DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Pearl Securities Limited, I am pleased to present the audited financial statements and auditor's report for the period ended 30th June, 2026.

Market Overview & Economic Backdrop

Pakistan's economy has been on a path of progress and stability after 2 years of hard work. But the stabilization & consolidation hit a road bum in aftermath of energy shock witnessed during USA/Israel-Iran war. GDP grew 3.7% in FY26, the fastest pace in four years but short of the 4.2% official target, up from 3.18% in FY25. The economy's size reached Rs126.9 trillion (~$452.1 billion), and per-capita income rose to $1,901 from $1,751. By sector: agriculture grew 2.89%, industry 3.51% (with large-scale manufacturing up 6.1%, its best showing in four years, and construction up 5.73%), and services grew 4.09% (communication/IT services led at 7.52%).

Average CPI inflation for the full fiscal year came in at 7.05%, up sharply from 4.49% in FY25. Price pressure was uneven through the year: it eased to around 6.2% for July–April before spiking in the final months amid Gulf-region conflict-driven fuel and commodity pressures — June 2026 alone recorded 11.1% year-on-year inflation (down slightly from 11.7% in May), versus just 3.2% in June 2025.

During the period under review, the Pakistan Stock Exchange (PSX) experienced a volatile trend, driven by USA/Israel-Iran conflict. The first half of the year was robust with 29% growth in the index. However, the second half of the year was dented by the geopolitical tension and war resulted in a growth of 3%. The accumulative impact of the full year was 32% appreciation in the PSX Index from 125,627 to 184,301.

The market capitalization of the stock market increased from Rs.15,239bn ($54bn) to Rs.20,197 bn (73bn) as of 30th June, 2026. The most refreshing situation was increase in average daily volume of 912mn shares versus ADV of 633mn in previous year with active UINs of 583,052, a 50% increase.

The increase in oil prices reflected in the CPI forced the central bank to increase the MPS rate by 1% in the fourth quarter of outgoing year. The government is working hard to focus on the micros but challenging macros and world stability is making it hard to grasp the achievement made so far.

Financial Highlights

Despite prevailing market conditions, your Company achieved steady financial results. A brief overview of the operational performance is summarized below:

Financial Metric	FY20025-26	FY2024-25	YoY Change (%)
Operating Revenue	336,641,189	195,553,893	72%
Gain / (Loss) on Investments	26,047,833	164,229,132	(85%)
Operating Expenses	272,959,644	183,566,142	49%
Operating Profit	93,727,214	175,725,852	(53%)
Profit Before Tax	91,541,933	20,474,181	347%
Profit After Tax	54,189,745	30,671,295	77%
EPS	3.76	2.12	77%

Revenue & Operational Performance

Alhamdulillah, the company has launched a process of initiating an Islamic Window for Islamic Shariah Compliant investments during the year. The management is confident that during first quarter of coming year we will be able to properly launch the platform. A data & analytic feature was added to the Online Application. This increased the decision making of a small investor specially who doesn't have an access to expensive software and trading venues. The Retail & Institutional Brokerage contributed to the revenue in 70:30 ratio with institutional presence increasing day by day.

Digital trading applications and online client onboarding (via the Central Depository Company's CKR system) drove 90% of total new account openings. It is worth mentioning here that during the year your company was in top ten brokers of PSX three months in a row.

Future Outlook

The coming year can be a challenging one. The biggest challenge is USA-Iran conflict & oil prices. The remittances & export proceed is going to be the frontline defense for the stability & growth of the economy. The Government raised a record $3bn through

its largest ever single international Eurobond. This gives a temporary relief to MPS rate., which plays a dominant role in economy & stock market.

Acknowledgement

The Board expresses its gratitude to the Securities & Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX), Central Depository Company (CDC), National Clearing Company of Pakistan Limited (NCCPL), and the State Bank of Pakistan (SBP) for their continued support and guidance.

The Board also thanks our valued clients, shareholders, and employees for their trust, commitment, and hard work.

Farah Zubair
Chief Executive

M. Naeem Mehmood Shahid
Director

Karachi 24th September, 2026