

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the **Fifteenth (15th) Annual General Meeting (AGM)** of Next Capital Limited [**the Company**] will be held on **Friday, October 25, 2024 at 11:15 a.m.** at the Registered Office of the Company, situated at 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Fifteenth (15th) Annual General Meeting (AGM) held on October 25, 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024 together with the Directors' and Auditor's Reports thereon.
3. To approve the appointment of the Auditor for the year ending June 30, 2025. The retiring Auditor Messrs. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and, if deemed fit, pass, with or without modification, the following resolutions, as special resolutions, in accordance with the provisions of Section 183(3) of the Companies Act, 2017, for the purposes of authorizing the Company to transfer the business division of Finqalab (including all tangible and intangible assets including copyrights, licenses, patents, trademarks, intellectual properties, as well as the employees) ("Finqalab" or "Project") to a wholly owned subsidiary against issuance of shares.

***"RESOLVED THAT** the Company be and is hereby authorized, in accordance with Section 183(3) of the Companies Act, 2017 to transfer the entire business division of Finqalab (including all tangible and intangible assets including copyrights, licenses, patents, trademarks, intellectual properties, as well as the employees) at book value, to a wholly owned subsidiary against issuance of shares, for non-cash consideration or through any other mechanism approved by the Board of Directors of the Company.*

***FURTHER RESOLVED THAT** the Chief Executive Officer, jointly with any one of the Chief Financial Officer or MD - Capital Markets or Director - Investment Banking, or such other person(s) as may be authorized by any of them (the **"Authorized Persons"**), be and is hereby authorized and empowered to take all necessary steps, determining a cut-off date for the transfer, make the requisite decisions from time to time, do all such acts, deeds and things, obtain necessary approvals, and to execute and deliver all such deeds, agreements, declarations, undertakings and guarantees, including any ancillary document thereto or provide any such documentation for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with or incidental for the purposes of carrying out the proposed resolutions.*

RESOLVED FURTHER THAT all actions heretofore taken by any of the Authorized Persons on behalf of the Company in respect of the above matters are hereby confirmed, ratified, and adopted by the Company in full."

ALSO RESOLVED THAT Chief Executive Officer and or the Company Secretary of the Company be and are hereby severally authorized to sign and submit required statutory returns, announcements, e-filings with the Registrar of Companies, CRO, SECP, Pakistan Stock Exchange and or any other authority / regulator and to do all such acts, deeds and things as may be necessary to do in this regard.

The QR Enabled Code and web link are as follows:

<https://www.nextcapital.com.pk/investors>



Karachi.

Dated: October 04th, 2024

By order of the Board
Muhammad Rizwan Yousuf
Company Secretary

1. **NOTES**

The Share Transfer Books of the Company will remain closed from October 18th, 2024 to October 25rd, 2024 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. Digital Custodian Company Limited (DCCL), 4th Floor, Perdesi House, Queens Road, Karachi up to the close of business on October 17th, 2024 will be treated in time for the purpose of attending the Annual General Meeting.

2. **Requirements for attending the Annual General Meeting**

- i. In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall authenticate his/her identity by showing his/ her valid original Computerized National Identity Card (CNIC) or original Passport at the time of attending the AGM.

- ii. In the case of corporate entity, Board of Directors' resolution/Power of Attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

3. Requirements for appointing Proxies:

- iii. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective, must be received at M/s. Digital Custodian Company Limited (DCCL), 4th Floor, Perdesi House, Queens Road, Karachi not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.
- iv. Members, proxies or nominees shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original Passport and bringing their folio numbers at the time of attending the meeting.
- v. In order to be effective, the proxy forms must be received at the office of our Share Registrar no later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, addresses, CNICs' numbers and signatures.
- vi. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- vii. In the case of proxy by a corporate entity, Board of Directors' Resolution / Power of Attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.
- viii. In case of proxy for corporate members, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced at the time of meeting (unless it has been provided earlier to the Shares Registrar).

4. Entitlement date

Physical transfers and deposit request under Central Depository System received at the close of the business on **October 17, 2024** by the Company's Share Registrar will be treated being in time for entitlement to attend, participate in and vote at the meeting.

5. Submission of valid CNIC (Mandatory)

Shareholders / Members are requested to submit copies of their valid CNIC. All shareholders / members having physical shareholding are advised to submit a photocopy of their valid CNIC immediately, if already not provided, to the Share Registrar without any further delay.

6. Participation in AGM through Electronic Means

The Company will hold the AGM both physically at the Head Office of the Company and through electronic means via Zoom enabling the shareholders / members to attend and participate in the 15th AGM of the Company through video link arrangement, therefore, shareholders / members are requested to complete identification and verification



companies to provide their names, CNIC scanned (both sides), folio numbers, cell phone numbers and email addresses on or before October 20, 2024 by 5:00 p.m. at the following email address i.e. co.secretary@nextcapital.com.pk. The video link of meeting will be sent to the shareholders / members on their email addresses.

Upon receipt of the above information from interested shareholders / members, the Company will send the login credentials at their email address. On the date of AGM, shareholders will be able to login to participate in the AGM proceedings through their smartphone/computer devices.

7. Circulation/Transmission of Annual Audited Financial Statements

The Audited Financial Statements for the year ended June 30, 2024 are accessible on the Company's website (<https://www.nextcapital.com.pk/>).

8. Conversion of Physical Shares into CDC Account

The SECP has issued Letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-Form within a period not exceeding four years from the date of the promulgation of the Act. Therefore, the shareholders / members who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

9. Postal Ballot / E-voting

Pursuant to the Companies (Postal Ballot) Regulations, 2018, the shareholders /members will be allowed to exercise their right of vote through postal ballot that is voting by post or through any electronic mode, in accordance with the requirements and procedure under the aforesaid Regulations. The details of the same will be provided later.

10. Comments and Suggestions

Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on the email: co.secretary@nextcapital.com.pk

11. Notify Change of address to the Share Registrar

Shareholders / Members are requested to immediately notify the change, if any, in their registered address/contacts numbers to Share Registrar, M/s. Digital Custodian Company Limited, 4th Floor, Perdesi House, Queens Road, Karachi. Tel: +92 21 32419770, +92 21 32430485.

“Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Resolutions, is attached along with the Notice circulated to the members of the Company, and is deemed an integral part thereof.”



STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 AND DISCLOSURE OF DETAILS AS PER S.R.O. 423 (I)/2018:

This statement sets out below the material facts concerning the Special Business to be transacted at the Annual General Meeting of Next Capital Limited (the “**Company**”) to be held at Karachi on October 25, 2024, at 11:15 a.m i.e. pertaining to transfer of Finqalab to a wholly owned subsidiary.

The following information is being provided in accordance with the requirements of para B(5)(I) of S.R.O. 423 (I)/2018:

S. NO.	DESCRIPTION	INFORMATION REQUIRED
i)	Detail of assets to be sold, leased, or disposed of shall include the following:	
a)	Description/Name of asset	The proposed transaction pertains to transfer of the entire business division of Finqalab (including all tangible and intangible assets including copyrights, licenses, patents, trademarks, intellectual properties, as well as the employees) to a wholly owned subsidiary (“Project Subsidiary”) against issuance of shares. The asset is currently recorded as ‘capital work in progress’ under the ‘Intangible Assets’ of the Company with an aggregate amount of PKR 181.4 million as per audited financials of June 30, 2024.
b)	Acquisition date of the asset	Not applicable as it is an internally developed asset.
c)	Cost	PKR ~181.4 million as per audited financials of June 30, 2024.
d)	Revalued amount and date of revaluation (if applicable)	Not applicable.
e)	Book value	PKR ~181.4 million as per audited financials of June 30, 2024.
f)	Approximate current market price/fair value	Same as book value.
g)	In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof;	Not applicable.
h)	In case of lease of assets, tenure, lease rentals, increment rate; mode / basis of determination of lease rentals; and other important terms and conditions of the lease;	Not applicable.
i)	Additional information in case of disposal of land: (i) Location; (ii) Nature of land (e.g. commercial, agriculture, etc); and (iii) Area proposed to be sold.	Not applicable.

	<p>ii) The proposed manner of disposal of the said assets.</p>	<p>The Company will transfer, by way of a business transfer agreement, the entire business unit of Finqalab (including all tangible and intangible assets including copyrights, licenses, patents, trademarks, intellectual properties, as well as the employees) to a wholly owned subsidiary against issuance of shares for consideration other than cash.</p> <p>In case of any operational difficulties or to bring efficiency to the transfer process, the Board may change the manner of transfer without impacting the spirit of the transaction.</p>
<p>iii)</p>	<p>In case the company has identified a buyer, who is a related party the fact shall be disclosed in the statement of material facts.</p>	<p>Not applicable as the asset is not being sold rather it is being transferred to a wholly owned subsidiary where funds will be raised from external investors subsequently.</p> <p>However, this is pertinent to mention that the Board of Directors of the Company has approved that after transfer of Finqalab to the Project Subsidiary, a rights issue will be conducted by the Project Subsidiary, pursuant to which the Company will renounce its shares and the co-founders (Najam Ali and Syed Irtaza Ali) will subscribe to shares at face value, such that they receive 40% ownership in the Project Subsidiary which may be diluted up to a maximum of 20% in future funding rounds. This shareholding is in recognition of their efforts in conceiving the idea; taking the product to MVP (minimum viable product) stage where equities module has attracted more than 2,500 sign-ups and ~450 new trading accounts; securing external funding; and developing the remaining modules of the Project. The Board considered that for any startup, founders must retain a meaningful stake in the venture even after multiple founding rounds so that they remain committed to achieving its maximum potential and creating sustainable returns for all the stakeholders. In this regard, literature review suggests that early-stage venture capitalists (VCs) typically require founders to hold a significant majority stake, ranging from 70% to 80%, to ensure alignment with the venture's long-term success. However, in Finqalab's case, the co-founders are being offered a substantially lower equity stake (40% to 20%) to give benefit to Next Capital's shareholders. By reducing the co-founders' stake, Next Capital's shareholders stand to benefit from a much larger ownership portion, increasing their share in the potential upside of the Project.</p>

		<p>With external fundraising which will potentially be at a substantially higher valuation compared to the investment made by Next Capital, the value of Next Capital's stake in the venture is expected to increase multiples over. However, this growth potential is contingent upon the co-founders retaining a meaningful stake in the venture, ensuring their continued commitment and drive toward launching the remaining modules.</p>
iv)	<p>Purpose of the sale, lease, or disposal of assets along with following details:</p>	
a)	<p>Utilization of the proceeds received from the transaction</p>	<p>Not applicable as the asset will be transferred to a wholly owned subsidiary against share issuance.</p>
b)	<p>Effect on operational capacity of the company, if any; and</p>	<p>None</p>
c)	<p>Quantitative and qualitative benefits expected to accrue to the members.</p>	<p>Finqalab is a savings, investments, and payments platform designed to unify a disjointed financial system and become a digitally accessible 'one-stop shop' for meeting personal finance needs. It aims to offer multiple savings and investments products on a single platform including (1) equities, (2) mutual funds, (3) insurance, (4) fixed income securities, (5) commodities, (6) digital lending, and (7) digital wallet (hereinafter referred to as "modules"). The modules will be coupled with layers of in-app educational content, and automated advisory (AI driven basic advisory on capital allocation) based on user risk profiles, enabling them to make informed financial decisions (the "Project").</p> <p>The Project was conceived by the co-founders in FY22, and it is being developed in the form of a mobile application. Realizing the scale and scope of the Project and ensuring a responsible deployment of resources, a modular/sequential approach has been adopted by the management where the first module of equity trading has been recently launched while other modules are being worked upon for which funding is required. After conducting a detailed financial modeling exercise, it has been estimated that substantial investment will be required to develop the next 3-4 modules. In this regard, Finqalab team has begun outreach to Venture Capital firms (VCs) and early-stage investors.</p> <p>Before seeking external funding, Finqalab is required to be transferred from Next Capital to the Project Subsidiary for the following reasons:</p>

	<ol style="list-style-type: none"> 1. Investor Preference: Startup investors require a clean and dedicated corporate structure for new ventures. As Next Capital operates multiple business divisions and is already listed on the PSX, it is not an appropriate vehicle nor able to raise capital solely for Finqalab. 2. Shareholder Protection: Raising funds for Finqalab within Next Capital would unnecessarily dilute the share of existing shareholders in other business divisions, such as Investment Banking, Institutional Brokerage, and REIT Advisory. 3. Efficient Structure: Carving out Finqalab will allow a larger and more diverse investor base to be tapped, result in more efficient timelines for capital raising, with focused due diligence on the Project Subsidiary. This will also result in focused valuation and provide a clear exit opportunity to external investors through an IPO of the Project Subsidiary in future which will unlock value for Next Capital as well.
<p>Disclosure under para C(2) of S.R.O. 423 (I)/2018:</p>	
<p>The nature and extent of interest, if any, therein of every director, whether directly or indirectly.</p>	<p>Except to the extent of their respective shareholding in the Company and as provided below, the Board of Directors of the Company have no direct or indirect interest in the Special Business:</p> <ul style="list-style-type: none"> ▪ Mr. Najam Ali, the CEO and Director of the Company is one of the two co-founders of Finqalab and has interest in the Project Subsidiary as explained in section (iii) above.

Availability of Relevant Documents

Copies of the documents pertaining to foregoing Special Business are available for inspection at the Registered Office of the Company during normal office working hours from the date of publication of the Notice till the date of the AGM.

Undertaking by the Directors

The Board of Directors have carried out necessary due diligence for the proposed transaction.

Expected time of completion of the transaction

It is expected that transaction will be completed by **October 24, 2024**.