

DIRECTORS' REVIEW REPORT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025

The Board of Directors of Secure Logistics – Trax Group Limited (“**SL – Trax Group**” or the “**Company**”) is pleased to present the reviewed condensed interim financial information and reviewed condensed interim financial information for the six months period ended June 30, 2025.

Economic Review

Pakistan’s economy demonstrated resilience and maintained stability on both fiscal and external fronts over the past six months. Inflationary pressures eased, supporting overall price stability, with inflation dropping sharply to 0.7% (YoY) in March 2025, compared to 20.7% in March 2024. This improvement allowed the State Bank of Pakistan (SBP) to implement an aggressive 1,000 basis point cut in the policy rate, bringing it down from 22% to 12% during the period.

Fiscal consolidation efforts began yielding measurable results, leading to a primary surplus and a reduced fiscal deficit. The fiscal deficit fell to 1.7% of GDP during Jul – Jan FY2025, compared to 2.6% in the corresponding period last year. Externally, the current account recorded a surplus of USD 1.86 billion during Jul–March FY2025, against a deficit of USD 1.65 billion in the previous year. The external sector remained strong, supported by export growth, solid remittance inflows, and increased foreign investment. This led to a substantial rise in FX reserves as at June 2025 through better remittances and exports to reach US\$14.51 billion (from US\$9.39 billion) which consequently increased the import cover to 2.5 months from 1.7 months a year ago. Most importantly, the debt-to-GDP ratio has decreased to estimated 69% from 75%.

All of above has resulted in a triple upgrade of sovereign credit rating by Fitch, S&P and Moody’s. The rating upgrade acknowledges the improved fiscal consolidation and reforms under the IMF program.

The improvement in Business confidence is evident in the latest Gallup Survey about Pakistan Economy at end Q2 2025 citing better business conditions, future optimism, economic management and energy situation. For FY2025, the IMF projects GDP growth at 3%, while the World Bank estimates growth between 2.6% and 2.8%

Acquisition of Trax Online (Private) Limited:

During the period under review, Secure Logistics Group (“**SLG**”) and Trax Online (Private) Limited (“**Trax**”) successfully completed a Scheme of Arrangement under Sections 279–283 and 285(8) of the Companies Act, 2017. The Scheme, approved by the requisite majority of SLG members and sanctioned by the Honorable Islamabad High Court on May 5, 2025, resulted in the vesting of Trax’s entire issued and paid-up share capital into SLG, making Trax a wholly owned subsidiary. The arrangement also involved a reorganization of SLG’s shareholding and related corporate matters. Subsequent to the close of merger transaction, the name of Company was changed from Secure Logistics Group Limited to Secure Logistic - Trax Group Limited. The merger is effective from April 01, 2025.

Consequently, the management commenced the implementation of the integration plans to swiftly and efficiently effectuate the arrangement and achieve the identified synergies. A synergy driven annualized savings plan of Rs440 million that inter-alia includes organizational matters, offices and other infrastructure, redeployment, rationalization of commercial vehicles fleet to cater for expanded Business Lines (“**BLs**”) and expansion of technology platform is well underway.

As part of the Merger SLGL *inter-alia*, offered:

Company owned fleet

Diversified cash flow stream through distinct, yet synergetic, business lines of logistics, asset tracking and security services

Experienced team in all business lines mentioned above

Country-wide foot print of all business lines

TIR License – Regional Play

Similarly, Trax, *inter-alia*, contributed through:

Two complimentary BLs (last-mile and warehousing) along with respective sub-segments and an established technology platform that is being expanded to include Fin Tech

Country-wide reach of the e-commerce business

An experienced operational and commercial team across the country

Resultantly, Secure Logistic - Trax and its subsidiary group companies are poised to become a leading 4 PL player, involved in *inter alia* the complimentary BLs of long-haul and medium-haul transportation, E-commerce (last mile) and warehousing. In addition, it will be the only logistic entity of its size with a substantial in-house IOT business and security services capability, both supporting the BLs falling under Logistics and E-Commerce, providing a unique opportunity to maximize the value for Secure Logistic-Trax's shareholders

SL – Trax Group after acquisition has become the Only 4PL Logistics Company with compliance standards aligned with PSX, SECP & CCP. Substantial institutional shareholders including international shareholders such as Saudi Bugshan, TriCap Investments and Karandaz Pakistan.

In consolidated financial statements of the Group, keeping in view the merger effective date of April 1st, 2025, the financial performance through P&L of Trax Online (Private) Limited is included for the quarter April to June 2025 and balance sheet as at June 30, 2025.

Business Review and Financial Highlights

During the period under review, SLG - Trax continued to pursue a prudent and focused strategy aimed at sustaining business momentum, optimizing cost structures, and improving operational efficiency. SL – Trax Group's financial results for six months' period are summarized below:

	Six Months Ended June 30	
	2025	2024
	-----Rupees in 000-----	
Revenue	1,456,858	1,237,538
Profit before income taxes and levy	434,465	283,861
Levy and income taxes	6,982	(56,482)
Profit for the period after taxation	438,593	227,378
Profit attributable to the equity shareholders of the Holding Company	434,508	223,812
Profit attributable to non-controlling interest	4.085	3.566
Earnings per share – basic and diluted	1.55	0.83

The Company reported a profit before income taxes and levy (PBT) of Rs.434.465 million for the period; from Rs.283.861 million (an increase of 53%) recorded in the same period last year. The profit after tax and levy (PAT) increased from Rs.223.812 million to Rs.438.593 million (an increase of 96%). The increase in PBT and PAT are primarily attributable to share of profit from associate due to acquisition of Trax Online (Private) Limited during the period under review. The acquisition was effective from April 01, 2025.

Gross profit for the period Jan to Jun 2025 is Rs.802.091 million, as compared to Rs.605.931 million for the same period during 2024 (an increase of 32.37%).

In line with the decrease in average KIBOR during this period, finance cost for the period decreased to Rs.39.84 million, from Rs.183.63 million in the comparative period last year. A running finance loan of Rs. 302.74 million from a commercial bank was also paid off during the period which caused a decrease in financial charges. Administrative and general expenses for the period are recorded at Rs.536.595 million as compared to Rs.145.718 in June 2024 (mainly because of addition of Trax Online staff and infrastructure).

The Company also recorded a reversal of ECL amounting to Rs. 3.157 million as compared to a provision of 0.602 million charged during the corresponding period last year due to better management of trade receivables.

Future Outlook

Pakistan's economic outlook remains closely tied to global trends and domestic political stability. While recent conditions have improved, sustained progress depends on policy continuity. In this environment, SL - Trax Group is focused on stable portfolio growth, maintaining asset quality, and strengthening risk management in new business.

Performance of the Group

In compliance with section 226 of the Companies Act 2017, attached with this report is the consolidated reviewed condensed interim financial information of SL - Trax Group and its subsidiaries (the Group) namely – Trax Online (Private) Limited, LogiServe (Pvt) Ltd, FIST Security (Private) Limited and SkyGuards (Private) Limited – for the six months period ended June 30, 2025.

Acknowledgement:

The Board wishes to place on record its sincere gratitude to the Registrar SECP, Director SECP and his support staff at SECP, bankers, customers, shareholders and its business partners for their continued support and guidance.

On behalf of the Board:



Gulraiz Afzal Khan

Chief Executive Officer



Pervaiz Afzal Khan

Director