

Feb 28, 2026

ZAL/PSX/160207-2026

The General Manager

Pakistan Stock Exchange

Stock Exchange Building

Stock Exchange Road Karachi,

Dear Sir,

**Subject: Yearly Progress Report as of December 31, 2025**

We are pleased to submit the yearly progress report as of December 31, 2025, along with the Agreed upon Procedures' Report as issued by our Auditors, M/S Naveed Zafar Ashfaq Jaffery & Co, on the implementation status of the project. This progress report is being submitted in compliance with the requirement of Clause 16(ii)(a) of post-issue reporting and disclosures of the "Public Offering Regulations, 2017" and in pursuance of the requirement specified in clause 4.9 of the prospectus to the issue of the Company.

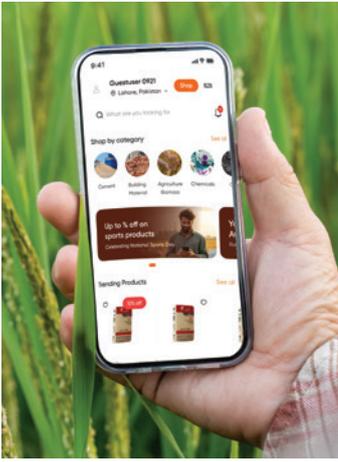
Yours Sincerely,



Muhammad Akram  
Company Secretary



CC: Executive Director/HOD,  
Offsite-II Department, Supervision Division,  
Securities & Exchange Commission of Pakistan,  
63, NIC Building, Jinnah Avenue,  
Blue Area, Islamabad.



Zarea Limited  
**Annual Progress Report**  
on Utilization of IPO Proceeds  
2025

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February 16, 2026

**The Board of Directors**

Zarea Limited

Delta 06, Office no. 6011, NASTP, Abid Majeed Road Lahore

**Subject: Agreed Upon Procedures Report on Progress Report for the Six Months Period ended December 31, 2025**

**1. Purpose of this agreed upon procedures Report**

Our report is solely for the purpose of evaluating whether Zarea limited utilized proceeds of IPO in compliance with the principal purpose of the issue as defined under para 2.5 of the prospectus and progress report thereon is in accordance with the Regulation 16 (ii) of Chapter viii of The Public Offering Regulations, 2017 and may not be suitable for another purpose. This report is intended solely for the use of the company and Pakistan Stock Exchange and is not intended for, and should not be used by, any other party or for any other purpose.

**2. Responsibility of Zarea Limited**

The company has acknowledged that the agreed upon procedures are appropriate for the purpose of engagement.

The company is responsible for the subject matter on which agreed upon procedures are performed.

**3. Practitioner's responsibility**

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 Zarea Limited, 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.

**4. Professional Ethics and Quality Management**

We have complied with the ethical requirements in International Ethics Standard Board for Accountants IASBA as adopted by Institute of Chartered Accountants of Pakistan (Revised 2019) (the code). For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Control (ISQM) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## 5. Procedures and Findings

We have performed the following procedures described below which were agreed with the company on utilization of proceeds of Initial Public Offering (IPO).

Sr. No.	Procedures Performed	Findings
1	Obtained the bank statements & details of amounts received against IPO and traced the amounts received in respect of IPO from bank statements	No discrepancies were found
2	Obtained <ul style="list-style-type: none"><li>The progress report for the period till December 31, 2025</li><li>Books of accounts of the relevant expansion projects as identified under the heading "implementation status" of the projects and</li><li>Prospects of the issue of shares</li></ul>	No discrepancies were found
3	Recalculation of the current status percentage as shown under the heading of "implementation status" by dividing "funds deployed" against each expansion project with the "total funds" required for the completion of project.	No discrepancies were found
4	Obtained details of profits earned on mutual funds	No discrepancies were found
5	Obtained & verified details of utilization as mentioned in Note 4.3 of the prospectus	No discrepancies were found



**Date:** 25 February 2026

Naveed Zafar Ashfaq Jaffery & Company

# Progress Report on Utilization of Proceeds of Initial Public Offering (IPO)

## PROGRESS REPORT ON UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING (IPO), UNDER REGULATION 16 (ii) OF CHAPTER VIII OF THE PUBLIC OFFERING REGULATIONS, 2017, REVIEWED BY AUDITORS

February 09, 2026

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road, Karachi

## PROGRESS REPORT ON UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING (IPO), UNDER REGULATION 16(ii) OF CHAPTER VIII OF THE PUBLIC OFFERING REGULATIONS, 2017, REVIEWED BY AUDITORS

Dear Sir,

We are pleased to share the annual progress report on utilization of proceeds of initial Public Offering (IPO), under regulations 16 (ii) of Chapter VIII of the public offering regulations, 2017, along with agreed upon procedures report thereon by the external auditors of the Company M/s. Naveed Zafar Ashfaq Jaffery & Company

### Brief Introduction

Zarea Limited (“the company”) successfully raised funds through an Initial Public Offering (IPO) to fuel the expansion of its existing business. The IPO involved the issuance of 62,500,000 ordinary shares (face value of Re. 1 each), raising a total of Rs. 1,029,579,750 (Which include share premium). As a result, 23.81% of the Company's post-IPO share capital was made available to the public and institutional investors. The process of listing the shares on the Pakistan Stock Exchange and commencing trading was successfully completed on February 28, 2025.

The current status of the project's implementation, as outlined in Note 4.3 of the prospectus, is summarized in the table below:

a) Annual implementation status of the project/commitment made in the Prospectus is given below:

Sr. No.	Commitment made in the prospectus	Start Date	Completion date	Current Status	Rationale for delay (if any)
1	Working Capital	Q2 FY 2025	Q3 FY 2025	Completed	N/A
2	Logistics	Q2 FY 2025	Q3 FY 2025	Completed	N/A
3	Technology	Q3 FY 2025	Q2 FY 2026	58% completed	N/A
4	Marketing	Q2 FY 2025	Q3 FY 2025	Completed	N/A
5	Office and Cars	Q2 FY 2025	Q3 FY 2025	Completed	N/A
6	Human Resource	Q2 FY 2025	Q3 FY 2025	Completed	N/A

b) Detailed Break up of utilization of the proceeds raised from the IPO:

Detail	Rs.
Receipt against issuance of 62,500,000 ordinary shares	1,029,579,750
Return on investments in mutual funds	53,267,469
Share issuance expense	(51,024,298)
Net IPO Proceeds available for utilization	1,031,822,921
Less: Working capital settlement	(475,458,337)
Less: Expenditures incurred till 31 December 2025 (W-1)	(503,444,019)
Un-utilized IPO proceeds as at 31 December 2025	<b>52,920,565</b>

W-1

Logistics	240,000,000
Technology	72,079,435
Marketing	81,364,584
Office CAPEX and Vehicles	60,000,000
Human Resource	50,000,000
<b>Total</b>	<b>503,444,019</b>

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For and on behalf of Zarea Limited  
Muhammad Usman Ameer  
Chief Financial Officer

Enclosed: External Auditors (Naveed Zafar Ashfaq Jaffery & Company) agreed upon procedures reports on utilization of IPO Proceeds.