year are as follows:

	Useful lives
Buildings	20 - 25
Plant and equipment	15 - 25
Motor vehicles	5
Tools and spares	2 - 10
Furniture and fixtures	5
Computer and other equipment	3 - 5

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

Repairs and renewals are charged to the profit or loss when the expenditure is incurred.

Gains or losses on disposals of items of property, plant and equipment are determined as the difference between the sales proceeds and their carrying amounts and are recognised in the profit or loss.

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year
ended 31 December 2025
(Expressed in **ﷲ**)

4. Material accounting policies (continued)

c) Capital work-in-progress

Capital work-in-progress is stated at cost less any recognised impairment loss including capital advances incurred up to the date of the consolidated and separate statement of financial position and is not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The interest costs on borrowings to finance the construction of qualifying assets are capitalized during the period that is required to complete and prepare the asset for its intended use. All other finance costs are charged to the statement of profit or loss using the effective interest method.

Capital work-in-progress includes all expenditure incurred on process design, development, engineering, construction, project management and other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Certain costs which are attributable to the project though cannot be identified to a specific asset are being charged to capital work in progress.

d) Intangible assets

Software

Software comprise the amount paid for acquiring the license and implementation of ERP software's which are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to amortise the cost of the software over its estimated useful life of 5 years. The amortisation expense on intangible assets is recognised in profit or loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure is recognised in profit or loss as incurred.

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

e) Investment in a subsidiary

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The investment in the subsidiary is stated at cost less impairment.


f) Financial instruments

Recognition and Initial measurement of financial instruments

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and the Parent Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss account, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The principal financial instruments used by the Group and the Parent Company, from which financial instrument risk arises, are as follows:

- 1) Trade and other receivables
- 2) Bank deposits
- 3) Cash and cash equivalents
- 4) Borrowings
- 5) Trade and other payables
- 6) Derivatives

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year
ended 31 December 2025
 (Expressed in )

4. Material accounting policies (continued)

f) Financial instruments (continued)

Classification and initial measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income (FVOCI) – debt instruments; fair value through other comprehensive income - equity instruments; or fair value through profit or loss account (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Parent Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial assets – Business model assessment

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

- The stated policies and objectives for the portfolio and the operations of these policies in practice.
- How the performance of portfolio is evaluated and reported to the management.
- The risks that affect the performance of the business model and how these risks are managed.
- How managers of the business are compensated.
- The frequency, volume and timing of sale of financial assets in prior periods.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics test: 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.

Financial assets at fair value through other comprehensive income

Equity instruments which are not held for trading or issued as contingent consideration in business combination, and for which the company has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss. This election is made on an investment-by-investment basis.

A debt investment is measured at FVOCI if it meets both of the following conditions and it is not designated as at FVTPL:

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

Financial assets at fair value through profit or loss account

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss account. This includes derivative financial assets.

On initial recognition, the Group and the Parent 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.

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year
ended 31 December 2025
(Expressed in **ﷲ**)

4. Material accounting policies (continued)

f) Financial instruments (continued)

Classification and initial measurement (continued)

Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit or loss.

Subsequent measurement and gain or losses of financial assets

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Any gain or loss on derecognition is recognised in the profit or loss account.

Debt instruments

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss account. Other net gains and losses are recognised in the statement of other comprehensive income. On derecognition, gains and losses accumulated in the statement of other comprehensive income are reclassified to the profit or loss account.

Equity instruments

These assets are subsequently measured at fair value. Dividends are recognised as income in the profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of other comprehensive income and are never reclassified to the profit or loss account.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss account.

Subsequent measurement and gain or losses of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method, if applicable. The effective interest method is the method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss account. Any gain or loss on derecognition is also recognised in the profit or loss account.


Reclassification of financial assets

The Group and the Parent Company will only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Company's operations and demonstrable to external parties.

If the Group and the Parent Company determines that its business model has changed in a way that is significant to its operations, then it reclassifies all affected assets prospectively from the first day of the next reporting period (the reclassification date). Prior periods are not restated.

Reclassification of financial liabilities

The Group and the Parent Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not allowed.

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Notes to the consolidated and separate financial statements for the year
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4. Material accounting policies (continued)

f) Financial instruments (continued)

Derecognition of financial assets

The Group and the Parent Company derecognise financial asset when:

- a) The contractual rights to receive cash flows from the financial asset have expired; or
- b) The Group and the Parent Company transfers the right to receive the contractual cash flows in a transaction in which either:
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - The Group and the Parent Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and the Parent Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

A financial liability is derecognised when the contractual obligation under the liability is discharged or cancelled or expired. The Group and the Parent Company also recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan or receivable is impaired, the Group and the Parent Company reduces the carrying amount to their recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Interest expense

Interest expense includes interest on bank borrowings and lease liability. Interest expense is recognised using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments.

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4. Material accounting policies (continued)

f) Financial instruments (continued)

Impairment of financial assets

The Group and the Parent Company recognizes expected credit loss on financial assets measured at amortized cost, contract assets receivables, lease receivables and debt investments at FVOCI, but not on investments in equity instruments. The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

The Group and the Parent Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

General approach

The Group and the Parent Company applies a three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Group and the Parent Company applies general approach to all financial assets except trade receivable without significant financing component.

Significant increase in credit risk


When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and the Parent Company's historical experience and informed credit assessment and including forward- looking information.

Default

The Group and the Parent Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group and the Parent Company to actions such as realising security (if any is held) or based on the certain delinquency period (days past due).

Simplified approach

The Group and the Parent Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Group and the Parent Company will be required to measure lifetime expected credit losses at all times.

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4. Material accounting policies (continued)

f) Financial instruments (continued)

Impairment of financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group and the Parent Company assesses whether financial assets carried at amortised cost are credit impaired. 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.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and the Parent Company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Derivative financial instruments and hedging

The Group and the Parent Company enters into a derivative financial instrument to manage its exposure to interest due to market fluctuation. Further details of derivative financial instruments are disclosed in Note 20.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless The Group and the Parent Company has both legal right and intention to offset.

A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

At the inception of the hedge relationship, The Group and the Parent Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, The Group and the Parent Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that The Group and the Parent Company actually hedges and the quantity of the hedging instrument that The Group and the Parent Company actually uses to hedge that quantity of hedged item.

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4. Material accounting policies (continued)

f) Financial instruments (continued)

Hedge accounting (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, The Group and the Parent Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 20 sets out details of the fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve in equity.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of Cumulative changes in fair values, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if The Group and the Parent Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group and the Parent Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

g) Impairment of non-financial assets


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

For impairment testing, assets are grouped into smaller group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposals.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Inventories

Inventories, which include goods-in-transit, are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined by the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In respect of finished goods and work-in-progress, costs comprise material, labour costs and proportionate direct expenses. Provision is made, where necessary, for slow and non-moving inventories.

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Notes to the consolidated and separate financial statements for the year
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4. Material accounting policies (continued)

i) Cash and cash equivalents

For the purpose of consolidated statement of cash flow and consolidated statement of financial position, cash and cash equivalents include cash on hand and at bank with a maturity of less than 3 months from the date of placement, net of bank overdrafts, if any.

j) Provisions

Provisions are recognised when the Group and the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Parent Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The estimation of site restoration costs is performed with the assistance of independent specialists to ensure the reasonableness and accuracy of the underlying assumptions. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site restoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs and discount rates of site restoration are reviewed at regular intervals and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

k) Employees' benefit liabilities

Employees' end-of-service benefits are accrued in accordance with the terms of employment of the Parent Company's qualifying employees at the reporting date, having regard to the requirements of the Oman Labour Law, as amended. Provision for staff indemnities of the Saudi subsidiary is made for the amounts payable under Saudi Labour Law applicable to employees' accumulated period of service at the reporting date. Provision for Employees' end of service benefit for the subsidiary registered in UAE is recorded in accordance with the terms of UAE Labour Law. The calculation of these end-of-service benefit obligations is performed using the projected unit credit method and incorporates assumptions determined with the assistance of independent actuarial specialists to ensure the appropriateness and reliability of the valuation. The obligation is discounted to its present value.

Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end-of-service benefits are disclosed as a part of non-current liabilities.

Contributions to a defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with the Omani Social Insurance Law of 1991 are recognised as an expense in profit or loss as incurred.

l) Revenue from contracts with customers

The Group and the Parent Company manufactures and sells steel products which are used in various industries. Revenue is measured based on the consideration specified in the contract with the customers. Revenue is recognised at a point-in-time i.e. when control of the products has been transferred, the recovery of the consideration is probable and there is no unfulfilled obligation. To determine the point in time at which a customer obtains control of products based on relevant inco terms, below indicators of the transfer of control are considered:

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4. Material accounting policies (continued)

l) Revenue from contracts with customers (continued)

- i) The entity has a present right to payment for the asset
- ii) The customer has legal title to the asset
- iii) The entity has transferred physical possession of the asset
- iv) The customer has the significant risks and rewards of ownership of the asset
- v) The customer has accepted the asset

Revenue is recognised on fulfilment of performance obligations and transfer of control, which is mainly on delivery of goods and acceptance of goods, as per the applicable Inco terms.

If the consideration promised in a contract includes a variable amount, the Group and the Parent Company estimates the amount of consideration to which it expects to be entitled. Consideration can vary because of discounts, rebates, refunds, credits, price concessions or other similar items.


Type of product and performance obligation	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policy
Manufacturing and delivery of steel and related products to customers by road.	Customers obtain control of goods when the goods are delivered at the Customer's premises and have been accepted by the customers. Revenue is generated at that point in time. Invoices are paid as per the agreed payment terms which are normally within 90 days.	Revenue is recognised at a point of time when the goods are delivered and have been accepted by customers.
Manufacturing and delivery of steel and related products to customers by sea.	Customers obtain control of goods as per the Inco terms mentioned in the contract. Revenue is generated at that point in time. Invoices are paid as per the agreed payment terms which are normally within 90 days.	Revenue is recognised on fulfilment of performance obligations and transfer of control, which is mainly on delivery of goods, either at port of origin or port of destination as per the applicable Inco terms.

m) Other income

Other income is accounted for on the accruals basis, unless collectability is in doubt.

n) Directors' remuneration

The Parent Company follows the Commercial Companies Law of the Sultanate of Oman, and other latest relevant directives issued by the Financial Services Authority, in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to profit or loss in the year to which they relate.

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4. Material accounting policies (continued)

o) Dividend

The Board of Directors recommends to the shareholders the dividend to be paid out of the Group's net profits. The Directors take into account appropriate parameters including the requirements of the Commercial Companies Law and Regulations of the Sultanate of Oman while recommending the dividend.

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

Dividend received from subsidiary is recorded as an income in Parent Company's financial statements.

p) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Parent Company recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets.

At commencement or on modification of a contract that contains a lease component, the Group and the Parent Company allocates the consideration in the contract on the basis of its relative stand-alone prices.

(i) Right of use assets

The Group and the Parent Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred less any lease incentive received.

The right of use assets are subsequently depreciated using straight-line method from the date of commencement until the end of lease term. Right-of-use assets are subject to impairment.

(ii) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group and the Parent Company's incremental borrowing rate as the discount rate. Generally, the Group and the Parent Company uses its incremental borrowing rate as the discount rate.

The Group and the Parent Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees and exercise price under a purchase option that the Group and the Parent Company is reasonably certain to exercise an extension option.

The lease liability is initially measured at the present value of future lease payments and subsequently measured at amortised cost using the effective interest method. The lease liability is remeasured whenever there is a change in future lease payments resulting from a change in an index or a rate, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of whether a purchase, extension or termination option will be exercised, or a change in in-substance fixed lease payments. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset, unless it has been reduced to zero, in which case the adjustment is recognised in profit or loss.

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Notes to the consolidated and separate financial statements for the year
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4. Material accounting policies (continued)

p) Leases (continued)

(ii) Lease liability (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

(iii) Short-term leases and leases of low-value assets

The Group and the Parent Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

q) Earnings per share

The Parent Company presents earnings per share (EPS), diluted earnings per share (DEPS) and net assets per share for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

The DEPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Parent Company by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

r) Net assets per share

The Company presents net assets per share for its ordinary shareholders. Net assets per share is calculated by dividing the net assets attributable to ordinary shareholders by the weighted average number of shares outstanding as at the statement of financial position date.

s) Share premium


The share premium is the amount subscribed to the share capital in excess of the nominal value. The share premium is stated net of share issuance costs.

t) Operating segments

A segment is a distinguishable component of the Group and the Parent Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) whose operating results are regularly reviewed by the Group's and Parent Company's Chief Operating Decision Maker ("CODM"). Operating segment information is disclosed in note 32 of these financial statements.

u) Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction.

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4. Material accounting policies (continued)

v) Foreign operations

The assets and liabilities of foreign operations are translated into Omani rial at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Omani rial at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

w) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for:

- Temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on initial recognition of goodwill.

The Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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4. Material accounting policies (continued)

x) Taxation (continued)

Deferred tax (continued)

Zakat provisions are computed in accordance with the regulation of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia for the subsidiary.

x) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group and the Parent Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group and the Parent Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Parent Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group and the Parent Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

5. Critical accounting estimates and key source of estimation uncertainty

Preparation of consolidated and separate financial statements in accordance with IFRS requires the Group's and the Parent Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these consolidated and separate financial statements relate to:

i) Economic useful lives of property, plant and equipment


The Group's and the Parent Company's property, plant and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property, plant 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 Group and the Parent Company.

ii) Write down of inventories to net realisable value

Inventories are held at the lower of cost and net realisable value (NRV). When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

iii) Impairment losses on trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance for ECL applied according to the length of time and historical recovery rates.

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5. Critical accounting estimates and key source of estimation uncertainty (continued)

iv) Significant judgement in determining the term of lease contracts

The Group and the Parent Company determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group and the Parent Company have an option, under some of its leases to lease the assets for additional terms. The Group and the Parent Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Parent Company reassesses the lease-term if there is a significant event or change in the circumstances that is within its control and effects its ability to exercise (or not exercise) the option to renew or to terminate (e.g., a change in business strategy, construction of significant leasehold improvements or significant customisation to the leased assets).

v) End of service benefits

The reporting entity recognizes its end of service benefit obligations, which represent the reporting entity's liability towards its employees' post-employment benefits. The measurement of these obligations involves judgment and estimation, primarily due to the long-term nature and inherent uncertainties of these liabilities. The present value of defined benefit obligations is determined by projected unit credit method to estimate the benefits that employees have earned in return for their service in the current and prior periods. Please refer to note - 17 for key actuarial assumption used in the estimate.

vi) Site restoration obligation


Provision for site restoration obligation is recognised for the estimated costs of dismantling, removing and restoring the site at the end of the asset's useful life, in accordance with the requirements of IAS 37. The estimated future restoration costs are determined using technical assessments prepared by independent specialists, based on the expected scope of dismantling activities and the best available information at the reporting date. Management estimates the present value of these future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Expected inflation relevant to the restoration activities is incorporated into the estimated cash flows. The provision is reviewed at each reporting date and adjusted for changes in estimates, including changes in the expected timing or amount of the outflow, changes in inflation assumptions, and changes in the discount rate. Adjustments to the provision are added to or deducted from the carrying amount of the related asset.

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6. Property, plant and equipment

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

Group 2025	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in-progress	Total
Cost								
Balance at 1 January 2025	10,475,586	33,911,738	302,798	2,799,401	286,975	836,229	17,753,892	66,366,619
Additions during the year	12,915	20,379	42,262	661,407	89,216	111,950	27,216,819	28,154,948
Transfers during the year	1,940,369	3,559,352	-	228,822	-	-	(5,728,543)	-
Disposals during the year	(32,628)	(861,752)	(14,000)	(190,509)	(10,894)	(5,821)	-	(1,115,604)
Balance at 31 December 2025	12,396,242	36,629,717	331,060	3,499,121	365,297	942,358	39,242,168	93,405,963
Accumulated depreciation								
Balance at 1 January 2025	6,767,035	20,860,818	212,457	2,372,155	212,835	752,612	-	31,177,912
Charge for the year to:								
Cost of revenue (Note 22)	322,041	1,299,982	-	461,296	-	-	-	2,083,319
General and administrative expenses (Note 24)	9,599	1,035	30,674	84	41,500	70,134	-	153,026
Relating to disposals	(20,944)	(861,245)	(14,000)	(162,816)	(10,894)	(5,320)	-	(1,075,219)
Balance at 31 December 2025	7,077,731	21,300,590	229,131	2,670,719	243,441	817,426	-	32,339,038
Carrying amounts								
At 31 December 2025	5,318,511	15,329,127	101,929	828,402	121,856	124,932	39,242,168	61,066,925

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6. Property, plant and equipment (continued)

Group 2024	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in- progress	Total
Cost								
Balance at 1 January 2024	9,031,529	30,037,135	265,908	2,789,466	256,185	792,736	5,159,066	48,332,025
Additions during the year	111,165	190,605	23,240	-	15,539	42,943	17,940,416	18,323,908
Transfers during the year	1,332,892	3,773,461	24,450	185,417	21,470	7,900	(5,345,590)	-
Disposals during the year	-	(89,463)	(10,800)	(175,482)	(6,219)	(7,350)	-	(289,314)
Balance at 31 December 2024	10,475,586	33,911,738	302,798	2,799,401	286,975	836,229	17,753,892	66,366,619
Accumulated depreciation								
Balance at 1 January 2024	6,528,048	19,862,376	197,257	2,312,123	198,978	671,657	-	29,770,439
Charge for the year to:								
Cost of revenue (Note 22)	236,782	1,087,012	-	208,447	-	-	-	1,532,241
General and administrative expenses (Note 24)	2,205	-	26,000	-	20,076	88,305	-	136,586
Relating to disposals	-	(88,570)	(10,800)	(148,415)	(6,219)	(7,350)	-	(261,354)
Balance at 31 December 2024	6,767,035	20,860,818	212,457	2,372,155	212,835	752,612	-	31,177,912
Carrying amounts								
At 31 December 2024	3,708,551	13,050,920	90,341	427,246	74,140	83,617	17,753,892	35,188,707

(i) Property, plant and equipment of the Parent Company and the subsidiary, Al Jazeera Steel Products Co LLC, UAE are subject to first charge against the term loans obtained from commercial banks (Note 16).


(ii) Capital work-in-progress of the Group Company at 31 December 2025 represents mainly EPC costs  33,761,765 (December 2024:  14,879,289), interest on lease liabilities  1,965,059 (December 2024:  1,375,842), borrowing cost  2,987,826 (December 2024:  1,143,666) and depreciation of right of use asset  526,530 (December 2024:  355,095).

(iii) Management has assessed whether there are any indicators of impairment of Cash Generating Unit (CGU) for the Group and the parent company, and concluded that none exist at the reporting date.

(iv) Buildings included in property, plant and equipment of the Group and the Parent Company are built on leasehold land. Right of use assets are recognised and disclosed separately. Refer to Note 7.

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6. Property, plant and equipment (continued)	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in-progress	Total
Parent company								
2025								
Cost								
Balance at 1 January 2025	10,375,228	33,911,738	255,745	2,799,401	277,835	824,009	4,173,431	52,617,387
Additions during the year	9,640	2,093	42,262	660,883	6,240	51,620	1,764,790	2,537,528
Transfers during the year	1,652,902	3,545,763	-	228,822	-	-	(5,427,487)	-
Disposals during the year	-	(861,752)	(14,000)	(190,509)	(10,894)	(5,498)	-	(1,082,653)
Balance at 31 December 2025	12,037,770	36,597,842	284,007	3,498,597	273,181	870,131	510,734	54,072,262
Accumulated depreciation								
Balance at 1 January 2025	6,746,737	20,860,818	175,489	2,372,155	210,027	743,022	-	31,108,248
Charge for the year to:								
Cost of revenue (Note 22)	322,041	1,299,982	-	461,296	-	-	-	2,083,319
General and administrative expenses (Note 24)	-	-	25,245	-	23,331	53,706	-	102,282
Relating to disposals	-	(861,245)	(14,000)	(162,816)	(10,894)	(4,997)	-	(1,053,952)
Balance at 31 December 2025	7,068,778	21,299,555	186,734	2,670,635	222,464	791,731	-	32,239,897
Net book amount								
At 31 December 2025	4,968,992	15,298,287	97,273	827,962	50,717	78,400	510,734	21,832,365

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6. Property, plant and equipment (continued)

Parent company 2024	Buildings	Plant and equipment	Motor vehicles	Tools and spares	Furniture and fixtures	Computer and other equipment	Capital work-in- progress	Total
Cost								
Balance at 1 January 2024	8,998,901	30,037,135	218,855	2,789,466	253,384	782,196	3,691,064	46,771,001
Additions during the year	43,435	190,605	23,240	-	9,200	41,263	5,827,957	6,135,700
Transfers during the year	1,332,892	3,773,461	24,450	185,417	21,470	7,900	(5,345,590)	-
Disposals during the year	-	(89,463)	(10,800)	(175,482)	(6,219)	(7,350)	-	(289,314)
Balance at 31 December 2024	10,375,228	33,911,738	255,745	2,799,401	277,835	824,009	4,173,431	52,617,387
Accumulated depreciation								
Balance at 1 January 2024	6,509,955	19,862,376	165,719	2,312,123	196,263	663,212	-	29,709,648
Charge for the year to:								
Cost of revenue (Note 22)	236,782	1,087,012	-	208,447	-	-	-	1,532,241
General and administrative expenses (Note 24)	-	-	20,570	-	19,983	87,160	-	127,713
Relating to disposals	-	(88,570)	(10,800)	(148,415)	(6,219)	(7,350)	-	(261,354)
Balance at 31 December 2024	6,746,737	20,860,818	175,489	2,372,155	210,027	743,022	-	31,108,248
Net book amount								
Balance at 31 December 2024	3,628,491	13,050,920	80,256	427,246	67,808	80,987	4,173,431	21,509,139

(v) Capital work-in-progress of the Parent Company at 31 December 2025 represents mainly EPC costs  510,734 (December 2024:  3,869,399) and borrowing costs Nil (December 2024:  304,032).

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7. Right-of-use assets and lease liabilities

a) Leasehold land


The Parent Company has mainly leased land which constitutes the manufacturing facility. These leases have a lease term ranging from 3 years to 25 years, with an option to renew the lease after that date.

During 2023, the subsidiary company in the UAE has leased land to construct the manufacturing facility. This lease has a lease term of 50 years, ending in 2073, with an option to renew the lease after that date.

	Group		Parent Company	
	2025	2024	2025	2024
Cost				
Balance at 1 January	13,352,449	13,268,926	3,465,009	3,465,009
Additions during the year	118,295	83,523	118,295	-
Recognition of site restoration (Note 19)	694,144	-	-	-
Deletions during the year	(176,844)	-	(176,844)	-
Impact of modification	(467,867)	-	-	-
Balance at 31 December	<u>13,520,177</u>	<u>13,352,449</u>	<u>3,406,460</u>	<u>3,465,009</u>
Accumulated amortisation				
Balance at 1 January	1,222,767	839,830	684,056	541,112
Deletions during the period/year	(176,844)	-	(176,844)	-
Charge for the year to:				
Cost of revenue (Note 22)	105,783	105,783	105,784	105,783
General and administrative expenses (Note 24)	60,794	60,729	37,955	37,161
Capital work in progress	193,804	216,425	-	-
Balance at 31 December	<u>1,406,304</u>	<u>1,222,767</u>	<u>650,951</u>	<u>684,056</u>
Net book amount				
Balance at 31 December	<u>12,113,873</u>	<u>12,129,682</u>	<u>2,755,509</u>	<u>2,780,953</u>

b) Lease liabilities

	Group		Parent Company	
	2025	2024	2025	2024
Balance at 1 January	14,144,974	13,526,469	3,271,072	3,281,454
Additions during the year	114,553	-	114,553	-
Impact of modification	(467,867)	-	-	-
Add: Interest expense (Note 27 (a))	236,445	220,980	222,317	220,152
Add: Capital work in progress (Interest expense)	711,387	715,843	-	-
Less: Lease payments	(284,619)	(318,318)	(231,520)	(230,534)
Balance at 31 December	<u>14,454,873</u>	<u>14,144,974</u>	<u>3,376,422</u>	<u>3,271,072</u>
Current portion	617,251	687,357	250,080	205,654
Non-current portion	13,837,622	13,457,617	3,126,342	3,065,418
Balance at 31 December	<u>14,454,873</u>	<u>14,144,974</u>	<u>3,376,422</u>	<u>3,271,072</u>

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7. Right-of-use assets and lease liabilities (continued)

c) Amounts recognised in consolidated and separate statement of profit or loss

	Group		Parent Company	
	2025	2024	2025	2024
Depreciation on right-of-use assets	166,577	166,512	143,739	142,944
Interest on lease liabilities	236,445	220,980	222,317	220,152
Short-term lease rentals*	462,836	428,684	435,589	410,031
	<u>865,858</u>	<u>816,176</u>	<u>801,645</u>	<u>773,127</u>

* Short-term lease rentals mainly comprise forklift rentals from third parties, employee accommodation charges and vehicle hiring charges for a short-term period (less than 12 months). Payments associated with these rentals are recognised on a straight-line basis as an expense in profit or loss and included in 'cost of revenue' (note 22).

Amounts recognised in consolidated and separate statement of cash flows

	Group		Parent Company	
	2025	2024	2025	2024
Total cash outflows for the leases				
- Interest portion	236,445	220,980	222,317	220,152
- Principal portion	48,174	97,338	9,203	10,382
	<u>284,619</u>	<u>318,318</u>	<u>231,520</u>	<u>230,534</u>

8. Intangible assets

	Group		Parent Company	
	2025	2024	2025	2024
Cost				
Balance at 1 January	525,395	496,207	525,395	496,207
Additions during the year	54,262	29,188	50,797	29,188
Balance at 31 December	<u>579,657</u>	<u>525,395</u>	<u>576,192</u>	<u>525,395</u>
Accumulated amortisation				
Balance at 1 January	279,574	175,426	279,574	175,426
Charge for the year	118,462	104,148	116,616	104,148
Balance at 31 December	<u>398,036</u>	<u>279,574</u>	<u>396,190</u>	<u>279,574</u>
Carrying amounts				
At 31 December	<u>181,621</u>	<u>245,821</u>	<u>180,002</u>	<u>245,821</u>

Intangible assets comprise ERP software licenses which are being amortised over a period of 5 years and is charged to general and administrative expenses.

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9. Investment in a subsidiary

	Parent Company	
	2025	2024
Carrying value of investment in the Saudi Arabia subsidiary (i)	258,244	258,244
Carrying value investment in the UAE subsidiary (ii)	7,052,692	5,814,419
	7,310,936	6,072,663

(i) Al Jazeera Oman Steel Products Company, single member Company, Saudi Arabia

On 15 June 2015, the Parent Company acquired a 51% shareholding in Al Jazeera Oman Steel Products Company Ltd. ("the subsidiary"), a limited liability company incorporated in the Kingdom of Saudi Arabia. On 31 March 2017, the Parent Company acquired an additional 49% shareholding interest in the subsidiary, increasing its ownership interest to 100%, for a consideration of **ﷵ** 258,244, paid to the non-controlling shareholder.

The investment in the subsidiary is stated at cost less impairment. The Parent Company has assessed whether there are indicators of impairment and concluded that none exist at the reporting date.

(ii) Al Jazeera Steel Products Co L.L.C., United Arab Emirates

In 2022, the Parent Company invested AED 240,000 (**ﷵ** 25,152), comprising 80% of the shares of Al Jazeera Steel Products Co L.L.C. ("the subsidiary"), a limited liability company incorporated in the United Arab Emirates.

During the period, the shareholders of Al Jazeera Steel Products Co. L.L.C. contributed additional capital amounting to **ﷵ** 1,547,841 (in 2024: **ﷵ** 5,197,975), comprising **ﷵ** 1,238,273 (in 2024: **ﷵ** 4,158,380) from the Parent Company and **ﷵ** 309,568 (in 2024: **ﷵ** 1,039,595) from Ms. Amal Suhail Salim Bahwan, in proportion to their respective shareholdings of 80% and 20%.

The investment in the subsidiary is stated at cost less impairment. The Parent Company has assessed whether there are indicators of impairment and concluded that none exist at the reporting date.

10. Inventories

	Group		Parent Company	
	2025	2024	2025	2024
Raw materials	14,469,829	12,125,653	14,458,336	12,125,653
Finished goods	7,187,830	7,384,613	5,815,040	6,030,783
Stores and spares	2,744,339	3,502,619	2,526,997	3,502,619
Goods-in-transit	5,254,919	5,610,182	5,254,919	5,610,182
RM-in-transit	1,747,410	-	1,747,410	-
Work-in-progress	954,123	989,106	954,123	989,106
	32,358,450	29,612,173	30,756,825	28,258,343
Less: provision for obsolete and slow-moving inventories	(1,927,458)	(2,402,814)	(1,892,996)	(2,380,531)
	30,430,992	27,209,359	28,863,829	25,877,812

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10. Inventories (continued)

The movement in provision for obsolete and slow-moving inventories is as follows:

	Group		Parent Company	
	2025	2024	2025	2024
At 1 January	2,402,814	2,468,022	2,380,531	2,453,554
Reversal for the year	<u>(475,356)</u>	<u>(65,208)</u>	<u>(487,535)</u>	<u>(73,023)</u>
At 31 December	<u>1,927,458</u>	<u>2,402,814</u>	<u>1,892,996</u>	<u>2,380,531</u>

Inventories of the Parent Company are subject to a pari-passu charge in favour of the lenders against bank short term borrowings (Note 16).

Inventories of AED 111,942,730 (December 2024: AED 113,285,250) were consumed and recognised as an expense during the year and included in the cost of sales of Group.

Inventories of AED 112,076,150 (December 2024: AED 113,486,102) were consumed and recognised as an expense during the year and included in the cost of sales of Parent Company.

Inventories have been increased by AED 475,356 (December 2024: increase of AED 65,208) of the Group and AED 487,535 (December 2024: increase of AED 73,023) of the Parent Company due to reversal of provision for obsolete and slow-moving inventories.

11. Trade and other receivables

	Group		Parent Company	
	2025	2024	2025	2024
Trade receivables, gross	29,844,789	29,963,164	31,457,124	31,783,903
Less: ECL allowance	<u>(820,603)</u>	<u>(977,369)</u>	<u>(1,452,461)</u>	<u>(1,616,144)</u>
Trade receivables, net	29,024,186	28,985,795	30,004,663	30,167,759
Other receivables	<u>1,148,752</u>	<u>967,781</u>	<u>639,010</u>	<u>729,944</u>
Total financial assets other than cash and cash equivalents classified at amortised cost	30,172,938	29,953,576	30,643,673	30,897,703
Advances to suppliers	<u>5,980,203</u>	<u>8,117,622</u>	<u>3,495,638</u>	<u>5,018,358</u>
	<u>36,153,141</u>	<u>38,071,198</u>	<u>34,139,311</u>	<u>35,916,061</u>

(a) Trade and other receivables at amortised cost are non-interest bearing and are generally on 0 to 90 days' credit terms. They are recognised at the original amounts which represent their transaction price on initial recognition.

(b) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable, as mentioned above, after taking into account the related ECL provision.

(c) The Group and the Parent Company applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL allowance for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and aging. The ECL rates are based on the Group's and the Parent Company's historical credit losses experienced over the five-year period prior to the year-end. The historical losses are then adjusted for the current and forward-looking information on macroeconomic factors affecting the Group's and the Parent Company's customers such as crude oil prices and Gross Domestic Product (GDP) of those countries where the Group and the Parent Company have exposure.

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11. Trade and other receivables (continued)

The movement in ECL allowance of trade receivables is as follows:

	Group		Parent Company	
	2025	2024	2025	2024
Opening balance	977,369	1,026,410	1,616,144	1,672,630
Less: Bad Debt written off	(132,747)	-	(132,747)	-
Reversal for the year	<u>(24,019)</u>	<u>(49,041)</u>	<u>(30,936)</u>	<u>(56,486)</u>
Closing balance	<u>820,603</u>	<u>977,369</u>	<u>1,452,461</u>	<u>1,616,144</u>

(d) Trade receivables of the Parent Company are subject to a pari-passu charge in favour of the lenders against bank short term borrowings (Note 16).

(e) The aging analysis of trade receivables is as follows:

	Group		Parent Company	
	2025	2024	2025	2024
Less than 90 days (not past due)	21,523,409	23,488,290	23,559,817	24,985,351
Between 91-120 days	5,170,460	3,558,925	4,908,314	3,946,360
Between 121-365 days	2,970,518	2,645,835	2,829,734	2,603,669
Above 365 days	<u>180,402</u>	<u>270,114</u>	<u>159,259</u>	<u>248,523</u>
	<u>29,844,789</u>	<u>29,963,164</u>	<u>31,457,124</u>	<u>31,783,903</u>

12. (i) Bank deposits

This balance is subject to restrictions imposed by the banks against the guarantees given by banks on behalf of the Group and the Parent Company for payment of customs duty and lease rent to various authorities. The Company cannot withdraw any amount from the bank account until the guarantee period has been completed.

12 (ii) Cash and cash equivalents

	Group		Parent Company	
	2025	2024	2025	2024
Cash on hand	6,989	15,900	5,090	10,356
Call account	5,789,006	5,052,795	5,520,523	5,052,795
Current account	<u>1,138,403</u>	<u>2,114,090</u>	<u>479,240</u>	<u>1,453,764</u>
Cash and cash equivalents in the statement of financial position	<u>6,934,398</u>	<u>7,182,785</u>	<u>6,004,853</u>	<u>6,516,915</u>
Fixed Deposit	<u>323,062</u>	<u>669,557</u>	<u>262,000</u>	<u>608,495</u>
	<u>7,257,460</u>	<u>7,852,342</u>	<u>6,266,853</u>	<u>7,125,410</u>
Less: Fixed Deposit	<u>(323,062)</u>	<u>(669,557)</u>	<u>(262,000)</u>	<u>(608,495)</u>
Cash and cash equivalents in the statement of cashflows	<u>6,934,398</u>	<u>7,182,785</u>	<u>6,004,853</u>	<u>6,516,915</u>

For the consolidated and separate statement of cash flows, cash and cash equivalents comprise the above figures.

The current account balances with banks are non-interest bearing. The call account balances with banks earn annual interest rates ranging between 0.75% and 2.50% per annum (2024: between 0.75% and 3.00% per annum).

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13. Share capital and share premium

The authorised share capital of the Parent Company as registered with the Ministry of Commerce, Industry and Investment Promotion is SAR 15,000,000 (2024: SAR 15,000,000), comprising 150,000,000 shares of SAR 0.100 per share (2024: SAR 0.100). The issued and fully paid-up share capital comprises 124,897,960 (2024: 124,897,960) ordinary shares of SAR 0.100 per share (2024: SAR 0.100 per share).

	Authorised		Issued and fully paid-up	
	2025	2024	2025	2024
Share capital	<u>15,000,000</u>	<u>15,000,000</u>	<u>12,489,796</u>	<u>12,489,796</u>

The share premium is the amount subscribed to the share capital in excess of the nominal value. The share premium is stated net of share issuance costs.

Shareholders who own 5% or more of the Parent Company's share capital and the number of shares they hold are as follows:

Name of the shareholder	Shareholding percentage		Shareholding percentage	
		Number of shares		Number of shares
Sheikha Amal Suhail Salim Bahwan*	51.00%	63,697,960	51.00%	63,697,960
Social Protection Fund	8.31%	10,379,234	8.31%	10,379,234
Oman Investment Authority - 2	8.09%	10,102,854	8.10%	10,118,576
Al Aرامي Group Holding LLC	5.30%	6,625,038	5.30%	6,615,998
	<u>72.70%</u>	<u>90,805,086</u>	<u>72.71%</u>	<u>90,811,768</u>

* Ultimate controlling party of the Group is Ms. Amal Suhail Salim Bahwan.

14. Legal reserve

(i) Al Jazeera Steel Products Company SAOG

In accordance with the provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, annual appropriations of 10% of the net profit are made to this reserve until the accumulated balance of the reserve is equal to one-third of the Parent Company's issued and fully paid-up share capital, which was achieved during 2017. This reserve is not available for distribution. As the legal reserve equals one third of the paid up share capital, no transfer was made during the year.

(ii) Al Jazeera Oman Steel Products Company, single member Company, Saudi Arabia

In accordance with the provisions of the Saudi Regulations, annual appropriations of 10% of the net profit are made to this reserve until the accumulated balance of the reserve is equal to 30% of the subsidiary's issued and fully paid-up share capital, which was achieved during 2020. This reserve is not available for distribution.

(iii) Al Jazeera Steel Products Co L.L.C., United Arab Emirates

In accordance with the provisions of the UAE Federal law of 2015, annual appropriations of 5% of the net profit are made to this reserve of the UAE subsidiary. The Company has the option to stop such allocation if the reserve balance reaches 50% of the share capital. This reserve is not available for distribution.

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15. Dividend

Dividend is not accounted for until it has been approved at the shareholders' general meeting. At the Board of Directors meeting held on 15 February 2026, a cash dividend of 40 baiza per share, amounting to **ﷵ** 4,995,918 has been recommended for shareholders' approval at the forthcoming annual general meeting. The consolidated and the separate financial statements for the year ended 31 December 2025 do not reflect this resolution, which will be accounted for in the consolidated and separate shareholders' equity as an appropriation from the retained profits as at 31 December 2026.

A cash dividend of 43 baiza per share amounting to **ﷵ** 5,370,612 was paid as approved by the shareholders in the Annual General Meeting held on 23 March 2025. (2024: 19 baiza per share amounting to **ﷵ** 2,373,061).

During the year, unclaimed dividend amounting to **ﷵ** 350.622 (2024: **ﷵ** 14,997) was transferred to the Investor's Trust Fund account based on the guidelines issued by the Financial Services Authority of the Sultanate of Oman.

16. Bank borrowings

Bank borrowings - non current

	Group		Parent Company	
	2025	2024	2025	2024
Term Loan - A (i)	-	7,543,554	-	-
Term Loan - B (ii)	<u>28,803,584</u>	-	-	-
	<u>28,803,584</u>	<u>7,543,554</u>	<u>-</u>	<u>-</u>

As part of the Group refinancing strategy, the Group executed a new syndicated loan. Upon receiving the disbursement of the new syndicated term facilities, the Group fully prepaid the existing loan. As a result, the existing loan was derecognized.

(i) Term Loan – A

Al Jazeera Steel Products Co LLC, UAE, is denominated in US Dollar, secured over the present and future assets of the subsidiary, and carries interest at a variable rate of SOFR plus applicable margin. The loan amortises, with quarterly repayments starting from September 2026 to November 2031. The loan was secured by the corporate guarantee provided by the parent company.

The Group was subject to the bank's covenants, which require maintaining specific thresholds on total net worth and Debt to net worth ratio. The covenant was required to be tested annually on 31 December. The loan becomes repayable on demand if these threshold are not met at any testing date. This loan was repaid during the year as a part of Group's refinancing strategy.

(ii) Term Loan – B

Al Jazeera Steel Products Co LLC, UAE has entered into a new **ﷵ** 33.9 million (USD 88 million) loan facility to refinance its existing loan with a different counterparty, secured over the present and future assets of the subsidiary, and carries interest at a variable rate of SOFR plus applicable margin. The loan amortises, with quarterly repayments starting from December 2027 to September 2034. As of date, the undrawn amount is **ﷵ** 4.6 million (USD 11.9 million). The Loan was also secured by the corporate guarantee provided by the parent company.

The UAE Subsidiary is subject to the bank's covenants, which require maintaining specific thresholds on total net worth and Debt to net worth ratio. The covenant is required to be tested annually on 31 December. The UAE Subsidiary complied with these ratios when it was tested on 31 December 2025. The Management believes that the UAE Subsidiary will meet the relevant requirement for the next 12 months as well.

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16. Bank borrowings (continued)

(ii) Term Loan – B (continued)

	Group		Parent Company	
	2025	2024	2025	2024
As at 1 January	7,543,554	1,319,246	-	-
Proceeds from Term Loan - A	8,786,131	6,224,308	-	-
Repayment of Term Loan - A	(16,329,685)	-	-	-
Proceeds from Term Loan - B	28,803,584	-	-	-
As at 31 December	28,803,584	7,543,554	-	-

Bank borrowings - current

	Group		Parent Company	
	2025	2024	2025	2024
Short term borrowings (iii)	9,846,292	16,787,084	9,268,739	16,787,084
	9,846,292	16,787,084	9,268,739	16,787,084

(iii) Short term borrowings

The Parent Company has credit facilities in the amount of S.A. 97.25 million (31 December 2024: S.A. 83.5 million) from local and foreign commercial banks. The credit facilities are secured by a pari-passu charge on all the assets of the Parent Company. As of date, the undrawn amount is S.A. 87.98 million.

These short term borrowings carry an interest rate of money market rate plus 0.5% per annum (31 December 2024: money market rate plus 0.5% per annum).

The Parent Company is subject to the bank's covenants, which require maintaining specific thresholds for the leverage ratio and current ratio. The covenant is required to be tested annually. The loan becomes repayable on demand if these thresholds are not met at any testing date. The Company complied with these ratios when it was tested on 31 December 2025. Management believes that the Parent Company will meet the relevant requirement for the next 12 months as well.

2025	Group		Parent Company	
	2024	2024	2025	2024
As at 1 January	16,787,084	21,102,981	16,787,084	21,102,981
Proceeds from borrowings	73,354,301	74,676,967	72,776,748	74,676,967
Repayment of borrowings	(80,295,093)	(78,992,864)	(80,295,093)	(78,992,864)
At 31 December	9,846,292	16,787,084	9,268,739	16,787,084
Change in cash flows	(6,940,792)	(4,315,897)	(7,518,345)	(4,315,897)

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17. Employees' end of service benefits

	Group		Parent Company	
	2025	2024	2025	2024
At 1 January	2,759,104	2,044,383	2,672,674	1,997,428
Accrued during the year	321,425	579,456	263,218	553,998
Interest on defined benefit liability	154,438	104,186	150,388	101,575
Net actuarial loss/ (gain) through OCI	(441,952)	93,492	(443,096)	95,019
Intercompany transfer	-	-	(2,509)	(14,840)
Payments made during the year	(69,616)	(62,413)	(67,912)	(60,506)
At 31 December	<u>2,723,399</u>	<u>2,759,104</u>	<u>2,572,763</u>	<u>2,672,674</u>

The following table shows a reconciliation from opening balances to the closing balances for the defined benefit liability and its components:

	Group		Parent Company	
	2025	2024	2025	2024
At 1 January	2,759,104	2,044,383	2,672,674	1,997,428
Included in the Profit or Loss				
-Current Service Cost	273,992	209,714	263,218	207,985
-Past service cost	-	346,013	-	346,013
-Interest cost	154,438	104,186	150,388	101,575
	<u>3,187,534</u>	<u>2,704,296</u>	<u>3,086,280</u>	<u>2,653,001</u>
Intercompany transfer	-	-	(2,509)	(14,840)
Benefit paid	(69,616)	(62,413)	(67,912)	(60,506)
Transferred to CWIP	47,433	23,729	-	-
	<u>3,165,351</u>	<u>2,665,612</u>	<u>3,015,859</u>	<u>2,577,655</u>
Included in the Other Comprehensive Income				
Actuarial (gain)/loss	(441,952)	93,492	(443,096)	95,019
At 31 December	<u>2,723,399</u>	<u>2,759,104</u>	<u>2,572,763</u>	<u>2,672,674</u>

All retirement benefits plans are defined benefit plans, which are unfunded. The actuarial valuations using the projected unit credit method as per IAS 19 were undertaken using the following assumptions:

	Group		Parent Company	
	2025	2024	2025	2024
Discount rate	5.68%	5.34%	5.74%	5.74%
Future salary increases	5.00%	4.33%	5.00%	6.00%
Retirement age in years - Workers	60	60	60	60
Retirement age in years - Staff	65	65	65	65

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17. Employees' end of service benefits (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	Group	Parent Company	Parent Company
	2025	2024	2025	2024
+1% Discount Rate	2,512,239	2,325,189	2,276,860	2,136,591
-1% Discount Rate	2,967,298	2,598,826	2,674,383	2,384,257
+1% Salary Increase Rate	2,978,943	2,609,497	2,684,992	2,393,857
-1% Salary Increase Rate	2,498,358	2,313,135	2,264,296	2,125,704

18. Trade and other payables

	Group		Parent Company	
	2025	2024	2025	2024
Non-current				
Registration fees payable	53,444	60,428	-	-
As at 31 December	53,444	60,428	-	-
Current				
Trade payables	6,168,799	6,126,774	6,140,114	5,853,338
Accrued expenses	14,363,470	12,589,185	13,980,481	12,588,527
Contract liabilities (Note 18 (b))	2,535,836	627,179	2,534,241	627,179
Other payables	3,166,424	1,252,107	224,195	104,455
	26,234,529	20,595,245	22,879,031	19,173,499

Trade payables are generally settled within 0 to 90 days of the suppliers' invoice date.

The non-current other payables comprises of registration fees payable to Abu Dhabi Municipality over a period of 10 years. The Group recognises the liability as a financial liability with a significant financing component. The liability is initially measured at its fair value in accordance with IFRS 9 Financial Instruments.

The registration fees payable totaling AED 60,428 has been apportioned into non-current liability AED 53,444 and current liability AED 6,984.

(a) Accrued expenses include dumping duty accruals amounting to AED 4,405,134 (31 December 2024: AED 4,412,179) to be paid on exports to United States of America ("USA"). The U.S. Department of Commerce ("DOC") has completed its administrative review up to November 2024. For the periods in which administrative reviews have not been completed, the company has recorded a provision. Since 2016, the DOC has imposed an anti-dumping duty on exports to the United States. In September 2024, the DOC assigned the Company a dumping margin of 0.61 percent. This rate was used to assess anti-dumping duties on entries made during the period from December 2021 to November 2024 and will also serve as the cash deposit rate for future shipments to the United States until revised in a subsequent review.

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18. Trade and other payables (continued)

(b) The movement of contract liabilities is as follows:

	Group		Parent Company	
	2025	2024	2025	2024
As at 1 January	627,179	550,474	627,179	550,474
Advances received during the year	13,020,386	9,710,740	13,018,791	9,710,740
Revenue recognised during the year	(11,111,729)	(9,634,035)	(11,111,729)	(9,634,035)
As at 31 December	<u>2,535,836</u>	<u>627,179</u>	<u>2,534,241</u>	<u>627,179</u>

The advances from customers outstanding at the reporting date are expected to be adjusted within a year.

19. Provision for site restoration costs

	Group		Parent Company	
	2025	2024	2025	2024
At 1 January	-	-	-	-
Recognition during the year	694,144	-	-	-
At 31 December	<u>694,144</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2025, The Group has recognised site restoration obligation arose from UAE subsidiary over the leasehold improvement on the land. The provision has been calculated using a discount rate of 5.3%. The estimated total cost to be incurred for the site restoration until 2071 will be: **ﷲ** 7.57 million. The provision as at 31 December 2025 has been estimated by an independent consultant.

20. Derivative financial instruments


The Group entered into interest rate swap agreements with the lender, to receive interest at SOFR plus applicable margin from the banks. This interest rate swap between the Group and the lender was designated as an effective cash flow hedge and the fair value thereof was based on market values of equivalent instruments at the reporting date and has been dealt with in equity.

The below table summarize the nominal amounts of the derivatives:

	Group		Parent Company	
	2025	2024	2025	2024
Arrangement with lender	29,689,688	-	-	-

The below table summarise the profile tenure of the nominal amounts of derivatives:

	Less than one year	1 to 2 year	2 to 5 year	Total
31-Dec-25	<u>-</u>	<u>-</u>	<u>29,689,688</u>	<u>29,689,688</u>

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20. Derivative financial instruments (continued)

The below table summarize the profile tenure of the carrying amount of derivatives:

	Less than one year	1 to 2 year	2 to 5 year	Total
31-Dec-25	<u>27,587</u>	<u>96,585</u>	<u>37,186</u>	<u>161,358</u>
	Group		Parent Company	
	2025	2024	2025	2024
Derivative liability				
- current	27,587	-	-	-
- non current	<u>133,771</u>	-	-	-
	<u>161,358</u>	-	-	-

Movements in cashflow hedges reserve during the year are as follows:

	Group		Parent Company	
	2025	2024	2025	2024
Balance at 1 January	-	-	-	-
Cumulative changes in fair value	171,771	-	-	-
Transferred to CWIP	<u>(10,413)</u>	-	-	-
Balance at 31 December	<u>161,358</u>	-	-	-

21. Revenue

The Group generates revenue primarily from sale of manufactured steel products which is the major product line. In the following table, revenue from contracts with customers is disaggregated by primary geographical market. All of the revenue is being recognised at a point-in-time. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Group		Parent Company	
	2025	2024	2025	2024
Revenue recognised at a point-in-time				
Regional	122,909,427	112,847,612	121,769,702	112,026,855
International	<u>27,546,817</u>	<u>33,837,724</u>	<u>27,546,817</u>	<u>33,837,724</u>
	<u>150,456,244</u>	<u>146,685,336</u>	<u>149,316,519</u>	<u>145,864,579</u>

22. Cost of revenue

	Group		Parent Company	
	2025	2024	2025	2024
Cost of materials consumed	111,942,730	113,285,250	112,076,150	113,486,102
Direct wages	5,257,993	4,988,767	5,257,993	4,988,767
Depreciation of property, plant and equipment (Note 6)	2,083,319	1,532,241	2,083,319	1,532,241
Amortisation of right-of-use assets (Note 7)	105,783	105,783	105,783	105,783
Utilities expenses	2,116,113	1,914,315	2,116,113	1,914,315
Other direct expenses	<u>1,096,118</u>	<u>971,950</u>	<u>1,096,118</u>	<u>971,950</u>
	<u>122,602,056</u>	<u>122,798,306</u>	<u>122,735,476</u>	<u>122,999,158</u>

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23. Selling and distribution expenses

	Group		Parent Company	
	2025	2024	2025	2024
Packaging and dispatch charges	8,692,296	8,237,882	8,436,689	8,106,810
Commission on sales	22,820	15,588	22,792	15,588
Advertisement and publicity	69,416	50,688	48,793	36,137
Sales promotion expenses	27,582	22,164	27,582	22,164
Other selling and distribution expenses	217,970	156,978	217,970	156,424
	<u>9,030,084</u>	<u>8,483,300</u>	<u>8,753,826</u>	<u>8,337,123</u>


24. General and administrative expenses

	Group		Parent Company	
	2025	2024	2025	2024
Indirect employee costs	4,560,967	3,962,990	3,847,144	3,613,100
Other expenses	642,450	390,242	398,824	290,118
Legal and professional fees*	496,430	761,342	446,482	279,051
Depreciation of property, plant and equipment (Note 6)	153,026	136,586	102,282	127,713
Travelling and conveyance	321,690	229,814	190,577	183,666
Communication expenses	153,876	127,407	113,874	112,726
Amortisation of intangible assets (Note 8)	118,462	104,148	116,616	104,148
Amortisation of right-of-use assets (Note 7)	60,794	60,729	37,955	37,161
Insurance	39,156	55,913	12,931	23,465
	<u>6,546,851</u>	<u>5,829,171</u>	<u>5,266,685</u>	<u>4,771,148</u>

*Legal and professional expenses include the audit fee of S.A. 49,041 for the Group and S.A. 22,650 for the parent company (2024: Group of S.A. 37,158 and Parent company of S.A. 23,827). The provision include the non-audit fees from external auditor of S.A. 8,147 (2024: S.A. 2,645).

Employees related costs

	Group		Parent Company	
	2025	2024	2025	2024
Salaries and wages	7,971,464	7,315,302	7,487,842	7,044,555
Contribution of social security	302,868	264,920	292,027	254,920
End of service benefits expense (Note 17)	428,430	659,913	413,606	655,573
Other benefits	1,116,198	711,622	911,662	646,819
	<u>9,818,960</u>	<u>8,951,757</u>	<u>9,105,137</u>	<u>8,601,867</u>
Recognised in:				
Cost of revenue	5,257,993	4,988,767	5,257,993	4,988,767
General and administrative expenses	4,560,967	3,962,990	3,847,144	3,613,100
	<u>9,818,960</u>	<u>8,951,757</u>	<u>9,105,137</u>	<u>8,601,867</u>

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25. Other income

	Group		Parent Company	
	2025	2024	2025	2024
Dividend income from a subsidiary	-	-	-	461,718
Miscellaneous income	259,629	2,367	259,629	2,367
	<u>259,629</u>	<u>2,367</u>	<u>259,629</u>	<u>464,085</u>

26. Other operating expenses

	Group		Parent Company	
	2025	2024	2025	2024
Loss on disposal of property, plant and equipment	38,433	25,102	26,748	25,102
	<u>38,433</u>	<u>25,102</u>	<u>26,748</u>	<u>25,102</u>

27. (a) Finance expense

	Group		Parent Company	
	2025	2024	2025	2024
Interest on bank borrowings	930,804	1,099,891	876,294	1,004,103
Interest on lease liabilities (Note 7)	236,445	220,980	222,317	220,152
Ineffective portion of cash flow hedge	17,281	-	-	-
	<u>1,184,530</u>	<u>1,320,871</u>	<u>1,098,611</u>	<u>1,224,255</u>

27. (b) Finance income

	Group		Parent Company	
	2025	2024	2025	2024
Interest income	225,427	111,127	225,427	111,127
	<u>225,427</u>	<u>111,127</u>	<u>225,427</u>	<u>111,127</u>

Finance income relate to interest earned from banks on call account balances and deposits.

28. Taxation

Taxation	Group		Parent Company	
	2025	2024	2025	2024
(i) Consolidated and separate statement of profit or loss				
Current tax:				
Tax charge for the year	1,708,710	1,371,434	1,697,937	1,366,480
Tax charge for the previous years	10,817	1,126	-	879
	<u>1,719,527</u>	<u>1,372,560</u>	<u>1,697,937</u>	<u>1,367,359</u>
Deferred tax:				
Origination/(reversal) of other temporary differences	267,005	(71,595)	120,630	5,107
	<u>267,005</u>	<u>(71,595)</u>	<u>120,630</u>	<u>5,107</u>
Total expense	<u>1,986,532</u>	<u>1,300,965</u>	<u>1,818,567</u>	<u>1,372,466</u>

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28. Taxation (continued)

(ii) Amount recognized in other comprehensive income

	Group		Parent Company	
	2025	2024	2025	2024
Remeasurement of defined benefit liability	66,144	(13,933)	66,464	(14,253)

(iii) Consolidated and separate statement of financial position


	Group		Parent Company	
	2025	2024	2025	2024
Non-current assets				
Deferred tax	-	223,328	-	77,273
Non-current liabilities				
Deferred tax	109,821	-	109,821	-
Current liabilities				
Current tax payable	1,709,061	1,348,699	1,698,288	1,343,745

(a) The Parent Company has calculated income tax at an effective tax rate of 15% for the year ended 31 December 2025 (31 December 2024: 15%). The Saudi subsidiary has a tax liability of SAR 10,773 (31 December 2024: SAR 4,954) at the Zakat rate of 2.5% (31 December 2024: 2.5%) as at the reporting date. The reconciliation of tax based on the accounting profit and tax profit of the Group and the Parent Company is as follows:

	Group		Parent Company	
	2025	2024	2025	2024
Net profit before tax for the year	11,563,365	8,391,121	11,951,165	9,139,491
Tax expense at Oman tax rate	1,734,505	1,258,668	1,792,675	1,370,924
Tax effect on non-deductible expenses	25,188	663	25,188	663
Tax effect on foreign tax rates	216,022	40,508	-	-
Tax effect of adjustments in respect of prior years	10,817	1,126	-	879
Total tax charge for the year	1,986,532	1,300,965	1,817,863	1,372,466

(b) Deferred tax asset / (liability)

	Group		Parent Company	
	2025	2024	2025	2024
At 1 January	223,328	137,800	77,273	68,127
Movement during the year				
- Profit or loss	(267,005)	71,595	(120,630)	(5,107)
- Other Comprehensive income	(66,144)	13,933	(66,464)	14,253
At 31 December	(109,821)	223,328	(109,821)	77,273

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28. Taxation (continued)

Group	At 1 January 2025	Charge to the profit or loss	At 31 December 2025
- Profit or loss			
Property, plant and equipment	(764,204)	(35,000)	(799,204)
Right-of-use asset	(1,193,688)	780,362	(413,326)
Lease liability	1,413,583	(907,117)	506,466
Provisions	797,197	(105,250)	691,947
	<u>252,888</u>	<u>(267,005)</u>	<u>(14,117)</u>
-Other Comprehensive income			
Remeasurement of defined benefit liability	(29,560)	(66,144)	(95,704)
	<u>223,328</u>	<u>(333,149)</u>	<u>(109,821)</u>
Parent Company			
- Profit or loss			
Property, plant and equipment	(764,204)	(35,000)	(799,204)
Right-of-use asset	(417,144)	3,818	(413,326)
Lease liability	490,664	15,802	506,466
Provisions	797,197	(105,250)	691,947
	<u>106,513</u>	<u>(120,630)</u>	<u>(14,117)</u>
-Other Comprehensive income			
Remeasurement of defined benefit liability	(29,240)	(66,464)	(95,704)
	<u>77,273</u>	<u>(187,094)</u>	<u>(109,821)</u>
Group	At 1 January 2024	Charge to the profit or loss	At 31 December 2024
- Profit or loss			
Property, plant and equipment	(735,688)	(28,516)	(764,204)
Right-of-use asset	(1,231,292)	37,604	(1,193,688)
Lease liability	1,354,601	58,982	1,413,583
Provisions	793,672	3,525	797,197
	<u>181,293</u>	<u>71,595</u>	<u>252,888</u>
-Other Comprehensive income			
Remeasurement of defined benefit liability	(43,493)	13,933	(29,560)
	<u>137,800</u>	<u>85,528</u>	<u>223,328</u>
Parent Company			
- Profit or loss			
Property, plant and equipment	(735,688)	(28,516)	(764,204)
Right-of-use asset	(438,584)	21,440	(417,144)
Lease liability	492,220	(1,556)	490,664
Provisions	793,672	3,525	797,197
	<u>111,620</u>	<u>(5,107)</u>	<u>106,513</u>
-Other Comprehensive income			
Remeasurement of defined benefit liability	(43,493)	14,253	(29,240)
	<u>68,127</u>	<u>9,146</u>	<u>77,273</u>

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28. Taxation (continued)

(c) Tax assessments up to 2021 have been completed and agreed with the Oman Tax Authority for the Parent Company and up to 2022 for the Saudi subsidiary. The management believes that additional taxes, if any, for open tax years would not be material to the consolidated and separate financial position of the Group and the Parent Company at the reporting date.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law will be effective for financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9%. The CT Law is now considered to be substantively enacted.

The Group assessed the deferred tax implications on Al Jazeera Steel Products Company LLC for the year ended 31 December 2025 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2025. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial period ended 31 December 2025.

As at 31 December 2025, the BEPS Pillar Two was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes since the corresponding regulations/ clarifications were yet to be prescribed.


29. Related party transactions and balances

The Group and the Parent Company has entered into transactions with related parties as specified under IAS 24. Prices and terms of these transactions, which are entered into in the normal course of business, are on mutually agreed terms and conditions, who provide goods and render services to the Group and the Parent Company. During the year, the following transactions were carried out with the related parties:

a) Transactions with subsidiaries:

	Parent Company	
	2025	2024
Revenue	15,537,365	17,792,356
Payments on behalf of the subsidiaries	649,043	1,616,130
Investments during the period		
Al Jazeera Steel Products Co LLC (Note 9)	1,238,273	4,158,380
Receivables from subsidiaries*		
Al Jazeera Oman Steel Products Co	4,896,104	4,200,980
Al Jazeera Steel Products Co LLC	129,298	40,400
	5,025,402	4,241,380

* The balances are included in trade and other receivables.

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29. Related party transactions and balances (continued)

b) Other related parties (common control)

	Group		Parent Company	
	2025	2024	2025	2024
Revenue	85,824	43,813	85,824	43,813
Purchases	300,028	172,610	300,028	172,610
Bank balances - National Bank of Oman	2,825,899	4,648,976	2,478,031	4,648,976
Bank borrowings - National Bank of Oman	29,381,137	3,181,450	-	3,181,450
Derivative instruments	161,358	-	-	-
Amount due from related parties: **				
Bahwan Project & Telecom	19,011	-	19,011	-
	<u>19,011</u>	<u>-</u>	<u>19,011</u>	<u>-</u>
Amount due to related parties:**				
Bahwan Project & Telecom	-	339	-	339
DHL Global Forwarding	15,256	8,323	15,256	8,323
Bahwan Logistics	17,740	11,200	17,740	11,200
	<u>32,996</u>	<u>19,862</u>	<u>32,996</u>	<u>19,862</u>

** The balances are includes in trade and other receivables and trade and other payables

The Group has determined that National Bank of Oman (NBO) is a related party in accordance with IAS 24 Related Party Disclosures.

	Group		Parent Company	
	2025	2024	2025	2024
Transactions with NBO				
Nature of Transaction				
Long term loan drawdowns	29,250,294	-	-	-
Short term loan drawdowns	13,868,992	22,699,049	7,780,439	22,699,049
Short term loan repayments	10,961,889	25,328,467	10,961,889	25,328,467
Interest expense on borrowings	1,560,455	219,822	176,329	219,822
Deposit account interest income	56,748	77,216	56,748	77,216
c) Compensation of key management personnel**				
Short term employment benefits	506,173	499,097	506,173	499,097
Post-employment benefits	26,277	25,914	26,277	25,914
	<u>532,450</u>	<u>525,011</u>	<u>532,450</u>	<u>525,011</u>
Non key management personnel directors				
Remuneration to directors	200,000	110,000	200,000	110,000
Directors' sitting fees	25,700	27,900	25,700	27,900

** Key management personnel (KMP) are same for Parent Company and its subsidiaries and total compensation paid to KMP is borne by the Parent Company.

d) Amounts due from and to related parties are unsecured, bear no interest, arise in the ordinary course of business and have no fixed repayment terms.

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30. Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

	Group		Parent Company	
	2025	2024	2025	2024
Profit for the year, attributable to the owners of the Parent Company	<u>9,772,575</u>	<u>7,131,223</u>	<u>10,132,598</u>	<u>7,767,025</u>
Weighted average number of shares outstanding	<u>124,897,960</u>	<u>124,897,960</u>	<u>124,897,960</u>	<u>124,897,960</u>
Earnings per share attributable to shareholders of the Parent Company	<u>0.078</u>	<u>0.057</u>	<u>0.081</u>	<u>0.062</u>

As there are no dilutive potential shares issued by the Parent Company, the diluted earnings per share is the same as the basic earnings per share.

31. Net assets per share

The calculation of net assets per share is based on dividing the net assets attributable to ordinary shareholders by the weighted average number of shares outstanding as at 31 December.

	Group		Parent Company	
	2025	2024	2025	2024
Net assets	<u>61,363,053</u>	<u>56,703,768</u>	<u>61,787,497</u>	<u>56,648,879</u>
	<u>124,897,960</u>	<u>124,897,960</u>	<u>124,897,960</u>	<u>124,897,960</u>
Net assets per share	<u>0.491</u>	<u>0.454</u>	<u>0.495</u>	<u>0.454</u>


32. Segment information

The Group and the Parent Company operate in one business segment that of manufacturing and sale of steel products. The operating segment is identified based on internal reports about components of the Company that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. All the relevant information relating to this segment is disclosed in the financial statements. There is no single major customer of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

a) The following geographical analysis has been compiled based on the location of the customers of the Group and the Parent Company:

Group	2025	2025	2024	2024
	Revenue	Trade receivables (gross)	Revenue	Trade receivables (gross)
Regional	<u>122,909,427</u>	<u>29,832,998</u>	<u>112,847,612</u>	<u>29,485,871</u>
International	<u>27,546,817</u>	<u>11,791</u>	<u>33,837,724</u>	<u>477,293</u>
	<u>150,456,244</u>	<u>29,844,789</u>	<u>146,685,336</u>	<u>29,963,164</u>

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32. Segment information (continued)

	2025	2025	2024	2024
Parent Company	Revenue	Trade receivables (gross)	Revenue	Trade receivables (gross)
Regional	121,769,702	31,445,333	112,026,855	31,306,610
International	27,546,817	11,791	33,837,724	477,293
	<u>149,316,519</u>	<u>31,457,124</u>	<u>145,864,579</u>	<u>31,783,903</u>

b) Geographical location of non-current assets owned by the company is as follows:

	Group		Parent Company	
	2025	2024	2025	2024
Regional	73,362,419	47,787,522	32,078,812	30,685,849
	<u>73,362,419</u>	<u>47,787,522</u>	<u>32,078,812</u>	<u>30,685,849</u>

33. Capital risk management

The capital is managed by the Group in a way that it is able to continue to operate as a going concern while maximising returns to the shareholders.

The capital of the Parent Company consists of share capital, reserves and retained earnings. The Parent Company manages its capital by making adjustments in bringing additional capital in light of changes in business conditions.

34. Financial assets and liabilities and risk management

(a) Financial assets and liabilities

Financial assets and liabilities carried on the consolidated and separate statement of financial position include cash and bank balances, trade and other receivables, bank borrowings, and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset classification	Group		Parent Company	
	2025	2024	2025	2024
Trade receivables	29,844,789	29,963,164	31,457,124	31,783,903
Other receivables	1,148,752	967,781	639,010	729,944
Bank deposits	323,062	669,557	262,000	608,495
Bank balances	6,927,409	7,166,885	5,999,763	6,506,559
	<u>38,244,012</u>	<u>38,767,387</u>	<u>38,357,897</u>	<u>39,628,901</u>

Financial liability classification	Group		Parent Company	
	2025	2024	2025	2024
Bank long term borrowings	28,803,584	7,543,554	-	-
Bank short term borrowings	9,846,292	16,787,084	9,268,739	16,787,084
Trade and other payables*	8,934,098	7,071,514	6,139,807	5,852,959
Total	<u>47,583,974</u>	<u>31,402,152</u>	<u>15,408,546</u>	<u>22,640,043</u>

*Trade and other payables exclude accrued expenses, VAT payable and contract liability

Financial assets and liabilities are largely aligned with fair values of the Group and the Parent Company.

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34. Financial assets and liabilities and risk management (continued)

(b) Risk management

Financial risk management is carried out by the Finance Department under policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Board of Directors. The Parent Company provides principles for overall risk management, as well as policies covering specific areas.

(c) Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Parent Company manages their capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the year ended 31 December 2025 and year ended 31 December 2024.

The Group and the Parent Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Parent Company includes within net debt, bank borrowings less cash and bank balances. Capital includes share capital, reserves and retained earnings.

	Group		Parent Company	
	2025	2024	2025	2024
Bank borrowings	38,649,876	24,330,638	9,268,739	16,787,084
Less: cash and bank balances	(6,934,398)	(7,182,785)	(6,004,853)	(6,516,915)
Net debt	31,715,478	17,147,853	3,263,886	10,270,169
Share capital	12,489,796	12,489,796	12,489,796	12,489,796
Share premium	13,856,484	13,856,484	13,856,484	13,856,484
Legal reserve	4,166,344	4,166,344	4,163,266	4,163,266
Retained earnings	30,965,691	26,191,144	31,277,951	26,139,333
Total capital	61,478,315	56,703,768	61,787,497	56,648,879
Total capital and net debt	93,193,793	73,851,621	65,051,383	66,919,048
Gearing ratio	34%	23%	5%	15%

35. Financial risk management

(a) Market risk


Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group and the Parent Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Group and the Parent Company are exposed to interest rate risk as the Group and the Parent Company have interest-earning call deposits and bank borrowings at commercial interest rates.

The interest rate profile of The Group and the Parent Company's interest-bearing financial instruments as reported to the management of the Group is as follows.

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35. Financial risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

	Group		Parent Company	
	2025	2024	2025	2024
Variable rate bank borrowings	<u>38,649,876</u>	<u>24,330,638</u>	<u>9,268,739</u>	<u>16,787,084</u>

Derivatives

The Group and the Parent Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty's and The Group and the Parent Company's own credit risk on the fair value of the swap contract, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
31-Dec-25		
Variable-rate instruments	249,719	157,032
31-Dec-24		
Variable-rate instruments	143,468	175,274

(ii) Currency risk

Foreign exchange risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group and the Parent Company are exposed to foreign exchange risk arising from various currency exposures. Significant portion of revenues and major operating costs are either denominated in or USD. As this currency is pegged against the RO, the management does not believe that the Group and the Parent Company are exposed to any material foreign exchange risk.

Management considers that sensitivity analysis is not necessary due to the Group's and the Parent Company's limited exposure to foreign exchange risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group and the Parent Company do not have any equity instruments and are therefore not exposed to price risk.

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35. Financial risk management (continued)

(b) Credit risk

Credit risk on trade receivables is limited to their carrying values as management regularly reviews these balances to assess recoverability and makes provision for balances whose recoverability is in doubt. Credit risk is managed mainly through credit terms to customers backed by confirmed letters of credit. There is no concentration of credit risk with respect to trade receivables as the Group and the Parent Company have a large number of customers, both locally and internationally.

The Group and the Parent Company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating.

Exposures within each credit risk grade are segmented by geographic region and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's and the Parent Company's view of economic conditions over the expected lives of the receivables.

Since, as for each potential customer there is no independent rating, the Group's credit committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors.


Expected credit loss assessment for trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers:

Group

31 December 2025	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Days				
Less than 90 days (not past due)	0%	21,523,409	95,278	21,428,131
Between 91-120 days	5%	5,170,460	250,863	4,919,597
Between 121-365 days	10%	2,970,518	294,060	2,676,458
Above 365 days	100%	180,402	180,402	-
	<u>3%</u>	<u>29,844,789</u>	<u>820,603</u>	<u>29,024,186</u>

31 December 2024	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Days				
Less than 90 days (not past due)	0%	23,488,290	108,459	23,379,831
Between 91-120 days	6%	3,558,925	230,921	3,328,004
Between 121-365 days	14%	2,645,835	367,875	2,277,960
Above 365 days	100%	270,114	270,114	-
	<u>3%</u>	<u>29,963,164</u>	<u>977,369</u>	<u>28,985,795</u>

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35. Financial risk management (continued)

(b) Credit risk (continued)

Parent

31 December 2025	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Days				
Less than 90 days (not past due)	3%	23,559,817	643,904	22,915,913
Between 91-120 days	6%	4,908,314	306,960	4,601,354
Between 121-365 days	12%	2,829,734	342,338	2,487,396
Above 365 days	100%	159,259	159,259	-
	5%	31,457,124	1,452,461	30,004,663

31 December 2024	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Days				
Less than 90 days (not past due)	3%	24,985,351	791,933	24,193,418
Between 91-120 days	6%	3,946,360	230,921	3,715,439
Between 121-365 days	13%	2,603,669	344,767	2,258,902
Above 365 days	100%	248,523	248,523	-
	5%	31,783,903	1,616,144	30,167,759

The maximum exposure to credit risk at the reporting date, without taking into account collateral or other credit enhancements was:

	Group		Parent Company	
	2025	2024	2025	2024
Classified as financial assets measured at amortised cost				
Cash and cash equivalents	6,927,409	7,182,785	5,999,763	6,516,915
Fixed Deposit	323,062	669,557	262,000	608,495
Trade receivables	29,844,789	29,963,164	31,457,124	31,783,903
Other receivables	1,148,752	967,781	639,010	729,944
	38,244,012	38,783,287	38,357,897	39,639,257

The table below shows the balances with banks categorised by short-term credit rating as published by Moody's investor's service at the reporting date. Management does not foresee any default risk.

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35. Financial risk management (continued)

(b) Credit risk (continued)

Bank	Rating agency	Credit rating
Abu Dhabi Commercial Bank PJSC	S&P	A+
Ahli Bank SAOG	Fitch	BB+
Bank Dhofar SAOG	Moody's	Ba1
Bank Muscat SAOG	Fitch	BB+
Bank Nizwa SAOG	Moody's	Ba1
Emirates NBD PJSC	Fitch	A+
First Abu Dhabi Bank PJSC	S&P	AA-
Gulf International Bank B.S.C	Fitch	A-
National Bank of Oman SAOG	Fitch	BB+
Oman Arab Bank SAOG	Moody's	Ba1
Qatar National Bank (Q.P.S.C)	Fitch	A+
Sohar International Bank SAOG	Fitch	BB

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's and the Parent Company's management monitors liquidity requirements on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities with banks, to meet any future commitments. The Group and the Parent Company manage liquidity risk by maintaining adequate reserves and by continuously monitoring forecasted and actual cash flows.

The liquidity risk profile of the Group is as follows:

Liabilities as at 31 December 2025	Contractual cashflows				Total contractual cash flow
	Carrying amount	Less than 1 year	1 - 5 years	More than 5 years	
Trade and other payables*	9,335,223	9,335,223	-	-	9,335,223
Bank borrowings	38,649,876	11,849,754	20,062,127	17,743,526	49,655,407
Lease liabilities	14,454,873	795,994	3,316,722	52,059,905	56,172,621
	<u>62,439,972</u>	<u>21,980,971</u>	<u>23,378,849</u>	<u>69,803,431</u>	<u>115,163,251</u>

Liabilities as at 31 December 2024	Contractual cashflows				Total contractual cash flow
	Carrying amount	Less than 1 year	1 - 5 years	More than 5 years	
Trade and other payables*	7,378,881	7,378,881	-	-	7,378,881
Bank borrowings	24,330,638	17,378,499	5,188,681	4,861,574	27,428,754
Lease liabilities	14,144,974	746,756	4,008,765	52,059,904	56,815,425
	<u>45,854,493</u>	<u>25,504,136</u>	<u>9,197,446</u>	<u>56,921,478</u>	<u>91,623,060</u>

* Trade and other payables exclude accrued expenses and contract liability.

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35. Financial risk management (continued)

(c) Liquidity risk (continued)

The liquidity risk profile of the Parent Company is as follows:

Liabilities as at 31 December 2025	Carrying amount	Less than 1 year	Contractual cashflows		Total contractual cash flow
			1 - 5 years	More than 5 years	
Trade and other payables	6,364,309	6,364,309	-	-	6,364,309
Bank borrowings	9,268,739	9,268,739	-	-	9,268,739
Lease liabilities	3,376,422	259,969	939,374	6,323,093	7,522,436
	<u>19,009,470</u>	<u>15,893,017</u>	<u>939,374</u>	<u>6,323,093</u>	<u>23,155,484</u>

Liabilities as at 31 December 2024	Carrying amount	Less than 1 year	Contractual cashflows		Total contractual cash flow
			1 - 5 years	More than 5 years	
Trade and other payables	5,957,793	5,957,793	-	-	5,957,793
Bank borrowings	16,787,084	16,787,084	-	-	16,787,084
Lease liabilities	3,271,072	210,730	1,095,393	6,323,093	7,629,216
	<u>26,015,949</u>	<u>22,955,607</u>	<u>1,095,393</u>	<u>6,323,093</u>	<u>30,374,093</u>

(d) Commodity price risk

The Group and the Parent Company are affected by the volatility in steel prices. Their operating activities require ongoing purchasing and manufacturing and, therefore, a continuous supply of steel. Due to the significantly increased volatility of the price, the Board of Directors have developed and enacted a risk management strategy regarding commodity price risk and its mitigation. To manage metal price fluctuation risk, the management cautiously manages the inventory at economical levels. The Group and the Parent Company are having a robust supply chain with diversified supplier base to achieve competitive prices and reduce the cycle time for procurement. The Group's and the Parent Company's existing production facilities are also flexible in terms of reacting to the customer demands.

36. Commitments

(i) Purchase commitments

At 31 December 2025, the value of outstanding purchase commitments for the Group to ~~SD~~ 16,454,145 (31 December 2024: ~~SD~~ 15,638,166) and for the Parent amounted to ~~SD~~ 16,087,932 (31 December 2024: ~~SD~~ 15,638,166).

(ii) Capital commitments

At 31 December 2025, the value of outstanding capital commitments for the Group amounted to ~~SD~~ 4,591,690 (31 December 2024: ~~SD~~ 18,269,959) and for the Parent amounted to ~~SD~~ 1,583,267 (31 December 2024: ~~SD~~ 2,990,488).

37. Contingent liabilities

Contingent liabilities	Group		Parent Company	
	2025	2024	2025	2024
Outstanding bank guarantees	<u>9,101,533</u>	<u>5,977,094</u>	<u>5,947,064</u>	<u>5,977,094</u>

The above guarantees were issued in the normal course of business.

Al Jazeera Steel Products Co. SAOG
Notes to the consolidated and separate financial statements for the year
ended 31 December 2025
(Expressed in **ﷵ**)

38. Notes supporting the consolidated and separate statement of cash flows

Transactions from financing activities shown in the reconciliation of liabilities from financing transactions is as follows:

Dec-25				
Group	Accrued interest	Lease liabilities	Bank borrowings	Total
1 January 2025	257,396	14,144,974	24,330,638	38,733,008
Cash inflows	-	-	110,944,016	110,944,016
Cash outflows	(930,804)	(284,619)	(96,624,778)	(97,840,201)
Non-cash changes	948,085	1,062,385	-	2,010,470
31 December 2025	<u>274,677</u>	<u>14,922,740</u>	<u>38,649,876</u>	<u>53,847,293</u>
Parent Company				
1 January 2025	445,855	3,271,072	16,787,084	20,504,011
Cash inflows	-	-	72,776,748	72,776,748
Cash outflows	(876,294)	(231,520)	(80,295,093)	(81,402,907)
Non-cash changes	876,294	336,870	-	1,213,164
31 December 2025	<u>445,855</u>	<u>3,376,422</u>	<u>9,268,739</u>	<u>13,091,016</u>
Dec-24				
Group				
1 January 2024	182,117	13,526,469	22,422,227	36,130,813
Cash inflows	-	-	80,901,275	80,901,275
Cash outflows	(1,303,293)	(318,318)	(78,992,864)	(80,614,475)
Non-cash changes	1,378,572	936,823	-	2,315,395
31 December 2024	<u>257,396</u>	<u>14,144,974</u>	<u>24,330,638</u>	<u>38,733,008</u>
Parent Company				
1 January 2024	368,701	3,281,454	21,102,981	24,753,136
Cash inflows	-	-	74,676,967	74,676,967
Cash outflows	(1,424,954)	(230,534)	(78,992,864)	(80,648,352)
Non-cash changes	1,502,108	220,152	-	1,722,260
31 December 2024	<u>445,855</u>	<u>3,271,072</u>	<u>16,787,084</u>	<u>20,504,011</u>

39. Non- controlling interest

The following table summarises the information relating to Group's subsidiary i.e. Al Jazeera Steel Products Co L.L.C., United Arab Emirates, that has material non- controlling interest (NCI), before intra group eliminations.

	2025	2024
NCI percentage	20%	20%
Non - current assets	47,629,137	22,275,547
Current assets	3,879,318	3,812,935
Non - current liabilities	(39,898,556)	(17,423,862)
Current liabilities	(4,194,477)	(1,673,090)
Net assets	<u>7,415,422</u>	<u>6,991,530</u>
Net assets attribute to NCI	<u>1,483,084</u>	<u>1,398,306</u>
Loss	(978,710)	(205,336)
Other comprehensive income (OCI)	(145,239)	-
Total comprehensive loss	<u>(1,123,949)</u>	<u>(205,336)</u>
Loss attributable to NCI	(195,742)	(41,067)
OCI attributable to NCI	(29,048)	-
Cashflow from operating activities	1,086,896	430,630
Cashflow from investing activities	(24,430,500)	(10,664,859)
Cashflow from financing activities	23,428,860	10,988,942

40. Subsequent events

There were no events occurring subsequent to 31 December 2025 and before the date of the approval that are expected to have a significant impact on these consolidated and separate financial statements.

