

DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report of the Company together with the audited financial statements for the year ended June 30, 2025, and the independent auditors' report thereon.

Market Review

FY2025 was a landmark year for our capital markets, with the benchmark KSE-100 index closing at an all-time high of 125,627 points, compared to 78,445 points a year earlier, a remarkable gain of 60%. This performance was supported by stronger corporate earnings, sustained investor confidence, and improved macroeconomic fundamentals.

This bullish sentiment was reinforced by macroeconomic stabilization measures, a significant decline in inflation, and continued progress on structural reforms under the International Monetary Fund's (IMF) program. Market activity remained vibrant across all segments, including equities, Government securities, and ETFs, contributing to a deeper and more diversified capital market.

Market capitalization surged to PKR 15.24 trillion (FY2024: PKR 10.37 trillion), reflecting broad-based participation across asset classes, including renewed activity on the GEM Board. On the macroeconomic front, inflation moderated significantly in the latter half of the year, foreign exchange reserves strengthened, and the exchange rate exhibited relative stability. Monetary policy also turned towards easing, with interest rates declined from historically high levels of 22% to 11%, which supported investor confidence and liquidity.

Review of Operations

FY2025 marked a year of strategic consolidation and a financial turnaround for the Company. The Board and management pursued a focused strategy centered on optimizing the financial structure, managing risks, and capitalizing on improved market conditions.

The Company delivered a profit after tax of PKR 30.67 million compared with a loss of PKR 9.82 million in FY2024. Operating revenues rose to PKR 195.55 million (FY2024: PKR 161.41 million), supported by higher brokerage activity. While capital gains on investments declined to PKR 164.23 million (FY2024: PKR 271.10 million), overall profitability improved due to disciplined cost management and a significant reduction in finance cost, which decreased to PKR 211.28 million from PKR 301.18 million a year earlier.

The balance sheet also strengthened, with equity rising to PKR 423.08 million from PKR 224.10 million last year, as a result of improved reserves and fair value adjustments. Short-term borrowings were substantially reduced from PKR 1.26 billion to PKR 718.12 million, underscoring the Company's efforts to deleverage and enhance financial sustainability.

These results reflect a decisive improvement in the Company's financial health and position. Pearl Securities Limited is on a solid path toward sustainable growth. The Board wishes to record its deep appreciation for the strategic guidance of its members, whose oversight was critical to this turnaround.

Future Outlook

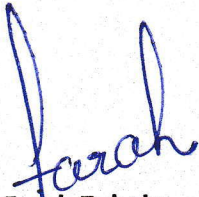
The outlook for FY2026 remains cautiously optimistic. Stability in both micro- and macroeconomics indicators, together with monetary easing, a relatively stable exchange rate, and sustained structural reforms, are expected to support business confidence and trading activity. However, challenges remain, particularly if the form of geopolitical volatility, fluctuation in energy prices, and domestic political uncertainties.

Pearl Securities Limited will continue to focus on prudent financial management, diversification of revenue streams, and leveraging opportunities in new market products. The Board is confident that the foundations laid in FY2025 will enable the Company to build a sustainable growth and creating long-term value for stakeholders.

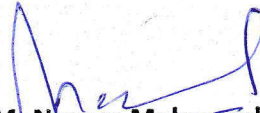
Acknowledgement

The Board expresses its sincere gratitude to our valued clients, whose trust is our greatest asset, and to our bankers for their continued support and cooperation. We also extend our appreciation to the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX), Central Depository Company (CDC), and National Clearing Company of Pakistan Limited (NCCPL) for their regulatory guidance and facilitation.

A special note of thanks is due to our dedicated employees, whose commitment and hard work were pivotal in achieving this year's successful results.



Farah Zubair
Chief Executive Officer



M. Naeem Mehmood Shahid
Director

Karachi: September 24, 2025