



Servis

Service Industries Limited

Strategy Meets Scale

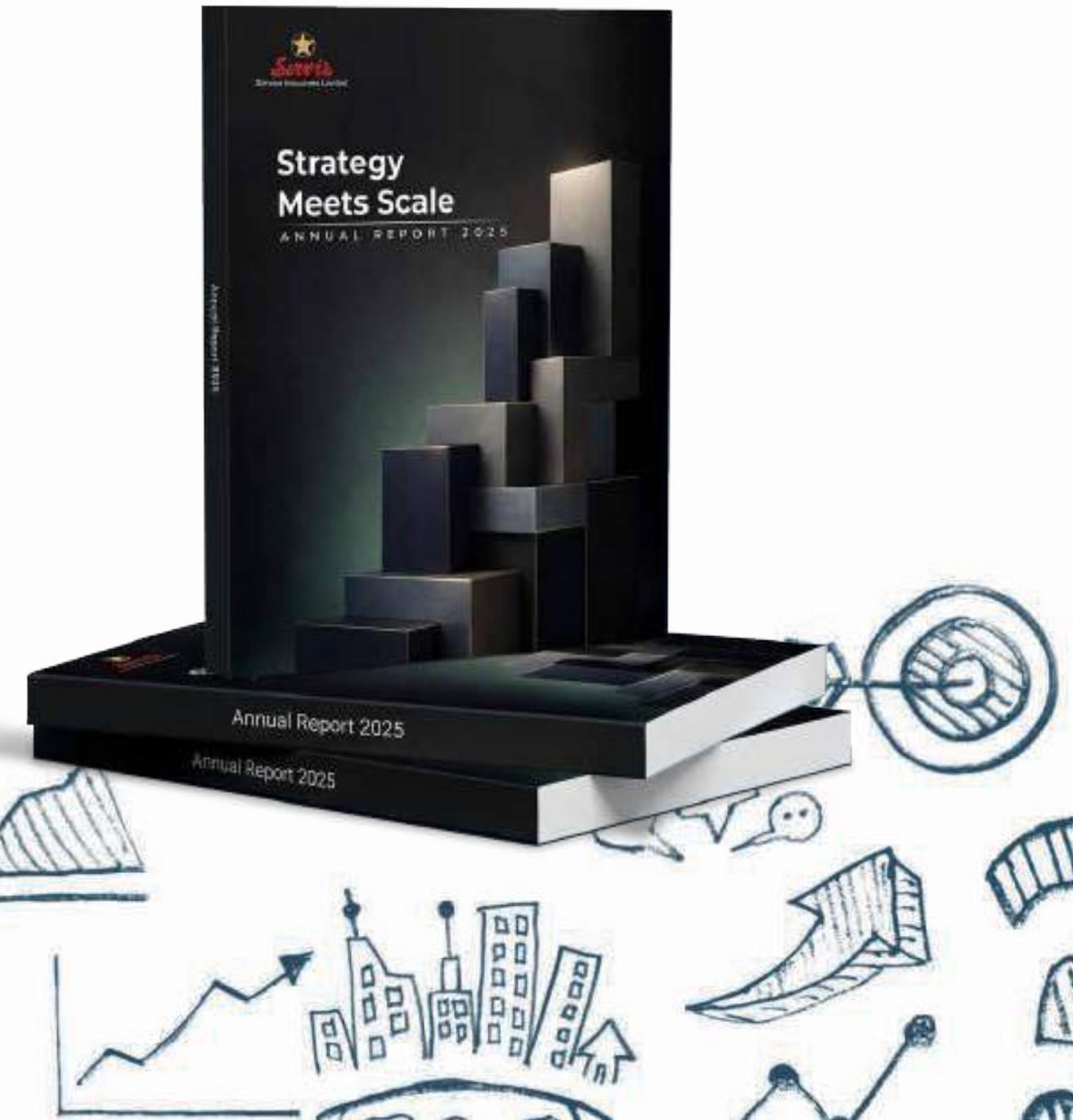
ANNUAL REPORT 2025



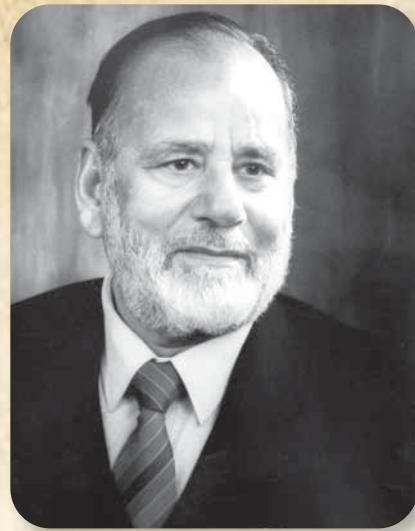
Strategy is the
direction that leads
you to success.

Cover Story

Strategy Meets Scale reflects our commitment to combining thoughtful planning with the capability to grow and perform at a larger level. We believe that strong, well-defined strategies create the foundation for sustainable expansion, while scale enables us to deliver greater value, efficiency, and impact. By aligning vision with execution, we ensure that every step of our growth is purposeful, disciplined, and built to support long-term success.



Our History

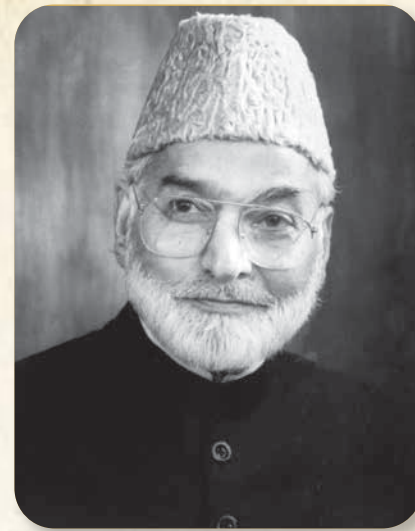


Ch. Mohammad Husain

The story of 'Servis' begins in late 1930s when a group of three young graduates from college, started exploring the possibility of doing business together instead of aspiring for secured jobs. These determined young men, Chaudhry Nazar Muhammad, Chaudhry Mohammad Husain, both hailing from villages in Gujrat and Chaudhry Muhammad Saeed from the neighboring district of Gujranwala, had scarce capital as they came from families with modest means. They pooled their personal savings, and started small businesses of making mosquito nets, minor steel products, leather chappals and eventually travel bags, hand bags and holdalls, made of canvas and leather largely for supply to the army.

Their promising business, operating out of an apartment with four small rooms in Gawalmandi, Lahore, received a serious setback at the end of World War II when the army stopped purchases and again in 1947 when subcontinent was partitioned into Pakistan and India. Most of their market was lost as it was based in Indian Cities of Delhi, Bombay, Calcutta, Madras and Cawnpur. The money thus lost was never recovered. They were using a neutral name of Service Limited for their products, not revealing any particular religious identity under intense competition from people of other faiths.

After independence, they started their business afresh and this time with production of slippers, commonly called chappals in Pakistan. The



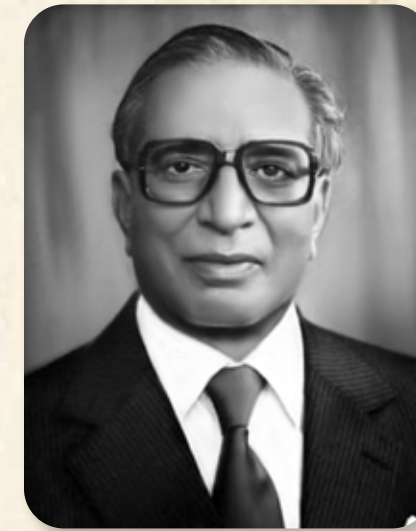
Ch. Nazar Muhammad

limitation of financial resources did not deter them. They had experience of handling leather and canvas as well as handmade chappals. They established Service industries in 1953, converted to a Public Limited Company in 1959 and ultimately listed on the stock exchange in 1970.

In 1954, they installed a shoe manufacturing plant at industrial area in Gulberg, Lahore, and started production in the same year. The industry started manufacturing various types of shoes. A few years earlier retail outlet had been started at the Mall Road under banner of Hilal Store, later converted into a Servis store.

At Gujrat, they acquired large piece of land and established one of the biggest industrial complexes in Punjab, manufacturing leather and canvas footwear, canvas fabric, textile spinning and eventually also bicycle tires and tubes.

Humility, fairness and diligence were the core values held by our founders and these led to the phenomenal success of the group over the years. They were hugely focused on the impact of their enterprise on society as a whole. They remained extremely particular about payment of taxes to the national exchequer, and in looking after the interests of shareholder and workforce alike. The importance to society of creating employment opportunities, improve employees' qualifications, develop backward areas and establish an export market stemmed from their vision and directed their growth.



Ch. Muhammad Saeed

In the public sphere, they were the pioneers and founders of the Lahore Chamber of Commerce and Industry, the Federation of Chambers of Commerce and Industry and the Lahore Stock Exchange.

Ch. Nazar Muhammad and Ch. Muhammad Saeed were both Presidents of the Lahore Chamber, and Ch. Nazar Muhammad also served as the President of the Federation of Chambers of Commerce and Industry as well as Chairman of the newly established Lahore Stock Exchange. He founded the Businessmen Hospital Trust and through it became the founding Chairman of the Shalamar Hospital.

Ch. Mohammad Husain was a great promoter of cricket and became President for the Board of Control for Cricket in Pakistan.

Today, the Service Group has transferred into 5 main companies namely Service Industries Limited, Service Long March Tyres (Pvt) Limited, Service Global Footwear Limited, Service Tyres (Pvt) Limited and Service Retail (Pvt) Limited selling quality Footwear in local and export, all steel truck and bus radial tyres, Agri Tyres and tubes, 2 wheeler and 3 wheeler tyres and tubes, a retail network of footwear operating with the brand of Servis. Service Group is the leading exporter of footwear, tyres and tubes from Pakistan. Our manufacturing facilities are spread over four locations, with three in Punjab and one in Sindh.

A humble venture of three friends has grown into a group that employs almost fifteen thousand people and makes a difference in the lives of millions of people every day.

Tribute in Loving Memory of 3 Heroes

You planted trees under whose shade we now stand.

You lit lamps that continue to illuminate paths.

You may have left this world, but your legacy walks on in every step we take, in every dream we chase.

Forever Remembered. Forever Inspiring.

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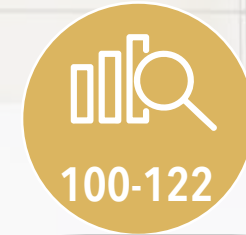
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Corporate Information

Board of Directors

Ms. Uzma Adil Khan
(Chairperson / Independent Director)

Mr. Arif Saeed
(Chief Executive Officer)

Executive Director

Mr. Omar Saeed

Executive Director

Mr. Hassan Javed

Non-Executive Director

Mr. Adil Matcheswala

Non-Executive Director

Mr. Ahsan Bashir

Non-Executive Director

Mr. Saif Javed

Non-Executive Director

Mr. Muhammad Naeem Khan

Independent Director

Mr. Shahid Hussain Jatoi

Independent Director

Chief Financial Officer

Mr. Babar Ali Khan

Company Secretary

Mr. Waheed Ashraf

Audit Committee

Mr. Muhammad Naeem Khan

(Chairman)

Independent Director

Mr. Adil Matcheswala

(Member)

Non-Executive Director

Mr. Saif Javed

(Member)

Non-Executive Director

Human Resource and Remuneration Committee

Ms. Uzma Adil Khan

(Chairperson)

Independent Director

Mr. Arif Saeed

(Member)

Executive Director

Mr. Ahsan Bashir

(Member)

Non-Executive Director

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of China

Limited

MCB Bank Limited

MCB Islamic Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Samba Bank Limited

Silk Bank Limited

Standard Chartered Bank (Pakistan)

Limited

Soneri Bank Limited

The Bank of Punjab

The Bank of Khyber

Bank Islami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

United Bank Limited

Pak Kuwait Investment Company Limited

JS Bank Limited

Auditors

M/s. Riaz Ahmad & Company,
Chartered Accountants
10-B, Saint Mary Park, Main Boulevard,
Gulberg III, Lahore.

Legal Advisor

M/s. Bokhari Aziz & Karim
2-A, Block-G, Gulberg-II, Lahore.

Registered Office

Servis House,
2-Main Gulberg, Lahore-54662.
Tel: +92-42-35751990-96

Shares Registrar

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K
Commercial, Model Town, Lahore
Tel: +92-42-35916714,
35916719,
35839182.

Stock Symbol

SRVI

Manufacturing Facility

G.T. Road, Gujrat.

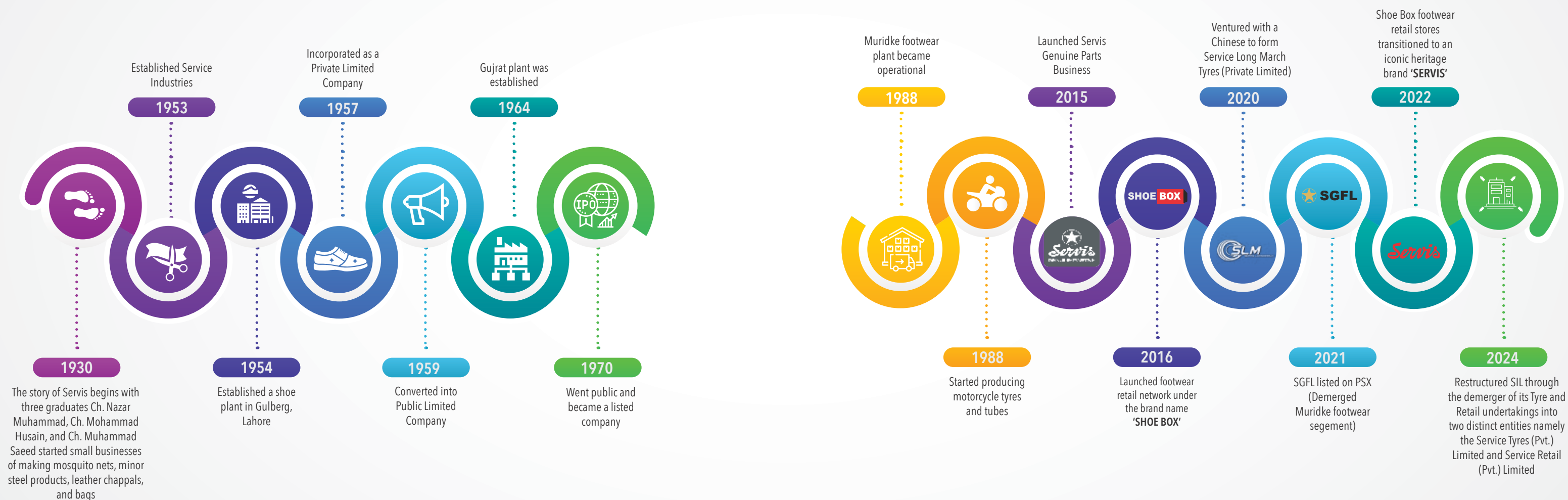
Web Presence

www.servisgroup.com

True growth
begins where clear
strategy meets the
power to scale



Journey So Far



Our Vision, Mission and Core Values

Vision



To become a Global, World-class and Diversified Company which leverages its brands and its people.

Mission



- To be a result oriented and profitable Company by consistently improving market share quality, diversity, availability, presentation, reliability, and customer acceptance.
- To emerge as a growth oriented ensuring optimum return and value addition to its shareholders.
- To ensure cost consciousness in decision making and operations without compromising the commitment to quality.
- To create an efficient resource management and conducive business environment. Evolving an effective leadership by creating a highly professional and motivated management team fully equipped to meet any challenge.
- To keep abreast with modern technology and designs to optimize production and enhance brand image to attain international recognition for the Company's product.
- To set up highly ethical business standards and be a good corporate citizen, contributing towards the development of the national economy and assisting charitable causes.
- To adopt appropriate safety rules and environment friendly policies.

Core Values



- S** Synergy: Combining efforts & achieving greatest results as one team.
- E** Excellence: Delivering highest quality in everything one does.
- R** Respect: Give due regard to feelings, wishes or rights of others.
- V** Visionary Leadership: Inspiring others, making vision into reality.
- I** Integrity: Ensuring honesty and fairness in all actions.
- S** Stretch: Go above and beyond to deliver more & better.



Code of Conduct

The Code of Conduct translates the Group's ethical principles into daily actions and applies to all directors, senior management, and employees. It reflects a commitment to integrity and defines how employees interact with colleagues, customers, and stakeholders. The Code is intended to have practical value and must be followed in both letter and spirit while maintaining high performance standards in a competitive environment.

Working Environment

Service Group promotes a professional, inclusive, and respectful workplace. Employees must treat all individuals with dignity and integrity and help maintain an environment free from discrimination, harassment, bullying, or threatening behavior based on religion, gender, race, nationality, age, disability, or similar factors. Equal employment opportunities and freedom of association are respected.

Abuse of Power

Employees must not misuse authority for personal gain. Any such conduct will result in appropriate disciplinary action.

Labor Laws

Service shall comply with all applicable federal and provincial labor laws.

Health, Safety, and the Environment

Service Group is committed to high standards of health, safety, and environmental protection. Employees share responsibility for maintaining safe practices, promoting workforce well-being, and minimizing environmental impact through responsible and sustainable practices.

Loyalty, Impartiality, and Conflict of Interest

Employees must avoid situations where personal, financial, or political interests conflict with company interests. Any potential conflict must be disclosed in writing to the immediate superior.

Confidentiality

Employees are legally obligated to protect confidential information during and after employment. Internal matters must not be disclosed unless required by law.

Protection of Personal Data

Personal data must be handled carefully and used only for legitimate operational, administrative, or customer service purposes.

Property and Assets

Company property, facilities, IT systems, and documents must be safeguarded and used appropriately in accordance with security requirements.

Information, Communication, and Contact with the Media

External communication must be accurate and handled only by authorized representatives. Media inquiries must be referred to

designated officials. Defamatory statements against the Company may lead to legal action.

Expertise and Authority

Employees must operate within authorized limits and exercise authority responsibly in the best interest of the company.

Accounting

All transactions must be accurately recorded in compliance with applicable laws, accounting standards, and company policies.

Reporting and Disclosure

Reporting must be full, fair, accurate, timely, and compliant with legal and internal control requirements.

False or Misleading Statements

Employees must not provide false or misleading information and must keep personal records updated.

Relations with Customers, Suppliers, Competitors, Shareholders, and Public Authorities

Customers and suppliers must be treated fairly and professionally. Procurement must follow established procedures. Competitors must be engaged honestly and professionally. Public authorities must be dealt with transparently.

Competition

Service Group supports fair and open competition and prohibits illegal pricing agreements, market sharing, or violations of competition laws.

Corruption and Bribery

All forms of corruption and bribery are prohibited.

Money Laundering

Employees must prevent, oppose, and report any money laundering activities.

Duty, Positions, and Ownership of External Businesses

External engagements must not conflict with company interests and require prior written approval.

Political Activity

Political activities or expression of political views within the workplace or publicly in association with the Company are prohibited.

Reporting and Accountability

Employees must report violations through supervisors or HR. Good-faith reporting is protected from retaliation. Violations may result in disciplinary action. Any amendments or waivers require CEO approval.

Service Group Profile

Service Group is recognized as one of Pakistan's most distinguished and enduring business enterprises, built on over seven decades of trust, innovation, and excellence. Under its flagship brand Servis, Group has earned a trusted reputation in both footwear and tyres / tubes, becoming a household name in Pakistan while also serving as a recognized supplier in international markets.

With operations spanning Asia, Africa, South America, and Europe, Service Group continues to broaden its domestic presence and strengthen its global footprint. Backed by over 40 years of expertise in tyres and 50 years in footwear, the company has consistently played a pioneering role in advancing Pakistan's industrial and manufacturing landscape.

Driven by quality, innovation, and technology, Group invests heavily in R&D and modern manufacturing to meet the evolving needs of customers both locally and internationally, the Service Group has consistently set industry benchmarks and strengthened its position in both domestic and international markets.

Company Profile

Service Industries Limited (SIL) is the flagship and holding company of the Service Group and is listed on the Pakistan Stock Exchange. SIL operates under a dual business model, functioning as both a holding and an operating entity:

Holding Company: Maintains significant equity investments, with dividend income from these investments constituting a major contributor to profitability.

Operating Company: Engaged in the manufacturing and sale of footwear through its facility located in Gujrat.

SIL's investment portfolio, directly or indirectly, comprises eight subsidiary companies, including three foreign subsidiaries, and one associated company, operating across multiple business segments.

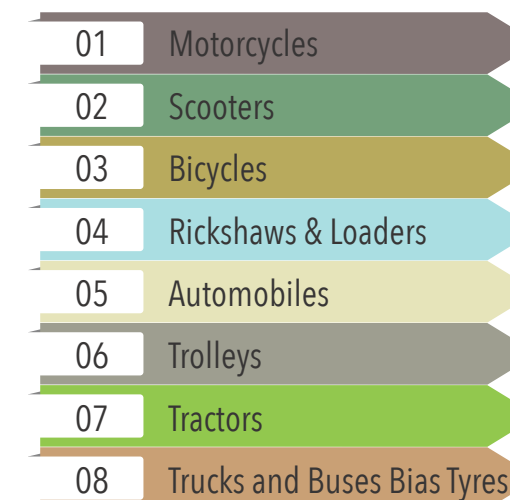
Profile of Subsidiary and Associated Companies is as follows:

Service Global Footwear Limited (SGFL) – Subsidiary Company
SGFL is the largest exporter of footwear from Pakistan, is listed on Pakistan Stock Exchange. SGFL specializes in export-oriented footwear manufacturing, catering to global demand through tailored and innovative product designs. The Company supplies a diverse range of footwear across key regions, including Europe, North America, Asia, Africa, and Australia.

Service Tyres (Private) Limited (STPL) – Subsidiary Company
STPL is a wholly owned subsidiary of Service Industries Limited, engaged in the manufacturing and sale of tyres and tubes. The Company is also involved in the manufacturing and trading of auto spare parts. STPL maintains a leading position in the domestic market

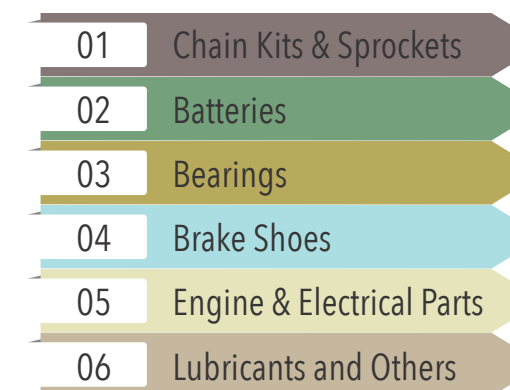
and is Pakistan's second largest exporter of tyres and tubes, with a well-established export footprint spanning more than 50 countries.

STPL manufactures a broad spectrum of tyres and tubes for various vehicle categories:



STPL is a trusted supplier to both Original Equipment Manufacturers and the replacement market.

STPL also offers premium motorcycle spare parts, further extending Servis's legacy into the automotive aftermarket. The product portfolio comprises:



This strategic diversification reinforces STPL's presence in the automotive sector while leveraging the strong brand equity of Servis.

Service Long March Tyres (Private) Limited (SLM) – Subsidiary Company

SLM is a joint venture with Chaoyang Long March Tyre Co. Ltd., China, engaged in the manufacturing of steel radial truck and bus tyres for domestic and international markets. It is the first dedicated truck and bus radial tyre manufacturer in Pakistan. To consolidate the leadership in the commercial tyre segment, SLM was established in

2020 with a focus on the production of all-steel radial truck and bus tyres.

Service Retail (Private) Limited (SRPL) – Subsidiary Company
 SRPL is a wholly owned subsidiary of Service Industries Limited, operating a nationwide footwear retail network under the brand “Servis”, with 283 outlets across Pakistan. The Company offers a diverse portfolio of footwear brands, including L&F, Mavrik, Ekisha, YO!, ACE, Cheetah, Servis Comfeet, Klara, and Ekisha Comfy.

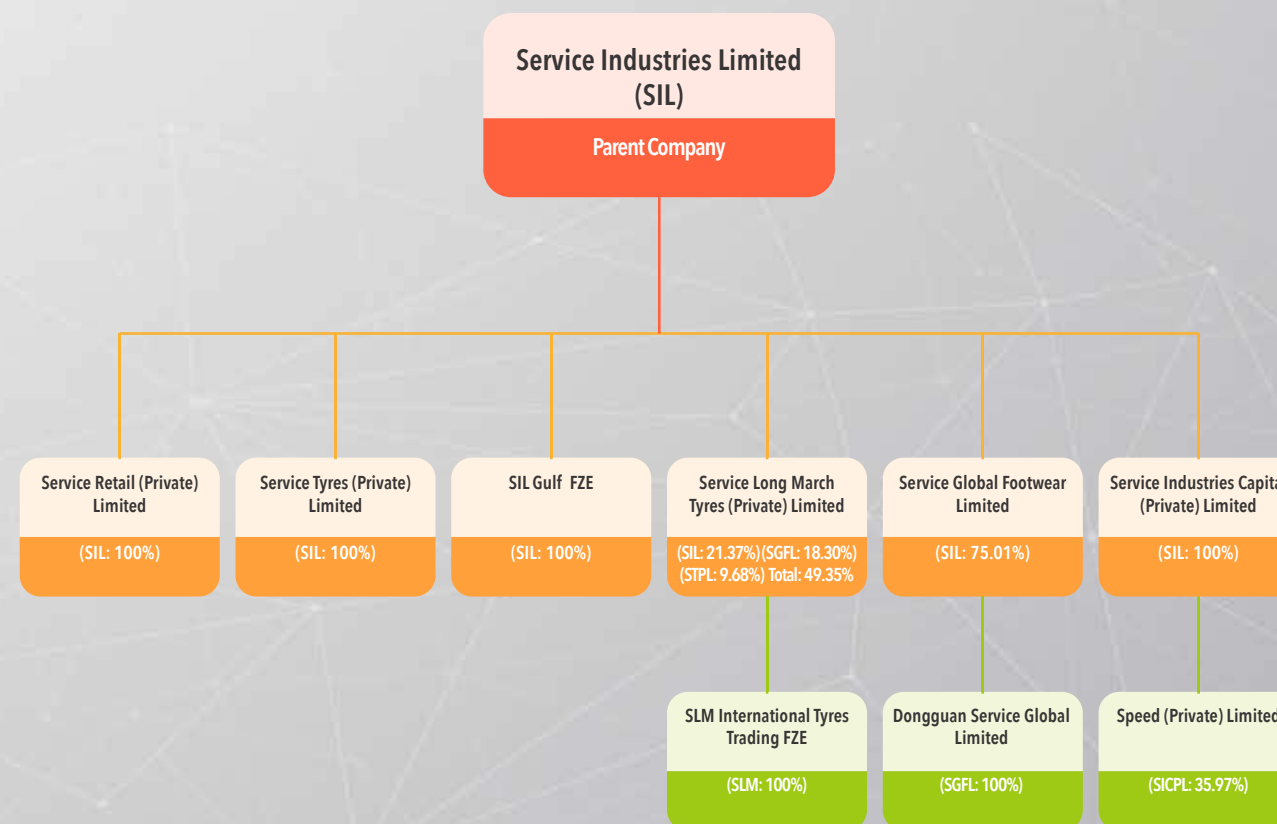
Other Subsidiary Companies

In addition to the above, the Group includes the following subsidiary companies. For details on their principal activities and operations,

refer to Note 1 to the Consolidated Financial Statements for the year ended 31 December 2025:

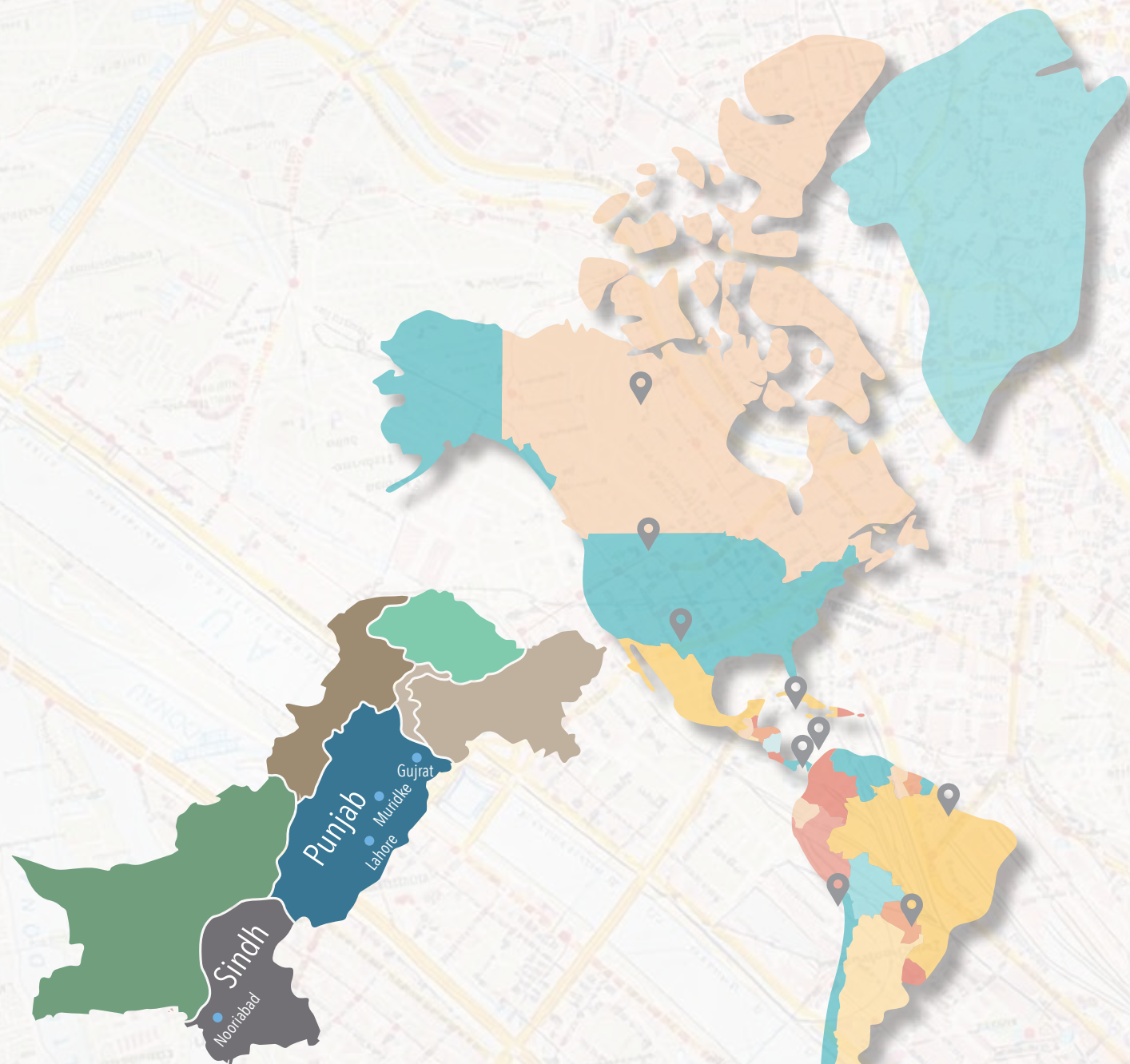
- Service Industries Capital (Private) Limited – Subsidiary Company
- Dongguan Service Global Limited – Subsidiary Company
- SIL Gulf FZE – Subsidiary Company
- SLM International Tyres Trading FZE – Subsidiary Company

Group Structure & Beneficial Ownership



Geographical Presence

Our products are available in more than fifty countries.



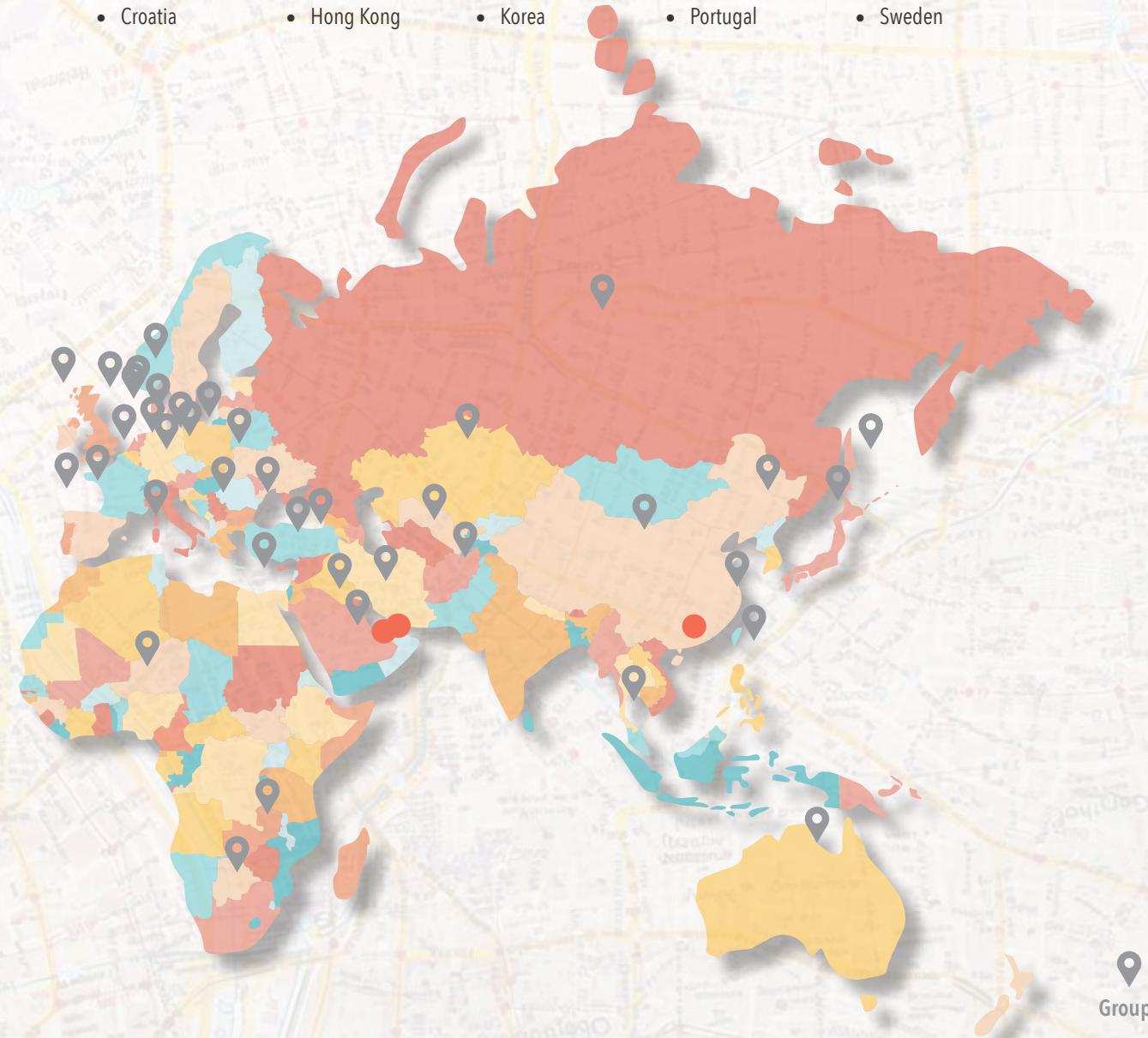
Local Group Business Units:

| Location | Operations |
|------------------|-------------------------------------|
| Gujrat, Punjab | Tyres, Tubes & Footwear |
| Murrke, Punjab | Footwear & Motorcycle's Spare Parts |
| Nooriabad, Sindh | Radial Bus and Truck Tyres |
| Lahore, Punjab | Head Office |

The Group also operates a nationwide footwear retail network under the flagship brand "Servis", comprising 283 outlets across Pakistan. For details of the outlet locations, refer to Note 1 to the Consolidated Financial Statements for the year ended 31 December 2025.

International Presence

- Afghanistan
- Australia
- Austria
- Belgium
- Brazil
- Cambodia
- Chile
- China
- Colombia
- Croatia
- Denmark
- Egypt
- El Salvador
- Ethiopia
- France
- Germany
- Greece
- Guatemala
- Holland
- Hong Kong
- Honduras
- Hungary
- Iraq
- Ireland
- Italy
- Jamaica
- Japan
- Jordan
- Kazakhstan
- Korea
- Malawi
- Mexico
- Myanmar
- Nigeria
- Pakistan
- Panama
- Peru
- Philippines
- Poland
- Portugal
- Romania
- Russia
- Rwanda
- Saudi Arabia
- Singapore
- Slovenia
- South Africa
- Spain
- Srilanka
- Sweden
- Switzerland
- Tunisia
- Turkey
- UAE
- UK
- Ukraine
- USA
- Vietnam
- Zimbabwe



Foreign Group Business Units:

| Location | Operations |
|----------------------|------------|
| Dongguan City, China | Footwear |
| Dubai, UAE | Tyres |
| Sharjah, UAE | Footwear |

Calendar of Major Events During the Year

BOD Meeting
Approval of Financial Statements for the period ended 31 December 2024

March 25

28 April **Annual General Meeting**
Physically at Lahore and online via Zoom application, for approval of all agenda items of Notice of 68th AGM

BOD Meeting
Approval of 1st Quarter Financial Statements for the period ended 31 March 2025

April 29

26 August **BOD Meeting**
Approval of Half Year Financial Statements for the period ended 30 June 2025

BOD Meeting
Approval of 3rd Quarter Financial Statements for the period ended 30 September 2025

October 28

18 November **Corporate Briefing Session**
Corporate Briefing to Investors and Analysts

BOD Meeting
Decision to list Service Long March Tyres (Private) Limited - Subsidiary Company on Pakistan Stock Exchange

December 05

Significant Events After the Reporting Period

There is no significant event occurred after the reporting date till the circulation of Annual Report CY 2025.

Organization Chart

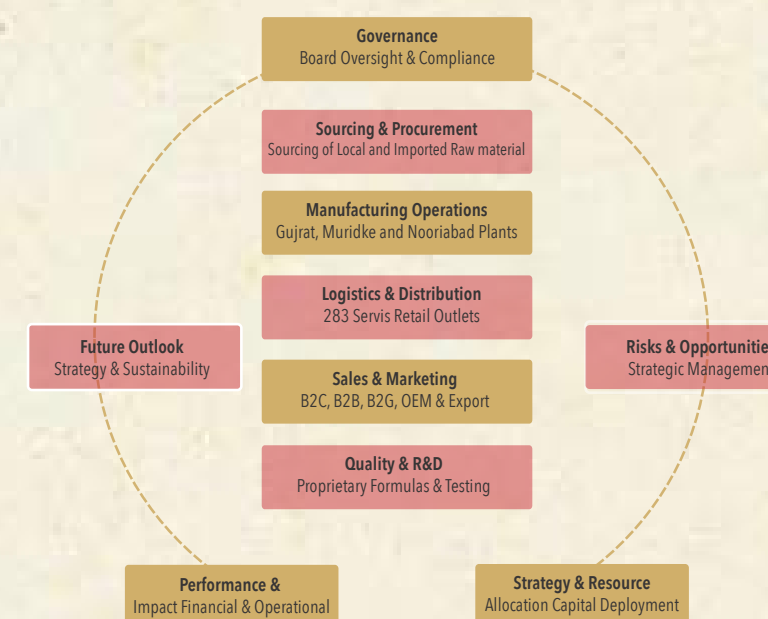


Business Model

Our business model is the ecosystem through which we transform our capital inputs into tangible outputs and sustainable outcomes. By leveraging our financial strength, manufacturing expertise, and decades of intellectual heritage, Service Industries Limited creates long-term value for shareholders, employees, and society. During the year, there were no material changes to the entity's business model. The group continues to operate as a leading manufacturer of Tyres and Footwear, leveraging its established capitals to generate sustainable value.

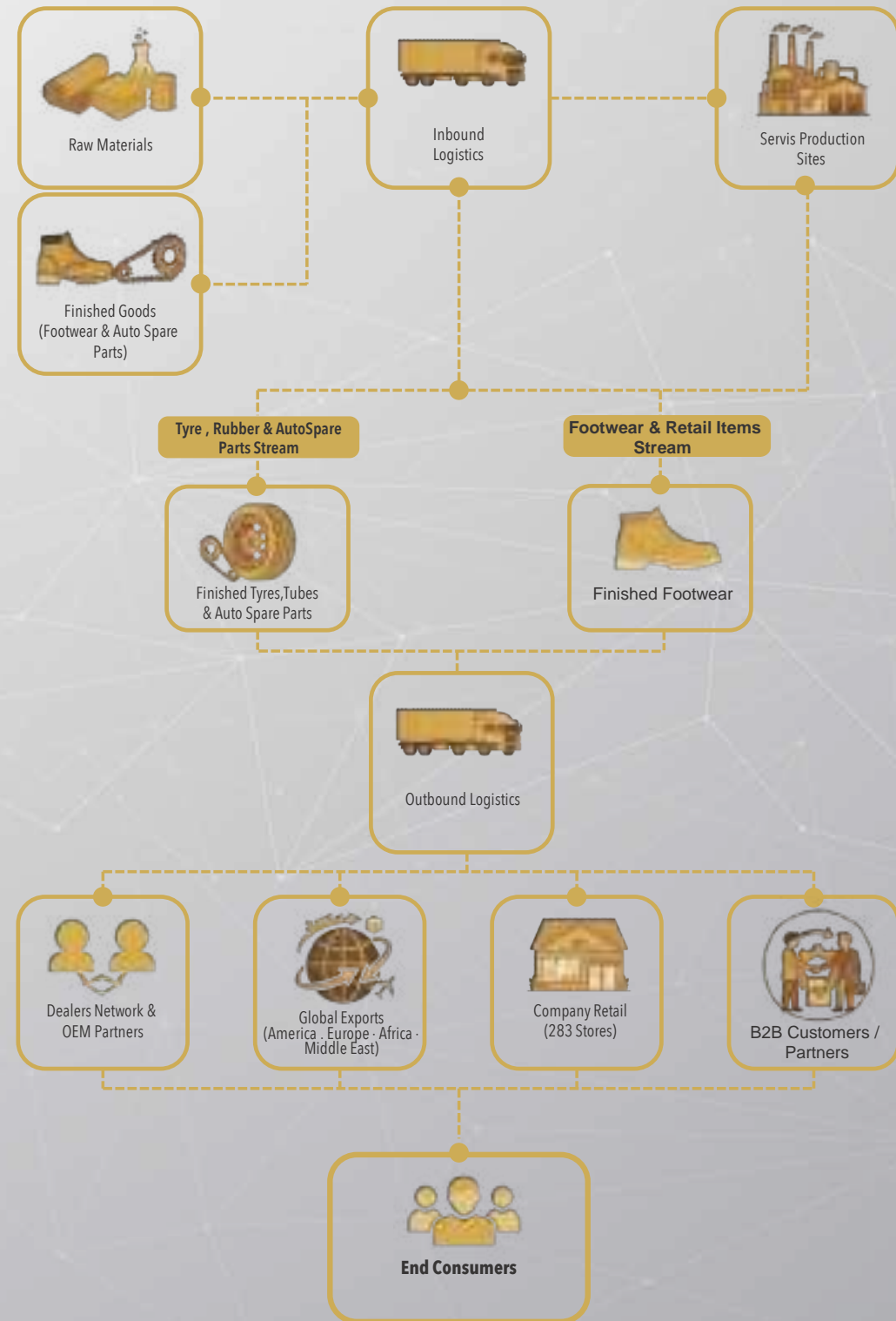
| Our Capitals | Key Inputs | Outputs |
|---|--|--|
|  Financial | <p>Prudent financial management, strong banking relationships, and diversified funding enable risk management, ensure liquidity, and support strategic expansion, modernization, and long-term value creation.</p> <ul style="list-style-type: none"> Shareholders' equity and retained earnings Cash flows from operations Short- and long-term financing facilities | <p>Tyre & Tube Segment: Manufacturing of different qualities of tyres and tubes. Consolidated revenue: Rs. 106 Billion.</p> <p>Footwear Segment: Manufacturing of different qualities of footwear. Consolidated revenue: Rs. 39 Billion.</p> <p>Others: Trading & manufacturing of spare parts of automobiles. Consolidated revenue: Rs. 4 Billion.</p> <p>For detailed segment results, refer to note 51 of the annual audited consolidated financial statements for the year ended 31 December 2025.</p> |
|  Manufactured | <p>State-of-the-art production facilities, modern machinery, and extensive retail infrastructure prioritized through targeted automation to improve efficiency, reduce downtime, and scale output.</p> <ul style="list-style-type: none"> Manufacturing plants and production facilities Extensive nationwide footwear retail network of 283 outlets Capital expenditure (CAPEX) on automated machinery | |
|  Human | <p>Skilled professionals and a robust talent pipeline driven by continuous training, leadership development, and incentives to ensure sustained innovation and organizational growth.</p> <ul style="list-style-type: none"> 15,468 Employees (skilled professionals, engineers, and operational staff) Talent acquisition and succession planning Performance management and incentive systems | |
|  Natural | <p>Responsible sourcing and efficient use of energy, water, and raw materials minimize environmental impact, support sustainable production, and reinforce our commitment to environmental stewardship.</p> <ul style="list-style-type: none"> Natural raw material and Energy resources Water utilization in production processes Waste management and recycling practices | |
|  Intellectual | <p>Established brand equity, product innovation capabilities, proprietary know-how, and data-driven insights strengthen competitive advantage and enable agile responses to evolving customer preferences.</p> <ul style="list-style-type: none"> Brand equity, patents, and trademarks R&D and product design investments Proprietary IT infrastructure and data analytics platforms | |
|  Social & Relationship | <p>Long-standing relationships with customers, suppliers, regulators, financial institutions, employees and communities reinforce trust, strengthen reputation, and support effective execution of strategic initiatives.</p> <ul style="list-style-type: none"> Supplier and distributor partnerships Customer base and engagement platforms Corporate Social Responsibility (CSR) and community investments | |

Our Business Activities



| Key Stakeholders | Key Outcomes |
|--|---|
| For Customers | Delivering high-quality, innovative products and a seamless retail experience while ensuring value for money and agile responsiveness to evolving market demands |
| For Employees | Providing a safe workplace, competitive compensation, and a structured talent pipeline with opportunities for continuous training, leadership development, and career advancement. |
| For Governing Bodies and Regulators | Ensuring strict regulatory compliance, contributing actively to the national economy through applicable duties and taxes, and demonstrating rigorous environmental stewardship. |
| For Investor | Generating sustainable financial returns, ensuring strong liquidity by maintaining healthy key financial ratios, and employing prudent risk management to drive long-term value creation. |
| For Supplier | Fostering trust-based, long-term partnerships, ensuring transparent procurement practices and maintaining reliable payment cycles for mutual growth. |
| Banks and Other Lenders | Maintaining strong liquidity and demonstrating prudent risk management to ensure timely debt servicing, transparent reporting, and enduring partnerships for continuous capital funding. |
| For Local Community and General Public | Enhancing community well-being through active Corporate Social Responsibility (CSR) initiatives, creating local employment opportunities, and minimizing our environmental footprint. |

Position within the Value Chain



Competitive Landscape and Market Positioning

Service Group occupies a leading position in Pakistan's industrial landscape, underpinned by differentiated manufacturing capabilities, strong expert leadership, and a nationwide retail footprint. As the country's first producer of All-Steel Radial Truck and Bus tyres, the Group benefits from a distinct competitive advantage in the high-performance segment. It is recognized as Pakistan's

largest exporter of footwear and tyres, while also maintaining a leading share in the domestic tyre and tube market. Supported by an omni-channel retail network of 283 outlets, Service Group is firmly positioned among Pakistan's leading lifestyle retailers.

| Description | Tyres and Tubes Segment | Footwear Segment |
|--------------------------------------|---|---|
| Threat of New Entrants | The tyre industry requires significant capital investment, specialized technology, and economies of scale, acting as barriers to entry. | Established brand reputation, retail network, and export relationships create barriers. However, low-cost entrants (especially in informal markets) and rising e-commerce platforms increase threat of new players in the market. |
| Bargaining Power of Suppliers | Suppliers of key raw materials may have leverage due to specialized inputs, but large-scale manufacturing provides negotiation power for better terms due to scale. | |
| Bargaining Power of Customers | Customers have alternatives, but the company's market leadership, first radial tyre production for trucks / buses, and export dominance strengthen its position. | High in Retail as Retail consumers have many alternatives, Moderate in Bulk/Export, as bulk buyers (International, local corporate customers) rely on consistent quality and pricing. |
| Threat of Substitutes | Tyres are essential with no direct substitutes. However, re-treated tyres and smuggled tyres cheaper pose some competition. | Footwear faces competition from unbranded / local manufacturers and international brands. Brand loyalty and product differentiation mitigate some risks. |
| Competitive Rivalry | Competing against local players and international brands. Market leadership, first radial tyre production, and export strength provide a competitive edge. | Competing with local brands and global players in premium segments. Export market faces competition from competitors in Bangladesh, China, and Vietnam. |



SWOT Analysis

Strengths

- Well managed & profitable diversified group portfolio
- Market leadership across all operating business segments
- Sole producer of steel radial tyres of truck and bus in Pakistan
- Strong nation-wide retail and distribution network under the flagship brand name "SERVIS"
- Highly experienced and diversified employee base with extensive industry expertise
- High brand visibility and recognition of "SERVIS" across target markets
- Robust financial health with consistent profitability

S

Opportunities

- Strong operating cashflow generation, enabling the pursuit of strategic mergers and acquisitions
- Raising of equity from public investor to fund strategic expansion plans of subsidiary companies
- Tapping into new international markets to enhance export revenues
- Implementation of energy efficiency projects to reduce energy cost
- Adopting cost optimization strategies to improve margins

O

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Weaknesses

- Competitive footwear retail landscape limits domestic expansion opportunities
- High dependence on imported raw materials, exposing the company to supply chain risks
- Elevated debt levels may constrain financial flexibility

T

Threats

- Regional tensions may disrupt supply chains and economic stability
- Smuggling of tyres across borders undermines local market share
- Fluctuations in global rubber prices impact production costs
- Rising competition in the footwear sector due to new market entrants

PESTEL Analysis

| External Factors | Description | Company's response | Priority |
|----------------------|---|---|----------|
| Political | Refers to the influence of government policies, political stability, tax policies, trade restrictions, tariffs, and regulations that can impact a business. | Changes are continuously and closely monitored by the Management. As practicable as possible adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies. Proactive planning and consistent market analysis are performed by the senior management to mitigate any unfavourable outcome on the Company's business | Medium |
| Economic | Involves factors like economic growth, interest rates, inflation, exchange rates, unemployment levels, and consumer disposable income. | Regular review of pricing, sourcing, and operational efficiencies is carried out to sustain margins and competitiveness. | High |
| Social | Relates to cultural aspects, demographics, population growth, health consciousness, education level, lifestyle changes, and social trends. | The Company invests to align product offerings with consumer expectations, emphasizing quality, brand positioning, and design innovation in footwear and focuses on performance and durability in tyre manufacturing segment. | Medium |
| Technological | Covers the impact of technology innovations, R&D activity, automation, technological awareness, and the rate of technological change. | The Company consistently upgrades its manufacturing infrastructure, especially in its radial tyre plant, to remain technologically competitive. In footwear, investments in design innovation, and digital retail platforms are made to improve operational efficiency and customer experience. | High |
| Environmental | Includes ecological and environmental aspects such as climate change, environmental regulations, carbon footprint, waste management, and sustainability efforts. | The Company emphasizes environmentally responsible manufacturing practices, including energy conservation, waste reduction, and compliance with environmental standards. Strategic initiatives for sustainability are incorporated into long-term planning. | High |
| Legal | Encompasses laws and regulations affecting business operations such as labor laws, consumer protection laws, health and safety regulations, and competition laws. | A dedicated compliance function ensures adherence to applicable legal and regulatory requirements in all jurisdictions of operation. Ongoing legal review and internal audits are performed to ensure risk mitigation and regulatory alignment. | High |

The Effect of Seasonality on Business in Terms of Production and Sales

Tyre and Tube Business Segment

The sales of tyres and tubes in the domestic replacement market exhibit distinct seasonal patterns. During the summer months (March–August), increased temperatures accelerate wear and tear, leading to higher replacement demand across vehicle segments, including 2 & 3 wheelers and commercial fleets such as buses, trucks, and freight carriers. Additionally, the agricultural cycles create peak demand for tractor tyres during the harvest seasons (March–June and September–November), supporting uninterrupted farming operations. To ensure optimal inventory availability, the Company proactively adjusts production schedules in alignment with these predictable demand cycles.

In export markets, demand is shaped by seasonal conditions in key regions, particularly America, where bus and truck radial tyres experience heightened demand. As colder weather sets in toward the year-end, winter-grade radial tyres see increased uptake in American markets, driven by stringent safety regulations and elevated logistics activity during the holiday and winter seasons. To optimize this opportunity, the Company strategically aligns its production and export schedules well in advance, ensuring timely delivery and market responsiveness.



Footwear Business Segment

The footwear segment exhibits pronounced seasonality in both domestic and export markets. Summer months drive a surge in demand for open shoes, particularly low-value items such as slippers and sandals, favored due to warmer weather conditions. Conversely, winter seasons boost sales of closed shoes, which are higher-value products, especially in colder regions across target markets. To effectively cater to export market demands, the Company implements meticulous production planning and inventory management strategies, ensuring seamless alignment with international demand cycles while mitigating supply chain disruptions.



Legitimate Needs, Interests of Key Stakeholders and Industry Trends

At Service Industries Limited, we prioritize understanding and addressing the legitimate needs of our key stakeholders including shareholders, customers, employees, suppliers, regulators, banks and local communities. Through transparent communication, ethical business practices, and fair resource allocation, we uphold their interests while ensuring compliance and long-term sustainability.

- Corporate Laws
- Code of Corporate Governance
- Pakistan Stock Exchange (PSX) Regulations
- Taxation Laws
- Financial and Banking Regulations
- Labor and Employment Laws
- Health, Safety, and Environmental Standards
- Local and Provincial Legislation
- Intellectual Property Rights and Quality Standards

Legislative and Regulatory Environment in which the Company Operates

The Company operates within an evolving regulatory landscape, where strict adherence to applicable laws and regulations forms the cornerstone of its commitment to sustainable and responsible business practices. The Company is resolutely committed to full compliance across all facets of its operations, encompassing corporate, taxation, labor and employment, health and safety, environmental, and financial domains.

Through its proactive compliance culture, the Company remains aligned with all regulatory expectations, thereby minimizing legal and reputation risks and supporting the Company's long-term sustainability, accountability, and corporate excellence.

As a publicly listed entity, the Company is subject to robust regulatory oversight and ensures full compliance with, but not limited to, the following frameworks and statutory requirements:

Foreign Subsidiary Companies

Following are the foreign subsidiary companies of the Group corporate structure:

| Name of Subsidiary Company | Origin | Geographical Locations | Relationship |
|-------------------------------------|----------------------|--|--|
| SIL Gulf FZE | United Arab Emirates | Sharjah, United Arab Emirates | Service Group holds 100% shareholding in SIL Gulf FZE. |
| SLM International Tyres Trading FZE | United Arab Emirates | Jebel Ali, Freezone, Dubai, United Arab Emirates | Service Group holds 49.35% shareholding through Service Long March Tyres (Private) Limited in SLM International Tyres Trading FZE. |
| Dongguan Service Global Limited | China | Dongguan City, Guangdong Province, China | Service Group holds 75.01% shareholding through Service Global Footwear Limited in Dongguan Service Global Limited. |

Governance

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Corporate Governance

The Company places the highest priority on corporate governance, viewing it as the cornerstone of sustainable growth, investor confidence, and long-term value creation. Anchored in a philosophy of ethical business conduct and transparency, the Board of Directors ensures that strategic oversight, operational excellence, and stakeholder engagement are seamlessly integrated across the organization. Governance policies approved by the Board are rigorously implemented to enhance economic, social, and environmental value, creating tangible benefits for all stakeholders. In full compliance with the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and other applicable standards, the Company aspires to set benchmarks in integrity, accountability, and risk management, reinforcing trust and positioning itself as a leader in responsible and sustainable business practices.

Board of Directors

The Board of Directors comprises highly qualified individuals with extensive knowledge, experience, and skills across diverse professions, providing strategic leadership and effective oversight of the Company. The Board is chaired by Ms. Uzma Adil Khan, an Independent Director, and includes nine (9) directors, of which three (3) are independent. The full composition of the Board and its committees is detailed in the Directors' Report annexed to the Annual Report.

The current Board reflects a balanced mix of experience, professional backgrounds, and expertise, with all directors fully aware of their duties and responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

To support its oversight function, the Board has constituted two sub-committees: the Board Audit Committee (BAC) and the Human Resources & Remuneration Committee (HR&RC). The composition, roles, and responsibilities of these committees are clearly defined in their respective Terms of Reference. Comprehensive briefing materials, including detailed analyses of business performance and key matters, are provided to all directors in advance of each meeting to ensure informed decision-making.

Profile of Board of Directors



Ms. Uzma Adil Khan
Chairperson

Ms. Uzma Adil Khan is a senior executive with extensive hands-on experience in management, corporate affairs & regulatory affairs, business leadership and working with Regulators such as SECP, Ministries, Banks, Financial Institutions & other Public and Private Sector Enterprises. She has served as Chairperson of Oil and Gas Regulatory Authority (OGRA) and Managing Director & Chief Financial Officer of Sui Northern Gas Pipelines Limited (SNGPL). She has also served as Deputy Registrar, Securities & Exchange Commission of Pakistan.

Ms. Uzma Adil Khan is a Fellow Member of the Institute of Chartered Accountants of Pakistan and holding Bachelor's Degree in English Literature / Psychology. She is also a certified Director from the Institute of Chartered Accountants of Pakistan.

Mr. Arif Saeed graduated from the University of Oxford. He currently serves as the Chairman of Service Global Footwear Limited, the Chief Executive Officer of Service Industries Limited and Service Tyres (Private) Limited. He is a Director of Service Long March Tyres Limited, Service Retail (Private) Limited and Servis Foundation.

He is the founding Chairman of Quaid-e-Azam Solar Power (Private) Limited, Quaid-e-Azam Thermal Power (Private) Limited, and the National Power Parks Management Company (Private) Limited, successfully overseeing the establishment of four fast-track power projects in the public sector. He has served as Chairman of the All-Pakistan Textile Mills Association (APTMA) and the Lahore Stock Exchange.

Mr. Saeed is currently the President of the Pakistan Olympic Association. He is the founder of the Pakistan Rugby Union, currently serving as its Chairman, and has been a Director of the Pakistan Cricket Board.

Mr. Saeed is a member of the Board of Governors of Aitchison College and Divisional Public School, Lahore. He is the Chairman of the recently established Daanish University Trust, Chairman of Pakistan Revenue Automation (Private) Limited (PRAL) and an Independent Director on the Board of Sui Northern Gas Pipelines Limited (SNGPL).



Mr. Arif Saeed
Chief Executive Officer

Mr. Omar Saeed graduated with high honors from Brown University and earned his master's in business administration from Harvard Business School. He currently serves as the Chief Executive Officer of Service Long March Tyres Limited and Servis Foundation.

Mr. Saeed also serves on the Boards of Nestle Pakistan Limited, Systems Limited, Service Industries Limited (SIL), The Hunar Foundation, and Shalamar Hospital. He previously served as the Chief Executive Officer of Service Industries Limited from 2011 to 2018. Under his leadership, SIL received the prestigious Pakistan Stock Exchange Top 25 Companies Award multiple times.

A seasoned entrepreneur, Mr. Saeed, has established multiple businesses for the Servis Group over the past two decades. His international experience includes working in Silicon Valley, setting up a manufacturing company in Sri Lanka, and establishing a retail company in Kenya. He has recently been appointed Chairman of the Export Development Fund, a government entity mandated to support export-oriented industries across the country.



Mr. Omar Saeed
Director



Mr. Hassan Javed
Director

Mr. Hassan Javed is a leather technologist from Nene College, United Kingdom, and a shoe technologist from ISMS School, Czech Republic. He is the Chief Executive Officer of Service Global Footwear Limited.

Mr. Javed has also served Service Industries in various capacities, most notably as the Resident Director, Gujrat, for more than fifteen years. He served as the Chairman of the Board of Directors of Gujranwala Electricity Supply Company. He serves as a Director of Standard Spinning Mills (Private) Limited. He has also served as the Chairman of the Pakistan Footwear Manufacturers Association.

Under his leadership, Service Global has established a joint venture with a leading Chinese company for the export of athletic footwear from Pakistan. He was awarded the Tamgha-i-Imtiaz by the President of Pakistan in recognition of being the largest exporter of footwear in 2024.



Mr. Muhammad Naeem Khan
Director

Mr. Muhammad Naeem Khan is a well-known experienced professional and has served various renowned companies in Pakistan over the years with distinction and dedication. He has served at Pakistan Burma Shell Limited and Mitchell's Fruit Farms Limited. He has remained Chief Executive Officer / Managing Director of Atlas Investment Bank Limited, Atlas Capital Markets (Private) Limited and Atlas Asset Management Limited. He has also served as Director of Atlas Bank Limited.

Mr. Khan is a Fellow Member of Institute of Chartered Accountants of Pakistan and Institute of Chartered Accountants in England & Wales and holds a Bachelor's Degree in Economics and Statistics. Additionally, he has also completed Advanced Management Program from Harvard Business School.

Presently, Mr. Muhammad Naeem Khan is serving as a Director of Honda Atlas Cars (Pakistan) Limited, where he chairs the Board Audit Committee and the Human Resource and Remuneration Committee, Sapphire Fibres Limited and Prosperity Weaving Mills Limited. He is also a director of Raaziq International (Private) Limited and Veda Transit Solutions (Private) Limited. He is a certified Director from Pakistan Institute of Corporate Governance.

Mr. Shahid Hussain Jatoi has obtained his Bachelor of Law (LLB) degree from University of Karachi. He served the Government of Pakistan for over 35 years in very senior positions in Federal Board of Revenue – Ministry of Finance and Revenue, Ministry of Production, Establishment Division, Overseas Pakistanis Division and Federal Investigation Agency – Ministry of Interior. He is a Director of Service Industries Limited.



Mr. Shahid Hussain Jatoi
Director

He has specialized expertise in Corporate Taxation, Alternative Corporate Tax, International Taxation, Personal Income Taxation, Value Added Taxes and Taxation of Financial Sector. Additionally, due to his good understanding in effective use of Information Technology in Modern Tax and Customs Administrations Fiscal and Tax Law legislation he served as Deputy Commissioner IT

Mr. Adil Matcheswala started his professional career in the financial services industry in 1992 and was the Head of the Equity Sales Division of Jahangir Siddiqui & Co. Ltd. He has served on the Board of JS Bank Limited since 2012. Currently, he is the Chairman of JS Bank Limited and CEO and founding Director of Speed (Private) Limited, a retail and distribution company. Mr. Matcheswala graduated from Brown University with an A.B. in Economics.



Mr. Adil Matcheswala
Director



Mr. Ahsan Bashir
Director

Mr. Ahsan Bashir is a seasoned business professional with extensive experience in the Textile Industry. He has a strong educational background, having completed his BBA in Operations Management from Boston University, USA. Prior to that, he obtained a Bachelor of Commerce degree from Hailey College, Lahore, Pakistan and completed his intermediate studies at Aitchison College, Lahore.

Mr. Ahsan Bashir has held various leadership positions throughout his career. He served as Chairman of the All Pakistan Textile Mills Association – Punjab Zone and Central. He has been the Chief Executive Officer of Suraj Cotton Mills Limited, since 1992. Mr. Ahsan Bashir also served as an Advisor to the Ministry of Commerce and played a pivotal role as the Chairman of the Special Task Force responsible for crafting the Textile Policy.

Currently, he is serving as a Director of Suraj Cotton Mills Limited, Premier Insurance Limited and Chief Executive Officer of Crescent Powertec Limited.



Mr. Saif Javed
Director

Mr. Saif Javed graduated from Suffolk University in Boston in 2021 with a major in Business Administration. After completing his studies, he joined Service Global Footwear, where he initially served as the Head of Safety Footwear Business. Under his leadership, he successfully grew the division from its startup phase, establishing a foundation for long-term growth.

Few years later, Mr. Saif expanded his responsibilities and is now managing a business unit within the company, overseeing significant contributions to its overall success. His strategic direction and leadership have played a key role in driving the company's continued growth.

In addition to his professional achievements, Saif is also passionate about charity and philanthropy, dedicating time to various causes outside of his corporate role.

Role of the Chairperson and CEO

Role of the Chairperson

The Chairperson is responsible for providing overall leadership to the Board and ensuring that it operates effectively and in a well-coordinated manner. The Chairperson presides over meetings of the Board and shareholders, oversees the preparation and approval of meeting agendas, and facilitates balanced discussions to enable informed and timely decision-making.

In performing this role, the Chairperson promotes a constructive boardroom environment characterized by transparency, mutual respect, and open dialogue, thereby enabling executive, non-executive, and independent directors to contribute effectively to Board deliberations. The Chairperson also ensures that members of the Board receive adequate and timely information and are provided with appropriate orientation and training to enable them to perform their fiduciary responsibilities diligently.

Furthermore, the Chairperson supports the Board in upholding high standards of corporate governance, monitors adherence to applicable regulatory and governance requirements, and guides the Board in discharging its oversight responsibilities in alignment with the interests of shareholders and other key stakeholders.

Role of the Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the overall management and operational leadership of the Company in accordance with the strategic direction and policies approved by the Board and within the framework of applicable statutory and regulatory requirements. The CEO oversees the implementation of Board-approved strategies, supervises the management of the Company's core business operations, and ensures the maintenance of sound operational and financial discipline across the organization.

In this capacity, the CEO is entrusted with the responsibility of managing the day-to-day affairs of the Company, advancing business growth and long-term sustainability through innovation, operational efficiency, and effective resource utilization. The CEO also ensures the establishment and maintenance of robust internal control and risk management frameworks, while keeping the Board appropriately informed of significant operational developments, key risks, and emerging opportunities.

Decisions Taken by the Board and Delegated to Management

The Board meets on a quarterly basis to consider and approve matters of strategic and financial significance. Where immediate decisions are required between scheduled meetings, approvals are obtained through circular resolutions signed by the directors, which are subsequently presented to the Board for ratification in the following meeting.

In line with statutory and governance requirements, the Board reviews and approves key matters including but not limited to approval of the annual budget and capital expenditure plans, major investments and expansion initiatives, governance policies, related party transactions, appointment of key management personnel, and the Company's financial statements. Recommendations for interim and final dividends are also made by the Board and submitted to shareholders for approval at the Annual General Meeting.

While the Board retains responsibility for determining the Company's strategic direction and performance objectives, the execution of operational matters is entrusted to management to ensure efficient conduct of business activities.

Management is responsible for overseeing the Company's day-to-day operations, identifying and managing key risks and opportunities, and maintaining an effective system of internal control and financial reporting in accordance with applicable accounting standards and the requirements of the Companies Act, 2017.

Justification for Independence of Independent Directors

An independent director is defined as a director who is not connected to or does not have any other relationship, whether pecuniary or otherwise, with the company, and who can be reasonably perceived as being capable of exercising independent business judgment without being influenced by any conflict of interest. Following is the list of independent directors of the Company:

- Ms. Uzma Adil Khan
- Mr. Muhammad Naeem Khan
- Mr. Shahid Hussain Jatoi

According to the requirements of Section 166 of the Companies Act, 2017, and the Code of Corporate Governance, it is mandatory for each listed company to have at least two independent directors or one-third of the Board members, whichever number is higher. The aforementioned three elected directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per the requirement of the Companies Act, 2017 and Code of Corporate

Governance 2019. The composition of the Independent Directors reflects an appropriate balance of individuals possessing diverse knowledge, skills, and professional expertise, thereby ensuring that the Board benefits from an adequate level of competence required for the effective discharge of the roles and responsibilities of Independent Directors in relation to the Board and its respective committees.

Board's Annual Evaluation of Performance

The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism also ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and oversight role of the Board.

Certificate Of Director's Training Program

1. Following five directors have acquired Director's Training Program:
 - Mr. Omar Saeed
 - Mr. Muhammad Naeem Khan
 - Mr. Hassan Javed
 - Mr. Shahid Hussain Jatoi
 - Ms. Uzma Adil Khan
2. One Director Mr. Arif Saeed has been exempted by SECP from the requirement of Director's Training Program.
3. Mr. Ahsan Bashir and Mr. Adil Matcheswala meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the board of listed companies as per CCG Regulations.

Formal Orientation at induction:

At the time of joining the Board, newly co-opted directors were provided with an orientation pack comprising of Companies Act, 2017, Securities Act, 2015, Rulebook of Pakistan Stock Exchange Ltd., Listed Companies (Code of Corporate Governance) Regulations, 2019, SIL's Policy for Directors Remuneration and Memorandum and Articles of Association through an email from the Chairman of the Board.

Company Policies and Governance Framework

The Company has established a structured framework of policies and procedures aimed at promoting effective governance, ethical conduct, and disciplined management of its business operations. These policies encompass key areas including corporate governance, risk management, financial management, compliance, information technology, investor relations, sustainability, and human resource practices, thereby providing clear guidance for decision-making and operational conduct across the organization. They are intended to foster transparency, accountability, and consistency in the Company's business processes while supporting the achievement of its strategic objectives.

a. Human Resource Management

The Company views its workforce as the primary driver of institutional value. Our Human Resource Management framework is designed to ensure organizational continuity and the cultivation of a high-performance culture through the following pillars:

• Leadership Continuity and Talent Pipeline:

The Company maintains an ongoing process to identify and develop employees with the potential to assume critical roles in the future. Through structured development initiatives, internal talent is prepared to meet evolving organizational needs, ensuring continuity in leadership and operational effectiveness.

• Fair and Structured Hiring Practices:

Recruitment activities are carried out through transparent procedures that focus on professional qualifications, competence, and suitability for the role. The Company maintains a policy of equal opportunity in employment and does not tolerate discrimination in hiring or workplace practices.

• Structured Performance Evaluation:

Employee performance is assessed at defined intervals through a formal review process aligned with departmental and organizational objectives. Outcomes of the evaluation process are used to determine compensation adjustments, incentives, and professional development opportunities.

• Career Development and Employee Motivation:

The Company encourages employee growth by providing opportunities for advancement and recognizing contributions that support organizational success. A supportive work culture is maintained to enhance employee motivation, engagement, and retention.

• Learning and Capability Enhancement:

Continuous skill development is promoted through training programs, practical learning opportunities, and professional development initiatives. These efforts aim to strengthen employees' technical expertise, managerial capabilities, and innovative capacity.

• Workplace Diversity and Equal Treatment:

The Company promotes a respectful workplace environment where employees are treated with dignity and fairness regardless of personal background. Efforts are being undertaken to further strengthen diversity and inclusion practices, including encouraging broader representation across the workforce.

• Employee Communication and Engagement:

The Company encourages constructive dialogue between employees and management. Various channels are available for employees to share feedback, suggestions, or concerns. Engagement initiatives such as awareness sessions, internal communications, and social activities are arranged periodically to strengthen team cohesion and maintain a positive workplace environment.

• Employee's Health, Safety and Protection

The Company prioritizes the health, safety, and well-being of its workforce and is committed to creating a work environment that is secure and sustainable. The Health, Safety, and Environment function oversees the implementation of all applicable laws, regulations, and industry best practices, ensuring that operational activities align with the Company's sustainability objectives. Robust safety protocols are maintained through a comprehensive HSE manual, routine internal reviews, and periodic external assessments, which help identify potential risks and continuously enhance the safety and environmental performance of the organization.

• Anti-Harassment Policy to Safeguard the Rights and Well-Being of Employees

The Company maintains a zero-tolerance policy toward workplace harassment, a principle firmly enshrined within our formal Code of Conduct. This framework is designed to safeguard the fundamental rights and holistic well-being of our workforce. To ensure organization-wide alignment, the Company employs robust dissemination protocols, ensuring that the Code, alongside its subsidiary protective policies, is communicated clearly to all personnel. These measures provide a structured mechanism for maintaining a professional environment defined by mutual respect and psychological safety.

This approach enables the Company to build a capable, motivated, and responsible workforce that contributes to the long-term sustainability of the organization.

b. Whistle Blowing Policy

Our Whistle blowing Policy provides a structured framework for the reporting of unethical conduct or regulatory non-compliance. This mechanism is facilitating the early detection of potential risks. The Company guarantees that no individual raising a legitimate concern will be victimized or penalized. While we discourage anonymous reporting to ensure a thorough investigation, we provide robust safeguards against retaliation.

c. Social & Environmental Responsibility

In alignment with global best practices, the Company ensures that its industrial and commercial activities are conducted with minimal environmental disruption. The strengthening of our sustainability policy reflects a deepened commitment to resource efficiency and social equity across the organizational value chain. Key operational focus areas include the reduction of greenhouse gas emissions, the promotion of water conservation, and the advancement of circular economy principles through robust waste management.

d. Communication with Stakeholders

The Company recognizes that nurturing constructive relationships with all stakeholders is fundamental to long-term value creation. Our management framework is designed to mitigate operational disruptions by prioritizing proactive engagement and feedback. All interactions with stakeholders are governed by the highest standards of ethics, legality, and fair dealing. By maintaining an "open-door" communication policy, we ensure that relevant updates and strategic insights are shared consistently, facilitating a collaborative environment where stakeholder input is integrated into key decision-making processes.

e. Dividend Policy

The Board of Directors considers the Dividend Policy a critical component of the Company's overarching financial strategy. Our approach to capital distribution is designed to strike an optimal balance between rewarding shareholders and retaining sufficient liquidity for future growth. In determining dividend payouts, the management evaluates several core financial metrics, including the Debt-to-Equity ratio, the sustainability of Retained Earnings, and projected Free Cash Flows. By maintaining a consistent dividend pattern, the Company aims to meet investor expectations while ensuring the long-term stability and resilience of the corporate balance sheet.

f. Investors' Relationship and Grievances

Our Investor Relations Policy is predicated on the principles of fair disclosure and transparency, ensuring all material information is available to the market in a timely manner. We maintain an efficient Investor Grievance Policy specifically designed to protect shareholder rights and address concerns without discrimination. By providing dedicated feedback channels and ensuring swift remedial action for all queries, the Company demonstrates its commitment to high-standard stewardship and the continuous improvement of its shareholder relations.

g. Safety of Records of the Company

The Company is committed to the secure maintenance and timely disposal of its corporate records. We have a standardized mechanism for the retention of financial, legal, and contractual documents in strict accordance with applicable laws. By prioritizing confidentiality and data safety, the Company ensures that all material records are protected against unauthorized alteration or destruction. Records are held for the duration of their statutory period and are subsequently disposed of through a formalized process that adheres to the Company's record retention guidelines.

h. Remuneration of Non-Executive Directors Including Independent Directors for Attending Board Meetings and General Meetings:

The Company has established a formal policy and clear procedures for determining the remuneration of its Directors. In accordance with the Company's Articles of Association, the Board of Directors is empowered to approve and fix directors' compensation. Executive directors receive remuneration aligned with their roles and responsibilities, while non-executive directors, including independent directors, are entitled solely to fees for attending Board and Committee meetings.

i. Security Clearance of Foreign Directors

The Board of Directors of the Company did not have any foreign nationals serving as directors during the year. Consequently, no security clearance was required under applicable regulations.

j. Details of Board Meetings Held Outside Pakistan During the Year

During the year ended 31 December 2025, all meetings of the Board of Directors of the Company were held within Pakistan.

Disclosure on Company's Use of Enterprise Resource Planning (ERP) software Design and Integration of Core Business Processes in a Single System

The Company utilizes Oracle ERP as its primary digital backbone, designed to integrate critical business functions including procurement, inventory management, accounts payable, accounts receivables, general ledger, cash management, enterprise assets management, manufacturing module into a single cohesive system. This ensures data integrity and eliminates redundancy.

Management Support & Continuous Updation:

The Company has established a full-fledged in-house ERP Team comprising functional and technical experts. This dedicated team is responsible for:

- Managing and maintaining the ERP infrastructure.
- Developing in-house customizations to meet evolving business needs.
- Ensuring the systems remain updated with the latest security patches and feature sets.

User Training:

To ensure effective utilization of these systems, the in-house ERP team conducts training sessions for employees, as and when required. Role-based training is provided to functional users in respective departments to ensure proficiency in transaction processing and reporting.

ERP Project Control and Risk Management

The IT team continues to proactively manage and mitigate control risks associated with ERP systems in the company. They diligently identify, assess, and mitigate risks in a timely manner.

To maintain a controlled environment, access to sensitive information and segregation of duties are strictly enforced. We have a comprehensive protocol that requires multiple levels of approval from senior management and the IT compliance department for any user rights requests. This ensures that our ERP systems remain secure and compliant with regulatory standards.

Organization's business continuity plan or disaster recovery plan.

The Company has institutionalized a comprehensive Business Continuity and Disaster Recovery Plan to protect against operational vulnerabilities and unexpected downtime. Our approach is bifurcated into two core pillars:

- **Disaster Recovery Planning:** Focused on the technical resilience of servers and systems, our DR strategy employs proactive risk management to ensure a seamless shift to backup environments and a prompt return to baseline operations following a crisis.
- **Business Continuity Management:** We have dedicated significant resources to developing robust BCPs that safeguard the organization's physical and human assets.

These plans ensure that vital business functions remain accessible, minimizing the impact of disruptions on our service delivery and corporate commitments.



Chairperson's Review

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Service Industries Limited ("the Company") showing overall performance of the Company and effectiveness of the leadership in attaining the Company's aims and objectives for the year ended December 31, 2025.

I am pleased to report that the performance of the Board remained par excellence throughout the year and their contributions effectively steered the Company towards achievement of its objectives and creation of new benchmarks, while maintaining its reputation for good governance and providing steady returns to our shareholders. The Company has a nine (9) member Board of Directors ("the Board") which comprises of individuals with diverse background having core competencies, knowledge and experience relevant to the business of the Company. The Composition of the Board and its Committees is in accordance with the requirements of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Board has developed a mechanism for annual evaluation of Board's own performance, members of the Board and its Committees in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism also ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and oversight role of the Board.

During the financial year 2025, the Board successfully achieved targets and objectives set for the growth of the Company by performing the following functions:

- Ensured effective and robust oversight.
- Supervised overall corporate strategy, key financial performance indicators and other budgetary targets.
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures.
- Carried out risk assessment especially relating to regulatory and legal requirements, market trends, materials' supply and price, energy availability and cost, foreign exchange fluctuations, interest rate and liquidity.
- Reviewed effectiveness of internal control system.
- Evaluated the significant investments.
- Reviewed details of financing facilities availed by the Company.
- Ensured timely dissemination of price sensitive and inside information to relevant regulatory authorities.

The Board of the company is fully committed to add value to the shareholders' wealth. Consistent with our commitment to provide steady returns to our shareholders, the Board is pleased to propose a final cash dividend of Rs. 17.50 per share.



Ms. Uzma Adil Khan
Chairperson

March 18, 2026
Lahore

A great strategy sets the direction; scale turns vision into impact.

Directors' Report to the Shareholders

The Directors of Service Industries Limited ("SIL" or the "Company") are pleased to present the Annual Report along with the unconsolidated and consolidated audited financial statements for the year ended 31 December 2025 ("FY 2025").

The Directors' Report has been prepared in accordance with the requirements of Section 226-227 and other applicable provisions of the Companies Act, 2017.

Business Portfolio:

Service Industries Limited primarily functions as an investment holding entity, maintaining a strategically diversified portfolio across multiple sectors through its subsidiaries. Group operations mainly span manufacturing of tyres, tubes, auto spare parts and footwear, as well as trading activities supported by a nationwide retail network for footwear and activewear under the flagship brand "SERVIS". The Company's financial performance is closely aligned with the operational and financial results of its group companies. A detailed breakdown of the Company's investments in its subsidiaries is presented in Note 21 of the unconsolidated financial statements of the Company for the year ended 31 December 2025, annexed hereto.

Pakistan's Economic Review:

During the period under review, Pakistan's macroeconomic environment displayed encouraging signs of stabilization and gradual recovery, underpinned by prudent fiscal and monetary management, improving macro and micro indicators. The State Bank of Pakistan (SBP) adopted an accommodative monetary stance, progressively lowering the benchmark policy rate from 22% to 10.50%, which supported private sector activity and helped ease borrowing costs.

The country's external position strengthened during the year, with foreign exchange reserves rising to USD 20.7 billion by year-end. Consequently, the Pakistani Rupee remained relatively stable, trading within a range of PKR 278-284 against the US Dollar.

Economic output improved modestly, with GDP growth of 3.09% in FY 2025, reflecting resilience amid global headwinds and domestic disruptions, including severe flooding and supply side shocks. Agriculture growth remained subdued, while industry (mostly micro) and services sector contributed to the overall expansion, highlighting a nascent recovery.

Despite these positive indicators, the economy faced challenges from severe flooding and localized supply disruptions, which pushed inflation up to 5.6% by December 2025. The International Monetary Fund (IMF) projects GDP growth of around 3.2% for FY26, subject to continued structural reforms and export-led growth. While the overall outlook has improved, risks from global commodity price fluctuations, geopolitical tensions, agricultural performance, and external financing conditions persist.



In 2025, the global economy recorded moderate growth of approximately 3.2%, amid a complex environment of geopolitical tensions, trade uncertainties, and evolving monetary policies. Advanced economies faced slower expansion due to higher financing cost, subdued investment, and cautious consumer demand. In contrast, emerging markets outperformed, supported by robust domestic consumption, industrial recovery, and investment in key sectors.

Global trade remained resilient, driven by technology, digital services, and front-loaded shipments ahead of tariff adjustments, though overall growth slowed toward year-end due to lingering supply chain disruptions. Inflation moderated in many regions but stayed above pre-pandemic levels, reflecting commodity price volatility and geopolitical pressures. Financial markets remained sensitive to policy changes and global uncertainties. Overall, 2025 was characterized by moderate growth with structural risks, underscoring the need for targeted policy and investment strategies to sustain recovery.



Directors' Report to the Shareholders

Financial Performance for FY 2025

The table below presents a summary of the key financial highlights for the year ended 31 December 2025, along with comparative figures for the preceding year.

| Particulars | Unconsolidated | | | Consolidated | | |
|-----------------------------------|----------------------|------------|-------------------------|----------------------|-------------|-------------------------|
| | FY 2025 | FY 2024 | Increase / (Decrease) % | FY 2025 | FY 2024 | Increase / (Decrease) % |
| | (Rupees in thousand) | | | (Rupees in thousand) | | |
| Net Sales | 6,687,003 | 16,636,187 | -60% | 148,449,359 | 125,014,464 | 19% |
| Gross Profit | 647,427 | 543,776 | 19% | 35,056,832 | 30,880,386 | 14% |
| Dividend Income | 2,016,859 | 2,788,316 | -28% | - | - | - |
| Operating Profit | 2,522,386 | 2,838,399 | -11% | 19,505,523 | 18,463,826 | 6% |
| Profit Before Tax and Levy | 1,229,051 | 666,821 | 84% | 14,112,320 | 11,243,139 | 26% |
| Net Profit / (Loss) After Tax | 710,279 | 324,421 | 119% | 15,601,292 | 7,836,481 | 99% |
| Earnings / (Loss) Per Share - Rs. | 15.12 | 6.90 | 119% | 186.35 | 88.04 | 112% |

Financial Performance Highlights - Unconsolidated

For the year ended 31 December 2025, the Company, on an unconsolidated basis, recorded a gross profit of Rs. 647 million compared with Rs. 544 million in the last year. Profit before tax and levy increased significantly to Rs. 1,229 million from Rs. 667 million in the preceding year. The improvement in profitability was largely driven by consistent dividend income from associated companies, a reduction in finance costs, and the recognition of a capital gain arising from the partial divestment of the Company's shareholding in Service Global Footwear Limited in order to comply with the listing regulations.

Dividend Income from Associated Companies

During the year ended 31 December 2025, SIL received dividend income totaling Rs. 2,017 million from its subsidiaries. This included Rs. 500 million from Service Tyres (Private) Limited, Rs. 221 million from Service Industries Capital (Private) Limited, Rs. 654 million from Service Global Footwear Limited, and Rs. 641 million from Service Long March Tyres (Private) Limited.

The significant dividend receipts reflect the healthy profitability and cash-generating capacity of the Group's subsidiary companies. These inflows also reinforce the strength of SIL's investment base and its ability to derive stable returns from its strategic holdings, supporting the Company's overall financial position.

Financial Performance Highlights - Consolidated

For the year ended 31 December 2025, the Group delivered a strong consolidated performance. Revenue increased by 19% to Rs. 148.4 billion, as compared to Rs. 125.0 billion in the corresponding period. Gross profit recorded an increase of 14% over the same period last

year, while net profit after tax exhibited a significant improvement, surging by 99% to Rs. 15.6 billion from Rs. 7.8 billion last year.

Earnings Per Share (EPS)

For the year ended 31 December 2025, the Company's earnings per share on a standalone basis amounted to Rs. 15.12, representing a growth of 119% compared to the previous year. On a consolidated basis, earnings per share rose to Rs. 186.35, up from Rs. 88.04 in the previous year, reflecting a 112% growth.

This strong improvement on standalone basis and consolidated basis reflects the overall robust financial performance of the Group, supported by enhanced operational profitability of subsidiary companies.

GROUP REPORTING - SUBSIDIARY COMPANIES

The Group comprises of Service Industries Limited and the following companies:

1. Service Tyres (Private) Limited, wholly owned subsidiary;
2. Service Retail (Private) Limited, wholly owned subsidiary;
3. Service Industries Capital (Private) Limited, wholly owned subsidiary;
4. SIL Gulf FZE, United Arab Emirates, wholly owned subsidiary;
5. Service Global Footwear Limited, partially owned subsidiary;
6. Service Long March Tyres (Private) Limited, partially owned subsidiary;
7. SLM International Tyres Trading FZE, wholly owned subsidiary of Service Long March Tyres (Private) Limited;
8. Dongguan Service Global Limited, China, wholly owned subsidiary of Service Global Footwear Limited.



Directors' Report to the Shareholders

Service Tyres (Private) Limited

Service Tyres (Private) Limited ("STPL") was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. STPL is a wholly owned subsidiary of the Service Industries Limited. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of STPL is to carry on the business of manufacturing, trading, sale, marketing, retail, wholesale, import and export of all types of tyres, tubes, spare parts and allied products for bicycles, motorcycles, scooters, rickshaws, automobiles, buses, trucks, cars, tractors, trolleys and other vehicles.

During the year, STPL achieved net sales of Rs. 51 billion as compared to Rs. 46 billion in the last year and reported a growth in profit after tax of 26%, which stood at Rs. 4.3 billion (FY 24: Rs. 3.4 billion). The performance reflects prudent financial management, operational efficiency, and sustained market confidence in the Company's products.

The year under review remained challenging for the local tyre industry. Overall sales volumes continued to be primarily dependent on the recovery of the OEM segment and the purchasing power of consumers in the replacement market. Although export markets have demonstrated encouraging growth trends in the initial months of the year, but the temporary closure of the Pak-Afghan border during the year resulted in a complete suspension of exports to Afghanistan, adversely impacting export volumes.

Encouragingly, recent policy measures undertaken by the Government, including the reduction in customs duties on the import of raw materials, are expected to lower input costs and enhance industry competitiveness. Furthermore, the announced relief in electricity tariffs is anticipated to positively impact the overall cost structure of the manufacturing sector, thereby supporting sustainable business operations.

Despite significant macroeconomic headwinds and the devastating floods in Pakistan, STPL demonstrated resilience and maintained its leadership position in the industry. STPL also continued to strengthen its presence in international markets and remained the second-largest exporter of tyres from Pakistan, contributing valuable foreign exchange earnings to the country.

Service Retail (Private) Limited

Service Retail (Private) Limited ("SRPL") was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. SRPL is a wholly owned subsidiary of the Service Industries Limited. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of SRPL is to carry on the business of manufacturing, sale, trading, retail, wholesale, marketing, import and export of footwear, bags, apparel, accessories and other items / products.

The year 2025 marked a phase of gradual economic stabilization and cautious recovery in consumer demand. Within this environment, SRPL achieved a revenue growth of 13% in topline clocking in at Rs. 14.4 billion. Profit after tax stood at Rs. 644 million during the year, compared to Rs. 398 million in the previous year, reflecting disciplined execution and prudent financial management.

Our digital channel continued to gain traction. Online sales grew by 19.7%, reaching Rs. 862 million, driven by the customer preferences, a sharper merchandise mix and integration of retail and online inventory which has strengthened fulfillment efficiency while optimizing inventory holding costs.

On the retail front, we maintained a focused and opportunity-led expansion strategy. The opening of 17 new stores increased our nationwide footprint to 283 locations, enhancing customer accessibility and reinforcing our brand presence across key markets. This measured growth positions the SRPL to leverage improving market dynamics in the year ahead.

Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited ("SICPL") is wholly owned subsidiary of the Service Industries Limited. SICPL was incorporated on November 10, 2015 under the Companies Ordinance, 1984 (now the Companies Act 2017) in Pakistan as a company limited by shares. The registered office of SICPL is situated at Servis House, 2-Main Gulberg, Lahore. The main object of SICPL is to make investment in new ventures, shares and securities, listed or otherwise, in Pakistan or elsewhere in the world, subject to requirements of applicable law.

During the year, SICPL has disposed off its entire shareholding in its direct subsidiary company, Service Shoes Lanka (Private) Limited.

Service Global Footwear Limited

Service Global Footwear Limited ("SGFL") was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017. The principal activities of SGFL are manufacturing, sale, marketing, import and export of footwear, leather and allied products. Service Industries Limited has 75.01% (2024: 79.37%) equity stake in SGFL.

The export-oriented subsidiary company recorded strong revenue growth during the year, with the topline increasing by 14% to reach Rs. 19.9 billion. Profit after tax stood at Rs. 1,935 million, compared to Rs. 1,105 million in the previous year, reflecting improved operational performance and sustained demand in export markets.

SGFL has entered into a joint venture agreement with Golden Star Footwear Group Limited (GSFGL), a Chinese company for setting up a joint venture company in Pakistan, namely Service Athletic Global Footwear (Private) Limited for manufacturing and sale of sneakers, athletics or any other type of footwear in Pakistan and export thereof. The equity stake of the parties in the joint venture company will be

SGFL - 51% and GSFGL - 49%. The project cost of the joint venture company in Phase 1 is estimated to be US\$ 6,500,000 which shall be financed through equity contribution in accordance with the shareholding portion of each party.

Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited ("SLM") was incorporated as a Private Limited Company in Pakistan on January 07, 2020 under Companies Act, 2017. The registered office of SLM is situated at Servis House, 2-Main Gulberg, Lahore. The principal line of business of SLM is to carry on the business of manufacturing, sale, marketing, import and export of all steel radial truck and bus tyres. The status of SLM is changed from private limited to public limited w.e.f. January 06, 2026.

During the year, SLM maintained strong growth momentum, recording a significant increase in revenue and a solid profit after tax. The strategic investment of the Service Group with Chaoyang Long March Tyres of China performed well and contributed positively to the Company's performance. In line with its strategic direction, SLM has also decided to pursue listing on the Pakistan Stock Exchange. Further, SLM has also announced an expansion into Passenger Car Radial Tyre segment.

SLM International Tyres Trading FZE

SLM International Tyres Trading FZE, a wholly owned subsidiary of Service Long March Tyres (Private) Limited, is registered with limited liability in Jebel Ali Free Zone with License No. 98845966, under Jebel Ali Free Zone Regulation. The registered office address of the Establishment is Premises no. FZJOA1001 Jebel Ali Freezone, Dubai, United Arab Emirates. The principal activity of establishment is trading of auto spare parts, components, tyres and rims.

SIL Gulf FZE

SIL Gulf FZE, a wholly owned subsidiary of Service Industries Limited, is incorporated as a Free Zone Establishment with limited liability in Sharjah Airport Free Zone with License No. 22182 on 25 February, 2021, under SAIF Zone. The registered office address of the SIL Gulf FZE is Saif Office Q1-05-081/A, Sharjah, United Arab Emirates. The principal activity of SIL Gulf FZE is trading of tyres & rims, car tyres & outfit, handbags & leather products, tanned leather, readymade garments, textile & rubber, professional health & safety outfit and tools.

Dongguan Service Global Limited

Dongguan Service Global Limited is a limited liability company (wholly owned by foreign legal person) registered with Dongguan Administration of Market Regulations, China. Date of incorporation of Dongguan Service Global Limited is 18 December 2022. Business scope of Dongguan Service Global Limited is wholesale of shoes and hats, sales of leather products, sales of needle textiles and raw materials, wholesale of hardware products, sales of bags, sales of daily necessities, inspection of clothing and apparel, finishing services, technical services and other related matters. Commercial

address of Dongguan Service Global Limited is Room 302, No. 18, Houjie Town, Dongguan City, Guangdong Province, China.

Information and Explanation with Regard to Contents of Modification in Auditors Report on Consolidated Financial Statements

The Auditors of the Company has given a qualified opinion on the consolidated financial statements of Service Industries Limited for the year ended 31 December 2025 on the basis that the financial statements of Service Shoes Lanka (Private) Limited (SSL) - Subsidiary Company till the disposal date (for the period 01 January 2025 to 26 August 2025) and Dongguan Service Global Limited - Subsidiary Company for the year ended 31 December 2025 are un-audited. During the year, SICPL has disposed-off its entire shareholding in SSL. The disposal was carried out on the basis of valuation carried out by an independent valuer registered with Chartered Valuation Surveyors in Sri Lanka. The operations of the mills had been closed since January 15, 2023, and the financial statements prepared by the management of SSL were used for the purpose of making adjustments in the consolidated financial statements of SICPL. Such financial statements were prepared by the management in accordance with Sri Lanka Accounting Standards for Small and Medium-Sized Entities. Further, the financial statements of Dongguan Service Global Limited were prepared by the management in accordance with Chinese Accounting Standards for Small Business Enterprises. Since the financial statements of both entities are immaterial in the context of the consolidated financial statements of the Company for the year ended 31 December 2025, no adjustments to the consolidated financial statements of the Company were considered necessary. Additionally, Note 41 of the consolidated financial statements adequately discloses all relevant facts relating to SSL.

Dividend and Appropriations

Following is the summary of appropriations made during FY 2025:

| | Rs. in million |
|--|----------------|
| Accumulated equity as at 01 January 2025 | 8,490 |
| Final Dividend @ Rs. 15 per ordinary share for FY 2024 | (705) |
| Total comprehensive income for FY 2025 | 710 |
| Accumulated equity as at December 31, 2025 | 8,495 |

The Board of Directors of the Company has recommended final cash dividend of Rs. 17.50 per share (2024: final cash dividend Rs. 15 per share) in their meeting held on 18 March 2026.

Key Operating and Financial Data of Last 6 Years

An overview of key operating and financial data for last 6 years is annexed.

Evaluation of Company Performance

The Board has developed a mechanism of regular performance evaluation. Every member of the Board ensures their active participation in all the meetings of the Board. Detailed discussions

Directors' Report to the Shareholders

are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees.

For the purpose of evaluating the performance of the Company, the management uses various indicators that include industry growth, position of peer companies in the business segment where the company operates, prior years' performance, macroeconomic indicators and business environment impacting the Company.

Budgets are formulated and actual performance is measured against the budget at regular intervals during the year so that remedial action could be taken on a timely basis. This exercise is carried out for each business segment of the Company.

The Board ensures that the Company adopts the best practices of corporate governance. The Board also reviews performance of business segments each quarter with an aim to improve the low performing segments and at the same time explore further opportunities of growth in the more profitable segments. Moreover, the company has not defaulted in payment of any debt during the year.

Cashflows & Capital Expenditure

The Company's working capital funds are arranged through internal cash generation, working capital loans from banks and financial institutions. In order to meet funds requirements for undertaking capital projects, the Company sources finance from banks under conventional, Islamic and subsidized loans. There is proper monitoring of cash inflows and outflows and system-based alerts have been embedded to highlight the potential gaps. During the current year, the Company made capital investment of Rs. 285 million in the operating fixed assets.

Risk Management Framework

Principal Risks, Uncertainties and their Mitigation:

The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. Risk management is carried out in accordance with policies approved by the Board of Directors.

The Company's activities expose it to a variety of risks, including financial, strategic, operational and compliance risks. Disclosure regarding the nature of financial risks are provided in Note 47 to the unconsolidated financial statements of the Company for the year ended 31 December 2025. In addition, a detailed section outlining the Company's principal risks and corresponding mitigation strategies is annexed to the annual report.

The Company's senior management team carries out the overall risk management and the results are shared with the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks to which our company is exposed. The senior management team also carries out intensive budgeting and planning exercises including SWOT analysis of the Company

and its business segments. Based on this analysis, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long-term strategic objectives of the Company.

Disclosures Regarding the Assessment of Sustainability Related Risks

The Company is committed to strengthening environmental, social, and governance (ESG) practices while proactively identifying and managing sustainability risks. The Board actively supports the Company's ESG initiatives, ensuring seamless integration into its strategy to drive long-term growth, mitigate risks, and build stakeholder trust. The Company prioritizes environmental sustainability by reducing its carbon footprint, conserving resources, promoting green energy, and managing waste responsibly. Social commitments focus on diversity, employee welfare, and community engagement, while governance emphasizes ethical behavior, transparency, and prudent risk management. Under Corporate Social Responsibility, the Company strategically invests in education, healthcare, and community development. Governance risks are mitigated through transparent decision-making, ethical business conduct, and robust risk management frameworks. Every employee and director is responsible for implementing these measures to ensure long-term resilience and sustainable growth.

Environment, Social and Governance (ESG)

SIL has taken following initiatives to promote ESG and provide a safe, healthy and ethical environment for all internal stakeholders like employees, customers and shareholders associated with the company.

a) Industrial Relations

SIL is Business Social Compliance Initiative (BSCI) certified, promoting workplace conditions in accordance with human rights, ILO conventions and national labor law. Additionally, SIL is also SEDEX Global four pillars compliant company, ensuring our dedication to driving improvements in responsible and ethical business practices in the global supply chain and providing employees the best working conditions for increased productivity.

b) Employment of Females and Persons with Disability

SIL is proud to be an equal opportunity employer and encourages the participation of females and persons with special needs in the workforce. The Company has also implemented an Anti-harassment policy to prevent, identify, report and guide in these matters. This is effectively monitored at different levels and various locations.

c) Occupational Safety and Health

Our procedures have been gauged to provide a safe, clean, injury and illness-free environment to our employees. SIL has obtained ISO 45001:2018 Occupational Health and Safety Management

Certification, an international standard providing a framework to identify, control and decrease the risks associated with health and safety within the workplace.

d) Environmental Measures

The Company recognizes that its manufacturing operations have environmental impacts including energy consumption, water usage, generation of industrial waste, and emissions to air and water. SIL remains committed to minimizing these impacts through responsible environmental management practices and continuous process improvements.

To mitigate environmental risks and promote sustainable operations, the Company has implemented various initiatives including process optimization to reduce water consumption, promotion of recycling and reuse of materials, and environmentally responsible disposal of solid and process waste. Emissions to air and water are monitored and controlled in accordance with the Pakistan Environmental Quality Standards (PEQS) to ensure regulatory compliance.

In addition, the Company continues to explore cleaner production techniques and energy-efficient technologies across its operations. The adoption of renewable energy solutions, including solar power installations, further reflects the Company's commitment to reducing its carbon footprint and promoting environmentally sustainable manufacturing practices.

e) Energy Conservation

To maintain the environment as green and clean, the Company has installed setup of 2.23 MW solar at Gujrat plant. Currently, the Gujrat Footwear business is meeting its 35% of electricity requirements from Solar Energy.

f) Consumer Protection Measures

SIL is ISO 9001:2015 certified, ensuring a Quality Management System focused on consistently providing products that meet customers and applicable statutory and regulatory requirements. SIL is also a member of SATRA Technologies since 2010 who conduct research and tests on footwear and leather products to ensure that the product is comfortable, safe, performs well and is durable.

g) Business Ethics and Anti-Corruption Measures

We have a commitment of conducting our business with honesty and integrity and in full compliance with applicable laws and regulations. Our Statement of Ethics & Business Practices states that it is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship.

h) Contribution to National Exchequer

SIL has a significant annual contribution to the national exchequer on account of taxes, duties and levies. During FY 2025, SIL contributed Rs. 724 million on this account.

i) Rural Development Programs and contribution in national cause

The Company engages through its philanthropic arm in rural development programs for the enhancement of health and education of the rural population. Further, the Company always remains committed to contribute in any national cause.

j) Diversity and Inclusion

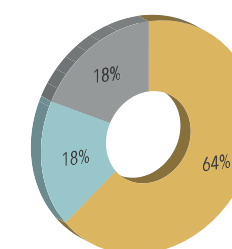
The Company is committed to equality, diversity, and inclusion, ensuring a non-discriminatory hiring process that promotes gender equality and equal employment opportunities. The Company prioritizes hiring purely based on qualifications, without quotas for gender, nationality, or ethnicity.

Corporate Social Responsibility (CSR)

SIL is a socially conscious business entity and has been involved in the philanthropy activities since its inception. The company has made contributions towards healthcare and education of underprivileged segments of society and is on the donor list of various welfare organizations. On an unconsolidated basis, the Company donated an aggregate amount of Rs. 12.6 million during the year to Service Charitable Trust and Shalamar Hospital.

Service group, in a major step, corporatized the welfare activities in 2019 through establishment of Servis Foundation. During the year, Service Group, on consolidated basis, contributed Rs. 204 million on account of CSR activities in various sectors.

Through the Servis Foundation, the following is a summary of CSR initiatives undertaken during the year:



■ Education ■ Healthcare ■ Community Outreach

Future Outlook

The global macroeconomic outlook for 2026 remains cautiously optimistic, yet fraught with uncertainties. Escalating geopolitical tensions, particularly the ongoing conflict involving the United States, Israel, and Iran, along with continued fighting between Russia and Ukraine have severely destabilized global maritime trade. The de facto closure of critical shipping chokepoints, such as

Directors' Report to the Shareholders

the Strait of Hormuz, has forced major carriers to reroute vessels, extending voyage durations and triggering an unprecedented surge in sea freight rates and global fuel prices. Consequently, global manufacturing supply chains are confronting acute bottlenecks and a highly inflationary cost environment for raw material procurement. Emerging markets are expected to face volatility in foreign financing, inflationary pressures, and supply chain disruptions, while advanced economies may experience restrained growth due to tighter monetary policies and subdued investment sentiment.

Domestically, Pakistan's economic outlook shows early signs of stabilization and remains moderately positive. Stabilization efforts through accommodative monetary policy, improved foreign exchange reserves, and continued fiscal discipline are expected to support private sector activity, ease borrowing costs, and facilitate investment. However, the ongoing geopolitical conflicts are also expected to have indirect implications for Pakistan's economy. Disruptions in global shipping routes and rising international energy and freight costs may increase import prices, exerting additional pressure on domestic inflation and widening the trade deficit. Furthermore, higher global oil prices and supply chain delays may elevate transportation and energy costs within the country, thereby affecting manufacturing and overall economic activity. For a manufacturing sector highly reliant on imported raw materials, currency depreciation when combined with rising international freight rates and increasing domestic energy costs continues to complicate cost predictability and exert pressure on operating margins. Further, foreign remittances to the country might get affected due to the war in Middle East where most of the Pakistani diaspora resides, this might bring Pakistani rupee under pressure against greenback. The performance of the Pakistani Rupee and external trade dynamics will therefore remain critical factors influencing cost structures and competitiveness.

Notwithstanding these prevailing headwinds, the Company approaches the future with cautious optimism. In response to evolving economic conditions, management will continue to prioritize operational resilience, cost optimization, and strategic expansion in both domestic and export markets. To mitigate the impact of elevated sea freight rates and global supply chain disruptions, the Company is actively optimizing logistics frameworks, diversifying sourcing channels, and ensuring robust marine insurance coverage. Furthermore, to counterbalance inflationary pressures arising from rising fuel costs, currency depreciation, and global supply constraints, the Company is implementing dynamic pricing mechanisms. While maintaining a strong focus on internal cost efficiencies, a measured pass-through of escalated input costs to end consumers may be undertaken where necessary to protect operating margins. The Company will also maintain a disciplined approach to risk management to ensure financial stability while pursuing long-term growth objectives, thereby delivering sustainable value to shareholders and reinforcing its leadership position in the market.

Adherence to Best Practices of Corporate Governance

The Company is determined to meet and wherever possible, exceed in all legal and ethical requirements and to conduct all businesses according to the highest professional and ethical standards and practices. The Board defines a path of continuous improvement constantly challenging existing processes. It also requires the Company to embrace change so that the Company is in the right place when new opportunities arise. This also means attracting the best talent in the marketplace and giving them the skills and opportunities, which they need to become high achievers. The Company constantly reviews its portfolio to provide answers to society's most vital challenges, enabling it to create sustainable value for its shareholders.

The Company has established an internal audit function, staffed with qualified professionals, to evaluate internal controls and operations to ensure fair financial reporting processes, compliance with applicable laws and adherence with internal control systems. This also results in achieving our objective of adding value to our operations.

Directors' Statement on Corporate and Financial Reporting Framework

Following is the Directors' statement on Corporate and Financial Reporting framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRSs), as applicable in Pakistan, have been followed in the preparation of financial statements;
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of Corporate Governance;
- The Key operating and financial data for the last six years is annexed to the annual report.

Comments / Responsibility Regarding Adequacy of Internal Financial Controls

The Directors are responsible for the adequacy of the internal financial controls and review of its effectiveness. The Company has established an effective and efficient system of internal financial controls to safeguard the assets of the Company, prevent and detect fraud and ensure compliance with all statutory and legal requirements. While the Board maintain its overall responsibility, The internal control structure is regularly reviewed and monitored by the Internal Audit function duly established by the Board. Audit Committee of the Board reviews the adequacy of internal control system on quarterly basis in accordance with the term of its reference.

Related Party Transactions

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon recommendations of the Audit Committee, the same are placed before the Board for review and approval. In addition to the above, as required under Companies Act, 2017, details of contracts or arrangements entered into along with the justifications for entering into such contracts or arrangements have been disclosed in relevant notes to the financial statements.

Directors' Remuneration

The Company has a formal policy and transparent procedure for the remuneration of its directors in accordance with the provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance), Regulations, 2019 and the Articles of Association of the Company. The main features of the policy, approved by the Board, are as follows:

- The Company shall not pay remuneration to its non-executive directors including independent directors except for meeting fee for attending Board and its Committees meetings.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending meetings of the Board and its Committees.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

During the year ended December 31, 2025, the following amounts were charged in the financial statements for remuneration including benefits to Chief Executive Officer and Executive Directors:

- Rs. 234.997 million (2024: Rs. 178.623 million) was paid to the Chief Executive Officer (Details given in Note 44 to the audited financial statements).

- No amount (2024: Rs. Nil) was paid to Executive Director (Details given in Note 44 to the audited financial statements).

During the year ended 31 December 2025, meeting fee of Rs. 3.290 million (2024: Rs. 3.175 million) was paid to non-executive directors.

Directors

The Board of Directors ("Board") comprises of nine (9) directors, including one female independent director, who is Chairperson of the Board, two independent directors, four non-executive directors and two executive directors including CEO.

Following are the names of the persons, who, at any time during the financial year, were directors of the Company:

Ms. Uzma Adil Khan, Chairperson, Independent Director
 Mr. Arif Saeed, Chief Executive Officer
 Mr. Omar Saeed, Executive Director
 Mr. Hassan Javed, Non-Executive Director
 Mr. Muhammad Naeem Khan, Independent Director
 Mr. Shahid Hussain Jatoi, Independent Director
 Mr. Ahsan Bashir, Non-Executive Director
 Mr. Adil Matcheswala, Non-Executive Director
 Mr. Saif Javed, Non-Executive Director

Composition of Board and Committees

As per requirements of Clause 34 (2) (i, ii & iii) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the composition of the Board and its committees is given in serial No. 1, 2 and 12 of "Statement of Compliance" annexed to the Annual Report.

Audit Committee

The Audit Committee consists of three members, one of whom is Independent Director and two are Non-Executive Directors. The Chairman of the committee is an Independent Director. The objective of Audit Committee is to ensure transparency and accountability by focusing on financial, regulatory, and compliance risks. The terms of reference of this Committee have been determined in accordance with the guidelines provided in the Code of Corporate Governance and advised to the Committee for compliance.

The Committee held four (4) meetings during the year. Attendance by each member was as follows:

| Name of Member | Attendance |
|------------------------------------|------------|
| Mr. Muhammad Naeem Khan - Chairman | 4/4 |
| Mr. Adil Matcheswala - Member | 3/4 |
| Mr. Saif Javed - Member | 4/4 |

Directors' Report to the Shareholders

Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of three members one of whom is Independent Director, one is Non-Executive Director and one is Executive Director. The Chairperson of the Committee is an Independent Director. The Committee is involved in making recommendations to the Board regarding executives' remuneration, performance evaluation and succession planning etc.

The Committee held two (2) meetings during the year. Attendance by each member was as follows:

| Name of Member | Attendance |
|----------------------------------|------------|
| Ms. Uzma Adil Khan - Chairperson | 2/2 |
| Mr. Arif Saeed - Member | 2/2 |
| Mr. Ahsan Bashir - Member | 2/2 |

Meetings of the Board of Directors

During the year under review, six (6) meetings of the Board of Directors of the Company were held and the attendance position is as follows:

| Name of Director | Attendance |
|--------------------------|------------|
| Ms. Uzma Adil Khan | 6/6 |
| Mr. Arif Saeed | 6/6 |
| Mr. Omar Saeed | 4/6 |
| Mr. Hassan Javed | 6/6 |
| Mr. Muhammad Naeem Khan | 6/6 |
| Mr. Shahid Hussain Jatoi | 6/6 |
| Mr. Adil Matcheswala | 5/6 |
| Mr. Ahsan Bashir | 6/6 |
| Mr. Saif Javed | 6/6 |

Leave of absence was granted to the Directors who could not attend the Board and Committee meetings.

Management Committee

The Management Committee comprises senior members of the Company who meet and discuss significant business plans, issues and progress updates of their respective segments. Significant matters to be put forth before the Board as per the Code of Corporate Governance are also discussed in the Management Committee meetings for onward approval of the Board.

External Auditors

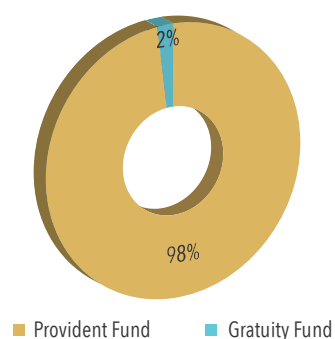
The present Auditors M/s. Riaz Ahmad & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company.

Investments in Retirement Benefits

The Company maintains retirement benefits plans for its employees which are regulated through the respective Board of trustees. The value of investments of these funds as per their respective un-audited financial statements, are as follows:

| | December 31, 2025 | December 31, 2024 |
|----------------|---------------------|-------------------|
| | (Rupees in million) | |
| Provident Fund | 6,128 | 5,353 |
| Gratuity Fund | 146 | 131 |
| Total | 6,274 | 5,484 |

Value of Investments



Gender Pay Gap Statement

The information about gender pay gap statement as required under SECP's Circular 10 of 2024 dated 17 April 2024 is annexed.

Pattern of Shareholding

The information about pattern of holding of the shares as at December 31, 2025 in the prescribed Form 20 is included in the Annual Report. The statement of purchase and sale of shares of the Company undertaken by Directors, Executives their spouses and minor children is also annexed.

Executives include Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary.

Statement of Compliance

The statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 as per prescribed format is published in the Annual Report which is reviewed and certified by the statutory auditors of the Company. The statement of compliance is approved by the Board of Directors of the Company.

Post Balance Sheet Event

No material changes and commitments affecting the financial position of the Company occurred between 31 December 2025 and 18 March 2026 except for:

- Declaration of final cash dividend of Rupees 17.50 per share (i.e. 175%) which is subject to approval of members in the forthcoming Annual General Meeting.
- On 09 February 2026, there was a fire outbreak at one of the rented finished goods godowns of the Company. For the Company's 31 December 2025 financial statements, fire outbreak and related impacts are considered non-adjusting events, consequently there is no impact on these financial statements. Estimated loss of destroyed stock-in-trade is secured against insurance.

Acknowledgment

The Directors would like to express their deep appreciation to the shareholders who have consistently demonstrated their trust in the Company.

We would also like to place on record our sincere appreciation for tireless efforts, dedication and commitment of all employees of Service Group and are confident that they shall continue to do so in future.

We also thank our customers, suppliers and bankers for their continued commitment to the Company.

We look forward to delivering best results in the coming years. For and on behalf of the board

Arif Saeed
Chief Executive

Omar Saeed
Director

March 18, 2026
Lahore

Gender Pay Gap Statement

Under SECP's Circular Of 10 Of 2024 Dated April 17, 2024

Following is the Gender Pay Gap calculated for the year ended December 31, 2025:

- (1) Mean Gender Pay Gap: (13.56)%
- (2) Median Gender Pay Gap: (5.65)%



Arif Saeed
Chief Executive Officer

Date: March 18, 2026

Report of the Board Audit Committee

On behalf of the Board Audit Committee (BAC), I am pleased to present the Committee's report for the financial year ended 31 December 2025 for the information of the shareholders of Service Industries Limited.

The Board Audit Committee operates under the mandate provided by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Terms of Reference approved by the Board of Directors. The Committee assists the Board in fulfilling its oversight responsibilities relating to financial reporting integrity, internal controls, risk management, compliance with regulatory requirements, and the effectiveness of internal and external audit functions.

The Committee remains committed to strengthening governance practices and enhancing transparency and accountability across the organization.

Terms of Reference

The principal responsibilities of the Board Audit Committee include:

1. Reviewing the integrity and reliability of financial statements prior to submission to the Board.
2. Assessing the adequacy and effectiveness of the Company's internal control systems.
3. Reviewing the performance and independence of the Internal Audit function.
4. Overseeing the external audit process and reviewing key audit matters.
5. Monitoring compliance with applicable laws, regulations, and corporate governance requirements.
6. Reviewing related party transactions to ensure transparency and arm's-length basis.
7. Evaluating significant accounting policies, estimates, and judgments applied in financial reporting.
8. Making recommendations regarding the appointment of the External Auditor, based on an assessment of independence, integrity, and a satisfactory quality rating with the Institute of Chartered Accountants of Pakistan.

Composition and Attendance

The Committee comprises three members, including one independent director as Chairman and two non-executive directors. The members possess the requisite knowledge and experience to analyze and interpret financial statements in accordance with applicable regulatory requirements.

During the financial year, the Committee held four (04) meetings, with the attendance of members as follows:

| Name of Director | Directorship Type | Status in BAC | Meetings Attended |
|----------------------|------------------------|---------------|-------------------|
| Muhammad Naeem Khan | Independent Director | Chairman | 04 |
| Mr. Adil Matcheswala | Non-Executive Director | Member | 03 |
| Mr. Saif Javed | Non-Executive Director | Member | 04 |

The Chief Financial Officer and Head of Internal Audit attended all Audit Committee meetings to present quarterly financial statements and Internal Audit reports and provided necessary explanations on matters deliberated by the Committee.

Key Activities Of The Committee During The Year

During the year under review, the Committee carried out the following key activities:

1. Reviewed the quarterly, half-yearly, and annual financial statements before recommending them to the Board for approval.
2. Reviewed Internal Audit reports, including significant control weaknesses and management responses.
3. Monitored the implementation status of Internal Audit recommendations.
4. Reviewed the external auditors' audit process, audit observations, and key audit matters.
5. Reviewed related party transactions and recommended them to the Board for approval.
6. Reviewed the Internal Audit plan, scope of audit activities, key findings, and recommendations.
7. Discussed significant risk exposures and mitigation measures with management.

Key Governance And Risk Oversight Areas

During the year, the Committee placed particular focus on the following areas:

Financial Reporting Integrity

The Committee reviewed financial statements to ensure compliance with International Financial Reporting Standards (IFRS) and regulatory requirements.

Internal Control Environment

The Committee evaluated the effectiveness of internal financial and operational controls and monitored the progress of corrective actions.

Internal Audit Effectiveness

The Committee reviewed the work performed by the Internal Audit function and ensured that it operates with appropriate independence, authority, and resources.

Risk Management

Key financial, operational, and compliance risks affecting the Company were discussed with management and mitigation strategies were reviewed.

External Audit Oversight

The Committee maintained regular engagement with external auditors and reviewed their audit findings and recommendations.

Internal Audit Function

The Internal Audit function plays a critical role in strengthening the Company's governance and control environment.

During the year, the Committee reviewed Internal Audit reports presented by the Head of Internal Audit, covering audit findings, control weaknesses, and opportunities for process improvement.

The Committee also reviewed the risk-based Internal Audit plan and monitored its implementation throughout the year.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee, ensuring independence and effective communication of audit matters.

The Committee also periodically evaluates the performance of the Head of Internal Audit and the Internal Audit function, including the quality of audit work, adequacy of resources, and effectiveness in addressing key risk areas.

Internal Control and Risk Management System

The Company maintains a structured system of internal controls and risk management designed to safeguard assets, ensure reliability of financial reporting, and support efficient business operations.

Based on Internal Audit reviews, management representations, and discussions with external auditors, the Committee is satisfied that the Company maintained adequate and effective internal control and risk management systems, commensurate with the nature and scale of its operations.

However, these systems provide reasonable assurance rather than absolute assurance against material misstatement or loss.

External Audit

The external auditors attended the meetings of the Committee where their audit reports were discussed.

The Committee reviewed:

1. The audit process and key audit matters identified during the audit.
2. Observations raised in the management letter.

The Committee assessed the effectiveness of the external audit process based on the quality of audit execution, communication with management, and responsiveness to identified issues.

The Committee also reviewed and recommended the appointment/reappointment of the external auditors to the Board, ensuring their independence, objectivity, and compliance with applicable regulatory requirements.

Where non-audit services were provided, the Committee ensured that such services did not compromise the independence of the external auditors and were in line with applicable regulations.

Annual Report 2025

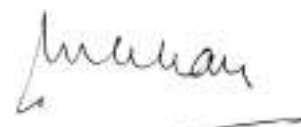
The Committee has reviewed the Annual Report and is of the view that it is fair, balanced, and understandable, and provides the necessary information for shareholders to assess the Company's position and performance.

Conclusion

The Board Audit Committee remains committed to supporting the Board of Directors in strengthening the Company's governance framework and oversight processes.

The Committee will continue to work closely with management, Internal Auditors, and external auditors to ensure robust internal controls, effective risk management, and high standards of financial reporting, thereby safeguarding the interests of shareholders and other stakeholders.

On Behalf of the Board Audit Committee



Muhammad Naeem Khan
Chairman Board Audit Committee

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations)

Name of Company: Service Industries Limited
Year ended: 31 December, 2025

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are nine (9) as per the following:

- a. Male: 8
- b. Female: 1

2. The composition of the Board is as follows:

| Category | Names |
|-------------------------|---|
| Independent Directors | Mr. Shahid Hussain Jatoi Mr. Muhammad Naeem Khan Ms. Uzma Adil Khan (Female Director) |
| Non-Executive Directors | Mr. Hassan Javed Mr. Adil Matcheswala Mr. Ahsan Bashir Mr. Saif Javed |
| Executive Directors | Mr. Arif Saeed (Chief Executive) Mr. Omar Saeed |

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
7. The meetings of the Board were presided over by the Chairperson and, in his / her absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;

9. Following Directors have attained the directors training program certification:

| Names of Directors |
|--------------------------|
| Mr. Omar Saeed |
| Mr. Hassan Javed |
| Mr. Shahid Hussain Jatoi |
| Mr. Muhammad Naeem Khan |
| Ms. Uzma Adil Khan |

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

| Names of Directors |
|----------------------|
| Mr. Arif Saeed |
| Mr. Ahsan Bashir |
| Mr. Adil Matcheswala |

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

| Names | Designation held |
|-------------------------|------------------|
| Mr. Muhammad Naeem Khan | Chairman |
| Mr. Adil Matcheswala | Member |
| Mr. Saif Javed | Member |

b) HR and Remuneration Committee

| Names | Designation held |
|--------------------|------------------|
| Ms. Uzma Adil Khan | Chairperson |
| Mr. Arif Saeed | Member |
| Mr. Ahsan Bashir | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee:

Four quarterly meetings were held during the financial year ended 31 December 2025.

b) HR and Remuneration Committee:

Two meetings of HR and Remuneration Committee were held during the financial year ended 31 December 2025.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

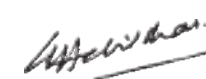
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

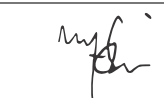
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| Sr. No. | Requirement | Explanation of Non-Compliance | Regulation Number |
|---------|---|--|-------------------|
| 1. | Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company. | Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations. | 10(1) |
| 2. | Directors' Training It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. | 5 out of 9 directors of the company have acquired Directors' Training Program certification. Three directors are exempt from Directors' Training Program. The Company has planned to arrange Directors' Training Program certification for remaining one director by end of next financial year. | 19(1) |
| 3. | Directors' Training Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020. | The Company has planned to arrange Directors' Training Program certification for female executives over the next few years. | 19(3) |
| 4. | Directors' Training Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training program from July 2022. | The Company has planned to arrange Directors' Training Program certification for head of departments over the next few years. | 19(3) |
| 5. | Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. | Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. | 29 |
| 6. | Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | Currently, the Board has not constituted a risk management committee and a senior officer of the Company performs the requisite functions and apprise the Board accordingly. | 30 |
| 7. | Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy. | Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future. | 35 |
| 8. | Role of the Board and its members to address Sustainability Risks and Opportunities The board is responsible for governance and oversight of sustainability risks and opportunities within the Company by setting the Company's sustainability strategies, priorities and targets to create long term corporate value | Securities and Exchange Commission of Pakistan (SECP) introduced new regulation 10A in the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time. | 10(A) |


Uzma Adil Khan
(Chairperson)


Arif Saeed
(Chief Executive)

March 18, 2026
Lahore

Independent Auditor's Review Report

To the members of Service Industries Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Service Industries Limited (the Company) for the year ended 31 December 2025 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2025.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: March 26, 2026
UDIN: CR202510168IJFzStX0



Corporate Social Responsibility

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- Direct Community Welfare Projects 67
- Institutional Contributions through Servis Foundation 70

Corporate Social Responsibility

About Service Group

Service Group is a socially responsible business enterprise with a legacy of giving that dates back to its inception. For decades, the Group has remained deeply engaged in advancing health, education, and community welfare, guided by the belief that business success carries a responsibility to uplift the society it thrives within. Its philosophy is rooted in shared prosperity: to serve people, protect the environment, and help communities grow with dignity and purpose.

To deliver this commitment in a structured and sustainable way, the Group established **Servis Foundation (SF)** – an independent corporate foundation that became operational in 2019. SF embodies the Group's values of trust, compassion, excellence, and collective progress. It consolidates and scales the company's social investments, transforming goodwill into well-governed, measurable, and long-term development initiatives. The Foundation holds tax-exempt status under Section 2(36) of the Income Tax Ordinance 2001 and now serves as the principal platform for all CSR-based institutional contributions of the Group.

Since inception, SF has evolved into a credible, program-driven organization with a focus on impact and accountability. It works

across education, healthcare, and community development, addressing some of Pakistan's most pressing challenges through inclusive and practical interventions. SF's approach is collaborative – it partners with reputable institutions from the public, private, and development sectors to ensure quality delivery and sustainable outcomes.

SF's vision is a Pakistan where every individual has access to quality education, reliable healthcare, and equal opportunities to realize their potential. Its mission is to expand lifelong access to these essentials for low-income and underserved communities. Through strategically designed programs, effective partnerships, and a commitment to excellence, SF continues to build upon the Service Group's legacy of responsible leadership and meaningful impact.

Service Group remains firmly committed to supporting SF and integrating responsible practices across its business operations. Together, our CSR portfolio comprises internal initiatives, directly managed community projects, and institutional contributions through Servis Foundation – a collective expression of our enduring commitment to progress that is inclusive, ethical, and sustainable.

Internal Company Initiatives & Responsible Operations

Service Group has certain sustained initiatives to provide a safe, healthy and ethical environment for all internal stakeholders like employees, customers and shareholders associated with the Service Group. Some of these initiatives are as follows:

a) Industrial Relations

Service Group is Business Social Compliance Initiative (BSCI) certified, promoting workplace conditions in accordance with human rights, ILO conventions and national labor law. Additionally, Service Group has been a member of SEDEX Global since 2015, ensuring our dedication to driving improvements in responsible and ethical business practices in the global supply chain, providing our family of 15,468 employees the best working conditions for increased productivity.

b) Employment of females and persons with disability

Service Group is proud to be an equal opportunity employer and encourages the participation of females and persons with special needs in the workforce. Service Group has taken steps to create a work environment conducive to females, having separate and appropriate work spaces and production lines. Currently, the female headcounts amount to 305+, who are part of the Service Group's diversified team.

c) Occupational Safety and Health

Our procedures have been gauged to provide a safe, clean, injury and illness-free environment to our employees. Service Group has obtained ISO 45001:2018 Occupational Health and Safety Management Certification, an international standard providing a framework to identify, control and decrease the risks associated with health and safety within the workplace.

d) Consumer Protection Measures

Service Group is ISO 9001:2015 certified, ensuring a Quality Management System focused on consistently providing products that meet customers and applicable statutory and regulatory requirements. Service Industries Limited is also a member of SATRA Technologies since 2010 who conduct research and tests on footwear and leather products to ensure the product is comfortable, safe, performs well and is durable.

e) Business Ethics and Anti-Corruption Measures

We commit to conducting our business with honesty and integrity and in full compliance with applicable laws and regulations. Our Statement of Ethics & Business Practices

states that "It is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship".

f) Gujrat Workers' Children Schooling Programme

This programme was initiated in 2020 to provide our most vulnerable workers the opportunity for high-quality education for their children. For this, SF decided to leverage the branch network and educational expertise of a private partner well-known and well-respected in Gujrat and surrounding districts. 426 students continue to receive schooling through this partner. We spent PKR 27.89 million on this programme in 2025.

g) SF's Bright Future's Scholarship Program

SF's Bright Futures scholarship program for low-salaried employee's children covers educational expenses for select undergraduate degree programs. 16 new scholarships were awarded this year making a total of 46 Bright Futures Scholars. SF invested PKR 7.31 million in this initiative. Service Group is committed to investing in its employee's welfare and that of their families for enhanced life and income opportunities.

Launched the External Bright Future Scholarship with King Edward Medical University, University of Engineering & Technology and University of Punjab.

h) Skills-based training program for workers families

SF partnered with government vocational training institutes in Muridke and Gujrat to provide free vocational training to the children and/or siblings of its employees. The program is designed to enable workers families to create pathways to economic empowerment. 134 individuals successfully graduated from various vocational training programs. SF spent PKR 5.3 million on this program.

i) Contribution to National Exchequer

Service Group has a multi-million Rupee annual contribution to the national exchequer on account of taxes, duties and levies. In 2025, Service Group contributed PKR 9,974 million.

Direct Community Welfare Projects

a) Chaudhry Nazar Muhammad, Muhammad Hussain Memorial Society Clinic

Located in Gandhra, Gujrat, the hospital is a primary care facility for the community, providing subsidized consultation by a General Physician, free medicines, subsidized basic lab tests and ultrasound and x-ray facility. Approximately 20,310+ patient interactions are recorded at the facility during 2025.



b) Servis-Sunbeams School, Muridke, Sheikhpura

This school is located in a village 5km from the Muridke Manufacturing Unit and enrolls 375 students. There is no fee charged to students. SF fully finances the school's operational and administrative expenses; in 2025, an amount of PKR 11.77 million was invested to maintain and enhance the quality of education provided. Since August 2019, the school's operations and management have been overseen by Sunbeams School System on behalf of SF.

c) Service Charitable Trust's Bagh-e-Rehmat Trust High School

Service Charitable Trust runs a school for low-income students near Bhatta Chowk, Lahore. The Bagh-e-Rehmat School enrolls more than 600+ students and enjoys a reputation of high merit, standards and outcomes in the local community.

Institutional Contributions Through Servis Foundation

Service Group contributed PKR 174.193 million to Servis Foundation during 2025 for the delivery of development programmes through charitable institutions. These institutional contributions included health and education spending through the following institutions.

a) Shalamar Institute of Health Sciences (SIHS)

In 2025, the Service Group sponsored medical treatment for low-income patients amounting to PKR 10.4 million at SIHS. In addition, through SF, an annual commitment of PKR 7.5 million has been made to support a scholarship programme at the Medical College of SIHS under the newly established Ahmed Saeed Scholarship Fund.

b) Kidney Center Gujrat (KCG)

SF is the foremost donor at this facility providing free hemodialysis and subsidised kidney stone management services to registered kidney disease patients from Gujrat and surrounding districts with 1,308+ who have received subsidised dialysis sessions, while 309 patients have benefited from lithotripsy treatment. Many low-income patients are receiving subsidised kidney-stone management treatment through the state-of-the-art lithotripter contributed by us. In 2025, SF contributed PKR 13.2 million to Kidney Center Gujrat.

c) Citizens Foundation (TCF)

The SF has adopted four TCF schools and now proudly supports the education of 801 children studying in these schools. These four branches are located in Mansehra, Sargodha, Lasbela and Lahore. All schools are primary with average female enrolment at 48% of student strength. The total annual commitment to TCF is PKR 26.25 million.

d) Pakistan Society for the Rehabilitation of the Disabled (PSRD)

In December 2019, SF began its contributions to the Orthotics & Prosthetics Center at PSRD which provides subsidized services to low-income patients. SF also spearheaded capacity building and institutional strengthening efforts at the center. Since 2019 SF has contributed regularly for facility improvement at PSRD. SF contributed PKR 3.3 million to PSRD in 2025.

e) Servis Foundation Physical Rehabilitation Initiative

Solid Ankle Cushion Heel (SACH) Feet were procured and provided to two strong partners (Chal Foundation & PSRD) for free of cost.

In addition, 952 children with clubfoot received Dennis Browne shoes to support their steady progress toward full recovery. SF also donated Dennis Browne shoes to a further 1,114 children as part of its continued commitment to physical rehabilitation support. Overall, SF allocated PKR 11.86 million toward its physical rehabilitation initiatives.

In addition to above steps, Service Group also made other notable contributions including:

- PKR 3 million contribution to Cadet College Hassan Abdal's Endowment Fund;
- Set up an E-Clinic in Muridke in partnership with Sehat Kahani to provide quality healthcare;
- Donation of shoes worth PKR 13.99 million to government institutes including 5,282 pairs of shoes donated to Alkhidmat Foundation, providing comfort and protection to displaced families;
- A contribution of PKR 10 million was extended to Zaman Foundation to reinforce on-ground rescue and rehabilitation work;
- WISE Education Society: PKR 10.2 million to support education for students from low-income households;
- Professional Education Foundation: PKR 500,000 to support professional education of 5 students;
- Roshni Homes Trust: adoption and support education of 10 orphan children for PKR 3 million;
- Donation of PKR 500,000 to Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD) for their mission to support differently disabled persons;

- Donation of PKR 1 million to Sindh Institute of Urology;
- Donation of PKR 2 million to Sardar Trust Eye Hospital for treatment of patients from low-income households;
- Donated shoes worth PKR 5.5 million to orphanages, and patients.



Strategy and Resource Allocation

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Objectives, Strategies and Resources

At Service Group, strategic clarity and disciplined resource allocation are cornerstones of long-term value creation. The Group's strategy is anchored in its commitment to sustainable growth, operational resilience, and agile adaptation in response to a dynamic business environment. Our strategic framework is designed to reinforce core business strengths, capitalize on emerging market trends, and ensure prudent deployment of capital and resources in alignment with defined corporate priorities.

The strategic planning process at Service Group is a structured and forward-looking exercise that aligns organizational ambitions with market realities and shareholder expectations. It initiates with an in-depth analysis of both internal competencies and external market forces, encompassing competitive positioning, regulatory landscape, and macroeconomic trends. Insights derived from this diagnostic phase inform the establishment of clear, measurable strategic objectives that serve as the foundation for decision-making. Subsequently, a spectrum of strategic alternatives is developed and critically assessed against criteria including feasibility, risk exposure, resource requirements, and alignment with the Group's long-term vision. Once an optimal strategy is identified, detailed execution plans are formulated, outlining resource allocation, timelines, and key performance indicators to ensure operational discipline. A robust governance structure ensures periodic review, performance monitoring, and realignment where necessary. This dynamic and iterative approach enables the Group to remain agile, enhance operational resilience, and drive sustained value creation. The entire

process is overseen by executive leadership and approved by the Board to ensure accountability and strategic coherence.

Resource Allocation Plan to Implement the Strategy for Achievement of Corporate Objectives

Service Group undertakes a disciplined approach to resource allocation, ensuring that all capital inputs are optimally deployed to support the execution of strategies and the attainment of defined corporate objectives. The Group's resource deployment philosophy is centered around value maximization for shareholders while operating within a prudent risk framework. The Group's resource base spans across multiple capital forms, each playing a pivotal role in the execution of its strategy.

Service Group maintains long-standing relationships with leading domestic banks and financial institutions, ensuring access to ample credit lines for both short- and long-term financing needs. Working capital requirements are met through flexible, cost-efficient short-term facilities, while long-term capital is deployed for capacity expansion, technology upgrades, and business diversification.



Strategies to achieve Objectives and Key Performance Indicators

Corporate Objectives
To expand the Group's international presence in the Tyres and Footwear market

Nature
Long Term

Multiple Strategies for Meeting Objectives
1. Strategic entry into emerging markets
2. Invest in global marketing campaigns

Resource Allocations
Financial Capital, Human Capital

Key Performance Indicator (KPIs)
1. % growth in export sales
2. Number of new international markets entered

Corporate Objectives
To institutionalize a culture of continuous improvement and innovation across all business verticals

Nature
Medium to Long Term

Multiple Strategies for Meeting Objectives
1. Investing in R&D for advanced tyres and footwear products
2. Integrate continuous improvement methodologies to drive efficiency and eliminate process redundancies
3. Launch digital transformation programs

Resource Allocations
Intellectual Capital, Manufactured Capital

Key Performance Indicator (KPIs)
1. R&D Investment as % of Revenue
2. Process Efficiency Gains

Corporate Objectives
To achieve sustainable growth in the local market

Nature
Short to Medium Term

Multiple Strategies for Meeting Objectives
1. Expand domestic distribution and retail networks
2. Aggressive pricing and promotional plans

Resource Allocations
Financial Capital, Social and Relationship Capital

Key Performance Indicator (KPIs)
1. Sales growth in domestic market
2. Market share percentage increase
3. Retail network expansion

Corporate Objectives
To optimize the Group's business portfolio through strategic realignment and diversification

Nature
Medium to Long Term

Multiple Strategies for Meeting Objectives
1. Reallocate capital and operational resources toward high-growth, high-margin business units and emerging market segments

Resource Allocations
Financial Capital, Manufactured Capital

Key Performance Indicator (KPIs)
1. ROI on invested capital
2. EPS (Earnings Per Share) growth

Corporate Objectives
To preserve and elevate the Group's brand reputation

Nature
Medium Term

Multiple Strategies for Meeting Objectives
1. Execute aggressive brand-building campaigns
2. Invest in product design, packaging, and customer service to reinforce premium brand perception

Resource Allocations
Intellectual Capital, Social and Relationship Capital

Key Performance Indicator (KPIs)
1. Quality complaint ratio
2. Online sentiment and brand visibility metrics

Corporate Objectives
To strengthen the Group's financial resilience and operational agility

Nature
Short to Medium Term

Multiple Strategies for Meeting Objectives
1. Optimize cost structures through automation, supply chain reengineering, and operational benchmarking.
2. Maintain access to diversified funding sources and maintain strong relationships with financial institutions

Resource Allocations
Financial Capital, Intellectual Capital

Key Performance Indicator (KPIs)
1. Operating Cost Ratio
2. Cash Conversion Cycle

Corporate Objectives

To establish ourselves as an employer of choice within the national market

Nature

Long Term

Multiple Strategies for Meeting Objectives

1. Establish structured career path frameworks for all roles
2. Build a performance-driven culture
3. Strengthen succession planning

Resource Allocations

Human Capital, Social and Relationship Capital

Key Performance Indicator (KPIs)

1. Leadership Pipeline Strength
2. Employee Engagement
3. Key role succession coverage ratio

Linkage with Companies Overall Vision, Mission and Objectives

Service Group's strategic direction is firmly rooted in its long-term vision of evolving into a global, world-class, and diversified enterprise that fully leverages the strength of its brands and its people. Every strategic objective is carefully mapped to reinforce this overarching ambition, ensuring that the Group remains responsive to market opportunities while upholding international standards of excellence. The mission, which emphasizes sustainable profitability, quality enhancement, customer satisfaction, technological advancement, and responsible corporate citizenship, serves as the foundational guide for strategic planning and execution.

Effect of External Factors on Strategy and Resource Allocation

In pursuit of our corporate objectives, the Service Group continuously adapts to the dynamic external landscape shaped by technological changes, societal issues, environmental challenges, and product innovation challenges. These factors influence our strategic priorities and resource allocation, demanding proactive responses to sustain growth, operational resilience, and stakeholder trust.

Technological Changes

Rapid advancements in artificial intelligence, automation, and digitalization have significantly transformed customer expectations, operational efficiency standards, and competitive dynamics. Artificial intelligence, in particular, is reshaping decision-making through predictive analytics, intelligent automation, and real-time insights, necessitating a strategic shift toward a data-driven operating model. In response, the Service Group has planned targeted allocation of intellectual and financial capital toward digital transformation initiatives, with AI as a core enabler. These initiatives aim to enhance end-to-end value chain visibility, improve responsiveness, and

drive enterprise-wide productivity, resilience, and sustainable cost optimization over the medium to long term.

Sustainability Reporting and Challenges

Environmental sustainability has emerged as a strategic imperative, driven by climate change, resource scarcity, and increasing regulatory oversight regarding ESG reporting. The Service Group has planned to respond by scrutinizing the operational processes and product designs for their ecological footprints, compelling businesses to adopt greener and more energy-efficient practices. The Service Group is allocating resources to align its sustainability reporting with IFRS S1 and S2 standards, enhancing transparency in the management of climate-related risks. Over time, these initiatives are expected to strengthen operational resilience and support sustained leadership in environmentally conscious market segments.

The Board of Directors has delegated the oversight of sustainability-related matters to the Audit Committee.

Societal Issues

Evolving societal expectations pertaining to ethical governance, financial inclusion, employee welfare, diversity, public health, education, and corporate social responsibility continue to significantly influence the Group's strategic priorities and the allocation of its financial and non-financial resources.

The Service Group has instituted comprehensive policies for occupational health and safety in accordance with applicable laws and best industry practices. In alignment with its commitment to social responsibility, the Service Group undertakes a range of community development initiatives, both independently and through the Servis Foundation, targeting marginalized populations. These initiatives primarily encompass programs in the areas of education, healthcare, and community engagement.

Such efforts are intended to contribute to the development of a resilient, high-performance organizational culture, enhance corporate reputation, and reinforce the Group's position as an employer of choice within the industry.

Innovation Initiatives

Service Group's strategic emphasis on innovation has materially influenced its long-term objectives and operational priorities. By institutionalizing structured innovation frameworks and allocating dedicated resources towards research, emerging technologies, and process optimization, the organization has reinforced its competitive positioning. These initiatives have been systematically embedded into strategic planning, resulting in reallocation of capital and talent toward high-impact, innovation-led projects. Consequently, innovation has become an integral driver of sustainable value creation, enabling the company to proactively respond to evolving market dynamics and stakeholder expectations while aligning resource deployment with transformative growth opportunities.

Resource Shortages and Mitigation

The Company actively monitors the availability of critical Natural and Manufactured capitals. While the Company has secured robust

supply chains for raw rubber and chemicals, energy availability remains a national challenge. To address potential energy resource shortages, the Group has allocated Financial Capital toward solar and power generation and backup energy infrastructure, ensuring operational continuity. Furthermore, to mitigate human resource shortages in specialized technical roles, the Company has launched an internal Future Leaders training program.

Company's Strategy on Market and Product Development

Service Group pursues a dual-focused strategy to strengthen market positioning and drive sustainable growth. On the market development front, the Service Group continues to expand its international footprint by leveraging export leadership in tyres and footwear, while concurrently strengthening domestic market penetration through its unparalleled nationwide retail infrastructure.

On the product development front, the Group maintains a strong commitment to innovation through targeted R&D investments, ensuring continuous enhancement of its tyre and footwear portfolios. These efforts are strategically aligned with evolving consumer preferences and global quality benchmarks. Additionally, the Group is progressively diversifying its revenue base through the strategic expansion of its emerging apparel segment, thereby strengthening brand equity and deepening customer relationships.

This balanced, forward-looking strategy positions Service Group to capitalize on growth opportunities while maintaining operational resilience, ultimately delivering sustained value creation across all business verticals.

Capabilities and Resources of the Company that Provide Sustainable Competitive Advantage, Resulting in Value Creation by the Company

The Service Group possesses a unique combination of strategic capabilities and resources that underpin its sustainable competitive advantage and drive long-term value creation. As the exclusive manufacturer of steel radial tyres for trucks and buses in Pakistan, the company enjoys a distinctive market position, further reinforced by its well-established nationwide retail footwear network under the flagship brand "SERVIS". This extensive framework, coupled with the Group's status as the largest exporter of tyres & footwear in Pakistan and a market leader in the domestic tyre segment, ensures robust market penetration and revenue diversification.

The Service Group's financial resilience, supported by consistent profitability and highly skilled and experienced workforce, enhances its ability to navigate economic fluctuations while pursuing growth opportunities. These core strengths market leadership, operational excellence, and financial stability collectively reinforce Service Group's ability to deliver long-term value to stakeholders and sustain its position as a dominant force in Pakistan's industrial and retail landscape.

Significant Plans and Decisions

During the year, the Service Group undertook targeted capital expenditures to strengthen its operational capabilities and support long-term growth. A key outcome of these investments was the enhancement of installed production capacity for steel radial tyres for buses and trucks at its subsidiary, Service Long March Tyres Limited, which increased from 1.3 million tyres to 1.6 million tyres per annum, representing a significant milestone in the Group's capacity expansion strategy. Considering market demand and growth prospects, the facility is planned to be further expanded to 2 million tyres per annum during 2026. Further, SLM has also announced strategic expansion into the Passenger Car Radial (PCR) tyre segment, marking an important step toward product diversification and market penetration.

In parallel, the Group initiated strategic restructuring initiatives to enhance corporate value and transparency. Service Long March Limited is planned to be listed on the Pakistan Stock Exchange through an Initial Public Offering in 2026. Additionally, Service Global Footwear Limited entered into a joint venture with a Chinese Company, Golden Star Footwear Group Limited to establish a non-leather footwear manufacturing facility in Pakistan, with equity held at 51% and 49%, respectively, targeting domestic and export markets.

Repayment of Debt and Strategy to Manage Liquidity

During the year, the Company has fully honoured all scheduled debt repayment obligations in a timely manner, with no instances of default or deviation from agreed terms.

Service Group employs a well-structured and proactive debt management strategy aimed at ensuring sound liquidity management across the organization. This approach includes precise cash flow forecasting and regular evaluation of the maturity profiles of assets and liabilities to effectively anticipate and align inflows and outflows. Such measures enable the Group to efficiently manage operational financing requirements and meet all financial obligations as they fall due.

The Group's strong and consistent cash flow from operations, underpinned by a sustained history of consolidated profitability, reinforces its ability to meet financial commitments and maintain a resilient liquidity position.

Board's Statement on Internal Controls

The Company maintains a robust internal control framework encompassing financial, operational, and information technology processes, providing reasonable assurance against material misstatement or loss. The Board's Audit Committee has formalized the system, which is regularly reviewed and updated to ensure ongoing effectiveness.

Risks Analysis

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Risk Management Framework

The development of a robust risk management framework is driven by the growing complexity of business operations, increased regulatory requirements, and heightened stakeholder expectations for transparency and accountability. Service Group faces diverse range of risks that could threaten their business objective, operations, future performance, solvency, or liquidity which demand a structured approach for risk management in a systematic and proactive manner. The risk management enables proactive risk oversight, supports informed decision-making, and enhances organizational resilience, thereby safeguarding assets, reputation, and long-term value in a dynamic and uncertain business environment.

The main objectives of Risk Management Framework (RMF) established by the Board includes the processes of identification, assessment, mitigation, monitoring and reporting of actual, potential and perceived risks to proactively manage them and reduce their impact to an acceptable level with risk tolerance to safeguard organizational objectives. By fostering a proactive risk culture, the RMF supports sustainable growth, stakeholder confidence, and long-term business continuity in a dynamic risk landscape.

Risk Appetite and Tolerance

This framework promotes a risk-aware culture across all levels of the organization, encouraging informed decision-making while balancing risk and opportunity. The Company defines clear risk appetite and tolerance thresholds, ensuring risks are managed within acceptable levels. While defining the organization's risk appetite and risk tolerance levels, the following are considered key principles to ensure alignment with strategic objectives and long-term sustainability:

- Understand the organization's mission, vision, and strategic objectives, as risk appetite should reflect the level of risk the organization is willing to accept to achieve these objectives.
- Stakeholder expectations, including shareholders, regulators, and customers, must be evaluated to balance risk-taking with accountability and compliance requirements.
- Assess the organization's risk capacity, considering financial strength, operational resilience, and market position, to avoid excessive risk exposure that could threaten solvency or liquidity.
- Industry benchmarks and competitive dynamics have been analyzed to ensure the risk appetite remains realistic and competitive.
- Foster a risk-aware culture, ensuring that risk tolerance levels are communicated effectively across the organization, enabling informed decision-making at all levels.

A consistent approach is applied across business units to embed risk management into strategic planning, operations, project execution, and compliance activities. All employees are expected to take ownership of risks in their respective areas, while the Board and Management provide oversight to ensure alignment with corporate objectives and long-term sustainability.

Risk Management Process

The mechanism for risk management has been outlined as follows:

a. Risk Identification Process

The risk identification process involves systematically detecting and documenting potential risks that could impact organizational objectives. Through workshops, audits, and expert analysis, internal and external threats are catalogued across all business functions. This foundational step ensures no critical risk is overlooked, enabling proactive management.

b. Risk Assessment and Prioritization

The risk assessment evaluates identified risks based on likelihood and potential impact, using qualitative and quantitative methods and prioritization ensures resources are allocated to high-severity threats first. This process enables organizations to focus on critical vulnerabilities, aligning risk management efforts with strategic priorities and optimizing mitigation effectiveness while maintaining operational and financial efficiency.

c. Risk Mitigation and Control Strategies

The risk mitigation strategies are developed to reduce, transfer, or eliminate prioritized risks. Controls include policy enhancements, process redesigns or contingency plans. The goal is to lower risk exposure to acceptable levels while balancing cost and feasibility.

d. Risk Monitoring and Review

The continuous monitoring ensures risk controls remain effective amid changing internal and external conditions. Regular reviews assess control performance, identify emerging risks, and validate mitigation strategies. Key risk indicators and audits provide real-time insights. This iterative process maintains risk awareness, supports timely adjustments, and ensures alignment with evolving business objectives, regulatory requirements, and industry best practices for long-term resilience.

e. Reporting and Escalation

The structured reporting system communicates risk status, trends, and mitigation progress to stakeholders, ensuring transparency and accountability. The escalation protocols define thresholds for elevating critical risks to the Board. Standardized dashboards and periodic briefings facilitate informed decision-making. This process fosters a risk-aware culture, enabling swift action on high-priority issues while maintaining compliance with governance frameworks and regulatory expectations.

f. Integration with Business Processes

The embedding risk management into daily operations ensures proactive risk ownership across functions. Policies, workflows, and performance metrics align risk controls with business activities. This integration promotes consistency, reduces silos, and enhances strategic decision-making. By institutionalizing risk awareness, organizations achieve sustainable growth while minimizing disruptions, ensuring risk management becomes an inherent part of organizational culture rather than a standalone compliance exercise.

g. Training and Capacity Building

The targeted training programs equip employees with the skills to identify, assess, and manage risks relevant to their roles. Workshops and simulations reinforce risk awareness and response protocols. Continuous capacity building ensures adaptability to new threats and regulatory changes. A well-trained workforce strengthens organizational resilience, fosters accountability, and enhances the overall effectiveness of the risk management in achieving business objectives.

Risk Governance Structure

The Risk Governance Structure in the established RMF has been mentioned with clear roles, responsibilities, and accountability for risk oversight across the organization. The structure follows a hierarchical escalation model, with defined reporting lines to maintain transparency and effective decision-making:

Board of Directors

The Board of Directors holds ultimate accountability for risk governance, ensuring that the organization's risk appetite aligns with its strategic goals. The Board reviews and approves enterprise-wide risk policies, oversees major risk exposures, and ensures adequate risk mitigation measures are in place.

Audit Committee

The Audit Committee, a sub-committee of the Board, provides independent oversight of risk management and internal controls. It reviews the effectiveness of risk frameworks, monitors compliance with policies, and assesses financial, operational, and regulatory risks. The Committee reports key findings and recommendations to the Board while liaising with Internal Audit and Executive Management for risk assurance.

Internal Audit Function

The Internal Audit Function conducts objective evaluations of risk management mechanism, controls, and compliance. It identifies control gaps, assesses risk mitigation effectiveness, and provides independent assurance to the Audit Committee.

Executive Management

Executive Management (CEO, CFO, COO, CHRO) implements the Board-approved risk strategy and ensures risk management is embedded in business operations. They oversee risk identification, mitigation planning, and resource allocation while maintaining accountability for risk performance. Executive Management reports risk exposures and mitigation progress to the Board and Audit Committee.

Departmental Heads

Departmental Heads are responsible for day-to-day risk management within their respective functions. They identify operational risks, enforce control measures, and escalate potential threats to Executive Management.

This hierarchical structure ensures accountability, timely risk escalation, and informed decision-making at all levels, reinforcing a robust risk culture across the organization.

Control Environment

The Company has established a structured control environment, underpinned by the active involvement of Executive Management, Internal Audit, and functional leadership. Risk mitigation measures are designed and implemented through cross-functional collaboration, ensuring that residual risks are reduced to levels consistent with the Company's defined risk appetite.

The Internal Audit Function independently evaluates the adequacy and operational effectiveness of internal controls, while the Audit Committee maintains an oversight role, reviewing the overall integrity of the control framework and its alignment with the Company's strategic objectives, risk tolerance, and regulatory obligations.

Executive Management bears primary responsibility for promoting a culture of compliance, accountability, and risk awareness, ensuring that business operations are conducted within a framework of sound internal controls. This integrated approach fosters a resilient control environment that safeguards stakeholder interests and supports sustainable value creation.

Key Sources of Uncertainty

In the course of preparing financial statements in accordance with applicable accounting standards, management is required to apply professional judgment and make informed estimates based on available information at the time. These estimates and judgments are essential in areas where measurement is inherently complex or where outcomes are dependent on future events.

Such uncertainties may relate to the valuation of assets and liabilities, provisions, impairment assessments, taxation, actuarial valuations for Staff retirement benefits among others. As these estimates are based on historical experience, current conditions, and expectations of future developments, actual outcomes may differ from the assumptions used, sometimes significantly. To address this uncertainty, the Company regularly assesses its estimates and underlying assumptions, adjusting them as new information becomes available. Revisions to estimates are reflected prospectively in the financial statements when necessary. Further details on significant accounting judgments and estimates are disclosed in Note 2.1 (c) of the accompanying financial statements of the Company.

Risk of Supply Chain Disruption Due to an Environmental, Social or Governance (ESG) Incidentally

Service Group recognizes the growing importance of Environmental, Social, and Governance (ESG) risks and their potential to disrupt global supply chains. As the Service Group is engaged in the manufacturing of tyres, tubes, and footwear, it is heavily reliant on imported raw materials. Service Group recognizes that ESG incidents occurring locally or globally may pose risks to the timely availability and cost stability of critical inputs. To manage this exposure, Service Group has remain

informed about developments that may impact sourcing continuity.

Throughout 2025, Service Group did not experience any material supply chain disruptions due to ESG related events. Nevertheless, Service Group remains vigilant and has implemented a proactive risk mitigation strategy.

By maintaining a robust ESG monitoring, Service Group ensures the sustainability of its operations and supply chain. Service Group is committed to continuously enhancing its responsiveness to ESG challenges, thereby safeguarding its production capabilities, fulfilling customer commitments, and contributing to a more responsible and resilient value chain.

Key Risks and Opportunities

The Service Group has identified potential obstacles in achieving its strategic objectives, evaluating associated risks, their financial implications, and underlying sources with due diligence. Mitigation strategies have been formulated to address these risks while capitalizing on emerging opportunities.

In line with the Risk Management Framework, risks classified as high impact or most likely to occur require defined mitigation plans, Key Performance Indicators (KPIs), and executive-level oversight. Risks assessed as medium or low impact shall be monitored through Key Risk Indices and managed at the functional level, unless escalation thresholds are triggered. This structured approach ensures proactive risk management while aligning with the Group's strategic priorities.



Risks Analysis

Illicit tyre trade threatens fair competition and revenue sustainability

| | | |
|--|--|--------------------|
| Time Horizon Medium term | Affected Capital Financial | Source External |
| Affect on Strategic Objective To achieve sustainable growth in the local market | | |
| Category Financial / Strategic | Probability Likely | Impact Medium |
| Associated Opportunities Engage with regulatory bodies for stringent enforcement and implement consumer awareness campaigns to reinforce brand preference and ensure market integrity. | | |
| Mitigating Strategies Implement secure distribution and product authentication systems. | | |
| Rating Medium | Relevant KPIs ✓ Market share in local tyre market | |

Exposure to potential liabilities due to unresolved tax matters and ongoing litigations

| | | |
|--|--|--------------------|
| Time Horizon Medium to Long Term | Affected Capital Financial | Source External |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Financial / Compliance | Probability Unlikely | Impact Medium |
| Associated Opportunities Enhance tax governance and compliance frameworks to minimize exposure to future liabilities and strengthen defense in litigation matters. | | |
| Mitigating Strategies Conduct regular internal audits, and obtain expert legal opinions to ensure compliance and reduce exposure to disputes. | | |
| Rating Medium | Relevant KPIs ✓ % reduction in tax dispute cases ✓ Number of tax audits with no adverse findings | |

Political unrest or global conflicts

| | | |
|---|---|--------------------|
| Time Horizon Medium to Long Term | Affected Capital Financial / Social | Source External |
| Affect on Strategic Objective To expand the Group's international presence in the Tyres and Footwear market. | | |
| Category Strategic / Operational | Probability Likely | Impact Medium |
| Associated Opportunities Diversify export destinations and sourcing strategies to enhance supply chain resilience. | | |
| Mitigating Strategies Formulate a geographic diversification plan for sales and sourcing, and monitor geopolitical developments to proactively adjust operations. | | |
| Rating Medium | Relevant KPIs ✓ % of revenue from diversified regions ✓ Supplier diversification index% | |

Customer credit defaults

| | | |
|--|---|-------------------------------|
| Time Horizon Medium to Long Term | Affected Capital Financial / Social | Source External / Internal |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Financial / Operational | Probability Unlikely | Impact High |
| Associated Opportunities Implement robust credit assessment and monitoring policies to strengthen receivables management and optimize cash flow. | | |
| Mitigating Strategies Develop a centralized credit policy framework, automate credit scoring and monitoring, and establish credit insurance for high-risk customers. | | |
| Rating Medium | Relevant KPIs ✓ Allowance for expected credit losses | |

Rising competition in footwear segment from small and unregulated players

| | | |
|--|--|--------------------|
| Time Horizon Medium term | Affected Capital Financial / Intellectual | Source External |
| Affect on Strategic Objective To achieve sustainable growth in the local market | | |
| Category Strategic / Operational | Probability Likely | Impact High |
| Associated Opportunities Invest in innovation, quality enhancement, and targeted branding strategies to capture footwear market segment. | | |
| Mitigating Strategies Launch brand awareness initiatives, and offer loyalty programs to differentiate from unregulated market players. | | |
| Rating Medium | Relevant KPIs ✓ Market share in local footwear market | |

Competitive pressure limits flexibility in transferring input cost hikes to customers

| | | |
|--|-----------------------------------|-------------------------------|
| Time Horizon Immediate to Short Term | Affected Capital Financial | Source Internal / External |
| Affect on Strategic Objective To achieve sustainable growth in the local market. | | |
| Category Financial / Strategic | Probability Most Likely | Impact High |
| Associated Opportunities Strengthen brand positioning and product differentiation to sustain pricing power and customer loyalty amid cost pressures. | | |
| Mitigating Strategies Implement value-based pricing, invest in R&D for product innovation, and develop a customer segmentation model to target price-insensitive segments. | | |
| Rating High | Relevant KPIs ✓ Gross Margin % | |

Amendments in legal or regulatory frameworks

| | | |
|---|--|--------------------|
| Time Horizon Medium Term | Affected Capital Financial / Intellectual | Source External |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Financial / Strategic | Probability Unlikely | Impact Medium |
| Associated Opportunities Establish a proactive legal and compliance monitoring mechanism to ensure timely alignment with evolving regulatory landscapes. | | |
| Mitigating Strategies Set up a regulatory watch cell to monitor legislative changes, conduct regular impact assessments, and provide timely training to relevant departments. | | |
| Rating Medium | Relevant KPIs ✓ # of compliance breaches | |

Unplanned downtimes from maintenance gaps

| | | |
|--|--|--------------------|
| Time Horizon Medium Term | Affected Capital Financial/Manufactured | Source Internal |
| Affect on Strategic Objective To institutionalize a culture of continuous improvement and innovation across all business verticals. | | |
| Category Operational | Probability Unlikely | Impact Medium |
| Associated Opportunities Invest in predictive and preventive maintenance systems to enhance asset reliability, reduce operational disruptions, and optimize lifecycle costs. | | |
| Mitigating Strategies Implement condition-based maintenance tools, conduct regular equipment health audits, and allocate capital expenditure for asset modernization. | | |
| Rating Medium | Relevant KPIs ✓ Machinery downtime % | |

Fluctuations in foreign exchange rates

| | | |
|--|--|--------------------|
| Time Horizon Immediate to short term | Affected Capital Financial | Source External |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Financial / Strategic | Probability Most Likely | Impact High |
| Associated Opportunities Employ natural hedging techniques and structured forex instruments to protect profit margins and ensure financial predictability. | | |
| Mitigating Strategies Adopt a formal foreign exchange risk policy and monitor currency exposure regularly. | | |
| Rating High | Relevant KPIs ✓ Foreign Exchange loss per annum | |

High turnover of trained employees

| | | |
|---|--|--------------------|
| Time Horizon Short to Medium term | Affected Capital Intellectual / Human | Source Internal |
| Affect on Strategic Objective To establish ourselves as an employer of choice within the national market. | | |
| Category Financial / Strategic | Probability Unlikely | Impact High |
| Associated Opportunities Develop comprehensive employee retention programs and structured learning initiatives to build a sustainable talent pipeline. | | |
| Mitigating Strategies Introduce structured career progression plans, offer performance-linked incentives, and enhance workplace engagement through culture-building activities. | | |
| Rating Medium | Relevant KPIs ✓ Annual employee turnover rate | |

Long-term investments in Associated Companies may yield lower returns

| | | |
|--|---------------------------------------|--------------------|
| Time Horizon Long term | Affected Capital Financial | Source Internal |
| Affect on Strategic Objective To optimize the Group's business portfolio through strategic realignment and diversification. | | |
| Category Financial / Strategic | Probability Likely | Impact High |
| Associated Opportunities Conduct a strategic review of long-term investments to enable more effective capital allocation and return optimization. | | |
| Mitigating Strategies Implement a performance monitoring framework for investments, divest underperforming assets, and reallocate funds to high-return ventures. | | |
| Rating High | Relevant KPIs ✓ ROI on investments | |

Increased regulatory focus on carbon emissions and energy efficiency

| | | |
|---|---|--------------------|
| Time Horizon Medium to Long Term | Affected Capital Natural / Social & Relationship | Source External |
| Affect on Strategic Objective To preserve and elevate the Group's brand reputation | | |
| Category Compliance | Probability Likely | Impact High |
| Associated Opportunities Reduce GHG emissions and energy intensity | | |
| Mitigating Strategies Invest in renewable energy sources, and set carbon reduction targets. | | |
| Rating High | Relevant KPIs ✓ % of reduction in Net Carbon emissions per annum | |

Lagging in digital technological adoption

| | | |
|---|---|--------------------|
| Time Horizon Medium to long term | Affected Capital Manufactured / Intellectual | Source External |
| Affect on Strategic Objective To institutionalize a culture of continuous improvement and innovation across all business verticals. | | |
| Category Strategic / Operational | Probability Unlikely | Impact Low |
| Associated Opportunities Leverage emerging technologies to drive process innovation, operational efficiency, and long-term cost competitiveness. | | |
| Mitigating Strategies Establish a digital transformation roadmap, invest in scalable technology platforms, and allocate R&D budget for continuous innovation. | | |
| Rating Low | Relevant KPIs ✓ % of capex on tech upgrades | |

Exposure to adverse interest rate movements

| | | |
|---|--|--------------------|
| Time Horizon Immediate to Short term | Affected Capital Financial | Source External |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Strategic / Financial | Probability Likely | Impact High |
| Associated Opportunities Broaden funding sources and mitigate cost of capital risks. | | |
| Mitigating Strategies Establish a diversified borrowing portfolio. | | |
| Rating Medium | Relevant KPIs ✓ Interest Coverage Ratio | |

High working capital absorption

| | | |
|---|---|-------------------------------|
| Time Horizon Immediate to Short term | Affected Capital Financial | Source Internal / External |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Financial / Operational | Probability Likely | Impact High |
| Associated Opportunities Implement working capital efficiency initiatives to enhance liquidity and reduce dependency on external financing. | | |
| Mitigating Strategies Closely monitor working capital days and rely on cashflow from operations instead external financing. | | |
| Rating High | Relevant KPIs ✓ Working Capital Days | |

Water scarcity

| | | |
|---|--|--------------------|
| Time Horizon Medium Term | Affected Capital Natural | Source External |
| Affect on Strategic Objective To strengthen the Group's financial resilience and operational agility. | | |
| Category Compliance / Operational | Probability Likely | Impact Medium |
| Associated Opportunities Reduce water usage through process innovation | | |
| Mitigating Strategies Implement closed-loop water systems and monitor water consumption | | |
| Rating Medium | Relevant KPIs ✓ % of reduction in water consumption per annum | |

Stakeholder Relationship and Engagement

| | |
|---|----|
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Stakeholder's Engagement Policy

The Company is committed to fostering transparent, accountable, and meaningful engagement with its stakeholders. The Company proactively identifies and prioritizes stakeholders based on their relevance and impact on business operations. Our policy emphasizes open communication, timely response to concerns, and collaborative partnerships to align stakeholder expectations with our business goals. By integrating their feedback into our strategies, we strengthen trust, uphold ethical standards, and create shared value. This commitment ensures sustainable relationships and reinforces our dedication to responsible corporate governance and long-term organizational success.

Stakeholder's Identification

Our stakeholder identification process follows a structured and evolving approach to identify and prioritize stakeholders who have significant influence on, or interest in our business. Stakeholders are mapped based on their level of impact, engagement needs, and expectations. This process enables effective communication, fosters mutual trust, and supports informed decision-making. Regular engagements with the stakeholders allow us to understand their concerns and align our strategies with their expectations.

Stakeholders Engagement Process

| Stakeholder Category | Nature of Business Relationship | Frequency | Engagement Process | Affect and Value | Management of relationship |
|---|--|-----------|--|--|--|
| Institutional Investors / Shareholders | Ultimate owners of the company; their primary interest lies in financial returns, corporate governance, and long-term value creation. The relationship is based on transparency, trust, and alignment of interests to ensure sustainable growth and shareholder value. | Regular | General Meetings, Corporate Briefings, Financial Reports, Other Material Information through PUCARS, Corporate Website, Corporate Desk | Strong shareholder relationships boost investor confidence, enhance share price stability, attract capital to meet the demanding business needs, and drive long-term value. It impacts financial performance and market reputation positively. | Managing through timely and accurate disclosures, structured communication via reports and meetings. |
| Customers | Primary revenue drivers, their satisfaction hinges on product quality, reliability, and value alignment. | Ongoing | Surveys, Feedback Sessions, Dedicated Account Management | Strong customer relationships foster loyalty, repeat business, and brand advocacy, directly driving revenue growth and competitive differentiation. | Managing through customer-centric strategies to enhance experience and retention. |
| Suppliers | Critical partners ensuring operational continuity through quality inputs, cost efficiency, and ethical sourcing. | Ongoing | Contract Negotiations, Performance Assessments | Robust supplier relationships optimize supply chain resilience, reduce costs, and mitigate risks, enabling operational agility and long-term sustainability. | Nurturing via fair contractual terms, and collaborative innovation to ensure mutual growth and supply chain stability. |
| Regulators | Regulators oversee compliance with statutory requirements, industry standards, and ethical business conduct. The relationship is based on adherence to regulations and proactive engagement. | Periodic | Financial Reports, Statutory Returns, Regulatory Filings | Positive regulatory relationships minimize legal risks, avoid penalties, enhance credibility, and facilitate smoother business operations. | Managing these relationships through a robust compliance framework, and transparent reporting to uphold legal and ethical standards. |

| Stakeholder Category | Nature of Business Relationship | Frequency | Engagement Process | Affect and Value | Management of relationship |
|---|--|-------------------------|---|---|--|
| Analysts | Analysts provide market insights, influence investor perceptions, and assess company performance. | Ad-hoc | Investor Presentations, One-on-One Meetings, Research Reports | Effective engagement ensures fair valuation, attracts investment, and improves market reputation, influencing share price performance and stakeholder trust. | Managing through consistent, data-driven communication, and transparent sharing of strategic updates to ensure unbiased analysis. |
| Banks and other lenders | Provide debt financing and liquidity support. The relationship is based on creditworthiness, repayment reliability, and financial transparency. | As Needed | One-on-One Meetings, Annual Loan Term Sheet Review, Financial Reporting | Strong lender relationships ensure access to capital, favorable borrowing terms, and financial stability, supporting growth and operational flexibility. | Managing through rigorous financial discipline, adhering to covenants, and providing lenders with clear visibility into the company's financial health and repayment capacity. |
| Employees | Key contributors to operational success. Their engagement focuses on job satisfaction, career growth, and fair treatment. | Continuous | Performance Reviews, Training Programs, Employee Surveys | Engagement of employees improve productivity, innovation, and retention, reducing employee turnover and enhancing organizational culture. | Fostering these relationships through career development initiatives, and regular feedback mechanisms to align employee goals with organizational objectives. |
| Local Community and General Public | The company's relationship with the local community and general public is rooted in mutual respect, shared values, and long-term sustainability. | Periodic/ Project-based | Community Outreach, Education Programs, CSR Initiatives | Positive community relations enhance brand reputation, mitigate social risks, and foster goodwill, leading to long-term sustainability and stakeholder support. | Managing through sustainable business practices, and impactful CSR programs that address community needs while aligning with the company's core values. |

Investors' Relations Section on the Corporate Website

In line with our commitment to transparency, accessibility, and proactive stakeholder engagement, the Company maintains a dedicated Investor Relations section on its corporate website, accessible at <https://servisgroup.com/investor-relations>. This platform serves as a centralized hub for investors, shareholders, and other stakeholders to access timely, accurate, and comprehensive information about the Company's financial performance, governance, and strategic direction.

To ensure inclusivity and regulatory adherence, the website content is available in both English and Urdu.

By leveraging this digital platform, the Company reinforces its pledge to foster informed decision-making, two-way communication, and long-term trust with its investor community.

Corporate Briefing Session (CBS)

The Company maintains active engagement with the respective stakeholders through structured Corporate Briefing Session, fostering transparency and strengthening stakeholder confidence. This session provides a platform for direct dialogue between management and investors, offering insights into the Company's financial performance, operational strategies, competitive positioning, and future outlook. In compliance with Pakistan Stock Exchange regulations, the Company conducted its Corporate Briefing Session on November 18, 2025, open to all shareholders and analysts. The session featured a detailed presentation on key operational and financial highlights, market challenges, and growth initiatives, followed by an interactive question and answer session to address participant queries.

The Company is committed to ensuring these briefings remain accurate, concise, and informative, enabling investors to make well-informed decisions while reinforcing the Company's dedication to governance and stakeholder communication.

Steps Taken to Encourage the Minority Shareholders Participation in the Annual General Meeting (AGM)

The Company is committed to upholding the highest standards of corporate governance, ensuring equitable treatment and active engagement of all shareholders, including minority shareholders, in the decision-making process. To facilitate meaningful participation in the AGM, the Company has implemented the following measures:

Timely and Transparent Communication

- Notices of the AGM are disseminated at least 21 days prior to the meeting in compliance with regulatory requirements.
- Notices are published in both English and Urdu newspapers with nationwide circulation to ensure broad accessibility.
- Notices are also made available on the Company's website and the Pakistan Stock Exchange (PSX) platform via PUCARS for easy access by all shareholders.

Inclusive Participation Rights

- All shareholders, including minority shareholders, are encouraged to attend, speak, and vote at the AGM, ensuring their voices are heard.
- Shareholders who are unable to attend in person may appoint a proxy to represent them, in accordance with statutory provisions.

Responsive Engagement

- The Board and management actively address shareholder queries and concerns during the AGM, providing clear and comprehensive responses to foster trust and transparency.

By adopting these measures, the Company reinforces its commitment to an inclusive and participatory governance framework, empowering minority shareholders to contribute effectively to the Company's strategic direction.

Issues Raised in the Last Annual General Meeting

During the 68th Annual General Meeting held on April 28, 2025, shareholders sought clarifications regarding the Company's financial performance and operational matters, all of which were addressed satisfactorily by the Board of Directors and management of the Company. The discussions focused primarily on understanding the financial results, business strategies, growth prospects and future outlook with no significant concerns raised.

Redressal of Investor Complaints

The Company maintains a robust investor grievance redressal mechanism to ensure prompt resolution of shareholder concerns. Our shareholders may direct any complaints or queries to our dedicated Investor Relations contact:

Mr. Waheed Ashraf
Company Secretary
shareholders@servis.com
+92-42-35751990-6

We are pleased to report that during the financial year ended 31 December 2025, zero (0) formal complaints were received from our investors. The Corporate Secretarial Team successfully addressed all routine queries to the satisfaction of shareholders.

Corporate Benefits to Shareholders

The Company is dedicated to delivering sustained value to its shareholders through a balanced approach of consistent dividend distribution and long-term capital appreciation.

In line with our commitment to sharing profits with our owners, the Company has maintained a consistent payout history. For the year ended December 2025, the Company declared a total cash dividend of Rs. 17.50 per share (2024: 15.00 per share) This payout reflects our strong cash generation ability and confidence in the Company's financial resilience.

The Company's share price performance reflects the capital markets' confidence in our strategic direction and operational excellence. During the year, the share price traded at a high of Rs. 1,909.38 and a low of Rs. 870.10, closing at Rs. 1,575 on the reporting date. Consequently, the market capitalization of the Company stood at Rs. 74 Billion, representing significant value preservation for our shareholders amidst a challenging economic landscape.

Whistle Blowing Policy and Protection

The Company has institutionalized a whistle blowing framework that provides a structured, confidential, and independent avenue for stakeholders to report suspected irregularities, unethical conduct, or governance breaches. The framework is designed to uphold procedural fairness, ensure objective investigation, and protect reporting parties from any form of retaliation.

IT Governance and Cybersecurity

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The Board of Directors of Service Industries Limited acknowledges the strategic importance of cybersecurity and is fully committed to overseeing the Company's IT systems, controls, and AI strategy in compliance with applicable legal and regulatory requirements, including those related to data privacy and cyber risk management. The Board, through its committees, evaluates cyber risks, monitors the effectiveness of related policies, and ensures alignment with best practices. In the event of any breach, management activates incident response protocols under Board oversight, ensures timely containment and recovery, and reports findings for remedial action. During the year under review, the management has also hired services of a third party to conduct a thorough cybersecurity health check and share recommendations for further strengthening of cybersecurity protocols. The Board continues to monitor the evolving threat landscape and pursues continuous improvement through regular reviews and updates of cybersecurity measures.

It Governance and Cybersecurity Programs

The Company is committed to maintain a comprehensive cybersecurity framework aligned with global information security standards. Our policies encompass information security, access control, and network security, supported by regular awareness notes. The Company conducts ongoing awareness initiatives and threat briefings to foster a culture of cyber vigilance. This structured approach ensures robust protection of IT assets while meeting industry-specific compliance requirements, demonstrating our commitment to operational resilience and data security.

Cybersecurity and Board's Risk Oversight

The Board of Directors of Service Industries Limited has delegated oversight of cybersecurity risk management to the Audit Committee, ensuring alignment with the Company's risk appetite and recognizing cybersecurity as an enterprise-wide concern. The Committee actively guides through Internal Audit Department and monitors the implementation of robust cybersecurity controls by IT teams to mitigate cyber risks. Management engagement ensures cybersecurity awareness across all divisions, with clear communication of controls, employee awareness, and incident response protocols. This governance framework reflects the Board's commitment to effective oversight, fostering a resilient digital environment aligned with the Company's strategic objectives and risk management practices.

Company's Controls about Early Warning System

Service Industries Limited has established a robust early warning system supported by advanced firewalls, antivirus protection, and access control protocols to proactively identify,

assess, and respond to cybersecurity risks. Critical systems are hosted in segregated zones, with layered security controls including DNS protection, Privileged Access Management (PAM), and Network Admission Control (NAC). These measures enable real-time alerts regarding suspicious network traffic or unauthorized access attempts, enabling the IT function to immediately assess and contain threats.

Policy Related to Independent Security Assessment of Technology Environment

In line with Company's internal policy, Service Industries Limited conducts comprehensive security assessments of its technology environment to ensure the integrity and resilience of its IT infrastructure. These assessments, carried out by in-house experts, evaluate cybersecurity controls, identify potential vulnerabilities, and assess preparedness against emerging threats. During the year, a thorough security review of the technology environment was carried out by in-house specialists, reinforcing the Company's commitment to robust cyber governance.

Contingency and Disaster Recovery Plan

The Company is committed to ensuring uninterrupted business operations through a robust and resilient contingency and disaster recovery framework. The Company has implemented a comprehensive Disaster Recovery Plan, incorporating archive-based backups, offsite data storage, and secure external drives to enable prompt recovery in the event of an IT failure or cyber breach. These measures are designed to preserve data integrity and ensure business continuity with minimal disruption. Periodic reviews of recovery protocols are conducted to align with emerging cyber risks and evolving technological landscapes. The Company prioritizes proactive investment in cybersecurity infrastructure and ongoing monitoring mechanisms, adopting an internal risk mitigation approach in lieu of transferring cyber-related risks through commercial insurance instruments.

Advancement in Digital Transformation

Service Industries Limited continues to advance its digital transformation journey by embracing technologies aligned with the principles of the Fourth Industrial Revolution (Industry 4.0). During the year, the Company successfully initiated the migration of its ERP system to Oracle Cloud Infrastructure, laying the foundation for enhanced interconnectivity, scalability, and data security. This strategic shift leverages Cloud Computing to ensure seamless data integration and real-time reporting, significantly strengthening the Board's oversight and the Company's governance framework.

Operational teams across functions have adopted advanced data analytics tools, including Power BI, to gain real-time insights, strengthen internal controls, and improve transparency in decision-making processes.

To enhance transparency, efficiency, and employee engagement, the Company uses Decibel, a cloud-based Human Capital Management solution. The system improves data accuracy, strengthens internal controls, and supports effective workforce governance.

Education and Training to Mitigate Cybersecurity Risks

Service Industries Limited adopts a proactive stance on cybersecurity through continuous employee education and training. The Information Technology function conducts regular awareness sessions on topics such as phishing prevention, safe data handling, and incident response protocols. These initiatives foster a security-conscious culture across all operational locations, equipping employees to effectively identify, prevent, and respond to potential cyber threats.



Future Outlook

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Forward Looking Statement

During the calendar year 2025, Pakistan's macroeconomic environment demonstrated notable signs of stabilization and gradual recovery. This improvement was supported by strengthening external balances, easing inflationary pressures, and a calibrated shift toward an accommodative monetary stance. The State Bank of Pakistan played a pivotal role by reducing the benchmark policy rate from a peak of 22% to 10.50%. This monetary easing significantly lowered corporate borrowing costs, stimulated private sector activity, and supported capital market performance, with the KSE-100 Index rising from 115,127 to above 174,054 points by December 2025, reflecting renewed investor confidence.

At the same time, Pakistan's external position strengthened materially, supported by workers' remittances reaching a historic high of USD 40.19 billion in CY25, foreign exchange reserves increased to USD 20.7 billion by the end of December 2025. This improved liquidity position contributed to exchange rate stability, with the Pakistani Rupee trading within a relatively predictable range of PKR 278-284 against the US Dollar. For the tyre, tube, and footwear manufacturing sectors, this stability was critical in managing imported raw material costs and reducing supply chain volatility.

Despite these encouraging financial indicators, which supported baseline GDP growth of 3.09% in FY25, the real economy continued to face significant challenges. Severe flooding caused substantial economic losses and disrupted localized supply chains. As a result, headline inflation, which had eased to 3.1% in August, rebounded to 5.6% by November 2025 due to localized supply-side pressures.

Looking ahead, the economic outlook for 2026 remains cautiously optimistic but increasingly exposed to geopolitical tensions, particularly the Iran-USA-Israel conflict impacting the Middle East. Resultant disruptions to energy supply and trade routes have driven fuel and freight costs upward, intensifying global inflationary pressures. For Pakistan, higher oil prices may widen the trade deficit, elevate inflation, and increase currency volatility. Additionally, economic strain in Gulf economies poses risks to expatriate employment and remittance inflows, potentially affecting external stability despite ongoing macroeconomic stabilization efforts.

Future Outlook

Despite this complex macroeconomic environment, the Group remains robustly positioned to navigate ongoing volatility through operational excellence and stringent financial discipline. To drive sustainable growth and diversify our operations, we are actively executing key strategic initiatives. First, through our subsidiary, Service Long March Tyres (Private) Limited, we plan to establish a Passenger Car Radial Tyre manufacturing facility in Pakistan to serve both domestic and export markets. In parallel, SLM is pursuing a potential listing on the Pakistan Stock Exchange to support its long-term growth and strategic objectives. Second, our subsidiary, Service Global Footwear Limited, has formalized a Joint Venture Agreement

with Golden Star Footwear Group Limited, a Chinese Company. This Joint Venture will establish a dedicated project for the manufacturing and export of non-leather footwear, operating under an equity structure of 51% held by Service Global Footwear Limited and 49% by Golden Star Footwear Group Limited. By ensuring uninterrupted production across our tyre, tube, and footwear segments and aggressively expanding our domestic and global footprint, we continue to leverage our diversified portfolio and market leadership. This strategic agility enables us to overcome economic headwinds, drive sustainable growth, and consistently deliver long-term value to all stakeholders.

Status of Ongoing Projects

During the year, the Group achieved a major operational milestone by scaling its production capabilities for steel radial truck and bus tyres. Through our subsidiary, Service Long March Tyres (Private) Limited (SLM), annual manufacturing capacity was successfully expanded from 1.3 million to 1.6 million tyres per annum, strategically positioning the Group to capture escalating market demand. Building on this strong momentum, strategic initiatives are currently underway to further elevate SLM's annual capacity to 2.0 million tyres per annum by mid of 2026. Concurrently, the Group is actively advancing its sustainability and cost-optimization agendas by transitioning toward low-cost, renewable energy solutions. This commitment is highlighted by the integration of 8 MW of solar power capacity at Service Tyres (Private) Limited, alongside a planned 7.5 MW wind power project at SLM scheduled for 2026, ensuring long-term energy resilience and reduced operational expenditures.

Forward-Look: Technology and AI Adoption

Our technology roadmap is a cornerstone of our long-term digital transformation strategy. A pivotal milestone this year was the migration of our ERP system to Oracle Cloud Infrastructure, enhancing scalability, data integrity, and cybersecurity. This cloud transition facilitates real-time reporting and seamless data integration, serving as an essential catalyst for our upcoming integration of Artificial Intelligence (AI) and Machine Learning.

Looking ahead, we will deploy AI applications within our manufacturing operations. By focusing on the intelligent automation of repetitive business processes, we aim to drive efficiency, optimize costs, and elevate the customer experience. Ultimately, these initiatives align us with global best practices, reinforcing our competitive positioning and driving sustainable growth in an evolving landscape.

Future Research & Development Initiatives

Sustaining leadership in the footwear, tyre, and tube segments requires an unwavering commitment to operational excellence

and continuous material advancement. Our forward-looking R&D framework emphasizes the adoption of advanced production technologies to enhance raw material yield and reduce manufacturing costs. Infrastructure upgrades and optimization of energy-intensive processes are expected to deliver immediate efficiency gains while strengthening cost competitiveness. These improvements also help protect margins from volatility in global commodity markets. Through targeted investments and process enhancements, the Company is well positioned to respond to evolving consumer preferences, extend product lifecycles, and reinforce its standing as a leading manufacturer in domestic markets.

Financial Projections

Leveraging historical performance, enhanced capacities, and a diversified product portfolio, the Company and its subsidiaries anticipate strong consolidated performance in the coming year. Revenues and operating results are expected to demonstrate continued growth. The Group has expanded its international customer base during the year and continues to pursue new market opportunities, while maintaining a dominant position across relevant domestic markets.

Source of Information Used for Forecasts

We prepare our forecasts and annual budgets by integrating historical performance with forward-looking assessments. Key factors considered include economic and market trends, regulatory and policy developments, exchange rate and interest rate projections, and operational capacities. Information is collected from all internal functions (Sales, Production, Finance, Human Resources, Engineering, and Administration) and is validated against external

sources such as industry reports, market research, and expert analyses. For new projects or expansions, detailed feasibility studies, due diligence, and technical and legal evaluations are carried out prior to Board approval. Approved forecasts and budgets serve as formal strategic plans and performance benchmarks. Continuous monitoring of internal and external developments ensures that forecasts remain relevant and support informed decision making.

Response to Challenges and Uncertainties Likely to Arise

We are dedicated to strengthening our leadership in the domestic tyre, tube, and footwear segments while strategically expanding our export footprint. Our core challenge is consistently manufacturing premium, durable products that meet the rigorous standards of both local and global consumers. By leveraging our state-of-the-art manufacturing facilities and a highly skilled workforce, we are well-equipped to exceed these expectations. Furthermore, to navigate ongoing economic uncertainties and raw material price volatility, management continuously monitors market dynamics and optimizes supply chain operations, ensuring sustained profitability and resilience in a highly competitive environment.

This forward-looking statement articulates management's strategic vision and anticipated operational trajectory for the Company. While this future outlook reflects our expected performance grounded in current business plans and assumptions, actual results may materially differ due to unforeseen domestic and global macroeconomic variables. To make fully informed decisions regarding their relationship with the Company, stakeholders are advised to evaluate these forward-looking insights in conjunction with the Chairman's Review, the Directors' Report, our comprehensive financial analyses, and all accompanying disclosures provided throughout this Annual Report.

Analysis of Financial Information

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Analysis of Financial and Non-Financial Performance – 2025 (Based on Consolidated Financial Statements)

Consolidated Financial Performance in Comparison with Prior Year

During the year, the Company has successfully achieved consolidated revenue of Rs. 148.4 billion as compared to Rs. 125.0 billion, which shows the growth of 19%. Moreover, on the cost front, the Company has faced a challenge from rising key raw material prices which impacted the gross profit to reduce to 23.6% in the current year as compared to 24.7% in the prior year. The Company recorded a consolidated net profit before tax and levy of Rs. 14.1 billion this year as compared to Rs. 11.2 billion recorded in the prior year, primarily due to reduction in the finance costs due to easing macroeconomic policy adopted by State Bank of Pakistan by lowering the policy rates. A brief analysis of the Company's financial performance in comparison to the prior year has been reported in the 'Financial performance' section of Directors' Report. Further details can also be viewed in the 'Horizontal / Vertical Analysis' section of this Annual Report.

Financial Performance in Comparison with Budget

Management adheres to a structured process for the preparation of annual budgets, coupled with quarterly monitoring, to ensure that the approved financial, operational, and capital strategies are executed in line with planned objectives. These budgets are subject to detailed review by senior management and formal approval by the Board of Directors.

Underlying forecasts and assumptions are aligned with prevailing business conditions and are rigorously evaluated through sensitivity analyses. Post-implementation, budget performance is comprehensively reviewed to strengthen accountability over expenditures.

This disciplined and systematic oversight framework enables management to identify the need for corrective actions, evaluate the progress of new initiatives against expectations, and generate valuable insights that may influence future strategic planning and decision-making.

Performance against Non-Financial Measures

The Company continued to strengthen its non-financial performance through following investments and initiatives:

Human Capital

Workforce strength of Service Group on consolidated basis is 15,468 by adding further employee strength of 502 employees as compared to last year which is 14,966. Revenue per employee has increased by 15% to PKR 9.45 million (CY2024: PKR 8.16 million). Structured training, internships, and succession planning supported long-term capability building and diversity.

Operational Excellence

Significant capital expenditure on consolidated basis of Rs. 10.3 billion was incurred during the year on expansion of operational capacities by adding technologically advanced machinery, to enhance labor productivity, reduce costs, and improve energy efficiency.

Health, Safety & Environment (HSE)

Fire safety drills and workplace safety initiatives were maintained across facilities, ensuring employee well-being and compliance with HSE requirements.

Contribute responsibly as a corporate citizen

Active participation and contribution in CSR activities majorly in education, health care and community outreach sector through Servis Foundation. During the year, Company on consolidated basis donated Rs. 204 million as compared to Rs. 110 million in last year. For brief overview of the Company's CSR Activities, please refer in the 'Corporate Social Responsibility' section of Annual Report.

Technology & Innovation

The IT function ensured uninterrupted systems and improved cybersecurity, while investments in automation strengthened operational efficiency and reporting accuracy.

Analysis of Financial Statements for the Current and Last Five Years (Based on Consolidated Financial Statements)

| Key performance Indicators | UOM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|----------|--------|--------|--------|--------|--------|-------|
| Profitability Ratios | | | | | | | |
| Growth in turnover | % | 18.75 | 29.52 | 56.51 | 55.83 | 27.00 | 3.67 |
| Gross profit ratio | % | 23.62 | 24.70 | 22.64 | 16.64 | 16.23 | 20.24 |
| EBITDA margin to sales | % | 15.96 | 17.66 | 16.84 | 10.23 | 9.45 | 12.77 |
| Pre tax margin | % | 9.51 | 8.99 | 5.95 | (0.02) | 2.58 | 6.07 |
| Net profit to sales | % | 10.51 | 6.27 | 4.47 | (1.99) | 1.48 | 4.25 |
| Operating leverage ratio | Times | 0.30 | 1.36 | 4.07 | 0.99 | (0.51) | 3.83 |
| Return on equity (profit after tax and levy) | % | 37.73 | 28.02 | 25.51 | (7.31) | 5.52 | 15.77 |
| Return on capital employed | % | 17.28 | 21.39 | 20.69 | 7.35 | 6.31 | 13.23 |
| Return on assets | % | 12.61 | 7.98 | 5.42 | (1.91) | 1.38 | 5.01 |
| Earnings before interest, depreciation and tax | Rs. in M | 23,686 | 22,075 | 16,252 | 6,306 | 3,740 | 3,981 |
| Equity / shareholders' funds | Rs. in M | 40,906 | 26,018 | 18,970 | 15,299 | 15,354 | 9,839 |

Profitability Ratio

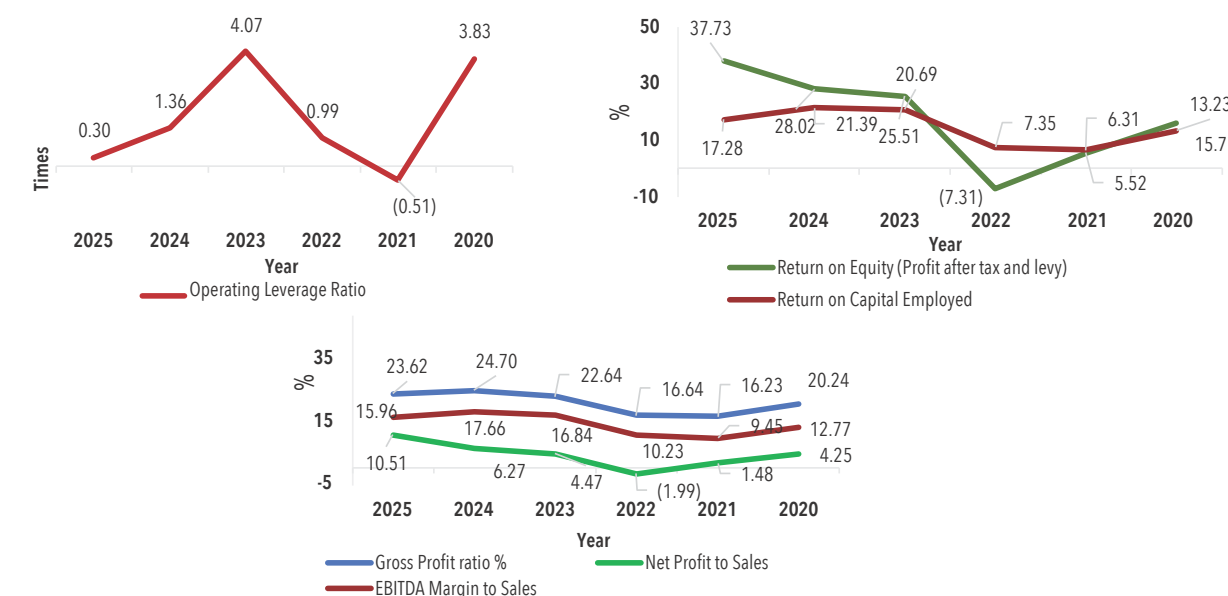
The Group's consolidated profitability performance reflects a resilient and overall improving trend during the year. Revenue growth remained strong, with turnover increasing by 18.75% during the year, largely driven by higher sales in the tyres segment. The gross profit ratio marginally declined to 23.62% (2024: 24.70%), primarily attributable to elevated raw material costs; however, it remains above the six-year historical average, indicating sustained margin resilience. Additionally, the pre-tax margin improved to 9.51% (2024: 8.99%), mainly due to lower finance costs. The net profit to sales ratio improved significantly to 10.51% (2024: 6.27%), supported by a notable reduction in finance costs following the easing of interest rates, realization of one-off gains from discontinued operations, and improved tax efficiency.

The EBITDA margin decreased to 15.96% (2024: 17.66%), mainly due to cost pressures arising from increased raw material prices. Similarly, the operating leverage ratio declined from 1.36x to 0.3x, during the year. Return on Equity strengthened to 37.73% (2024: 28.02%), driven by one-off gains from discontinued operations and lower finance costs. Conversely, Return on Capital Employed decreased to 17.28% (2024: 21.39%), primarily due to substantial capital expenditure undertaken during the year, which is expected to contribute to revenue growth in future periods.

Shareholders' Fund increased to Rs. 40.9 billion (2024: Rs. 26.0 billion), supported by profit retention and accumulation in reserves. Return on Assets improved to 12.61% (2024: 7.98%), reflecting enhanced asset utilization.

Overall Commentary:

Overall, the Group demonstrated strong bottom-line growth supported by higher sales and reduced finance costs, despite margin pressures from increased raw material prices.



Analysis of Financial Statements for the Current and Last Five Years (Based on Consolidated Financial Statements)

| Key performance Indicators | UOM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|-------|------|------|------|--------|--------|------|
| Liquidity Ratios | | | | | | | |
| Current ratio | Times | 1.06 | 1.02 | 1.01 | 0.95 | 1.09 | 1.26 |
| Quick / Acid test ratio | Times | 0.71 | 0.62 | 0.53 | 0.44 | 0.58 | 0.83 |
| Cash to current liabilities | Times | 0.11 | 0.11 | 0.13 | 0.05 | 0.20 | 0.28 |
| Cashflow from operations to sales | Times | 0.09 | 0.05 | 0.06 | (0.15) | (0.04) | 0.07 |
| Cashflow from operations to capital expenditures | Times | 1.30 | 0.69 | 0.92 | (1.11) | (0.09) | 1.03 |
| Cashflow from operations coverage ratio | Times | 0.19 | 0.10 | 0.12 | (0.22) | (0.06) | 0.18 |

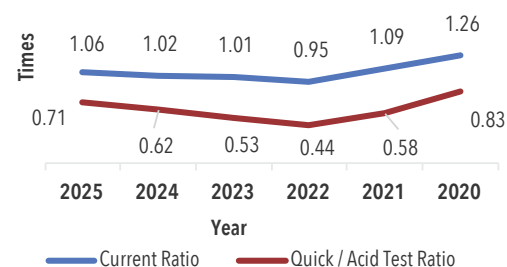
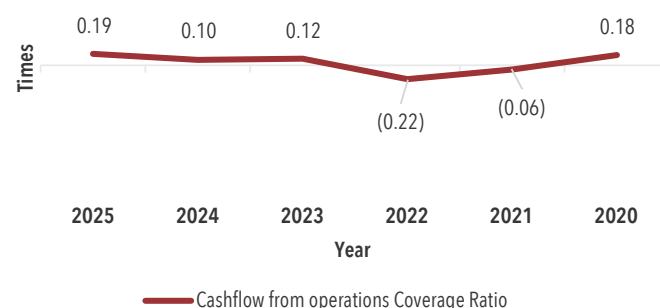
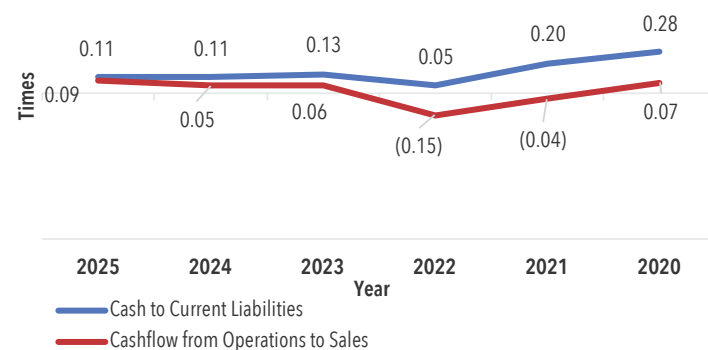
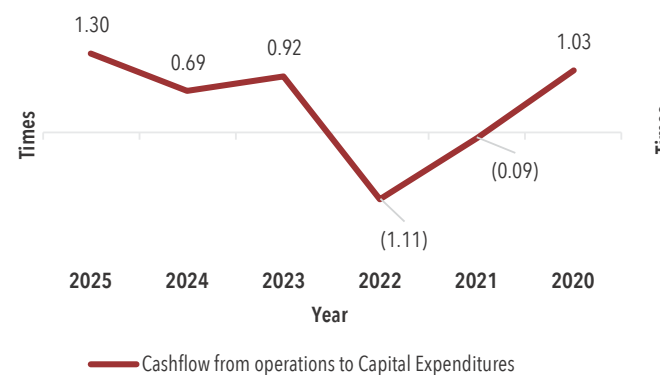
Liquidity Ratio

The Group's liquidity position demonstrated a notable improvement during the year, reflecting strengthened cash flow generation and prudent working capital management. The current ratio increased to 1.06 (2024: 1.02), indicating a modest enhancement in the liquidity buffer. In line with this, the quick ratio improved to 0.71 (2024: 0.62), reflecting better short-term financial flexibility. The cash to current liabilities ratio remained stable at 0.11, demonstrating consistency in maintaining immediate liquidity coverage.

Cash flow from operations to revenue improved to 0.09 (2024: 0.05), primarily driven by effective working capital management. The cash flow from operations to capital expenditures ratio strengthened significantly to 1.30 (2024: 0.69), highlighting the Group's enhanced ability to fund expansion initiatives through internally generated cash flows. Furthermore, the cash flow from operations coverage ratio improved to 0.19 (2024: 0.10), indicating a stronger capacity to repay the borrowings from the cashflows generated from Group's operations.

Overall Commentary:

The Group's liquidity strengthened during the year, with improved current and quick ratios, higher operating cash flows, and enhanced capacity to fund capital expenditures and service debt, reflecting prudent financial management.



| Key performance Indicators | UOM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|----------|----------|----------|--------|----------|----------|----------|
| Investment/Market Ratios | | | | | | | |
| Earnings per share (EPS) | Rupees | 186.35 | 88.04 | 60.48 | (13.56) | 11.38 | 56.29 |
| Price earnings ratio | Times | 8.45 | 18.00 | 10.39 | (25.06) | 41.18 | 14.89 |
| Price to book ratio | Times | 3.19 | 5.04 | 2.65 | 1.83 | 2.27 | 2.35 |
| Dividend yield | % | 1.11 | 0.95 | 1.59 | 1.47 | 1.60 | 1.79 |
| Dividend payout | % | 9.39 | 17.04 | 16.53 | (36.87) | 65.92 | 26.65 |
| Dividend cover | Times | 10.65 | 5.87 | 6.05 | (2.71) | 1.52 | 3.75 |
| Cash dividend per share | Rupees | 17.50 | 15.00 | 10.00 | 5.00 | 7.50 | 15.00 |
| Market value per share: | | | | | | | |
| Year end | Rupees | 1,575.00 | 1,584.53 | 628.36 | 339.77 | 468.53 | 837.97 |
| Highest during the year | Rupees | 1,909.38 | 1,625.00 | 683.00 | 503.00 | 1,230.00 | 1,055.50 |
| Lowest during the year | Rupees | 870.10 | 523.01 | 193.00 | 272.03 | 402.50 | 547.00 |
| Breakup value per share | Rupees | 493.85 | 314.23 | 237.06 | 185.55 | 206.23 | 357.01 |
| Free cash flow | Rs. in M | 3,134 | (2,819) | (461) | (17,603) | (19,476) | 61 |
| Economic value added (EVA) | Rs. in M | 9,490 | 2,571 | 677 | (2,801) | (512) | 272 |
| Market capitalisation at year end price | Rs. in M | 74,005 | 74,453 | 29,525 | 15,965 | 22,015 | 19,687 |

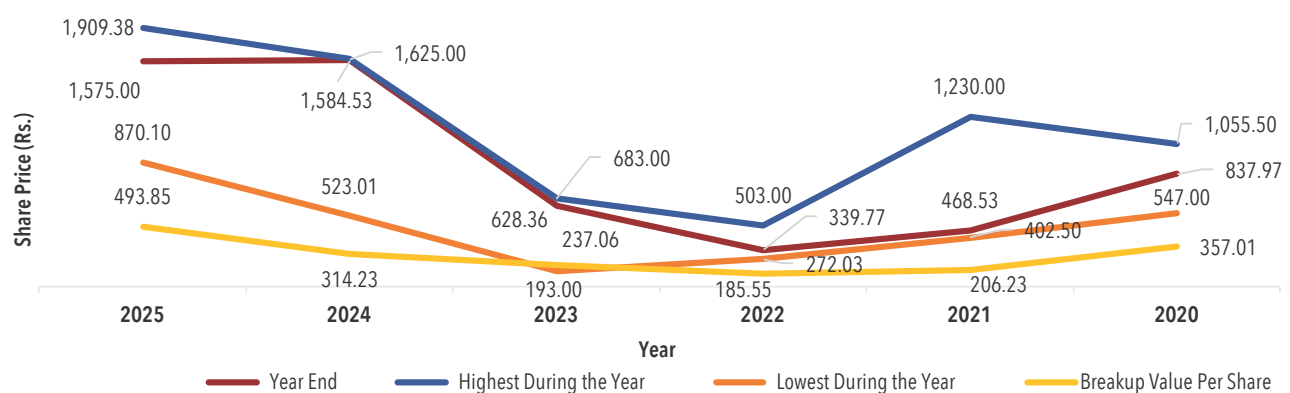
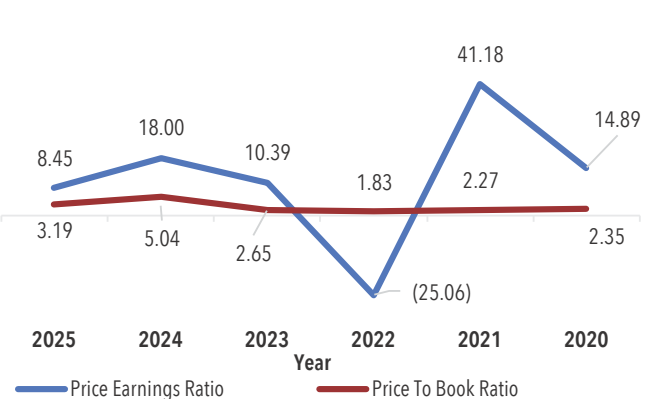
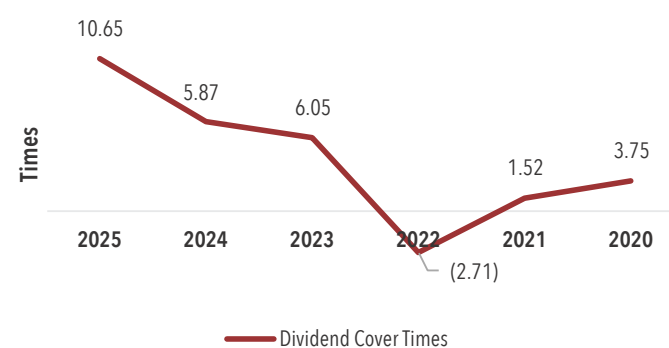
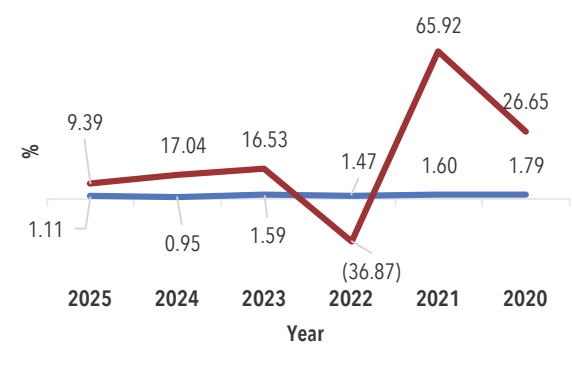
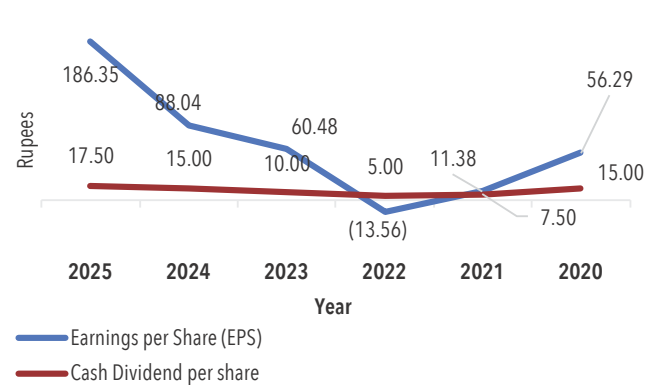
Investment / Market Share Ratio

The Group demonstrated strong improvement in key investment and market indicators during the year. Earnings per Share (EPS) more than doubled to Rs. 186.35 (2024: Rs. 88.04), reflecting robust profitability growth. The Price Earnings (P/E) ratio decreased to 8.45 times (2024: 18.00), indicating attractive market valuation relative to earnings, while the Price to Book (P/B) ratio declined to 3.19 times (2024: 5.04), reflecting increased book value creation. Dividend yield increased to 1.11%, with a lower payout of 9.39% (2024: 17.04%) due to cashflow requirement for investment in operating fixed assets and debt servicing. Higher dividend cover of 10.65 times (2024: 5.87), demonstrating sustainable shareholder return policy.

Market value per share remained resilient, closing at Rs. 1,575 (2024: Rs. 1,584), with a high of Rs. 1,909 during the year, reflecting investor confidence. The breakup value per share increased substantially to Rs. 493.85 (2024: Rs. 314.23), underlining strong balance sheet growth. Free Cash Flow turned positive to Rs. 3,134 million (2024: negative Rs. 2,819 million), while Economic Value Added (EVA) increased to Rs. 9,490 million (2024: Rs. 2,571 million), highlighting value creation for shareholders. Market capitalization remained robust at Rs. 74,005 million, demonstrating sustained investor trust.

Overall Commentary:

Overall, the Group exhibited strong value creation, with significant EPS growth, improved book value, positive cash flows, and enhanced EVA.



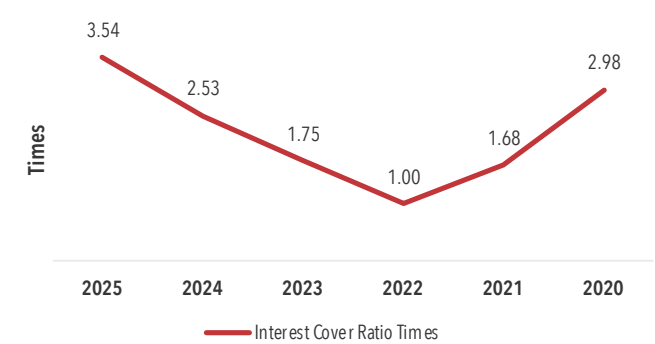
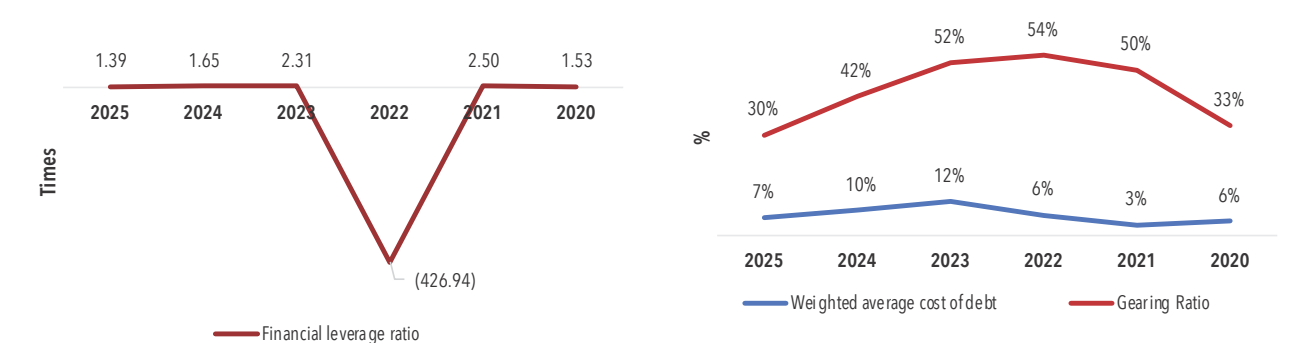
Analysis of Financial Statements for the Current and Last Five Years (Based on Consolidated Financial Statements)

| Key performance Indicators | UOM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|------------------------------------|--------|---------------|--------|--------|----------|--------|--------|
| Capital Structure | | | | | | | |
| Financial leverage ratio | Times | 1.39 | 1.65 | 2.31 | (426.94) | 2.50 | 1.53 |
| Weighted average cost of debt | % | 7% | 10% | 12% | 6% | 3% | 6% |
| Debt to equity ratio (as per book) | Ratio | 44% | 73% | 110% | 120% | 101% | 50% |
| Gearing ratio | % | 30% | 42% | 52% | 54% | 50% | 33% |
| Net assets per share | Rupees | 493.85 | 314.23 | 237.06 | 185.55 | 206.23 | 357.01 |
| Interest cover ratio | Times | 3.54 | 2.53 | 1.75 | 1.00 | 1.68 | 2.98 |

Capital Structure Ratios
Leverage ratio improved to 1.39 times (2024: 1.65), indicating lower reliance on external financing. The weighted average cost of debt decreased to 7% (2024: 10%), reflecting cost-efficient borrowing.

The debt-to-equity ratio improved markedly to 44% (2024: 73%), with the gearing ratio declining to 30% (2024: 42%), demonstrating reduced financial risk and enhanced solvency. Net assets per share increased to Rs. 493.85 (2024: Rs. 314.23), highlighting growth in shareholder equity and retained earnings. The interest cover ratio strengthened to 3.54 times (2024: 2.53), underscoring improved capacity to meet interest obligations from operating earnings.

Overall Commentary:
Overall, the Group enhanced its capital structure by reducing reliance on debt and lowering borrowing costs. Stronger interest coverage, higher net assets per share, and improved gearing ratios reflect a robust financial position, reduced risk, and greater capacity to support sustainable growth and shareholder value creation.



Analysis Of Financial Statements For The Current And Last Five Years (Based on Consolidated Financial Statements)

| Key performance Indicators | UOM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|-----------------------------------|-------|------|------|------|------|------|------|
| Activity / Turnover Ratios | | | | | | | |
| Total Assets turnover ratio | Times | 1.20 | 1.27 | 1.21 | 0.96 | 0.93 | 1.18 |
| Fixed Assets turnover ratio | Times | 3.24 | 3.18 | 2.79 | 2.08 | 2.19 | 3.70 |
| No. of Days in Inventory | Days | 82 | 88 | 99 | 110 | 99 | 90 |
| No. of Days in Receivables | Days | 38 | 35 | 35 | 39 | 42 | 48 |
| No. of Days in Payables | Days | 28 | 29 | 31 | 37 | 42 | 40 |
| Operating cycle | Days | 93 | 94 | 103 | 112 | 99 | 98 |

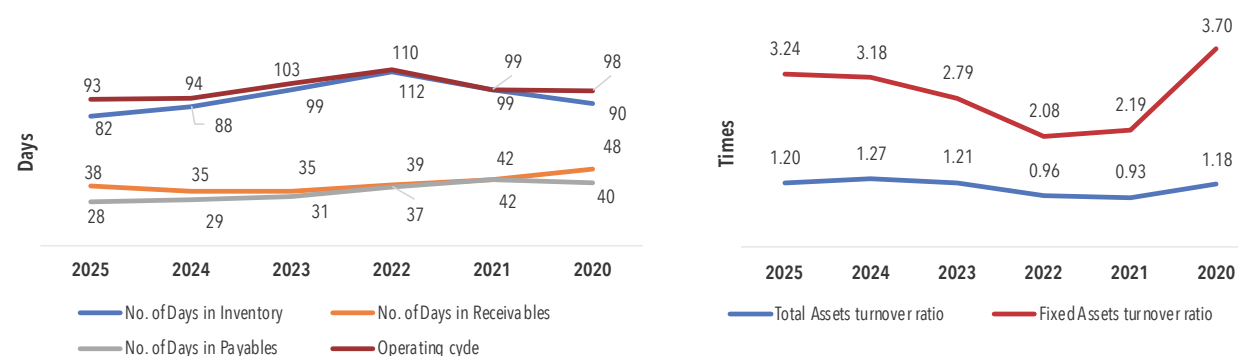
Activity / Turnover Ratios

The Company maintained a stable operational efficiency during the year. The total assets turnover ratio is 1.20 times (2024: 1.27), reflecting consistent utilization of overall assets, while fixed assets turnover improved to 3.24 times (2024: 3.18), indicating enhanced efficiency in generating sales from fixed investments.

Inventory days decreased to 82 days (2024: 88), while receivables days slightly increased to 38 days (2024: 35) and payables days remained stable at 28 days (2024: 29). Consequently, the operating cycle reduced slightly to 93 days (2024: 94), underscoring sustained working capital efficiency.

Overall Commentary:

The Company maintained strong operational efficiency, with improved fixed asset turnover, reduced inventory days, and a shorter operating cycle, reflecting effective asset utilization and robust working capital management.



| Key performance Indicators | UOM | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-----------------|------|------|------|------|------|------|
| Non-Financial Ratios | | | | | | | |
| Revenue per Employee | Rs. In millions | 9.45 | 8.16 | 6.48 | 4.18 | 2.95 | 2.58 |
| Spares Inventory as % of Assets Cost | % | 0.92 | 1.10 | 1.16 | 0.93 | 0.67 | 0.91 |
| Maintenance Cost as % of Operating Expenses | % | 2.73 | 3.04 | 2.91 | 2.32 | 2.27 | 2.45 |

Overall Analysis:

FY 2025 demonstrated strong financial resilience and operational efficiency. Profitability expanded significantly, driven by higher revenue, improved contribution margins, and lower financing costs, despite elevated raw material prices. Liquidity and cash flow strengthened, supporting capital expenditure and operational needs. Market and investment metrics, including EPS, EVA, and net assets per share, indicate robust value creation. Capital structure improved with reduced leverage and higher interest coverage, while activity ratios reflect effective asset deployment and optimized working capital.



Horizontal Analysis (Based on Consolidated Financial Statements)

| | 2025 | | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | |
|---|--------------------|--------------|--------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Financial Position | | | | | | | | | | | | |
| Equity and Liabilities | | | | | | | | | | | | |
| Equity & reserve | 40,906,469 | 57.2% | 26,017,502 | 37.2% | 18,969,598 | 24.0% | 15,299,143 | -0.4% | 15,353,906 | 56.1% | 9,839,024 | 59.1% |
| Long term financing facilities | 17,813,029 | -5.8% | 18,904,424 | -9.4% | 20,858,158 | 14.0% | 18,304,068 | 18.6% | 15,439,356 | 213.3% | 4,928,075 | 28.8% |
| Non current liability (excluding Non-current portion of loans) | 6,431,229 | -23.3% | 8,388,654 | 41.6% | 5,923,342 | 36.5% | 4,341,007 | 33.0% | 3,263,527 | 38.6% | 2,354,342 | 37.7% |
| Current liabilities (excluding Current portion of loans) | 71,656,876 | 25.0% | 57,307,990 | 43.0% | 40,081,474 | 13.2% | 35,412,606 | 72.4% | 20,538,213 | 54.4% | 13,305,798 | 24.6% |
| Total equity and liabilities | 136,807,603 | 23.7% | 110,618,570 | 28.9% | 85,832,572 | 17.0% | 73,356,824 | 34.4% | 54,595,002 | 79.4% | 30,427,239 | 35.8% |
| Non current assets | | | | | | | | | | | | |
| Property plant and equipment | 49,223,937 | 16.0% | 42,434,370 | 16.9% | 36,297,947 | 10.5% | 32,852,198 | 23.8% | 26,534,730 | 177.4% | 9,566,926 | 31.6% |
| Right-of-use assets | 4,402,090 | -9.7% | 4,874,794 | 7.8% | 4,521,384 | 33.5% | 3,386,718 | 28.2% | 2,642,560 | 63.2% | 1,618,879 | 15.4% |
| Intangibles | 26,689 | 487.0% | 4,547 | -39.5% | 7,510 | -19.9% | 9,376 | -78.5% | 43,602 | 10.4% | 39,507 | -3.1% |
| Long term investment | 803,654 | 9.2% | 736,223 | 3.9% | 708,562 | 13.1% | 626,612 | 4.9% | 597,268 | 7.1% | 557,757 | 2.8% |
| Deferred income tax asset - net | 1,365,047 | 100.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Long term loan & deposit | 322,008 | 4.9% | 307,093 | 9.8% | 279,695 | 19.0% | 234,982 | 20.4% | 195,176 | 48.1% | 131,782 | 8.6% |
| Current asset | | | | | | | | | | | | |
| Stores and spares | 1,261,149 | 4.0% | 1,212,154 | 21.5% | 997,685 | 46.3% | 682,046 | 85.7% | 367,266 | 32.7% | 276,788 | -4.4% |
| Stock in-trade | 26,473,359 | 8.0% | 24,523,680 | 16.5% | 21,052,081 | 8.1% | 19,480,754 | 67.6% | 11,622,051 | 83.5% | 6,335,260 | 7.3% |
| Trade debts | 16,969,393 | 20.6% | 14,071,494 | 44.8% | 9,717,394 | 13.2% | 8,582,194 | 92.1% | 4,468,249 | -3.6% | 4,633,123 | 28.1% |
| Loans & advances | 1,097,908 | -47.5% | 2,092,751 | 8.7% | 1,925,257 | 11.3% | 1,730,019 | 89.0% | 915,549 | 2.6% | 892,136 | 30.4% |
| Trade deposits and prepayments | 683,456 | 69.3% | 403,707 | 48.6% | 271,663 | -0.9% | 274,158 | -17.1% | 330,531 | 35.2% | 244,507 | 60.7% |
| Other receivables | 3,775,049 | 18.8% | 3,176,562 | 17.2% | 2,710,660 | 26.2% | 2,148,055 | 85.5% | 1,157,736 | 2.8% | 1,126,663 | -21.6% |
| Income tax - net | 488,172 | 35.7% | 359,749 | -30.1% | 514,325 | -37.4% | 821,400 | -13.0% | 943,976 | 17.6% | 802,940 | -4.0% |
| Short term investments | 21,382,407 | 128.9% | 9,342,200 | 957.5% | 883,430 | 386.4% | 181,615 | 16.5% | 155,943 | 0.0% | - | 0.0% |
| Cash and balance | 8,480,692 | 26.6% | 6,698,480 | 18.9% | 5,633,128 | 175.6% | 2,043,598 | -55.5% | 4,593,434 | 9.5% | 4,195,565 | 3951.8% |
| Accrued interest | 52,593 | -19.8% | 65,550 | 179.9% | 23,419 | 33.0% | 17,609 | -34.6% | 26,931 | 398.2% | 5,406 | 279.1% |
| Assets held for sale | 0 | -100.0% | 315,216 | 9.3% | 288,432 | 1.0% | 285,490 | 100.0% | 0 | 0.0% | - | 0.0% |
| Total assets | 136,807,603 | 23.7% | 110,618,570 | 28.9% | 85,832,572 | 17.0% | 73,356,824 | 34.4% | 54,595,002 | 79.4% | 30,427,239 | 35.8% |

| | 2025 | | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | |
|--|-------------------|--------------|------------------|--------------|------------------|----------------|--------------------|----------------|----------------|---------------|------------------|--------------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Profit or Loss | | | | | | | | | | | | |
| Net sales | 148,449,359 | 18.7% | 125,014,464 | 29.5% | 96,520,660 | 56.5% | 61,668,669 | 55.8% | 39,574,739 | 27.0% | 31,160,011 | 3.7% |
| Cost of sales | 113,392,527 | 20.5% | 94,134,078 | 26.1% | 74,670,420 | 45.3% | 51,406,625 | 55.1% | 33,152,287 | 33.4% | 24,852,381 | 2.2% |
| Gross profit | 35,056,832 | 13.5% | 30,880,386 | 41.3% | 21,850,240 | 112.9% | 10,262,044 | 59.8% | 6,422,452 | 1.8% | 6,307,630 | 10.1% |
| Administration and selling expenses | 16,808,577 | 22.1% | 13,761,680 | 37.9% | 9,977,787 | 40.6% | 7,096,429 | 48.2% | 4,789,104 | 29.4% | 3,701,032 | 3.9% |
| Other income | 1,257,268 | -6.5% | 1,345,120 | 2.6% | 1,311,423 | 57.8% | 831,105 | -11.3% | 937,453 | 149.2% | 376,185 | -16.1% |
| Operating profit | 19,505,523 | 5.6% | 18,463,826 | 40.0% | 13,183,876 | 229.9% | 3,996,720 | 55.5% | 2,570,801 | -13.8% | 2,982,783 | 14.0% |
| Financial charges | 5,506,436 | -24.5% | 7,290,829 | -3.4% | 7,546,647 | 88.0% | 4,013,679 | 161.6% | 1,534,106 | 53.5% | 999,373 | -5.9% |
| Share of profit | 113,233 | 61.4% | 70,142 | -33.0% | 104,697 | 1281.2% | 7,580 | -147.7% | (15,898) | -82.6% | (91,509) | -375.4% |
| Profit before taxation | 14,112,320 | 25.5% | 11,243,139 | 95.8% | 5,741,926 | -61321% | (9,379) | -100.9% | 1,020,797 | -46.0% | 1,891,901 | 19.2% |
| Provision for taxation | (1,002,909) | -129.4% | 3,406,658 | 142.7% | 1,403,563 | 21.3% | 1,157,143 | 165.4% | 436,063 | -23.2% | 567,469 | 149.3% |
| Profit after taxation from Continuing operations | 15,115,229 | 92.9% | 7,836,481 | 80.6% | 4,338,363 | -471.9% | (1,166,522) | -299.5% | 584,734 | -55.9% | 1,324,432 | -2.5% |
| Loss after taxation for the year from discontinued operations | 486,063 | 100.0% | - | -100.0% | (25,979) | -55.4% | (58,296) | -100.0% | - | 0.0% | - | 0.0% |
| Profit after taxation | 15,601,292 | 99.1% | 7,836,481 | 81.7% | 4,312,384 | -452.1% | (1,224,818) | -309.5% | 584,734 | -55.9% | 1,324,432 | -2.5% |

Vertical Analysis (Based on Consolidated Financial Statements)

| | 2025 | | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | |
|---|--------------------|---------------|--------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Financial Position | | | | | | | | | | | | |
| Equity and Liabilities | | | | | | | | | | | | |
| Equity & Reserve | 40,906,469 | 29.9% | 26,017,502 | 23.5% | 18,969,598 | 22.1% | 15,299,143 | 20.9% | 15,353,906 | 28.1% | 9,839,024 | 32.3% |
| Long term financing facilities | 17,813,029 | 13.0% | 18,904,424 | 17.1% | 20,858,158 | 24.3% | 18,304,068 | 25.0% | 15,439,356 | 28.3% | 4,928,075 | 16.2% |
| Non Current Liability (Excluding Non-Current Portion of Loans) | 6,431,229 | 4.7% | 8,388,654 | 7.6% | 5,923,342 | 6.9% | 4,341,007 | 5.9% | 3,263,527 | 6.0% | 2,354,342 | 7.7% |
| Current Liabilities (Excluding Current Portion of Loans) | 71,656,876 | 52.4% | 57,307,990 | 51.8% | 40,081,474 | 46.7% | 35,412,606 | 48.3% | 20,538,213 | 37.6% | 13,305,798 | 43.7% |
| Total equity and liabilities | 136,807,603 | 100.0% | 110,618,570 | 100.0% | 85,832,572 | 100.0% | 73,356,824 | 100.0% | 54,595,002 | 100.0% | 30,427,239 | 100.0% |
| Non current assets | | | | | | | | | | | | |
| Property Plant and Equipment | 49,223,937 | 36.0% | 42,434,370 | 38.4% | 36,297,947 | 42.3% | 32,852,198 | 44.8% | 26,534,730 | 48.6% | 9,566,926 | 31.4% |
| Right-of-use assets | 4,402,090 | 3.2% | 4,874,794 | 4.4% | 4,521,384 | 5.3% | 3,386,718 | 4.6% | 2,642,560 | 4.8% | 1,618,879 | 5.3% |
| Intangibles | 26,689 | 0.0% | 4,547 | 0.0% | 7,510 | 0.0% | 9,376 | 0.0% | 43,602 | 0.1% | 39,507 | 0.1% |
| Long term investment | 803,654 | 0.6% | 736,223 | 0.7% | 708,562 | 0.8% | 626,612 | 0.9% | 597,268 | 1.1% | 557,757 | 1.8% |
| Deferred income tax asset - net | 1,365,047 | 1.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Long term loans & deposit | 322,008 | 0.2% | 307,093 | 0.3% | 279,695 | 0.3% | 234,982 | 0.3% | 195,176 | 0.4% | 131,782 | 0.4% |
| Current Asset | | | | | | | | | | | | |
| Stores and spares | 1,261,149 | 0.9% | 1,212,154 | 1.1% | 997,685 | 1.2% | 682,046 | 0.9% | 367,266 | 0.7% | 276,788 | 0.9% |
| Stock in-trade | 26,473,359 | 19.4% | 24,523,680 | 22.2% | 21,052,081 | 24.5% | 19,480,754 | 26.6% | 11,622,051 | 21.3% | 6,335,260 | 20.8% |
| Trade Debts | 16,969,393 | 12.4% | 14,071,494 | 12.7% | 9,717,394 | 11.3% | 8,582,194 | 11.7% | 4,468,249 | 8.2% | 4,633,123 | 15.2% |
| Loans & Advances | 1,097,908 | 0.8% | 2,092,751 | 1.9% | 1,925,257 | 2.2% | 1,730,019 | 2.4% | 915,549 | 1.7% | 892,136 | 2.9% |
| Trade Deposits and Prepayments | 683,456 | 0.5% | 403,707 | 0.4% | 271,663 | 0.3% | 274,158 | 0.4% | 330,531 | 0.6% | 244,507 | 0.8% |
| Other receivables | 3,775,049 | 2.8% | 3,176,562 | 2.9% | 2,710,660 | 3.2% | 2,148,055 | 2.9% | 1,157,736 | 2.1% | 1,126,663 | 3.7% |
| Income tax - net | 488,172 | 0.4% | 359,749 | 0.3% | 514,325 | 0.6% | 821,400 | 1.1% | 943,976 | 1.7% | 802,940 | 2.6% |
| Short term Investments | 21,382,407 | 15.6% | 9,342,200 | 8.4% | 883,430 | 1.0% | 181,615 | 0.2% | 155,943 | 0.3% | - | 0.0% |
| Cash and Balance | 8,480,692 | 6.2% | 6,698,480 | 6.1% | 5,633,128 | 6.6% | 2,043,598 | 2.8% | 4,593,434 | 8.4% | 4,195,565 | 13.8% |
| Accrued Interest | 52,593 | 0.0% | 65,550 | 0.1% | 23,419 | 0.0% | 17,609 | 0.0% | 26,931 | 0.0% | 5,406 | 0.0% |
| Asset held for sale | - | 0.0% | 315,216 | 0.3% | 288,432 | 0.3% | 285,490 | 0.4% | - | 0.0% | - | 0.0% |
| Total assets | 136,807,603 | 100.0% | 110,618,570 | 100.0% | 85,832,572 | 100.0% | 73,356,824 | 100.0% | 54,595,002 | 100.0% | 30,427,239 | 100.0% |

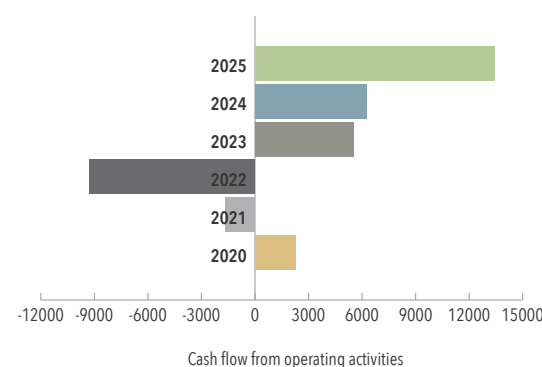
| | 2025 | | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | |
|-------------------------------------|-------------|--------|-------------|--------|------------|--------|------------|--------|------------|--------|------------|--------|
| | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % | Rs '000 | % |
| Statement of Profit or Loss | | | | | | | | | | | | |
| Net Sales | 148,449,359 | 100.0% | 125,014,464 | 100.0% | 96,520,660 | 100.0% | 61,668,669 | 100.0% | 39,574,739 | 100.0% | 31,160,011 | 100.0% |
| Cost of sales | 113,392,527 | 76.4% | 94,134,078 | 75.3% | 74,670,420 | 77.4% | 51,406,625 | 83.4% | 33,152,287 | 83.8% | 24,852,381 | 79.8% |
| Gross profit | 35,056,832 | 23.6% | 30,880,386 | 24.7% | 21,850,240 | 22.6% | 10,262,044 | 16.6% | 6,422,452 | 16.2% | 6,307,630 | 20.2% |
| Administration and selling expenses | 16,808,577 | 11.3% | 13,761,680 | 11.0% | 9,977,787 | 10.3% | 7,096,429 | 11.5% | 4,789,104 | 12.1% | 3,701,032 | 11.9% |
| Other income | 1,257,268 | 0.8% | 1,345,120 | 1.1% | 1,311,423 | 1.4% | 831,105 | 1.3% | 937,453 | 2.4% | 376,185 | 1.2% |
| Operating profit | 19,505,523 | 13.1% | 18,463,826 | 14.8% | 13,183,876 | 13.7% | 3,996,720 | 6.5% | 2,570,801 | 6.5% | 2,982,783 | 9.6% |
| Financial charges | 5,506,436 | 3.7% | 7,290,829 | 5.8% | 7,546,647 | 7.8% | 4,013,679 | 6.5% | 1,534,106 | 3.9% | 999,373 | 3.2% |

Cashflow Analysis (Based on Consolidated Financial Statements)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-----------------|--------------|--------------|----------------|--------------|--------------|
| | Rs. In millions | | | | | |
| Cashflow from operating activities | 13,418 | 6,223 | 5,495 | (9,270) | (1,636) | 2,258 |
| Cashflow used in investing activities | (21,020) | (17,041) | (6,533) | (8,277) | (17,796) | (2,135) |
| Cashflow from financing activities | 9,369 | 11,938 | 4,783 | 14,905 | 19,846 | 3,969 |
| Disposal of subsidiary - Service Shoe Lanka (Private) Limited | (3) | - | - | - | - | - |
| Effect of exchange rate changes | 14 | (54) | (154) | 95 | (15) | 0.39 |
| Increase / (Decrease) in cash and cash equivalent | 1,778 | 1,066 | 3,590 | (2,548) | 398 | 4,092 |
| Cash and cash equivalent at the beginning of year | 6,702 | 5,636 | 2,046 | 4,593 | 4,196 | 104 |
| Cash and cash equivalent at the end of year | 8,480 | 6,702 | 5,636 | 2,046 | 4,593 | 4,196 |

Cashflow from Operating Activities

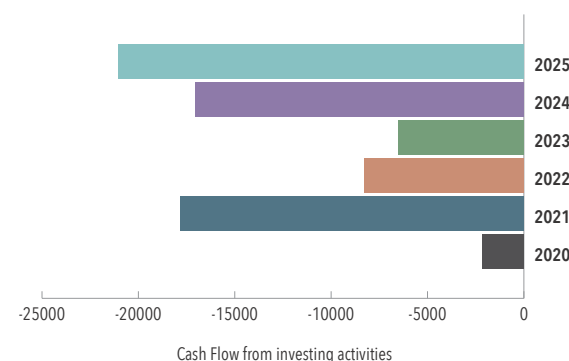
The Group significantly strengthened its liquidity position as net cash from operations surged by 116% to Rs. 13.42 billion in 2025. This robust performance was underpinned by healthy core profitability, with Profit Before Tax and Levy reaching Rs. 14.11 billion, providing a solid foundation for cash generation. Furthermore, strategic working capital optimization played a pivotal role; the net outflow for working capital was curtailed to Rs. 2.08 billion, a marked improvement from the Rs. 6.60 billion absorbed in 2024. This reflects superior management of inventory and receivables, effectively unlocking liquidity to support future growth.



Cashflow used in Investing Activities

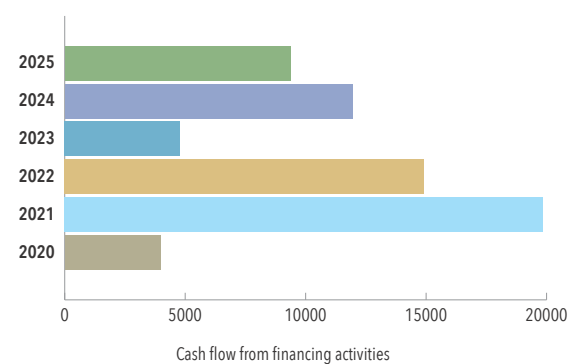
Investing activities saw a significant deployment of capital, with cash outflows rising to Rs. 21.02 billion in 2025, up from Rs. 17.04 billion in the prior year. This reflects an aggressive growth strategy, primarily anchored by Rs. 10.28 billion in capital expenditure (CAPEX) for operating fixed assets. A substantial portion of this investment was dedicated to expanding the

tyre production facility, highlighting management's strategic commitment to scaling industrial capacity.



Cashflow from Financing Activities

Financing activities yielded a net inflow of Rs. 9.37 billion during the year, reflecting a strategic approach to capital structure management despite a slight decrease from the Rs. 11.94 billion generated in 2024. To bridge the funding gap created by intensive CAPEX, the Group successfully optimized its debt profile by securing Rs. 5.88 billion in long-term financing, ensuring sustainable leverage. Simultaneously, management demonstrated strong fiscal health and commitment to shareholder returns by increasing dividend distributions to Rs. 2.39 billion from Rs. 1.54 billion in last year.



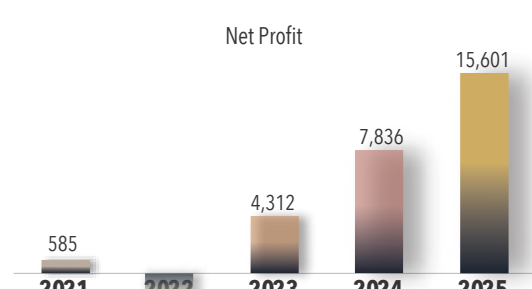
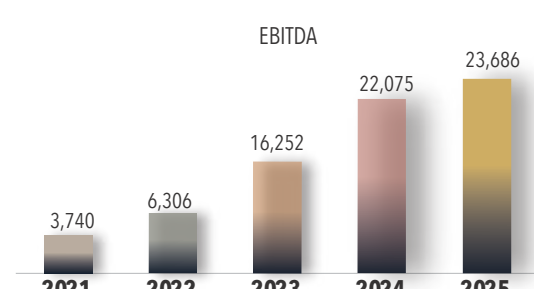
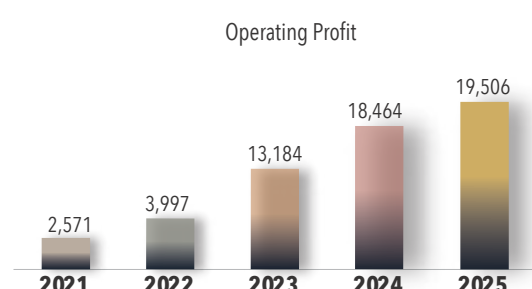
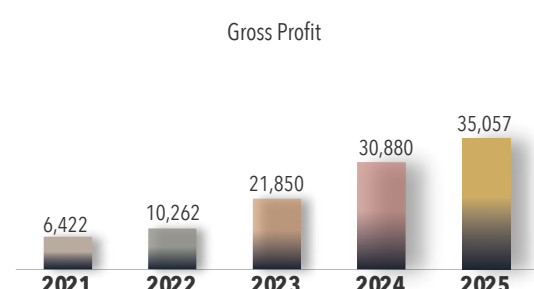
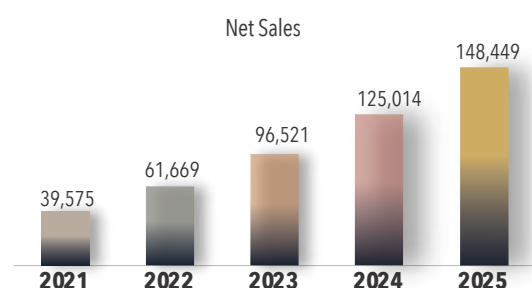
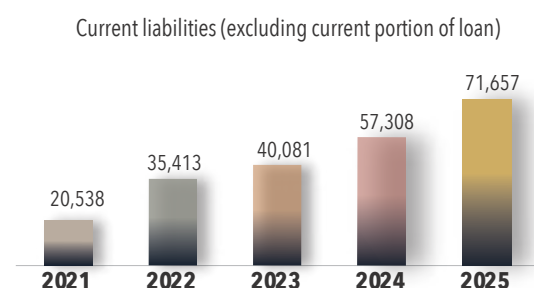
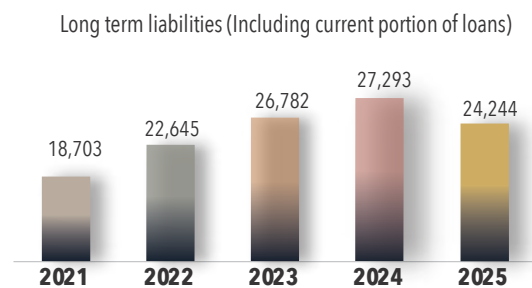
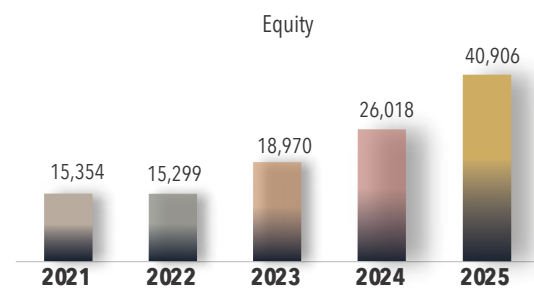
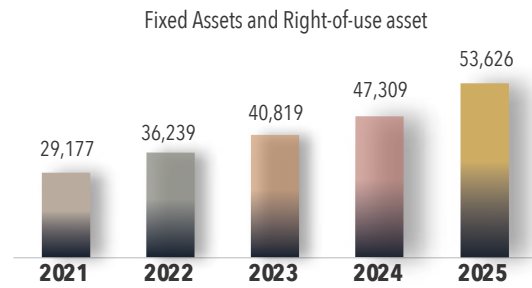
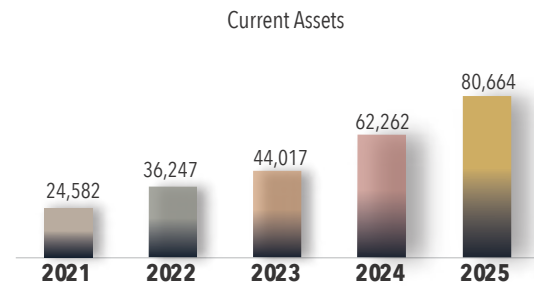
Consolidated Statement of Cashflows Direct Method

| | 2025 | 2024 |
|---|-----------------|-----------|
| | Rs. In millions | |
| Cashflow from operating activities | 145,687 | 120,782 |
| Cash receipts from customers | (123,814) | (104,600) |
| Cash paid to suppliers/ service providers/ employees - net | (204) | (110) |
| Donations paid | 994 | (184) |
| Loans and advances | (63) | (83) |
| Payment to gratuity fund | (685) | (298) |
| Workers' profit participation fund paid | (49) | (78) |
| Income tax and levy paid | (2,449) | (1,590) |
| Payment to provident fund | (641) | (296) |
| Finance cost paid | (5,275) | (7,296) |
| Security deposits - net | (75) | (90) |
| Long term loan to employees - net | (23) | (22) |
| Long term deposits - net | 15 | 88 |
| Cashflow from operations | 13,418 | 6,223 |
| Cashflow used in investing activities | (10,284) | (9,041) |
| Capital expenditure on operating fixed assets | (26) | (1) |
| Intangible assets acquired | 278 | 201 |
| Return on bank deposits, term deposit receipts and loan to associate received | 88 | 47 |
| Proceeds from sale of operating fixed assets | 677 | - |
| Proceeds from disposal of holding in subsidiary company | 183 | - |
| Proceeds from sale of subsidiary company | 48 | 36 |
| Dividend received | (11,984) | (8,283) |
| Short term investments made - net | (21,020) | (17,041) |
| Cashflow from financing activities | 5,884 | 502 |
| Proceeds from long term financing | - | (38) |
| Shares issuance cost | (6,975) | (2,456) |
| Repayment of long term financing | (432) | (278) |
| Repayment of lease liabilities | 12,789 | 15,122 |
| Short term borrowings - net | 494 | 746 |
| Share capital issued by subsidiary companies to non-controlling interest | (2,392) | (1,660) |
| Dividend paid | 9,369 | 11,938 |
| Cashflow from financing activities | 9,369 | 11,938 |
| Cash and cash equivalent of Service Shoes Lanka (Private) Limited | (3) | - |
| Effect of exchange rate changes on cash and cash equivalents | 14 | (54) |
| Net increase in cash and cash equivalents | 1,778 | 1,066 |
| Cash and cash equivalents at the beginning of the year | 6,702 | 5,636 |
| Cash and cash equivalents at the end of the year | 8,480 | 6,702 |

Analytical Review

(Based on Consolidated Financial Statements)

Rs. in millions

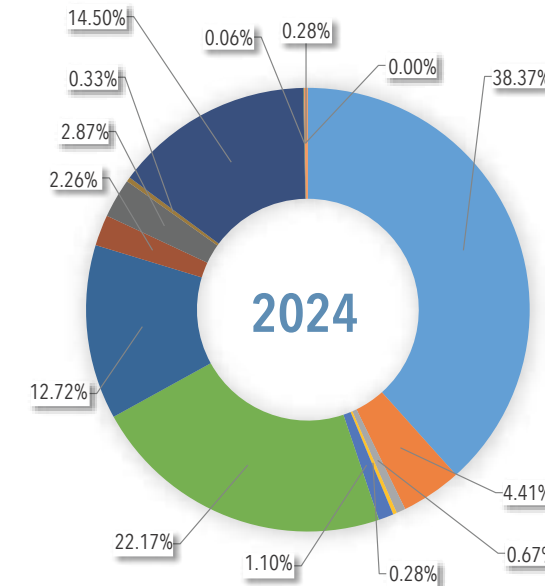
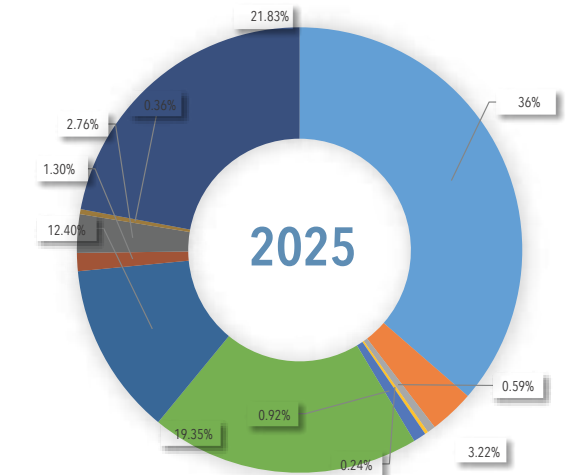


Balance Sheet Composition

(Based on Consolidated Financial Statements)

Fixed and Current Assets

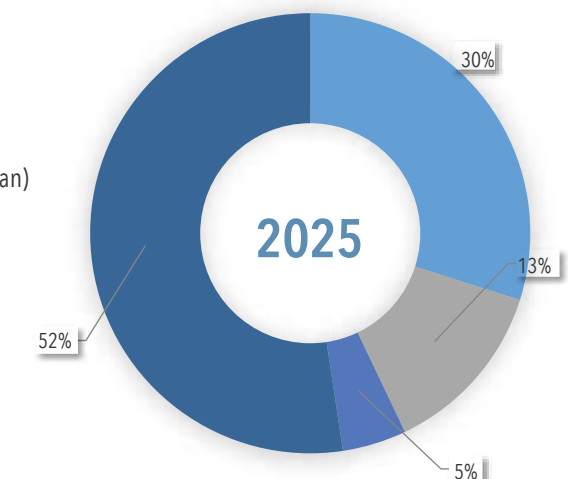
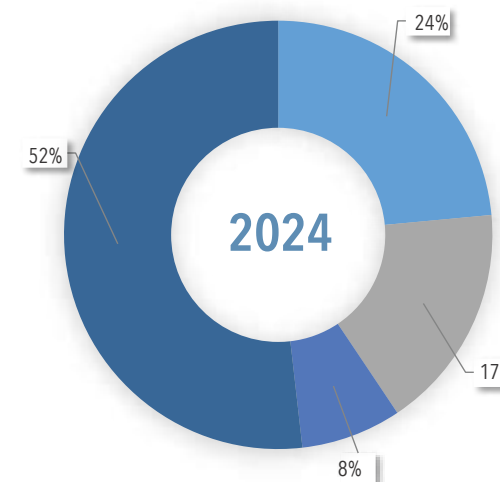
- Property, Plant and equipment
- Right-of-use assets
- Long term investments
- Long term loans and deposits
- Deferred tax asset
- Stores and spares
- Stock in trade
- Trade debts-net
- Advances and prepayments
- Other receivables
- Cash and bank balances & short term investment



- Property, Plant and equipment
- Right-of-use assets
- Long term investments
- Long term loans and deposits
- Deferred tax asset
- Stores and spares
- Stock in trade
- Trade debts-net
- Advances and prepayments
- Other receivables
- Cash and bank balances & short term investment
- Accrued Interest
- Deferred income tax asset - net
- Assets held for sale

Equities and Liabilities

- Equity & reserves
- Long term financing
- Non Current Liabilities (Excluding non-current portion of loan)
- Current Liabilities (Excluding current portion of loan)



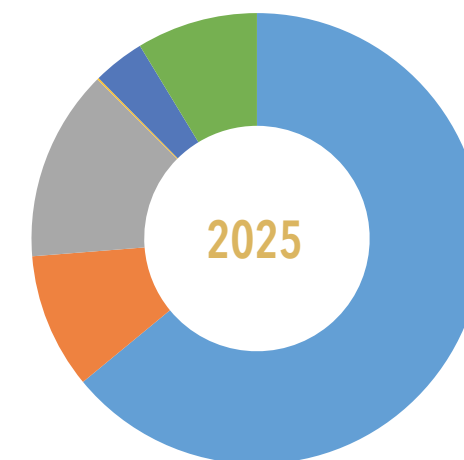
- Equity & reserves
- Long term financing
- Non Current Liabilities (Excluding non-current portion of loan)
- Current Liabilities (Excluding current portion of loan)

Value Added and its Distribution (Based on Consolidated Financial Statements)

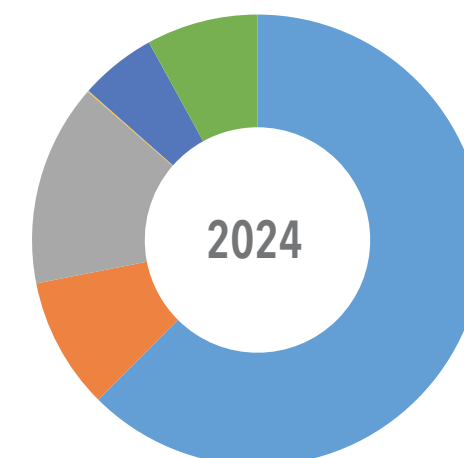
| | 2025 | | 2024 | |
|--|-------------------|------------|-------------------|------------|
| | (Rs in 000) | % | (Rs in 000) | % |
| Wealth Generated | | | | |
| Sales | 169,365,659 | | 144,275,274 | |
| Other income | 1,257,268 | | 1,345,120 | |
| Bought-in-material & services | (109,245,720) | | (90,972,915) | |
| | 61,377,207 | 100 | 54,647,479 | 100 |
| Wealth Distributed | | | | |
| To Employee | | | | |
| Remuneration , benefits,and facilities | 16,577,837 | 27 | 13,743,387 | 25 |
| To Government | | | | |
| Taxation | 23,237,269 | 38 | 21,005,721 | 38 |
| Workers welfare fund | 205,900 | 0 | 147,002 | 0 |
| To Society | | | | |
| Donation | 203,729 | 0 | 109,749 | 0 |
| To Lenders | | | | |
| Dividend | 2,394,478 | 4 | 1,537,617 | 3 |
| Mark up & finance cost | 5,506,436 | 9 | 7,290,829 | 13 |
| Retained for Reinvestment & Future Growth | | | | |
| Depreciation | 3,364,991 | 5 | 2,848,577 | 5 |
| Amortization | 3,631 | 0 | 3,986 | 0 |
| Retained profit | 9,882,936 | 16 | 7,960,611 | 15 |
| Unappropriated profit,depreciation & amortization | 13,251,558 | 22 | 10,813,174 | 20 |
| | 61,377,207 | 100 | 54,647,479 | 100 |

Wealth Generated and Distributed

| 2025 | | Amount '000' | % |
|------|---|--------------------|-------------|
| ● | Bought-in-material & services | 109,245,720 | 64.03% |
| ● | To Employees | 16,577,837 | 9.72% |
| ● | To Government | 23,443,169 | 13.74% |
| ● | To Society | 203,729 | 0.12% |
| ● | To Lenders | 7,900,914 | 4.63% |
| ● | Retained for Reinvestment & Future Growth | 13,251,558 | 7.77% |
| | Total | 170,622,927 | 100% |



| 2024 | | Amount '000' | % |
|------|---|--------------------|-------------|
| ● | Bought-in-material & services | 90,972,915 | 62.47% |
| ● | To Employees | 13,743,387 | 9.44% |
| ● | To Government | 21,152,723 | 14.53% |
| ● | To Society | 109,749 | 0.08% |
| ● | To Lenders | 8,828,446 | 6.06% |
| ● | Retained for Reinvestment & Future Growth | 10,813,174 | 7.43% |
| | Total | 145,620,394 | 100% |



Quarterly Performance Review

(Based on Consolidated Financial Statements)

| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total for the year ended Dec 2025 |
|---|---------------|---------------|---------------|---------------|-----------------------------------|
| Net Sales (Rs. in million) | 32,519 | 37,773 | 38,784 | 39,373 | 148,449 |
| Gross Profit (Rs. in million) | 7,433 | 8,412 | 9,221 | 9,991 | 35,057 |
| % | 22.86% | 22.27% | 23.78% | 25.38% | 23.62% |
| Net Profit (Rs. in million) | 1,688 | 6,156 | 4,080 | 3,677 | 15,601 |
| % | 5.19% | 16.30% | 10.52% | 9.34% | 10.51% |
| Earnings Per Share (Rupees) | 26.60 | 70.37 | 50.21 | 39.17 | 186.35 |

Economic Value Added Analysis

Economic Value Added (EVA) is a financial performance metric that quantifies the value a company generates beyond the required return on its invested capital. It is calculated by deducting the cost of capital from Net Operating Profit After Taxes (NOPAT).

From an investor's perspective, EVA serves as a critical indicator of true economic profitability, as it measures whether management is effectively deploying capital to generate returns in excess of the company's cost of financing. As such, EVA provides investors with a transparent and disciplined framework to assess management performance, capital allocation decisions, and the company's ability to deliver sustainable long-term shareholder value.

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in millions | |
| Net Operating Profit After Tax | 19,557 | 14,164 |
| Less: Cost of Capital | (10,067) | (11,593) |
| Economic Value Added During the Year | 9,490 | 2,571 |

Segment Analysis

(Based on Consolidated Financial Statements)

As required under IFRS 8 – Operating Segments, Service Industries Limited presents segmental information to provide a transparent view of the performance and financial position of its reportable segments.

The Group has identified the following reportable segments on consolidated basis:

Footwear

Purchase, manufacturing and sale of different qualities of footwear.

Tyre

Manufacturing of different qualities of tyres and tubes.

Others

Mainly trading and manufacturing of spare parts of automobiles.

SEGMENTAL ANALYSIS

A summary of segment information is presented below. Further details are available in Note 51 to the consolidated financial statements.

Tyre Segment

| Description | 2025 | 2024 | Variance |
|---|-----------------|--------|----------|
| | Rs. in millions | | |
| Export Sales | 25,209 | 20,738 | 22% |
| Local Sales | 80,800 | 66,465 | 22% |
| Net Revenue | 106,009 | 87,203 | 22% |
| Gross Profit | 22,810 | 20,305 | 12% |
| Profit Before Levy and Taxation and Unallocated Income & Expenses | 16,617 | 15,648 | 6% |
| Allocated Net Assets | 62,102 | 54,528 | 14% |

The Tyre Segment continued to be the Group's key growth driver, delivering strong double-digit sales growth of 22%, with net revenue increasing to Rs. 106,009 million (2024: Rs. 87,203 million). Export sales grew in line with overall segment performance, rising to Rs. 25,209 million (2024: Rs. 20,738 million), underscoring the Group's presence in international markets. Gross profit increased to Rs. 22,810 million (2024: Rs. 20,305 million), while profit before levy, taxation, and unallocated income & expenses reached Rs. 16,617 million (2024: Rs. 15,648 million). Allocated net assets increased by 14% to Rs. 62,102 million, primarily reflecting investment in fixed assets to support capacity expansion.

Despite ongoing inflationary pressures affecting domestic demand, the Group maintained its customer base through effective marketing, pricing strategies, and strong brand positioning. Strategic initiatives are underway to further deepen market presence, including investment in Passenger Car Radial Tyres through Service Long March Tyres (Private) Limited, aimed at capturing growing demand for the brand.

Footwear Segment

| Description | 2025 | 2024 | Variance |
|---|-----------------|--------|----------|
| | Rs. in millions | | |
| Export Sales | 19,721 | 17,619 | 12% |
| Local Sales | 18,818 | 16,237 | 16% |
| Net Revenue | 38,539 | 33,856 | 14% |
| Gross Profit | 11,914 | 10,256 | 16% |
| Profit Before Levy and Taxation and Unallocated Income & Expenses | 2,835 | 2,372 | 20% |
| Allocated Net Assets | 8,202 | 7,777 | 5% |

The Footwear Segment demonstrated resilient performance during the year under review, recording a notable increase of 14% in net revenue to Rs. 38,539 million (2024: Rs. 33,856 million). The growth was broad-based, with local sales increasing by 16% and export sales rising by 12%, reflecting sustained demand across both domestic and international markets.

The improvement in topline translated into enhanced profitability, with gross profit increasing by 16% to Rs. 11,914 million (2024: Rs. 10,256 million). Profit before levy, taxation, and unallocated income and expenses registered a stronger growth of 20% to Rs. 2,835 million (2024: Rs. 2,372 million), indicating improved operational efficiency and effective cost management.

The segment's performance was primarily driven by the continued expansion and strong performance of the retail business in the domestic market. The retail footprint further strengthened during the year, reaching a network of 283 outlets, which has enhanced brand visibility, customer accessibility, and revenue generation capacity.

On the export front, the Group maintained its position as one of Pakistan's leading footwear exporter, leveraging established international relationships and consistent product quality to sustain growth momentum.

Allocated net assets increased modestly by 5% to Rs. 8,202 million (2024: Rs. 7,777 million), reflecting disciplined capital allocation while supporting ongoing business expansion.

Others

| Description | 2025 | 2024 | Variance |
|---|-----------------|-------|----------|
| | Rs. in millions | | |
| Export Sales | 13 | 9 | 41% |
| Local Sales | 3,889 | 3,945 | -1% |
| Net Revenue | 3,902 | 3,954 | -1% |
| Gross Profit / (Loss) | 333 | 319 | 4% |
| Profit Before Levy and Taxation and Unallocated Income & Expenses | 65 | 65 | 3% |
| Allocated Net Assets | 2,369 | 1,603 | 48% |

The "Others" Segment exhibited a relatively stable performance during the year under review, with net revenue marginally declining by 1% to Rs. 3,902 million (2024: Rs. 3,954 million).

Despite the slight contraction in revenue, the segment delivered an improvement in profitability. Gross profit increased by 4% to Rs. 333 million (2024: Rs. 319 million), while profit before levy, taxation, and unallocated income and expenses remain stabled to Rs. 65 million.

A significant contributor to the segment's performance remained Service Genuine Parts (SGP), which achieved growth in topline to Rs. 3.8 billion (2024: Rs. 3.5 billion).

Market Share of the Company

Service Group holds a prominent position within Pakistan's footwear and tyre industries. In the footwear segment, Service Group is recognized as the country's largest exporter, supported by a robust nationwide retail network comprising 283 outlets. Within the tyre segment, the Service Group similarly commands a leading position, both as the largest exporter and as a leading player in the domestic market.

The Service Group continues to focus on strengthening its competitive edge by leveraging its established presence across local and international markets. Strategic initiatives include leveraging footwear retail and tyre distribution networks, entering new international markets, and driving product innovation to align with evolving customer preferences. These efforts underscore Service Group's commitment to sustainable growth, market leadership, and long-term value creation.

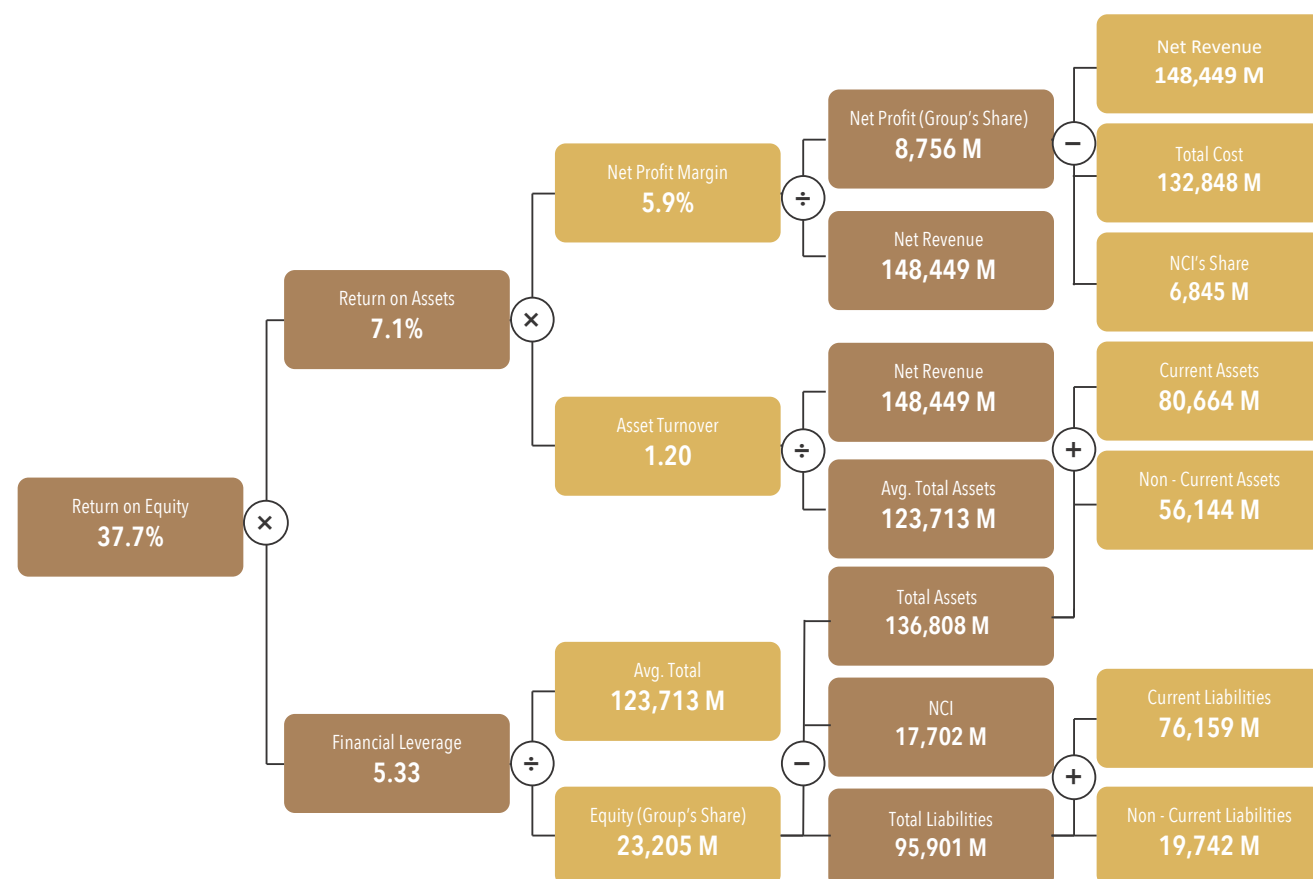
Share Price Sensitivity Analysis

The share price of the Company depend on overall market performance, investor confidence in the economy, the overall fundamentals of the company, policies issued / imposed by Government and regulatory bodies. Being a responsible and law-compliant entity, the company circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations in a timely manner. The PSX demonstrated an upward trend during the year on account of decline in inflation and tightening monetary policies having an impact on the investors' confidence. The Company's share price was Rs. 1,575 per share on December 31, 2025. During the year, the market price of share observed fluctuation from the lowest of Rs. 870 per share on May 09, 2025, to highest of Rs. 1,909 per share on December 05, 2025.

The Company's share price is sensitive to a range of external factors beyond its control. Sensitivity analysis only illustrates the isolated impact of standard shocks to each driver on earnings, they are indicative only and do not constitute a forecast. The Company's earnings are influenced by both operational and macroeconomic factors. Sales volume has a direct effect on revenue and profitability, with higher volumes supporting earnings growth and lower volumes exerting downward pressure. Selling prices similarly affect margins directly, as increases enhance profitability, while decreases compress earnings. Operating expenses influence earnings inversely, with higher expenses reducing net profits and efficiency gains contributing positively. The product mix is also significant, as a higher proportion of higher-margin products supports earnings growth, whereas a shift toward lower-margin products may adversely impact profitability. Additionally, exchange rate volatility creates uncertainty in earnings, indirectly affecting investor sentiment and financial performance. Finally, macroeconomic conditions, as reflected in GDP growth, directly shape results, with strong economic expansion driving demand and supporting earnings, and economic slowdowns potentially constraining revenue and profitability.

DuPont Analysis

(Based on Consolidated Financial Statements)

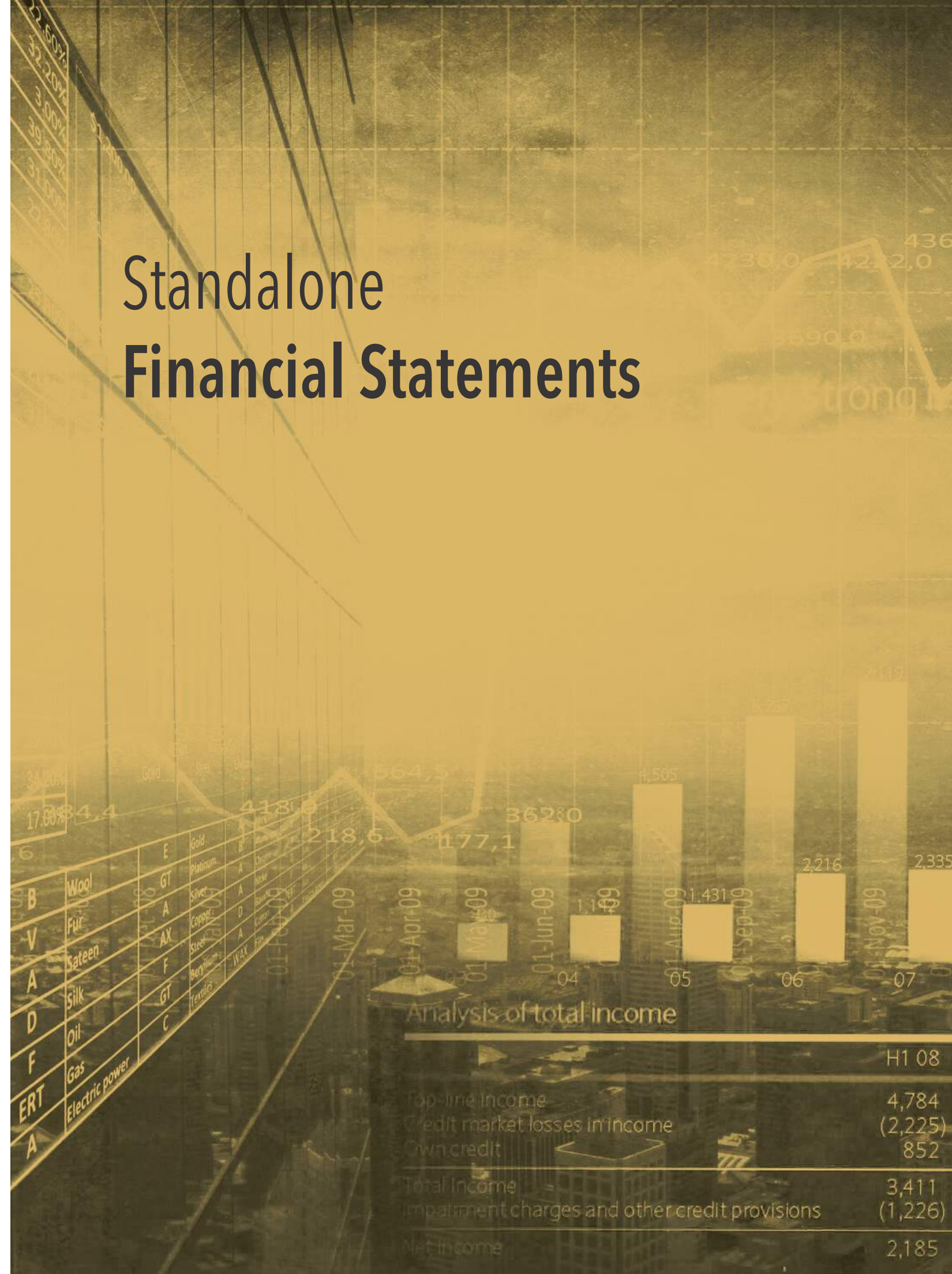


| | Net Profit Margin | Asset Turnover | Financial Leverage | ROE |
|------|--|-------------------------|--|-----------|
| Year | (Net Profit - Group's Share / Revenue) | (Revenue / Avg. Assets) | (Avg. Assets / Equity - Group's Share) | |
| | A | B | C | A × B × C |
| 2025 | 5.90% | 1.20 | 5.33 | 37.7% |
| 2024 | 3.31% | 1.27 | 6.65 | 28.0% |
| 2023 | 2.94% | 1.21 | 7.15 | 25.5% |
| 2022 | (1.03%) | 0.96 | 7.34 | (7.3%) |
| 2021 | 1.35% | 0.93 | 4.39 | 5.5% |
| 2020 | 4.24% | 1.18 | 3.15 | 15.8% |

Financial Statements

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Standalone Financial Statements



Independent Auditor's Report

To the members of Service Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Service Industries Limited (the Company), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|---|--|
| 1 | <p>Revenue recognition</p> <p>The Company recognized net revenue of Rupees 6,687 million for the year ended 31 December 2025.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue, refer to the following</p> <ul style="list-style-type: none"> - Material accounting policy information, Revenue recognition note 2.21 to the financial statements. - Revenue - net note 33 to the financial statements. | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting year. • Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements. |
| 2 | <p>Stock-in-trade existence and valuation</p> <p>As at 31 December 2025, stock-in-trade is stated at Rupees 2,126 million. Stock-in-trade is measured at lower of cost and net realizable value.</p> <p>We identified existence and valuation of stock-in-trade as a key audit matter due to its size, representing 24.54% of total assets of the Company (excluding long term investments) as at 31 December 2025, and the judgment involved in valuation.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Stock-in-trade note 2.18 to the financial statements. - Stock-in-trade note 25 to the financial statements. | <p>Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values. • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data. • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with selling prices achieved subsequent to the end of the reporting year. • Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete. |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|-------------------|---|
| | | <ul style="list-style-type: none"> Assessing accuracy of inventory ageing reports and adequacy of provisions. In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. |

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: March 26, 2026
UDIN: AR202510168cPySaG6ju

Statement of Financial Position

As at December 31, 2025

| | Note | 2025 Amount Rupees in thousand | 2024 Amount |
|---|------|--------------------------------------|----------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 100,000,000 (2024: 100,000,000) | | | |
| Ordinary shares of Rupees 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid-up share capital | 4 | 469,874 | 469,874 |
| Reserves | 5 | 8,025,328 | 8,020,307 |
| Total equity | | 8,495,202 | 8,490,181 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 6 | 5,202,511 | 4,414,865 |
| Lease liabilities | 7 | 48,800 | 59,144 |
| Employees' retirement benefit | 8 | 98,171 | 97,916 |
| Deferred liabilities | 9 | - | - |
| | | 5,349,482 | 4,571,925 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 2,082,315 | 1,761,242 |
| Accrued mark-up / profit | 11 | 131,791 | 199,759 |
| Short term borrowings | 12 | 4,321,261 | 6,047,096 |
| Current portion of non-current liabilities | 13 | 2,238,141 | 1,280,813 |
| Taxation and levy - net | 14 | 13,282 | 38,916 |
| Unclaimed dividend | | 54,023 | 47,509 |
| | | 8,840,813 | 9,375,335 |
| Total liabilities | | 14,190,295 | 13,947,260 |
| Contingencies and commitments | 15 | | |
| TOTAL EQUITY AND LIABILITIES | | 22,685,497 | 22,437,441 |

The annexed notes form an integral part of these financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)

| | Note | 2025 Amount Rupees in thousand | 2024 Amount |
|---------------------------------|------|--------------------------------------|----------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 16 | 1,327,879 | 1,253,493 |
| Investment property | 17 | 182 | 182 |
| Right-of-use assets | 18 | 60,784 | 67,389 |
| Intangible assets | 19 | 1,876 | 3,762 |
| Deferred income tax asset - net | 20 | 53,048 | 72,966 |
| Long term investments | 21 | 14,021,686 | 14,180,668 |
| Long term loans to employees | 22 | 14,688 | 12,061 |
| Long term security deposits | 23 | 11,301 | 11,124 |
| | | 15,491,444 | 15,601,645 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 24 | 23,207 | 28,913 |
| Stock-in-trade | 25 | 2,125,784 | 1,679,031 |
| Trade debts | 26 | 1,056,756 | 1,820,704 |
| Loans and advances | 27 | 139,431 | 1,819,753 |
| Accrued mark-up | 28 | - | - |
| Trade deposits and prepayments | 29 | 147,092 | 129,252 |
| Other receivables | 30 | 490,588 | 566,016 |
| Short term investments | 31 | 441,077 | 375,177 |
| Cash and bank balances | 32 | 2,770,118 | 416,950 |
| | | 7,194,053 | 6,835,796 |
| TOTAL ASSETS | | 22,685,497 | 22,437,441 |

Statement of Profit or Loss

For the year ended December 31, 2025

| | | 2025 | 2024 |
|--|------|------------------|------------------|
| | Note | Amount | Amount |
| Rupees in thousand | | | |
| Revenue - net | 33 | 6,687,003 | 16,636,187 |
| Cost of sales | 34 | (6,039,576) | (16,092,411) |
| Gross profit | | 647,427 | 543,776 |
| Distribution cost | 35 | (322,922) | (416,437) |
| Administrative expenses | 36 | (719,222) | (545,692) |
| Other expenses | 37 | (60,143) | (50,296) |
| | | (1,102,287) | (1,012,425) |
| | | (454,860) | (468,649) |
| Other income | 38 | 2,977,246 | 3,307,048 |
| Profit from operations | | 2,522,386 | 2,838,399 |
| Finance cost | 39 | (1,293,335) | (2,171,578) |
| Profit before levy and taxation | | 1,229,051 | 666,821 |
| Levy | 40 | - | (23,033) |
| Profit before taxation | | 1,229,051 | 643,788 |
| Taxation | 41 | (518,772) | (319,367) |
| Profit after taxation | | 710,279 | 324,421 |
| Earnings per share - basic and diluted (Rupees) | 42 | 15.12 | 6.90 |

The annexed notes form an integral part of these financial statements.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Babar Ali Khan
(Chief Financial Officer)


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Babar Ali Khan
(Chief Financial Officer)

Statement of Comprehensive Income

For the year ended December 31, 2025

| | 2025 | 2024 |
|--|----------------|----------------|
| | Amount | Amount |
| Rupees in thousand | | |
| Profit after taxation | 710,279 | 324,421 |
| Other comprehensive loss | | |
| Items that will not be reclassified to profit or loss: | | |
| Fair value adjustment arising on remeasurement of investment at fair value through other comprehensive income - net of tax | 1,316 | (5,045) |
| Remeasurements of employees' retirement benefit obligation - net of tax | (1,762) | (491) |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive loss for the year - net of tax | (446) | (5,536) |
| Total comprehensive income for the year | 709,833 | 318,885 |

The annexed notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended December 31, 2025

| | Reserves | | | | | | Total | | | | | |
|---|------------------|---------------|--------------------------------------|------------------|--|--------------------------------|-----------|-----------------|------------------------|-----------|-----------|-----------|
| | Capital reserves | | | Revenue reserves | | | | | | | | |
| | Share Capital | Capital gains | Fair value reserve FVTOCI investment | Share premium | Share of share premium reserve held by equity accounted investee | Reserve pursuant to the Scheme | Sub total | General reserve | Un-appropriated profit | Sub total | Total | |
| Balance at 31 December 2023 | 469,874 | 102,730 | 34,247 | 21,217 | 23,935 | 927,163 | 1,109,292 | 1,558,208 | 5,180,805 | 6,739,013 | 7,848,305 | 8,318,179 |
| Transactions with owners: | | | | | | | | | | | | |
| Final dividend for the year ended 31 December 2023 @ Rupees 10 per share | - | - | - | - | - | - | - | - | (469,875) | (469,875) | (469,875) | (469,875) |
| Credited to reserve on transfer of negative net assets to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme (Note 1.3) | - | - | - | - | (23,935) | - | (23,935) | - | 322,992 | 322,992 | 322,992 | 322,992 |
| Transfer of share of share premium reserve held by equity accounted investee due to transfer of investment pursuant to the Scheme | - | - | - | - | - | - | - | - | - | 23,935 | 23,935 | - |
| Profit for the year | - | - | - | - | - | - | - | - | 324,421 | 324,421 | 324,421 | 324,421 |
| Other comprehensive loss for the year | - | - | (5,045) | - | - | - | (5,045) | - | (491) | (491) | (5,536) | (5,536) |
| Total comprehensive income for the year | - | - | (5,045) | - | - | - | (5,045) | - | 323,930 | 323,930 | 318,885 | 318,885 |
| Balance as at 31 December 2024 | 469,874 | 102,730 | 29,202 | 21,217 | - | 927,163 | 1,080,312 | 1,558,208 | 5,381,787 | 6,939,995 | 8,020,307 | 8,490,181 |
| Transaction with owners: | | | | | | | | | | | | |
| Final dividend for the year ended 31 December 2024 @ Rupees 15 per share | - | - | - | - | - | - | - | - | (704,812) | (704,812) | (704,812) | (704,812) |
| Profit for the year | - | - | - | - | - | - | - | - | 710,279 | 710,279 | 710,279 | 710,279 |
| Other comprehensive loss for the year | - | - | 1,316 | - | - | - | 1,316 | - | (1,762) | (1,762) | (446) | (446) |
| Total comprehensive income for the year | - | - | 1,316 | - | - | - | 1,316 | - | 708,517 | 708,517 | 709,833 | 709,833 |
| Balance as at 31 December 2025 | 469,874 | 102,730 | 30,518 | 21,217 | - | 927,163 | 1,081,628 | 1,558,208 | 5,385,492 | 6,943,700 | 8,025,328 | 8,495,202 |

The annexed notes form an integral part of these financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)

Statement of Cash Flows

For the year ended December 31, 2025

| | Note | 2025 Amount | 2024 Amount |
|---|--------|------------------|--------------------|
| Rupees in thousand | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 43 | 2,547,816 | (857,405) |
| Finance cost paid | | (1,361,303) | (2,356,199) |
| Income tax and levy paid | | (524,870) | (382,077) |
| Workers' welfare fund paid | 10.3 | (7,437) | - |
| Workers' profit participation fund | 10.2 | 11,557 | 14,136 |
| Employees' retirement benefit - net | | (23,619) | 14,919 |
| Net increase in long term loans to employees | | (3,986) | (4,555) |
| Net decrease in security deposits | | 2,381 | 2,563 |
| Net cash generated from / (used in) operating activities | | 640,539 | (3,568,618) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure on operating fixed assets | | (285,203) | (237,458) |
| Return on bank deposits and term deposit receipts | | 31,315 | 37,894 |
| Proceeds from sale of operating fixed assets | 16.1.1 | 40,760 | 28,215 |
| Long term investment disposed of | | 676,850 | - |
| Long term investments made | | - | (844,568) |
| Dividend income received | | 2,016,859 | 2,788,316 |
| Short term investments made | | (1,507,500) | (977,419) |
| Short term investments disposed of | | 1,444,500 | 1,484,914 |
| Net cash from investing activities | | 2,417,581 | 2,279,894 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term financing | | 3,000,000 | 112,498 |
| Repayment of long term financing | | (1,258,996) | (1,757,571) |
| Repayment of lease liabilities | | (21,823) | (9,601) |
| Short term borrowings - net | | (1,725,835) | 3,713,531 |
| Dividend paid | | (698,298) | (466,149) |
| Net cash (used in) / generated from financing activities | | (704,952) | 1,592,708 |
| Net increase in cash and cash equivalents | | 2,353,168 | 303,984 |
| Cash and cash equivalents at the beginning of the year | | 416,950 | 1,813,676 |
| Cash and cash equivalents transferred to Subsidiary Companies pursuant to the Scheme | | - | (1,700,710) |
| Cash and cash equivalents at the end of the year | 32 | 2,770,118 | 416,950 |

The annexed notes form an integral part of these financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)

Notes to the Financial Statements

For the year ended December 31, 2025

1. THE COMPANY AND ITS OPERATIONS

1.1 Service Industries Limited (the Company) was incorporated as a private limited Company on 20 March 1957 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017), converted into a public limited company on 23 September 1959 and got listed on 27 June 1970. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activities of the Company are purchase, manufacture and sale of footwear and technical rubber products. These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investments in subsidiaries and associate are stated in note 20 to these financial statements.

1.2 Geographical location

Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, Warehouses and Retail Outlets | Addresses |
|---|---|
| Registered and head office | Servis House, 2 Main Gulberg, Lahore |
| Karachi office | Adamjee House, 10th Floor, I.I. Chundrigar Road, Karachi |
| Factory site | G.T. Road, Gujrat |
| Warehouses | |
| Rawat | Plot No. 1, Street 4, RCCI Industrial Estate, Rawat |
| Sheikhupura | Al Jannat Road, Beside Khanka Syed Ahmed Shaheed, Faiz Road, Sheikhupura |
| Retail outlets | |
| Gujrat | G.T. Road, Gujrat |
| Rawalpindi | Shop No. 9,10 and 11, Ground Floor, Basit Market, Bostan Khan Road, Car Chowk, Rawalpindi |
| Lahore | Shop No. 88, Temple Road, Mozang Chungi, Lahore |

1.3 Scheme of Arrangement

As stated in detail in preceding audited annual financial statements of the Company for the year ended 31 December 2024, in accordance with the Scheme of Arrangement between Service Industries Limited and its members and Service Tyres (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Retail (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Industries Capital (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members (in terms of provisions of sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) [hereinafter referred to as the 'Scheme'] duly approved by the shareholders of Service Industries Limited, Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited on 06 May 2024 and sanctioned by the Honorable Lahore High Court, Lahore vide its Order dated 12 June 2024 (Sanction Date) [certified true copy of the Order received on 28 June 2024 and filed with the Registrar of Companies on 28 June 2024], reconstruction of Service Industries Limited as stated below took effect from 01 January 2024 (Effective Date):

- the separation of the Transferred Assets and Undertakings [the Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares] inclusive of all assets, rights, liabilities and obligations of Service Industries Limited (except for the Retained Assets and Undertakings) pertaining thereto;
- the transfer and vesting of the Tyre Undertaking into Service Tyres (Private) Limited;
- the transfer and vesting of the Retail Undertaking into Service Retail (Private) Limited; and
- the transfer and vesting of the SPL Shares into Service Industries Capital (Private) Limited.

After the sanction of the Scheme by the Honorable Lahore High Court, Lahore, the vesting of Tyre Undertaking in Service Tyres (Private) Limited, Retail Undertaking in Service Retail (Private) Limited and transfer of SPL Shares into Service Industries Capital (Private) Limited is deemed to have taken effect from on 01 January 2024 (Effective Date). Capital reserve of the Company namely 'Share of share premium reserve held by equity accounted investee' of Rupees 23.935 million was transferred to unappropriated profit during the previous year as SPL Shares vested into Service Industries Capital (Private) Limited after the sanction of the Scheme (with effect from 01 January 2024). For the Company, Speed (Private) Limited was equity accounted investee previously.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and investment property with a corresponding effect on the depreciation charge and impairment.

ii) Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

iii) Income tax and levy

In making the estimates for income tax and levy currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Notes to the Financial Statements

For the year ended December 31, 2025

iv) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

v) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

vi) Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

vii) Impairment of investments in subsidiary companies

In making an estimate of recoverable amount of the Company's investments in subsidiary companies, the management considers future cash flows.

viii) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

ix) Employees' retirement benefit

The actuarial valuation of employees' retirement benefit requires the use of certain assumptions related to future periods, including increase in future salary, expected returns on plan assets and the discount rate used to discount future cash flows to present values.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standard are mandatory for the Company's accounting periods beginning on or after 01 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The above-mentioned amendments to approved accounting standard did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2025 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards, amendments and improvements to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, amendments and improvements to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2026 or later periods:

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies meeting specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies meeting specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Classification and Measurement of Financial Instruments' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion; add new disclosures for certain instruments with contractual terms that can change cash flows; and make updates to the disclosures for equity instruments designated at FVTOCI.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Contracts Referencing Nature-dependent Electricity' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7.

Disclosures about Uncertainties in the Financial Statements (Illustrative Examples). Illustrative examples are not an integral part of standards and, therefore, do not have an effective date.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards – Volume 11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following five standards as result of the IASB's annual improvements project:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;

Notes to the Financial Statements

For the year ended December 31, 2025

- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

The above standards, amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards, amendments and improvements to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards, amendments and improvements to published standards that are mandatory for accounting periods beginning on or after 01 January 2026 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.3 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.4 Employees' retirement benefits

i) Contributory provident fund

There is an approved contributory provident fund for employees of the Company. Equal monthly contributions are made both by the employees and the Company to the fund in accordance with the fund rules. The Company's contributions to the fund are charged to statement of profit or loss.

ii) Defined benefit plan

The Company operates a funded gratuity scheme as a defined benefit plan for its permanent employees other than those who participate in the provident fund scheme. The managerial staff is entitled to participate in both the provident fund scheme and gratuity fund scheme.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Compensated absences

The Company provides for liability in respect of employees' compensated absences in the period in which these are earned.

2.5 Taxation and levy

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in the statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company is charged as current tax in the statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Group taxation

Securities and Exchange Commission of Pakistan (SECP) vide its certificate dated 13 February 2024 has registered the Company, Service Retail (Private) Limited, Service Tyres (Private) Limited and Service Industries Capital (Private) Limited (together the 'Group') as a Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequently, the Group will be taxed as one fiscal unit from tax year 2025 and onwards.

Current tax is based on the consolidated results of the Group and allocated within the Group on the basis of separate return method. Deferred tax asset is recognised in the unconsolidated financial statements to the extent future economic benefit will flow to the Company. Realizability of tax credits and tax losses are assessed at Group level and taxable profits of all entities in the Group are taken into account in assessing whether a deferred tax asset should be recognised in consolidated financial statements. Any adjustments in the taxation of the Company on account of group taxation are credited or charged to the statement of profit or loss in the year in which they arise

2.6 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.7 Borrowing costs

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in the statement of profit or loss.

Notes to the Financial Statements

For the year ended December 31, 2025

2.8 Property plant, equipment and depreciation

Operating fixed assets

Fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on operating fixed assets except for leasehold improvements is charged to the statement of profit or loss applying the reducing balance method to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 16.1. Depreciation on leasehold improvements is charged to the statement of profit or loss applying the straight-line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives or the shorter lease term at the rates given in note 16.1. Depreciations on additions is charged from the month in which the assets are available for use up to the month prior to disposal. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.9 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment loss (if any). Cost comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred

2.10 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.11 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.12 Investment in subsidiary companies

Investment in subsidiary companies is stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.13 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Notes to the Financial Statements

For the year ended December 31, 2025

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2) or fair value is determined using valuation techniques that incorporate significant inputs not based on observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.14 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.15 Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties

2.16 De-recognition of financial assets and liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the

Notes to the Financial Statements

For the year ended December 31, 2025

financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.17 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.18 Inventories

Inventories, except for stock-in-transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Usable stores, spare parts and loose tools are valued principally at cost using first-in-first-out (FIFO) cost formula, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | | |
|-------|---|---|
| (i) | For raw materials: | First-in-first-out (FIFO) cost formula |
| (ii) | For work-in-process and finished goods: | Direct material, labour and appropriate manufacturing overheads |
| (iii) | Finished goods purchased for resale: | Moving average |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stocks are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale

2.19 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.20 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognized at amortised cost, less any allowance for expected credit losses.

2.21 Revenue recognition

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(b) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

(d) Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

2.22 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss

2.23 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.24 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.25 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.26 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Notes to the Financial Statements

For the year ended December 31, 2025

2.27 Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.28 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.29 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.30 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.31 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.33 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company's reportable business segments have been explained in note 51.

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Ijarah transactions

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ijarah (lease) payments as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

3.2 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.3 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.4 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.5 Investment in associate - (with significant influence)

Associate is an entity over which the Company has significant influence but not control or joint control. Investment in associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associate is recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investee have been changed where necessary to ensure consistency with the policies adopted by the Company.

Investment in equity method accounted for associate is tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'

3.6 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is not amortised but is reviewed for impairment at least annually.

Notes to the Financial Statements

For the year ended December 31, 2025

3.7 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| | 2025 | 2024 | 2025 | 2024 |
|---|-------------------|------------|--------------------|---------|
| | Number of shares | | Rupees in thousand | |
| Ordinary shares of Rupees 10 each fully paid in cash | 3,183,190 | 3,183,190 | 31,832 | 31,832 |
| Ordinary shares of Rupees 10 each issued as fully paid bonus shares | 43,804,264 | 43,804,264 | 438,042 | 438,042 |
| | 46,987,454 | 46,987,454 | 469,874 | 469,874 |

4.1 The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

| | 2025 | 2024 |
|---|------------------|-----------|
| | Number of shares | |
| 4.2 Ordinary shares of the Company held by associated undertakings: | | |
| Shahid Arif Investments (Private) Limited | 39,624 | 39,624 |
| Service Charitable Trust | 45,253 | 45,253 |
| Service Provident Fund Trust | 2,391,274 | 2,391,274 |

| | 2025 | 2024 |
|--|--------------------|--------|
| | Amount | Amount |
| | Rupees in thousand | |
| | | |

5. RESERVES

Composition of reserves is as follows:

Capital reserves

| | | | |
|---|------------|------------------|-----------|
| Capital gains | | 102,730 | 102,730 |
| Fair value reserve FVTOCI investment - net of deferred income tax | (Note 5.1) | 30,518 | 29,202 |
| Share premium | (Note 5.2) | 21,217 | 21,217 |
| Reserve pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Company and Service Global Footwear Limited | | 927,163 | 927,163 |
| | | 1,081,628 | 1,080,312 |

Revenue reserves

| | | | |
|------------------------|--|------------------|-----------|
| General reserve | | 1,558,208 | 1,558,208 |
| Un-appropriated profit | | 5,385,492 | 5,381,787 |
| | | 6,943,700 | 6,939,995 |
| | | 8,025,328 | 8,020,307 |

5.1 This represents the unrealized gain on re-measurement of investment at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve is as under:

| | 2025 | 2024 |
|---------------------------------------|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| Balance at 01 January | 37,680 | 44,190 |
| Fair value adjustment during the year | 1,698 | (6,510) |
| | 39,378 | 37,680 |
| Deferred income tax liability | (8,860) | (8,478) |
| Balance at 31 December | 30,518 | 29,202 |

5.2 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

| | 2025 | 2024 |
|---|----------------------------|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 6. LONG TERM FINANCING | | |
| From banking companies - secured | | |
| Long term loans | (Note 6.1 & 6.3) 4,414,865 | 5,673,861 |
| Long term musharakah | (Note 6.2 & 6.4) 3,000,000 | - |
| | 7,414,865 | 5,673,861 |
| Current portion shown under current liabilities | (Note 13) | |
| Long term loans | (1,649,854) | (1,258,996) |
| Long term musharakah | (562,500) | - |
| | (2,212,354) | (1,258,996) |
| | 5,202,511 | 4,414,865 |

6.1 Long term loans (Note 6.3)

| Lender | 2025 | | 2024 | | Rate of markup per annum | Number of Instalments | Interest Repricing | Interest Payable | Security |
|--|-----------|-----------|------------------------|---|--------------------------|-----------------------|--------------------|------------------|----------|
| | 2025 | 2024 | 2025 | 2024 | | | | | |
| Habib Bank Limited | 461,357 | 768,928 | 6-months KIBOR + 0.20% | Nine equal half yearly instalments commenced on 26 February 2023 and ending on 26 February 2027. | | | | | |
| Habib Bank Limited | 304,933 | 304,933 | 6-months KIBOR + 0.50% | Sixteen equal half yearly instalments commencing on 20 January 2026 and ending on 20 July 2033. | | | | | |
| Pakistan Kuwait Investment Company (Private) Limited | 400,000 | 600,000 | 6-months KIBOR + 1% | Ten equal half yearly instalments commenced on 15 March 2023 and ending on 15 September 2027. | | | | | |
| Pakistan Kuwait Investment Company (Private) Limited | 456,908 | 500,000 | 3-months KIBOR + 1% | One hundred and sixty one unequal instalments commenced on 28 February 2025 and ending on 02 June 2033. | | | | | |
| Pakistan Kuwait Investment Company (Private) Limited | 1,125,000 | 1,500,000 | 3-months KIBOR + 1% | Eight equal half yearly instalments commenced on 30 May 2025 and ending on 30 November 2028. | | | | | |
| Aslari Bank Limited | 1,666,667 | 2,000,000 | 1-month KIBOR + 0.35% | Twelve equal quarterly instalments commenced on 31 August 2025 and ending on 31 May 2028. | | | | | |
| | 4,414,865 | 5,673,861 | | | | | | | |

6.2 Long term musharaka (Note 6.4)

| Lender | 2025 | | 2024 | | Rate of markup per annum | Number of Instalments | Interest Repricing | Interest Payable | Security |
|---------------------|-----------|------|-----------------------|---|--------------------------|-----------------------|--------------------|------------------|----------|
| | 2025 | 2024 | 2025 | 2024 | | | | | |
| Faysal Bank Limited | 3,000,000 | - | 3-months KIBOR + 0.1% | Sixteen equal quarterly instalments commencing on 28 June 2026 and ending on 28 March 2030. | | | | | |
| | 3,000,000 | - | | Joint pari passu charge of Rupees 4,000 million on fixed assets (plant and machinery including land and building) of the Company with 25% margin. | | | | | |

6.3 Effective rate of markup charged during the year on these loans ranged from 11.24% to 20.40%.

6.4 Effective rate of profit charged during the year on this musharakah is ranged from 10.73% to 12.28%.

6.5 As per the Scheme, in so far as any of the assets of Service Industries Limited which formed part of the Tyre Undertaking [vested in Service Tyres (Private) Limited] and the Retail Undertaking [vested in Service Retail (Private) Limited] were subject to any Encumbrances immediately prior to the Sanction Date, such assets are deemed to have been transferred to Service Tyres (Private) Limited and Service Retail (Private) Limited respectively on the Effective Date subject to such Encumbrances. Service Tyres (Private) Limited and Service Retail (Private) Limited are deemed without any further act, deed, instrument, matter or thing, to have created all such Encumbrances on the Tyre Undertaking and Retail Undertaking respectively in the same amount and for the benefit of the same charge holders. Upon the transfer of Tyre Undertaking and and Retail Undertaking from Service Industries Limited to Service Tyres (Private) Limited and Service Retail (Private) Limited respectively in terms of the Scheme, the charges recorded in the register of charges of Service Industries Limited in respect of Encumbrances on any of the assets comprising the Tyre Undertaking and Retail Undertaking are released and discharged simultaneously with the registration of the same charges by Service Tyres (Private) Limited and Service Retail (Private) Limited with the Securities and Exchange Commission of Pakistan in accordance with the Companies Act, 2017. With effect on and from the Effective Date, land situated at Mouza Chak No. 25/UCC, Tehsil Muridke, District Sheikhpura and superstructures are deemed transferred from Service Industries Limited to Service Tyres (Private) Limited along with any and all Encumbrances and liabilities existing thereupon prior to the Sanction Date. The Company is in the process of completing necessary legal formalities with regards to registration and vacation of charges (as stated above) in coordination with related lenders.

| | 2025 | 2024 |
|---|--|-------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 7. LEASE LIABILITIES | | |
| Total lease liabilities | (Note 7.1) 74,587 | 80,961 |
| Current portion shown under current liabilities | (Note 13) (25,787) | (21,817) |
| | 48,800 | 59,144 |
| 7.1 Reconciliation of lease liabilities | | |
| Balance at 01 January | 80,961 | 5,461,579 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (34,067) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (5,388,150) |
| Additions during the year | 15,449 | 51,200 |
| Interest on lease liabilities | (Note 39) 13,936 | 13,313 |
| Payments made during the year | (35,759) | (22,914) |
| Balance at 31 December | 74,587 | 80,961 |
| 7.2 Maturity analysis of lease liabilities is as follows: | | |
| Upto 6 months | 18,572 | 15,192 |
| 6-12 months | 18,681 | 15,291 |
| 1-2 year | 26,044 | 33,473 |
| More than 2 years | 32,063 | 43,224 |
| | 95,360 | 107,180 |
| Less: Future finance cost | (20,773) | (26,219) |
| Present value of lease liabilities | 74,587 | 80,961 |
| 7.3 | Implicit rates against lease liabilities range from 13.22% to 23.71% (2024: 13.22% to 23.71%) per annum. | |

Notes to the Financial Statements

For the year ended December 31, 2025

8. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the fund as at 31 December 2025 was carried out using the 'Projected Unit Credit Method'. Details of the fund as per the actuarial valuation are as follows:

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 8.1 Amount recognized in the statement of financial position is as follows: | | |
| Present value of defined benefit obligations | 130,910 | 125,865 |
| Fair value of plan assets | (32,739) | (27,949) |
| Net defined benefit obligation | 98,171 | 97,916 |
| 8.2 Movement in net defined benefit obligation: | | |
| Net liability at 01 January | 97,916 | 287,024 |
| Transferred to defined benefit obligation relating to Service Global Footwear Limited - Subsidiary Company | - | (1,861) |
| Net liability transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (149,072) |
| Net liability transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (25,081) |
| Current service cost | 10,142 | 12,663 |
| Past service cost | 2,606 | - |
| Net interest on defined benefit obligation | 10,154 | 6,954 |
| Net remeasurements for the year | 1,762 | 491 |
| Benefits due but not paid | (790) | - |
| Contributions made during the year | (23,619) | (33,202) |
| Net liability at 31 December | 98,171 | 97,916 |

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 8.3 Movement in the present value of defined benefit obligation: | | |
| Present value of defined benefit obligation at 01 January | 125,865 | 365,143 |
| Transferred to defined benefit obligation relating to Service Global Footwear Limited - Subsidiary Company | - | (1,861) |
| Transferred to defined benefit obligation relating to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (204,930) |
| Transferred to defined benefit obligation relating to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (32,347) |
| Current service cost | 10,142 | 12,663 |
| Past service cost | 2,606 | - |
| Interest cost | 13,682 | 17,026 |
| Benefits due but not paid | (790) | - |
| Benefits paid during the year | (21,914) | (33,202) |
| Remeasurements on obligation: | | |
| Actuarial losses from changes in financial assumptions | (161) | (387) |
| Experience adjustments | 1,480 | 3,760 |
| Present value of defined benefit obligation at 31 December | 130,910 | 125,865 |
| 8.4 Movement in the fair value of the plan assets: | | |
| Fair value of plan assets at 01 January | 27,949 | 78,119 |
| Assets transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | 594 |
| Assets transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (13,736) |
| Interest income on plan assets | 3,528 | 10,072 |
| Contributions made during the year | 23,619 | 33,202 |
| Benefits paid during the year | (21,914) | (33,202) |
| Remeasurements on fair value of plan assets | (443) | 2,882 |
| Assets transferred from Service Retail (Private) Limited - Subsidiary Company | - | 6,470 |
| Assets transferred to Service Tyres (Private) Limited - Subsidiary Company | - | (56,452) |
| Fair value of plan assets at 31 December | 32,739 | 27,949 |

8.4.1 As per the Scheme, employees gratuity fund of the Company, namely Service Industries Limited Employees Gratuity Fund Trust is being continued for the benefits of the employees of the Company, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company. Hence, total plan assets of Service Industries Limited Employees Gratuity Fund Trust as shown below have been allocated by the actuary for actuarial valuation purposes of the Company, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company:

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| Mutual funds | 143,700 | 129,653 |
| Bank balances | 2,635 | 902 |
| Total plan assets | 146,335 | 130,555 |
| Allocated to the Company | (32,739) | (27,949) |
| Allocated to Service Global Footwear Limited - Subsidiary Company | (40,913) | (36,955) |
| Allocated to Service Tyres (Private) Limited - Subsidiary Company | (61,715) | (55,744) |
| Allocated to Service Retail (Private) Limited - Subsidiary Company | (10,968) | (9,907) |
| | - | - |

8.5 Amounts recognized in the statement of profit or loss:

| | 2025 | 2024 |
|--|---------|----------|
| Current service cost | 10,142 | 12,663 |
| Past service cost | 2,606 | - |
| Interest cost | 13,682 | 17,026 |
| Interest income on plan assets | (3,528) | (10,072) |
| Net expense charged in the statement of profit or loss | 22,902 | 19,617 |

8.5.1 Charge for the year has been allocated as follows:

| | | 2025 | 2024 |
|-------------------------|-----------|--------|--------|
| Cost of sales | (Note 34) | 19,325 | 16,553 |
| Distribution cost | (Note 35) | 365 | 313 |
| Administrative expenses | (Note 36) | 3,212 | 2,751 |
| | | 22,902 | 19,617 |

8.6 Remeasurements charged to statement of other comprehensive income:

| | 2025 | 2024 |
|---|-------|---------|
| Experience adjustments | 1,480 | 3,760 |
| Return on plan assets excluding interest income | 443 | (2,882) |
| Actuarial gain from changes in financial assumptions | (161) | (387) |
| Total remeasurements charged to statement of other comprehensive income | 1,762 | 491 |

8.7 Comparison of present value of defined benefit obligation and the fair value of plan assets for current and previous four years is as follows:

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|----------|----------|----------|----------|----------|
| Rupees in thousand | | | | | |
| Present value of defined benefit obligation | 130,910 | 125,865 | 365,143 | 284,399 | 252,845 |
| Fair value of the plan assets | (32,739) | (27,949) | (78,119) | (69,940) | (76,124) |
| Deficit in the plan | 98,171 | 97,916 | 287,024 | 214,459 | 176,721 |
| Remeasurement loss on obligation | (1,319) | (3,373) | (36,834) | (14,547) | (8,192) |
| Remeasurement (loss) / gain on plan assets | (443) | 2,882 | (1,962) | (15,128) | (1,816) |

8.8 Estimated charge to profit or loss for the year ending on 31 December 2026 will be Rupees 20.360 million.

| | 2025 | 2024 | |
|--|-------------|-------|-------|
| 8.9 Principal actuarial assumptions used: | | | |
| Discount rate used for interest cost | % per annum | 12.25 | 15.50 |
| Discount rate used for year end obligation | % per annum | 11.00 | 12.25 |
| Expected rate of salary increase | % per annum | 11.00 | 12.25 |

8.10 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

| | Defined benefit obligation | | |
|------------------------|----------------------------|------------------------|------------------------|
| | Changes in assumption | Increase in assumption | Decrease in assumption |
| | Bps | Rupees in thousand | |
| Discount rate | 100 | 120,451 | 142,934 |
| Future salary increase | 100 | 142,956 | 120,240 |

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

8.11 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

8.12 The average duration of the benefit obligation is 9 years.

8.13 Expected maturity profile of undiscounted defined benefit obligation:

Notes to the Financial Statements

For the year ended December 31, 2025

| Less than a year | Between 1 - 2 years | Between 3 - 5 years | Between 6 - 10 years | Over 10 years | Total |
|--------------------|---------------------|---------------------|----------------------|---------------|-----------|
| Rupees in thousand | | | | | |
| 4,231 | 10,290 | 44,652 | 112,061 | 852,827 | 1,024,061 |

| | 2025 Amount | 2024 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |

9. DEFERRED LIABILITIES

| | | | |
|--|------------|---|---|
| Deferred income - Government grant | (Note 9.1) | - | - |
| Gas Infrastructure Development Cess (GIDC) payable | (Note 9.2) | - | - |
| | | - | - |

9.1 Deferred income - Government grant

| | | |
|--|---|-----------|
| Balance at 01 January | - | 684,333 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (684,333) |
| | - | - |

9.1.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities was that borrowers could obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest was treated as a Government grant. The Company obtained these loans. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest was measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit was accounted for and presented as deferred grant in accordance with IAS 20. The grant was amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There were no unfulfilled conditions or contingencies attached to this grant.

| | 2025 Amount | 2024 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |

9.2 Gas Infrastructure Development Cess (GIDC) Payable

| | | |
|--|---|----------|
| Gas Infrastructure Development Cess payable at amortized cost | - | 21,844 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (21,844) |
| | - | - |

9.2.1 This represented Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 31 December 2021, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Company filed a review petition in Honourable Lahore High Court which is pending adjudication. GIDC payable was recognized at amortized cost in accordance with IFRS 9.

| | 2025 Amount | 2024 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |

10. TRADE AND OTHER PAYABLES

| | | | |
|------------------------------------|-------------|------------------|------------------|
| Trade creditors | (Note 10.1) | 733,321 | 777,684 |
| Accrued liabilities | | 521,836 | 541,785 |
| Letters of credit | | 94,016 | 83,353 |
| Contract liabilities - unsecured | | 653,331 | 318,014 |
| Provident fund payable | | 21,591 | 14,635 |
| Workers' profit participation fund | (Note 10.2) | - | (11,557) |
| Workers' welfare fund | (Note 10.3) | 31,256 | 13,610 |
| Income tax deducted at source | | 23,703 | 8,724 |
| Others | (Note 10.4) | 3,261 | 14,994 |
| | | 2,082,315 | 1,761,242 |

10.1 These include Rupees Nil (2024: Rupees 2.016 million) due to Dongguan Service Global Limited - Subsidiary Company. It is in ordinary course of business and interest free.

| | 2025 Amount | 2024 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |

10.2 Workers' profit participation fund

| | | |
|---------------------------------------|----------|----------|
| Balance at 01 January | (11,557) | (25,693) |
| Excess amount recovered from the fund | 11,557 | 14,136 |
| Balance at 31 December | - | (11,557) |

10.3 Workers' welfare fund

| | | |
|---|---------------|---------------|
| Balance at 01 January | 13,610 | 54,977 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (53,757) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (1,220) |
| Provision for the year | (Note 37) | 25,083 |
| | | 38,693 |
| | | 13,610 |
| Payments made during the year | (7,437) | - |
| Balance at 31 December | 31,256 | 13,610 |

Notes to the Financial Statements

For the year ended December 31, 2025

10.4 These include Rupees Nil (2024: Rupees 8.363 million) due to Service Global Footwear Limited - Subsidiary Company. It is in ordinary course of business and interest free.

| | | 2025 Amount | 2024 Amount |
|--|---------------------|--------------------|------------------|
| | | Rupees in thousand | |
| 11. ACCRUED MARK-UP | | | |
| Long term financing | | 94,995 | 168,289 |
| Short term borrowings | | 36,796 | 31,470 |
| | | 131,791 | 199,759 |
| 12. SHORT TERM BORROWINGS | | | |
| From banking companies - secured | | | |
| Short term running finances | (Notes 12.1 & 12.2) | 2,271,261 | 106,067 |
| Other short term finance - money market loans | (Notes 12.1 & 12.3) | 2,050,000 | 2,000,000 |
| | | 4,321,261 | 2,106,067 |
| From related parties - unsecured | | | |
| Loan from Service Global Footwear Limited - Subsidiary Company | (Note 12.4) | - | 2,500,000 |
| Loan from Service Tyres (Private) Limited - Subsidiary Company | (Note 12.5) | - | 1,441,029 |
| | | - | 3,941,029 |
| | | 4,321,261 | 6,047,096 |

12.1 These finances are obtained from banking companies under mark-up arrangements and are secured by hypothecation of present and future current assets of the Company. These form part of total credit facilities of Rupees 5,100 million (2024: Rupees 8,725 million).

12.2 The effective rates ranged from 11.17% to 14.35% (2024: 15.11% to 23.37%) per annum.

12.3 The effective rates ranged from 10.64% to 12.31% (2024: 11.99% to 22.62%) per annum.

12.4 This represented unsecured loan from Service Global Footwear Limited - Subsidiary Company for working capital requirement. Total credit facility available is Rupees 4,500 million (2024: Rupees 4,500 million). This carried mark-up at the rate of 1 month KIBOR plus 0.05 percent per annum. Effective rate of mark-up charged on this short term loan ranged from 12.46% to 13.40% (2024: 14.98% to 22.16%) per annum.

12.5 This represented unsecured loan from Service Tyres (Private) Limited - Subsidiary Company for working capital requirement. Total credit facility available is Rupees Nil (2024: Rupees 10,000 million). This carried mark-up at the rate of 1 month KIBOR plus 0.5 percent per annum. Effective rate of mark-up charged on this short term loan ranged from 11.83% to 13.81% per annum (2024: 15.36% to 21.33%).

| | | 2025 Amount | 2024 Amount |
|---|----------|--------------------|------------------|
| | | Rupees in thousand | |
| 13. CURRENT PORTION OF NON-CURRENT LIABILITIES | | | |
| Long term financing | (Note 6) | 2,212,354 | 1,258,996 |
| Lease liabilities | (Note 7) | 25,787 | 21,817 |
| | | 2,238,141 | 1,280,813 |

2025
Amount

2024
Amount

Rupees in thousand

14. TAXATION AND LEVY - NET

| | | |
|------------------------|----------------|-----------|
| Taxation - net | 772,049 | 550,831 |
| Provision for taxation | (773,353) | (547,935) |
| Advance income tax | (1,304) | 2,896 |
| Levy - net | 14,586 | 36,020 |
| Levy payable | - | - |
| Prepaid levy | - | - |
| | 14,586 | 36,020 |
| | 13,282 | 38,916 |

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

As per the Scheme, all suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against the Company in respect of the Tyre Undertaking [vested in Service Tyres (Private) Limited], the Retail Undertaking [vested in Service Retail (Private) Limited] and SPL Shares [vested in Service Industries Capital (Private) Limited] and pending before any court, tribunal, regulatory body or any other authority are treated as suits, appeals and legal proceedings by or against Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited respectively under the Scheme and may be continued, prosecuted and enforced by or against Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited respectively accordingly. The following contingencies relate to the the Company, hence have been disclosed in the financial statements of the Company:

15.1.1 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Company for failure to pay leviable sales tax and income tax of Rupees 18.630 million and Rupees 4.108 million respectively at import of tyre cord fabrics during the period from August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of SRO 509 (1) / 2007 dated 09 June 2007. The case has been remanded back by the Appellate Tribunal Inland Revenue (ATIR) to the Commissioner Inland Revenue Appeals [CIR (Appeals)], which is still pending.

15.1.2 Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated three cases against the Company. In the first case the alleged amount recoverable by the PESSI is Rupees 4.804 million covering the period from January 1987 to September 1992 on account of short payment of contributions. In the second case, Rupees 1.982 million is recoverable by the Company from PESSI on account of wrongly paid contributions covering the period from July 1992 to September 1993. Both cases have been decided against the Company by the Director General Recovery PESSI, Lahore. In the third case, Rupees 31.807 million is recoverable by PESSI. This case was decided in the favour of the Company in the year 2013, however, the case is re-opened in the year 2014. The Company has filed an appeal before Social Security Court, Lahore against the aforesaid cases. During the pendency of the matter, PESSI sent a recovery notice for the same amount. The Company has filed a writ petition before Lahore High Court, Lahore.

15.1.3 Deputy Commissioner Inland Revenue (DCIR) initiated a case on 12 October 2012, against the Company after post sales tax refund audit in which demand of Rupees 27.922 million was raised. The Company filed an appeal on 21 May 2013, before CIR (Appeals) in which the demand was cancelled except two points having impact of Rupees 2.650 million. The Company filed an appeal on 26 August 2013, before ATIR against said points which is pending at adjudication.

15.1.4 DCIR initiated sales tax audit for the year 2013-2014 on 28 December 2017, in which demand of Rupees 102.465 million was created. The Company filed appeal with CIR (Appeals) on 18 January 2018, who confirmed the demand of Rupees 7.328 million and remanded back certain charges to the tune of Rupees 95.137 million. The Company filed an appeal with ATIR on 14 March 2018, against the decision of CIR (Appeals) which is pending for hearing. Furthermore, the Company filed an application on 07

Notes to the Financial Statements

For the year ended December 31, 2025

September 2018, for stay of recovery and Honourable Lahore High Court, Lahore, granted stay in said case. Later on, the proceedings against remanded back portion were initiated by DCIR and order in this regard has been issued dated 30 June 2025 in which DCIR created the same demand of Rupees 95.137 million. The Company filed appeal before CIR(A) against the decision of DCIR wherein the appeal to the tune of Rupees 87.152 million has been decided in favour of the Company. Being aggrieved, the Company has filed an appeal before ATIR which is pending adjudication.

- 15.1.5** DCIR initiated income tax audit for the year 2014 on 31 January 2018, in which a demand of Rupees 123.412 million was created. The Company filed an appeal before CIR (Appeals) on 26 February 2018, who remitted back the proceedings to the department for denovo consideration by way of order dated 29 October 2020. The Company has filed an appeal before ATIR against said points on 23 December 2020, which is pending adjudication.
- 15.1.6** Honourable Lahore High Court, Lahore, allowed a petition filed by the Company on 31 October 2017, against show-cause notice dated 06 July 2017, issued by DCIR amounting to Rupees 13.076 million. The show-cause notice was issued on account of post sales tax refunds audit of various tax periods. Federal Board of Revenue challenged the decision of Honourable Lahore High Court, Lahore, in Honourable Supreme Court of Pakistan on 13 December 2017, which is pending for hearing.
- 15.1.7** DCIR conducted income tax audit for the year 2011 in which a demand of Rupees 19.605 million was created on 30 April 2018. The Company filed an appeal before CIR (Appeals) on 29 May 2018, who confirmed the demand of Rupees 12.989 million and remanded back certain charges amounting to Rupees 6.616 million by way of order dated 07 August 2020. On 07 October 2020, the Company filed an appeal before ATIR against said points which is pending adjudication.
- 15.1.8** On 07 December 2022, ACIR amended assessment for tax year 2019 and raised a tax demand of Rupees 500.278 million on the basis of re-assessment of certain issues regarding tax credits, withholding of advance income tax and deductible allowances. The Company filed rectification application and an appeal before the CIR (Appeals). CIR (Appeals), in connection with the appeal, decided the case in favour of the Company by deleting the demand in respect of deduction from income from business and annulling the matter with respect to tax credit and withholding of advance income tax for fresh consideration by the assessing officer which is pending adjudication.
- 15.1.9** On 30 June 2021, Additional Commissioner Inland Revenue (ACIR) completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) for tax year 2015 and raised a demand of Rupees 13.055 million based on disallowance of certain expenditure under section 21(I) of the Ordinance. The Company filed an appeal on 26 July 2021, against foregoing assessment proceedings before CIR (Appeals), who remanded back the issue to taxation officer for fresh consideration, effectively deleting the impugned tax demand. Further, ACIR completed assessment proceedings under section 122(5A) of the Ordinance for tax year 2018 and raised a demand of Rupees 18.050 million consequent to addition of salaries and advertisement expenses under section 21(c) and section 24 of the Ordinance. On 08 February 2022, the Company filed appeals before the ATIR contesting the directions of CIR (Appeals) for both of the aforementioned cases which are in the process of being heard. The Honourable Lahore High Court has granted a stay order on this matter.
- 15.1.10** On 30 October 2015, DCIR initiated income tax case of tax year 2008 in which demand of Rupees 68.406 million was created by amending return. Appeal was preferred with CIR (Appeals) on 28 December 2015, which was dismissed against the Company without discussing the merits of the case. The Company has filed appeal on 26 April 2018, with ATIR which has been heard. ATIR has remanded back the case to the CIR (Appeals) which is pending adjudication.
- 15.1.11** On 13 December 2018, CIR passed an order regarding CREST discrepancies of sales tax for an amount of Rupees 10.324 million. The Company filed an appeal before ATIR which is pending for hearing. Furthermore, the Company filed an application on 10 June 2019, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.
- 15.1.12** On 30 November 2022, DCIR completed assessment proceedings and passed an order under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 40.945 million along with penalty amounting to Rupees 2.047 million against claimed input tax for the tax periods from July 2020 to November 2021. The Company filed appeal on 29 December 2022, against foregoing assessment proceedings before CIR (Appeals), who has confirmed the order of DCIR. The Company filed an appeal on 04 February 2023, before ATIR. ATIR, in connection with the appeal, remanded the issue to the assessing officer for fresh consideration through order dated 04 September 2023. During the remand back proceedings, the assessing officer through order dated 28 March 2024 decided the case against the Company. The Company being aggrieved filed an appeal before ATIR which is decided in totality in favour of the Company through order dated 01 July 2024.

- 15.1.13** Director (PESSI), Gujrat has demanded through notice dated 07 May 2022, social security contribution amounting to Rupees 96.002 million covering the period from August 2017 to November 2021 on account of short payment of contribution. The Company filed an appeal before Social Security Court, Gujrat against the aforesaid notice, which was dismissed and the Company was advised to make the payment of aforesaid amount. The Company filed a writ petition against the matter in Honourable Lahore High Court, Lahore. On 18 April 2013, through a rectified order the aforementioned amount was reduced to Rupees 94.793 million out of which Rupees 63.195 million relates to the short payment of contribution and Rupees 31.598 million on account of penalty. The Company has filed complaint under section 57 of the Provincial Employees' Social Security Ordinance, 1965 regarding the penalty amounting to Rupees 31.598 million, which is pending for hearing. The Honourable Lahore High Court has granted a stay order on this matter. The Company has filed complaint under section 57 before the PESSI Commissioner Lahore against demand of penalty on 23 August 2023 and the complaint was dismissed vide order dated 25 July 2024. Appeal was filed before the PESSI Labour Court Lahore on 09 August 2024 under section 59. Initially stay order has been granted and the case has been relisted for further hearing on 26 March 2026. Later on another aggrieved party has filed appeal before Honourable Supreme Court of Pakistan against the recovery of the same. The Company has filed appeal before Honourable Supreme Court of Pakistan on 23 July 2025. On 29 January 2026, the Honourable Supreme Court of Pakistan has decided the case in favour of the Company.
- 15.1.14** Amendment order dated 31 March 2014, was issued for the tax year 2012, creating a demand of Rupees 226.103 million on the basis of re-assessment of certain issues. On 21 June 2014, through the appellate order, CIR (Appeals) modified the aforementioned case in favour of the Company, in which additions in income aggregating to Rupees 523.003 million were remanded back to the assessing officer and other income was allocated to sales alone. The Company filed an appeal before ATIR against the aforementioned actions of CIR (Appeals). ATIR in connection with the appeal deleted additions to the extent of Rupees 417.132 million and remanded remaining issues to CIR (Appeals) for re-adjudication through order dated 03 August 2023 which is pending adjudication.
- 15.1.15** On 11 December 2018, Deputy Commissioner Inland Revenue (DCIR) issued show cause notice against the purchases made from the suspended / blacklisted units, inadmissible input tax claimed on the packing material and non-payment of the further tax. After consideration of the Company's reply, DCIR imposed sales tax amounting to Rupees 516.202 million with default surcharge to be calculated at the time of payment of the tax. The Company being aggrieved with the decision filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR through its order dated 23 January 2023 remanded the case back to the DCIR. During the remand back proceedings, DCIR created a revised sales tax demand of Rupees 95.508 million along with default surcharge and penalty. The Company being aggrieved filed an appeal before ATIR on 26 July 2024. The Honourable Lahore High Court has granted a stay order on this matter. On 12 September 2025, ATIR by way of order deleted the demands of Rupees 40.666 million and penalty and the Company made payment of Rupees 54.842 million on 14 November 2025. Levy of default surcharge is to be confirmed where the underlying default is sustained on merit.
- 15.1.16** DCIR concluded sales tax audit for the periods from January 2020 to December 2020 and charged sales tax to the tune of Rupees 16.824 million through the order dated 28 June 2024 on the grounds of inadmissible input tax on purchase, suppression of sales with the figures as per the financial statements and other issues. The Company has filed an appeal before the ATIR on 24 July 2024. On 31 March 2025, the ATIR has remanded the case back to the DCIR which is pending adjudication.
- 15.1.17** The management, based on advice of its advisors, is confident that the decisions regarding the above matters (Note 15.1.1 to Note 15.1.16) will be in favour of the Company, hence no provision has been made in these financial statements.
- 15.1.18** The Company is availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Sialkot Dry Port with a face value of Rupees 2,000 million (2024: Rupees 2,000 million) for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Sialkot Dry Port after securing a post dated cheque of Rupees 2,000 million (2024: Rupees 2,000 million) million from the Company.
- 15.1.19** The Company has issued cross corporate guarantees of Rupees 9,000 million (2024: Rupees 9,000 million) on behalf of Service Long March Tyres (Private) Limited - Subsidiary Company to secure the obligations of subsidiary company towards its lenders.
- 15.1.20** Guarantees issued in ordinary course of business through banks are of Rupees 1,783.197 million (2024: Rupees 1,528.875 million). These include guarantee of Rupees 235 million (2024: Rupees 11.733 million) is given by the bank of the Company in favour of Director Excise and Taxation, Karachi, under directions of Supreme Court of Pakistan, in respect of suit fled for levy of infrastructure cess.

Notes to the Financial Statements

For the year ended December 31, 2025

15.1.21 Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 38.021 million (2024: Rupees 45.237 million) on imported material availed on the basis of consumption and export plans.

15.2 Commitments

15.2.1 Contracts for capital expenditure are approximately of Rupees Nil (2024: Rupees 134.309 million).

15.2.2 Letters of credit other than capital expenditure are of Rupees 210.459 million (2024: Rupees 3,633.754 million).

15.2.3 The Company had obtained vehicles under ijarah arrangements from Bank AL Habib Limited for a period of four years. Ijarah rentals were payable on monthly basis. Future Ujarah payments under Ijarah were as follows:

| | 2025 Amount | 2024 Amount |
|-------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Not later than one year | - | 760 |

15.2.4 Following represent commitments arising from short-term leases recognized on a straight-line basis as expense under the practical expedients applied by the Company. The amount of future payments under these leases and the period in which these payments will become due are as follows:

| | 2025 Amount | 2024 Amount |
|-----------------------|--------------------|----------------|
| | Rupees in thousand | |
| Not later than 1 year | 5,530 | 5,120 |

16. FIXED ASSETS

| | | | |
|--------------------------|-------------|------------------|-----------|
| Operating fixed assets | (Note 16.1) | 1,259,404 | 1,198,417 |
| Capital work-in-progress | (Note 16.2) | 68,475 | 55,076 |
| | | 1,327,879 | 1,253,493 |

Notes to the Financial Statements For the year ended December 31, 2025

16.1 Reconciliation of carrying amount of operating fixed assets at the beginning and at the end of the year is as follows:

| Description | Freehold land | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Vehicles | Service equipment | Leasehold Improvements | Total |
|---|---------------|----------------------------|---------------------|---------------------------------|-----------|-------------------|------------------------|--------------|
| | | | | | | | | |
| At 31 December 2023 | | | | | | | | |
| Cost | 390,262 | 2,706,955 | 10,394,153 | 197,187 | 574,755 | 2,156,367 | 1,082,743 | 17,502,422 |
| Accumulated depreciation | - | (1,008,087) | (3,851,287) | (55,048) | (127,759) | (999,583) | (310,898) | (6,352,662) |
| Net book value | 390,262 | 1,698,868 | 6,542,866 | 142,139 | 446,996 | 1,156,784 | 771,845 | 11,149,760 |
| Year ended 31 December 2024 | | | | | | | | |
| Opening net book value | 390,262 | 1,698,868 | 6,542,866 | 142,139 | 446,996 | 1,156,784 | 771,845 | 11,149,760 |
| Additions | - | 48,234 | 7,836 | 3,876 | 109,389 | 64,611 | 7,439 | 241,385 |
| Transferred to Service Tyres (Private) Limited | | | | | | | | |
| -Subsidiary Company pursuant to the Scheme : | | | | | | | | |
| Cost | (289,345) | (2,349,818) | (9,021,520) | (11,786) | (313,787) | (1,362,538) | - | (13,348,794) |
| Accumulated depreciation | - | 855,371 | 3,058,111 | 4,091 | 64,339 | 649,101 | - | 4,631,013 |
| | (289,345) | (1,494,447) | (5,963,409) | (7,695) | (249,448) | (713,437) | - | (8,717,781) |
| Transferred to Service Retail (Private) Limited | | | | | | | | |
| -Subsidiary Company pursuant to the Scheme : | | | | | | | | |
| Cost | - | - | - | (136,479) | (96,281) | (535,378) | (1,082,743) | (1,850,881) |
| Accumulated depreciation | - | - | - | 23,836 | 15,349 | 190,493 | 310,898 | 540,576 |
| | - | - | - | (112,643) | (80,932) | (344,885) | (771,845) | (1,310,305) |
| Transferred to investment property: | | | | | | | | |
| Cost | (182) | - | - | - | - | - | - | (182) |
| Accumulated depreciation | - | - | - | - | - | - | - | - |
| Disposals / written off: | | | | | | | | |
| Cost | - | - | (18,949) | - | (15,834) | (9,429) | - | (44,212) |
| Accumulated depreciation | - | - | 10,068 | - | 3,935 | 7,093 | - | 21,096 |
| | - | - | (8,881) | - | (11,899) | (2,336) | - | (23,116) |
| Depreciation | - | (19,582) | (57,704) | (2,444) | (36,816) | (23,699) | (1,099) | (141,344) |
| Closing net book value | 100,735 | 233,073 | 520,708 | 23,233 | 177,290 | 137,038 | 6,340 | 1,198,417 |

| Description | Freehold land | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Vehicles | Service equipment | Leasehold Improvements | Total |
|----------------------------|----------------|----------------------------|---------------------|---------------------------------|----------------|-------------------|------------------------|------------------|
| Rupees in thousand | | | | | | | | |
| At 31 December 2024 | | | | | | | | |
| Cost | 100,735 | 405,371 | 1,361,520 | 52,798 | 258,242 | 313,633 | 7,439 | 2,499,738 |
| Accumulated depreciation | - | (172,298) | (840,812) | (29,565) | (80,952) | (176,595) | (1,099) | (1,301,321) |
| Net book value | 100,735 | 233,073 | 520,708 | 23,233 | 177,290 | 137,038 | 6,340 | 1,198,417 |

Year ended 31 December 2025

| | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|--------------|------------------|
| Opening net book value | 100,735 | 233,073 | 520,708 | 23,233 | 177,290 | 137,038 | 6,340 | 1,198,417 |
| Additions | - | 5,994 | 61,674 | 2,293 | 129,495 | 67,638 | 4,710 | 271,804 |
| Disposals / written off: | | | | | | | | |
| Cost | - | (712) | (51,572) | (41) | (54,542) | (19,254) | - | (126,121) |
| Accumulated depreciation | - | 668 | 41,220 | 38 | 20,724 | 14,292 | - | 76,942 |
| Depreciation | - | (44) | (10,352) | (3) | (33,818) | (4,962) | - | (49,179) |
| Closing net book value | 100,735 | 218,774 | 515,611 | 23,126 | 223,600 | 168,231 | 9,327 | 1,259,404 |

At 31 December 2025

| | | | | | | | | |
|--------------------------|----------------|----------------|----------------|---------------|----------------|----------------|--------------|------------------|
| Cost | 100,735 | 410,653 | 1,371,622 | 55,050 | 333,195 | 362,017 | 12,149 | 2,645,421 |
| Accumulated depreciation | - | (191,879) | (856,011) | (31,924) | (109,595) | (193,786) | (2,822) | (1,386,017) |
| Net book value | 100,735 | 218,774 | 515,611 | 23,126 | 223,600 | 168,231 | 9,327 | 1,259,404 |

Annual rate of depreciation (%)

| | 5-10 | 10 | 10 | 20 | 10-30 | 20 |
|--|------|----|----|----|-------|----|
| | | | | | | |

Notes to the Financial Statements

For the year ended December 31, 2025

16.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed off / written off / given as compensation during the year is as follows:

| Description | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|--|---------------|--------------------------|----------------|---------------|---------------|------------------|---|
| | | | | | | | |
| Plant and Machinery | | | | | | | |
| Polyurethane Shoe Making Machines | 41,289 | 31,862 | 9,427 | 13,657 | 4,230 | Negotiation | Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Vehicles | | | | | | | |
| Suzuki Swift APB-948 | 4,574 | 1,878 | 2,696 | 2,696 | - | Company's Policy | Mr. Asad Ali Mirza, Company's employee, Lahore. |
| KIA Sportage AMG-316 | 6,048 | 2,432 | 3,616 | 3,616 | - | Company's Policy | Mr. Babar Ali, Company's employee, Lahore. |
| Toyota Corolla ARL-266 | 7,271 | 1,812 | 5,459 | 6,544 | 1,085 | Negotiation | Service Long March Tyres (Private) Limited - Subsidiary Company, Karachi. |
| Honda City APW-828 | 5,989 | 1,597 | 4,392 | 4,392 | - | Negotiation | Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Honda Civic ANZ-148 | 8,159 | 3,806 | 4,353 | - | (4,353) | Compensation | Mr. Badar-ul-Hassan, former Chief Financial Officer (Deceased), Lahore. |
| Toyota Fortuner AQB-148 | 21,183 | 8,497 | 12,686 | - | (12,686) | Compensation | Mr. Badar-ul-Hassan, former Chief Financial Officer (Deceased), Lahore. |
| Service Equipment | | | | | | | |
| Generator 1000-Kva | 4,598 | 3,261 | 1,337 | 2,000 | 663 | Negotiation | Service Tyres (Private) Limited - Subsidiary Company, Lahore. |
| Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000 | 27,010 | 21,797 | 5,213 | 7,855 | 2,642 | | |
| | 126,121 | 76,942 | 49,179 | 40,760 | (8,419) | | |

Notes to the Financial Statements

For the year ended December 31, 2025

2025 2024
Amount Amount
Rupees in thousand

16.1.2 Depreciation charge for the year has been allocated as follows:

| | | | |
|-------------------------|-----------|----------------|----------------|
| Cost of sales | (Note 34) | 76,744 | 75,602 |
| Distribution cost | (Note 35) | 12,522 | 12,047 |
| Administrative expenses | (Note 36) | 72,372 | 53,695 |
| | | 161,638 | 141,344 |

16.1.3 Particulars of immovable properties are as follows:

| Head office and manufacturing units | Address | Area of land Sq. Feet |
|-------------------------------------|---------------------------------------|--------------------------|
| Head office | 2 - Main Gulberg, Lahore. | 35,017 |
| Manufacturing unit | Gujrat factory and residential colony | 741,936 |
| | | 776,953 |

Notes to the Financial Statements

For the year ended December 31, 2025

16.2 Movement in capital work in progress

| | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Advances against purchase of vehicles | Service equipment | Leasehold improvements | Advances against capital expenditures | Total |
|---|----------------------------------|------------------------|---------------------------------------|--|----------------------|---------------------------|---|---------------|
| | ----- Rupees in thousand ----- | | | | | | | |
| Balance at 31 December 2023 | 91,122 | 298,231 | 3,405 | 13,804 | 497,435 | 28,825 | 364,912 | 1,297,734 |
| Additions during the year | 14,409 | 9,345 | - | 30,021 | 23,331 | - | - | 77,106 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (88,924) | (252,874) | - | - | (476,305) | - | (364,912) | (1,183,015) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (2,198) | - | (3,405) | (158) | (21,130) | (28,825) | - | (55,716) |
| Transferred to operating fixed assets during the year | (14,409) | (7,836) | - | (35,457) | (23,331) | - | - | (81,033) |
| Balance at 31 December 2024 | - | 46,866 | - | 8,210 | - | - | - | 55,076 |
| Balance at 31 December 2024 | - | 46,866 | - | 8,210 | - | - | - | 55,076 |
| Additions during the year | 45,955 | 13,752 | 1,057 | 47,326 | 55,184 | 4,710 | 11,390 | 179,374 |
| Transferred to operating fixed assets during the year | (1,292) | (60,079) | (1,057) | (43,653) | (55,184) | (4,710) | - | (165,975) |
| Balance at 31 December 2025 | 44,663 | 539 | - | 11,883 | - | - | 11,390 | 68,475 |

Notes to the Financial Statements

For the year ended December 31, 2025

17. INVESTMENT PROPERTY

17.1 This represents freehold land stated at cost. Market value of freehold land is estimated at Rupees 4,892.162 million. Forced sale value of investment property as on the reporting date is Rupees 4,402.946 million. The valuation has been carried out by K.G. Traders (Private) Limited an independent valuer. No expenses directly related to investment property were incurred during the year. This freehold land has been given on operating lease to Service Tyres (Private) Limited - Subsidiary Company.

17.2 Particulars of investment property are as follows:

| Description | Address | Area of land Kanals |
|--------------|-------------------|------------------------|
| Factory land | G.T. Road, Gujrat | 222.34 |

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |

18. RIGHT-OF-USE ASSETS

Reconciliation of carrying amount of right-of-use assets

| | | |
|---|----------|-------------|
| Balance at 01 January | 67,389 | 4,521,384 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (21,880) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (4,464,856) |
| Additions during the year | 15,449 | 51,200 |
| Depreciation for the year (Note 18.2) | (22,054) | (18,459) |
| Balance at 31 December | 60,784 | 67,389 |

18.1 Lease of buildings

The Company obtained buildings on lease for godowns and shop. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease period is of five years.

The Company also has certain leases of buildings with lease term of twelve months or less. The Company applies 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases.

There is no impairment against right-of-use assets.

18.2 The depreciation charge amounting to Rupees 22.054 million (2024: Rupees 18.459 million) for the year has been allocated to distribution cost (Note 35).

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |

19. INTANGIBLE ASSETS

Reconciliation of carrying amount of intangible assets

| | | |
|---|---------|---------|
| Balance at 01 January | 3,762 | 1,862 |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (1,860) |
| Additions during the year | - | 5,646 |
| Amortization during the year (Note 19.2) | (1,886) | (1,886) |
| Balance at 31 December | 1,876 | 3,762 |

| | | |
|---|----------|----------|
| 19.1 Cost at 31 December | 40,532 | 40,532 |
| Accumulated amortization at 31 December | (38,656) | (36,770) |
| Net book value at 31 December | 1,876 | 3,762 |

19.2 The amortization charge amounting to Rupees 1.886 million (2024 : Rupees 1.886 million) for the year has been allocated to administration expenses (Note 36).

19.3 Intangible assets - computer software have been amortized at the rate of 33.33% per annum.

19.4 These include intangible assets having cost of Rupees 34.884 million (2024: Rupees 34.884 million) which are fully amortized but still in the use of the Company.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |

20. DEFERRED INCOME TAX ASSET - NET

The deferred income tax asset originated due to timing differences relating to:

Taxable temporary differences:

| | | |
|--------------------------------------|-----------|-----------|
| Accelerated tax depreciation | (171,015) | (146,999) |
| Fair value reserve FVTOCI investment | (8,860) | (8,478) |
| Right-of-use assets | (23,706) | (26,282) |
| | (203,581) | (181,759) |

Deductible temporary differences:

| | | |
|---|---------------|---------------|
| Allowance for expected credit losses | 50,829 | 52,681 |
| Provision for doubtful advances to suppliers | 2,885 | 1,817 |
| Provision for slow moving and obsolete stores | 410 | 296 |
| Provision for slow moving and obsolete stock-in-trade | 76,768 | 74,254 |
| Lease liabilities | 29,089 | 31,575 |
| Minimum tax carry forward | 96,648 | 94,102 |
| | 256,629 | 254,725 |
| Deferred income tax asset - net | 53,048 | 72,966 |

Notes to the Financial Statements

For the year ended December 31, 2025

20.1 Movement in deferred income tax balances during the year is as follows:

| | 2025 | | | |
|---|--------------------|---|---|-----------------|
| | Opening balance | Recognized in statement of profit or loss | Recognized in statement of comprehensive income | Closing balance |
| | Rupees in thousand | | | |
| Accelerated tax depreciation | (146,999) | (24,016) | - | (171,015) |
| Fair value reserve FVTOCI investment | (8,478) | - | (382) | (8,860) |
| Right-of-use assets | (26,282) | 2,576 | - | (23,706) |
| Allowance for expected credit losses | 52,681 | (1,852) | - | 50,829 |
| Provision for doubtful advances to suppliers | 1,817 | 1,068 | - | 2,885 |
| Provision for slow moving and obsolete stores | 296 | 114 | - | 410 |
| Provision for slow moving and obsolete stock-in-trade | 74,254 | 2,514 | - | 76,768 |
| Lease liabilities | 31,575 | (2,486) | - | 29,089 |
| Minimum tax carry forward: | | | | |
| Available | 131,302 | (34,654) | - | 96,648 |
| Movement in deferred income tax not recognized | (37,200) | 37,200 | - | - |
| Deferred income tax recognized | 94,102 | 2,546 | - | 96,648 |
| | 72,966 | (19,536) | (382) | 53,048 |

| | 2024 | | | | | | |
|---|--------------------|--|---|---|---|---|-----------------|
| | Opening balance | Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | Transferred to Service Industries Capital (Private) Limited - Subsidiary Company pursuant to the Scheme | Recognized in statement of profit or loss | Recognized in statement of comprehensive income | Closing balance |
| | Rupees in thousand | | | | | | |
| Accelerated tax depreciation | (1,100,577) | 902,196 | 76,985 | - | (25,603) | - | (146,999) |
| Investment in associate | (67,090) | - | - | 67,090 | - | - | - |
| Fair value reserve FVTOCI investment | (9,943) | - | - | - | - | 1,465 | (8,478) |
| Right-of-use assets | (1,763,340) | 8,533 | 1,741,295 | - | (12,770) | - | (26,282) |
| Allowance for expected credit losses | 108,450 | (62,396) | - | - | 6,627 | - | 52,681 |
| Provision for doubtful advances to suppliers | 3,046 | (2,445) | - | - | 1,216 | - | 1,817 |
| Provision for slow moving and obsolete stores | 12,515 | (12,457) | - | - | 238 | - | 296 |
| Provision for slow moving and obsolete stock-in-trade | 35,180 | (9,266) | (14,655) | - | 62,995 | - | 74,254 |
| Lease liabilities | 2,130,016 | (10,558) | (2,104,107) | - | 16,224 | - | 31,575 |
| Minimum tax carry forward: | | | | | | | |
| Available | 1,032,040 | (742,831) | (143,673) | - | (14,234) | - | 131,302 |
| Movement in deferred income tax not recognized | (410,203) | 279,819 | 40,966 | - | 52,218 | - | (37,200) |
| Deferred income tax recognized | 621,837 | (463,012) | (102,707) | - | 37,984 | - | 94,102 |
| | (29,906) | 350,595 | (403,189) | 67,090 | 86,911 | 1,465 | 72,966 |

| | 2025 | | 2024 | |
|---------------------------|--|---------------|--|----------------|
| | Accounting year to which minimum tax carry forward relates | Amount | Accounting year to which minimum tax carry forward will expire | Amount |
| Minimum tax carry forward | 2024 | 23,033 | 2027 | 23,033 |
| | 2023 | 25,837 | 2026 | 25,837 |
| | 2022 | - | 2025 | 34,654 |
| | 2021 | 47,778 | 2026 | 47,778 |
| | | 96,648 | | 131,302 |

Notes to the Financial Statements

For the year ended December 31, 2025

| | | 2025 Amount | 2024 Amount |
|---|--------------------------|--------------------|----------------|
| | | Rupees in thousand | |
| 21. LONG TERM INVESTMENTS | | | |
| Investments in subsidiary companies - at cost | (Note 21.1) | 13,965,219 | 14,125,899 |
| Investment in associate (with significant influence) - under equity method | (Note 21.2) | - | - |
| Investment in joint ventures | (Note 21.3) | - | - |
| Other investment - at FVTOCI | (Note 21.4) | 56,467 | 54,769 |
| | | 14,021,686 | 14,180,668 |
| 21.1 Investments in subsidiary companies - at cost | | | |
| Service Industries Capital (Private) Limited - unquoted 74,082,700 (2024: 74,082,700) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2024: 100%) | (Note 21.1.1) | 740,827 | 740,827 |
| Service Global Footwear Limited - quoted 154,866,080 (2024: 163,550,000) fully paid ordinary shares of Rupees 10 each. Equity held 75.01% (2024: 79.37%) | (Notes 21.1.2 to 21.1.5) | 2,865,504 | 3,026,184 |
| Service Long March Tyres (Private) Limited - unquoted 1,582,698,295 (2024: 1,582,698,295) fully paid ordinary shares of Rupees 02 each. Equity held 21.37% (2024: 22.09%) | (Note 21.1.6 & 21.1.7) | 3,179,430 | 3,179,430 |
| Service Tyres (Private) Limited - unquoted 666,724,300 (2024: 666,724,300) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2024: 100%) | (Note 21.1.8) | 6,667,243 | 6,667,243 |
| Service Retail (Private) Limited - unquoted 50,500,000 (2024: 50,500,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2024: 100%) | (Note 21.1.9) | 505,000 | 505,000 |
| SIL GULF (FZE) - unquoted 1 (2024: 1) fully paid share of UAE Dirhams 150,000 Equity held 100% (2024: 100%) | | 7,215 | 7,215 |
| | | 13,965,219 | 14,125,899 |

21.1.1 Investment in Service Industries Capital (Private) Limited includes 3 shares held in the name of nominee directors of the Company.

21.1.2 Investment in Service Global Footwear Limited includes 9 shares held in the name of nominee directors of the Company.

21.1.3 Investment in Subsidiary Company, Service Global Footwear Limited - quoted

| | 2025 Amount | 2024 Amount |
|---------------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Investment at 01 January - at cost | 3,026,184 | 3,026,184 |
| Partially disposed of during the year | (160,680) | - |
| Investment at 31 December - at cost | 2,865,504 | 3,026,184 |

21.1.4 Partial disposal of investment

| | | |
|--|---------------|------------------|
| Consideration received | | |
| Cost of investment disposed of | (Note 21.1.3) | 676,850 |
| Gain on partial disposal of long term investment | (Note 38) | (160,680) |
| | | 516,170 |

21.1.5 During the year, Company has disposed of 8.68 million shares of Service Global Footwear Limited - Subsidiary Company for compliance with PSX Regulations regarding public shareholding post-listing as per Regulation 5.4.1 of Rule Book of Pakistan Stock Exchange Limited.

21.1.6 The Company, Service Global Footwear Limited - Subsidiary Company and Service Tyres (Private) Limited - Subsidiary Company collectively hold 49.35% of the ordinary shares of Service Long March Tyres (Private) Limited and controls the composition of the board of Service Long March Tyres (Private) Limited as it can appoint or remove a majority of the directors of Service Long March Tyres (Private) Limited. Hence, Service Long March Tyres (Private) Limited is deemed to be a Subsidiary Company of the Company as per the Companies Act, 2017. During the year, the shareholding of the Company has been diluted due to issuance of shares by Service Long March Tyres (Private) Limited under employee share option scheme.

21.1.7 During the year, on 13 October 2025, the members of Service Long March Tyres (Private) Limited (SLM) - Subsidiary Company, in their Annual General Meeting, passed a special resolution to subdivide the Subsidiary Company's shares by reducing the face value from Rupees 10 to Rupees 2. Accordingly, the existing shares were split into shares having a face value of Rupees 2 each. SLM applied for change in status from private company to public company. Securities and Exchange Commission of Pakistan has approved the said conversion into public company with effect from 06 January 2026.

21.1.8 Investment in Service Tyres (Private) Limited include 1 share held in the name of nominee director of the Company.

21.1.9 Investment in Service Retail (Private) Limited include 1 share held in the name of nominee director of the Company.

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 21.2 Investment in associate (with significant influence) - under equity method | | |
| Speed (Private) Limited - unquoted | | |
| Nil (2024: Nil) fully paid ordinary shares of Rupees 100 each | - | - |
| Share of post acquisition changes in investee's net assets: | | |
| At 01 January | - | 216,962 |
| Transferred to Service Industries Capital (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (216,962) |
| Share of post acquisition profit for the year - net of tax | - | - |
| | - | - |

21.2.1 Speed (Private) Limited is primarily engaged in the business of distribution of international brands of footwear, apparel, watches, bags, sunglasses etc. The registered office of Speed (Private) Limited is situated at Office No.1, First Floor, Service Club Extension Building, Mereweather Road, Karachi.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 21.3 Investment in joint ventures | | |
| S2 Power Limited | | |
| 24,000 (2024: 24,000) fully paid ordinary shares of Rupees 10 each (Note 21.3.1) | 240 | 240 |
| S2 Hydro Limited | | |
| 24,000 (2024: 24,000) fully paid ordinary shares of Rupees 10 each (Note 21.3.1) | 240 | 240 |
| | 480 | 480 |
| Impairment loss against investment | (480) | (480) |
| | - | - |

21.3.1 S2 Power Limited and S2 Hydro Limited are defunct companies since long. Moreover, on 03 June 2025, the members of S2 Power Limited have filed application with the concerned Registrar, Company Registration Office, Securities and Exchange Commission of Pakistan for striking off name of S2 Power Limited from the Register of Companies under the Companies Regulations, 2024 and Section 426 of the Companies Act, 2017.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 21.4 Other investment - at FVTOCI | | |
| TRG Pakistan Limited - quoted | | |
| 775,000 (2024: 775,000) fully paid ordinary shares of Rupees 10 each | 17,089 | 17,089 |
| Fair value adjustment | 39,378 | 37,680 |
| | 56,467 | 54,769 |

22. LONG TERM LOANS TO EMPLOYEES

Considered good:

| | | | |
|--|---------------------------|---------|---------|
| Executives | (Notes 22.1, 22.2 & 22.3) | 21,375 | 17,335 |
| Other employees | (Note 22.3) | 433 | 487 |
| | | 21,808 | 17,822 |
| Current portion shown under current assets | (Note 27) | | |
| Executives | | (6,856) | (5,442) |
| Other employees | | (264) | (319) |
| | | (7,120) | (5,761) |
| | | 14,688 | 12,061 |

22.1 Reconciliation of carrying amount of loans to executives:

| | | |
|---|---------|----------|
| Balance at 01 January | 17,335 | 27,641 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (5,970) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (9,493) |
| Disbursements during the year | 12,000 | 19,126 |
| Repayments during the year | (7,960) | (13,969) |
| Balance at 31 December | 21,375 | 17,335 |

22.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 26.739 million (2024: Rupees 22.800 million).

22.3 These represent interest free loans to executives and employees for general purposes and house building, which are recoverable in monthly instalments over a period of 1 to 7 years and are secured by amount due to the employees against retirement benefit.

22.4 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 23. LONG TERM SECURITY DEPOSITS | | |
| Security deposits against Ijarah | - | 2,558 |
| Security deposits against right-of-use assets | 3,845 | 3,530 |
| Security deposits - others | 7,456 | 7,594 |
| | 11,301 | 13,682 |
| Current portion shown under current assets (Note 29) | - | (2,558) |
| | 11,301 | 11,124 |
| 24. STORES, SPARES AND LOOSE TOOLS | | |
| Machinery spares | 5,664 | 10,511 |
| Stores (Note 24.1) | 18,594 | 19,160 |
| | 24,258 | 29,671 |
| Provision for slow moving and obsolete items (Note 24.2) | (1,051) | (758) |
| | 23,207 | 28,913 |

24.1 These include stores in transit of Rupees 8.330 million (2024: Rupees 13.993 million).

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 24.2 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 758 | 37,754 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (37,577) |
| Provision for the year | 293 | 581 |
| Balance at 31 December | 1,051 | 758 |

25. STOCK-IN-TRADE

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| Raw materials (Note 25.1) | 1,000,500 | 729,974 |
| Packing materials | 28,368 | 27,502 |
| Work-in-process | 256,986 | 269,280 |
| Finished goods (Notes 25.2) | | |
| - Own production | 416,297 | 416,795 |
| - Purchased | 620,473 | 425,874 |
| | 1,036,770 | 842,669 |
| | 2,322,624 | 1,869,425 |
| Provision for slow moving and obsolete items (Note 25.4) | (196,840) | (190,394) |
| | 2,125,784 | 1,679,031 |

25.1 These include stock in transit of Rupees 0.726 million (2024: Rupees 35.352 million).

25.2 Finished goods of Rupees 97.828 million (2024: Rupees 205.099 million) are being carried at net realizable value.

25.3 The aggregate amount of Rupees 46.045 million (2024: Rupees 57.753 million) has been charged to cost of sales, being the cost of inventory written down.

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 25.4 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 190,394 | 106,123 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (27,953) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (44,210) |
| Provision for the year | 6,446 | 156,434 |
| Balance at 31 December | 196,840 | 190,394 |

26. TRADE DEBTS

Considered good:

Secured:

- Against irrevocable letters of credit

- 7,799

Unsecured:

- Related parties

(Notes 26.3) - 4,696

- Others

(Note 26.4) 1,187,088 1,943,289

1,187,088 1,947,985

1,187,088 1,955,784

Allowance for expected credit losses (Note 26.5) (130,332) (135,080)

1,056,756 1,820,704

26.1 Jurisdictions of trade debts:

| | | |
|-----------|------------------|-----------|
| Europe | - | 175,498 |
| Asia | - | 4,737 |
| Australia | - | 5,477 |
| Africa | - | 273,767 |
| Pakistan | 1,187,088 | 1,496,305 |
| | 1,187,088 | 1,955,784 |

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|--------------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| 26.2 Types of counterparties: | | |
| Export | | |
| Corporate | - | 459,480 |
| Other | - | - |
| | - | 459,480 |
| Local | | |
| Corporate | 644,957 | 1,032,631 |
| Other | 542,131 | 463,673 |
| | 1,187,088 | 1,496,304 |
| | 1,187,088 | 1,955,784 |

26.3 This represented amount due from Service Long March Tyres (Private) Limited - Subsidiary Company. The maximum aggregate amount receivable at the end of any month during the year was Rupees Nil (2024: Rupees 4.696 million). It was neither past due nor impaired.

26.4 As at 31 December 2025, trade debts due from other than related parties of Rupees 155.826 million (2024: Rupees 682.679 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

| | 2025 Amount | 2024 Amount |
|--------------------|--------------------|----------------|
| | Rupees in thousand | |
| Upto 1 month | | |
| 1 to 6 months | 70,747 | 54,919 |
| More than 6 months | 62,836 | 577,347 |
| | 22,243 | 50,413 |
| | 155,826 | 682,679 |

26.5 Allowance for expected credit losses

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| Balance at 01 January | 135,080 | 327,148 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (188,222) |
| Allowance for expected credit losses reversed during the year (Note 38) | (4,748) | (3,846) |
| Balance at 31 December | 130,332 | 135,080 |

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 27. LOANS AND ADVANCES | | |
| Considered good: | | |
| Advances to staff | 5,028 | 6,256 |
| Current portion of long term loans to employees (Note 22) | 7,120 | 5,761 |
| Advances to suppliers | 64,511 | 71,832 |
| Letters of credit | 62,485 | 42,404 |
| Short term loan to Service Retail (Private) Limited - Subsidiary Company (Note 27.2) | - | 1,692,442 |
| Others (Note 27.3) | 287 | 1,058 |
| | 139,431 | 1,819,753 |
| Considered doubtful: | | |
| Advances to suppliers | 7,397 | 4,660 |
| Provision against doubtful advances to suppliers (Note 27.1) | (7,397) | (4,660) |
| | 139,431 | 1,819,753 |

27.1 Provision against doubtful advances to suppliers

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| Balance at 01 January | 4,660 | 9,188 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (7,379) |
| Provision recognized during the year (Note 37) | 2,737 | 2,851 |
| Balance at 31 December | 7,397 | 4,660 |

27.2 This represented unsecured loan to Service Retail (Private) Limited - Subsidiary Company for working capital requirement. This carried mark-up at 1-month KIBOR plus 0.5 percent per annum or average borrowing cost of the Company, whichever is higher. The maximum aggregate amount receivable from the Subsidiary Company at the end of any month during the year was Rupees 1,518.344 million (2024: Rupees 1,692.442 million). It was neither past due nor impaired. Effective rate of mark-up charged on this short term loan ranged from 11.83% to 13.81% (2024: 15.36% to 21.33%) per annum.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 27.3 These include amount due from following related parties: | | |
| S2 Power Limited - joint venture | 2,691 | 2,691 |
| S2 Hydro Limited - joint venture | 11,476 | 11,476 |
| | 14,167 | 14,167 |
| Impairment loss against advances | (14,167) | (14,167) |
| | - | - |

Notes to the Financial Statements

For the year ended December 31, 2025

27.3.1 The maximum aggregate of amount due from related parties at the end of any month during the year was as follows:

| | 2025 Amount | 2024 Amount |
|----------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| S2 Power Limited - joint venture | 2,691 | 2,691 |
| S2 Hydro Limited - joint venture | 11,476 | 11,476 |

28. ACCRUED MARK-UP

| | | |
|---|---|---|
| On short term loan to Service Retail (Private) Limited - Subsidiary Company (Note 28.1) | - | - |
|---|---|---|

28.1 The maximum aggregate outstanding amount at the end of any month during the year was Rupees 32.674 million (2024: Rupees 17.971 million).

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 29. TRADE DEPOSITS AND PREPAYMENTS | | |
| Security deposits | 122,724 | 97,915 |
| Prepayments | 24,368 | 28,779 |
| Current portion of long term security deposits (Note 23) | - | 2,558 |
| | 147,092 | 129,252 |

30. OTHER RECEIVABLES

| Considered good: | | |
|-------------------------|--------------------|----------------|
| | 2025 Amount | 2024 Amount |
| | Rupees in thousand | |
| Duty drawback | 25,879 | 26,553 |
| Custom duty rebate | 42,628 | 65,426 |
| Sales tax refundable | 421,896 | 470,207 |
| Others (Note 30.1) | 185 | 3,830 |
| | 490,588 | 566,016 |

30.1 These included amount of Rupees Nil (2024: Rupees 1.594 million) receivable from Service Industries Capital (Private) Limited - Subsidiary Company against expenses incurred on behalf of the Subsidiary Company. The maximum aggregate amount receivable at the end of any month during the year was Rupees 1.594 million (2024: Rupees 1.594 million).

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 31. SHORT TERM INVESTMENT | | |
| At amortized cost | | |
| Term deposits receipts (Note 31.1 & 31.2) | 435,419 | 372,419 |
| Interest accrued thereon | 5,658 | 2,758 |
| | 441,077 | 375,177 |

31.1 These represent term deposits with banking companies having maturity period of one month to one year and carry profit at the rates ranging from 5.05% to 11% per annum (2024: 5.59% to 21% per annum).

31.2 These include Rupees 255.500 million (2024: Rupees Nil) deposit under lien with the bank of the Company against guarantees issued by the bank to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.

| | 2025 Amount | 2024 Amount |
|-----------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| 32. CASH AND BANK BALANCES | | |
| With banks: | | |
| On current accounts: | | |
| Local currency (Note 32.1) | 166,943 | 387,417 |
| Foreign currency (Note 32.2) | 6,648 | 25,261 |
| | 173,591 | 412,678 |
| On saving accounts: | | |
| Local currency (Note 32.3) | 2,581,169 | 2,627 |
| | 2,754,760 | 415,305 |
| Cash in hand | 15,358 | 1,645 |
| | 2,770,118 | 416,950 |

32.1 These include bank balance of Rupees 522 (2024: Rupees 2,210) maintained with JS Bank Limited - associated Company.

32.2 This represents USD 1,394 (2024: USD 1,394) and EURO 19,029 (2024: EURO 85,747).

32.3 Rate of profit on saving accounts ranges from 9.50% to 11.75% (2024: 13.5% to 21.5%) per annum.

| | 2025 Amount | 2024 Amount |
|--|--------------------|-------------------|
| | Rupees in thousand | |
| 33. REVENUE - NET | | |
| Revenue from contracts with customers: | | |
| Export: | | |
| - Sales | 30,098 | 3,050,424 |
| - Discounts, commissions etc. | (2,242) | (49,991) |
| | 27,856 | 3,000,433 |
| Local: | | |
| - Sales | 8,328,391 | 16,593,771 |
| - Sales tax | (1,200,826) | (2,466,054) |
| - Discounts, commissions etc. | (473,413) | (536,143) |
| | 6,654,152 | 13,591,574 |
| Processing income: | | |
| - Sales | 1,640 | 20,402 |
| - Sales tax | (250) | (3,112) |
| | 1,390 | 17,290 |
| Commission income | 3,605 | 26,890 |
| | 6,687,003 | 16,636,187 |

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 33.1 Sales of footwear - net | | |
| Export sales | 27,856 | 1,096,192 |
| Local sales | 5,113,818 | 4,406,538 |
| | 5,141,674 | 5,502,730 |
| Processing income - net | 1,390 | 17,290 |
| Sales of tyres and related raw material - net | | |
| Export sales | - | 1,904,241 |
| Local sales | 1,415,421 | 8,747,900 |
| | 1,415,421 | 10,652,141 |
| Commission income | 3,605 | 26,890 |
| Sales of technical rubber products - net | | |
| Local sales | 124,913 | 437,136 |
| | 6,687,003 | 16,636,187 |

33.2 The amount of Rupees 130.683 million included in contract liabilities (Note 10) at 31 December 2024 has been recognised as revenue in 2025 (2024: Rupees 144.808 million).

33.3 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 34. COST OF SALES | | |
| Raw materials consumed (Note 34.1) | 2,904,019 | 2,659,539 |
| Salaries, wages and other benefits (Note 34.2) | 1,093,249 | 993,965 |
| Stores and spares consumed | 115,303 | 149,353 |
| Packing materials consumed | 191,533 | 197,947 |
| Fuel and power | 133,957 | 153,737 |
| Insurance | 20,058 | 20,503 |
| Travelling | 11,508 | 12,371 |
| Repair and maintenance | 41,960 | 57,916 |
| Entertainment | 2,284 | 2,330 |
| Depreciation on operating fixed assets (Note 16.1.2) | 76,744 | 75,602 |
| Provision for slow moving and obsolete inventory | 6,739 | 157,015 |
| Vendor processing charges | 3,015 | 2,314 |
| Other manufacturing charges | 7,212 | 7,432 |
| | 4,607,581 | 4,490,024 |

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| Work-in-process: | | |
| Opening stock | 269,280 | 400,386 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (76,835) |
| Closing stock | (256,986) | (269,280) |
| | 12,294 | 54,271 |
| Cost of goods manufactured | 4,619,875 | 4,544,295 |
| Finished goods: | | |
| Opening stock | 842,669 | 6,357,627 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (2,180,313) |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (3,029,171) |
| Purchases during the year | 1,613,802 | 11,242,642 |
| Closing stock | (1,036,770) | (842,669) |
| | 1,419,701 | 11,548,116 |
| | 6,039,576 | 16,092,411 |

| | | |
|--|-------------|-------------|
| 34.1 Raw material consumed | | |
| Opening stock | 729,974 | 3,610,961 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | - | (2,701,109) |
| Purchases during the year | 3,174,545 | 2,479,661 |
| Closing stock | (1,000,500) | (729,974) |
| Raw materials consumed during the year (Note 34.1.1) | 2,904,019 | 2,659,539 |

34.1.1 Custom duty rebate for the year amounting to Rupees 0.537 million (2024: Rupees 42.609 million) has been adjusted against raw materials consumed.

34.2 Salaries, wages and other benefits include Rupees 41.142 million (2024: Rupees 32.103 million), Rupees 19.325 million (2024: Rupees 16.553 million) and Rupees 4.376 million (2024: Rupees 4.071 million) in respect of provident fund, gratuity fund and compensated absences respectively.

Notes to the Financial Statements

For the year ended December 31, 2025

| | | 2025 | 2024 |
|--|---------------|--------------------|----------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 35. DISTRIBUTION COST | | | |
| Salaries and other benefits | (Note 35.1) | 138,925 | 127,523 |
| Freight and insurance | | 51,451 | 103,287 |
| Advertisement and publicity | | 6,188 | 19,104 |
| Communication | | 1,546 | 2,388 |
| Entertainment | | 2,031 | 2,515 |
| Samples | | 43,188 | 80,800 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 12,522 | 12,047 |
| Depreciation on right-of-use assets | (Note 18.2) | 22,054 | 18,459 |
| Rent, rates and taxes | (Note 35.2) | 615 | 1,348 |
| Repairs and maintenance | | 414 | 1,570 |
| Legal and professional | | 1,321 | 3,788 |
| Postage and courier | | 4,881 | 4,832 |
| Fuel and power | | 4,702 | 4,969 |
| Travelling and conveyance | | 29,213 | 26,593 |
| Others | | 3,871 | 7,214 |
| | | 322,922 | 416,437 |

35.1 Salaries and other benefits include Rupees 6.418 million (2024: Rupees 4.541 million), Rupees 0.365 million (2024: Rupees 0.313 million) and Rupees 0.207 million (2024: Rupees 0.433 million) in respect of provident fund, gratuity fund and compensated absences respectively.

35.2 These include rent expense of Rupees 0.615 million (2024: Rupees 0.872 million) relating to short term leases respectively.

| | | 2025 | 2024 |
|--|---------------|--------------------|----------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 36. ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | (Note 36.1) | 480,063 | 374,997 |
| Communication | | 13,305 | 9,669 |
| Printing and stationery | | 3,265 | 4,554 |
| Travelling and conveyance | | 25,905 | 6,593 |
| Entertainment | | 19,246 | 17,154 |
| Vehicles' running | | 23,605 | 8,743 |
| Insurance | | 5,868 | 1,907 |
| Rent, rates and taxes | (Note 36.2) | 7,473 | 7,740 |
| Fuel and power | | 19,014 | 20,459 |
| Repairs and maintenance | | 9,192 | 10,152 |
| Auditor's remuneration | (Note 36.3) | 5,233 | 4,756 |
| Legal and professional | | 5,297 | 5,368 |
| Fee and subscription | | 1,425 | 1,916 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 72,372 | 53,695 |
| Amortization on intangible assets | (Note 19.2) | 1,886 | 1,886 |
| Ijarah rentals | | 770 | 1,088 |
| Computer running and maintenance | | 4,663 | 1,934 |
| Advertisement | | 238 | 372 |
| General | | 20,402 | 12,709 |
| | | 719,222 | 545,692 |

36.1 Salaries and other benefits include Rupees 14.298 million (2024: Rupees 7.407 million), Rupees 3.212 million (2024: Rupees 2.751 million) and Rupees 0.190 million (2024: Rupees 0.362 million) in respect of provident fund, gratuity fund and compensated absences respectively.

36.2 These include rent expense of Rupees 4.799 million (2024: Rupees 6.560 million) relating to short term leases respectively.

| | 2025 | 2024 |
|--|--------------------|--------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 36.3 Auditor's remuneration: | | |
| Statutory audit fee | 3,173 | 2,884 |
| Statutory audit fee of consolidated financial statements | 390 | 354 |
| Half yearly review | 1,080 | 982 |
| Certification charges | 127 | 115 |
| Reimbursable expenses | 463 | 421 |
| | 5,233 | 4,756 |

Notes to the Financial Statements

For the year ended December 31, 2025

| | | 2025 Amount | 2024 Amount |
|--|-------------|--------------------|----------------|
| | | Rupees in thousand | |
| 37. OTHER EXPENSES | | | |
| Donations | (Note 37.1) | 12,640 | 33,333 |
| Other receivable - Duty drawback written off | | 673 | - |
| Workers' welfare fund | (Note 10.3) | 25,083 | 13,610 |
| Provision for doubtful advances to suppliers | (Note 27.1) | 2,737 | 2,851 |
| Operating fixed assets written off - net | | 19,010 | 502 |
| | | 60,143 | 50,296 |

37.1 The names of donees to whom donation amount exceeds Rupees 1.264 million (2024: Rupees 3.333 million) or donees in which directors have interest are as follows:

| | | 2025 Amount | 2024 Amount |
|--------------------------|---------------|--------------------|----------------|
| | | Rupees in thousand | |
| Servis Foundation | (Note 37.1.1) | - | 25,947 |
| Shalamar Hospital | (Note 37.1.2) | 840 | 1,415 |
| Service Charitable Trust | (Note 37.1.3) | 11,800 | 5,971 |
| | | 12,640 | 33,333 |

37.1.1 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Company are directors of Servis Foundation.

37.1.2 Mr. Omar Saeed, Director of the Company is Trustee in Shalamar Hospital.

37.1.3 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Company are members of Board of Trustees of Service Charitable Trust.

| | | 2025 Amount | 2024 Amount |
|--|--|--------------------|----------------|
| | | Rupees in thousand | |

38. OTHER INCOME

Income from financial assets

| | | | |
|---|-------------|-----------|-----------|
| Return on bank deposits and term deposit receipts | | 34,215 | 37,136 |
| Interest on loans to Subsidiary Companies | | 48,460 | 136,919 |
| Dividend income | | 2,016,859 | 2,788,316 |
| Exchange gain - net | | 10,578 | 4,268 |
| Reversal of allowance for expected credit losses | (Note 26.5) | 4,748 | 3,846 |

| | | 2025 Amount | 2024 Amount |
|--|---------------|--------------------|------------------|
| | | Rupees in thousand | |
| Income from non-financial assets | | | |
| Gain on disposal of operating fixed assets - net | | 10,591 | 5,601 |
| Gain on disposal of long term investment | (Note 21.1.4) | 516,170 | - |
| Credit balances written back | | 1,749 | - |
| Rental income | | 259,464 | 243,942 |
| Scrap sales | | 38,412 | 51,020 |
| Miscellaneous | | 36,000 | 36,000 |
| | | 2,977,246 | 3,307,048 |

39. FINANCE COST

Mark-up / interest on:

| | | | |
|---|------------|------------------|------------------|
| - long term financing | | 923,441 | 1,238,480 |
| - short term borrowings | | 253,368 | 742,484 |
| - loans from Service Global Footwear Limited - Subsidiary Company | | 33,354 | 87,133 |
| - loan from Service Tyres (Private) Limited - Subsidiary Company | | 57,895 | 75,127 |
| - lease liabilities | (Note 7.1) | 13,936 | 13,313 |
| Bank charges and commission | | 11,341 | 15,041 |
| | | 1,293,335 | 2,171,578 |

40. LEVY

| | | | |
|--------------------------|--|--------|---------|
| Minimum tax differential | | 23,033 | 220,045 |
|--------------------------|--|--------|---------|

40.1 The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 and the charge for levy has been made accordingly.

| | | 2025 Amount | 2024 Amount |
|--|--|--------------------|----------------|
| | | Rupees in thousand | |

41. TAXATION

| | | | |
|--------------|-------------|----------------|----------------|
| Current | (Note 41.1) | 499,236 | 406,278 |
| Deferred tax | | 19,536 | (86,911) |
| | | 518,772 | 319,367 |

41.1 The Company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001 and the provision for current taxation has been made accordingly.

Notes to the Financial Statements

For the year ended December 31, 2025

2025
Amount
Rupees in thousand

2024
Amount

Reconciliation between tax expense and accounting profit:

| | 2025 Amount Rupees in thousand | 2024 Amount |
|--|--------------------------------------|----------------|
| Accounting profit before taxation and levy | 1,229,051 | 666,821 |
| Applicable tax rate | 29% | 29% |
| Tax on accounting profit | 356,425 | 193,378 |
| Effect of deferred tax | 19,536 | (86,911) |
| Effect of super tax | 181,157 | 150,346 |
| Tax effect of tax on dividends from subsidiary companies | 194,310 | 189,136 |
| Tax effect of tax on capital gain | 64,521 | - |
| Effect of minimum tax | 59,248 | 89,829 |
| Effect of group taxation | - | - |
| Effect of expenses and income that are not considered in determining taxable liability | (356,425) | (193,378) |
| Current tax liability and levy as per applicable tax laws | 518,772 | 342,400 |
| Levy (Note 40) | - | (23,033) |
| Taxation (Note 41) | (518,772) | (319,367) |
| | - | - |

42. EARNINGS PER SHARE - BASIC AND DILUTED

42.1 There is no dilutive effect on basic earnings per share for the year ended 31 December 2025 and 31 December 2024 as the Company has no potential ordinary shares as on 31 December 2025 and 31 December 2024.

2025
Amount
Rupees in thousand

2024
Amount

| | 2025 Amount Rupees in thousand | 2024 Amount |
|--|--------------------------------------|----------------|
| Profit after taxation attributable to ordinary shareholders (Rupees in thousand) | 710,279 | 324,421 |
| Weighted average number of ordinary shares (Numbers) | 46,987,454 | 46,987,454 |
| Earnings per share (Rupees) | 15.12 | 6.90 |

2025
Amount
Rupees in thousand

2024
Amount

43. CASH GENERATED FROM / (USED IN) OPERATIONS

| | 2025 Amount Rupees in thousand | 2024 Amount |
|--|--------------------------------------|----------------|
| Profit before levy and taxation | 1,229,051 | 666,821 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on operating fixed assets (Note 16.1.2) | 161,638 | 141,344 |
| Depreciation on right-of-use-assets (Note 18.2) | 22,054 | 18,459 |
| Amortization on intangible assets (Note 19.1.2) | 1,886 | 1,886 |
| Exchange gain - net (Note 38) | (10,578) | (4,268) |
| Provision for gratuity (Note 8.5) | 22,902 | 19,617 |
| Finance cost (Note 39) | 1,293,335 | 2,171,578 |
| Dividend income (Note 38) | (2,016,859) | (2,788,316) |
| Provision for workers' welfare fund (Note 37) | 25,083 | 13,610 |
| Provision for slow moving and obsolete inventory (Note 34) | 6,739 | 157,015 |
| Reversal of allowance for expected credit losses (Note 38) | (4,748) | (3,846) |
| Other receivable - Duty drawback written off (Note 37) | 673 | - |
| Credit balances written back (Note 38) | (1,749) | - |
| Return on bank deposits and term deposits receipts (Note 38) | (34,215) | (37,136) |
| Gain on disposal of long term investment (Note 38) | (516,170) | - |
| Gain on disposal of operating fixed assets - net | (10,591) | (5,601) |
| Provision for doubtful advances to suppliers (Note 37) | 2,737 | 2,851 |
| Operating fixed assets written off - net (Note 37) | 19,010 | 502 |
| Working capital changes (Note 43.1) | 2,357,618 | (1,211,921) |
| | 2,547,816 | (857,405) |

43.1 Working capital changes

| | 2025 Amount Rupees in thousand | 2024 Amount |
|--|--------------------------------------|----------------|
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | 5,413 | 46,038 |
| Stock-in-trade | (453,199) | 537,124 |
| Trade debts | 779,274 | (763,966) |
| Loans and advances | 1,678,944 | (902,542) |
| Trade deposits and prepayments | (20,398) | (6,141) |
| Other receivables | 74,755 | (373,645) |
| | 2,064,789 | (1,463,132) |
| Increase in trade and other payables | 292,829 | 251,211 |
| | 2,357,618 | (1,211,921) |

Notes to the Financial Statements

For the year ended December 31, 2025

43.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

| | 2025 | | | |
|---|---------------------------------------|-------------------|-----------------------|--------------------|
| | Liabilities from financing activities | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend |
| | -----Rupees in thousand ----- | | | |
| Balance at 31 December 2024 | 5,673,861 | 80,961 | 6,047,096 | 47,509 |
| Financing / borrowings obtained | 3,000,000 | - | 29,643,580 | - |
| Repayment of financing / lease liabilities / borrowings | (1,258,996) | (21,823) | (31,369,415) | - |
| Dividend declared | - | - | - | 704,812 |
| Dividend paid | - | - | - | (698,298) |
| Other changes - non-cash movement: | | | | |
| Lease liabilities recognized during the year | - | 15,449 | - | - |
| Balance at 31 December 2025 | 7,414,865 | 74,587 | 4,321,261 | 54,023 |

| | 2024 | | | |
|---|---------------------------------------|-------------------|-----------------------|--------------------|
| | Liabilities from financing activities | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend |
| | -----Rupees in thousand ----- | | | |
| Balance at 31 December 2023 | 11,014,638 | 5,461,579 | 10,889,573 | 43,783 |
| Transferred to Service Tyres (Private) Limited - Subsidiary Company pursuant to the Scheme | (3,695,704) | (34,067) | (6,827,704) | - |
| Transferred to Service Retail (Private) Limited - Subsidiary Company pursuant to the Scheme | (800,000) | (5,388,150) | (1,728,304) | - |
| Transferred from Service Retail (Private) Limited - Subsidiary Company | 800,000 | - | - | - |
| Financing / borrowings obtained | 112,498 | - | 43,627,770 | - |
| Repayment of financing / lease liabilities / borrowings | (1,757,571) | (9,601) | (39,914,239) | - |
| Dividend declared | - | - | - | 469,875 |
| Dividend paid | - | - | - | (466,149) |
| Other changes - non-cash movement: | | | | |
| Lease liabilities recognized during the year | - | 51,200 | - | - |
| Balance at 31 December 2024 | 5,673,861 | 80,961 | 6,047,096 | 47,509 |

2025 2024
Amount Amount
Rupees in thousand

43.3 Non-cash financing activities

| | | |
|--|--------|--------|
| Lease liabilities recognized during the year | 15,449 | 51,200 |
|--|--------|--------|

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Director and Executives of the Company is as follows:

| | Chief Executive Officer | | Director | | Executives | |
|-------------------------------|-------------------------------|----------------|----------|----------|----------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | -----Rupees in thousand ----- | | | | | |
| Managerial remuneration | 65,761 | 55,876 | - | - | 78,722 | 63,459 |
| Bonus | 138,000 | 107,000 | - | - | 10,413 | 8,817 |
| Allowances: | | | | | | |
| House rent | 6,576 | 5,587 | - | - | 21,243 | 17,124 |
| Conveyance | - | - | - | - | 3,120 | 5,980 |
| Medical | - | - | - | - | 13,633 | 9,156 |
| Utilities | 6,576 | 5,587 | - | - | 11,359 | 10,990 |
| Retirement and other benefits | 18,084 | 4,573 | - | - | 7,170 | 4,759 |
| Total | 234,997 | 178,623 | - | - | 145,660 | 120,285 |
| Number of persons | 1 | 1 | - | - | 31 | 27 |

44.1 The chief executive, director and some of the executives of the Company are provided with Company maintained vehicles in accordance with the Company's policy.

44.2 Aggregate amount charged in these financial statements for meeting fee to directors was Rupees 3.290 million (2024: Rupees 3.175 million).

44.3 No remuneration was paid to non-executive directors of the Company.

Notes to the Financial Statements

For the year ended December 31, 2025

45. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, sub-subsidiary, associated companies / undertakings, joint ventures, employees' gratuity fund trust, employees' provident fund trust and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

| Nature of relationship | Nature of transactions | 2025 | 2024 |
|--|----------------------------------|---------------|-----------|
| Rupees in thousand | | | |
| Subsidiary Companies | | | |
| Service Tyres (Private) Limited | Sale of goods | 1,433,721 | 8,738,429 |
| | Expenses charged | 507,927 | 628,028 |
| | Sale of fixed assets | 2,207 | 108 |
| | Purchase of fixed assets | - | 97 |
| | Purchase of goods | 52,512 | 1,952,524 |
| | Rental income | 246,000 | 240,000 |
| | Interest expense | 57,895 | 75,127 |
| | Interest income | - | 84,453 |
| | Dividend received | 500,000 | 1,500,000 |
| | Short term borrowings - net | 1,441,029 | 1,441,029 |
| | Commission income | 3,539 | 26,605 |
| | Investment made | - | 6,667,243 |
| | Service Retail (Private) Limited | Sale of goods | 551,880 |
| Expenses charged | | 201,317 | 171,809 |
| Commission income | | 66 | 285 |
| Rental income | | 13,464 | 3,942 |
| Investment made | | - | 505,000 |
| Short term loan - net | | 1,692,442 | 1,692,442 |
| Interest income | | 48,460 | 52,466 |
| Service Global Footwear Limited | Sale of goods | 332,925 | 495,280 |
| | Expenses charged | 285,995 | 234,049 |
| | Sale of fixed assets | 18,455 | 8,584 |
| | Purchase of fixed assets | - | 5,000 |
| | Purchase of goods | 49,041 | 272,813 |
| | Loans obtained | 74,000 | 6,025,000 |
| | Loans repaid | 2,574,000 | 4,775,000 |
| | Interest expense on borrowings | 33,354 | 87,133 |
| | Dividend received | 654,200 | 817,750 |
| | Services rendered | - | 17,290 |
| Service Industries Capital (Private) Limited | Dividend received | 221,460 | 27,411 |
| | Expense paid | - | 242 |

| Nature of relationship | Nature of transactions | 2025 | 2024 |
|--|-----------------------------|---------|---------|
| Rupees in thousand | | | |
| Dongguan Service Global Limited | Purchase of goods | 12,639 | 17,420 |
| SIL GULF (FZE) | Sale of goods | - | 123,460 |
| Service Long March Tyres (Private) Limited | Dividend received | 641,199 | 443,156 |
| | Service rendered | 36,000 | 36,000 |
| | Sale of goods | 5,218 | 777 |
| | Sale of fixed assets | 6,659 | - |
| | Expenses charged | 78,358 | 94,979 |
| | Investment made | - | 334,563 |
| Associated companies / undertakings | | | |
| Shahid Arif Investment (Private) Limited | Cash dividend paid | 594 | 396 |
| Service Charitable Trust | Cash dividend paid | 679 | 453 |
| | Donation made | 11,800 | 5,971 |
| Servis Foundation | Donation made | - | 25,947 |
| Shalamar Hospital | Donation made | 840 | 1,415 |
| Post employment benefit plans | | | |
| Service Industries Limited Employees Gratuity Fund Trust | Company's contribution made | 22,902 | 19,617 |
| Service Provident Fund Trust | Company's contribution made | 61,858 | 44,051 |
| | Cash dividend paid | 35,869 | 21,812 |
| Directors | Cash dividend paid | 278,959 | 185,973 |

45.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in Note 44.

Notes to the Financial Statements

For the year ended December 31, 2025

45.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

| Name of related party | Basis of Relationship | Transactions entered or agreements and / or arrangements in place during the financial year ended | | Percentage of Shareholding |
|--|--|---|------|----------------------------|
| | | 2025 | 2024 | |
| S2 Power Limited | Joint venture and common directorship | No | No | 48.00% |
| S2 Hydro Limited | Joint venture and common directorship | No | No | 48.00% |
| Speed (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) | No | No | Nil |
| SBL Trading (Private) Limited | Common directorship | No | No | Nil |
| Service Industries Capital (Private) Limited | Wholly owned Subsidiary Company | Yes | Yes | 100% |
| Service Global Footwear Limited | Subsidiary Company | Yes | Yes | 75.01% |
| Dongguan Service Global Limited | Subsidiary of Service Global Footwear Limited (Subsidiary Company) | Yes | Yes | 75.01% |
| SLM International Tyres Trading FZE | Wholly owned Subsidiary of Service Long March Tyres (Private) Limited (Subsidiary Company) | No | - | 21.37% |
| Service Long March Tyres (Private) Limited | Subsidiary Company due to control | Yes | Yes | 21.37% |
| SIL GULF (FZE) | Wholly owned Subsidiary Company | No | Yes | 100% |
| Jomo Technologies (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) | No | No | Nil |
| Shahid Arif Investment (Private) Limited | Common directorship | Yes | Yes | Nil |
| Service Provident Fund Trust | Post employment benefit plan | Yes | Yes | Nil |
| Service Industries Limited Employees Gratuity Fund Trust | Post employment benefit plan | Yes | Yes | Nil |
| Servis Foundation | Common directorship | No | Yes | Nil |
| Service Charitable Trust | Directors of the Company are Trustees | Yes | Yes | Nil |
| Shalamar Hospital | Directors of the Company are Trustees | Yes | Yes | Nil |
| Kidney Centre Gujrat | Directors of the Company are member of Board of Governors | No | No | Nil |
| Service Tyres (Private) Limited | Subsidiary Company | Yes | Yes | 100% |
| Service Retail (Private) Limited | Subsidiary Company | Yes | Yes | 100% |
| Suraj Cotton Mills Limited | Common directorship | No | No | Nil |
| Premier Insurance Limited | Common directorship | No | No | Nil |
| Crescent Powertec Limited | Common directorship | No | No | Nil |

| Name of related party | Basis of Relationship | Transactions entered or agreements and / or arrangements in place during the financial year ended | | Percentage of Shareholding |
|--------------------------|-----------------------|---|------|----------------------------|
| | | 2025 | 2024 | |
| JS Bank Limited | Common directorship | No | No | Nil |
| Mr. Arif Saeed | Chief Executive | Yes | Yes | Nil |
| Mr. Hassan Javed | Director | Yes | Yes | Nil |
| Mr. Saif Javed | Director | Yes | Yes | Nil |
| Mr. Omar Saeed | Director | Yes | Yes | Nil |
| Mr. Adil Matcheswala | Director | Yes | Yes | Nil |
| Mr. Muhammad Naeem Khan | Director | Yes | Yes | Nil |
| Mr. Shahid Hussain Jatoi | Director | Yes | Yes | Nil |
| Mr. Ahsan Bashir | Director | Yes | Yes | Nil |
| Ms. Uzma Adil Khan | Director | Yes | Yes | Nil |

45.3 Particulars of companies incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place is as follows:

| Name | Country of incorporation | Basis of association | Percentage of Shareholding |
|---|--------------------------|--|--|
| Service Shoes Lanka (Private) Limited (Note 45.3.1) | Sri Lanka | Former subsidiary of Service Industries Capital (Private) Limited (Subsidiary Company) | Service Industries Capital (Private) Limited - Subsidiary Company has disposed of its entire shareholding during the current year. |
| SIL GULF (FZE) | United Arab Emirates | Wholly owned Subsidiary Company | 100% |
| Dongguan Service Global Limited | China | Subsidiary of Service Global Footwear Limited (Subsidiary Company) | 100% |
| SLM International Tyres Trading FZE | United Arab Emirates | Wholly owned Subsidiary of Service Long March Tyres (Private) Limited (Subsidiary Company) | 21.37% |

Notes to the Financial Statements For the year ended December 31, 2025

45.3.1 As on 31 December 2025 and 31 December 2024, disclosures relating to former subsidiary of Service Industries Capital (Private) Limited - Subsidiary Company, subsidiary of Service Global Footwear Limited - Subsidiary Company, subsidiary of Service Long March Tyres (Private) Limited - Subsidiary Company and subsidiary of the Company incorporated outside Pakistan are as follows:

| Name of the company | Jurisdiction | Beneficial owner | Address of beneficial owner | Investment Made during the year ended 31 December | Investment in | | Terms and conditions of investment | Amount of returns received | Litigations against investee company | Default /breach relating to foreign company | Gain / (loss) on disposal of foreign investment |
|---------------------------------------|----------------------|---|--|---|---|--------------------------------------|---|----------------------------|--------------------------------------|---|---|
| | | | | | Local Currency | Foreign currency | | | | | |
| Subsidiary: | | | | | | | | | | | |
| SIL GULF (FZE) | United Arab Emirates | Service Industries Limited | Servis House, 2 - Main Gulberg, Lahore | 2022 | PKR 7,215,000 | UAE AED 150,000 | Investment in shares | None | None | None | Not applicable |
| Sub-subsidiaries: | | | | | | | | | | | |
| Service Shoes Lanka (Private) Limited | Sri Lanka | Service Industries Capital (Private) Limited up till 26 August 2025 | Servis House, 2 - Main Gulberg, Lahore | 2017 | PKR 62,770,000 (up till 26 August 2025) | USD 600,000 (up till 26 August 2025) | Investment has been disposed of during the current year | None | None | None | USD 50,000 to the beneficial owner |
| Dongguan Service Global Limited | China | Service Global Footwear Limited | Servis House, 2 - Main Gulberg, Lahore | 2023 | PKR 89,166,721 | EURO 287,645 | Investment in shares | None | None | None | Not applicable |
| SIM International Tyres Trading FZE | United Arab Emirates | Service Long March Tyres (Private) Limited | Servis House, 2 - Main Gulberg, Lahore | 2025 | PKR 77,500,000 | UAE AED 1,000,000 | Investment in shares | None | None | None | Not applicable |

46. PLANT CAPACITY Footwear division

| | Installed capacity | | Actual production | |
|---------------------|--------------------|-----------|-------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| Number of pairs | 4,017,000 | 4,266,600 | 2,351,081 | 2,244,351 |
| Solar system | | | | |
| kWh | 2,227,843 | 1,757,723 | 1,851,834 | 1,492,736 |

Technical rubber products

Due to the nature of the Company's business, production capacity is not determinable.

46.1 Reason for low production

In case of footwear, the deviation in actual production from installed capacity is due to rapidly growing trends as the Company has to change major shoe lines in accordance with the market trends. This involves change in manufacturing operations and product mix which causes variances not only between the installed capacity and actual production but also between the actual production of any two years. Low capacity utilization of solar system is due to combination of environmental, technical, structural and maintenance factors.

47. FINANCIAL RISK MANAGEMENT

47.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, Great British Pound (GBP) and Chinese Yuan (CNY). Currently, the Company's foreign exchange risk exposure is restricted to bank balances, and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2025 | 2024 |
|---------------------------------|-----------|-----------|
| Cash at banks - USD | 1,394 | 1,394 |
| Cash at banks - EURO | 19,029 | 85,747 |
| Trade debts - USD | - | 1,546,347 |
| Trade debts - EURO | - | 72,562 |
| Trade debts - GBP | - | 22,006 |
| Trade and other payables - USD | (330,472) | (293,111) |
| Trade and other payables - EURO | (2,178) | (12,835) |
| Trade and other payables - CNY | (18,150) | - |
| Net exposure - USD | (329,078) | 1,254,630 |
| Net exposure - EURO | 16,851 | 145,474 |
| Net exposure - GBP | - | 22,006 |
| Net exposure - CNY | (18,150) | - |

The following significant exchange rates were applied during the year:

Rupees per US Dollar

| | | |
|---------------------|--------|--------|
| Average rate | 281.16 | 278.53 |
| Reporting date rate | 280.12 | 278.55 |

Rupees per EURO

| | | |
|---------------------|--------|--------|
| Average rate | 318.11 | 301.41 |
| Reporting date rate | 328.85 | 290.08 |

Rupees per GBP

| | | |
|---------------------|--------|--------|
| Average rate | 370.81 | 356.08 |
| Reporting date rate | 377.17 | 349.71 |

Rupees per CNY

| | | |
|---------------------|-------|-------|
| Average rate | 40.07 | 38.22 |
| Reporting date rate | 40.07 | 38.16 |

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, CNY and GBP with all other variables held constant, the impact on profit before levy and taxation for the year would have been Rupees 4.281 million lower / higher (2024: Rupees 19.569 million higher / lower), mainly as a result of exchange losses / gain (2024: exchange gains / losses) on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has

been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risks.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's equity (fair value reserve FVTOCI investment). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and the Company's equity instrument moved according to the historical correlation with the index:

| Index | Impact on statement of other comprehensive income (Fair value reserve FVTOCI investment) | |
|-------------------|---|--------------------------------------|
| | 2025 Amount Rupees in thousand | 2024 Amount Rupees in thousand |
| PSX (5% increase) | (2,188) | (2,122) |
| PSX (5% decrease) | 2,188 | 2,122 |

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investment classified as FVTOCI.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises mainly from long term financing, short term borrowings, loans and advances, term deposit receipts and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

Notes to the Financial Statements

For the year ended December 31, 2025

2025
Amount
Rupees in thousand

2024
Amount
Rupees in thousand

Fixed rate instruments

Financial liabilities

Lease liabilities **74,587** 80,961

Floating rate instruments

Financial assets

Bank balances - saving accounts **2,581,169** 2,627

Loans and advances - 1,692,442

Short term investments **435,419** 372,419

Financial liabilities

Long term financing **7,414,865** 5,673,861

Short term borrowings **4,321,261** 6,047,096

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before levy and taxation for the year would have been Rupees 85.451 million (2024: Rupees 94.604 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting, the dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

2025
Amount
Rupees in thousand

2024
Amount
Rupees in thousand

Long term investment **56,467** 54,769

Loans to employees **21,808** 17,822

Security deposits (long term and short term) **134,025** 111,597

Trade debts **1,056,756** 1,820,704

Loans and advances **5,315** 1,699,756

Other receivables **185** 3,830

Short term investments **441,077** 375,177

Bank balances **2,754,760** 415,305

4,470,393 4,498,960

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

| Rating | | | 2025 | 2024 |
|------------|-----------|--------|--------|--------|
| Short term | Long term | Agency | Amount | Amount |

-----Rupees in thousand-----

Banks

| | | | | | |
|---|-----|-----|-------|------------------|---------|
| Allied Bank Limited | A1+ | AAA | PACRA | 81,693 | 4,131 |
| Askari Bank Limited | A1+ | AA+ | PACRA | 14 | 2,339 |
| Bank Alfalah Limited | A1+ | AAA | PACRA | 2,461 | 4,066 |
| Bank AL Habib Limited | A1+ | AAA | PACRA | 14,354 | 20,004 |
| Faysal Bank Limited | A1+ | AA | PACRA | 2,193 | 2,592 |
| Habib Bank Limited | A1+ | AAA | VIS | 49,327 | 27,906 |
| MCB Bank Limited | A1+ | AAA | PACRA | 391 | 7,522 |
| MCB Islamic Bank Limited | A1 | A+ | PACRA | 271 | 135,048 |
| Meezan Bank Limited | A1+ | AAA | VIS | 1,419 | 68,639 |
| National Bank of Pakistan | A1+ | AAA | PACRA | 477 | 2,607 |
| Samba Bank Limited | A1 | AA | PACRA | 2,500,100 | 236 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 8,203 | 68,611 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 5,983 | 2,214 |
| Silk Bank Limited | A1+ | AAA | VIS | 14 | 14 |
| United Bank Limited | A1+ | AAA | VIS | 46,817 | 22,638 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | - | 903 |
| JS Bank Limited (associated company) | A1+ | AA | PACRA | 1 | 2 |
| Industrial and Commercial Bank of China Limited | P1 | A1 | MOODY | 307 | 307 |
| The Bank of Khyber | A1 | A+ | PACRA | 867 | 867 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 23,010 | 24,090 |
| Dubai Islamic Bank Pakistan Limited | A1+ | AA | VIS | 1,974 | 2,024 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 14,884 | 18,545 |
| | | | | 2,754,760 | 415,305 |

Investments

| | | | | | |
|--------------------------|-----|---------|-------|------------------|---------|
| TRG Pakistan Limited | | Unknown | | 56,467 | 54,769 |
| MCB Islamic Bank Limited | A1 | A+ | PACRA | 408,401 | 375,177 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 32,676 | - |
| | | | | 3,252,304 | 845,251 |

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 26.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

Trade debts

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

Notes to the Financial Statements

For the year ended December 31, 2025

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has accordingly adjusted the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows:

| | Local sales | | |
|--|--------------------|--------------------|----------------|
| | Expected loss rate | Trade debts | Loss allowance |
| | % | Rupees in thousand | |
| At 31 December 2025 | | | |
| Not past due | 0.00% | 858,763 | - |
| Up to 30 days | 0.00% | 69,157 | - |
| 31 to 60 days | 4.86% | 16,594 | 806 |
| 61 to 90 days | 13.29% | 7,554 | 1,004 |
| 91 to 180 days | 43.53% | 9,748 | 4,243 |
| 181 to 360 days | 60.61% | 12,731 | 7,716 |
| Above 360 days | 100.00% | 116,563 | 116,563 |
| | | 1,091,110 | 130,332 |
| Trade debts which are not subject to risk of default | | 95,978 | - |
| Gross trade debts | | 1,187,088 | 130,332 |

| | Local sales | | | Export sales | | |
|--|--------------------|--------------------|----------------|--------------------|--------------------|----------------|
| | Expected loss rate | Trade debts | Loss allowance | Expected loss rate | Trade debts | Loss allowance |
| | % | Rupees in thousand | | % | Rupees in thousand | |
| At 31 December 2024 | | | | | | |
| Not past due | 0.00% | 1,057,031 | - | 0.00% | 26,674 | - |
| Up to 30 days | 0.53% | 39,001 | 205 | 2.81% | 2,070 | 58 |
| 31 to 60 days | 12.52% | 40,462 | 5,064 | 21.85% | - | - |
| 61 to 90 days | 24.51% | 44,664 | 10,946 | 36.59% | 11,640 | 4,259 |
| 91 to 180 days | 56.78% | 12,127 | 6,886 | 70.63% | - | - |
| 181 to 360 days | 67.68% | 10,025 | 6,785 | 76.32% | - | - |
| Above 360 days | 100.00% | 100,877 | 100,877 | 100.00% | - | - |
| | | 1,304,187 | 130,763 | | 40,384 | 4,317 |
| Trade debts which are not subject to risk of default | | 192,117 | - | | 419,096 | - |
| Gross Trade debts | | 1,496,304 | 130,763 | | 459,480 | 4,317 |

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 31 December 2025, the Company had Rupees 5,278.739 million (2024: Rupees 14,879.043 million) available borrowing limits and Rupees 2,770.118 million (2024: Rupees 416.950 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2025:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 Years | More than 2 Years |
|--|-------------------|------------------------|------------------|------------------|------------------|-------------------|
| -----Rupees in thousand----- | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 7,414,865 | 9,072,473 | 1,580,668 | 1,503,809 | 2,659,357 | 3,328,639 |
| Lease liabilities | 74,587 | 95,360 | 18,572 | 18,681 | 26,044 | 32,063 |
| Trade and other payables | 1,352,434 | 1,352,434 | 1,352,434 | - | - | - |
| Accrued mark-up | 131,791 | 131,791 | 131,791 | - | - | - |
| Short term borrowings | 4,321,261 | 4,498,679 | 3,295,286 | 1,203,393 | - | - |
| Unclaimed dividend | 54,023 | 54,023 | 54,023 | - | - | - |
| | 13,348,961 | 15,204,760 | 6,432,774 | 2,725,883 | 2,685,401 | 3,360,702 |

Contractual maturities of financial liabilities as at 31 December 2024:

| | Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 Years | More than 2 Years |
|--|-------------------|------------------------|------------------|------------------|------------------|-------------------|
| -----Rupees in thousand----- | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Long term financing | 5,673,861 | 7,305,307 | 689,178 | 1,158,474 | 2,161,412 | 3,296,243 |
| Lease liabilities | 80,961 | 107,180 | 15,192 | 15,291 | 33,473 | 43,224 |
| Trade and other payables | 1,417,816 | 1,417,816 | 1,417,816 | - | - | - |
| Accrued mark-up | 199,759 | 199,759 | 199,759 | - | - | - |
| Short term borrowings | 6,047,096 | 6,448,223 | 6,448,223 | - | - | - |
| Unclaimed dividend | 47,509 | 47,509 | 47,509 | - | - | - |
| | 13,467,002 | 15,525,794 | 8,817,677 | 1,173,765 | 2,194,885 | 3,339,467 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 6, note 7 and note 12 to these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2025

47.2 Financial instruments by categories

Assets as per statement of financial position

| | 2025 | | 2024 | |
|--|--------|----------------|--------|----------------|
| | FVTOCI | Amortized cost | FVTOCI | Amortized cost |
| -----Rupees in thousand ----- | | | | |
| Long term investments | 56,467 | - | 54,769 | - |
| Loans to employees | - | 21,808 | - | 17,822 |
| Security deposits (long term and short term) | - | 134,025 | - | 111,597 |
| Trade debts | - | 1,056,756 | - | 1,820,704 |
| Loans and advances | - | 5,315 | - | 1,699,756 |
| Other receivables | - | 185 | - | 3,830 |
| Short term investments | - | 441,077 | - | 375,177 |
| Cash and bank balances | - | 2,770,118 | - | 416,950 |
| | 56,467 | 4,429,284 | 54,769 | 4,445,836 |

| 2025 | 2024 |
|------------------------------|------|
| At amortized cost | |
| -----Rupees in thousand----- | |

Liabilities as per statement of financial position

| | | |
|--------------------------|------------|------------|
| Long term financing | 7,414,865 | 5,673,861 |
| Lease liabilities | 74,587 | 80,961 |
| Trade and other payables | 1,352,434 | 1,417,816 |
| Accrued mark-up | 131,791 | 199,759 |
| Short term borrowings | 4,321,261 | 6,047,096 |
| Unclaimed dividend | 54,023 | 47,509 |
| | 13,348,961 | 13,467,002 |

47.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

| 2025 | | |
|-------------------------------|----------------------|---|
| Financial assets | Non-financial assets | Assets as per statement of financial position |
| -----Rupees in thousand ----- | | |

| | | | |
|--------------------------------|-----------|------------|------------|
| Long term investments | 56,467 | 13,965,219 | 14,021,686 |
| Long term loans to employees | 14,688 | - | 14,688 |
| Long term security deposits | 11,301 | - | 11,301 |
| Trade debts | 1,056,756 | - | 1,056,756 |
| Loans and advances | 12,435 | 126,996 | 139,431 |
| Trade deposits and prepayments | 122,724 | 24,368 | 147,092 |
| Other receivables | 185 | 490,403 | 490,588 |
| Short term investments | 441,077 | - | 441,077 |
| Cash and bank balances | 2,770,118 | - | 2,770,118 |
| | 4,485,751 | 14,606,986 | 19,092,737 |

| 2025 | | |
|-------------------------------|---------------------------|--|
| Financial liabilities | Non-financial liabilities | Liabilities as per statement of financial position |
| -----Rupees in thousand ----- | | |

| | | | |
|--------------------------|------------|---------|------------|
| Long term financing | 7,414,865 | - | 7,414,865 |
| Lease liabilities | 74,587 | - | 74,587 |
| Trade and other payables | 1,352,434 | 729,881 | 2,082,315 |
| Accrued mark-up | 131,791 | - | 131,791 |
| Short term borrowings | 4,321,261 | - | 4,321,261 |
| Unclaimed dividend | 54,023 | - | 54,023 |
| | 13,348,961 | 729,881 | 14,078,842 |

Notes to the Financial Statements

For the year ended December 31, 2025

| | 2024 | | |
|--------------------------------|-------------------------------|----------------------|---|
| | Financial assets | Non-financial assets | Assets as per statement of financial position |
| | -----Rupees in thousand ----- | | |
| Long term investments | 54,769 | 14,125,899 | 14,180,668 |
| Long term loans to employees | 12,061 | - | 12,061 |
| Long term security deposits | 11,124 | - | 11,124 |
| Trade debts | 1,820,704 | - | 1,820,704 |
| Loans and advances | 1,705,517 | 114,236 | 1,819,753 |
| Trade deposits and prepayments | 100,473 | 28,779 | 129,252 |
| Other receivables | 3,830 | 562,186 | 566,016 |
| Short term investments | 375,177 | - | 375,177 |
| Cash and bank balances | 416,950 | - | 416,950 |
| | 4,500,605 | 14,831,100 | 19,331,705 |

| | 2024 | | |
|--------------------------|-------------------------------|---------------------------|--|
| | Financial liabilities | Non-financial liabilities | Liabilities as per statement of financial position |
| | -----Rupees in thousand ----- | | |
| Long term financing | 5,673,861 | - | 5,673,861 |
| Lease liabilities | 80,961 | - | 80,961 |
| Trade and other payables | 1,417,816 | 343,426 | 1,761,242 |
| Accrued mark-up | 199,759 | - | 199,759 |
| Short term borrowings | 6,047,096 | - | 6,047,096 |
| Unclaimed dividend | 47,509 | - | 47,509 |
| | 13,467,002 | 343,426 | 13,810,428 |

47.4 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

47.5 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 6 and note 12 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

| | | 2025 | 2024 |
|------------------------|--------------------|------------|------------|
| Borrowings | Rupees in thousand | 11,736,126 | 11,720,957 |
| Total equity | Rupees in thousand | 8,495,202 | 8,490,181 |
| Total capital employed | Rupees in thousand | 20,231,328 | 20,211,138 |
| Gearing ratio | Percentage | 58.01% | 57.99% |

48. UNUTILIZED CREDIT FACILITIES

| | Non-funded | | Funded | |
|-----------------------------------|-------------------------------|-------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | -----Rupees in thousand ----- | | | |
| Total facilities | 4,001,500 | 2,301,000 | 17,014,865 | 26,600,000 |
| Utilized at the end of the year | (1,045,835) | (1,401,000) | (11,736,126) | (11,720,957) |
| Unutilized at the end of the year | 2,955,665 | 900,000 | 5,278,739 | 14,879,043 |

49. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

| Recurring fair value measurements At 31 December 2025 | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------------------|---------|---------|-------|
| | -----Rupees in thousand ----- | | | |

Financial asset

| | | | | |
|--|--------|---|---|--------|
| Financial asset at fair value through other comprehensive income | 56,467 | - | - | 56,467 |
|--|--------|---|---|--------|

| Recurring fair value measurements At 31 December 2024 | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------------------|---------|---------|-------|
| | -----Rupees in thousand ----- | | | |

Financial asset

| | | | | |
|--|--------|---|---|--------|
| Financial asset at fair value through other comprehensive income | 54,769 | - | - | 54,769 |
|--|--------|---|---|--------|

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

50 FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

| At 31 December 2025 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|---------|---------|---------|-------|
| -----Rupees in thousand ----- | | | | |

| | | | | |
|---------------------|---|-----------|---|-----------|
| Investment property | - | 4,892,162 | - | 4,892,162 |
|---------------------|---|-----------|---|-----------|

| At 31 December 2024 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|---------|---------|---------|-------|
| -----Rupees in thousand ----- | | | | |

| | | | | |
|---------------------|---|-----------|---|-----------|
| Investment property | - | 2,223,741 | - | 2,223,741 |
|---------------------|---|-----------|---|-----------|

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuation for its investment property at least annually. At the end of each reporting period, the management updates the assessment of the fair value of property, taking into account the most recent independent valuation. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment property at the end of every financial year. The fair value of the investment property has been determined by K.G. Traders (Private) Limited (an approved valuer).

Changes in fair value are analysed at the end of each year during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

51 SEGMENT INFORMATION

The following summary describes the operation in each of the Company's reportable segments:

Footwear: Purchase, manufacturing and sale of different qualities of footwear.

Tyres: Procuring (not manufacturing) and sale of tyres and related raw material.

Others: Manufacturing of different qualities of rubber products on specifications.

| | Footwear | | Tyre | | Others | | Total - Company | |
|---|-------------|-------------|-------------|--------------|-----------|-----------|-----------------|--------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| -----Rupees in thousand ----- | | | | | | | | |
| Sales | | | | | | | | |
| External: | | | | | | | | |
| - Export | 27,856 | 1,096,192 | - | 1,904,241 | - | - | 27,856 | 3,000,433 |
| - Local | 5,113,818 | 4,406,538 | 1,415,421 | 8,747,900 | 124,913 | 437,136 | 6,654,152 | 13,591,574 |
| - Processing income | - | 17,290 | - | - | 1,390 | - | 1,390 | 17,290 |
| - Commission income | 66 | 285 | 3,539 | 26,605 | - | - | 3,605 | 26,890 |
| | 5,141,740 | 5,520,305 | 1,418,960 | 10,678,746 | 126,303 | 437,136 | 6,687,003 | 16,636,187 |
| Cost of sales | (4,308,155) | (4,893,900) | (1,415,421) | (10,652,511) | (316,000) | (546,000) | (6,039,576) | (16,092,411) |
| Gross profit/ (loss) | 833,585 | 626,405 | 3,539 | 26,235 | (189,697) | (108,864) | 647,427 | 543,776 |
| Distribution cost | (309,922) | (403,437) | - | - | (13,000) | (13,000) | (322,922) | (416,437) |
| Administrative expenses | (709,222) | (537,692) | - | - | (10,000) | (8,000) | (719,222) | (545,692) |
| | (1,019,144) | (941,129) | - | - | (23,000) | (21,000) | (1,042,144) | (962,129) |
| (Loss)/ profit before taxation and levy and unallocated income and expenses | (185,559) | (314,724) | 3,539 | 26,235 | (212,697) | (129,864) | (394,717) | (418,353) |
| Unallocated income and expenses : | | | | | | | | |
| Other expenses | | | | | | | (60,143) | (50,296) |
| Other income | | | | | | | 2,977,246 | 3,307,048 |
| Finance cost | | | | | | | (1,293,335) | (2,171,578) |
| Levy | | | | | | | - | (23,033) |
| Taxation | | | | | | | (518,772) | (319,367) |
| Profit after taxation | | | | | | | 710,279 | 324,421 |

Notes to the Financial Statements

For the year ended December 31, 2025

51.1 Reconciliation of reportable segment assets and liabilities

| | Footwear | | Tyre | | Others | | Total - Company | |
|---|------------------|-----------|------|------|----------------|---------|-------------------|------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Rupees in thousand | | | | | | | | |
| Total assets for reportable segment | 4,916,708 | 6,764,822 | - | - | 534,032 | 696,062 | 5,450,740 | 7,460,884 |
| Unallocated assets: | | | | | | | | |
| Intangible assets | | | | | | | 1,876 | 3,762 |
| Long term investments | | | | | | | 14,021,686 | 14,180,668 |
| Short term investments | | | | | | | 441,077 | 375,177 |
| Cash and bank balances | | | | | | | 2,770,118 | 416,950 |
| Total assets as per statement of financial position | | | | | | | 22,685,497 | 22,437,441 |
| Total liabilities for reportable segment | 2,280,834 | 1,945,621 | - | - | 28,262 | 42,007 | 2,309,096 | 1,987,628 |
| Unallocated liabilities: | | | | | | | | |
| Long term financing | | | | | | | 7,414,865 | 5,673,861 |
| Accrued mark-up | | | | | | | 131,791 | 199,759 |
| Short term borrowings | | | | | | | 4,321,261 | 6,047,096 |
| Taxation and levy - net | | | | | | | 13,282 | 38,916 |
| Total liabilities as per statement of financial position | | | | | | | 14,190,295 | 13,947,260 |

51.2 All non-current assets of the Company except investment in SIL GULF (FZE) as at reporting dates are located and operating in Pakistan.

51.3 Geographical information

| | Footwear | | Tyre | | Others | | Total - Company | |
|--|------------------|-----------|------------------|------------|----------------|---------|------------------|------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Rupees in thousand | | | | | | | | |
| The Company's revenue from external customers by geographical locations is detailed below: | | | | | | | | |
| Europe | 9,383 | 988,132 | - | 143,926 | - | - | 9,383 | 1,132,058 |
| South America | - | - | - | 584,859 | - | - | - | 584,859 |
| Asia | 18,473 | 98,245 | - | 396,340 | - | - | 18,473 | 494,585 |
| Australia | - | 9,815 | - | - | - | - | - | 9,815 |
| Africa | - | - | - | 779,116 | - | - | - | 779,116 |
| Pakistan | 5,113,884 | 4,424,113 | 1,418,960 | 8,774,505 | 126,303 | 437,136 | 6,659,147 | 13,635,754 |
| | 5,141,740 | 5,520,305 | 1,418,960 | 10,678,746 | 126,303 | 437,136 | 6,687,003 | 16,636,187 |

51.4 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

52 DISCLOSURE REQUIREMENT FOR COMPANY NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES AS ITS CORE BUSINESS ACTIVITIES

| | 2025 | 2024 |
|--|-------------------|------------|
| | Amount | Amount |
| Rupees in thousand | | |
| Description | | |
| Financing (long-term, short-term, or lease financing) obtained as per Islamic mode | 4,411,333 | 2,690 |
| Interest or mark-up accrued on any conventional loan or advance | 102,921 | 189,235 |
| Long-term and short-term Shariah compliant Investments (Note 21) | 14,021,686 | 14,180,668 |
| Shariah-compliant bank deposits, bank balances, and TDRs | 414,258 | 607,570 |
| Revenue earned from a Shariah-compliant business segment (Note 33) | 6,687,003 | 16,636,187 |
| Break-up of late payments or liquidated damages | - | - |
| Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates | | |
| Dividend income (Note 38) | 2,016,859 | 2,788,316 |
| Unrealized gain / (loss) on re-measurement of investments at FVTOCI (Note 21) | 1,316 | (5,045) |
| Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs | | |
| Profit on term deposits receipts | 30,872 | 34,912 |
| Exchange gain earned from actual currency | 10,578 | 4,268 |
| Exchange gains earned using conventional derivative financial instruments | - | - |
| Profit paid on Islamic mode of financing | 396,806 | 969,567 |
| Total Interest earned on any conventional loan or advance | 48,460 | 136,919 |
| Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non compliant income | | |
| Shariah-compliant | | |
| Return on term deposit receipts | 30,872 | 34,912 |
| Dividend income (Note 38) | 2,016,859 | 2,788,316 |
| Gain on disposal of long term investment (Note 21.1.4 & 38) | 516,170 | - |
| Exchange gain earned from actual currency (Note 38) | 10,578 | 4,268 |
| Reversal of allowance for expected credit losses (Note 38) | 4,748 | 3,846 |
| Credit balances written back (Note 38) | 1,749 | - |
| Gain on disposal of property, plant and equipment - net (Note 38) | 10,591 | 5,601 |
| Rental income (Note 38) | 259,464 | 243,942 |
| Scrap sales (Note 38) | 38,412 | 51,020 |
| Commission on cross corporate guarantees issued on behalf of Service Long March Tyres (Private) Limited - Subsidiary Company | 36,000 | 36,000 |
| Non compliant | | |
| Profit on deposits with banks and term deposit receipts | 3,343 | 2,224 |
| Interest on loans to Subsidiary Companies (Note 38) | 48,460 | 136,919 |

Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc

Notes to the Financial Statements

For the year ended December 31, 2025

| Name | Relationship |
|-------------------------------------|--|
| Faysal Bank Limited | Long term Financing, short term borrowing and bank balance |
| MCB Islamic Bank Limited | Short term borrowing and bank balance |
| The Bank of Punjab | Short term borrowing and bank balance |
| Meezan Bank Limited | Short term borrowing and bank balance |
| Dubai Islamic Bank Pakistan Limited | Short term borrowing and bank balance |
| BankIslami Pakistan Limited | Short term borrowing |

53. PROVIDENT FUND RELATED DISCLOSURES

Employees provident fund of Service Industries Limited in the name of Service Provident Fund Trust is continued for the benefits of the employees of the Company, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company.

As at the reporting date, the Service Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

54. NUMBER OF EMPLOYEES

| | 2025 | 2024 |
|---|-------|-------|
| Number of employees as at 31 December | 2,084 | 1,905 |
| Average number of employees during the year | 1,770 | 1,953 |

55. EVENTS AFTER THE REPORTING PERIOD

55.1 The Board of Directors of the Company has proposed final cash dividend for the year ended 31 December 2025 of Rupees 17.5 per share (i.e. 175%) at their meeting held on March 18, 2026. However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

55.2 On 09 February 2026, there was a fire outbreak at one of the rented finished goods godowns of the Company. For the Company's 31 December 2025 financial statements, fire outbreak and related impacts are considered non-adjusting events, consequently there is no impact on these financial statements. Estimated loss of destroyed stock-in-trade is secured against insurance.

56. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 18, 2026 by the Board of Directors of the Company.

57. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no other significant rearrangements / reclassifications have been made.

58. General

Figures have been rounded off to nearest thousand of Rupees, except stated otherwise.



Arif Saeed
(Chief Executive)

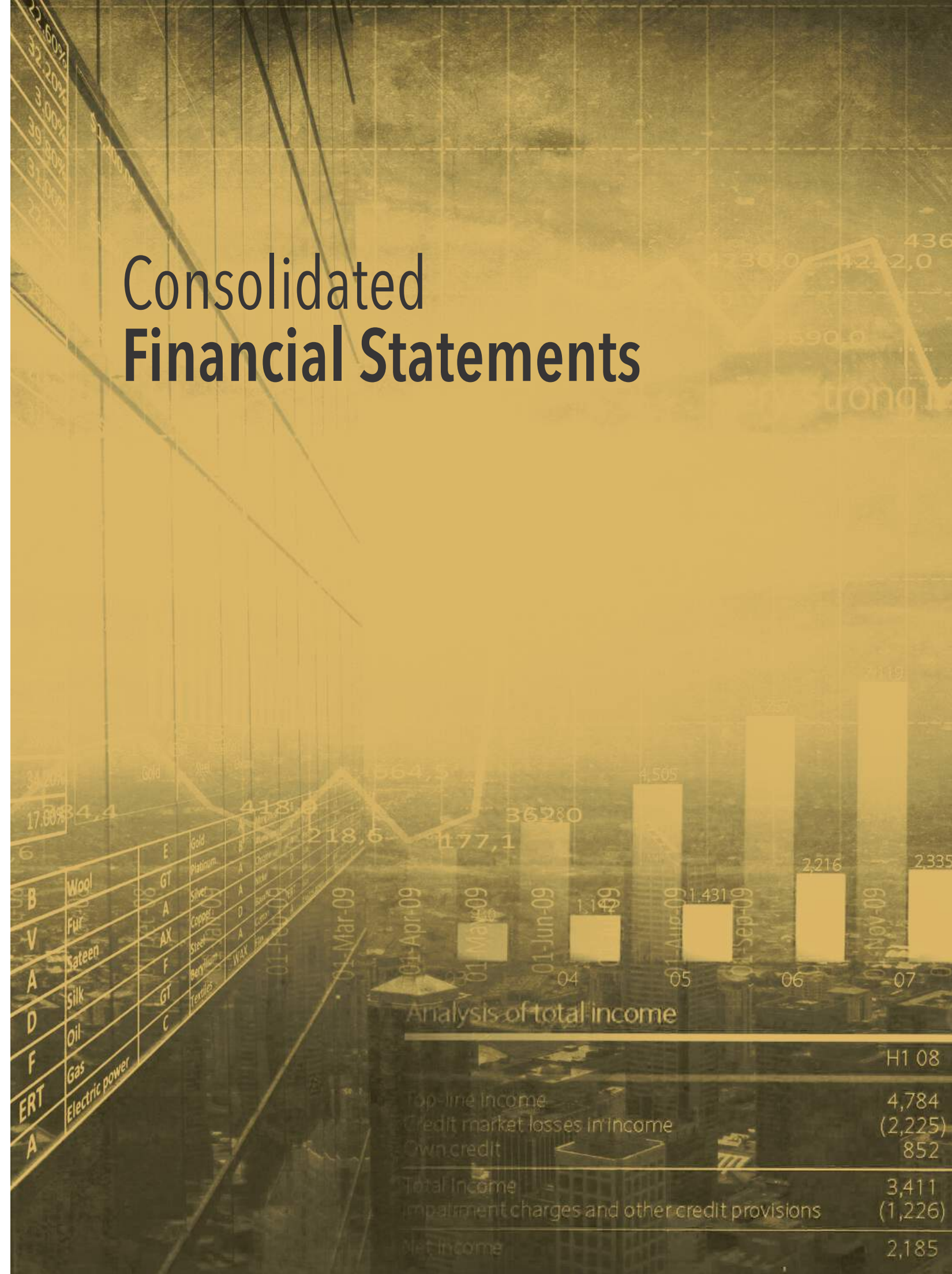


Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)

Consolidated Financial Statements



Independent Auditor's Report

On Consolidated Financial Statements

To the members of Service Industries Limited

Qualified Opinion

We have audited the annexed consolidated financial statements of Service Industries Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The financial statements of Dongguan Service Global Limited – Subsidiary Company for the year ended 31 December 2025 are un-audited and have been prepared by the management in accordance with Chinese Accounting Standards for Small Business Enterprises. Hence, total assets of Rupees 501.230 million and total liabilities of Rupees 415.707 million as at 31 December 2025 and total turnover and net profit of Rupees 2,588.582 million and Rupees 2.190 million respectively for the year ended 31 December 2025 pertaining to the aforesaid Subsidiary Company have been consolidated without incorporating adjustments necessary to give effect to uniform accounting policies adopted by the Group and disclosures required under the provisions of, directives and notifications issued under the Companies Act, 2017 and accounting and reporting standards as applicable in Pakistan.

As disclosed in Note 41.2 to the consolidated financial statements, the Group has recognized a gain on sale of its Subsidiary Company Service Shoes Lanka (Private) Limited, arising mainly from the derecognition of net liabilities attributable to the Holding Company and the non-controlling interest, together with the reclassification of the related cumulative exchange translation reserve to profit or loss. These adjustments have been recorded based on the un-audited financial statements of Service Shoes Lanka (Private) Limited prepared by the management up to the date of disposal i.e. 26 August 2025.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key audit matters:

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|--|---|
| 1 | <p>Revenue recognition</p> <p>The Group recognized net revenue of Rupees 148,449.359 million from continuing operations for the year ended 31 December 2025.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information on revenue, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Revenue recognition note 2.21 to the consolidated financial statements. - Revenue – net note 32 to the consolidated financial statements. | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period • Assessing whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the consolidated financial statements |
| 2 | <p>Stock-in-trade existence and valuation</p> <p>As at 31 December 2025, stock-in-trade amounted to Rupees 26,473.359 million.</p> <p>Stock-in-trade is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of stock-in-trade as a key audit matter due to its size, representing 19.35% of total assets of the Group as at 31 December 2025, and the judgment involved in valuation.</p> <p>For further information on stock-in-trade, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Stock-in-trade note 2.18 to the consolidated financial statements. - Stock-in-trade note 23 to the consolidated financial statements. | <p>Our audit procedures to assess the existence and valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing the design, implementation and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values; • Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data; • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices for the products with selling prices achieved subsequent to the end of the reporting period; |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|---|---|
| | | <ul style="list-style-type: none"> Comparing the net realizable value to the cost of a sample of stock-in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete; Assessing accuracy of inventory ageing reports and adequacy of provisions; In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs; We also made inquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. |
| 3 | <p>Leases</p> <p>The Group has right-of-use assets and lease liabilities with carrying values as at 31 December 2025 amounting to Rupees 4,402.090 million and Rupees 6,132.333 million respectively. A number of judgements were applied and estimates were made in recognition of right-of-use assets and lease liabilities, the Group has a large volume of property leases. The significant judgements included the following:</p> <ul style="list-style-type: none"> Lease terms including the consideration of renewal options included in lease contracts. <p>Due to the material effect in terms of value that IFRS 16 "Leases" had on the financial statements of the Group, the large number of property leases, the values associated with the rentals, as well as the judgements applied in measuring the lease liabilities and related right-of-use assets this has been identified as a key audit matter.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> Material accounting policy information, Right-of-use assets and Lease liabilities note 2.10 and note 2.11 to the consolidated financial statements respectively. Right-of-use assets and Lease liabilities note 17 and note 8 to the consolidated financial statements respectively. | <p>Our audit procedures comprised, amongst others:</p> <ul style="list-style-type: none"> We evaluated management's policies, processes and controls put in place to identify, capture and account for active leases; For a sample of leases, we performed the following procedures: <ul style="list-style-type: none"> We inspected the lease contracts and evaluated management's identification of relevant lease terms to determine whether the leases were correctly considered for accounting in terms of IFRS 16; We inspected the details of the contracts to assess management's determination of the beneficial occupation date and the lease end date; We assessed the discount rates determined by management with reference to entity-specific borrowing rates and external market data; We recalculated the lease liabilities and right-of-use assets based on the underlying contractual terms; and We checked the accuracy of lease payments included in the IFRS 16 model; |

| Sr. No. | Key audit matters | How the matters were addressed in our audit |
|---------|--|---|
| | | <ul style="list-style-type: none"> We assessed the appropriateness of the income tax and deferred tax arising from the right-of-use assets and lease liabilities; We assessed the completeness and accuracy of disclosures with reference to the requirements of IFRS 16 |
| 4 | <p>Capital expenditures</p> <p>The Group is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> Material accounting policy information, Property, plant, equipment and depreciation note 2.9 to the consolidated financial statements. Fixed assets note 16 to the consolidated financial statements. | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Testing operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature; Evaluating the appropriateness of capitalization policies and depreciation rates; Performing tests of details on costs capitalized; Verifying the accuracy of management's calculation used for the impairment testing. |

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Group should have consolidated Dongguan Service Global Limited (Subsidiary Company) based on audited financial statements prepared on the basis of uniform accounting policies adopted by the Group and disclosures required under the provisions of, directives and notifications issued under the Companies Act, 2017 and accounting

and reporting standards as applicable in Pakistan and the Group should have used audited financial statements of Service Shoes Lanka (Private) Limited (Subsidiary Company) for the purpose of consolidation and determination of the gain on disposal. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
Date: March 26, 2026
UDIN: AR202510168iApaOzl3D

Consolidated Statement of Financial Position

As at December 31, 2025

| | Note | 2025 Amount Rupees in thousand | 2024 Amount |
|---|------|--------------------------------------|----------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 100,000,000 (2024: 100,000,000) ordinary shares of Rupees 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid-up share capital | 4 | 469,874 | 469,874 |
| Reserves | 5 | 22,734,951 | 14,294,885 |
| Equity attributable to equity holders of the Holding Company | | 23,204,825 | 14,764,759 |
| Non-controlling interest | | 17,701,644 | 11,252,743 |
| Total equity | | 40,906,469 | 26,017,502 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 6 | 12,352,993 | 13,557,096 |
| Long term deposits | 7 | 187,679 | 172,530 |
| Lease liabilities | 8 | 5,602,527 | 5,685,580 |
| Employees' retirement benefit | 9 | 641,023 | 572,095 |
| Deferred liabilities | 10 | 957,394 | 3,353,139 |
| | | 19,741,616 | 23,340,440 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 16,353,304 | 13,526,978 |
| Accrued mark-up / profit | 12 | 511,734 | 803,245 |
| Short term borrowings | 13 | 54,184,123 | 41,394,565 |
| Current portion of non-current liabilities | 14 | 5,054,292 | 4,558,606 |
| Unclaimed dividend | | 56,065 | 53,087 |
| | | 76,159,518 | 60,336,481 |
| Liabilities directly associated with the assets held for sale | 41 | - | 924,147 |
| Total liabilities | | 95,901,134 | 84,601,068 |
| Contingencies and commitments | 15 | | |
| TOTAL EQUITY AND LIABILITIES | | 136,807,603 | 110,618,570 |

The annexed notes form an integral part of these consolidated financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)

| | Note | 2025 Amount Rupees in thousand | 2024 Amount |
|---------------------------------|------|--------------------------------------|----------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 16 | 49,223,937 | 42,434,370 |
| Right-of-use assets | 17 | 4,402,090 | 4,874,794 |
| Intangible assets | 18 | 26,689 | 4,547 |
| Long term investments | 19 | 803,654 | 736,223 |
| Long term loans to employees | 20 | 65,314 | 46,902 |
| Long term security deposits | 21 | 256,694 | 260,191 |
| Deferred Income tax asset - net | 10.3 | 1,365,047 | - |
| | | 56,143,425 | 48,357,027 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 22 | 1,261,149 | 1,212,154 |
| Stock-in-trade | 23 | 26,473,359 | 24,523,680 |
| Trade debts | 24 | 16,969,393 | 14,071,494 |
| Loans and advances | 25 | 1,097,908 | 2,092,751 |
| Trade deposits and prepayments | 26 | 683,456 | 403,707 |
| Other receivables | 27 | 3,775,049 | 3,176,562 |
| Taxation and levy - net | 28 | 488,172 | 359,749 |
| Accrued interest | 29 | 11,629 | 65,550 |
| Short term investments | 30 | 21,423,371 | 9,342,200 |
| Cash and bank balances | 31 | 8,480,692 | 6,698,480 |
| | | 80,664,178 | 61,946,327 |
| Assets held for sale | 41 | - | 315,216 |
| | | 80,664,178 | 62,261,543 |
| TOTAL ASSETS | | 136,807,603 | 110,618,570 |

Consolidated Statement of Profit or Loss

For the year ended December 31, 2025

| | Note | 2025 Amount Rupees in thousand | 2024 Amount |
|---|------|--------------------------------------|----------------|
| Continuing operations | | | |
| Revenue - net | 32 | 148,449,359 | 125,014,464 |
| Cost of sales | 33 | (113,392,527) | (94,134,078) |
| Gross profit | | 35,056,832 | 30,880,386 |
| Distribution cost | 34 | (10,454,735) | (8,911,031) |
| Administrative expenses | 35 | (5,085,688) | (3,896,323) |
| Other expenses | 36 | (1,268,153) | (954,326) |
| | | (16,808,576) | (13,761,680) |
| | | 18,248,256 | 17,118,706 |
| Other income | 37 | 1,257,267 | 1,345,120 |
| Profit from operations | | 19,505,523 | 18,463,826 |
| Finance cost | 38 | (5,506,436) | (7,290,829) |
| | | 13,999,087 | 11,172,997 |
| Share of net profit of associate accounted for using the equity method | 19.1 | 113,233 | 70,142 |
| Profit before levy and taxation | | 14,112,320 | 11,243,139 |
| Levy | 39 | (92,850) | (403,873) |
| Profit before taxation | | 14,019,470 | 10,839,266 |
| Taxation | 40 | 1,095,759 | (3,002,785) |
| Profit after taxation from continuing operations | | 15,115,229 | 7,836,481 |
| Discontinued operations | | | |
| Profit after taxation for the year from discontinued operations | 41 | 486,063 | - |
| Profit after taxation | | 15,601,292 | 7,836,481 |
| Share of profit attributable to: | | | |
| Equity holders of the holding company | | 8,756,308 | 4,136,642 |
| Non-controlling interest | | 6,844,984 | 3,699,839 |
| | | 15,601,292 | 7,836,481 |
| Earnings per share - basic and diluted (Rupees) | 42 | 186.35 | 88.04 |
| Earnings per share from continuing operations - basic and diluted (Rupees) | 42 | 176.01 | 88.04 |

The annexed notes form an integral part of these consolidated financial statements.



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)



Arif Saeed
(Chief Executive)



Omar Saeed
(Director)



Babar Ali Khan
(Chief Financial Officer)

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025

| | 2025 Amount Rupees in thousand | 2024 Amount |
|---|--------------------------------------|----------------|
| Profit after taxation | 15,601,292 | 7,836,481 |
| Other comprehensive income / (loss) | | |
| Items that will not be reclassified to profit or loss: | | |
| Fair value adjustment of investment at fair value through other comprehensive income - net of tax | 1,316 | (5,045) |
| Remeasurements of employees' retirement benefit obligation - net of tax | (16,758) | (34,944) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Reclassification to profit or loss on disposal of discontinued operation | 60,943 | - |
| Exchange differences on translation of foreign subsidiaries | 14,554 | (54,769) |
| Other comprehensive income / (loss) for the year | 60,055 | (94,758) |
| Total comprehensive income for the year | 15,661,347 | 7,741,723 |
| Share of total comprehensive income attributable to: | | |
| Equity holders of the holding company | 8,812,881 | 4,066,427 |
| Non-controlling interest | 6,848,466 | 3,675,296 |
| | 15,661,347 | 7,741,723 |

The annexed notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

| | Attributable to the Equity Holders of the Holding Company | | | | | | | | | | Share Capital | Shareholder's equity | Non-controlling interest | Total equity | | | |
|---|---|---------------|-------------------------------------|---------------|---|--|------------------------------|--------------------------------|-----------------------|---|---------------|----------------------|--------------------------|--------------|------------|-----------------|------------------------|
| | Share Capital | Capital gains | Fair value reserve FVOCI investment | Share premium | Share premium reserve held by equity account investee | Share of share premium reserve held by equity account investee | Exchange translation reserve | Reserve pursuant to the Scheme | Share options reserve | Share of employees share compensation reserve held by equity account investee | | | | | Sub Total | General Reserve | Un-appropriated profit |
| Balance as at 31 December 2023 | 469,874 | 102,730 | 34,247 | 1,383,863 | 44,395 | (39,891) | 927,163 | 711 | 307 | 2,453,525 | 1,558,208 | 6,657,374 | 8,275,582 | 10,669,107 | 11,138,981 | 7,830,617 | 18,969,598 |
| Transactions with owners: | | | | | | | | | | | | | | | | | |
| Final dividend for the year ended 31 December 2023 @ Rupees 10 per share | | | | | | | | | | | | | | | | | |
| Final dividend relating to year 2023 paid to non-controlling interest @ Rupees 2 per share | | | | | | | | | | | | | | | | | |
| Interim dividend relating to year 2024 paid to non-controlling interest @ Rupees 1.40 per share | | | | | | | | | | | | | | | | | |
| Adjustment due to employees stock option scheme | | | | 2,527 | | | | (322) | | | | | | | | | |
| Employee share options lapsed | | | | 87 | | | | (87) | | | | | | | | | |
| Recognition of share options reserve | | | | 2,613 | | | | 66,147 | | | | | | | | | |
| Shares issuance cost | | | | | | | | 65,738 | | | | | | | | | |
| Transfer of share of share premium reserve held by equity accounted investee due to transfer of investment pursuant to the Scheme | | | | | | | | | | | | | | | | | |
| Ordinary shares issued to non-controlling interest | | | | | | | | | | | | | | | | | |
| Transfer to non-controlling interest | | | | | | | | | | | | | | | | | |
| Profit for the year | | | | (728) | | | | | | | | | | | | | |
| Other comprehensive loss for the year | | | | | | | | | | | | | | | | | |
| Total comprehensive income for the year | | | | | | | | | | | | | | | | | |
| Balance as at 31 December 2024 | 469,874 | 102,730 | 29,202 | 1,385,749 | 20,460 | (73,967) | 927,163 | 66,449 | 307 | 2,458,093 | 1,558,208 | 10,278,584 | 11,836,792 | 14,294,885 | 14,764,759 | 11,252,743 | 26,017,502 |
| Transactions with owners: | | | | | | | | | | | | | | | | | |
| Final dividend for the year ended 31 December 2024 @ Rupees 15 per share | | | | | | | | | | | | | | | | | |
| Final dividend relating to year 2024 paid to non-controlling interest @ Rupees 4 per share | | | | | | | | | | | | | | | | | |
| Interim dividend relating to year 2025 paid to non-controlling interest @ Rupees 2.03 per share | | | | | | | | | | | | | | | | | |
| Adjustment due to employees stock option scheme | | | | 146,390 | | | | | | | | | | | | | |
| Employee share options lapsed | | | | 559 | | | | | | | | | | | | | |
| Recognition of share options reserve | | | | 146,949 | | | | | | | | | | | | | |
| Ordinary shares issued to non-controlling interest | | | | | | | | | | | | | | | | | |
| Impact of disposal of holding in Subsidiary Company | | | | | | | | | | | | | | | | | |
| Derecognition due to disposal of Subsidiary Company | | | | | | | | | | | | | | | | | |
| Transfer to non-controlling interest | | | | | | | | | | | | | | | | | |
| Profit for the year | | | | | | | | | | | | | | | | | |
| Other comprehensive loss for the year | | | | | | | | | | | | | | | | | |
| Total comprehensive income for the year | | | | | | | | | | | | | | | | | |
| Balance as at 31 December 2025 | 469,874 | 102,730 | 30,518 | 1,532,698 | 20,460 | (1,952) | 927,163 | 36,736 | 307 | 2,468,660 | 1,558,208 | 20,086,291 | 22,734,951 | 23,204,825 | 17,701,644 | 40,906,469 | |

The annexed notes form an integral part of these consolidated financial statements.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Babar Ali Khan
(Chief Financial Officer)

Consolidated Statement of Cash Flows

For the year ended December 31, 2025

| | 2025 | 2024 |
|---|--------------------|--------------|
| | Amount | Amount |
| Note | Rupees in thousand | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash generated from operations | 43 | 22,023,032 |
| Finance cost paid | | (5,274,745) |
| Income tax and levy paid | | (2,449,392) |
| Workers' profit participation fund paid | 11.1 | (685,477) |
| Workers' welfare fund paid | 11.2 | (49,471) |
| Employees' retirement benefit paid | | (63,442) |
| Long term loans to employees - net | | (22,696) |
| Long term deposits - net | | 15,148 |
| Security deposits - net | | (74,641) |
| Net cash generated from operating activities | | 13,418,316 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure on operating fixed assets | | (10,284,047) |
| Intangible assets acquired | | (25,773) |
| Proceeds from disposal of holding in Subsidiary Company | | 676,850 |
| Return on bank deposits and term deposit receipts | | 278,083 |
| Proceeds from sale of operating fixed assets | 16.1.1 | 88,228 |
| Proceed from sale of Subsidiary Company | | 183,268 |
| Dividend received | | 47,500 |
| Short term investments made | | (25,164,526) |
| Short term investments disposed of | | 13,180,661 |
| Net cash used in investing activities | | (21,019,756) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long term financing | | 5,883,504 |
| Shares issuance cost | | - |
| Repayment of long term financing | | (6,974,899) |
| Repayment of lease liabilities | | (431,931) |
| Short term borrowings - net | | 12,789,558 |
| Share capital issued by Subsidiary Companies to non-controlling interest | | 494,460 |
| Dividend paid | | (2,391,500) |
| Net cash from financing activities | | 9,369,192 |
| Net increase in cash and cash equivalents | | 1,767,752 |
| Cash and cash equivalents of Service Shoes Lanka (Private) Limited | 41.3 | (3,333) |
| Effects of exchange rate changes on cash and cash equivalents | | 14,395 |
| Cash and cash equivalents at the beginning of the year | 43.4 | 6,701,878 |
| Cash and cash equivalents at the end of the year | 43.4 | 8,480,692 |

The annexed notes form an integral part of these consolidated financial statements.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Babar Ali Khan
(Chief Financial Officer)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company

- Service Industries Limited

Subsidiary Companies

- Service Global Footwear Limited
- Service Industries Capital (Private) Limited
- Service Long March Tyres (Private) Limited
- Service International Tyres Trading FZE
- SIL GULF (FZE)
- Dongguan Service Global Limited
- Service Tyres (Private) Limited
- Service Retail (Private) Limited

(a) Service Industries Limited

Service Industries Limited was incorporated as a private limited company on 20 March 1957 in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017), converted into a public limited company on 23 September 1959 and got listed on 27 June 1970. The shares of Service Industries Limited are quoted on Pakistan Stock Exchange Limited. The principal activities of Service Industries Limited are purchase, manufacture and sale of footwear and technical rubber products. Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, Retail Outlets and Warehouses | Addresses |
|--|---|
| Registered and head office | Servis House, 2 Main Gulberg, Lahore |
| Karachi office | Adamjee House, 10th Floor, I.I. Chundrigar Road, Karachi |
| Factory site | G.T. Road, Gujrat |
| Retail outlets | |
| Gujrat | G.T. Road, Gujrat |
| Rawalpindi | Shop No. 9,10 and 11, Ground Floor, Basit Market, Bostan Khan Road, Car Chowk, Rawalpindi |
| Lahore | Shop No. 88, Temple Road, Mozang Chungi, Lahore |
| Warehouses | |
| Rawat | Plot No. 1, Street 4, RCCI Industrial Estate, Rawat |
| Sheikhupura | Al Jannat Road, Beside Khanka Syed Ahmed Shaheed, Faiz Road, Sheikhupura |

(b) Service Global Footwear Limited

Service Global Footwear Limited was incorporated as a public limited company on 19 July 2019 in Pakistan under the Companies Act, 2017 and got listed on 28 April 2021. The shares of Service Global Footwear Limited are quoted on Pakistan Stock Exchange. The principal activities of Service Global Footwear Limited are manufacturing, sale, marketing, import and export of footwear, leather and allied products. Service Global Footwear Limited is subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Global Footwear Limited – Subsidiary Company is 24.99% (2024: 20.63%). Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, and Factory outlet | Addresses |
|---|--|
| Registered and Head office | Servis House, 2 – Main Gulberg, Lahore |
| Factory site | 10 - KM, Muridke – Sheikhpura Road, Lahore |
| Freehold land site | Hadbast Manga Otar, Raiwind, Lahore |
| Factory outlet | 10 - KM, Muridke – Sheikhpura Road, Lahore |

(c) Service Industries Capital (Private) Limited

Service Industries Capital (Private) Limited is a private limited company incorporated in Pakistan on 10 November 2015 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). Its registered office and head office is situated at Servis House, 2-Main Gulberg, Lahore. The principal objects of Service Industries Capital (Private) Limited are to hold investments in subsidiaries / joint ventures and other companies, entities and organizations, listed or otherwise in Pakistan or elsewhere in the world subject to all the applicable laws and procedures but not to act as an investment company. It is wholly owned subsidiary of Service Industries Limited.

(d) Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited was incorporated as a private limited company on 07 January 2020 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 – Main Gulberg, Lahore and its factory site is located at Sindh Industrial Trading Estates Area, Nooriabad District, Jamshoro. The principal activities of Service Long March Tyres (Private) Limited are to carry on business of manufacturing, sale, marketing, import and export of all steel radial truck, bus, light truck and off the road tyres. It is a subsidiary of Service Industries Limited. Ownership interest held by non-controlling interest in Service Long March Tyres (Private) Limited – Subsidiary Company is 55.23% (2024: 52.89%).

During the year, on 13 October 2025, the members of Service Long March Tyres (Private) Limited (SLM) - Subsidiary Company, in their Annual General Meeting, passed a special resolution to subdivide the Subsidiary Company's shares by reducing the face value from Rupees 10 to Rupees 2. Accordingly, the existing shares were split into shares having a face value of Rupees 2 each.

SLM applied for change in status from private company to public company. Securities and Exchange Commission of Pakistan has approved the said conversion into public company with effect from 06 January 2026.

(e) SLM International Tyres Trading FZE

SLM International Tyres Trading FZE, incorporated on 25 July 2024, is registered as a Free Zone Establishment with limited liability in Jebel Ali Free Zone with License No. 98845966 under Jebel Ali Free Zone Regulation. The registered office address of SLM International Tyres Trading FZE is Premises No: FZJOA1001 Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of SLM International Tyres Trading FZE are auto spare parts and components trading, tyres and rims trading. It is wholly owned subsidiary of Service Long March Tyres (Private) Limited.

(f) SIL GULF (FZE)

SIL GULF (FZE) is registered as a Free Zone Establishment with limited liability in Sharjah International Airport Free (SAIF) Zone with licence No. 22182 on 25 February 2021, under SAIF Zone. The registered office address of SIL GULF (FZE) is SAIF office Q1 – 05 – 081/A, Sharjah, United Arab Emirates. The principal activities of SIL GULF (FZE) are trading of the tyres and rims, car tyres and outfit, ready-made garments, hand bags and leather products, tanned leather, textile and rubber, professional health and safety outfit and tools. It is wholly owned subsidiary of Service Industries Limited.

(g) Dongguan Service Global Limited

Dongguan Service Global Limited is a limited liability company (wholly owned by foreign legal person) registered with Dongguan Administration of Market Regulations, China. Date of incorporation of Dongguan Service Global Limited is 18 December 2022. Business scope of Dongguan Service Global Limited is wholesale of shoes and hats, sales of leather products, sales of needle textiles and raw materials, wholesale of hardware products, sales of bags, sales of daily necessities, inspection of clothing and apparel, finishing services, technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion, import and export of goods, technology import and export (except for projects subject to approval according

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

to law, independently carry out business activities according to law with a business license). Commercial address of Dongguan Service Global Limited is Room 302, No. 18, Houjie Town, Dongguan City, Guangdong Province, China. The registered capital of Dongguan Service Global Limited is USD 1,250,000 which is being subscribed by Service Global Footwear Limited. Service Global Footwear Limited wholly owns Dongguan Service Global Limited.

(h) Service Tyres (Private) Limited

Service Tyres (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. The principal line of business of Service Tyres (Private) Limited is to carry on the business of manufacturing, trading, sale, marketing, retail, wholesale, import, and export of all types of tyres, tubes, spare parts, and allied products for bicycles, motorcycles, scooters, rickshaws, automobiles, buses, trucks, tractors, trolleys, and other vehicles. The Company is a wholly-owned subsidiary of Service Industries Limited. Geographical location and addresses of all business units are as follows:

| Offices, Manufacturing unit, Factory Outlets and Warehouses | Addresses |
|---|---|
| Registered and head office | Servis House, 2 Main Gulberg, Lahore |
| Gujrat factory | G.T. Road, Gujrat |
| Muridke factory | 10 - KM, Muridke - Sheikhpura Road, District Sheikhpura |
| Retail outlets | |
| Servis-Star Gujrat | G.T. Road, Gujrat |
| Factory Outlet | 10 - KM, Muridke - Sheikhpura Road, District Sheikhpura |
| Warehouses | |
| Multan | Plot No. 220, Multan Industrial Estate, Phase 2, Multan |
| Karachi | Plot No. F-22/A, Estate Avenue, S.I.T.E Manghopir Road, Karachi |
| Lahore | House No. 74-F, Gulberg II, Lahore |

(i) Service Retail (Private) Limited

Service Retail (Private) Limited was incorporated as a private limited company on 21 December 2023 in Pakistan under the Companies Act, 2017. Its registered office is situated at Servis House, 2 - Main Gulberg, Lahore. The principal line of business of Service Retail (Private) Limited is to carry on the business of manufacturing, sale, trading, retail, wholesale, marketing, import and export of footwear, bags, apparel, accessories and other items / products. Service Retail (Private) Limited is a wholly owned subsidiary of Service Industries Limited. Geographical location and addresses of all business units are as follows:

| Office, Retail outlets and Warehouse | Addresses |
|--------------------------------------|--|
| Registered and head office | Servis House, 2 Main Gulberg, Lahore |
| Retail outlets | |
| Lahore 1 | Servis, Plot No. A-3, Block D, Valencia Town, Lahore. |
| Lahore 2 | Servis, 23-Karim Block Allama Iqbal Town, Lahore. |
| Lahore 3 | Servis, 99-K, B-Block, G.E.C.H.S. Main Link Road, Lahore. |
| Lahore 4 | Servis, Bagbanpura Bazar, Near Stylo Shoes, 17 Main G.T. Road, Lahore. |
| Lahore 5 | Servis, 54-Chopra Mansion, Near Panorama, Opposite to Pizza Hut, Lahore. |
| Lahore 6 | Servis, M.M. Alam Road, Opposite Cafe Zouk, Lahore. |
| Lahore 7 | Servis, Shop No. 133, DHAY Block, Lahore. |
| Lahore 8 | Servis, PIA Society, Near ECS Shoes, Lahore. |

| Retail outlets | Addresses |
|----------------|--|
| Lahore 9 | Servis, Shop No. 1, Dinga Singh Building 46, Mall Road, Lahore. |
| Lahore 10 | Servis, G-1 Market, Johar Town, Lahore. |
| Lahore 11 | Servis, Airport Road, Opposite Honda Point Shop, Lahore. |
| Lahore 12 | Servis, Tufail Road, Saddar Gol Chakkar, Lahore Cantt. |
| Lahore 13 | Servis, Phase-1 Market, DHA H-Block, Lahore. |
| Lahore 14 | Servis, 108-Shalimar Link Road, Mughalpura, Lahore. |
| Lahore 15 | Servis, Nawab Plaza, Opposite Bata Gate No. 3, G.T. Road, Batapur, Lahore. |
| Lahore 16 | Servis, Opposite Tajpura Scheme, Main Canal Road, Near Euro Store, Lahore. |
| Lahore 17 | Servis, 23-KM, Multan Road, Adjacent Bata Factory, Lahore. |
| Lahore 18 | Servis, Township Main Bazar, Beside Bata, Opposite ECS, Lahore. |
| Lahore 19 | Servis, Plot No. 23, Hunza Block, Allama Iqbal Town, Lahore. |
| Lahore 20 | Servis, Plot No. 136, Jahanzeb Block, Allama Iqbal Town, Lahore. |
| Lahore 21 | Servis, Main Road, Shadbagh, Adjacent to Stylo, Lahore. |
| Lahore 22 | Servis, Near Gajumata Metro Stop, Lahore. |
| Lahore 23 | Servis, Mall of Shahdara, Near Police Station, Shahdara. |
| Lahore 24 | Servis, Link Road, 2nd Adjacent Amanah Mall, Link Road Model Town, Lahore. |
| Lahore 25 | Servis, Block A-158, Main Boulevard, Gulshan Ravi, Lahore. |
| Lahore 26 | Servis, Main Canal Road, Rajput Town, Lahore. |
| Lahore 27 | Servis, Property No. 13-D, Main Wahdat Road, Lahore. |
| Lahore 28 | Servis, Lake City Mall, 1st Floor, Lahore. |
| Lahore 29 | Servis, Packages Mall, Lahore. |
| Lahore 30 | Servis, Plot 16-B, Commercial Sector-C, Talwar Chowk, Bahria Town, Lahore. |
| Lahore 31 | Servis, Main Bazar Islam Pura, Lahore. |
| Lahore 32 | Servis, Plot No. COM184, Block-A, Central Park, Ferozepur Road, Lahore. |
| Lahore 33 | Servis, Shop No.3 C-Floor, Mall of Lahore. |
| Lahore 34 | Servis, Shop No. 251, 1st Floor, Emporium Mall, Lahore. |
| Lahore 35 | Servis, Near Total Petrol Pump, Shalimar Link Road, Lahore. |
| Lahore 36 | Servis, Ground Floor, Fortress Square Mall, Lahore Cantt. |
| Lahore 37 | Servis, Park View Society, Multan Road, Lahore |
| Karachi 1 | Servis, B-61, Block H, North Nazimabad, Near Peshawari Ice Cream, Karachi. |
| Karachi 2 | Servis, Asia Pacific Trade Center, Opposite Millenium Mall, Rashid Minhas Road, Karachi. |
| Karachi 3 | Servis, Block-21, Shop No. LG-13, Lucky One Mall, Main Rashid Minhas Road, Opposite UBL Sports Complex, Karachi. |
| Karachi 4 | Servis, Khaliq-Uz-Zaman Road, Opposite Bacha Party, Block-8, Clifton, Karachi. |
| Karachi 5 | Servis, Beside Euro Shoes, Shop No. 2, Commercial Area Main Road Liaqatabad, Karachi. |
| Karachi 6 | Servis, Besides Stylo, Plot No. 282, Gulshan-e-Hadeed Phase 1, Bin Qasim Town, Karachi. |
| Karachi 7 | Servis, The Mall, Aladin park, Shop No. 105, Bas Shanti Nagar, Gulshan-e-Iqbal, Main Rashid Minhas Road, Karachi |
| Karachi 8 | Servis, Plot No. 10, Sector 33-A, Near Stylo Shoes, Korangi 2.5, Karachi. |
| Karachi 9 | Servis, The Safa Mall, Malir Cantt. Karachi. |
| Karachi 10 | Servis, Plot No. Z-83/Z-84, Dehli Mercantile Society, Beside Dolmen Mall, Main Tariq Road, Karachi. |
| Karachi 11 | Servis, Beside Chase Up Departmental Store, Near Johar Chowranghi, Gulistan-e-Johar, Karachi. |
| Karachi 12 | Servis, Plot No. B-32, Saad Icon Safoora Chowranghi, Near Hanif Rajput Pakwan Center, Karachi. |
| Karachi 13 | Servis, Shop No. 2-3, Plot No. 11, Zaib-Un-Nisa Street, Saddar Bazar, Karachi. |
| Karachi 14 | Servis, Plot No. 29-C, Badar Commercial Street-1, DHA Clifton Cantonment, Karachi. |
| Karak 1 | Servis, Main Indus Highway, Jail Chowk, Karak. |
| Multan 1 | Servis, Near M.M. Mart, Babe Hussain Chowk, Sameejabad, Multan. |
| Multan 2 | Servis, Gulgasht Colony, Multan. |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| Retail outlets | Addresses |
|----------------|---|
| Multan 3 | Servis, Aziz Bhatti Shaheed Road, Multan Cantt. Near Mall Plaza, Multan. |
| Multan 4 | Servis, Gulshan Market, Multan. |
| Multan 5 | Servis, Gardezi Market, Near Jalal Masjid Chowk, Gulgasht Colony, Multan. |
| Multan 6 | Servis, Vehari Road, Near Telephone Exchange Mumtazabad, Multan. |
| Multan 7 | Servis, Nishtar Chowk, Near Food Festival, Multan. |
| Multan 8 | Servis, Ghani Bukhari Road, Multan Cantt. |
| Multan 9 | Servis, Main Bazar, Mumtazabad, Multan. |
| Multan 10 | Servis, Mall of Multan, Bosan Road, Multan. |
| Multan 11 | Servis, Model Town, Multan |
| Multan 12 | Servis, Coca Cola Factory, Vehari Road, Mumtazabad, Multan. |
| Multan 13 | Servis, Shershah Road, Garden Town, Multan. |
| Multan 14 | Servis, Opposite Chase Up, Khanewal Road, Multan. |
| Islamabad 1 | Servis, Plot No. 11/C, Main Road, Block-C, Pak PWD Society, Islamabad. |
| Islamabad 2 | Servis, Awami Trade Center G-9, Islamabad. |
| Islamabad 3 | Servis, Plot No. 2, Near Barrier of PWD, Beside Shikarpuri Sweets, Main Road PWD, Islamabad. |
| Islamabad 4 | Servis, Unit No. 3, Block D, F-6, Islamabad. |
| Islamabad 5 | Servis, Pak China Mall, 3rd Floor, Shop No. 1,2,3, G/9-2, Islamabad. |
| Islamabad 6 | Servis, Plot No. 20, Sector C1, Bahria Enclave, Islamabad. |
| Islamabad 7 | Servis, Sajjad Plaza, G-15, G.T. Road Tarnol, Islamabad. |
| Islamabad 8 | Servis, The Capital Square Mall, Mezzanine Floor, Islamabad. |
| Abbottabad 1 | Servis, Opposite CNG Adda, Mansehra Road, Abbottabad. |
| Abbottabad 2 | Servis, Mansehra Road Supply, Abbottabad. |
| Rawalpindi 1 | Servis, Shan Mall, Plot No. 1255, Opposite ECS, Commercial Market Satellite Town, Rawalpindi. |
| Rawalpindi 2 | Servis, Pindi Bank Road, Adjacent to Habib Metropolitan Bank, Rawalpindi. |
| Rawalpindi 3 | Servis, Airport Road, Gulzar-e-Qaid, Rawalpindi. |
| Rawalpindi 4 | Servis, Walayat Complex, Bahria Town, Phase-7, Rawalpindi. |
| Rawalpindi 5 | Servis, Shop No. 2, LG Floor, WTC Giga Mall, DHA 2, Islamabad. |
| Rawalpindi 6 | Servis, Aabpara Main Market G-6, Near UBL Bank, Islamabad. |
| Rawalpindi 7 | Servis, Plot No. 154, Street Service Avenue, Spring North Commercial Bahria Phase-7, Islamabad. |
| Rawalpindi 8 | Servis, Main Bazar, Near Irani Market Tench Bhata, Rawalpindi. |
| Rawalpindi 9 | Servis, Misrial Road, Chur Chowk, Rawalpindi. |
| Rawalpindi 10 | Servis, Alpha Mall, Adyala Road, Rawalpindi. |
| Rawalpindi 11 | Servis, Bank Road 2, Near Rania Mall, Rawalpindi. |
| Rawalpindi 12 | Servis, Opposite City Centre, Bank Road Saddar, Rawalpindi. |
| Rawalpindi 13 | Servis, Taj Arcade, Jahaz Ground, Band Khana Road, Rawalpindi. |
| Rawalpindi 14 | Servis, Membership No. 492, NPF O-9 Housing Scheme, Islamabad. |
| Rawalpindi 15 | Servis, Plot No. B-845, Commercial Market, 4th Road, Rawalpindi. |
| Rawalpindi 16 | Servis, Shop No. 4F-06, Plot No 29, Kashmir Road, Saddar, Cantt, Rawalpindi. |
| Arifwala 1 | Servis, Bahawalnagar Road, Near MCB Bank, Arifwala. |
| Arifwala 2 | Servis, Thana Bazar, Arifwala. |
| Attock 1 | Servis, Naseem Mart, Kamrah Road, Attock. |
| Attock 2 | Servis, Takbeer Chowk, Kamra Road, Attock. |
| Bahawalnagar 1 | Servis, City Chowk, Bahawalnagar. |
| Bahawalnagar 2 | Servis, Jail Road, Opposite City Mall, Bahawalnagar. |
| Bahawalpur 1 | Servis, Circular Road, Opposite Medical College, Bahawalpur. |
| Bahawalpur 2 | Servis, Nizami Square 18-C, Commercial Colony, Railway Road, Bahawalpur. |

| Retail outlets | Addresses |
|--------------------|---|
| Bahawalpur 3 | Servis, Ahmed Pur Road, Dubai Chowk, Near Total Pump, Bahawalpur. |
| Bannu 1 | Servis, Railway Road, Opposite National Bank, Bannu. |
| Bhakkar 1 | Servis, Darya Khan Road, Bhakkar. |
| Bhalwal 1 | Servis, Opposite Bank Alfalah, Liaqat Shaheed Road, Bhalwal. |
| Burewala 1 | Servis, Al-Rehman Center, Opposite Stylo Shoes, Multan Road, Burewala. |
| Burewala 2 | Servis, 505 C-Block City Gate, Burewala. |
| Burewala 3 | Servis, Multan Road, Near JS Bank, Burewala. |
| Battagram 1 | Servis, Opposite Al-Fakhar Hotel, Main Bazar, Battagram. |
| Chakwal 1 | Servis, Talagang Road, Al-Fateh Plaza, Near GPO, Chakwal. |
| Charsadda 1 | Servis, Bacha Khan Chowk, Nowshera Road, Charsadda. |
| Chichawatni 1 | Servis, Sultan Plaza, Khatoni No. 1197, Naya Bazar, Chichawatni. |
| Chishtian 1 | Servis, Main Bazaar, Chishtian. |
| Chishtian 2 | Servis, College Road, Chishtian. |
| Chiniot 1 | Servis, Chah Bane Wala, Opposite Animal Hospital, Chiniot. |
| Dera Ghazi Khan 1 | Servis, Saddar Bazar, Dera Ghazi Khan |
| Dera Ghazi Khan 2 | Servis, Jamur Road, Near Traffic Chowk, Dera Ghazi Khan. |
| Dera Ghazi Khan 3 | Servis, 3 Bank Road, Dera Ghazi Khan. |
| Dera Ismail Khan 1 | Servis, Opposite State Life Building, Circular Road, Dera Ismail Khan. |
| Dera Ismail Khan 2 | Servis, Rasool Khan Plaza, Circular Road, Dera Ismail Khan. |
| Daska 1 | Servis, College Road, Near Borjan, Daska. |
| Daska 2 | Servis, Near Al-Jawad Hospital, Opposite Irfan Plaza, College Road, Daska. |
| Deepalpur 1 | Servis, Pakpattan Chowk, Deepalpur. |
| Faisalabad 1 | Servis, Millat Road, Gulshan Colony, Faisalabad. |
| Faisalabad 2 | Servis, Chak No. 220/RB, Jhang Road, Faisalabad |
| Faisalabad 3 | Servis, Saleemi Chowk, Chen One Road, Faisalabad. |
| Faisalabad 4 | Servis, Misaq ul Mall, Sheikhpura Road, Faisalabad. |
| Faisalabad 5 | Servis, Opposite Stylo, Main Samanabad Road, Bilal Chowk, Faisalabad. |
| Faisalabad 6 | Servis, Habib Jalib Road, Plot No. 1299/B, Peoples Colony, Faisalabad |
| Faisalabad 7 | Servis, Police Station Road, Opposite Nishat Linen, Gulberg, Faisalabad. |
| Faisalabad 8 | Servis, Satyana Road, Gate Square, Faisalabad. |
| Faisalabad 9 | Servis, Susan Road, Near Ideal Bakery, Faisalabad. |
| Faisalabad 10 | Servis, Plot 403-B, Ghulam Muhammad Colony, Faisalabad. |
| Faisalabad 11 | Servis, Jhang Bazar, Rajba Road, Faisalabad. |
| Faisalabad 12 | Servis, Allied More, Opposite Allied Hospital, Faisalabad. |
| Faisalabad 13 | Servis, D-Ground, Near KFC, Faisalabad. |
| Faisalabad 14 | Servis, 445-D, People Colony-1, Faisalabad. |
| Muridke 1 | Servis, Fair Price Shop, 10-KM, Near Servis Factory, Sheikhpura Road, Muridke. |
| Gojra 1 | Servis, Quaid-e-Azam Road, Gojra. |
| Gujranwala 1 | Servis, 400-C, Satellite Town, Main Market, Gujranwala. |
| Gujranwala 2 | Servis, Gujranwala Kings Mall, Adjacent to Borjan Shoes, Gujranwala. |
| Gujranwala 3 | Servis, Main G.T. Road, Opposite KFC, Rahwali. |
| Gujranwala 4 | Servis, Property No. 419-C, Main Market, Satellite Town, Opposite China Bakery, Gujranwala. |
| Gujranwala 5 | Servis, 751-B, Rex Cinema Road, Tipu Chowk, Satellite Town, Gujranwala. |
| Gujrat 1 | Servis, Hassan Chowk, Opposite Sarwar Gold Plaza, Katchery Road, Gujrat. |
| Gujrat 2 | Servis, Court Road, Near Katchery Chowk, Gujrat. |
| Gujrat 3 | Servis, Gulzar-e-Madina Chowk (Ram Talai), Gujrat. |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| Retail outlets | Addresses |
|-------------------|---|
| Gujrat 4 | Servis, Shah Doula Chowk, Circular Road, Gujrat. |
| Gujrat 5 | Servis, Main G.T. Road, Gujrat. |
| Gujrat 6 | Servis, Boken Plaza, Opposite Aleena Center, Bhimber Road, Gujrat. |
| Hafizabad 1 | Servis, Vanike Road, Near Jamia Masjid-Al-Qadeem, Hafizabad. |
| Haripur 1 | Servis, G.T. Road, Opposite Peshawar Adda, Haripur. |
| Haripur 2 | Servis, Sheranwala Gate, Main Bazar, Haripur. |
| Haroonabad 1 | Servis, Baldia Road, Opposite ECS Shoes, Haroonabad. |
| Hyderabad 1 | Servis, Autobhan Road, Near ECS, Main Giddu Chowk, Hyderabad. |
| Hyderabad 2 | Servis, Mehran Shopping Complex, Garrison Cantt. Market, Beside Stylo and J., Chandni Market, Hyderabad. |
| Hyderabad 3 | Servis, Fortune Arcade, Beside Qasim Banquet, Qasim Chowk Hyderabad. |
| Hyderabad 4 | Servis, Unit No. 7, Plot No. 4-B, Latifabad, Hyderabad. |
| Hyderabad 5 | Servis, Opposite Cozy Haleem, Main Tilak Incline, Hyderabad. |
| Hasilpur 1 | Servis, Rail Bazar, Fawara Chowk, Hasilpur. |
| Jauharabad 1 | Servis, Main Bazar, Jauharabad. |
| Jhelum 1 | Servis, Adnan Plaza, Civil Line Road, Opposite Tehsil Municipal Office, Jhelum. |
| Jhang 1 | Servis, Alpha Departmental Store, Fawara Chowk, Saddar, Jhang. |
| Jhang 2 | Servis, Opposite Church Yousaf Shah Road, Jhang. |
| Jhang 3 | Servis, Civil Lines Road, Jhang. |
| Jacobabad 1 | Servis, Main Quaid-e-Azam Road, City Survey No. 664/4, Opposite Jhoolay Lal Battery Shop, Near Askari Bank Jacobabad. |
| Jaranwala 1 | Servis, Fawara Chowk, Naya Bazar, Near HBL Bank, Jaranwala. |
| Kasur 1 | Servis, Shahbaz Khan Road, Opposite The Bank of Punjab, Kasur. |
| Kasur 2 | Servis, Railway Road, Kasur. |
| Kasur 3 | Servis, Khan Mehal Cinema Chowk, Main Ferozpur Road, Kasur |
| Khairpur 1 | Servis, Opposite Bata Shoes, Panjhatti Mall Road, Khairpur. |
| Khairpur 2 | Servis, Old Karachi Road, Near Sindh Karbala, Khairpur Mirs. |
| Kharian 1 | Servis, Main G.T. Road, Kharian. |
| Kabirwala 1 | Servis, Khanewal Road, Opposite HBL, Kabirwala. |
| Kamalia 1 | Servis, Qasr-e-Qadir, Chichawatni Road, Kamalia. |
| Kamra 1 | Servis, Safdar Plaza, Main Bazar, Kamra. |
| Khanpur 1 | Servis, Katchery Bazar, Model Town, Khanpur. |
| Kohat 1 | Servis, Kohat Katchery Chowk, Near Behram Medical Center, Kohat. |
| Kohat 2 | Servis, Main Pindi Road, Kohat. |
| Kotli 1 | Servis, Aabshaar Chowk, Pindi Road, Near Dream Land Hotel, Kotli, Azad, Jammu and Kashmir. |
| Kotla 1 | Servis, Bhimber Road, Near Mararian Chowk, Arab Ali Khan, Kotla. |
| Layyah 1 | Servis, Chubara Road, Near Old Baloch Adda, Layyah. |
| Layyah 2 | Servis, Circular Road, Layyah. |
| Larkana 1 | Servis, Station Road, Larkana. |
| Mandi Bahauddin 1 | Servis, B-2/373, Katchery Road, Mandi Bahauddin. |
| Mandi Bahauddin 2 | Servis, Opposite Al-Asar Mall, Jail Road, Mandi Bahauddin. |
| Mandi Bahauddin 3 | Servis, Katchery Road, Near HBL, Mandi Bahauddin. |
| Mandi Bahauddin 4 | Servis, Shop No. 1, Sufi City Mandi Bahauddin. |
| Mardan 1 | Servis, Opposite Railway Station, Nowshera Road, Mardan. |
| Mardan 2 | Servis, Bank Road, Near Taj Mahal Bakery, Mardan. |
| Mian Channu 1 | Servis, Kalma Chowk, Nishtar Road, Mian Channu. |
| Mian Wali 1 | Servis, Govt. High School Road, Mianwali. |
| Mirpur 1 | Servis, Allama Iqbal Road, Opposite Crown Plaza, Mirpur, Azad and Jammu and Kashmir. |

| Retail outlets | Addresses |
|------------------|---|
| Mirpur 2 | Servis, Quaid-e-Azam Plaza, Opposite Quid-e-Azam Stadium, Mirpur, Azad and Jammu Kashmir. |
| Mirpur Khas 1 | Servis, Plot No. 727, Ward-B, Nashtarabad, Mirpur Khas. |
| Mirpur Khas 2 | Servis, Plot No. 16, Ali Town, Phase-1, Mirpur Khas. |
| Muzaffargarh 1 | Servis, Multan Road, Near Hakeem Wala Petrol Pump, Muzaffargarh. |
| Muzaffarabad 1 | Servis, Al-Raheem Plaza, Opposite Lahore Hotel, Neelam Road, Lower Plate, Muzaffarabad, Azad Jammu and Kashmir. |
| Muzaffarabad 2 | Servis, Madina Market, Muzaffarabad, Azad Jammu and Kashmir. |
| Narowal 1 | Servis, Bypass Chowk, Circular Road, Narowal. |
| Okara 1 | Servis, M. Ali Jinnah Road, Okara. |
| Okara 2 | Servis, Katchery Bazar, Opposite Bata Shoes, Okara. |
| Okara 3 | Servis, Tehsil Road, Thandi Sarak, Near Company Bagh, Okara. |
| Pakpattan 1 | Servis, Sahiwal Road, Near Government Boys High School, Pakpattan. |
| Pakpattan 2 | Servis, Jahangir Heights, Mandi More, Katchery Road, Pakpattan. |
| Pattoki 1 | Servis, Brand Way Mall, Bypass, Opposite Punjab College, Pattoki. |
| Peshawar 1 | Servis, Opposite Grand Hotel, University Road, Peshawar. |
| Peshawar 2 | Servis, Main Saddar Road, Opposite Falak Sair Plaza, Peshawar. |
| Peshawar 3 | Servis, University Road, Peshawar. |
| Peshawar 4 | Servis, Main Saddar Road, Opposite Imperial Store, Peshawar Cantt. |
| Peshawar 5 | Servis, Charsadda Road, Nasapa Bala, Near Khazana Sugar Mill, Peshawar. |
| Peshawar 6 | Servis, Pishtakhara Chowk, Opposite Hyper Mall, Ring Road, Peshawar. |
| Peshawar 7 | Servis, Spinzar Plaza, University Road, Jahangirabad, Peshawar. |
| Phalia 1 | Servis, Al-Abbas Chowk, Opposite Sunshine Dry Clean, Haila Road, Phalia. |
| Quetta 1 | Servis, Jinnah Road, Quetta. |
| Quetta 2 | Servis, Opposite Askari Park, Main Airport Road, BA Mall, Quetta. |
| Quetta 3 | Servis, Main Airport Road, Near Mehfil Hotel, Quetta. |
| Rahim Yar Khan 1 | Servis, Shahi Road, Near Belgium Chowk, Adjacent Jalandar Sweets, Rahim Yar Khan. |
| Rahim Yar Khan 2 | Servis, 5-A, Al-Hamra Road, Model Town, Rahim Yar Khan. |
| Rahim Yar Khan 3 | Servis, Sadiq Bazar, Rahim Yar Khan. |
| Rawalakot 1 | Servis, Nala Bazar, Opposite CMH Hospital, Rawalakot. |
| Sadiqabad 1 | Servis, Amman Din Plaza, Club Road, Near Sadiq Club, Sadiqabad. |
| Sahiwal 1 | Servis, Girls College Road, Near Metro Shoes, Sahiwal. |
| Sahiwal 2 | Servis, Near Bata Shoes, Tanki Chowk High Street, Sahiwal. |
| Sahiwal 3 | Servis, Main Saddar Bazar, Near Pak China Dawakhana, Sahiwal. |
| Sahiwal 4 | Servis, Depalpur Bazar, Jogi Chowk, Sahiwal. |
| Sargodha 1 | Servis, Waris Plaza, Block No. 9, City Road, Sargodha. |
| Sargodha 2 | Servis, University Road, Opposite Mall of Sargodha, Sargodha. |
| Sargodha 3 | Servis, Katchery Bazar, Sargodha. |
| Sargodha 4 | Servis, University Road, Sargodha. |
| Sheikhupura 1 | Servis, Jinnah Park, Opposite Limelight, Near Stylo, Sheikupura. |
| Sialkot 1 | Servis, Railway Road, Drama Wala Chowk, Sialkot. |
| Sialkot 2 | Servis, Allama Iqbal Road, Near Toba Masjid, Sialkot Cantt. |
| Sialkot 3 | Servis, Muslim Bazar, Rung Pura Chowk, Sialkot. |
| Sialkot 4 | Servis, Sony Square Mall, Sialkot. |
| Sialkot 5 | Servis Shoes Store, Shop # 17, Aziz Shaheed Road, Saddar Bazar Cantt Sialkot |
| Sialkot 6 | Servis Shoes Store, Brand Village, GF-01-A, Khawaja Safdar Road, Sialkot |
| Swabi 1 | Servis, Darra Lar, Main Jahangira Road, Near Nadra Office, Swabi. |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| Retail outlets | Addresses |
|---------------------|---|
| Swat 1 | Servis, City Center Qambar, Swat. |
| Swat 2 | Servis, Main Bazar, Kanju Kalam Road, Swat. |
| Swat 3 | Servis, Khwazakhela Chowk Matta Road Baidara, Matta, Swat. |
| Shikarpur 1 | Servis, Hazari Gate, Main Circular Road, Shikarpur. |
| Sukkur 1 | Servis, Mission Road, Near Bata Store, Sukkur. |
| Tando Adam 1 | Servis, Beside Stylo Shoes, Tando Allahyar Road, Tando Adam. |
| Timergara 1 | Servis, Dir Road, Timergara. |
| Toba Tek Singh 1 | Servis, Saddar Bazar, Toba Tek Singh. |
| Toba Tek Singh 2 | Servis, Jhang Road, Chak No. 326, Chamra Mandi, Toba Tek Singh. |
| Taunsa Shareef 1 | Servis, Mangrotha Road, Opposite Faisal Mover Terminal, Taunsa Shareef. |
| Vehari 1 | Servis, Ludden Road, Vehari. |
| Vehari 2 | Servis, Club Road, Vehari. |
| Vehari 3 | Servis, Tehsil Road, Adjacent to Stylo, Vehari. |
| Wah Cantt 1 | Servis, Lala Rukh Basti, Opposite Al-Faisal Mall, Wah Cantt. |
| Wah Cantt 2 | Servis, G.T. Road Malakand Stop, Near Stylo, Wah Cantt. |
| Wah Cantt 3 | Servis, Aslam Market, Wah Cantt. |
| Wah Cantt 4 | Servis, B-6, Post Office Road, Lala Rukh, Wah Cantt. |
| Wazirabad 1 | Servis, Opposite Telephone Exchange, Wazirabad. |
| Wazirabad 2 | Servis, Opposite Old Court, Near Telephone Exchange, Sialkot Road, Wazirabad. |
| Ali Pur Chatha 1 | Servis, Madina Chowk, Qadirabad Road, Opposite Asia Marriage Hall, Ali Pur Chattha. |
| Batkhela 1 | Servis, Amandara, Near Popular CNG, Batkhela. |
| Bhera 1 | Servis, Opposite Side Main Bazar, Malakwal Road, Bhera. |
| Bhimber 1 | Servis, Shaheen Chowk, Bimbher, Azad Jammu and Kashmir. |
| Buner 1 | Servis, Sawari Bazar, Buner. |
| Dadu 1 | Servis, Opposite National Bank, Main Bazar, Dadu. |
| Daharki 1 | Servis, Shop No. 466, Town, Tehsil Daharki, District Ghotki. |
| Ghotki 1 | Servis, Plot No. 1 to 13, Station Road, Opposite Police Station, Town, Ghotki |
| Dinga 1 | Servis, Main Mandi Bahauddin Road, Dinga. |
| Dunyapur 1 | Servis, Railway Road, Opposite Noori Masjid, Dunyapur. |
| Gujar Khan 1 | Servis, Main Bazar, Gujar Khan. |
| Gujar Khan 2 | Servis, Main Bazar Gujar Khan |
| Jalal Pur Jattan 1 | Servis, Tanda Road, Jalalpur Jattan. |
| Khanewal 1 | Servis, Plot No. 6 & 7, Block No. 12, Jamia Masjid Road, Khanewal. |
| Kot Addu 1 | Servis, Railway Road, Kot Addu. |
| Kot Radha Kishan 1 | Servis, Main Road Kot, Near Java Sweet, Opposite Stylo Shoes, Kot Radha Kishan. |
| Malakwal 1 | Servis, Jinnah Road, Main Bazar, Malakwal. |
| Mansehra 1 | Servis, Paracha Plaza, Near Punjab Chowk, Main Shahrah-e-Raisham, Mansehra. |
| Mansehra 2 | Servis, Bashir Plaza Township, Manshera. |
| Nawabshah 1 | Servis, Gol Chakra Bazar Road, Shaheed Benazirabad, Nawabshah. |
| Nawabshah 2 | Servis, Opposite Police Lines, Main Kachahri Road, Nawabshah. |
| Nawabshah 3 | Servis, Main Qazi Ahmed Road, Nawabshah. |
| Pasrur 1 | Servis, Sattrah Chowk, Sialkot Road, Pasrur. |
| Pind Dadan Khan 1 | Servis, Main Lari Adda Pind Dadan Khan. |
| Samundari 1 | Servis, Near DSP Office, Gojra Road, Samundri. |
| Sharaqpur Shareef 1 | Servis, Main Circular Road, Opposite Girls High School, Gate No. 1, Sharaqpur. |
| Warehouse | Addresses |
| Raiwind | Near Rupali Foods, Manga Road, Raiwind. |

1.2 Scheme of Arrangement

As stated in detail in preceding audited annual financial statements of the Group for the year ended 31 December 2024, in accordance with the Scheme of Arrangement between Service Industries Limited and its members and Service Tyres (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Retail (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members and Service Industries Capital (Private) Limited [wholly owned subsidiary of Service Industries Limited] and its members (in terms of provisions of sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) [hereinafter referred to as the 'Scheme'] duly approved by the shareholders of Service Industries Limited, Service Tyres (Private) Limited, Service Retail (Private) Limited and Service Industries Capital (Private) Limited on 06 May 2024 and sanctioned by the Honorable Lahore High Court, Lahore vide its Order dated 12 June 2024 (Sanction Date) [certified true copy of the Order received on 28 June 2024 and filed with the Registrar of Companies on 28 June 2024], reconstruction of Service Industries Limited as stated below took effect from 01 January 2024 (Effective Date):

- i) the separation of the Transferred Assets and Undertakings [the Tyre Undertaking (inclusive of 128,150,000 shares of Service Long March Tyres (Private) Limited), the Retail Undertaking and Speed (Private) Limited (SPL) Shares] inclusive of all assets, rights, liabilities and obligations of Service Industries Limited (except for the Retained Assets and Undertakings) pertaining thereto;
- i) the transfer and vesting of the Tyre Undertaking into Service Tyres (Private) Limited;
- iii) the transfer and vesting of the Retail Undertaking into Service Retail (Private) Limited; and
- iv) the transfer and vesting of the SPL Shares into Service Industries Capital (Private) Limited.

After the sanction of the Scheme by the Honorable Lahore High Court, Lahore, the vesting of Tyre Undertaking in Service Tyres (Private) Limited, Retail Undertaking in Service Retail (Private) Limited and transfer of SPL Shares into Service Industries Capital (Private) Limited is deemed to have taken effect from on 01 January 2024 (Effective Date). Capital reserve of the Holding Company namely 'Share of share premium reserve held by equity accounted investee' of Rupees 23.935 million was transferred to unappropriated profit during the previous year as SPL Shares vested into Service Industries Capital (Private) Limited after the sanction of the Scheme (with effect from 01 January 2024). For the Holding Company, Speed (Private) Limited was equity accounted investee previously.

1.3 Significant restrictions

Cash and bank balances held in foreign countries are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from these countries, other than through normal dividends. The carrying amount of these assets included within the consolidated financial statements to which these restrictions apply is Rupees 105.068 million (2024: Rupees 81.129 million).

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of operating fixed assets, with a corresponding effect on the depreciation charge and impairment.

ii) Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

iii) Income tax and levy

In making the estimates for income tax and levy currently payable, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

iv) Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

v) Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

vi) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

vii) Impairment of investments in equity method accounted for associates

In making an estimate of recoverable amount of investments in equity method accounted for associates, the management considers future cash flows.

viii) Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

ix) Employees' retirement benefit

The actuarial valuation of employees' retirement benefit requires the use of certain assumptions related to future periods, including increase in future salary, expected returns on plan assets and the discount rate used to discount future cash flows to present values.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following amendments to published approved accounting standard are mandatory for the Group's accounting periods beginning on or after 01 January 2025:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability.

The above-mentioned amendments to approved accounting standard did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Group

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2025 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

f) Standards, amendments and improvements to published approved accounting standards that are not yet effective but relevant to the Group

Following standards, amendments and improvements to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 January 2026 or later periods:

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

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The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies meeting specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies meeting specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Classification and Measurement of Financial Instruments' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion; add new disclosures for certain instruments with contractual terms that can change cash flows; and make updates to the disclosures for equity instruments designated at FVTOCI.

Amendment to IFRS 7 – 'Financial Instruments: Disclosures' and IFRS 9 – 'Financial Instruments – Contracts Referencing Nature-dependent Electricity' (effective for annual reporting periods beginning on or after 01 January 2026). These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7.

Disclosures about Uncertainties in the Financial Statements (Illustrative Examples). Illustrative examples are not an integral part of standards and, therefore, do not have an effective date.

The International Accounting Standards Board (IASB) has published 'Annual Improvements to IFRS Accounting Standards – Volume 11'. The amendments are effective for annual reporting periods beginning on or after 01 January 2026. It contains amendments to following five standards as result of the IASB's annual improvements project:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows.

The above standards, amendments and improvements are likely to have no significant impact on the consolidated financial statements.

g) Standards, amendments and improvements to approved published standards that are not yet effective and not considered relevant to the Group

There are other standards, amendments and improvements to published approved standards that are mandatory for accounting periods beginning on or after 01 January 2026 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interest are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interest are presented as separate item in the consolidated financial statements.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investees in profit or loss, and the Group's share of movements in other comprehensive income of the investees in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

c) Translations of the financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries of which the functional currency is different from that used in preparing the Group's financial statements are translated in functional currency of the Group. Statement of financial position items are translated at the exchange rate at the reporting date and statement of profit and loss items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

2.3 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.4 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.5 Employees' retirement benefits

i) Contributory provident fund

There is an approved contributory provident fund for employees of Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company. Equal monthly contributions are made both by the employees and Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company to the fund in accordance with the fund rules. The contributions to the fund are charged to consolidated statement of profit or loss.

There is contributory provident fund scheme for employees of Service Long March Tyres (Private) Limited – Subsidiary Company. Equal monthly contributions are made both by the employees and Service Long March Tyres (Private) Limited – Subsidiary Company.

Notes to the Consolidated Financial Statements

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ii) Defined benefit plan

Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company operate a funded gratuity scheme as a defined benefit plan for permanent employees other than those who participate in the provident fund scheme. The managerial staff is entitled to participate in both the provident fund scheme and gratuity fund scheme.

Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in consolidated other comprehensive income. Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company recognize gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Compensated absences

Service Industries Limited – Holding Company, Service Global Footwear Limited – Subsidiary Company, Service Tyres (Private) Limited – Subsidiary Company and Service Retail (Private) Limited – Subsidiary Company provide for liability in respect of employees' compensated absences in the period in which these are earned.

2.6 Taxation

Current

a) Group companies other than SLM International Tyres Trading FZE, SIL GULF (FZE) and Dongguan Service Global Limited – Subsidiary Companies

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Holding Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in the consolidated statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend is charged as current tax in the consolidated statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

Service Long March Tyres (Private) Limited

Service Long March Tyres (Private) Limited - Subsidiary Company has been granted the status of a 'Greenfield Industrial Undertaking' on 24 November 2020 under section 2, sub-section (27A) of the Income Tax Ordinance, 2001 and section 2, sub-section (12A) of the Sales Tax Act, 1990. In addition to this, the Board of Approvals (BOA) constituted under Section 5 of the Special Economic Zones Act, 2012 in their meeting held on 14 December 2020 approved the Special Economic Zone (SEZ) status of Service Long March Tyres

(Private) Limited - Subsidiary Company; the formal notification in this respect has been issued on January 15, 2021. As per Clause (126E) of Part-I, Second Schedule to the Income Tax Ordinance, 2001, income derived by Service Long March Tyres (Private) Limited - Subsidiary Company is exempt from income tax for a period of ten years starting from the commencement of commercial operations. Further, Service Long March Tyres (Private) Limited - Subsidiary Company is also exempt from minimum tax under section 113 of the Income Tax Ordinance, 2001 under Clause (11A)(xxxiv), Part IV of the Second Schedule to the Income Tax Ordinance, 2001, as Service Long March Tyres (Private) Limited - Subsidiary Company has been granted the status of a 'Greenfield Industrial Undertaking' for a period of 10 years.

b) SLM International Tyres Trading FZE, SIL GULF (FZE) and Dongguan Service Global Limited – Subsidiary Companies

Provision for current tax and levy is computed in accordance with the tax legislation in force in the country where the income is taxable.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Group taxation

The Securities and Exchange Commission of Pakistan (SECP) vide its certificate dated 13 February 2024 has registered Service Retail (Private) Limited, Service Tyres (Private) Limited, Service Industries Limited and Service Industries Capital (Private) Limited (together the 'Tax Group') as a Tax Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequently, the Tax Group will be taxed as one fiscal unit from the tax year 2025 and onwards.

2.7 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2.8 Borrowing costs

Interest, mark-up and other charges on finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such finances. All other interest, mark-up and other charges are recognized in consolidated statement of profit or loss.

2.9 Property, plant, equipment and depreciation

Operating fixed asset

Fixed assets except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

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Depreciation

Depreciation on operating fixed assets except for leasehold improvements and leasehold land is charged to the consolidated statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives. Depreciation on leasehold improvements is charged to the consolidated statement of profit or loss applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives or shorter of lease term and depreciation on leasehold land is charged to the consolidated statement of profit or loss over the lease period using straight-line method. Depreciation on additions is charged from the month in which the assets are available for use up to the month prior to disposal. The residual values and useful lives are reviewed by the management, at each financial period-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.10 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.11 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of respective Group companies. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.12 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.13 Investments and other financial assets

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

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Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2) or fair value is determined using valuation techniques that incorporate significant inputs not based on observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the consolidated statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2.14 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.15 Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating

ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.16 De-recognition of financial assets and liabilities

a) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.17 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject

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to depreciation are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the consolidated statement of profit or loss.

2.18 Inventories

Inventories, except for stock-in-transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Usable stores, spare parts and loose tools are valued principally at cost using first-in-first-out (FIFO) cost formula, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | |
|--|---|
| (i) For raw materials: | First-in-first-out (FIFO) cost formula |
| (ii) For work-in-process and finished goods: | Direct material, labour and appropriate manufacturing overheads |
| (iii) Finished goods purchased for resale: | Moving average |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stocks are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.19 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.20 Trade debts and other receivables

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.21 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Processing services

The Group provides processing services to local customers. These services are sold separately and the Group's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Group's contracts with its customers.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

2.22 Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.23 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.24 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.25 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the consolidated statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the consolidated statement of profit or loss.

2.26 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.27 Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

2.28 Refund liabilities

Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.29 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly

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For the year ended December 31, 2025

liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.30 Warranty obligations

The Group recognises the estimated liability, on an accrual basis, to replace products under warranty at the reporting date, and recognises the estimated product warranty costs in the consolidated statement of profit or loss when the sale is recognised.

2.31 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.32 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.33 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.34 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.35 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group's reportable business segments have been explained in note 51.

The Group has following reportable business segments. Footwear (Purchase, manufacturing and sale of different qualities of footwear), Tyre (Manufacturing of different qualities of tyres and tubes) and Others (Manufacturing of different qualities of rubber products on specifications and trading and manufacturing of spare parts of automobiles).

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

2.36 Employees' share options schemes

Service Global Footwear Limited – Subsidiary Company and Service Long March Tyres (Private) Limited – Subsidiary Company operate equity settled share based Employees Stock Option Schemes. The compensation committees of the Board of Directors of Service Global Footwear Limited – Subsidiary Company and Service Long March Tyres (Private) Limited – Subsidiary Company evaluate the performance and other criteria of employees and approve the grant of options. These options vest with employees over a specific period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Service Global Footwear Limited – Subsidiary Company and Service Long March Tyres (Private) Limited – Subsidiary Company shares at a price determined on the date of grant of options.

At the grant date of share options to the employees Service Global Footwear Limited – Subsidiary Company and Service Long March Tyres (Private) Limited – Subsidiary Company initially recognize employee compensation expense with corresponding credit to equity as employee share options reserve at the fair value of option at the grant date. The fair value of option determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

2.37 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.38 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is not amortised but is reviewed for impairment at least annually.

3. SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 Ijarah transactions

Under the Ijarah contracts the Group obtains usufruct of an asset for an agreed period for an agreed consideration. The Group accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Group as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the consolidated statement of profit or loss on straight line basis over the Ijarah term.

3.2 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.3 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

3.4 Dividend and other appropriations

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3.5 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| | 2025 | 2024 | 2025 | 2024 |
|---|-------------------|------------|--------------------|---------|
| | Number of shares | | Rupees in thousand | |
| Ordinary shares of Rupees 10 each fully paid in cash | 3,183,190 | 3,183,190 | 31,832 | 31,832 |
| Ordinary shares of Rupees 10 each issued as fully paid bonus shares | 43,804,264 | 43,804,264 | 438,042 | 438,042 |
| | 46,987,454 | 46,987,454 | 469,874 | 469,874 |

4.1 The share capital of the Holding Company consists only of fully paid ordinary shares with a nominal (par) value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Holding Company.

| | 2025 | 2024 |
|---|------------------|-----------|
| | Number of shares | |
| 4.2 Ordinary shares of the Holding Company held by associated undertakings: | | |
| Shahid Arif Investments (Private) Limited | 39,624 | 39,624 |
| Service Charitable Trust | 45,253 | 45,253 |
| Service Provident Fund Trust | 2,391,274 | 2,391,274 |

5. RESERVES

Composition of reserves is as follows:

Capital reserves

| | 2025 | 2024 |
|---|--------------------|-----------|
| | Amount | Amount |
| | Rupees in thousand | |
| Capital gains | 102,730 | 102,730 |
| Fair value reserve FVTOCI investment - net of deferred income tax (Note 5.1) | 30,518 | 29,202 |
| Share premium (Note 5.2) | 1,532,698 | 1,385,749 |
| Share of share premium reserve held by equity accounted investee | 20,460 | 20,460 |
| Exchange translation reserve [Note 2.2(c)] | (1,952) | (73,967) |
| Reserve pursuant to the Scheme of Compromises, Arrangement and Reconstruction between the Holding Company and Service Global Footwear Limited | 927,163 | 927,163 |
| Share options reserves (Note 5.3) | 36,736 | 66,449 |
| Share of employees' share compensation reserve held by equity accounted investee | 307 | 307 |
| | 2,648,660 | 2,458,093 |

| 2025 | 2024 |
|--------------------|--------|
| Amount | Amount |
| Rupees in thousand | |

Revenue reserves

| | | |
|-----------------------|-------------------|-------------------|
| General reserve | 1,558,208 | 1,558,208 |
| Unappropriated profit | 18,528,083 | 10,278,584 |
| | 20,086,291 | 11,836,792 |
| | 22,734,951 | 14,294,885 |

5.1 This represents the unrealized gain on re-measurement of investment at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve is as under:

| | 2025 | 2024 |
|---------------------------------------|--------------------|---------|
| | Amount | Amount |
| | Rupees in thousand | |
| Balance at 01 January | 37,680 | 44,190 |
| Fair value adjustment during the year | 1,698 | (6,510) |
| | 39,378 | 37,680 |
| Deferred income tax liability | (8,860) | (8,478) |
| Balance at 31 December | 30,518 | 29,202 |

5.2 This reserve can be utilized by the Holding Company only for the purposes specified in section 81 of the Companies Act, 2017.

| 2025 | 2024 |
|--------------------|--------|
| Amount | Amount |
| Rupees in thousand | |

5.3 Share options reserve

Attributable to equity holders of the Holding Company:

| | | |
|--|---------------|---------------|
| Service Global Footwear Limited - Subsidiary Company (Note 5.4.3) | 25,689 | 5,701 |
| Service Long March Tyres (Private) Limited - Subsidiary Company (Note 5.5.3) | 11,047 | 60,748 |
| | 36,736 | 66,449 |

5.4 Service Global Footwear Limited - Subsidiary Company

5.4.1 Description of scheme

Employees Stock Option Scheme, 2020 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 25 November 2020 which comprises of an entitlement pool of 4.350 million shares. Under the scheme, share options of the Subsidiary Company are granted to business head, vice president operations, vice president innovation and product strategy and employees of level MG 3 and above. The exercise period for options granted under the scheme is six months of the completion of respective vesting period.

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Initially, the Subsidiary Company planned to grant 1,500,000, 712,500, 712,500, 712,500 and 712,500 share options in grant year 2020, 2021, 2022, 2023 and 2024 respectively. However, according to the scheme, if in any one year, the full number of options are not granted, then the un-granted options may be carried forward to the subsequent years. During the year, compensation committee granted 919,675 options having vesting period started from 01 January 2025 and ending on 31 December 2028 with exercise price of Rupees 44 per share. All the options under this scheme have been granted.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 5.4.2 Movement in employee's share option reserve: | | |
| Balance at 01 January | 7,183 | 895 |
| Recognized during the year at the fair value | 30,313 | 6,803 |
| Transferred to share premium | (4,438) | (515) |
| Balance at 31 December | 33,058 | 7,183 |
| 5.4.3 Share of employees' share option reserve attributable to: | | |
| Equity holders of the Holding Company | 25,689 | 5,701 |
| Non-controlling interest | 7,369 | 1,482 |
| | 33,058 | 7,183 |

5.4.4 Movement in share options outstanding at end of the year is as follows:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | 2025 | | 2024 | |
|--|----------------------|------------------|----------------------|------------------|
| | Number of options | WAEP (Rupees) | Number of options | WAEP (Rupees) |
| Outstanding at the beginning of the year | 1,756,075 | 34.19 | 705,000 | 30 |
| Options granted during the year | 919,675 | 44 | 1,227,325 | 36 |
| Options exercised during the year | (411,205) | 33.95 | (138,900) | 30 |
| Options lapsed during the year | (71,876) | 33.02 | (37,350) | 30 |
| Outstanding at 31 December | 2,192,669 | 38.39 | 1,756,075 | 34.19 |
| Exercisable at the end of the year | 713,000 | 37.10 | 483,081 | 33.81 |

5.4.5 The weighted average share price at the date of exercise of options exercised during the year was Rupees 76.15 (2024: Rupees 75.69).

5.4.6 The weighted average remaining contractual life for the share options outstanding as at 31 December 2025 is 1.1 years (2024: 1.3 years).

5.4.7 The weighted average fair value of options granted during the year was Rupees 55.54 (2024: Rupees 8.30).

5.4.8 Exercise price for options outstanding at the end of the year is Rupees 30, Rupees 36 and Rupees 44 (2024: Rupees 30 and Rupees 36).

5.4.9 Measurement of fair value

The fair value of the employee share options has been measured using the Black-Scholes pricing model.

The inputs used in the measurement of the fair value at grant date of the equity-settled share-based payment plans active on reporting date were as follows:

| | | Options granted date at | | |
|---------------------------|--------|-------------------------|--------------------|--------------------|
| | | 01 January 2025 | 01 January 2024 | 01 January 2023 |
| Fair value at grant date | Rupees | 47.20 to 60.86 | 4.58 to 13.10 | 1.41 to 2.92 |
| Share price at grant date | Rupees | 99.56 | 59.11 | 33.00 |
| Exercise price | Rupees | 44.00 | 36.00 | 30.00 |
| Expected volatility | % | 71.81% | 40.38% | 31.77% |
| Expected life | Years | 1.24 - 4.25 | 1.25 - 4.25 | 1 - 4 |
| Expected dividend | % | 3.01% - 10.22% | 30% | 27% |
| Risk-free interest rate | % | 12.19% - 12.53% | 15.08% | 15.03% |

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

5.5 Service Long March Tyres (Private) Limited - Subsidiary Company

5.5.1 Description of scheme

Employees Stock Option Scheme, 2024, comprises of an entitlement pool of 91.500 million shares. Under the scheme, share options of the Service Long March Tyres (Private) Limited - Subsidiary Company are granted to Chief Executive Officer, Directors and employees of level MG 2 and above. The exercise period for options granted under the scheme shall be three years after the completion of respective vesting period. Compensation committee granted 48,050,000 options having vesting period started from 31 July 2024 and ended on 31 July 2025 and 9,000,000 options having vesting period started from 31 July 2024 and ending on 31 July 2027, with exercise price of Rupees 10 per share.

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 5.5.2 Movement in share options reserve: | | |
| Balance at the beginning of the year | 128,978 | - |
| Add: Recognized during the year at the fair value | 187,000 | 128,978 |
| Less: Transferred to share premium | (294,104) | - |
| Balance at the end of the year | 21,874 | 128,978 |

5.5.3 Share of employees' share option reserve attributable to:

| | | |
|---------------------------------------|--------|---------|
| Equity holders of the Holding Company | 11,047 | 60,748 |
| Non-controlling interest | 10,827 | 68,230 |
| | 21,874 | 128,978 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

5.5.4 Measurement of fair value

The fair value of employees share options was calculated on 31 July 2024 using Black Scholes pricing model. The fair value of options granted during the previous year at the date of grant as estimated using the Black Scholes Model was Rupees 6.12 and Rupees 5.15 per option. The fair value measurement for the Employee Stock Option Scheme has been categorized as a level 3 fair value based on the inputs to the valuation technique used. The following assumptions were used in calculating the fair value of the options:

| | 1st Option | 2nd Option |
|-----------------------|------------|------------|
| Underlying price | 17.46 | 17.46 |
| Exercise price | 10 | 10 |
| Grant Date | 31-Jul-24 | 31-Jul-24 |
| Expiry Date | 31-Jan-27 | 31-Jan-29 |
| Expected Life | 2.5 | 4.5 |
| Historical Volatility | 46.66% | 46.66% |
| Risk free rate | 14.07% | 14.07% |
| Dividend yield | 14% | 14% |

During the year, the Subsidiary Company vested 48,050,000 shares, which are subject to a lock-in period of six months.

In this respect, employee share option compensation reserve amounting to Rupees 187,000,000 has been recognized with a corresponding charge for the year in respect of related employees services received to the consolidated balance sheet date.

2025
Amount
2024
Amount
Rupees in thousand

6. LONG TERM FINANCING

From banking companies - secured

| | | | |
|--|------------|-------------|-------------|
| Long term loans | (Note 6.1) | 11,386,938 | 14,988,187 |
| Long term musharaka | (Note 6.2) | 5,018,376 | 2,004,159 |
| | | 16,405,314 | 16,992,346 |
| Current portion shown under current liabilities: | (Note 14) | | |
| Long term loans | | (3,163,830) | (3,037,675) |
| Long term musharaka | | (888,491) | (397,575) |
| | | (4,052,321) | (3,435,250) |
| | | 12,352,993 | 13,557,096 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

6.1 Long term loans

| Lender | 2025 | | 2024 | | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|--|-----------|-----------|------------------------|---|------------------------------|-----------------------|--------------------|---|----------|
| | 2025 | 2024 | 2025 | 2024 | | | | | |
| Service Industries Limited - Holding Company | | | | | | | | | |
| Habib Bank Limited | 461,357 | 768,928 | 6-months KIBOR + 0.20% | Nine equal half yearly instalments commenced on 26 February 2023 and ending on 26 February 2027. | Half yearly | Half yearly | Half yearly | Ranking charge of Rupees 2,000 million on land and building of the Holding Company with 25% margin. | |
| Habib Bank Limited | 304,933 | 304,933 | 6-months KIBOR + 0.50% | Sixteen equal half yearly instalments commencing on 20 January 2026 and ending on 20 July 2033. | Half yearly | Half yearly | Half yearly | Joint pari passu charge of Rupees 2,000 million on land and building of the Holding Company and ranking charge of Rupees 1,467 million on land and building of the Holding Company with 25% margin. | |
| Pakistan Kuwait Investment Company (Private) Limited | 400,000 | 600,000 | 6-months KIBOR + 1% | Ten equal half yearly instalments commenced on 15 March 2023 and ending on 15 September 2027. | Quarterly | Quarterly | Quarterly | Joint pari passu charge of Rupees 2,667 million on fixed assets (land and building) of the Holding Company. | |
| Pakistan Kuwait Investment Company (Private) Limited | 456,908 | 500,000 | 3-months KIBOR + 1% | One hundred and sixty one unequal instalments commenced on 28 February 2025 and ending on 02 June 2033. | Quarterly | Quarterly | Quarterly | | |
| Pakistan Kuwait Investment Company (Private) Limited | 1,125,000 | 1,500,000 | 3-months KIBOR + 1% | Eight equal half yearly instalments commenced on 30 May 2025 and ending on 30 November 2028. | Quarterly | Quarterly | Quarterly | | |
| Askari Bank Limited | 1,666,667 | 2,000,000 | 1-month KIBOR + 0.35% | Twelve equal quarterly instalments commenced on 31 August 2025 and ending on 31 May 2028. | Monthly | Monthly | Monthly | | |

| Lender | 2025 | 2024 | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|--------------------|---------|------------------------------|--|--------------------|------------------|--|
| | Rupees in thousand | | | | | | |
| Service Global Footwear Limited - Subsidiary Company | | | | | | | |
| Habib Bank Limited | 35,863 | 50,737 | SBP rate for LTFF + 0.50% | Three hundred and eight unequal instalments commenced on 22 June 2019 and ending on 08 August 2028. | - | Quarterly | First joint pari passu hypothecation charge of Rupees 1,990.67 million on plant and machinery of Service Global Footwear Limited - Subsidiary Company with 25% margin. |
| | 120,777 | 139,358 | 6-months KIBOR + 0.50% | Thirty three unequal instalments commenced on 16 April 2024 and ending on 16 April 2032. | Half yearly | Half yearly | |
| | 986,983 | - | 3-months KIBOR + 0.50% | Twenty equal instalments commencing on 05 May 2026 and ending on 05 February 2031. | Quarterly | Quarterly | |
| | 1,143,623 | 190,095 | | | | | |
| Habib Bank Limited | 15,025 | 23,609 | SBP rate for LTFF + 0.50% | Thirty nine equal quarterly instalments commenced on 06 January 2018 and ending on 06 July 2027. | - | Quarterly | |
| Allied Bank Limited | 28,127 | 33,978 | SBP rate for LTFF + 0.25% | Three hundred and thirty two unequal instalments commenced on 23 July 2020 and ending on 16 July 2031. | - | Quarterly | First joint pari passu hypothecation charge of Rupees 117.33 million on plant and machinery of the Holding Company with 25% margin. |
| | 7,812 | 9,441 | 3-months KIBOR + 0.25% | | Quarterly | Quarterly | |
| | 35,939 | 43,419 | | | | | |
| Allied Bank Limited | 45,914 | 55,846 | SBP rate for LTFF + 0.25% | One hundred and seventy nine unequal instalments commenced on 21 April 2021 and ending on 29 October 2030. | - | Quarterly | |
| Service Tyres (Private) Limited - Subsidiary Company | | | | | | | |
| Allied Bank Limited (Note 6.3) | - | 100,000 | 6-months KIBOR + 0.15% | Seven unequal instalments commenced on 29 January 2020 and ended on 29 June 2025. | Half yearly | Half yearly | |
| Allied Bank Limited (Note 6.3) | 66,817 | 80,185 | SBP rate for LTFF + 0.25% | Three hundred and twenty nine unequal instalments commenced on 21 May 2019 and ending on 29 August 2030. | - | Quarterly | Ranking charge of Rupees 700 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| | 11,722 | 13,159 | 6-months KIBOR + 0.25% | | Half yearly | Quarterly | |
| | 78,539 | 93,344 | | | | | |
| Allied Bank Limited | 180,509 | 240,677 | 3-months KIBOR + 0.25% | Twenty equal quarterly instalments commenced on 01 March 2023 and ending on 01 December 2027. | Quarterly | Quarterly | |
| Allied Bank Limited | 19,465 | 48,664 | 3-months KIBOR + 0.25% | Ten equal quarterly instalments commenced on 21 December 2023 and ending on 21 March 2026. | Quarterly | Quarterly | |

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| Lender | 2025 | 2024 | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|--------------------|---------|------------------------------|--|--------------------|------------------|---|
| | Rupees in thousand | | | | | | |
| Service Tyres (Private) Limited - Subsidiary Company | | | | | | | |
| MCB Bank Limited | - | 200,000 | 6-months KIBOR + 0.25% | Ten equal half yearly instalments commenced on 11 June 2021 and ended on 11 December 2025. | Half yearly | Half yearly | Ranking charge of Rupees 1,004 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| MCB Bank Limited | 230,000 | 345,000 | 6-months KIBOR + 0.10% | Ten equal half yearly instalments commenced on 29 May 2023 and ending on 29 November 2027. | Half yearly | Half yearly | |
| Habib Bank Limited (Note 6.4) | 824,388 | 939,150 | SBP rate for TERF + 1% | Sixty four unequal instalments commenced on 20 April 2023 and ending on 20 April 2031. | - | Half yearly | Ranking charge of Rupees 1,631.13 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| Habib Bank Limited (Note 6.3) | 3,623 | 5,136 | SBP rate for LTFF + 0.50% | One hundred and twenty four unequal instalments commenced on 12 December 2019 and ending on 30 April 2028. | - | Quarterly | |
| Soneri Bank Limited | 389,344 | 389,344 | 3-months KIBOR + 0.50% | Twenty equal quarterly instalments commencing on 01 January 2026 and ending on 01 October 2030. | Quarterly | Quarterly | Ranking charge of Rupees 734 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |

| Lender | 2025 | 2024 | Rate of mark-up | | Number of instalments | Interest Repricing | Interest Payable | Security |
|--|--------------------|--------------------|--|--|--|--------------------|------------------|---|
| | Rupees in thousand | Rupees in thousand | Per annum | | | | | |
| Service Long March Tyres (Private) Limited - Subsidiary Company | | | | | | | | |
| Allied Bank Limited (Note 6.4) | 1,100,926 | 1,268,815 | SBP rate for TERF + 0.50% | | Thirty two unequal instalments commenced on 25 February 2023 and ending on 26 May 2033. | - | Quarterly | These loans along with musharaka of Service Long March Tyres (Private) Limited - Subsidiary Company disclosed in Note 6.2 are secured against joint pari passu charge over present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company (such as land, building, plant and machinery etc.) with aggregate amount of Rupees 19,313 million and corporate guarantees of Service Industries Limited - Holding Company with aggregate amount of Rupees 9,000 million. |
| Bank Alfalah Limited (Note 6.4) | 553,869 | 634,969 | SBP rate for TERF + 0.75% | | Thirty two equal quarterly instalments commenced on 15 May 2023 and ending on 15 April 2032. | - | Quarterly | |
| Bank Alfalah Limited | - | 96,552 | 3-months KIBOR + 0.5% | | Twenty equal quarterly instalments commenced on 06 November 2025 and ending on 06 August 2030. However, it has been fully settled during the year. | Quarterly | Quarterly | |
| MCB Bank Limited (Note 6.4) | 590,287 | 674,933 | SBP rate for TERF + 0.50% | | Sixteen half yearly instalments commenced on 02 October 2023 and ending on 19 November 2031. | - | Quarterly | |
| Habib Bank Limited (Note 6.4) | 1,660,622 | 1,918,299 | SBP rate for TERF + 0.50% | | Thirty two unequal instalments commenced on 15 May 2023 and ending on 15 February 2031. | - | Quarterly | |
| Habib Bank Limited | 100,000 | 100,000 | SBP rate for financing power plants using renewable energy + 0.50% | | Sixteen equal semi-annual instalments commencing on 24 August 2026 and ending on 24 August 2033. | - | Half yearly | |
| Habib Bank Limited | - | 199,835 | 6-months KIBOR + 0.50% | | Sixteen equal semi-annual instalments commenced on 30 April 2025 and ending on 24 August 2033. However, it has been fully settled during the year. | Half yearly | Half yearly | |
| National Bank of Pakistan | - | 1,746,639 | 3-months KIBOR + 0.50% | | Twenty equal quarterly instalments commenced on 30 July 2025 and ending on 30 October 2030. However, it has been fully settled during the year. | Quarterly | Quarterly | |
| | <u>11,386,938</u> | <u>14,988,187</u> | | | | | | |

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6.2 Long term musharaka

| Lender | 2025 | 2024 | Rate of mark-up | | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|--------------------|--------------------|---|--|---|--------------------|------------------|---|
| | Rupees in thousand | Rupees in thousand | Per annum | | | | | |
| Service Tyres (Private) Limited - Subsidiary Company | | | | | | | | |
| Meezan Bank Limited | - | 30,000 | 6-months KIBOR + 0.12% | | Ten equal half yearly instalments commenced on 18 December 2019 and ended on 18 May 2025. | Half yearly | Half yearly | Exclusive charge of Rupees 70.589 million on specific machinery of Service Tyres (Private) Limited - Subsidiary Company and first charge of Rupees 45.170 million on plant and machinery of Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| Meezan Bank Limited | 23,957 | 33,581 | SBP rate for Islamic financing facility for renewable energy + 1% | | Eighty two unequal instalments commenced on 09 September 2021 and ending on 03 August 2028. | - | Quarterly | |
| Faysal Bank Limited (Note 6.5) | 278,103 | 345,576 | SBP rate for ITERF + 0.75% | | Thirty-two unequal instalments commenced on 10 June 2023 and ending on 10 June 2031. | - | Quarterly | Ranking charge of Rupees 667 million over plant and machinery of Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |
| The Bank of Punjab (Note 6.5) | 269,868 | 296,236 | SBP rate for ITERF + 0.60% | | Ninety six unequal instalments commenced on 04 July 2023 and ending on 20 September 2032. | - | Half yearly | Ranking charge of Rupees 667 million over plant and machinery of the Service Tyres (Private) Limited - Subsidiary Company with 25% margin. |

| Lender | 2025 Rupees in thousand | 2024 Rupees in thousand | Rate of mark-up Per annum | Number of instalments | Interest Repricing | Interest Payable | Security |
|---|----------------------------|----------------------------|------------------------------|-----------------------|-----------------------|---------------------|----------|
| | | | | | | | |
| <p>Service Industries Limited - Holding Company</p> <p>Faysal Bank Limited 3,000,000 - 3-months KIBOR + 0.1% Sixteen equal quarterly instalments commencing on 28 June 2026 and ending on 28 March 2030.</p> | | | | | | | |
| <p><u>5,018,376</u> <u>2,004,159</u></p> | | | | | | | |

These musharaka alongwith loans of Service Long March Tyres (Private) Limited - Subsidiary Company disclosed in Note 6.1 are secured against joint pari passu charge over present and future fixed assets of the Service Long March Tyres (Private) Limited - Subsidiary Company (such as land, building, plant and machinery etc.) with aggregate amount of Rupees 19,313 million and corporate guarantees of Service Industries Limited - Holding Company with aggregate amount of Rupees 9,000 million.

Joint pari passu charge of Rupees 4,000 million on fixed assets (Plant and Machinery including land and building) of the Holding Company with 25% margin.

- 6.3 Repayment period of these loans and musharka includes deferment of repayment of principal loan / musharaka amount by one year in accordance with State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.
 - 6.4 These loans are obtained by the Service Tyres (Private) Limited - Subsidiary Company and Service Long March Tyres (Private) Limited - Subsidiary Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 7.98% to 23.66% (2024: 7.98% to 23.66%) per annum.
 - 6.5 These loans are obtained by Service Tyres (Private) Limited - Subsidiary Company and Service Long March Tyres (Private) Limited - Subsidiary Company under SBP Islamic Temporary Economic Refinance Facility (ITERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rates ranging from 8.01% to 23.11% (2024: 8.01% to 23.11%) per annum.
 - 6.6 Service Long March Tyres (Private) Limited - Subsidiary Company entered into a Diminishing Musharakah arrangement for the purchase of a motor vehicle over a four-year term.
- 7. LONG TERM DEPOSITS**
These represent deposits of dealers and franchises, who have permitted the utilization of such money by the Group in pursuance of section 217 of the Companies Act, 2017.

| | 2025 Amount | 2024 Amount |
|--|--------------------|------------------|
| Rupees in thousand | | |
| 8. LEASE LIABILITIES | | |
| Total lease liabilities (Note 8.1) | 6,132,333 | 6,269,704 |
| Current portion shown under current liabilities (Note 14) | (529,806) | (584,124) |
| | 5,602,527 | 5,685,580 |
| 8.1 Reconciliation of lease liabilities | | |
| Balance at 01 January | 6,269,704 | 5,461,579 |
| Additions during the year | 499,868 | 1,205,163 |
| Interest on lease liabilities (Note 38) | 951,079 | 893,549 |
| Impact of lease modification | - | (21,421) |
| Impact of lease termination | (205,308) | (97,234) |
| Payments made during the year | (1,383,010) | (1,171,932) |
| Balance at 31 December | 6,132,333 | 6,269,704 |
| 8.2 Maturity analysis of lease liabilities is as follows: | | |
| Upto 6 months | 691,144 | 685,195 |
| 6-12 months | 707,721 | 701,943 |
| 1-2 year | 1,413,539 | 1,379,290 |
| More than 2 years | 8,303,534 | 9,073,992 |
| | 11,115,938 | 11,840,420 |
| Less: Future finance cost | (4,983,605) | (5,570,716) |
| Present value of lease liabilities | 6,132,333 | 6,269,704 |

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8.3 Implicit rates against lease liabilities range from 8.08% to 25.05% (2024: 8.08% to 25.05%) per annum.

9. EMPLOYEES' RETIREMENT BENEFIT

Service Industries Limited - Holding Company, Service Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Global Footwear Limited - Subsidiary Company

The latest actuarial valuation of the fund as at 31 December 2025 was carried out using the 'Projected Unit Credit Method'. Details of the fund as per the actuarial valuation are as follows:

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 9.1 The amounts recognized in the consolidated statement of financial position are as follows: | | |
| Present value of defined benefit obligations | 787,358 | 702,649 |
| Fair value of plan assets | (146,335) | (130,554) |
| Net defined benefit obligation | 641,023 | 572,095 |
| 9.2 Movement in net defined benefit obligation: | | |
| Net liability at 01 January | 572,095 | 503,128 |
| Current service cost | 48,126 | 46,792 |
| Past service cost | 2,606 | - |
| Benefit due but not paid | (10,623) | - |
| Net interest on defined benefit obligation | 64,880 | 70,684 |
| Net remeasurements for the year | 16,758 | 34,944 |
| Contributions made during the year | (52,819) | (83,453) |
| Net liability at 31 December | 641,023 | 572,095 |
| 9.3 Movement in the present value of defined benefit obligation: | | |
| Present value of defined benefit obligation at 01 January | 702,649 | 612,243 |
| Current service cost | 48,126 | 46,792 |
| Past service cost | 2,606 | - |
| Interest cost | 80,978 | 87,597 |
| Benefits paid during the year | (51,114) | (83,453) |
| Benefits due but not paid | (10,623) | - |
| Remeasurements on obligation: | | |
| Actuarial gains from changes in financial assumptions | (824) | (1,968) |
| Experience adjustments | 15,560 | 41,438 |
| Present value of defined benefit obligation at 31 December | 787,358 | 702,649 |

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 9.4 Movement in the fair value of the plan assets: | | |
| Fair value of plan assets at 01 January | 130,554 | 109,115 |
| Interest income on plan assets | 16,098 | 16,913 |
| Contributions made during the year | 52,819 | 83,453 |
| Benefits paid during the year | (51,114) | (83,453) |
| Remeasurements on fair value of plan assets | (2,022) | 4,526 |
| Fair value of plan assets at 31 December | 146,335 | 130,554 |
| 9.4.1 The major categories of total plan assets of the Fund are as follows: | | |
| Mutual funds | 143,700 | 129,653 |
| Bank balances | 2,635 | 901 |
| Total plan assets | 146,335 | 130,554 |
| 9.5 Amounts recognized in the statement of profit or loss: | | |
| Current service cost | 48,126 | 46,792 |
| Past service cost | 2,606 | - |
| Interest cost | 80,978 | 87,597 |
| Interest income on plan assets | (16,098) | (16,913) |
| Net expense charged in the consolidated statement of profit or loss | 115,612 | 117,476 |
| 9.6 Charge for the year has been allocated as follows: | | |
| Cost of sales | (Note 33) 59,884 | 72,402 |
| Distribution cost | (Note 34) 28,988 | 16,363 |
| Administrative expenses | (Note 35) 26,740 | 28,711 |
| | 115,612 | 117,476 |
| 9.7 Remeasurements charged to consolidated statement of comprehensive income: | | |
| Experience adjustments | 15,560 | 41,438 |
| Return on plan assets excluding interest income | 2,022 | (4,012) |
| Actuarial gains from changes in financial assumptions | (824) | (2,482) |
| Total remeasurements charged to consolidated statement of comprehensive income | 16,758 | 34,944 |

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For the year ended December 31, 2025

9.8 Comparison of present value of defined benefit obligation and the fair value of plan assets for current and previous four years is as follows:

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|-----------|-----------|-----------|----------|-----------|
| Rupees in thousand | | | | | |
| Present value of defined benefit obligation | 787,358 | 702,649 | 612,243 | 469,540 | 396,912 |
| Fair value of the plan assets | (146,335) | (130,554) | (109,115) | (97,690) | (106,327) |
| Deficit in the plan | 641,023 | 572,095 | 503,128 | 371,850 | 290,585 |
| Remeasurement loss on obligation | 14,736 | 39,470 | 67,698 | 25,405 | 8,778 |
| Remeasurement (loss) / gain on plan assets | (2,022) | 4,526 | (2,740) | (21,130) | (2,722) |

| | 2025 | 2024 |
|--|-------------------|-------|
| Rupees in thousand | | |
| Discount rate used for interest cost | % per annum 12.25 | 15.50 |
| Discount rate used for year end obligation | % per annum 11.00 | 12.25 |
| Expected rate of salary increase | % per annum 11.00 | 12.25 |

9.9 Principal actuarial assumptions used:

9.10 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

| | Defined benefit obligation | | |
|------------------------|----------------------------|------------------------|------------------------|
| | Changes in assumption | Increase in assumption | Decrease in assumption |
| | Bps | Rupees in thousand | |
| Discount rate | 100 | 729,532 | 853,057 |
| Future salary increase | 100 | 853,130 | 728,412 |

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

9.11 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

9.12 The average duration of the benefit obligation is 9 years.

9.13 Expected maturity profile of undiscounted defined benefit obligation:

| Less than a year | Between 1 - 2 years | Between 3 - 5 years | Between 6 - 10 years | Over 10 years | Total |
|--------------------|---------------------|---------------------|----------------------|---------------|-----------|
| Rupees in thousand | | | | | |
| 53,913 | 49,352 | 219,612 | 708,260 | 3,739,749 | 4,770,886 |

9.14 Estimated charge to consolidated statement of profit or loss for the year ending on 31 December 2026 will be Rupees 152.282 million.

| | 2025 | 2024 |
|--|---------------------|------------------|
| | Amount | Amount |
| Rupees in thousand | | |
| 10. DEFERRED LIABILITIES | | |
| Deferred income - Government grant | (Note 10.1) 957,394 | 1,394,690 |
| Provision for Gas Infrastructure Development Cess (GIDC) | (Note 10.2) - | - |
| Deferred income tax liability - net | (Note 10.3) - | 1,958,449 |
| | 957,394 | 3,353,139 |

10.1 Deferred income - Government grant

| | | |
|---|---------------------|------------------|
| Balance at 01 January | 1,912,078 | 2,389,158 |
| Recognized during the year | - | 2,445 |
| Amortized during the year | (Note 37) (504,363) | (556,237) |
| Reassessment | - | 76,712 |
| | 1,407,715 | 1,912,078 |
| Current portion shown under current liabilities | (Note 14) (450,321) | (517,388) |
| | 957,394 | 1,394,690 |

10.1.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 and Circular No. 09 of 2020 dated 08 May 2020 introduced a Temporary Economic Refinance Facility (TERF) and Islamic Temporary Economic Refinance Facility (ITERF) for setting of new industrial units and for undertaking Balancing, Modernization and Replacement and / or expansion of projects / businesses. These refinances were available through Banks / DFIs. One of the key feature of these refinance facilities was that borrowers could obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Group obtained these loans as disclosed in note 6 to the consolidated financial statements. In accordance with IFRS 9 'Financial Instruments', loans obtained under the refinance facilities were initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

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| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| 10.2 Provision for Gas Infrastructure Development Cess (GIDC) | | |
| Provision for GIDC at 31 December | 21,844 | 21,844 |
| Current portion shown under current liabilities (Note 14) | (21,844) | (21,844) |
| | - | - |

10.2.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year ended 31 December 2020, Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. The Group has filed a review petition in Honourable Lahore High Court, Lahore which is pending adjudication. GIDC payable has been recognized at amortized cost in accordance with IFRS 9.

| | 2025 Amount | 2024 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |

10.3 Deferred income tax (asset) / liability - net

The deferred income tax (asset) / liability - net originated due to timing differences relating to:

Taxable temporary differences:

| | | |
|--|-----------|-----------|
| Accelerated tax depreciation | 129,228 | 3,331,547 |
| Investment in associate | 135,156 | 118,733 |
| Fair value reserve FVTOCI investment | 8,860 | 8,478 |
| Mutual funds | 416 | 498 |
| Fair value of forward exchange contracts | 2,148 | 61,869 |
| Right-of-use assets | 1,716,814 | 2,375,706 |
| | 1,992,622 | 5,896,831 |

Deductible temporary differences:

| | | |
|---|-------------|-------------|
| Allowance for expected credit losses | (82,944) | (106,641) |
| Provision for doubtful advances to suppliers | (9,117) | (11,382) |
| Provision for slow moving and obsolete stores | (22,360) | (19,007) |
| Provision for slow moving and obsolete stock-in-trade | (128,814) | (103,022) |
| Lease liabilities | (2,391,610) | (2,947,968) |
| Minimum tax carry forward | (722,824) | (750,362) |
| | (3,357,669) | (3,938,382) |

| | | |
|--|--------------------|------------------|
| Deferred income tax (asset) / liability - net | (1,365,047) | 1,958,449 |
|--|--------------------|------------------|

10.3.1 Movement in deferred income tax balances during the year is as follows:

| | 2025 | | | Closing balance |
|--|-----------------|--|--|-----------------|
| | Opening balance | Recognised in consolidated statement of profit or loss | Recognised in consolidated statement of comprehensive income | |

Rupees in thousand

| | | | | |
|---|-------------|-------------|-----|-------------|
| Accelerated tax depreciation | 3,331,547 | (3,202,319) | - | 129,228 |
| Investment in associate | 118,733 | 16,423 | - | 135,156 |
| Fair value reserve FVTOCI investment | 8,478 | - | 382 | 8,860 |
| Right-of-use assets | 2,375,706 | (658,892) | - | 1,716,814 |
| Mutual funds | 498 | (82) | - | 416 |
| Fair value of forward exchange contracts | 61,869 | (59,721) | - | 2,148 |
| Allowance for expected credit losses | (106,641) | 23,697 | - | (82,944) |
| Provision for doubtful advances to suppliers | (11,382) | 2,265 | - | (9,117) |
| Provision for slow moving and obsolete stores | (19,007) | (3,353) | - | (22,360) |
| Provision for slow moving and obsolete stock-in-trade | (103,022) | (25,792) | - | (128,814) |
| Lease liabilities | (2,947,968) | 556,358 | - | (2,391,610) |
| Minimum tax carry forward: | | | | |
| Available | (1,248,370) | 363,857 | - | (884,513) |
| Movement in deferred income tax not recognized | 498,008 | (336,319) | - | 161,689 |
| Deferred income tax recognized | (750,362) | 27,538 | - | (722,824) |
| | 1,958,449 | (3,323,878) | 382 | (1,365,047) |

| | 2024 | | | Closing balance |
|--|-----------------|--|--|-----------------|
| | Opening balance | Recognised in consolidated statement of profit or loss | Recognised in consolidated statement of comprehensive income | |

Rupees in thousand

| | | | | |
|---|-------------|-----------|---------|-------------|
| Accelerated tax depreciation | 1,342,985 | 1,988,562 | - | 3,331,547 |
| Investment in associate | 92,943 | 25,790 | - | 118,733 |
| Fair value reserve FVTOCI investment | 9,943 | - | (1,465) | 8,478 |
| Right-of-use assets | 1,763,340 | 612,366 | - | 2,375,706 |
| Mutual funds | - | 498 | - | 498 |
| Fair value of forward exchange contracts | - | 61,869 | - | 61,869 |
| Allowance for expected credit losses | (108,450) | 1,809 | - | (106,641) |
| Provision for doubtful advances to suppliers | (3,046) | (8,336) | - | (11,382) |
| Provision for slow moving and obsolete stores | (12,515) | (6,492) | - | (19,007) |
| Provision for slow moving and obsolete stock-in-trade | (35,180) | (67,842) | - | (103,022) |
| Lease liabilities | (2,130,016) | (817,952) | - | (2,947,968) |
| Minimum tax carry forward: | | | | |
| Available | (1,032,040) | (216,330) | - | (1,248,370) |
| Movement in deferred income tax not recognized | 410,203 | 87,805 | - | 498,008 |
| Deferred income tax recognized | (621,837) | (128,525) | - | (750,362) |
| | 298,167 | 1,661,747 | (1,465) | 1,958,449 |

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10.3.2 Deferred income tax asset has been recognised to the extent that the realization of related tax benefits is probable from future taxable profits. It is probable that sufficient taxable profits will be available for utilization of recognized deferred income tax asset. Detail of available minimum tax carried forward is given as follows:

| | Accounting year to which the minimum tax carry forward relates | Amount | | Accounting year in which minimum tax carry forward will expire |
|---------------------------|--|--------------------|------------------|--|
| | | 2025 | 2024 | |
| | | Rupees in thousand | | |
| Minimum tax carry forward | 2025 | 92,850 | - | 2027 |
| | 2024 | 404,592 | 404,592 | 2027 |
| | 2023 | 98,657 | 98,657 | 2026 |
| | 2022 | - | 456,707 | 2025 |
| | 2021 | 288,414 | 288,414 | 2026 |
| | | 884,513 | 1,248,370 | |

10.3.3 During the year, Service Long March Tyres (Private) Limited - Subsidiary Company after seeking approval from the commissioner revised its income tax returns for the tax years 2022 to 2024 to adjust the tax written down value (WDV) of its property, plant, and equipment back to their original cost.

The income tax returns were revised based on the opinion from Service Long March Tyres (Private) Limited - Subsidiary Company's legal consultant, that income earned during an exempt period does not constitute business income chargeable to tax. Consequently, Service Long March Tyres (Private) Limited - Subsidiary Company's assets are regarded as not being employed to generate business income chargeable to tax and therefore, are not considered depreciable assets as per the Income Tax Ordinance, 2001. The opinion of legal advisor of Service Long March Tyres (Private) Limited - Subsidiary Company is based on ruling from the Islamabad High Court in case of other company.

Following this revision, Service Long March Tyres (Private) Limited - Subsidiary Company has reversed a deferred tax liability of Rupees 1,749.84 million that had been recorded in prior years due to difference between the accounting and tax WDV of property, plant, and equipment. Additionally, no deferred tax liability amounting to Rupees 703.56 million has been recognized for the current year.

The revision of income tax returns has resulted in deferred tax asset amounting to Rupees 1,798.47 million as of December 31, 2025. Accordingly, Service Long March Tyres (Private) Limited - Subsidiary Company has recorded deferred tax income.

The management of Service Long March Tyres (Private) Limited - Subsidiary Company, based on the legal advice obtained, is confident that the tax position being taken by Service Long March Tyres (Private) Limited - Subsidiary Company is permissible under section 22(5) of Income Tax Ordinance, 2001. Eventual resolution of the matter will however be dependent upon the finalisation of the tax assessment by tax authorities.

| | 2025 Amount | 2024 Amount |
|--|--------------------|-------------------|
| | Rupees in thousand | |
| 11. TRADE AND OTHER PAYABLES | | |
| Trade creditors | 8,740,412 | 8,473,105 |
| Accrued liabilities | 4,442,909 | 3,110,816 |
| Letters of credit | 202,770 | 121,960 |
| Contract liabilities - unsecured | 1,682,670 | 735,926 |
| Provident fund payable | 164,583 | 228,652 |
| Provision for service warranties | 10,541 | 11,079 |
| Workers' profit participation fund (Note 11.1) | 538,588 | 484,082 |
| Workers' welfare fund (Note 11.2) | 375,603 | 219,174 |
| Income tax deducted at source | 134,424 | 90,184 |
| Others | 60,804 | 52,000 |
| | 16,353,304 | 13,526,978 |
| 11.1 Workers' profit participation fund | | |
| Balance at 01 January | 484,082 | 116,619 |
| Interest for the year (Note 38) | 18,839 | 2,380 |
| Provision for the year (Note 36) | 721,144 | 662,652 |
| | 1,224,065 | 781,651 |
| Payments made during the year | (697,034) | (297,569) |
| Excess amount recovered from the fund | 11,557 | - |
| Balance at 31 December | 538,588 | 484,082 |
| 11.2 Workers' welfare fund | | |
| Balance at 01 January | 219,174 | 150,069 |
| Provision for the year (Note 36) | 205,900 | 147,002 |
| | 425,074 | 297,071 |
| Payments made during the year | (49,471) | (77,897) |
| Balance at 31 December | 375,603 | 219,174 |
| 12. ACCRUED MARK-UP | | |
| Long term financing | 187,098 | 335,168 |
| Short term borrowings | 324,636 | 468,077 |
| | 511,734 | 803,245 |

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| | | 2025 | 2024 |
|--|---------------------|--------------------|-------------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 13. SHORT TERM BORROWINGS | | | |
| From banking companies - secured | | | |
| Short term running finances | (Notes 13.1 & 13.2) | 20,156,015 | 4,255,684 |
| Export refinance | (Notes 13.1 & 13.3) | 8,240,650 | 5,338,650 |
| Other short term finance - money market loan | (Notes 13.1 & 13.4) | 7,050,000 | 20,700,000 |
| Export finance scheme | (Notes 13.1 & 13.5) | 4,929,079 | 5,882,870 |
| FE-25 loan against export | (Notes 13.1 & 13.6) | 11,202,027 | 5,217,361 |
| Islamic financing | (Notes 13.1 & 13.7) | 2,606,352 | - |
| | | 54,184,123 | 41,394,565 |

13.1 These short term borrowings are obtained from banking companies under mark-up arrangements and are secured by hypothecation of present and future current assets of the Group Companies. These form part of total credit facilities of Rupees 78,050 million (2024: Rupees 60,294 million).

13.2 The rates of mark-up range from 10.09% to 14.56% (2024: 10.70% to 23.37%) per annum.

13.3 The rates of mark-up range from 6.8% to 10.00% (2024: 9.30% to 19.00%) per annum.

13.4 The rates of mark-up range from 8.19% to 13.64% (2024: 8.19% to 23.72%) per annum.

13.5 The rates of mark-up range from 2.00% to 2.50% (2024: 2.00% to 3.00%) per annum.

13.6 The rates of mark-up range from 2.25% to 5.95% (2024: 4.00% to 8.00%) per annum.

13.7 The rates of profit range from 12.31% to 12.37% (2024: 19.03% to 23.66%) per annum.

| | | 2025 | 2024 |
|---|-------------|--------------------|------------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 14. CURRENT PORTION OF NON-CURRENT LIABILITIES | | | |
| Long term financing | (Notes 6) | 4,052,321 | 3,435,250 |
| Lease liabilities | (Note 8) | 529,806 | 584,124 |
| Deferred income - Government grant | (Note 10.1) | 450,321 | 517,388 |
| Provision for GIDC | (Note 10.2) | 21,844 | 21,844 |
| | | 5,054,292 | 4,558,606 |

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

As per the Scheme, all suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against the Holding Company in respect of the Tyre Undertaking [vested in Service Tyres (Private) Limited - Subsidiary Company], the Retail Undertaking [vested in Service Retail (Private) Limited - Subsidiary Company] and SPL Shares [vested in Service Industries

Capital (Private) Limited - Subsidiary Company] and pending before any court, tribunal, regulatory body or any other authority are treated as suits, appeals and legal proceedings by or against Service Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Industries Capital (Private) Limited - Subsidiary Company respectively under the Scheme and may be continued, prosecuted and enforced by or against Service Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company and Service Industries Capital (Private) Limited - Subsidiary Company respectively accordingly.

15.1.1 The Additional Collector (Adjudication) of Pakistan Customs Computerized System, Karachi initiated case against the Holding Company for failure to pay leviable sales tax and income tax of Rupees 18.630 million and Rupees 4.108 million respectively at import of tyre cord fabrics during the period from August 2007 to July 2008 by wrongly claiming sales tax zero rating in terms of SRO 509 (1)/2007 dated 09 June 2007. The case has been remanded back by the Appellate Tribunal Inland Revenue (ATIR) to the Commissioner Inland Revenue Appeals [CIR (Appeals)], which is still pending.

15.1.2 Deputy Director of Pakistan Employees Social Security Institute (PESSI), Gujrat initiated three cases against the Holding Company. In the first case the alleged amount recoverable by the PESSI is Rupees 4.804 million covering the period from January 1987 to September 1992 on account of short payment of contributions. In the second case, Rupees 1.982 million is recoverable by the Holding Company from PESSI on account of wrongly paid contributions covering the period from July 1992 to September 1993. Both cases have been decided against the Holding Company by the Director General Recovery PESSI, Lahore. In the third case, Rupees 31.807 million is recoverable by PESSI. This case was decided in the favour of the Holding Company in the year 2013, however, the case is re-opened in the year 2014. The Holding Company has filed an appeal before Social Security Court, Lahore against the aforesaid cases. During the pendency of the matter, PESSI sent a recovery notice for the same amount. The Holding Company has filed a writ petition before Lahore High Court, Lahore.

15.1.3 Deputy Commissioner Inland Revenue (DCIR) initiated a case on 12 October 2012, against the Holding Company after post sales tax refund audit in which demand of Rupees 27.922 million was raised. The Holding Company filed an appeal on 21 May 2013, before CIR (Appeals) in which the demand was cancelled except two points having impact of Rupees 2.650 million. The Holding Company filed an appeal on 26 August 2013, before ATIR against said points which is pending adjudication.

15.1.4 DCIR initiated sales tax audit for the year 2013-2014 on 28 December 2017, in which demand of Rupees 182.707 million was created. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed appeal with CIR (Appeals) on 18 January 2018, who confirmed the demand of Rupees 10.626 million and remanded back certain charges to the tune of Rupees 172.081 million. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed an appeal with ATIR on 14 March 2018, against the decision of CIR (Appeals) which is pending for hearing. Furthermore, the Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed an application on 07 September 2018, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case. Later on, the proceedings against remanded back portion were initiated by DCIR and order in this regard has been issued dated 30 June 2025 in which DCIR created the same demand of Rupees 172.081 million. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed appeal before CIR(A) against the decision of DCIR wherein the appeal to the tune of Rupees 157.638 million has been decided in favour of the companies. Being aggrieved, the Holding Company and Service Tyres (Private) Limited - Subsidiary Company has filed an appeal before ATIR which is pending adjudication.

15.1.5 DCIR initiated income tax audit for the year 2014 on 31 January 2018, in which a demand of Rupees 123.412 million was created. The Holding Company filed an appeal before CIR (Appeals) on 26 February 2018, who remitted back the proceedings to the department for denovo consideration by way of order dated 29 October 2020. The Holding Company has filed an appeal before ATIR against said points on 23 December 2020, which is pending adjudication.

15.1.6 Service Tyres (Private) Limited - Subsidiary Company received show cause notice dated 14 December 2018 for which detailed reply was furnished to Assistant Commissioner Unit-07 Sindh Revenue Board (SRB). Taxation Officer subsequently passed assessment order under section 47 read with section 44 of the Sindh Sales Tax on Services Act, 2011 on 18 April 2019, demanding sales tax amounting to Rupees 30.572 million. Aggrieved with impugned order, Service Tyres (Private) Limited - Subsidiary Company preferred an appeal to the Commissioner Appeals SRB on 23 April 2019, which, upon lapse of 180 days for deciding the appeal, was transferred to ATIR SRB, which is pending adjudication.

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- 15.1.7** Honourable Lahore High Court, Lahore, allowed a petition filed by the Holding Company on 31 October 2017, against show-cause notice dated 06 July 2017, issued by DCIR amounting to Rupees 13.076 million. The show-cause notice was issued on account of post sales tax refunds audit of various tax periods. Federal Board of Revenue challenged the decision of Honourable Lahore High Court, Lahore, in Honourable Supreme Court of Pakistan on 13 December 2017, which is pending for hearing.
- 15.1.8** DCIR conducted income tax audit for the year 2011 in which a demand of Rupees 19.605 million was created on 30 April 2018. The Holding Company filed an appeal before CIR (Appeals) on 29 May 2018, who confirmed the demand of Rupees 12.989 million and remanded back certain charges amounting to Rupees 6.616 million by way of order dated 07 August 2020. On 07 October 2020, the Holding Company filed an appeal before ATIR against said points which is pending adjudication.
- 15.1.9** Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Global Footwear Limited - Subsidiary Company have challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 dated 07 September 2017, whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court, Lahore has passed order dated 11 September 2017, whereby tax department shall consider whether the Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Global Footwear Limited - Subsidiary Company are entitled to claim input sales tax on aforesaid goods that are used for the purpose of taxable supplies. Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Global Footwear Limited - Subsidiary Company have claimed input sales tax of Rupees 180.613 million (2024: Rupees 180.613 million) on such goods in its respective monthly sales tax returns.
- 15.1.10** On 30 October 2015, DCIR initiated income tax case of tax year 2008 in which demand of Rupees 68.406 million was created by amending return. Appeal was preferred with CIR (Appeals) on 28 December 2015, which was dismissed against the Holding Company without discussing the merits of the case. The Holding Company has filed appeal on 26 April 2018, with ATIR which has been heard. ATIR has remanded back the case to the CIR (Appeals) which is pending adjudication.
- 15.1.11** On 13 December 2018, CIR passed an order regarding CREST discrepancies of sales tax for an amount of Rupees 10.324 million. The Holding Company filed an appeal before ATIR which is pending for hearing. Furthermore, the Holding Company filed an application on 10 June 2019, for stay of recovery and Honourable Lahore High Court, Lahore, has granted stay in said case.
- 15.1.12** On 30 June 2021, Additional Commissioner Inland Revenue (ACIR) completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) for tax year 2015 and raised a demand of Rupees 13.055 million based on disallowance of certain expenditure under section 21(l) of the Ordinance. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed an appeal on 26 July 2021, against foregoing assessment proceedings before CIR (Appeals), who remanded back the issue to taxation officer for fresh consideration, effectively deleting the impugned tax demand. Further, ACIR completed assessment proceedings under section 122(5A) of the Ordinance for tax year 2018 and raised a demand of Rupees 48.324 million consequent to addition of salaries and advertisement expenses under section 21(c) and section 24 of the Ordinance. On 08 February 2022, the Holding Company and Service Tyres (Private) Limited - Subsidiary Company filed appeals before the ATIR contesting the directions of CIR (Appeals) for both of the aforementioned cases which are in the process of being heard.
- 15.1.13** On 30 November 2022, DCIR completed assessment proceedings and passed an order under section 11(2) of the Sales Tax Act, 1990 demanding sales tax amounting to Rupees 167.535 million along with penalty amounting to Rupees 8.377 million against claimed input tax for the tax periods from July 2020 to November 2021. The Holding Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company filed appeal on 29 December 2022, against foregoing assessment proceedings before CIR (Appeals), who has confirmed the order of DCIR. The Holding Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company filed an appeal on 04 February 2023, before ATIR. ATIR, in connection with the appeal, remanded the issue to the assessing officer for fresh consideration through order dated 04 September 2023. The remand back proceedings are yet not initiated.
- 15.1.14** Director (PESSI), Gujrat has demanded through notice dated 07 May 2022, social security contribution amounting to Rupees 96.002 million covering the period from August 2017 to November 2021 on account of short payment of contribution. The Holding Company filed an appeal before Social Security Court, Gujrat against the aforesaid notice, which was dismissed and the Holding Company was advised to make the payment of aforesaid amount. The Holding Company filed a writ petition against the matter in Honourable Lahore High Court, Lahore. On 18 April 2013, through a rectified order the aforementioned amount was reduced to Rupees 94.793 million out of which Rupees 63.195 million relates to the short payment of contribution and Rupees 31.598 million on account of penalty. The Holding Company has filed complaint under section 57 of the Provincial Employees' Social Security Ordinance, 1965 regarding the penalty amounting to Rupees 31.598 million, which is pending for hearing. The Honourable Lahore High Court has granted a stay order on this matter. The Holding Company has filed complaint under section 57 before the PESSI Commissioner Lahore against demand of penalty on 23 August 2023 and the complaint was dismissed vide order dated 25 July 2024. Appeal was filed before the PESSI Labour Court Lahore on 09 August 2024 under section 59. Initially stay order has been granted and the case has been relisted for further hearing on 26 March 2026. Later on another aggrieved party has filed appeal before Honourable Supreme Court of Pakistan against the recovery of the same. The Holding Company has filed appeal before Honourable Supreme Court of Pakistan on 23 July 2025. On 29 January 2026, the Honourable Supreme Court of Pakistan has decided the case in favour of the Holding Company.
- 15.1.15** Amendment order dated 31 March 2014, was issued for the tax year 2012, creating a demand of Rupees 226.103 million on the basis of re-assessment of certain issues. On 21 June 2014, through the appellate order, CIR (Appeals) modified the aforementioned case in favour of the Holding Company, in which additions in income aggregating to Rupees 523.003 million were remanded back to the assessing officer and other income was allocated to sales alone. The Holding Company filed an appeal before ATIR against the aforementioned actions of CIR (Appeals). ATIR in connection with the appeal deleted additions to the extent of Rupees 417.132 million and remanded remaining issues to CIR (Appeals) for re-adjudication through order dated 03 August 2023 which is pending adjudication.
- 15.1.16** On 07 December 2022, ACIR amended assessment for tax year 2019 and raised a tax demand of Rupees 500.278 million on the basis of re-assessment of certain issues regarding tax credits, withholding of advance income tax and deductible allowances. The Holding Company filed rectification application and an appeal before the CIR (Appeals). CIR (Appeals), in connection with the appeal, decided the case in favour of the Holding Company by deleting the demand in respect of deduction from income from business and annulling the matter with respect to tax credit and withholding of advance income tax for fresh consideration by the assessing officer which is pending adjudication.
- 15.1.17** Without considering the facts of the Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited - Holding Company and Service Global Footwear Limited - Subsidiary Company, the tax authorities through order dated 29 October 2021 alleged that Service Global Footwear Limited - Subsidiary Company suppressed its sale by Rupees 3,718.912 million during tax periods from July 2019 to December 2019 and raised demand of Rupees 632.097 million and further tax of Rupees 111.547 million, along with penalty and default surcharge. Being aggrieved Service Global Footwear Limited - Subsidiary Company filed appeal before CIR (Appeals) who upheld the order. Service Global Footwear Limited - Subsidiary Company filed an appeal before the ATIR dated 01 March 2022. ATIR on 20 June 2022 accepted Service Global Footwear Limited - Subsidiary Company's contentions and remanded the issue on account of verification of Service Global Footwear Limited - Subsidiary Company's claim that the sales tax liability (if any) on revenue reported by Service Global Footwear Limited - Subsidiary Company in its audited financial statements, had been discharged by Service Industries Limited - Holding Company. On 14 November 2022, ACIR raised the original demand through appeal effect order, ignoring the findings and directions of ATIR. Service Global Footwear Limited - Subsidiary Company filed an appeal before CIR (Appeals) on 27 December 2022 and CIR (Appeals) by way of his order dated 30 January 2023 has set-aside the order dated 14 November 2022 of ACIR with the direction to ACIR to verify / confirm different treatment of sales in income tax return vs sales tax returns and to check adequate disclosure of the demerger transaction in audited financial statements of Service Global Footwear Limited - Subsidiary Company and Service Industries Limited - Holding Company in light of directions of ATIR order dated 20 June 2022.
- 15.1.18** Service Long March Tyres (Private) Limited - Subsidiary Company imported prefabricated buildings and claimed exemption from the customs duties and sales tax on the ground that these were being imported for the purpose of establishing an industry in the subject industrial economic zone which was denied on the ground that prefabricated buildings do not fall under capital goods or plant and machinery and thereafter these were allowed to be released provisionally against bank guarantee and the matter was referred to Federal Board of Revenue (FBR). Guarantees are given by the banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the Collector of Customs, Karachi against matter which was referred to Federal Board of Revenue (FBR). Guarantees are given by banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the Collector of Customs, Karachi against shipment amounting to Rupees 368.699 million (2024: Rupees 368.699 million). However, the FBR upheld the opinion of customs against which Service Long March Tyres (Private) Limited - Subsidiary Company filed constitutional appeal in the High Court of Sindh. The matter is currently pending in the High Court of Sindh.

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- 15.1.19** On 11 December 2018, Deputy Commissioner Inland Revenue (DCIR) issued show cause notice against the purchases made from the suspended / blacklisted units, inadmissible input tax claimed on the packing material and non payment of the further tax. DCIR imposed sales tax amounting to Rupees 516.202 million with default surcharge to be calculated at the time of payment of the tax. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company being aggrieved with the decision filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR through its order dated 23 January 2023 remanded the case back to the DCIR. During the remand back proceedings, DCIR charged sales tax to the tune of Rupees 132.061 million. The Holding Company and Service Tyres (Private) Limited - Subsidiary Company being aggrieved filed an appeal before ATIR on 26 July 2024. Furthermore, the Honourable Lahore High Court issued a stay order in this case on 15 August 2024. On 12 September 2025, ATIR by way of order deleted the demands of Rupees 56.229 million and penalty and the Company made payment of Rupees 75.831 million on 14 November 2025. Levy of default surcharge is to be confirmed where the underlying default is sustained on merit
- 15.1.20** DCIR concluded sales tax audit for the period from January 2020 to December 2020 and charged sales tax to the tune of Rupees 240.940 million through the order dated 28 June 2024 on the grounds of inadmissible input tax on purchase, suppression of sales with the figures as per the financial statements and other issues. The Holding Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company filed an appeal before the ATIR on 24 July 2024. On 31 March 2025, ATIR has remanded the case back for fresh consideration. The remand back proceedings are yet not initiated.
- 15.1.21** Deputy Commissioner Inland Revenue (DCIR) passed an order dated 30 August 2024, under section 161 of the Income Tax Ordinance, 2001 for tax year 2021, whereby a demand of Rupees 168.699 million was raised, against which Service Global Footwear Limited - Subsidiary Company, filed a rectification application to the tax department under section 221 of the Income Tax Ordinance, 2001. Commissioner Inland Revenue (CIR) passed an order dated 22 March 2025 under which demand has been annulled and the matter has been remanded back to DCIR.
- 15.1.22** Commissioner Inland Revenue (Appeals-I) [CIR(A)], Lahore, vide appellate order dated 09 May 2025 passed under Section 45B of Sales Tax Act, 1990 (Act), annulled the departmental order dated 24 July 2024, passed by DCIR, through which a sales tax demand amounting to Rupees 7.766 million (exclusive of default surcharge and penalty) had been raised against Service Global Footwear Limited - Subsidiary Company. The matter was remanded back to DCIR with direction to re-examine the case and pass a fresh, speaking order. Pursuant to directions of CIR(A), DCIR issued a hearing notice dated 13 August 2025 under section 11B of the Act. Service Global Footwear Limited - Subsidiary Company's stance was adequately explained to the tax authorities on 20 August 2025. However, no order has been passed till date.
- 15.1.23** A show cause notice was issued against Service Long March Tyres (Private) Limited - Subsidiary Company on account of inadmissible adjustment of input tax on purchase of building material and services for construction of tyre manufacturing facility, amounting to Rupees 363.26 million. The remand-back proceedings under Section 11 of the Act were concluded by the DCIR, vide order dated 29 February 2024, whereby sales tax demand of Rupees 42.36 million (including penalty u/s 33(8) of the Act) was raised. During the year, Service Long March Tyres (Private) Limited - Subsidiary Company has paid the said amount under protest. However, Service Long March Tyres (Private) Limited - Subsidiary Company filed an appeal before the Commissioner Inland Revenue (CIRA) which was subsequently transferred to the Appellate Tribunal Inland Revenue. ATIR, through its order dated 02 January 2025, has decided the appeal against Service Long March Tyres (Private) Limited - Subsidiary Company and upheld the demand raised by the department. Service Long March Tyres (Private) Limited - Subsidiary Company challenged the aforementioned appellate order before the honorable Lahore High Court that remanded the matter back to ATIR for reconsideration. Following a hearing on 03 July 2025, ATIR has now passed a revised appellate order, substantially reducing the original tax demand from Rupees 42.36 million to Rupees 5.22 million. Service Long March Tyres (Private) Limited - Subsidiary Company is still contesting the revised demand and based on the advice of its consultant and hence no provision has been made in these consolidated financial statements.
- 15.1.24** A Constitutional Petition C.P No. 4294/2021 was filed by Service Long March Tyres (Private) Limited - Subsidiary Company on 26 July 2021 to challenge the levy of Sindh Infrastructure Development Cess. On 31 August 2021, the Supreme Court of Pakistan has suspended the judgement passed by the Sindh High Court and stayed the encashment of bank guarantees. As at 31 December 2025, amount involved in the matter is Rupees 1,055 million against which bank guarantee had been submitted as security with the Collectorate. The management in consultation with its legal advisor is confident that the outcome of the case would be in favour of Service Long March Tyres (Private) Limited - Subsidiary Company, hence no provision is made in these consolidated financial statements.
- 15.1.25** ACIR issued an order dated 12 September 2024 in which tax refund of Rupees 270.702 million was disallowed due to addition of section 148(7) of the Income Tax Ordinance 2001. Service Tyres (Private) Limited - Subsidiary Company being aggrieved filed an appeal before ATIR which was disposed through an order dated 04 August 2025, in which issue relating to minimum tax on imports was remanded back and the issue relating to initial allowance on computer hardware was decided in favour of the Service Tyres (Private) Limited - Subsidiary Company.
- 15.1.26** Deputy Commissioner Inland Revenue (DCIR) has issued a show cause notice dated 03 December 2025 under section 11 of the Sales Tax Act, 1990 regarding claiming input tax aggregating to Rupees 1.724 million for the tax period May 2024. Service Global Footwear Limited - Subsidiary Company's stance has adequately explained to tax authorities. However, no order has been passed yet.
- 15.1.27** The management, based on advice of its advisors, is confident that the decisions regarding the above matters will be in favour of the Group, hence no provision has been made in these consolidated financial statements.
- 15.1.28** Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 117.942 million (2024: Rupees 546.689 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable. Service Global Footwear Limited - Subsidiary Company is availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Lahore with a face value of Rupees 2,750 million for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Lahore after securing a post dated cheque of Rupees 2,750 million from Service Global Footwear Limited - Subsidiary Company.
- 15.1.29** The Holding Company and Service Tyres (Private) Limited - Subsidiary Company are availing Export Facilitation Scheme (EFS) License issued by Collector of Custom, Sialkot Dry Port with a face value of Rupees 7,800 million for the duty and tax free imports of plant, machinery, equipment, component parts, raw material, packing material and accessories. The said limit was allowed by Collector of Customs, Sialkot Dry Port after securing a post dated cheque of Rupees 7,800 million from the Holding Company and Service Tyres (Private) Limited - Subsidiary Company.
- 15.1.30** Guarantees issued in ordinary course of business of the Group through banks are of Rupees 1,548.197 million (2024: Rupees 1,517.142 million).
- 15.1.31** Guarantees of Rupees 360.96 million (2024: Rupees 222.96 million) are given by the banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the Sui Southern Gas Company Limited against gas connection.
- 15.1.32** Guarantees of Rupees 48.719 million (2024: Rupees 85.592) are given by the banks of Service Tyres (Private) Limited - Subsidiary Company to the Sui Northern Gas Pipelines Limited against gas connection.
- 15.1.33** Guarantee of Rupees 2,400.69 million (2024: Rupees 1,289.001 million) is given by the bank of the Holding Company, Service Global Footwear Limited - Subsidiary Company, Service Long March Tyres (Private) Limited - Subsidiary Company, Service Retail (Private) Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation, Karachi, under directions of Supreme Court of Pakistan, in respect of suit fled for levy of infrastructure cess.
- 15.1.34** Guarantees of Rupees 16.04 million (2024: Rupees 8 million) is given by the bank of the Service Global Footwear Limited - Subsidiary Company and Service Tyres (Private) Limited - Subsidiary Company to Pakistan State Oil Company Limited against fuel cards obtained by the Service Global Footwear Limited - Subsidiary Company for its employees.
- 15.1.35** Group's share in contingencies of associate accounted for under equity method is Rupees 146.283 million (2024: Rupees 142.341 million).
- 15.1.36** Service Industries Limited - Holding Company has issued cross corporate guarantees of Rupees 9,000 million (2024: Rupees 9,000 million) on behalf of Service Long March Tyres (Private) Limited - Subsidiary Company to secure the obligations of Service Long March Tyres (Private) Limited - Subsidiary Company towards its lenders.
- 15.1.37** Guarantees are given by the banks of Service Long March Tyres (Private) Limited - Subsidiary Company to the National Logistics Cell, Controller of Military Accounts and Pakistan State Oil Company Limited amounting to Rupees 115.56 million, Rupees 85 million and Rupees 10 million (2024: Rupees 89.370 million, Rupees 51.370 million and Rupees 7 million) respectively.

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15.2 Commitments

15.2.1 Contracts for capital expenditure are approximately of Rupees 5,818.950 million (2024: Rupees 2,383.094 million).

15.2.2 Letters of credit other than capital expenditure are of Rupees 4,989.555 million (2024: Rupees 5,906.252 million).

15.2.3 Outstanding foreign currency forward contracts are of Rupees 3,650.841 million (2024: Rupees 2,422.185 million).

15.2.4 Vehicles are obtained under ijarah arrangements from Bank AL Habib Limited for a period of four years. Ijarah rentals are payable on half yearly and monthly basis. Future Ujrah payments under Ijarah are as follows:

| | 2025 Amount | 2024 Amount |
|-------------------------|----------------|----------------|
| Rupees in thousand | | |
| Not later than one year | - | 8,142 |

15.2.5 Following represent commitments arising from short-term and low value leases recognized on a straight-line basis as expense under the practical expedients applied by the Group. The amount of future payments under these leases and the period in which these payments will become due are as follows:

| | 2025 Amount | 2024 Amount |
|-----------------------|----------------|----------------|
| Rupees in thousand | | |
| Not later than 1 year | 24,821 | 12,442 |

15.2.6 Group's share in commitments of associate accounted for under equity method is Rupees 45.275 million (2024: Rupees Nil).

16. FIXED ASSETS

| | 2025 Amount | 2024 Amount |
|--------------------------------------|----------------|----------------|
| Rupees in thousand | | |
| Operating fixed assets (Note 16.1) | 45,388,517 | 40,160,220 |
| Capital work-in-progress (Note 16.2) | 3,835,420 | 2,274,150 |
| | 49,223,937 | 42,434,370 |

Notes to the Consolidated Financial Statements

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16.1 Reconciliation of carrying amount of operating fixed assets at the beginning and at the end of the year is as follows:

| Description | Rupees in thousand | | | | | | | | | |
|------------------------------------|--------------------|-----------------------------|---------------|----------------------------|---------------------|---------------------------------|-----------|-------------------|------------------------|--------------|
| | Leasehold land | Buildings on leasehold land | Freehold land | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Vehicles | Service equipment | Leasehold improvements | Total |
| At 31 December 2023 | | | | | | | | | | |
| Cost | 790,064 | 7,360,370 | 773,293 | 4,002,237 | 25,675,371 | 362,949 | 898,794 | 3,257,226 | 1,083,788 | 44,204,092 |
| Currency retranslation | - | - | - | - | (11) | - | (60) | (11) | (6) | (88) |
| Accumulated depreciation | 790,064 | 7,360,370 | 773,293 | 4,002,237 | 25,675,360 | 362,949 | 898,734 | 3,257,215 | 1,083,782 | 44,204,004 |
| Currency retranslation | (32,843) | (609,214) | - | (1,335,306) | (5,727,168) | (105,249) | (181,681) | (1,316,033) | (310,959) | (9,618,453) |
| | (32,843) | (609,214) | - | (1,335,306) | (5,727,167) | (105,249) | (181,674) | (1,316,032) | (310,959) | (9,618,444) |
| Net book value | 757,221 | 6,751,156 | 773,293 | 2,666,931 | 19,948,193 | 257,700 | 717,060 | 1,941,183 | 772,823 | 34,585,560 |
| Year ended 31 December 2024 | | | | | | | | | | |
| Opening net book value | 757,221 | 6,751,156 | 773,293 | 2,666,931 | 19,948,193 | 257,700 | 717,060 | 1,941,183 | 772,823 | 34,585,560 |
| Additions | - | 247,820 | - | 228,432 | 5,593,144 | 97,890 | 513,866 | 1,559,453 | 225,748 | 8,466,353 |
| Disposals / written off: | | | | | | | | | | |
| Cost | - | - | - | - | (7,964) | (20) | (51,164) | (26,044) | - | (85,192) |
| Accumulated depreciation | - | - | - | - | 5,863 | 15 | 18,570 | 18,143 | - | 42,591 |
| | - | - | - | - | (2,101) | (5) | (32,594) | (7,901) | - | (42,601) |
| Depreciation | (9,723) | (347,852) | - | (251,033) | (1,462,588) | (41,866) | (208,699) | (401,237) | (125,579) | (2,848,577) |
| Currency retranslation | - | - | - | (64) | (3) | (3) | (346) | (67) | (35) | (515) |
| Closing net book value | 747,498 | 6,651,124 | 773,293 | 2,644,330 | 24,076,584 | 313,716 | 989,287 | 3,091,431 | 872,957 | 40,160,220 |
| At 31 December 2024 | | | | | | | | | | |
| Cost | 790,064 | 7,608,190 | 773,293 | 4,230,669 | 31,260,540 | 460,819 | 1,361,436 | 4,790,624 | 1,309,530 | 52,585,165 |
| Currency retranslation | - | - | - | - | (71) | (3) | (425) | (78) | (40) | (617) |
| Accumulated depreciation | 790,064 | 7,608,190 | 773,293 | 4,230,669 | 31,260,469 | 460,816 | 1,361,011 | 4,790,546 | 1,309,490 | 52,584,548 |
| Currency retranslation | (42,566) | (957,066) | - | (1,586,339) | (7,183,892) | (147,100) | (371,803) | (1,699,126) | (436,538) | (12,424,430) |
| | (42,566) | (957,066) | - | (1,586,339) | (7,183,885) | (147,100) | (371,724) | (1,699,115) | (436,533) | (12,424,328) |
| Net book value | 747,498 | 6,651,124 | 773,293 | 2,644,330 | 24,076,584 | 313,716 | 989,287 | 3,091,431 | 872,957 | 40,160,220 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| Description | Leasehold land | Buildings on leasehold land | Freehold land | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Vehicles | Service equipment | Leasehold improvements | Total |
|-------------|----------------|-----------------------------|---------------|----------------------------|---------------------|---------------------------------|----------|-------------------|------------------------|-------|
|-------------|----------------|-----------------------------|---------------|----------------------------|---------------------|---------------------------------|----------|-------------------|------------------------|-------|

Rupees in thousand

Year ended 31 December 2025

| | | | | | | | | | | |
|--------------------------|---------|-----------|---------|-----------|-------------|----------|-----------|-----------|-----------|-------------|
| Opening net book value | 747,498 | 6,651,124 | 773,293 | 2,644,330 | 24,076,584 | 313,716 | 989,287 | 3,091,431 | 872,957 | 40,160,220 |
| Additions | - | 430,434 | - | 332,467 | 6,198,706 | 84,342 | 455,774 | 1,089,394 | 133,111 | 8,724,228 |
| Disposals / written off: | | | | | | | | | | |
| Cost | - | - | - | (4,529) | (53,337) | (5,834) | (119,085) | (73,520) | (25,333) | (281,638) |
| Accumulated depreciation | - | - | - | 3,892 | 42,380 | 4,537 | 46,103 | 44,276 | 8,970 | 150,158 |
| Depreciation | (9,639) | (343,709) | - | (637) | (10,957) | (1,297) | (72,982) | (29,244) | (16,363) | (131,480) |
| Currency retranslation | - | - | - | (249,626) | (1,764,674) | (50,327) | (241,184) | (513,705) | (192,127) | (3,364,991) |
| Closing net book value | 737,859 | 6,737,849 | 773,293 | 2,726,534 | 28,499,748 | 346,437 | 1,131,236 | 3,637,949 | 797,612 | 45,388,517 |

At 31 December 2025

| | | | | | | | | | | |
|--------------------------|----------|-------------|---------|-------------|-------------|-----------|-----------|-------------|-----------|--------------|
| Cost | 790,064 | 8,038,624 | 773,293 | 4,558,607 | 37,405,838 | 539,324 | 1,697,700 | 5,806,420 | 1,417,268 | 61,027,138 |
| Currency retranslation | - | - | - | - | 114 | 4 | 528 | 123 | 50 | 819 |
| Accumulated depreciation | (52,205) | (1,300,775) | - | (1,832,073) | (8,906,179) | (192,890) | (566,805) | (2,168,544) | (619,690) | (15,639,161) |
| Currency retranslation | - | - | - | - | (25) | (1) | (187) | (50) | (16) | (279) |
| Net book value | 737,859 | 6,737,849 | 773,293 | 2,726,534 | 28,499,748 | 346,437 | 1,131,236 | 3,637,949 | 797,612 | 45,388,517 |

Annual rate of depreciation (%)

| | 1-22 | 5 | 5-10 | 5-10 | 5-20 | 5-20 | 5-30 | Lease Term |
|--|------|---|------|------|------|------|------|------------|
| | | | | | | | | |

16.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed off / written off given as compensation during the year is as follows:

| Description | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of purchasers |
|-------------|------|--------------------------|----------------|---------------|---------------|------------------|---------------------------|
|-------------|------|--------------------------|----------------|---------------|---------------|------------------|---------------------------|

Rupees in-thousand

| | | | | | | | |
|--------------------------------|--------|-------|--------|-------|----------|------------------|---|
| Plant and Machinery | | | | | | | |
| PU machine - 60 station | 1,765 | 1,160 | 605 | 696 | 91 | Negotiation | ASTraders, Lahore. |
| Service Equipment | | | | | | | |
| Generator 20KW | 941 | 466 | 475 | 386 | (89) | Negotiation | Standard Corporation, Lahore. |
| Vehicles | | | | | | | |
| Suzuki Swift APB-948 | 4,574 | 1,878 | 2,696 | 2,696 | - | Company's Policy | Mr. Asad Ali Mirza, employee of the Holding Company, Lahore. |
| KIA Sportage AMG-316 | 6,048 | 2,432 | 3,616 | 3,616 | - | Company's Policy | Mr. Babar Ali, employee of the Holding Company, Lahore. |
| Honda Civic Rs Turbo ANZ-148 | 8,159 | 3,806 | 4,353 | - | (4,353) | Compensation | Badar-ul-Hassan, former Chief Financial Officer of the Holding Company (Deceased), Lahore. |
| Toyota Fortuner GRS AQB-148 | 21,183 | 8,497 | 12,686 | - | (12,686) | Compensation | Badar-ul-Hassan, former Chief Financial Officer of the Holding Company (Deceased), Lahore. |
| MG HSAVE - 808 | 6,291 | 3,092 | 3,199 | 3,257 | 58 | Company's Policy | Mr. Ashfaq, employee of Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Toyota Corolla Altis APV - 944 | 6,996 | 2,476 | 4,520 | 4,440 | (80) | Company's Policy | Mr. Muhammad Ashraf, employee of Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Toyota Corolla Altis AQL - 686 | 7,027 | 2,398 | 4,629 | 4,547 | (82) | Company's Policy | Mr. Zahid Mumtaz, employee of Service Global Footwear Limited - Subsidiary Company, Lahore. |
| Toyota Corolla Altis APA-608 | 6,851 | 2,736 | 4,115 | 4,193 | 78 | Company's Policy | Mr. Muhammad Ali Mirza, employee of Service Tyre (Private) Limited - Subsidiary Company, Lahore. |
| Prince Glory AXE-250 | 4,610 | 2,407 | 2,203 | 2,203 | - | Company's Policy | Mr. Raja Muhammad Imran, employee of Service Tyre (Private) Limited - Subsidiary Company, Gujrat. |
| Suzuki Wagon RAKC-958 | 1,975 | 989 | 986 | 986 | - | Company's Policy | Mr. Muhammad Akmal, employee of Service Tyre (Private) Limited - Subsidiary Company, Lahore. |
| Corolla 1.6 AWD - 105 | 6,808 | - | 6,808 | 6,300 | (508) | Insurance Claim | Jubilee General Insurance Limited, Karachi. |
| Suzuki Wagon RAMA - 105 | 2,585 | 1,301 | 1,284 | 1,388 | 104 | Company's Policy | Mr. Rana Waqas, employee of Service Retail (Private) Limited - Subsidiary Company, Lahore. |
| Wagon R | 2,594 | 1,095 | 1,499 | 1,499 | - | Company's Policy | Syed Kumail Abbas, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Karachi. |
| Suzuki Swift | 3,469 | 1,346 | 2,123 | 2,123 | - | Company's Policy | Mr. Muhammad Ahmed Iqbal, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Karachi. |
| Suzuki Swift | 4,455 | 1,682 | 2,773 | 2,773 | - | Company's Policy | Mr. Adnan Munir, employee of Service Long March Tyres (Private) Limited - Subsidiary Company, Lahore. |
| Wagon R | 1,806 | 905 | 901 | 2,050 | 1,149 | Negotiation | Mr. Naveed Khan, Karachi. |
| Wagon R | 1,806 | 905 | 901 | 2,050 | 1,149 | Negotiation | Mr. Naveed Khan, Karachi. |
| Kia Sorento AXW - 434 | 5,449 | 3,076 | 2,373 | 2,514 | 141 | Company's Policy | Mr. Imran Khan, employee of Service Retail (Private) Limited - Subsidiary Company, Lahore. |

Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000

| | | | | | | | |
|----------------|----------------|----------------|---------------|-----------------|----------|--|--|
| | 176,246 | 107,511 | 68,735 | 40,511 | (28,224) | | |
| 281,638 | 150,158 | 131,480 | 88,228 | (43,252) | | | |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2025
Amount
Rupees in thousand

2024
Amount

16.1.2 The depreciation charge for the year has been allocated as follows:

| | | | |
|-------------------------|-----------|------------------|------------------|
| Cost of sales | (Note 33) | 2,615,650 | 2,263,855 |
| Distribution cost | (Note 34) | 379,393 | 297,518 |
| Administrative expenses | (Note 35) | 369,948 | 287,204 |
| | | 3,364,991 | 2,848,577 |

16.1.3 Particulars of immovable properties are as follows:

| Head office and manufacturing units | Area of land |
|---|------------------|
| | Sq. Feet |
| Head office | 35,017 |
| Manufacturing Units: | |
| Footwear and tyre factory and residential colony, Gujrat | 2,038,608 |
| Servis Genuine Parts factory and factory outlet, Muridke | 689,491 |
| Footwear factory and residential colony, Muridke | 1,345,693 |
| Freehold land, Raiwind | 211,500 |
| Leasehold land and buildings on leasehold land including manufacturing unit, Nooriabad, Karachi | 2,178,000 |
| | 6,498,309 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

16.2 Movement in capital work in progress

| | Buildings on leasehold land | Buildings on freehold land | Plant and machinery | Furniture, fixture and fittings | Advances against purchase of vehicles | Service equipment | Leasehold improvements | Advances against capital expenditure | Total |
|---|-----------------------------|----------------------------|---------------------|---------------------------------|---------------------------------------|-------------------|------------------------|--------------------------------------|------------------|
| | Rupees in thousand | | | | | | | | |
| Balance at 31 December 2023 | - | 126,754 | 339,556 | 3,578 | 20,463 | 513,931 | 28,825 | 679,280 | 1,712,387 |
| Additions during the year | 281,165 | 209,377 | 6,174,332 | 89,927 | 265,577 | 1,314,151 | 223,671 | 135,925 | 8,694,125 |
| Transferred to operating fixed assets during the year | (6,253) | (155,014) | (5,591,408) | (90,270) | (268,171) | (1,475,501) | (218,309) | (314,369) | (8,119,295) |
| Adjusted during the year | - | - | 364,912 | - | (6,659) | - | - | (364,912) | (6,659) |
| Charged to profit or loss during the year | - | (5,071) | - | - | - | (1,337) | - | - | (6,408) |
| Balance at 31 December 2024 | 274,912 | 176,046 | 1,287,392 | 3,235 | 11,210 | 351,244 | 34,187 | 135,924 | 2,274,150 |
| Balance at 31 December 2024 | 274,912 | 176,046 | 1,287,392 | 3,235 | 11,210 | 351,244 | 34,187 | 135,924 | 2,274,150 |
| Additions during the year | 1,346,289 | 947,976 | 6,298,813 | 51,097 | 315,040 | 738,464 | 125,551 | 80,536 | 9,903,766 |
| Transferred to operating fixed assets during the year | (430,434) | (327,765) | (6,194,650) | (45,364) | (253,210) | (957,962) | (133,111) | - | (8,342,496) |
| Adjusted during the year | - | - | 135,925 | - | - | - | - | (135,925) | - |
| Balance at 31 December 2025 | 1,190,767 | 796,257 | 1,527,480 | 8,968 | 73,040 | 131,746 | 26,627 | 80,535 | 3,835,420 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 17. RIGHT-OF-USE ASSETS | | |
| Reconciliation of carrying amount of right-of-use assets | | |
| Balance at 01 January | 4,874,794 | 4,521,384 |
| Additions during the year | 499,868 | 1,205,164 |
| Impact of lease modification | - | (21,421) |
| Impact of lease termination | (160,296) | (71,928) |
| Depreciation for the year (Note 17.2) | (812,276) | (758,405) |
| Balance at 31 December | 4,402,090 | 4,874,794 |

17.1 Lease of buildings

The Group obtained buildings on lease for godowns and shops. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to twenty years.

There are certain leases of buildings with lease term of twelve months or less. As per IFRS 16, recognition exemption of 'short-term lease' and 'lease of low value assets' has been applied for these leases.

There is no impairment against right-of-use assets.

17.2 The depreciation charge for the year has been allocated as follows:

| | 2025 Amount | 2024 Amount |
|-----------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Distribution cost (Note 34) | 812,276 | 758,405 |

18. INTANGIBLE ASSETS

| | | |
|---|--------|-------|
| Computer softwares (Notes 18.1 & 18.1.3) | 16,944 | 4,547 |
| Intangible asset under development (Notes 18.2) | 9,745 | - |
| Goodwill (Note 18.3) | - | - |
| | 26,689 | 4,547 |

| | 2025 Amount | 2024 Amount |
|--------------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| 18.1 Computer software | | |
| Cost | | |
| Balance at 01 January | 57,186 | 50,515 |
| Additions during the year | 16,028 | 6,671 |
| Balance at 31 December | 73,214 | 57,186 |
| Amortization | | |
| Balance at 01 January | (52,639) | (48,653) |
| Charge for the year | (3,631) | (3,986) |
| Balance at 31 December | (56,270) | (52,639) |
| Net book value at 31 December | 16,944 | 4,547 |

18.1.1 Intangible assets - computer software have been amortized at the rate of 33.33% per annum.

18.1.2 Amortization on intangible assets - computer software has been allocated as follows:

| | 2025 Amount | 2024 Amount |
|-----------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| Administrative expenses (Note 35) | 3,631 | 3,986 |

18.1.3 These include intangible assets having cost of Rupees 44.118 million (2024: Rupees 43.061 million) which are fully amortized but still in the use of the Group.

18.2 Service Retail (Private) Limited - Subsidiary Company is developing intangible assets, 'Invoice and payment automation', 'HR module' and 'Digital store development software, which represent ERP integrated business management platform tailored to the Subsidiary Company's operational and reporting needs. This platform aims to streamline transaction recording, enhance data accuracy, and provide a unified system for financial and operational processes. Development costs associated with these intangible assets are capitalized when it is probable that the assets will generate future economic benefits, and these costs can be reliably measured. Costs that do not meet these capitalization criteria are expensed as incurred.

| | 2025 Amount | 2024 Amount |
|----------------------|--------------------|----------------|
| | Rupees in thousand | |
| 18.3 Goodwill | | |
| Goodwill | - | 39,623 |
| Impairment loss | - | (39,623) |
| | - | - |

18.3.1 This represents goodwill arised on acquisition of Service Shoes Lanka (Private) Limited - former Subsidiary Company.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2025
Amount
Rupees in thousand

2024
Amount

19. LONG TERM INVESTMENTS

| | | | |
|---|-------------|----------------|----------------|
| Investment in associates (with significant influence) - under equity method | (Note 19.1) | 747,187 | 681,454 |
| Investment in joint ventures - at cost | (Note 19.2) | - | - |
| Other investment - at FVTOCI | (Note 19.3) | 56,467 | 54,769 |
| | | 803,654 | 736,223 |

| Speed (Private) Limited | | Jomo Technologies (Private) Limited | | Total | |
|-------------------------|------|-------------------------------------|------|-------|------|
| 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |

----- Rupees in thousand -----

19.1 Cost of investment 342,526 342,526 80,000 80,000 422,526 422,526

Share of post acquisition reserve

| | | | | | | |
|--|----------------|----------------|-----------------|-----------------|----------------|----------------|
| Balance at 01 January | 338,928 | 304,757 | (80,000) | (80,000) | 258,928 | 224,757 |
| Share of post acquisition profit - net of levy and tax | 113,233 | 70,142 | - | - | 113,233 | 70,142 |
| Dividend received | (47,500) | (35,971) | - | - | (47,500) | (35,971) |
| Share of other comprehensive income - net of tax | - | - | - | - | - | - |
| | 404,661 | 338,928 | (80,000) | (80,000) | 324,661 | 258,928 |
| | 747,187 | 681,454 | - | - | 747,187 | 681,454 |

19.1.1 Share of post acquisition loss of Jomo Technologies (Private) Limited is restricted upto the interest of the Service Industries Capital (Private) Limited - Subsidiary Company in Jomo Technologies (Private) Limited. Hence, total loss of Rupees 82.661 million (2024: Rupees 80.501 million) has not been recognized.

| Speed (Private) Limited | | Jomo Technologies (Private) Limited | |
|-------------------------|------|-------------------------------------|------|
| 2025 | 2024 | 2025 | 2024 |

----- Rupees in thousand -----

19.1.2 Summary of financial information of associates as per un-audited financial statements for the year:

| | | | | |
|-------------------------|------------------|------------------|------------------|------------------|
| Current assets | 2,288,292 | 2,027,298 | 39,099 | 42,393 |
| Non-current assets | 1,075,732 | 999,234 | - | - |
| Total assets | 3,364,024 | 3,026,532 | 39,099 | 42,393 |
| Current liabilities | 522,143 | 407,191 | 540,495 | 530,693 |
| Non-current liabilities | 975,620 | 935,844 | - | - |
| Total liabilities | 1,497,763 | 1,343,035 | 540,495 | 530,693 |
| Net assets | 1,866,261 | 1,683,497 | (501,396) | (488,300) |

| Speed (Private) Limited | | Jomo Technologies (Private) Limited | |
|-------------------------|------|-------------------------------------|------|
| 2025 | 2024 | 2025 | 2024 |

----- Rupees in thousand -----

Reconciliation to carrying amounts:

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Balance at 01 January | 1,683,495 | 1,588,494 | (488,299) | (473,716) |
| Dividend paid during the year | (132,068) | (100,005) | - | - |
| Profit / (loss) after income tax | 314,834 | 195,006 | (13,097) | (14,583) |
| Other comprehensive income - net of tax | - | - | - | - |

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Balance at 31 December | 1,866,261 | 1,683,495 | (501,396) | (488,299) |
| Percentage of holding | 35.97% | 35.97% | 16.49% | 16.49% |
| Group's Share | 671,220 | 605,487 | (82,661) | (80,501) |
| Goodwill | 75,967 | 75,967 | - | - |
| Losses in excess of the interest of Service Industries Capital (Private) Limited - Subsidiary Company in the equity of investee company | - | - | 82,661 | 80,501 |
| Carrying amount | 747,187 | 681,454 | - | - |

Summarized statement of comprehensive income:

| | | | | |
|--|----------------|----------------|-----------------|-----------------|
| Revenue | 4,489,549 | 3,750,414 | - | - |
| Profit / (loss) for the year | 314,834 | 195,006 | (13,097) | (14,583) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive income / (loss) for the year | 314,834 | 195,006 | (13,097) | (14,583) |

19.1.3 The registered office of Speed (Private) Limited is situated at Office No. 1, First Floor, Service Club Extension Building, Mereweather Road, Karachi. Speed (Private) Limited is primarily engaged in business of distribution of international brands of footwear, apparel, watches, bags, sunglasses etc. Number of shares held by Service Industries Capital (Private) Limited - Subsidiary Company are 263,909 fully paid ordinary shares of Rupees 100 each.

19.1.4 The registered office of Jomo Technologies (Private) Limited is situated at Servis House, 2-Main Gulberg, Lahore. Jomo Technologies (Private) Limited was primarily engaged in business of online marketing and sales of consumer and other goods. Number of shares held by the Service Industries Capital (Private) Limited - Subsidiary Company are 46,666,667 fully paid ordinary shares of Rupee 1 each.

2025
Amount
Rupees in thousand

2024
Amount

19.2 Investment in joint ventures - at cost

| | | |
|--|------------|------------|
| S2 Power Limited | | |
| 24,000 (2024: 24,000) fully paid ordinary shares of Rupees 10 each | 240 | 240 |
| S2 Hydro Limited | | |
| 24,000 (2024: 24,000) fully paid ordinary shares of Rupees 10 each | 240 | 240 |
| | 480 | 480 |
| Impairment loss recognized against investment in joint ventures | (480) | (480) |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 19.3 Other investment - at FVTOCI | | |
| TRG Pakistan Limited | 17,089 | 17,089 |
| 775,000 (2024: 775,000) fully paid ordinary shares of Rupees 10 each | 39,378 | 37,680 |
| Fair value adjustment | 56,467 | 54,769 |
| 20. LONG TERM LOANS TO EMPLOYEES | | |
| Considered good: | | |
| Executives (Notes 20.1, 20.2 & 20.3) | 93,769 | 70,574 |
| Other employees (Note 20.3) | 1,219 | 1,718 |
| | 94,988 | 72,292 |
| Current portion shown under current assets: (Note 25) | | |
| Executives | (28,966) | (24,458) |
| Other employees | (708) | (932) |
| | (29,674) | (25,390) |
| | 65,314 | 46,902 |

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 20.1 Reconciliation of carrying amount of loans to executives: | | |
| Balance at 01 January | 70,574 | 46,471 |
| Disbursements during the year | 57,270 | 75,499 |
| Repayments during the year | (34,075) | (51,396) |
| Balance at 31 December | 93,769 | 70,574 |

20.2 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 96.977 million (2024: Rupees 73.756 million).

20.3 These represent interest free loans to executives and employees for general purposes and house building, which are recoverable in monthly instalments over a period of 1 to 7 years and are secured by amount due to the employees against retirement benefits.

20.4 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 21. LONG TERM SECURITY DEPOSITS | | |
| Security deposits against Ijarah | - | 6,929 |
| Security deposits against right of use assets | 180,471 | 177,903 |
| Security deposits - others | 103,906 | 90,541 |
| | 284,377 | 275,373 |
| Current portion shown under current assets (Note 26) | (27,683) | (15,182) |
| | 256,694 | 260,191 |

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 22. STORES, SPARES AND LOOSE TOOLS | | |
| Machinery spares | 244,779 | 233,530 |
| Stores | 1,063,677 | 1,017,694 |
| Loose tools | 24,618 | 16,798 |
| | 1,333,074 | 1,268,022 |
| Provision for slow moving and obsolete items (Note 22.2) | (71,925) | (55,868) |
| | 1,261,149 | 1,212,154 |

22.1 These include stores in transit of Rupees 114.525 million (2024: Rupees 127.92 million).

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 22.2 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 55,868 | 46,210 |
| Provision made during the year | 16,057 | 9,658 |
| Balance at 31 December | 71,925 | 55,868 |

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 23. STOCK-IN-TRADE | | |
| Raw materials (Note 23.1) | 14,028,086 | 11,891,195 |
| Packing materials | 234,569 | 220,766 |
| Work-in-process (Note 23.2) | 1,656,686 | 1,696,605 |
| Finished goods (Notes 23.3 & 23.4) | | |
| - Own production | 6,503,135 | 6,469,592 |
| - Purchased | 4,392,677 | 4,521,227 |
| | 10,895,812 | 10,990,819 |
| | 26,815,153 | 24,799,385 |
| Provision for slow moving and obsolete items (Note 23.6) | (341,794) | (275,705) |
| | 26,473,359 | 24,523,680 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

- 23.1** These include stock in transit of Rupees 3,667.019 million (2024: Rupees 3,593.280 million).
- 23.2** This includes stock of Rupees 98.074 million (2024: Rupees 176.307 million) sent to outside parties for processing.
- 23.3** These include stock in transit of Rupees 673.079 million (2024: Rupees 142.818 million).
- 23.4** Finished goods of Rupees 207.928 million (2024: Rupees 299.10 million) are being carried at net realizable value.
- 23.5** The aggregate amount of Rupees 70.973 million (2024: Rupees 73.343 million) has been charged to cost of sales, being the cost of inventory written down.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 23.6 Provision for slow moving and obsolete items | | |
| Balance at 01 January | 275,705 | 130,588 |
| Provision made during the year | 66,089 | 145,117 |
| Balance at 31 December | 341,794 | 275,705 |
| | 2025 Amount | 2024 Amount |
| | Rupees in thousand | |

24. TRADE DEBTS

Considered good:

Secured:

- Against irrevocable letters of credit 4,885,645 3,920,435

Unsecured:

- Related party - Myco Corporation (Notes 24.3) 1,860 68,342

- Others (Note 24.4) 12,361,955 10,423,166

12,363,815 10,491,508

17,249,460 14,411,943

Allowance for expected credit losses (Note 24.5) (280,067) (340,449)

16,969,393 14,071,494

24.1 Jurisdictions of trade debts:

Europe 2,127,582 1,724,289

South America 2,700,298 3,450,296

North America 25,121 -

Asia 854,017 104,816

Australia - 5,477

Africa 522,585 805,321

Brazil 1,295,336 390,807

Pakistan 9,724,521 7,930,937

| | | |
|--------------------------------------|------------|------------|
| | 17,249,460 | 14,411,943 |
| 24.2 Types of counterparties: | | |
| Export | | |
| Corporate | 7,524,939 | 6,481,006 |
| Other | - | - |
| | 7,524,939 | 6,481,006 |
| Local | | |
| Corporate | 2,425,181 | 5,245,815 |
| Other | 7,299,340 | 2,685,122 |
| | 9,724,521 | 7,930,937 |
| | 17,249,460 | 14,411,943 |

- 24.3** The maximum aggregate amount receivable from related party at the end of any month during the year was as follows. It is neither past due nor impaired.

| | 2025 Amount | 2024 Amount |
|------------------|--------------------|----------------|
| | Rupees in thousand | |
| Myco Corporation | 80,350 | 286,960 |

- 24.4** As at 31 December 2025, trade debts due from other than related parties of Rupees 5,240.467 million (2024: Rupees 3,296.664 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The age analysis of these trade debts is as follows:

| | 2025 Amount | 2024 Amount |
|--------------------|--------------------|----------------|
| | Rupees in thousand | |
| Upto 1 month | 3,982,794 | 1,649,060 |
| 1 to 6 months | 1,182,658 | 1,016,751 |
| More than 6 months | 75,015 | 630,853 |
| | 5,240,467 | 3,296,664 |

24.5 Allowance for expected credit losses

Balance at 01 January 340,449 333,448

(Reversal of allowance) / allowance for the year (Note 37 & 36) (60,382) 7,001

Balance at 31 December 280,067 340,449

25. LOANS AND ADVANCES

Considered good:

Advances to staff 30,622 90,450

Current portion of long term loans to employees (Note 20) 29,674 25,390

Advances to suppliers (Note 25.1) 338,627 693,271

Letters of credit 629,543 1,227,569

Loan to Jomo Technologies (Private) Limited (Note 25.2) - -

Margin against bank guarantee (Note 26.2) 58,570 50,000

Others (Note 25.3) 10,872 6,071

1,097,908 2,092,751

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 25.1 Advances to suppliers | | |
| Advances to suppliers | 362,003 | 722,456 |
| Provision against doubtful advances to suppliers (Note 25.1.1) | (23,376) | (29,185) |
| | 338,627 | 693,271 |
| 25.1.1 Provision against doubtful advances to suppliers | | |
| Balance at 01 January | 29,185 | 9,188 |
| Provision for the year (Note 36) | 5,125 | 19,997 |
| Written off against provision | (10,934) | - |
| Balance at 31 December | 23,376 | 29,185 |
| 25.2 Loan to Jomo Technologies (Private) Limited - associate | | |
| Loan at 31 December | 134,500 | 134,500 |
| Expected credit loss (Note 25.2.1) | (134,500) | (134,500) |
| | - | - |

25.2.1 This loan was given to the Jomo Technologies (Private) Limited - associate of Service Industries Capital (Private) Limited (Subsidiary of Holding Company) and was repayable till 23 June 2024. It carried interest at the rate of 3 months KIBOR + 0.50% (2024: 3 months KIBOR + 0.50%) per annum. The maximum aggregate amount due from the associate at the end of any month during the year was Rupees 134.500 million (2024: Rupees 134.500 million).

25.2.2 Expected credit loss

Considering the deteriorating cashflow position of Jomo Technologies (Private) Limited (JOMO) - associate of Service Industries Capital (Private) Limited (Subsidiary of Holding Company), the management of the Subsidiary Company, during the year ended 31 December 2023, conducted a thorough review of its receivable against loan to JOMO and accrued interest thereon amounting to Rupees 134.500 million and Rupees 34.463 million respectively. This assessment was conducted in accordance with the International Financial Reporting Standards (IFRSs) guidelines on impairment of financial assets, including IFRS 9 'Financial Instruments'. The management identified several indicators that strongly suggest impairment of the aforesaid receivables.

JOMO could not arrange fresh sources of funding to keep its current business model afloat. JOMO therefore faced negative cashflows which raised concerns about the recoverability of the carrying amounts of various assets. The management of the Subsidiary Company initially maintained the view that JOMO would be able to secure the funding for working capital. This funding was expected to be secured within the second half of financial year 2023. However, mounting macroeconomic challenges in the domestic market such as economic instability, inflation and currency devaluation contributed uncertainty and created a situation where the originally planned sources of funding for the future operations could not be secured. Hence, due to broader economic and market conditions and uncertain domestic economy, JOMO closed down its operations on 31 August 2023. This resulted in significant decline in revenue and gross merchandise value of JOMO.

Following a detailed assessment and decision of board of directors of JOMO for closure of business, it was determined that the carrying value of the JOMO's assets may not be recoverable based on the indicators mentioned above. As a result, an expected credit loss amounting to Rupees 168.963 million was recognized in the Consolidated financial statements for the year ended 31 December 2023. This amount was recognized as an expense in the consolidated statement of profit or loss for the year ended 31 December 2023.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |
| 25.3 These include amount due from following related parties: | | |
| S2 Power Limited - joint venture | 2,691 | 2,691 |
| S2 Hydro Limited - joint venture | 11,476 | 11,476 |
| | 14,167 | 14,167 |
| Impairment loss against joint ventures | (14,167) | (14,167) |
| | - | - |

25.3.1 The maximum aggregate of amount due from related parties at the end of any month during the year was as follows:

| | 2025 Amount | 2024 Amount |
|----------------------------------|--------------------|----------------|
| | Rupees in thousand | |
| S2 Power Limited - joint venture | 2,691 | 2,691 |
| S2 Hydro Limited - joint venture | 11,476 | 11,476 |

25.3.2 S2 Power Limited and S2 Hydro Limited are defunct companies since long. Moreover, on 03 June 2025, the members of S2 Power Limited have filed application with the concerned Registrar, Company Registration Office, Securities and Exchange Commission of Pakistan for striking off name of S2 Power Limited from the Register of Companies under the Companies Regulations, 2024 and Section 426 of the Companies Act, 2017.

| | 2025 Amount | 2024 Amount |
|--|--------------------|------------------|
| | Rupees in thousand | |
| 26. TRADE DEPOSITS AND PREPAYMENTS | | |
| Security deposits | 244,872 | 179,235 |
| Prepayments | 410,901 | 209,290 |
| Current portion of long term security deposits (Note 21) | 27,683 | 15,182 |
| | 683,456 | 403,707 |
| 27. OTHER RECEIVABLES | | |
| Considered good: | | |
| Duty drawback | 25,879 | 28,147 |
| Custom duty rebate | 1,243,012 | 1,129,207 |
| Sales tax refundable | 2,447,001 | 1,782,789 |
| Fair value of forward exchange contracts | 5,508 | 167,213 |
| Lab testing charges | - | 6,521 |
| Claims receivable (Note 27.1) | 10,542 | 42,677 |
| Miscellaneous (Note 27.2) | 43,107 | 20,008 |
| | 3,775,049 | 3,176,562 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| 27.1 Claims receivable | | |
| Claims receivable | 10,542 | 42,677 |
| Allowance for expected credit losses (Note 27.1.1) | - | - |
| | 10,542 | 42,677 |

27.1.1 Allowance for expected credit losses

| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| Balance at 01 January | - | 13,621 |
| Written off against expected credit losses | - | (13,621) |
| Balance at 31 December | - | - |

| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| 27.2 Miscellaneous | | |
| Miscellaneous other receivables | 43,107 | 20,008 |
| Allowance for expected credit losses (Note 27.2.1) | - | - |
| | 43,107 | 20,008 |

27.2.1 Allowance for expected credit losses

| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| Balance at 01 January | - | 7,649 |
| Written off against expected credit losses | - | (7,649) |
| Balance at 31 December | - | - |

28. TAXATION AND LEVY - NET

Taxation - net

| | 2025 Amount | 2024 Amount |
|------------------------|-----------------|----------------|
| Rupees in thousand | | |
| Advance income tax | 3,229,600 | 2,450,697 |
| Provision for taxation | (3,285,482) | (2,288,064) |
| | (55,882) | 162,632 |

Levy - net

| | 2025 Amount | 2024 Amount |
|--------------------|----------------|----------------|
| Rupees in thousand | | |
| Prepaid levy | 822,632 | 926,654 |
| Levy payable | (278,578) | (729,537) |
| | 544,054 | 197,117 |
| | 488,172 | 359,749 |

29. ACCRUED INTEREST

| | 2025 Amount | 2024 Amount |
|--|----------------|----------------|
| Rupees in thousand | | |
| On saving accounts | 11,629 | 65,550 |
| On loan to Jomo Technologies (Private) Limited - associate (Note 29.1) | 34,463 | 34,463 |
| Allowance for expected credit loss (Note 25.2.2) | (34,463) | (34,463) |
| | - | - |
| | 11,629 | 65,550 |

29.1 This represents interest accrued on loan given to Jomo Technologies (Private) Limited - associate. The maximum aggregate amount receivable at the end of any month during the year was Rupees 34.463 million (2024: Rupees 34.463 million).

| | 2025 Amount | 2024 Amount |
|--|-------------------|------------------|
| Rupees in thousand | | |
| 30. SHORT TERM INVESTMENTS | | |
| Mutual funds - at fair value through profit or loss (Notes 30.1) | 19,251,189 | 7,708,423 |
| Debt instruments - term deposit receipts (Note 30.2) | 2,172,182 | 1,633,777 |
| | 21,423,371 | 9,342,200 |

30.1 Mutual funds

| 2025 | 2024 | Name of fund | 2025 | | | 2024 | | |
|------------------|------------------|-------------------------------------|----------------------|-----------------|-------------------|------------------|-----------------|------------------|
| | | | Carrying value | Unrealised gain | Fair value | Carrying value | Unrealised gain | Fair value |
| Number of units | | | (Rupees in thousand) | | | | | |
| Nil | 17,718,181.6893 | Meezan Islamic Income Fund | - | - | - | 1,000,000 | - | 1,000,000 |
| Nil | 15,553,091.4389 | UBL Money Market Fund | - | - | - | 1,707,000 | - | 1,707,000 |
| Nil | 4,550,269.5580 | AL Habib Government Securities Fund | - | - | - | 500,000 | - | 500,000 |
| Nil | 8,912,505.0467 | HBL Cash Fund | - | - | - | 1,000,000 | - | 1,000,000 |
| Nil | 215,396,545.0394 | NBP Financial Sector Income Fund | - | - | - | 2,500,000 | 1,163 | 2,501,163 |
| Nil | 89,632,238.9236 | ABL Cash Fund | - | - | - | 1,000,000 | 260 | 1,000,260 |
| 2,421,119.9100 | Nil | UBL Liquidity Fund | 250,000 | - | 250,000 | - | - | - |
| 180,448,655.9865 | Nil | UBL Cash Fund | 19,000,000 | 1,189 | 19,001,189 | - | - | - |
| | | | 19,250,000 | 1,189 | 19,251,189 | 7,707,000 | 1,423 | 7,708,423 |

| | 2025 Amount | 2024 Amount |
|--|------------------|------------------|
| Rupees in thousand | | |
| 30.2 Debt instruments - term deposit receipts | | |
| At amortized cost (Note 30.2.1) | 2,098,790 | 1,631,019 |
| Add: Accrued interest | 73,392 | 2,758 |
| | 2,172,182 | 1,633,777 |

30.2.1 These represent deposits under lien with the banks of Service Industries Limited - Holding Company, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company against bank guarantees issued by the banks to Sui Northern Gas Pipelines Limited against gas connections and Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess. Interest on term deposit receipts ranges from 5.05% to 19.90% (2024: 7% to 20.1%) per annum. The maturity period of these term deposit receipts is 1 to 12 months (2024: 1 month).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | | 2025 Amount | 2024 Amount |
|----------------------------------|-------------|------------------|----------------|
| Rupees in thousand | | | |
| 31 CASH AND BANK BALANCES | | | |
| With banks: | | | |
| On current accounts : | | | |
| Local currency | (Note 31.1) | 1,531,880 | 2,973,242 |
| Foreign currency | (Note 31.2) | 266,877 | 182,457 |
| | | 1,798,757 | 3,155,698 |
| On saving accounts: | | | |
| Local currency | (Note 31.3) | 6,583,292 | 3,477,323 |
| Foreign currency | (Note 31.4) | 282 | 393 |
| | | 6,583,574 | 3,477,716 |
| | | 8,382,331 | 6,633,414 |
| Cash in hand | (Note 31.5) | 98,361 | 65,066 |
| | | 8,480,692 | 6,698,480 |

31.1 These include AED 912,368 (2024: AED 235,346) and CNY 590,130 (2024: CNY 1,191,154).

31.2 These include USD 507,524 (2024: USD 111,926), EURO 121,827 (2024: EURO 433,281) and CNY 1,560 (2024: CNY 14,260)

31.3 These include CNY 3,234 (2024: CNY 3,534) and rates of profit on saving accounts range from 2.4% to 19.9% (2024: 2.82% to 21.5%) per annum.

31.4 This represents USD 1,005 (2024: USD 1,412) and rate of profit on foreign currency account ranges from 0.38% to 0.75% (2024: 0.48% to 0.56%) per annum.

31.5 This includes cash in transit of Rupees 26.17 million (2024: Rupees 10.592 million)

| | | 2025 Amount | 2024 Amount |
|--|--|--------------------|----------------|
| Rupees in thousand | | | |
| 32. REVENUE - NET | | | |
| Revenue from contracts with customers: | | | |
| Export: | | | |
| - Sales | | 45,440,346 | 38,797,880 |
| - Discounts, commissions etc. | | (497,496) | (430,688) |
| | | 44,942,850 | 38,367,192 |
| Local: | | | |
| - Sales | | 131,462,187 | 110,665,402 |
| - Sales tax | | (20,916,300) | (19,260,810) |
| - Discounts, commissions etc. | | (7,039,378) | (4,757,320) |
| | | 103,506,509 | 86,647,272 |
| | | 148,449,359 | 125,014,464 |

| | | 2025 Amount | 2024 Amount |
|---|--|--------------------|----------------|
| Rupees in thousand | | | |
| 32.1 Sales of footwear - net | | | |
| Export sales | | 19,720,775 | 17,619,380 |
| Local sales | | 18,815,732 | 16,087,408 |
| | | 38,536,507 | 33,706,788 |
| Sales of tyres - net | | | |
| Export sales | | 25,208,882 | 20,738,473 |
| Local sales | | 80,754,299 | 66,449,475 |
| | | 105,963,181 | 87,187,948 |
| Sales of spare parts for automobiles - net | | | |
| Export sales | | 13,193 | 9,339 |
| Local sales | | 3,491,495 | 3,244,548 |
| | | 3,504,688 | 3,253,887 |
| Sales of raw materials - net | | 47,542 | 165,098 |
| Sales of technical rubber products - net | | | |
| Local sales | | 124,913 | 437,136 |
| Waste sales - net | | 272,528 | 263,607 |
| | | 148,449,359 | 125,014,464 |

32.2 The amount of Rupees 507.774 million included in contract liabilities (Note 11) at 31 December 2024 has been recognised as revenue in 2025 (2024: Rupees 624.183 million).

32.3 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | | 2025 Amount | 2024 Amount |
|--|---------------------|--------------------|-------------------|
| Rupees in thousand | | | |
| 33. COST OF SALES | | | |
| Raw materials consumed | (Note 33.1) | 81,033,130 | 54,885,949 |
| Processing charges | | 52,640 | 49,470 |
| Salaries, wages and other benefits | (Notes 33.2 & 33.3) | 10,313,088 | 8,601,807 |
| Stores and spares consumed | | 1,243,116 | 1,057,963 |
| Packing materials consumed | | 2,223,860 | 2,078,200 |
| Fuel and power | | 4,999,262 | 4,841,824 |
| Insurance | | 300,350 | 282,363 |
| Travelling | | 401,781 | 376,767 |
| Communication | | 6,792 | 5,585 |
| Vehicles running expenses | | 55,160 | 51,080 |
| Ijarah rentals | | 432 | 1,320 |
| Repair and maintenance | | 811,119 | 821,496 |
| Entertainment | | 28,145 | 24,523 |
| Rent, rates and taxes | (Note 33.4) | 14,128 | 3,693 |
| Royalty | (Note 33.5) | 36,000 | 24,611 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 2,615,650 | 2,263,855 |
| Safety and security expense | | 41,046 | 31,040 |
| Provision for slow moving and obsolete inventory | | 24,991 | 154,775 |
| Other manufacturing charges | | 122,987 | 503,629 |
| | | 104,323,677 | 76,059,950 |
| Work-in-process: | | | |
| Opening stock | | 1,696,605 | 1,795,905 |
| Closing stock | | (1,656,686) | (1,696,605) |
| | | 39,919 | 99,300 |
| Cost of goods manufactured | | 104,363,596 | 76,159,250 |
| Finished goods: | | | |
| Opening stock | | 10,990,819 | 9,763,746 |
| Purchases during the year | | 8,933,924 | 19,201,901 |
| Closing stock | | (10,895,812) | (10,990,819) |
| | | 9,028,931 | 17,974,828 |
| | | 113,392,527 | 94,134,078 |

| | | 2025 Amount | 2024 Amount |
|--|---------------|-------------------|-------------------|
| Rupees in thousand | | | |
| 33.1 Raw materials consumed | | | |
| Opening stock | | 11,891,195 | 9,418,115 |
| Purchases during the year | | 83,170,021 | 57,359,029 |
| Closing stock | | (14,028,086) | (11,891,195) |
| Raw materials consumed during the year | (Note 33.1.1) | 81,033,130 | 54,885,949 |

33.1.1 Custom duty rebate for the year amounting to Rupees 759.357 million (2024: Rupees 644.654 million) has been adjusted against raw materials consumed.

33.2 Salaries, wages and other benefits include Rupees 382.972 million (2024: Rupees 263.878 million), Rupees 59.884 million (2024: Rupees 72.402 million) and Rupees 58.745 million (2024: Rupees 47.959 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.

33.3 Salaries, wages and other benefits include share options expense of Rupees 15.657 million (2024: Rupees 3.598 million).

33.4 These include rent expense of Rupees 3.039 million (2024: Rupees 0.180 million) related to short term leases.

33.5 Particulars of royalty in connection with business of manufacturing motorcycle chains and sprocket are as follows:

| Name of the company | Registered address | Relationship with the Company or directors | 2025 | 2024 |
|---------------------------------------|---|--|--------------------|--------|
| | | Related / Other | Rupees in thousand | |
| Hangzhou SFR Technology Co. Ltd. | No. 106, Houmuqiao Road, Cangqian Street, Yuhang District, Hangzhou, China 311121 | Other | 28,800 | 16,800 |
| Renqiu Yate Motorcycle Parts Co. Ltd. | Shimeneqiao Town, Renqiu City, Hebei, China 062556 | Other | 7,200 | 7,811 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | | 2025 | 2024 |
|--|---------------------|--------------------|------------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 35. DISTRIBUTION COST | | | |
| Salaries and other benefits | (Notes 34.1 & 34.2) | 2,416,220 | 2,054,595 |
| Freight and insurance | | 2,414,013 | 2,066,919 |
| Carriage outwards of local sales | | 649,730 | 324,215 |
| Advertisement and publicity | | 1,318,658 | 1,129,376 |
| Printing and stationery | | 15,713 | 8,358 |
| Communication | | 21,669 | 17,367 |
| Entertainment | | 67,098 | 55,418 |
| Samples claims and product development | | 782,453 | 716,821 |
| Fee and subscription | | 34,527 | 33,024 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 379,393 | 297,518 |
| Depreciation on right-of-use assets | (Note 17.2) | 812,276 | 758,405 |
| Rent, rates and taxes | (Notes 34.3 & 34.4) | 392,160 | 364,055 |
| Safety and security expense | | 8,339 | 7,915 |
| Postage and courier | | 142,786 | 149,024 |
| Fuel and power | | 447,981 | 469,926 |
| Travelling and conveyance | | 358,470 | 272,543 |
| Legal and professional | | 5,811 | 13,966 |
| Repairs and maintenance | | 116,650 | 82,867 |
| Debit and credit cards service charges | | 36,769 | 56,563 |
| Others | | 34,019 | 32,156 |
| | | 10,454,735 | 8,911,031 |

34.1 Salaries and other benefits include Rupees 86.446 million (2024: Rupees 54.714 million), Rupees 28.988 million (2024: Rupees 16.363 million) and Rupees 8.929 million (2024: Rupees 6.095 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.

34.2 Salaries and other benefits include share options expense of Rupees 5.981 million (2024: Rupees 1.108 million).

34.3 These include rent expense of Rupees 347.787 million (2024: Rupees 319.002 million) relating to shops not classified as lease due to sales based rent.

34.4 These include rent expense of Rupees 3.659 million (2024: Rupees 1.221 million) and Rupees Nil (2024: Rupees 0.700 million) relating to short term and low value leases respectively.

| | | 2025 | 2024 |
|--|---------------------|--------------------|------------------|
| | | Amount | Amount |
| | | Rupees in thousand | |
| 35. ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | (Notes 35.1 & 35.2) | 3,127,385 | 2,424,333 |
| Communication | | 65,376 | 67,734 |
| Printing and stationery | | 29,243 | 36,445 |
| Travelling and conveyance | | 304,785 | 144,009 |
| Entertainment | | 124,676 | 110,136 |
| Vehicles' running | | 225,686 | 137,193 |
| Insurance | | 112,135 | 37,483 |
| Rent, rates and taxes | (Note 35.3) | 58,933 | 49,769 |
| Fuel and power | | 76,026 | 88,085 |
| Repairs and maintenance | | 35,924 | 32,095 |
| Auditor's remuneration | (Note 35.4) | 49,344 | 31,142 |
| Legal and professional | | 154,698 | 120,764 |
| Fee and subscription | | 19,094 | 11,075 |
| Depreciation on operating fixed assets | (Note 16.1.2) | 369,948 | 287,204 |
| Amortization on intangible assets | (Note 18.1.2) | 3,631 | 3,986 |
| Ijarah rentals | | 7,910 | 21,958 |
| Safety and security expenses | | 485 | 1,221 |
| Computer running expenses | | 61,241 | 35,991 |
| Advertisement | | 751 | 802 |
| Cost charged by group company | | 66,000 | - |
| General | | 192,417 | 254,898 |
| | | 5,085,688 | 3,896,323 |

35.1 Salaries and other benefits include Rupees 107.28 million (2024: Rupees 62.778 million), Rupees 26.740 million (2024: Rupees 28.711 million) and Rupees 16.884 million (2024: Rupees 4.781 million) in respect of provident fund contribution, gratuity fund and compensated absences respectively.

35.2 Salaries and other benefits include share options expense of Rupees 195.675 million (2024: Rupees 131.075 million).

35.3 This includes rent expense of Rupees 15.517 million (2024: Rupees 8.843 million) and Rupees Nil (2024: Rupees 5.998 million) relating to short term leases and leases of low value assets respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 35.4 Auditor's remuneration | | |
| Riaz Ahmad and Company | | |
| Statutory audit fee | 8,361 | 7,345 |
| Statutory audit fee of consolidated financial statements: | | |
| - Service Industries Limited - Holding Company | 390 | 354 |
| - Service Global Footwear Limited - Subsidiary Company | 429 | 390 |
| Half yearly review | 1,813 | 2,498 |
| Other certification services | 709 | 644 |
| Reimbursable expenses | 1,277 | 1,161 |
| | 12,979 | 12,392 |
| A.F. Ferguson and Company | | |
| Statutory audit fee | 5,000 | 4,500 |
| Special audit fee | 5,000 | 2,300 |
| Tax services | 24,000 | 9,600 |
| Out of pocket expenses | 2,365 | 2,350 |
| | 36,365 | 18,750 |
| | 49,344 | 31,142 |

36. OTHER EXPENSES

| | | | |
|--|---------------|------------------|----------------|
| Donations | (Note 36.1) | 203,729 | 109,749 |
| Workers' profit participation fund | (Note 11.1) | 721,144 | 662,652 |
| Workers' welfare fund | (Note 11.2) | 205,900 | 147,002 |
| Provision against doubtful advances to suppliers | (Note 25.1.1) | 5,125 | 19,997 |
| Allowance for expected credit losses - trade debts | (Note 24.5) | - | 7,001 |
| Other receivables written off | | 31,356 | - |
| Loss on disposal of operating fixed assets - net | | 23,438 | - |
| Insurance claim receivable written off | | 492 | - |
| Capital work in progress written off | | - | 5,071 |
| Operating fixed assets written off | | 19,814 | 502 |
| Provision for slow moving, obsolete and damaged stock-in-trade | | 57,155 | - |
| Prepayment written off | | - | 2,352 |
| | | 1,268,153 | 954,326 |

36.1 The names of donees to whom donation amount exceeds Rupees 20.373 million (2024: Rupees 10.975 million) or donees in which directors have interest are as follows:

| | | 2025 Amount | 2024 Amount |
|--------------------------|---------------|--------------------|----------------|
| | | Rupees in thousand | |
| Servis Foundation | (Note 36.1.1) | 174,193 | 77,687 |
| Shalamar Hospital | (Note 36.1.2) | 13,878 | 8,290 |
| Service Charitable Trust | (Note 36.1.3) | 11,800 | 10,832 |
| | | 199,871 | 96,809 |

36.1.1 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Holding Company are directors of Servis Foundation.

36.1.2 Mr. Omar Saeed, Director of the Holding Company is Trustee in Shalamar Hospital.

36.1.3 Mr. Arif Saeed, Chief Executive, Mr. Omar Saeed and Mr. Hassan Javed, Directors of the Holding Company are members of Board of Trustees of Service Charitable Trust.

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| | Rupees in thousand | |

37. OTHER INCOME

Income from financial assets

| | | | |
|---|-------------|---------|---|
| Return on bank deposits | 297,554 | 242,318 | |
| Gain on disposal of investments at fair value through profit or loss | 17,217 | 8,369 | |
| Unrealised gain on re-measurement of investments at fair value through profit or loss | 1,189 | 1,423 | |
| Unrealised exchange gain on forward contracts | 5,508 | 167,213 | |
| Reversal of allowance for expected credit losses - trade debts | (Note 24.5) | 60,382 | - |
| Exchange gain - net | 74,845 | 128,885 | |

Income from non-financial assets

| | | | |
|--|------------------|------------------|---------|
| Gain on sale of operating fixed assets | - | 5,259 | |
| Amortization of deferred income - Government grant | (Note 10.1) | 504,363 | 556,237 |
| Rental income | 5,225 | - | |
| Gain on lease termination | 45,012 | 25,306 | |
| Scrap sales and others | 227,362 | 207,380 | |
| Credit balance written back | 1,749 | - | |
| Insurance claim | 11,804 | - | |
| Miscellaneous | 5,057 | 2,730 | |
| | 1,257,267 | 1,345,120 | |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 | 2024 |
|--|--------------------|------------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 38. FINANCE COST | | |
| Mark-up / interest on: | | |
| - long term financing | 1,967,118 | 2,530,506 |
| - short term borrowings | 2,361,914 | 3,781,890 |
| - lease liabilities (Note 8.1) | 951,079 | 893,549 |
| - provident fund payable | 652 | - |
| Interest on workers' profit participation fund (Note 11.1) | 18,839 | 2,380 |
| Bank charges and commission | 206,834 | 82,504 |
| | 5,506,436 | 7,290,829 |

| | | |
|--------------------------|---------------|----------------|
| 39. LEVY | | |
| Minimum tax differential | 92,850 | 404,592 |
| Prior year | - | (719) |
| | 92,850 | 403,873 |

39.1 Except for SIL GULF (FZE) - Subsidiary Company, SLM International Tyres Trading FZE - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company, charge of levy is made in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Charge of levy relating to SIL GULF (FZE) - Subsidiary Company, SLM International Tyres Trading FZE - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company is computed in accordance with the tax legislation enforce in the countries where the income is taxable.

| | 2025 | 2024 |
|---------------------|--------------------|------------------|
| | Amount | Amount |
| | Rupees in thousand | |
| 40. TAXATION | | |
| Current (Note 40.1) | 2,073,375 | 1,341,038 |
| Prior year | 45,976 | - |
| Super tax | 108,768 | - |
| Deferred tax | (3,323,878) | 1,661,747 |
| | (1,095,759) | 3,002,785 |

40.1 Except for SIL GULF (FZE) - Subsidiary Company, SLM International Tyres Trading FZE - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company, provision for current income tax is made in accordance with the relevant provisions of the Income Tax Ordinance, 2001. Provision for current tax relating to SIL GULF (FZE) - Subsidiary Company, SLM International Tyres Trading FZE - Subsidiary Company and Dongguan Service Global Limited - Subsidiary Company is computed in accordance with the tax legislation enforce in the countries where the income is taxable.

41. DISCONTINUED OPERATIONS

41.1 On 30 December 2022, the Group publicly announced the decision of its Board of Directors to close down the business operations of Service Shoes Lanka (Private) Limited - Subsidiary Company with effect from 15 January 2023 owing to prevailing global and economic downturn and unfavourable business conditions in Sri Lanka. The associated assets and liabilities were consequently presented as held for sale in the 2023 and 2024 consolidated financial statements. The Subsidiary Company was sold on 26 August 2025, and it is reported in the current period as a discontinued operation. Financial information relating to the discontinued operations for the period to the date of disposal is NIL.

41.2 Service Industries Capital (Private) Limited - Subsidiary Company entered into an agreement with Almar International (Private) Limited for sale of entire shareholding in Service Shoes Lanka (Private) Limited against consideration of USD 650,000 (Rupees 183,267,500). Resultantly, the assets and liabilities of Service Shoes Lanka (Private) Limited - Subsidiary Company have been derecognized at their carrying amounts of Rupees 309.150 million and Rupees 906.364 million respectively from the consolidated statement of financial position at the date when control is lost (26 August 2025) along with derecognition of carrying amount of non-controlling interest in the Subsidiary Company of Rupees 233.475 million as at that date. The related exchange translation reserve of Rupees 60.943 million has been reclassified to profit or loss. The resulting difference of Rupees 486.063 million has been recognized as a gain in profit or loss attributable to the Holding Company.

| | Rupees in thousand |
|---|--------------------|
| Consideration received - total disposal consideration | 183,268 |
| Add: Net liabilities as at the date of disposal (Note 41.3) | 597,213 |
| Less: Non-controlling interest derecognised (Note 41.3) | (233,475) |
| Less: Exchange translation reserve reclassified to profit or loss | (60,943) |
| Gain on sale | 486,063 |

41.3 The carrying amounts of assets and liabilities as at the date of sale (26 August 2025) were as follows:

| | |
|--|------------------|
| Assets: | |
| Fixed assets | 101,500 |
| Stores, spares and loose tools | 1,422 |
| Stock-in-trade | 26,533 |
| Trade debts | 164,767 |
| Loans and advances | 4,476 |
| Trade deposits and prepayments | 2,472 |
| Other receivables | 4,647 |
| Cash and bank balances | 3,333 |
| Total assets | 309,150 |
| Liabilities: | |
| Deferred income tax liability - net | (8,114) |
| Trade and other payables | (898,250) |
| Total liabilities | (906,364) |
| Net liabilities | (597,213) |
| Non-controlling interest derecognised | (233,475) |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | Rupees in thousand |
|---|-----------------------|
| 41.4 Assets and liabilities of Service Shoes Lanka (Private) Limited - disposal group classified as held for sale in relation to the discontinued operation as at 31 December 2024 | |
| Fixed assets | 103,491 |
| Stores, spares and loose tools | 1,450 |
| Stock-in-trade | 27,054 |
| Trade debts | 168,000 |
| Loans and advances | 4,564 |
| Trade deposits and prepayments | 2,521 |
| Other receivables | 4,738 |
| Cash and bank balances | 3,398 |
| Assets held for sale | 315,216 |
| Liabilities: | |
| Deferred income tax liability - net | 8,273 |
| Trade and other payables | 915,874 |
| Liabilities directly associated with the assets held for sale | 924,147 |
| Net assets directly associated with disposal group | (608,931) |

42. EARNINGS PER SHARE - BASIC AND DILUTED

42.1 There is no dilutive effect on basic earnings per share for the year ended 31 December 2025 and 31 December 2024 as the Group has no potential ordinary shares as on 31 December 2025 and 31 December 2024.

| | | 2025 | 2024 |
|--|----------------------|-------------------|------------|
| Profit after taxation attributable to ordinary shareholders of the Holding Company | (Rupees in thousand) | 8,756,308 | 4,136,642 |
| Weighted average number of ordinary shares of the Holding Company | (Numbers) | 46,987,454 | 46,987,454 |
| Earnings per share - basic and diluted | (Rupees) | 186.35 | 88.04 |
| Profit attributable to ordinary shareholders of the Holding Company from continuing operations | (Rupees in thousand) | 8,270,245 | 4,136,642 |
| Weighted average number of ordinary shares of the Holding Company | (Numbers) | 46,987,454 | 46,987,454 |
| Earnings per share from continuing operations - basic and diluted | (Rupees) | 176.01 | 88.04 |

| | 2025 Amount | 2024 Amount |
|---|--------------------|----------------|
| | Rupees in thousand | |
| 43. CASH GENERATED FROM OPERATIONS | | |
| Profit before levy and taxation from continuing operations | 14,112,320 | 11,243,139 |
| Profit before taxation from discontinued operations | 486,063 | - |
| Adjustments for non-cash charges and other items: | | |
| Depreciation on operating fixed assets (Note 16.1.2) | 3,364,991 | 2,848,577 |
| Depreciation on right-of-use-assets (Note 17.2) | 812,276 | 758,405 |
| Amortization on intangible assets (Note 18.1.2) | 3,631 | 3,986 |
| Exchange gain - net (Note 37) | (74,845) | (128,885) |
| Provision for gratuity (Note 9.6) | 115,612 | 117,476 |
| Finance cost (Note 38) | 5,506,436 | 7,290,829 |
| Provision for workers' profit participation fund (Note 36) | 721,144 | 662,652 |
| Provision for workers' welfare fund (Note 36) | 205,900 | 147,002 |
| Provision for slow moving and obsolete inventory (Note 33) | 24,991 | 154,775 |
| Provision for slow moving, obsolete and damaged stock-in-trade (Note 36) | 57,155 | - |
| (Reversal of allowance) / allowance for expected credit losses - trade debts (Note 24.5) | (60,382) | 7,001 |
| Return on bank deposits and term deposit receipts (Note 37) | (297,554) | (242,318) |
| Gain on lease termination (Note 37) | (45,012) | (25,306) |
| Amortization of deferred income - Government grant (Note 37) | (504,363) | (556,237) |
| Share of net profit of associate accounted for using the equity method (Note 19.1) | (113,233) | (70,142) |
| Loss / (gain) on disposal of operating fixed assets - net (Note 36 & 37) | 23,438 | (5,259) |
| Capital work in progress written off (Note 36) | - | 5,071 |
| Gain on sale of Subsidiary Company (Note 41.3) | (486,063) | - |
| Provision against doubtful advances to suppliers (Note 36) | 5,125 | 19,997 |
| Unrealised gain on re-measurement of investments at fair value through profit or loss (Note 37) | (1,189) | (1,423) |
| Unrealised exchange gain on forward contracts | (5,508) | (167,213) |
| Gain on disposal of investments at fair value through profit or loss (Note 37) | (17,217) | (8,369) |
| Other receivables written off (Note 36) | 31,356 | - |
| Operating fixed assets written off - net (Note 36) | 19,814 | 502 |
| Insurance claim receivable written off (Note 36) | 492 | - |
| Credit balance written back (Note 37) | (1,749) | - |
| Prepayment written off (Note 36) | - | 2,352 |
| Employees' share option reserve | 217,313 | 135,781 |
| Working capital changes (Note 43.1) | (2,077,910) | (6,600,398) |
| | 22,023,032 | 15,591,995 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 2025 Amount Rupees in thousand | 2024 Amount |
|--------------------------------------|--------------------------------------|----------------|
| 43.1 Working capital changes | | |
| Increase in current assets: | | |
| Stores, spares and loose tools | (65,024) | (224,250) |
| Stock-in-trade | (2,015,247) | (3,619,015) |
| Trade debts | (2,759,439) | (4,246,490) |
| Loans and advances | 994,090 | (184,379) |
| Prepayments | (201,562) | (53,633) |
| Other receivables | (628,495) | (466,306) |
| | (4,675,677) | (8,794,073) |
| Increase in trade and other payables | 2,597,767 | 2,193,675 |
| | (2,077,910) | (6,600,398) |

43.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

| | 2025 | | | |
|--|---------------------------------------|-------------------|-----------------------|--------------------|
| | Liabilities from financing activities | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Unclaimed dividend |
| | -----Rupees in thousand----- | | | |
| Balance at 31 December 2024 | 16,992,346 | 6,269,704 | 41,394,565 | 53,087 |
| Financing / borrowings obtained | 5,883,504 | - | 186,105,483 | - |
| Repayment of financing / lease liabilities / short term borrowings | (6,974,899) | (431,931) | (173,315,925) | - |
| Long term deposits - net | - | - | - | - |
| Dividend declared | - | - | - | 2,394,478 |
| Dividend paid | - | - | - | (2,391,500) |
| Other changes - non-cash movement: | | | | |
| Lease liabilities recognised during the year | - | 499,868 | - | - |
| Impact of lease termination / modification | - | (205,308) | - | - |
| Deferred income - Government grant - net | 504,363 | - | - | - |
| Balance at 31 December 2025 | 16,405,314 | 6,132,333 | 54,184,123 | 56,065 |

| | 2024 | | | | |
|--|---------------------------------------|-------------------|-----------------------|------------------|--------------------|
| | Liabilities from financing activities | | | | |
| | Long term financing | Lease liabilities | Short term borrowings | Dividend payable | Unclaimed dividend |
| | -----Rupees in thousand----- | | | | |
| Balance at 31 December 2023 | 18,469,000 | 5,461,579 | 26,272,346 | 127,103 | 48,727 |
| Financing / borrowings obtained | 501,842 | - | 140,887,754 | - | - |
| Repayment of financing / lease liabilities / short term borrowings | (2,455,576) | (278,383) | (125,765,535) | - | - |
| Dividend declared | - | - | - | - | 1,537,617 |
| Dividend paid | - | - | - | (127,103) | (1,533,257) |
| Other changes - non-cash movement: | | | | | |
| Lease liabilities recognised during the year | - | 1,205,163 | - | - | - |
| Impact of lease termination | - | (118,655) | - | - | - |
| Deferred income - Government grant - net | 477,080 | - | - | - | - |
| Balance at 31 December 2024 | 16,992,346 | 6,269,704 | 41,394,565 | - | 53,087 |

| | 2025 Amount Rupees in thousand | 2024 Amount |
|--|--------------------------------------|----------------|
| 43.3 Non-cash financing activities | | |
| Deferred income - Government grant - net | 504,363 | 477,080 |
| Lease liabilities recognized during the year | 499,868 | 1,205,163 |
| Impact of lease termination / modification | (205,308) | (118,655) |

43.4 Cash and cash equivalents at the end of the year

| | 2025 Amount Rupees in thousand | 2024 Amount |
|---|--------------------------------------|----------------|
| Cash and cash equivalents at the end of the year from continuing operations | 8,480,692 | 6,698,480 |
| Cash and cash equivalents at the end of the year from discontinued operations | - | 3,398 |
| | 8,480,692 | 6,701,878 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

44. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Holding Company is as follows:

| | Chief Executive Officer | | Directors | | Executives | |
|-------------------------------|-------------------------|----------------|-----------|----------|----------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| -----Rupees in thousand ----- | | | | | | |
| Managerial remuneration | 65,761 | 55,876 | - | - | 78,722 | 63,459 |
| Bonus | 138,000 | 107,000 | - | - | 10,413 | 8,817 |
| Allowances: | | | | | | |
| House rent | 6,576 | 5,587 | - | - | 21,243 | 17,124 |
| Conveyance | - | - | - | - | 3,120 | 5,980 |
| Medical | - | - | - | - | 13,633 | 9,156 |
| Utilities | 6,576 | 5,587 | - | - | 11,359 | 10,990 |
| Retirement and other benefits | 18,084 | 4,573 | - | - | 7,170 | 4,759 |
| Total | 234,997 | 178,623 | - | - | 145,660 | 120,285 |
| Number of persons | 1 | 1 | - | - | 31 | 27 |

44.1 The chief executive, executive director and some of the executives of the Holding Company are provided with Company maintained vehicles in accordance with the Holding Company's policy.

44.2 Aggregate amount charged in these consolidated financial statements for meeting fee to directors of the Holding Company was Rupees 3.290 million (2024: Rupees 3.175 million).

44.3 No remuneration was paid to non-executive directors of the Holding Company.

45. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associates, associated companies/ undertakings, joint ventures, employees' gratuity fund trust, employees' provident fund trust and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

| Nature of relationship | Nature of transactions | 2025 | 2024 |
|---|---|-----------|-----------|
| Rupees in thousand | | | |
| Associated undertakings | | | |
| Chaoyang Long March Tyre Co. Ltd | Share deposit money received | - | 665,805 |
| | Share capital of Service Long March Tyres (Private) Limited - Subsidiary Company issued | - | 666,400 |
| | Purchase of goods | 883,945 | 434,826 |
| | Dividend paid | 1,277,174 | - |
| Mr. Shabir Ahmad of Myco Corporation | Share deposit money received | - | 75,727 |
| | Share capital of Service Long March Tyres (Private) Limited - Subsidiary Company issued | - | 75,727 |
| | Sale of goods | 64,869 | 4,090,162 |
| | Trade discounts | 5,182 | 19,568 |
| | Dividend paid | 152,831 | 100,307 |
| Shahid Arif Investment (Private) Limited | Cash dividend paid | 594 | 396 |
| Service Charitable Trust | Cash dividend paid | 679 | 453 |
| | Donation made | 11,800 | 10,832 |
| Servis Foundation | Donation made | 174,193 | 77,687 |
| Shalamar Hospital | Donation made | 13,878 | 8,290 |
| Post employment benefit plans | | | |
| Service Industries Limited Employees Gratuity Fund Trust | Charge for the year | 115,612 | 117,476 |
| Service Provident Fund Trust | Contribution made | 494,428 | 338,470 |
| | Cash dividend paid | 35,869 | 21,812 |
| Service Long March Tyres (Private) Limited Staff Provident Fund Trust | Contribution made | 82,270 | 42,900 |
| Directors of the Holding Company | | | |
| | Cash dividend paid | 278,959 | 202,868 |

45.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives of the Holding Company is disclosed in Note 44.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

45.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place:

| Name of the related party | Basis of relationship | Transactions entered or agreements and / or arrangements in place during the financial year ended | | Percentage of shareholding |
|--|---|---|------|----------------------------|
| | | 2025 | 2024 | |
| S2 Power Limited | Common directorship of directors of the Holding Company | No | No | 48.00% |
| Chaoyang Long March Tyre Co. Limited | Common directorship of directors of Service Long March Tyres (Private) Limited - Subsidiary Company | Yes | Yes | Nil |
| Mr. Shabir Ahmad of Myco Corporation | Joint venturer | Yes | Yes | Nil |
| S2 Hydro Limited | Common directorship of directors of the Holding Company | No | No | 48.00% |
| Speed (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) of the Holding Company | Yes | Yes | 35.97% |
| SBL Trading (Private) Limited | Common directorship of directors of the Holding Company | No | No | Nil |
| Jomo Technologies (Private) Limited | Associate of Service Industries Capital (Private) Limited (Subsidiary Company) of the Holding Company | No | No | 16.49% |
| Shahid Arif Investment (Private) Limited | Common directorship | Yes | Yes | Nil |
| Service Provident Fund Trust | Post employment benefit plan | Yes | Yes | Nil |
| Service Long March Tyres - Staff Provident Fund | Post employment benefit plan | Yes | Yes | Nil |
| Service Industries Limited Employees Gratuity Fund Trust | Post employment benefit plan | Yes | Yes | Nil |
| Servis Foundation | Common directorship of directors of the Holding Company | Yes | Yes | Nil |
| Service Charitable Trust | Directors of the Holding Company are Trustees | Yes | Yes | Nil |
| Shalamar Hospital | Directors of the Holding Company are Trustees | Yes | Yes | Nil |
| Suraj Cotton Mills Limited | Common directorship of director of the Holding Company | No | No | Nil |
| Premier Insurance Limited | Common directorship of director of the Holding Company | No | No | Nil |
| Crescent Powertec Limited | Common directorship of director of the Holding Company | No | No | Nil |
| JS Bank Limited | Common directorship of director of the Holding Company | No | No | Nil |
| Kidney Centre Gujrat | Directors of the Holding Company are member of Board of Governors | No | No | Nil |
| Mr. Arif Saeed | Chief Executive of Holding Company | Yes | Yes | Nil |
| Mr. Hassan Javed | Director of Holding Company | Yes | Yes | Nil |
| Mr. Saif Javed | Director of Holding Company | Yes | Yes | Nil |
| Mr. Omar Saeed | Director of Holding Company | Yes | Yes | Nil |
| Mr. Adil Matcheswala | Director of Holding Company | Yes | Yes | Nil |
| Mr. Muhammad Naeem Khan | Director of Holding Company | Yes | Yes | Nil |
| Mr. Shahid Jatoi | Director of Holding Company | Yes | Yes | Nil |
| Mr. Ahsan Bashir | Director of Holding Company | Yes | Yes | Nil |
| Ms. Uzma Adil Khan | Director of Holding Company | Yes | Yes | Nil |

46. PLANT CAPACITY

Footwear

Number of pairs

| Installed capacity | | Actual production | |
|--------------------|-----------|-------------------|-----------|
| 2025 | 2024 | 2025 | 2024 |
| 8,617,000 | 8,266,600 | 6,509,081 | 6,212,351 |

Tyre

Number of tyres

Number of tubes

| Installed capacity | | Actual production | |
|--------------------|------------|-------------------|------------|
| 2025 | 2024 | 2025 | 2024 |
| 24,551,164 | 24,251,164 | 18,489,882 | 16,290,144 |
| 57,452,100 | 57,452,100 | 47,538,244 | 43,468,607 |

Servis genuine parts

Number of chains

Number of sprockets

| Installed capacity | | Actual production | |
|--------------------|-----------|-------------------|-----------|
| 2025 | 2024 | 2025 | 2024 |
| 6,552,000 | 6,552,000 | 2,590,695 | 2,230,304 |
| 4,914,000 | 4,914,000 | 2,021,195 | 1,856,454 |

Solar system

kWh

| Installed capacity | | Actual production | |
|--------------------|------------|-------------------|------------|
| 2025 | 2024 | 2025 | 2024 |
| 15,258,025 | 11,228,958 | 13,917,915 | 10,087,142 |

Technical rubber products

Due to the nature of the business, production capacity is not determinable.

Reason for low production

The capacity of the tyre division and Servis genuine parts was utilized to the extent of orders received. In case of footwear, the deviation in actual production from installed capacity is due to rapidly growing trends as the Group has to change major shoe lines in accordance with the market trends. This involves change in manufacturing operations and product mix which causes variances not only between the installed capacity and actual production but also between the actual production of any two years. Low capacity utilization of solar system is due to combination of environmental, technical, structural and maintenance factors.

47. NON-CONTROLLING INTEREST (NCI)

Set out below is summarized un-audited financial information for Service Shoes Lanka (Private) Limited - former Subsidiary Company, audited consolidated financial information for Service Long March Tyres (Private) Limited - Subsidiary Company and audited consolidated financial information for Service Global Footwear Limited - Subsidiary Company that have non-controlling interest that are material to the Group.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| Service Shoes Lanka (Private) Limited | | Service Long March Tyres (Private) Limited | | Service Global Footwear Limited | | Total | |
|---------------------------------------|------|--|------|---------------------------------|------|-------|------|
| 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |

-----Rupees in thousand-----

Summarized statement of financial position

| | | | | | | | | |
|--------------------------------------|---|-----------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| Non-current assets | - | 103,491 | 33,342,962 | 26,030,800 | 9,944,324 | 6,991,436 | 43,287,286 | 33,125,727 |
| Current assets | - | 211,725 | 23,890,110 | 19,676,462 | 10,995,345 | 12,213,561 | 34,885,455 | 32,101,748 |
| Non-current liabilities | - | (8,273) | (4,978,398) | (9,359,306) | (2,101,942) | (770,883) | (7,080,340) | (10,138,462) |
| Current liabilities | - | (915,874) | (21,028,121) | (15,461,185) | (10,446,716) | (11,223,199) | (31,474,837) | (27,600,258) |
| Net assets | - | (608,931) | 31,226,553 | 20,886,771 | 8,391,011 | 7,210,915 | 39,617,564 | 27,488,755 |
| Accumulated non-controlling interest | - | (238,162) | 16,632,536 | 10,531,486 | 1,069,108 | 959,419 | 17,701,644 | 11,252,743 |

Summarized statement of comprehensive income

| | | | | | | | | |
|---|---------------|----------|-------------------|------------|-------------------|------------|-------------------|------------|
| Revenue | - | - | 59,477,194 | 44,882,004 | 19,935,066 | 17,391,854 | 79,412,260 | 62,273,858 |
| Profit for the year | - | - | 12,673,501 | 6,997,076 | 1,937,230 | 1,105,237 | 14,610,731 | 8,102,313 |
| Other comprehensive income / (loss) | 11,718 | - | (1,219) | - | (2,427) | (18,689) | 8,072 | (18,689) |
| Total comprehensive income | 11,718 | - | 12,672,282 | 6,997,076 | 1,934,803 | 1,086,548 | 14,618,803 | 8,083,624 |
| Profit / (loss) allocated to non-controlling interest | - | - | 6,818,631 | 3,701,118 | 26,353 | (1,279) | 6,844,984 | 3,699,839 |
| Other comprehensive income / (loss) to non-controlling interest | 4,687 | (20,693) | (656) | - | (549) | (3,850) | 3,482 | (24,543) |
| Total comprehensive income / (loss) to non-controlling interest | 4,687 | (20,693) | 6,817,975 | 3,701,118 | 25,804 | (5,129) | 6,848,466 | 3,675,296 |
| Dividend paid to non-controlling interest | - | - | 1,519,640 | 983,007 | 170,026 | 211,838 | 1,689,666 | 1,194,845 |

| Service Shoes Lanka (Private) Limited | | Service Long March Tyres (Private) Limited | | Service Global Footwear Limited | | Total | |
|---------------------------------------|------|--|------|---------------------------------|------|-------|------|
| 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |

-----Rupees in thousand-----

Summarized statement of cash flows

| | | | | | | | | |
|---|---|---|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| Cash generated from / (used in) operating activities | - | - | 8,196,496 | 5,774,058 | 631,120 | (624,499) | 8,827,616 | 5,149,559 |
| Cash flows (used in) / from investing activities | - | - | (6,604,316) | (6,984,222) | 1,507,406 | (1,209,492) | (5,096,910) | (8,193,714) |
| Cash flows (used in) / from financing activities | - | - | 102,479 | 737,606 | (1,790,470) | (324,089) | (1,687,991) | 413,517 |
| Effects of exchange rate changes on cash and cash equivalents | - | - | (1,219) | - | 4,025 | - | - | - |
| Net increase / (decrease) in cash and cash equivalents | - | - | 1,693,440 | (472,558) | 352,081 | (2,158,080) | 2,042,715 | (2,630,638) |

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance departments of the Holding Company and Subsidiary Companies under the policies approved by their respective Board of Directors. The Holding Company and Subsidiary Companies' finance departments evaluates and hedge financial risks. The Board of each Group Company provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, Chinese Yuan (CNY), United Arab Emirates Dirham (AED) and British Pound Sterling (GBP). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, amounts receivable / payable from / to the foreign entities and short term borrowings. The Group's exposure to currency risk was as follows:

| | 2025 | 2024 |
|---------------------------------|--------------------|-------------|
| Cash at banks - USD | 508,529 | 113,338 |
| Cash at banks - EURO | 121,827 | 433,281 |
| Cash at banks - CNY | 1,560 | 14,260 |
| Trade debts - USD | 20,330,338 | 17,546,696 |
| Trade debts - EURO | 5,238,356 | 4,934,611 |
| Trade debts - GBP | 19,024 | 81,671 |
| Trade debts - AED | - | 596,199 |
| Other receivables - USD | 16,085 | 166,458 |
| Other receivables - EURO | 10,413 | 35,000 |
| Trade and other payables - USD | (1,721,098) | (982,602) |
| Trade and other payables - GBP | (8,940) | (4,844) |
| Trade and other payables - EURO | (371,581) | (358,738) |
| Trade and other payables - CNY | (1,998,150) | (1,737,000) |
| Trade and other payables - AED | (184,822) | (184,822) |
| Short term borrowings - USD | (9,936,891) | (5,076,200) |
| Net exposure - USD | 9,196,963 | 11,767,690 |
| Net exposure - EURO | 4,999,015 | 5,044,154 |
| Net exposure - GBP | 10,084 | 76,827 |
| Net exposure - CNY | (1,996,590) | (1,722,740) |
| Net exposure - AED | (184,822) | 411,377 |

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The following significant exchange rates were applied during the year:

| | 2025 | 2024 |
|-----------------------------|--------|--------|
| Rupees per US Dollar | | |
| Average rate | 281.16 | 278.53 |
| Reporting date rate | 280.12 | 278.55 |
| Rupees per EURO | | |
| Average rate | 318.11 | 301.41 |
| Reporting date rate | 328.85 | 290.08 |
| Rupees per GBP | | |
| Average rate | 370.81 | 356.08 |
| Reporting date rate | 377.17 | 349.71 |
| Rupees per CNY | | |
| Average rate | 40.07 | 38.71 |
| Reporting date rate | 40.07 | 38.16 |
| Rupees per AED | | |
| Average rate | 76.31 | 75.83 |
| Reporting date rate | 76.28 | 75.84 |

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, GBP, CNY and AED with all other variables held constant, the impact on profit before levy and taxation for the year would have been Rupees 202.364 million higher / lower (2024: Rupees 231.938 million), mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Group is not exposed to commodity price risks.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Group's equity (fair value reserve FVTOCI investment). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and the Group's equity instrument moved according to the historical correlation with the index:

| Index | Impact on consolidated statement of comprehensive income | |
|--|--|-------------|
| | 2025 Amount | 2024 Amount |
| | Rupees in thousand | |
| PSX (5% increase) | (2,188) | (2,122) |
| PSX (5% decrease) | 2,188 | 2,122 |
| (iii) Interest rate risk | | |
| This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. | | |
| The Group's interest rate risk arises mainly from long term financing, short term borrowings, short term investments and bank balances. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk. | | |
| At the reporting date the interest rate profile of the Group's interest bearing financial instruments was: | | |
| | 2025 Amount | 2024 Amount |
| | Rupees in thousand | |

Fixed rate instruments

Financial asset

| | | |
|-----------------------|-----------|-----------|
| Short term investment | 1,058,126 | 1,258,600 |
|-----------------------|-----------|-----------|

Financial liabilities

| | | |
|-----------------------|------------|------------|
| Long term financing | 7,017,181 | 7,724,008 |
| Short term borrowings | 19,873,756 | 16,438,881 |
| Lease liabilities | 6,132,333 | 6,269,704 |

Floating rate instruments

Financial assets

| | | |
|---------------------------------|-----------|-----------|
| Bank balances - saving accounts | 6,583,574 | 3,477,716 |
| Short term investments | 1,114,056 | 372,419 |

Financial liabilities

| | | |
|-----------------------|------------|------------|
| Long term financing | 9,388,133 | 9,268,338 |
| Short term borrowings | 34,310,367 | 24,955,684 |

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before levy and taxation for the year would have been Rupees 352.809 million (2024: Rupees 360.458 million) lower / higher, mainly as a result of

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higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting the dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2025 Amount | 2024 Amount |
|--|--------------------|-------------------|
| | Rupees in thousand | |
| Long term investment | 56,467 | 54,769 |
| Loans to employees | 94,988 | 72,292 |
| Security deposits (long term and short term) | 529,249 | 454,608 |
| Trade debts | 16,969,393 | 14,071,494 |
| Loans and advances | 100,064 | 146,521 |
| Other receivables | 59,157 | 236,419 |
| Accrued interest | 11,629 | 65,550 |
| Short term investments | 21,423,371 | 9,342,200 |
| Bank balances | 8,382,331 | 6,633,414 |
| | 47,626,649 | 31,077,267 |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

| Rating | | | 2025 | 2024 |
|--------------------|-----------|--------|--------|--------|
| Short term | Long term | Agency | Amount | Amount |
| Rupees in thousand | | | | |

Banks

| | Rating | Agency | 2025 Amount | 2024 Amount |
|--|----------|--------|----------------|----------------|
| Allied Bank Limited | A1+ | AAA | 106,692 | 21,013 |
| Askari Bank Limited | A1+ | AA+ | 2,026 | 10,008 |
| Bank Alfalah Limited | A1+ | AAA | 39,078 | 122,465 |
| Bank AL Habib Limited | A1+ | AAA | 131,153 | 65,719 |
| Faysal Bank Limited | A1+ | AA | 27,141 | 163,753 |
| Habib Bank Limited | A1+ | AAA | 691,613 | 1,677,360 |
| MCB Bank Limited | A1+ | AAA | 17,251 | 20,349 |
| MCB Islamic Bank Limited | A1 | A+ | 26,783 | 291,966 |
| Meezan Bank Limited | A1+ | AAA | 109,526 | 683,380 |
| National Bank of Pakistan | A1+ | AAA | 2,769 | 9,267 |
| Samba Bank Limited | A1 | AA | 2,500,556 | 585 |
| Soneri Bank Limited | A1+ | AA- | 4,223,810 | 2,973,125 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | 7,462 | 113,768 |
| United Bank Limited | A1+ | AAA | 256,072 | 206,802 |
| Dubai Islamic Bank Pakistan Limited | A1+ | AA | 3,162 | 2,489 |
| Habib Metropolitan Bank Limited | A1+ | AA+ | 84,141 | 49,903 |
| MCB Bank Limited - Sri Lanka | AA-(Ika) | FITCH | 282 | 393 |

| Rating | | | 2025 | 2024 |
|------------|-----------|--------|--------|--------|
| Short term | Long term | Agency | Amount | Amount |

Rupees in thousand

| | | | | | |
|---|-----|---------|---------|------------------|------------------|
| JS Bank Limited (associated company) | A1+ | AA | PACRA | 2 | 2 |
| Industrial and Commercial Bank of China Limited | P-1 | A1 | Moody's | 460 | 465 |
| The Bank of Khyber | A1 | A+ | PACRA | 1,818 | 893 |
| The Bank of Punjab | A1+ | AA+ | PACRA | 26,883 | 100,032 |
| BankIslami Pakistan Limited | A1 | AA- | PACRA | 22,084 | 46,947 |
| China Merchants Bank Limited | P1 | A2 | Moody's | 23,649 | 45,456 |
| Al Baraka Bank (Pakistan) Limited | A1 | AA- | VIS | 18 | 1,043 |
| Bank Alfalah Limited | | Unknown | | 69,612 | - |
| MCB Bahrain | | Unknown | | 274 | - |
| Habib Bank AG Zurich | | Unknown | | 8,014 | 26,231 |
| | | | | 8,382,331 | 6,633,414 |

Investments

| | | | | | |
|---|-----|---------|-------|-------------------|-------------------|
| TRG Pakistan Limited | | Unknown | | 56,467 | 54,769 |
| MCB Islamic Bank Limited | A1 | A | PACRA | 736,242 | 400,177 |
| MCB Bank Limited | A1+ | AAA | PACRA | 295,809 | 389,500 |
| Soneri Bank Limited | A1+ | AA- | PACRA | 734,271 | 438,500 |
| Al Meezan Investment Management Limited | | AM-1 | PACRA | - | 1,000,000 |
| UBL Money Market Fund | | AA+(f) | VIS | - | 1,707,000 |
| UBL Liquidity Fund | | AA+(f) | PACRA | 250,000 | - |
| UBL Cash Fund | | AA+(f) | PACRA | 19,001,189 | - |
| AL Habib Asset Management Limited | | AM-1 | PACRA | - | 500,000 |
| HBL Cash Fund | | AA+(f) | VIS | - | 1,000,000 |
| NBP Financial Sector Income Fund | | A+(f) | PACRA | - | 2,501,163 |
| ABL Cash Fund | | AA+(f) | PACRA | - | 1,000,260 |
| Bank Alfalah Limited | A1+ | AAA | PACRA | 92,535 | 105,600 |
| Bank AL Habib Limited | A1+ | AAA | PACRA | 313,324 | 300,000 |
| | | | | 21,479,837 | 9,396,969 |
| | | | | 29,862,168 | 16,030,383 |

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 24.

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly the credit risk is minimal.

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Trade debts

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Group has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has accordingly adjusted the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows:

| Local sales | | | Export sales | | |
|-----------------------------|--------------------|----------------|-----------------------------|--------------------|----------------|
| Range of expected loss rate | Trade debts | Loss allowance | Range of expected loss rate | Trade debts | Loss allowance |
| % | Rupees in thousand | | % | Rupees in thousand | |

At 31 December 2025

| | | | | | | | | |
|--|---------|---------|-----------|---------|---------|---------|-----------|--------|
| Not past due | 0.00% | 0.00% | 5,069,855 | - | 0.00% | 0.00% | 5,459,872 | - |
| Up to 30 days | 0.00% | 0.00% | 3,392,183 | - | 0.02% | 0.19% | 484,744 | 313 |
| 31 to 60 days | 0.00% | 4.86% | 782,160 | 1,871 | 0.10% | 0.66% | 206,069 | 298 |
| 61 to 90 days | 0.23% | 13.29% | 44,517 | 2,502 | 0.28% | 1.83% | 19,402 | 54 |
| 91 to 180 days | 2.11% | 43.53% | 101,158 | 15,158 | 0.92% | 5.99% | - | - |
| 181 to 360 days | 5.87% | 60.61% | 65,503 | 18,390 | 3.11% | 20.97% | - | - |
| Above 360 days | 100.00% | 100.00% | 175,770 | 175,770 | 100.00% | 100.00% | 65,711 | 65,711 |
| | | | 9,631,146 | 213,691 | | | 6,235,798 | 66,376 |
| Trade debts which are not subject to risk of default | | | 93,375 | - | | | 1,289,141 | - |
| Gross trade debts | | | 9,724,521 | 213,691 | | | 7,524,939 | 66,376 |

| Local sales | | | Export sales | | |
|-----------------------------|--------------------|----------------|-----------------------------|--------------------|----------------|
| Range of expected loss rate | Trade debts | Loss allowance | Range of expected loss rate | Trade debts | Loss allowance |
| % | Rupees in thousand | | % | Rupees in thousand | |

At 31 December 2024

| | | | | | | | | |
|--|---------|---------|-----------|---------|---------|---------|-----------|---------|
| Not past due | 0.00% | 0.00% | 7,187,169 | - | 0.00% | 0.00% | 4,684,334 | - |
| Up to 30 days | 0.00% | 0.53% | 152,285 | 205 | 0.12% | 2.81% | 45,628 | 90 |
| 31 to 60 days | 0.25% | 14.90% | 93,120 | 10,432 | 0.38% | 21.85% | 8,215 | 75 |
| 61 to 90 days | 1.57% | 27.84% | 60,196 | 12,853 | 1.08% | 36.59% | 11,700 | 4,262 |
| 91 to 180 days | 6.66% | 58.80% | 49,461 | 20,246 | 4.78% | 70.63% | 82 | 4 |
| 181 to 360 days | 14.02% | 67.90% | 30,553 | 16,237 | 15.93% | 76.32% | - | - |
| Above 360 days | 100.00% | 100.00% | 166,036 | 166,036 | 100.00% | 100.00% | 110,009 | 110,009 |
| | | | 7,738,820 | 226,009 | | | 4,859,968 | 114,440 |
| Trade debts which are not subject to risk of default | | | 192,117 | - | | | 1,621,038 | - |
| Gross trade debts | | | 7,930,937 | 226,009 | | | 6,481,006 | 114,440 |

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 31 December 2025, the Group had Rupees 28,102.785 million (2024: Rupees 37,733.513 million) available borrowing limits from financial institutions and Rupees 8,480.692 million (2024: Rupees 6,698.480 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2025:

| Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 Years | More than 2 Years |
|-----------------|------------------------|------------------|-------------|-----------|-------------------|
|-----------------|------------------------|------------------|-------------|-----------|-------------------|

-----Rupees in thousand -----

Non-derivative financial liabilities:

| | | | | | | |
|--------------------------|------------|-------------|------------|------------|------------|------------|
| Long term financing | 16,405,314 | 20,312,645 | 2,737,411 | 2,622,842 | 8,997,906 | 5,954,486 |
| Long term deposits | 187,679 | 187,679 | - | - | - | 187,679 |
| Lease liabilities | 6,132,333 | 11,115,938 | 691,144 | 707,721 | 1,413,539 | 8,303,534 |
| Trade and other payables | 13,446,895 | 13,446,895 | 13,446,895 | - | - | - |
| Accrued mark-up / profit | 511,734 | 511,734 | 511,734 | - | - | - |
| Short term borrowings | 54,184,123 | 55,513,489 | 48,420,408 | 7,093,081 | - | - |
| Unclaimed dividend | 56,065 | 56,065 | 56,065 | - | - | - |
| | 90,924,143 | 101,144,445 | 65,863,657 | 10,423,644 | 10,411,445 | 14,445,699 |

Contractual maturities of financial liabilities as at 31 December 2024:

| Carrying Amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 Years | More than 2 Years |
|-----------------|------------------------|------------------|-------------|-----------|-------------------|
|-----------------|------------------------|------------------|-------------|-----------|-------------------|

-----Rupees in thousand -----

Non-derivative financial liabilities:

| | | | | | | |
|--------------------------|------------|------------|------------|-----------|-----------|------------|
| Long term financing | 16,992,346 | 21,180,758 | 1,962,695 | 2,330,497 | 4,899,707 | 11,987,859 |
| Long term deposits | 172,530 | 172,530 | - | - | - | 172,530 |
| Lease liabilities | 6,269,704 | 11,840,420 | 685,195 | 701,943 | 1,379,290 | 9,073,992 |
| Trade and other payables | 11,757,881 | 11,757,881 | 11,757,881 | - | - | - |
| Accrued mark-up / profit | 803,245 | 803,245 | 803,245 | - | - | - |
| Short term borrowings | 41,394,565 | 41,590,137 | 39,120,965 | 2,469,172 | - | - |
| Unclaimed dividend | 53,087 | 53,087 | 53,087 | - | - | - |
| | 77,443,358 | 87,398,058 | 54,383,068 | 5,501,612 | 6,278,997 | 21,234,381 |

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For the year ended December 31, 2025

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at reporting date. The rates of interest / mark up have been disclosed in note 6, note 8 and note 13 to these consolidated financial statements.

48.2 Financial instruments by categories

Assets as per consolidated statement of financial position

| | 2025 | | | 2024 | | |
|--|------------------------------|------------|----------------|--------|-----------|----------------|
| | FVTOCI | FVTPL | Amortized cost | FVTOCI | FVTPL | Amortized cost |
| | -----Rupees in thousand----- | | | | | |
| Long term investment | 56,467 | - | - | 54,769 | - | - |
| Loans to employees | - | - | 94,988 | - | - | 72,292 |
| Security deposits (long term and short term) | - | - | 529,249 | - | - | 454,608 |
| Trade debts | - | - | 16,969,393 | - | - | 14,071,494 |
| Loans and advances | - | - | 100,064 | - | - | 96,521 |
| Other receivables | - | 5,508 | 53,649 | - | 167,213 | 69,206 |
| Accrued interest | - | - | 11,629 | - | - | 65,550 |
| Short term investments | - | 19,251,189 | 2,172,182 | - | 7,708,423 | 1,633,777 |
| Cash and bank balances | - | - | 8,480,692 | - | - | 6,698,480 |
| | 56,467 | 19,256,697 | 28,411,846 | 54,769 | 7,875,636 | 23,161,928 |

| 2025 | 2024 |
|--------------------|------|
| At amortized cost | |
| Rupees in thousand | |

Liabilities as per consolidated statement of financial position

| | | |
|--------------------------|------------|------------|
| Long term financing | 16,405,314 | 16,992,346 |
| Long term deposits | 187,679 | 172,530 |
| Lease liabilities | 6,132,333 | 6,269,704 |
| Trade and other payables | 13,446,895 | 11,757,881 |
| Accrued mark-up / profit | 511,734 | 803,245 |
| Short term borrowings | 54,184,123 | 41,394,565 |
| Unclaimed dividend | 56,065 | 53,087 |
| | 90,924,143 | 77,443,358 |

48.3 Reconciliation of financial assets and financial liabilities to the line items presented in the consolidated statement of financial position is as follows:

| Financial assets | 2025 | | Assets as per consolidated statement of financial position |
|------------------|----------------------|--|--|
| | Non-financial assets | | |

-----Rupees in thousand-----

| | | | |
|--------------------------------|------------|-----------|------------|
| Long term investments | 56,467 | 747,187 | 803,654 |
| Long term loans to employees | 65,314 | - | 65,314 |
| Long term security deposits | 256,694 | - | 256,694 |
| Trade deposits and prepayments | 272,555 | 410,901 | 683,456 |
| Trade debts | 16,969,393 | - | 16,969,393 |
| Loans and advances | 129,738 | 968,170 | 1,097,908 |
| Other receivables | 59,157 | 3,715,892 | 3,775,049 |
| Accrued interest | 11,629 | - | 11,629 |
| Short term investments | 21,423,371 | - | 21,423,371 |
| Cash and bank balances | 8,480,692 | - | 8,480,692 |
| | 47,725,010 | 5,842,150 | 53,567,160 |

| Financial liabilities | 2025 | | Liabilities as per consolidated statement of financial position |
|-----------------------|---------------------------|--|---|
| | Non-financial liabilities | | |

-----Rupees in thousand-----

| | | | |
|--------------------------|------------|-----------|------------|
| Long term financing | 16,405,314 | - | 16,405,314 |
| Long term deposits | 187,679 | - | 187,679 |
| Lease liabilities | 6,132,333 | - | 6,132,333 |
| Trade and other payables | 13,446,895 | 2,906,409 | 16,353,304 |
| Accrued mark-up / profit | 511,734 | - | 511,734 |
| Short term borrowings | 54,184,123 | - | 54,184,123 |
| Unclaimed dividend | 56,065 | - | 56,065 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | 90,924,143 | 2,906,409 | 93,830,552 |
|--------------------------------|-------------------------------|----------------------|--|
| | 2024 | | |
| | Financial assets | Non-financial assets | Assets as per consolidated statement of financial position |
| | -----Rupees in thousand ----- | | |
| Long term investments | 54,769 | 681,454 | 736,223 |
| Long term loans to employees | 46,902 | - | 46,902 |
| Long term security deposits | 260,191 | - | 260,191 |
| Trade deposits and prepayments | 194,417 | 209,290 | 403,707 |
| Trade debts | 14,071,494 | - | 14,071,494 |
| Loans and advances | 171,911 | 1,920,840 | 2,092,751 |
| Other receivables | 236,419 | 2,940,143 | 3,176,562 |
| Accrued interest | 65,550 | - | 65,550 |
| Short term investments | 9,342,200 | - | 9,342,200 |
| Cash and bank balances | 6,698,480 | - | 6,698,480 |
| | 31,142,333 | 5,751,727 | 36,894,060 |

| | 2024 | | |
|--------------------------|-------------------------------|---------------------------|---|
| | Financial liabilities | Non-financial liabilities | Liabilities as per consolidated statement of financial position |
| | -----Rupees in thousand ----- | | |
| Long term financing | 16,992,346 | - | 16,992,346 |
| Long term deposits | 172,530 | - | 172,530 |
| Lease liabilities | 6,269,704 | - | 6,269,704 |
| Trade and other payables | 11,757,881 | 1,769,097 | 13,526,978 |
| Accrued mark-up / profit | 803,245 | - | 803,245 |
| Short term borrowings | 41,394,565 | - | 41,394,565 |
| Unclaimed dividend | 53,087 | - | 53,087 |
| | 77,443,358 | 1,769,097 | 79,212,455 |

48.4 Offsetting financial assets and financial liabilities

As on the reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

48.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in note 6 and note 13 respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

| | 2025 Amount | 2024 Amount |
|---------------------------|-------------------------------|----------------|
| | -----Rupees in thousand ----- | |
| Borrowings | 71,997,152 | 60,298,989 |
| Total equity of the Group | 40,906,469 | 26,017,502 |
| Total capital employed | 112,903,621 | 86,316,491 |
| Gearing ratio | (Percentage) 63.77% | 69.18% |

Decrease in gearing is due to increase in equity.

49. UNUTILIZED CREDIT FACILITIES

| | Non-funded | | Funded | |
|-----------------------------------|-------------------------------|-------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | -----Rupees in thousand ----- | | | |
| Total facilities | 33,618,500 | 33,951,000 | 98,692,222 | 96,433,393 |
| Utilized at the end of the year | (9,312,453) | (7,450,914) | (70,589,437) | (58,699,880) |
| Unutilized at the end of the year | 24,306,047 | 26,500,086 | 28,102,785 | 37,733,513 |

50. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

| Recurring fair value measurements At 31 December 2025 | Level 1 | Level 2 | Level 3 | Total |
|--|-------------------------------|--------------|----------|-------------------|
| | -----Rupees in thousand ----- | | | |
| Financial assets | | | | |
| Financial asset at fair value through other comprehensive income | 56,467 | - | - | 56,467 |
| Financial assets at fair value through profit or loss | 19,251,189 | - | - | 19,251,189 |
| Derivative financial assets | - | 5,508 | - | 5,508 |
| Total financial assets | 19,307,656 | 5,508 | - | 19,313,164 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| Recurring fair value measurements At 31 December 2024 | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|----------------|----------|------------------|
| -----Rupees in thousand ----- | | | | |
| Financial assets | | | | |
| Financial asset at fair value through other comprehensive income | 54,769 | - | - | 54,769 |
| Financial assets at fair value through profit or loss | 7,708,423 | - | - | 7,708,423 |
| Derivative financial assets | - | 167,213 | - | 167,213 |
| Total financial asset | 7,763,192 | 167,213 | - | 7,930,405 |

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments is the use of quoted market prices or dealer quotes for similar instruments and for mutual funds, Net Asset Value (NAV) published by the respective Asset Management Company.

51. SEGMENT INFORMATION

The Group has three reportable segments. The following summary describes the operation in each of the Group's reportable segments:

Footwear: Purchase, manufacturing and sale of different qualities of footwear.

Tyre: Manufacturing of different qualities of tyres and tubes.

Others: Manufacturing of different qualities of rubber products on specifications and trading and manufacturing of spare parts of automobiles.

| | Footwear | | Tyre | | Others | | Total | |
|--|--------------------|--------------------|--------------------|--------------------|------------------|------------------|---------------------|---------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| -----Rupees in thousand ----- | | | | | | | | |
| Sales | | | | | | | | |
| - Export | 19,720,775 | 17,619,380 | 25,208,882 | 20,738,473 | 13,193 | 9,339 | 44,942,850 | 38,367,192 |
| - Local | 18,817,647 | 16,236,542 | 80,799,926 | 66,465,439 | 3,888,936 | 3,945,291 | 103,506,509 | 86,647,272 |
| | 38,538,422 | 33,855,922 | 106,008,808 | 87,203,912 | 3,902,129 | 3,954,630 | 148,449,359 | 125,014,464 |
| Cost of sales | (26,624,719) | (23,599,723) | (83,199,015) | (66,898,664) | (3,568,793) | (3,635,691) | (113,392,527) | (94,134,078) |
| Gross profit | 11,913,703 | 10,256,199 | 22,809,793 | 20,305,248 | 333,336 | 318,939 | 35,056,832 | 30,880,386 |
| Distribution cost | (6,489,570) | (5,753,616) | (3,802,065) | (3,013,243) | (163,100) | (144,172) | (10,454,735) | (8,911,031) |
| Administrative expenses | (2,588,871) | (2,130,127) | (2,391,136) | (1,656,200) | (105,681) | (109,996) | (5,085,688) | (3,896,323) |
| | (9,078,441) | (7,883,743) | (6,193,201) | (4,669,443) | (268,781) | (254,168) | (15,540,423) | (12,807,354) |
| Profit before levy and taxation and unallocated income and expenses | 2,835,262 | 2,372,456 | 16,616,592 | 15,635,805 | 64,555 | 64,771 | 19,516,409 | 18,073,032 |
| Unallocated income and expenses: | | | | | | | | |
| Other expenses | | | | | | | (1,268,153) | (954,326) |
| Other income | | | | | | | 1,257,267 | 1,345,120 |
| Share of net profit of associate accounted for using the equity method | | | | | | | 113,233 | 70,142 |
| Finance cost | | | | | | | (5,506,436) | (7,290,829) |
| Levy | | | | | | | (92,850) | (403,873) |
| Taxation | | | | | | | 1,095,759 | (3,002,785) |
| Profit after taxation for the year from discontinued operations | | | | | | | 486,063 | - |
| Profit after taxation | | | | | | | 15,601,292 | 7,836,481 |

51.1 Reconciliation of reportable segment assets and liabilities

| | Footwear | | Tyre | | Others | | Total | |
|---|-------------------|-------------------|-------------------|-------------------|------------------|------------------|--------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| -----Rupees in thousand ----- | | | | | | | | |
| Total assets for reportable segment | 21,657,725 | 20,357,160 | 71,689,600 | 62,078,081 | 2,695,514 | 2,990,773 | 96,042,839 | 85,426,014 |
| Unallocated assets: | | | | | | | | |
| Long term investments | | | | | | | 803,654 | 736,223 |
| Intangible assets | | | | | | | 26,689 | 4,547 |
| Right-of-use assets | | | | | | | 4,402,090 | 4,874,794 |
| Deferred Income tax asset - net | | | | | | | 1,365,047 | - |
| Taxation and levy - net | | | | | | | 488,172 | 359,749 |
| Other receivables | | | | | | | 3,775,049 | 3,176,562 |
| Short term investments | | | | | | | 21,423,371 | 9,342,200 |
| Cash and bank balances | | | | | | | 8,480,692 | 6,698,480 |
| Total assets as per consolidated statement of financial position | | | | | | | 136,807,603 | 110,618,570 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

| | Footwear | | Tyre | | Others | | Total | |
|--|-------------------|------------|------------------|-----------|----------------|-----------|-------------------|------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| -----Rupees in thousand----- | | | | | | | | |
| Total liabilities for reportable segment | 13,455,979 | 12,580,455 | 9,588,133 | 7,550,011 | 326,292 | 1,388,075 | 23,370,404 | 21,518,541 |
| Unallocated liabilities: | | | | | | | | |
| Long term financing | | | | | | | 16,405,314 | 16,992,346 |
| Deferred liabilities | | | | | | | 1,429,559 | 3,892,371 |
| Accrued mark-up / profit | | | | | | | 511,734 | 803,245 |
| Short term borrowings | | | | | | | 54,184,123 | 41,394,565 |
| Total liabilities as per consolidated statement of financial position | | | | | | | 95,901,134 | 84,601,068 |

51.2 Geographical information

The Group's revenue from external customers by geographical locations is detailed below:

| | | | | | | | | |
|-------------------------|-------------------|------------|--------------------|------------|------------------|-----------|--------------------|-------------|
| Europe | 14,361,359 | 12,997,203 | 221,154 | 1,097,208 | 494 | - | 14,583,007 | 14,094,411 |
| Americas and Canada | 4,098,609 | 3,508,806 | 20,760,348 | 15,842,060 | 1,764 | - | 24,860,721 | 19,350,866 |
| Asia, Africa, Australia | 1,278,469 | 1,152,984 | 4,227,380 | 3,799,205 | 10,935 | 9,339 | 5,516,784 | 4,961,528 |
| Pakistan | 18,799,985 | 16,196,929 | 80,799,926 | 66,465,439 | 3,888,936 | 3,945,291 | 103,488,847 | 86,607,659 |
| | 38,538,422 | 33,855,922 | 106,008,808 | 87,203,912 | 3,902,129 | 3,954,630 | 148,449,359 | 125,014,464 |

51.3 Revenue from major customers

The Group's revenue is earned from a large mix of customers.

52. DISCLOSURE REQUIREMENT FOR GROUP NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES AS ITS CORE BUSINESS ACTIVITIES

| | 2025 Amount | 2024 Amount |
|--|--------------------|----------------|
| Rupees in thousand | | |
| Description | | |
| Financing (long-term, short-term, or lease financing) obtained as per Islamic mode | 28,771,266 | 21,390,899 |
| Interest or mark-up accrued on any conventional loan or advance | 284,955 | 325,618 |
| Long-term and short-term Shariah compliant Investments (Note 19) | 803,654 | 1,736,223 |
| Shariah-compliant bank deposits, bank balances, and TDRs | 893,276 | 1,324,555 |
| Revenue earned from a Shariah-compliant business segment (Note 32) | 148,449,359 | 125,014,464 |
| Break-up of late payments or liquidated damages | - | - |
| Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates | | |
| Unrealized gain / (loss) on re-measurement of investment at FVTOCI (Note 5.1) | 1,316 | (5,045) |
| Share of profit from associate (Note 19.1) | 113,233 | 70,142 |
| Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs | | |
| Profit on term deposits receipts | 57,708 | 47,604 |
| Exchange gain earned from actual currency | 103,097 | 127,615 |
| Exchange gains earned using conventional derivative financial instruments | 5,508 | 167,213 |
| Profit paid on Islamic mode of financing | 1,670,819 | 1,762,192 |
| Total Interest earned on any conventional loan or advance | - | 113,620 |
| Source and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income (Note 37) | | |
| Shariah-compliant | | |
| Return on bank deposits and term deposit receipts | 57,708 | 47,604 |
| Exchange gain - net | 74,845 | 128,885 |
| Insurance claim | 11,804 | - |
| Credit balance written back | 1,749 | - |
| Reversal of allowance for expected credit losses | 60,382 | - |
| Amortization of deferred income - Government grant | 143,216 | 155,936 |
| Rental income | 5,225 | - |
| Gain on sale of operating fixed assets | - | 5,259 |
| Scrap sales and others | 227,362 | 207,380 |
| Non compliant | | |
| Return on bank deposits and term deposit receipts | 239,846 | 194,714 |
| Amortization of deferred income - Government grant | 361,147 | 400,301 |
| Gain on lease termination | 45,012 | 25,306 |
| Interest on loan to associate | - | - |
| Gain on disposal of investments at fair value through profit or loss | 17,217 | 8,369 |
| Unrealised gain on re-measurement of investments at fair value through profit or loss | 1,189 | 1,423 |
| Unrealised exchange gain on forward contracts | - | 167,213 |
| Miscellaneous | 5,057 | 2,730 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc

| Name | Relationship |
|--|--|
| Faysal Bank Limited | Short term borrowing and bank balance |
| MCB Islamic Bank Limited | Short term borrowing and bank balance |
| Meezan Bank Limited | Long term financing, short term borrowing and bank balance |
| Dubai Islamic Bank Pakistan Limited | Short term borrowing and bank balance |
| The Bank of Punjab (Taqwa Islamic banking) | Short term borrowing and bank balance |
| Al Baraka Bank (Pakistan) Limited | Short term borrowing and bank balance |

53. ROVIDENT FUND RELATED DISCLOSURES

Employees provident fund of Service Industries Limited - Holding Company in the name of Service Provident Fund Trust is continued for the benefits of the employees of the Service Industries Limited - Holding Company, Service Global Footwear Limited - Subsidiary Company, Service Tyres (Private) Limited - Subsidiary Company and Service Retail (Private) Limited - Subsidiary Company.

As at the reporting date, the Service Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

Service Long March Tyres (Private) Limited - Subsidiary Company

The investments out of the Funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

| | 2025 | 2024 |
|---|--------|--------|
| 54. NUMBER OF EMPLOYEES | | |
| Number of employees at 31 December | 15,468 | 14,966 |
| Average number of employees during the year | 15,703 | 15,314 |

55. EVENTS AFTER THE REPORTING PERIOD

- 55.1** The Board of Directors of the Holding Company has proposed final cash dividend for the year ended 31 December 2025 of Rupees 17.5 per share (i.e. 175%). However, this event has been considered as non-adjusting event under IAS 10 'Events after the Reporting Period' and has not been recognized in these consolidated financial statements.
- 55.2** On 09 February 2026, there was a fire outbreak at one of the rented finished goods godowns of the Holding Company. For the Group's 31 December 2025 financial statements, fire outbreak and related impacts are considered non-adjusting events, consequently there is no impact on these consolidated financial statements. Estimated loss of destroyed stock-in-trade is secured against insurance.
- 55.3** The shareholders of Service Global Footwear Limited - Subsidiary Company in their extraordinary general meeting duly held on 27 February 2026 have approved long term equity investment of up to Rupees 1,000,000,000 in Service Athletic Global Footwear (Private) Limited, to be incorporated as subsidiary company of Service Global Footwear Limited - Subsidiary Company. The Service Global Footwear Limited - Subsidiary Company has entered into a joint venture agreement with Golden Star Footwear Group Limited (GSFGL), a Chinese company for setting up a joint venture company in Pakistan, namely Service Athletic Global Footwear (Private) Limited for manufacturing and sale of sneakers, athletics or any other type of footwear in Pakistan and export thereof. The equity stake of the parties in the joint venture company will be as follows: Service Global Footwear Limited - Subsidiary Company - 51%; and GSFGL - 49%. The project cost of the joint venture company in Phase 1 is estimated to be US\$ 6,500,000 which shall be financed through equity contribution in accordance with the shareholding portion of each party. The equity contribution of up to US\$ 3,315,000 in equivalent Pakistani Rupees will be made by Service Global Footwear Limited - Subsidiary Company, from time to time.

The Phase 1 of the proposed joint venture company will be established on the land and building constructed thereon located adjacent to the Service Global Footwear Limited - Subsidiary Company's current production facility situated at 10 - KM, Muridke - Sheikhpura Road, Muridke, on a piece of land measuring approximately 12,710 square meters i.e. 136,816 square feet and building thereon having covered area of 79,760 square feet. The Board of Directors of Service Global Footwear Limited - Subsidiary Company in their meeting held on 20 January 2026 has approved the lease of land to proposed joint venture company. The shareholders of Service Global Footwear Limited - Subsidiary Company in their extraordinary general meeting duly held on 27 February 2026 have approved lease of building to the proposed joint venture company. As of the reporting date, the aforesaid building was constructed to be used as warehouse.

56. DATE OF AUTHORIZATION FOR ISSUE


These consolidated financial statements were authorized for issue on March 18, 2026 by the Board of Directors.

57. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

58. GENERAL

Figures have been rounded off to nearest thousand of Rupees, except stated otherwise.


Arif Saeed
(Chief Executive)


Omar Saeed
(Director)


Babar Ali Khan
(Chief Financial Officer)

Notice of Annual General Meeting

| | |
|---|-----|
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Notice of Annual General Meeting

Notice is hereby given that the 69th Annual General Meeting ("AGM") of Service Industries Limited (the "Company") will be held on **Wednesday, the April 29, 2026 at 12:00 Noon** at Shalimar Tower Hotel, Adjacent Servis House, 2 - Main Gulberg, Lahore, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the separate and consolidated audited financial statements of the Company for the year ended December 31, 2025, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

In accordance with Section 223 (7) of the Companies Act, 2017 and S.R.O No. 389(I)/2023 dated March 21, 2023, the annual report including financial statements of the Company have been uploaded on the Company's website which can be downloaded from the following link and QR enabled code:



[Financial Reports - Service Industries](#)

2. To approve the final cash dividend of Rs. 17.50 per share i.e., 175% as recommended by the Board of Directors for the year ended December 31, 2025.
3. To appoint Auditors and to fix their remuneration. The members are hereby given notice that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. Riaz Ahmad & Company, Chartered Accountants for re-appointment as auditors of the Company.

By Order of the Board

WAHEED ASHRAF
Company Secretary

Lahore
April 08, 2026

1. The Share Transfer Books of the Company will remain closed from April 23, 2026 to April 29, 2026 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on April 22, 2026 will be considered in time for the purpose of entitlement of final cash dividend and to attend and vote at the AGM.
2. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend and vote in place of him / her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company. Proxy Forms in Urdu and English languages are attached to the notice circulated to the shareholders.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

4. The members can also participate in the Annual General Meeting through video link facility.

To attend the AGM through video link, members and their proxies are requested to register their following particulars by sending an e-mail at shareholders@servis.com.

| Folio / CDC Account No. | No. of shares held | Name | CNIC No. | Cell No. | Email address |
|-------------------------|--------------------|------|----------|----------|---------------|
| | | | | | |

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on April 22, 2026.

5. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website www.servisgroup.com and send it duly signed along with a copy of valid CNIC to the Shares Registrar of the Company M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to the shareholder's Broker/Participant/CDC Account Services.

Notice of Annual General Meeting

6. The Government of Pakistan has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:


| | |
|--------------------------------------|-----|
| For filers of income tax returns | 15% |
| For non-filers of income tax returns | 30% |

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @30% instead of 15%.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

| Folio / CDC Account No. | Name of Shareholder | CNIC | Shareholding | Total Shares | Principal / Joint Shareholder |
|-------------------------|---------------------|------|--------------|--------------|-------------------------------|
|-------------------------|---------------------|------|--------------|--------------|-------------------------------|

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the Shares Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

7. A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.
8. The Company has placed the Annual Report containing Audited Annual Financial Statements for the year ended 31 December 2025, Auditors' and Directors' Reports thereon and Chairman's Review Report on its website: www.servisgroup.com and can also be downloaded / viewed from the following QR code and weblink:
- [Financial Reports - Service Industries](#)
- 
9. Shareholders have passed an Ordinary Resolution in Annual General Meeting held on April 28, 2023 to transmit annual report through QR enabled code and weblink in compliance of directive of SRO 389(I)/2023 dated 21st March 2023. The shareholders who wish to receive hard copy of the aforesaid financial statements may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.
10. The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the promulgation of the Act.

11. In terms of SRO 452 (I)/2025 dated March 17, 2025, issued by SECP, no gifts will be distributed at the meeting.
12. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980 to the Company.
13. Shareholders, who by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend/shares, if any.
14. The shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Share Registrar.
15. Members having physical shares are requested to immediately notify the change in their addresses, if any to our Shares Registrar, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.
16. For any query / information, the investors may contact the Shares Registrar: Mr. Muhammad Akbar Moghal, Phone No. 042-35839182, 35916714, 35916719, e-mail address: corplink786@gmail.com and / or the Company: Mr. Tahir Maqsood, Phone No. 042-35751990, email address: shareholders@servis.com.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

| Name of Investee Company | Service Long March Tyres Limited (SLM) |
|---|---|
| Total Investment Approved | Further long-term equity investment up to Rs. 1,500,000,000 for purchase of 150,000,000 ordinary shares was approved by the shareholders in the Extraordinary General Meeting held on January 17, 2024. |
| Amount of Investment made to date | An investment of Rs. 486,017,640 has been made so far by the Company. |
| Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in a specified time | No deviation. The validity of resolution for investment is five (5) years from January 17, 2024. The balance investment will be made as and when funds are required by the subsidiary / associated Company. |
| Material change in financial statements of associated company or associated undertaking since the date of the resolution passed for approval of investment in such company | There is no material change in the financial statements of the associated company since the date of passing of special resolution. As per latest audited financial statements for the year ended June 30, 2025 the balance sheet size is Rs. 52.86 Billion, Profit after tax is Rs. 10.02 Billion and Earnings per share is Rs. 7. The shareholders of SLM in their Extraordinary General Meeting held on October 13, 2025 had approved the split of par value of its shares from Rs. 10 each to Rs. 2 each. Furthermore, SLM has also announced for listing of its shares on Pakistan Stock Exchange Limited subject to compliance of applicable requirements. |

Form of Proxy

69th Annual General Meeting

I/We _____ of _____
 _____ being a member(s) of **Service Industries Limited** and holder of _____ Ordinary Shares
 hereby appoint Mr. / Mrs. / Miss _____ of _____ or
 failing him / her _____ of _____ as my/our proxy in my / our absence to attend and vote for me / us on my
 / our behalf at the 69th Annual General Meeting to be held on April 29, 2026 at 12:00 noon. and / or at any adjournment thereof.

In witness thereof I / We have signed and set my / our hands seal thereon this _____ day of _____ 2026
 in the presence of _____

Signed this _____ day of _____ 2026

| Folio No. | CDC Account No. | |
|-----------|------------------|-------------|
| | Participant I.D. | Account No. |
| | | |

Signature on Fifty - Rupees
Revenue Stamp

The Signature should agree with
the specimen registered with the
Company.

Important:

1. This Proxy Form, duly completed and signed, must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. If a member appoints more than one proxy and more than one instrument of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met:

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.



پراکسی فارم

انہتراواں سالانہ اجلاس عام

میں / ہم _____ سروس انڈسٹریز لمیٹڈ کے ممبر کی حیثیت سے اور حال _____
 عمومی حصص، محترم / محترمہ _____ کو یا ان کی غیر حاضری کی صورت میں محترم / محترمہ _____
 کو اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں کہ میری غیر موجودگی کی صورت میں میری / ہماری طرف سے کمپنی کے 69 ویں سالانہ اجلاس عام جو کہ مورخہ 29 اپریل 2026
 دوپہر 12:00 بجے منعقد ہو رہا ہے، میں شرکت / حق رائے دہی استعمال کر سکیں۔

گواہ نمبر 1 _____ نام _____ دستخط _____ مورخہ _____
 گواہ نمبر 2 _____ نام _____ دستخط _____ مورخہ _____

| سی ڈی سی اکاؤنٹ نمبر | فولیو نمبر | |
|----------------------|------------------|-------------|
| | پارٹسپینٹ آئی ڈی | اکاؤنٹ نمبر |
| | | |

بچاس روپے مالیت کی ریونیولٹ پر دستخط کریں۔
 (دستخط کمپنی میں درج نمونہ دستخط کے مطابق ہونے چاہئیں)

اہم ہدایات:

1. پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹہ قبل کمپنی کو موصول ہوں۔ پراکسی کمپنی کے ممبرز میں سے ہی ہونا چاہیے۔
2. ایک سے زیادہ پراکسی مقرر کرنا یا جمع کروانا، ناقابل قبول ہوگا۔
3. سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کیلئے۔

اوپر دی گئی ہدایت کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر ڈیٹا کوئی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔
- حصص یافتگان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر ڈیٹا کوئی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی اپنے ہمراہ لے کر آئیں۔
- کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بمعہ دستخط کا نمونہ پراکسی فارم کے ساتھ جمع کروانا ضروری ہوگا۔

AFFIX
CORRECT
POSTAGE

The Company Secretary
Service Industries Limited
Servis House, 2-Main Gulberg,
Lahore.

Pattern of Shareholding

As at December 31, 2025

| Number of Shareholders | Shareholding | | Total Shares held |
|------------------------|--------------|-----------|-------------------|
| | From | To | |
| 830 | 1 | 100 | 22,143 |
| 405 | 101 | 500 | 115,443 |
| 162 | 501 | 1,000 | 123,322 |
| 396 | 1,001 | 5,000 | 952,727 |
| 68 | 5,001 | 10,000 | 497,408 |
| 27 | 10,001 | 15,000 | 336,269 |
| 16 | 15,001 | 20,000 | 290,699 |
| 14 | 20,001 | 25,000 | 309,122 |
| 4 | 25,001 | 30,000 | 114,444 |
| 6 | 30,001 | 35,000 | 187,353 |
| 3 | 35,001 | 40,000 | 113,168 |
| 2 | 40,001 | 45,000 | 89,554 |
| 5 | 45,001 | 50,000 | 234,381 |
| 2 | 55,001 | 60,000 | 117,925 |
| 1 | 60,001 | 65,000 | 63,580 |
| 1 | 65,001 | 70,000 | 69,000 |
| 2 | 70,001 | 75,000 | 145,862 |
| 2 | 75,001 | 80,000 | 155,624 |
| 1 | 80,001 | 85,000 | 80,767 |
| 4 | 85,001 | 90,000 | 345,260 |
| 1 | 90,001 | 95,000 | 93,098 |
| 1 | 95,001 | 100,000 | 100,000 |
| 1 | 100,001 | 105,000 | 101,000 |
| 1 | 105,001 | 110,000 | 105,762 |
| 1 | 135,001 | 140,000 | 137,030 |
| 1 | 150,001 | 155,000 | 150,441 |
| 1 | 200,001 | 205,000 | 201,500 |
| 1 | 235,001 | 240,000 | 236,716 |
| 1 | 250,001 | 255,000 | 253,455 |
| 2 | 285,001 | 290,000 | 571,000 |
| 1 | 295,001 | 300,000 | 300,000 |
| 1 | 305,001 | 310,000 | 306,640 |
| 1 | 320,001 | 325,000 | 322,192 |
| 2 | 370,001 | 375,000 | 745,094 |
| 1 | 395,001 | 400,000 | 400,000 |
| 1 | 405,001 | 410,000 | 406,436 |
| 1 | 460,001 | 465,000 | 460,492 |
| 3 | 530,001 | 535,000 | 1,595,760 |
| 1 | 600,001 | 605,000 | 600,674 |
| 1 | 630,001 | 635,000 | 630,407 |
| 1 | 845,001 | 850,000 | 845,263 |
| 1 | 1,360,001 | 1,365,000 | 1,362,264 |
| 1 | 1,995,001 | 2,000,000 | 2,000,000 |
| 1 | 2,055,001 | 2,060,000 | 2,055,814 |
| 1 | 2,390,001 | 2,395,000 | 2,391,274 |

Pattern of Shareholding

As at December 31, 2025

| Number of Shareholders | Shareholding | | Total Shares held |
|------------------------|--------------|-----------|-------------------|
| | From | To | |
| 1 | 2,660,001 | 2,665,000 | 2,664,043 |
| 2 | 4,765,001 | 4,770,000 | 9,531,646 |
| 1 | 4,990,001 | 4,995,000 | 4,990,878 |
| 1 | 9,060,001 | 9,065,000 | 9,064,524 |
| 1,985 | | | 46,987,454 |

Pattern of Shareholding

As at December 31, 2025

| Categories of Shareholders | Number of Shareholders | Number of Shares held | Percentage |
|---|------------------------|-----------------------|------------|
| Directors, Chief Executive Officer, and their spouses and minor children | 11 | 19,668,126 | 41.8583 |
| Associated Companies, undertakings and related Parties | 4 | 3,838,415 | 8.1690 |
| NIT and ICP | 4 | 5,492,282 | 11.6888 |
| Banks, Development Financial Institutions, Non Banking Financial Institutions | 2 | 17,586 | 0.0374 |
| Insurance Companies | 2 | 31,603 | 0.0673 |
| Modarabas and Mutual Funds | 14 | 1,260,212 | 2.6820 |
| General Public | | | |
| a. Local | 1,875 | 14,825,721 | 31.5525 |
| b. Foreign | 4 | 379,184 | 0.8070 |
| Others (to be specified) | | | |
| 1- Joint Stock Companies | 37 | 630,135 | 1.3411 |
| 2- Pension Funds | 8 | 668,404 | 1.4225 |
| 3- Foreign Companies | 1 | 21,523 | 0.0458 |
| 4- Others | 23 | 154,263 | 0.3283 |
| | 1,985 | 46,987,454 | 100.0000 |
| Shareholders holding 10% or more | 4 | 23,587,048 | 50.1986 |

Pattern of Shareholding

As at December 31, 2025

| Categories of Shareholders | Number of Shares held | Percentage |
|--|-----------------------|------------|
| Associated Companies, undertakings and related parties | | |
| M/S SHAHID ARIF INVESTMENTS (PRIVATE) LIMITED | 39,624 | 0.0843 |
| TRUSTEE - SERVICE PROVIDENT FUND (CDC) | 2,391,274 | 5.0892 |
| M/S SERVICE CHARITABLE TRUST | 45,253 | 0.0963 |
| CHAUDHARY AHMED JAVED (CDC) | 1,362,264 | 2.8992 |
| Mutual Funds | | |
| CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC) | 8,674 | 0.0185 |
| CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND (CDC) | 5,000 | 0.0106 |
| CDC - TRUSTEE AL HABIB STOCK FUND (CDC) | 69,000 | 0.1468 |
| CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC) | 30,803 | 0.0656 |
| CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC) | 150,441 | 0.3202 |
| CDC - TRUSTEE APF-EQUITY SUB FUND (CDC) | 15,091 | 0.0321 |
| CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC) | 253,455 | 0.5394 |
| CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND (CDC) | 2,330 | 0.0050 |
| CDC - TRUSTEE FAYSAL STOCK FUND (CDC) | 5,000 | 0.0106 |
| CDC - TRUSTEE GOLDEN ARROW STOCK FUND (CDC) | 8,109 | 0.0173 |
| CDC - TRUSTEE NBP STOCK FUND (CDC) | 544 | 0.0012 |
| CDC - TRUSTEE UBL ASSET ALLOCATION FUND (CDC) | 7,496 | 0.0160 |
| CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND (CDC) | 73,862 | 0.1572 |
| CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC) | 630,407 | 1.3416 |
| Directors and their spouses and minor children | | |
| MR. ARIF SAEED (CDC) | 4,765,822 | 10.1428 |
| MR. OMAR SAEED (CDC) | 4,765,824 | 10.1428 |
| MR. HASSAN JAVED (CDC) | 9,064,524 | 19.2914 |
| MR. MUHAMMAD NAEEM KHAN (CDC) | 1,000 | 0.0021 |
| MR. AHSAN BASHIR (CDC) | 100 | 0.0002 |
| MR. ADIL MATCHESWALA (CDC) | 1 | 0.0000 |
| MS. UZMA ADIL KHAN | 1 | 0.0000 |
| MR. SAIF JAVED (CDC) | 10 | 0.0000 |
| MR. SAIF JAVED (CDC) | 300,000 | 0.6385 |
| MRS. FATIMA SAEED W/O MR. ARIF SAEED (CDC) | 370,844 | 0.7892 |
| MRS. SHEREEN HASSAN W/O MR. HASSAN JAVED (CDC) | 400,000 | 0.8513 |
| Executives | - | - |
| Public Sector Companies and Corporations | - | - |
| Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds | 717,593 | 1.5272 |

Pattern of Shareholding

As at December 31, 2025

Shareholders holding five percent or more voting rights

| | | |
|--|-----------|---------|
| MR. HASSAN JAVED (CDC) | 9,064,524 | 19.2914 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC) | 4,990,878 | 10.6217 |
| MR. OMAR SAEED (CDC) | 4,765,824 | 10.1428 |
| MR. ARIF SAEED (CDC) | 4,765,822 | 10.1428 |
| MR. SHAHID MALIK | 2,664,043 | 5.6697 |
| TRUSTEE SERVICE PROVIDENT FUND (CDC) | 2,391,274 | 5.0892 |

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary

| S. No | Name | Gift In |
|-------|--|---------|
| 1 | MR. SAIF JAVED (CDC) | 300,000 |
| 2 | MRS. SHEREEN HASSAN SPOUSE OF MR. HASSAN JAVED (CDC) | 400,000 |

کمیٹیاں پر ایک نظر

لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2019 کی کمیٹیاں کا بیان مقررہ شکل میں سالانہ رپورٹ میں شائع کیا جاتا ہے جس کا کمپنی کے قانونی آڈیٹرز کی طرف سے جائزہ لیا جاتا ہے اور تصدیق کی جاتی ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز کمیٹیاں کے بیان کی منظوری دیتے ہیں۔

سالانہ گوشواروں کی تیاری کے بعد تبدیلیاں

31 دسمبر 2025 سے لے کر 18 مارچ 2026 تک اس سالانہ رپورٹ میں کوئی تبدیلی ایسی نہیں ہوئی جو کہ اس مالی گوشوارے پر اثر انداز ہو سوائے:

(1) اعلان برائے حتمی ڈیویڈنڈ 17.5 روپے فی شیئر (یعنی 175 فیصد) جس کی ادائیگی حصص یافتگان کے سالانہ اجلاس عام میں منظور کرنے سے مشروط ہے۔

(2) 09 فروری 2026 کو کمپنی کے ایک کرائے کے تیار شدہ مصنوعات کے گودام میں آگ لگ گئی۔ کمپنی کے 31 دسمبر 2025 کے مالیاتی بیانات کے لیے، آگ لگنے اور اس کے متعلقہ اثرات کو ایڈجسٹ نہ کرنے والے واقعات کے طور پر سمجھا گیا ہے، اس لیے ان مالیاتی بیانات پر کوئی اثر نہیں پڑا۔ ضائع شدہ اسٹاک انشورنس شدہ ہے۔

اظہار تشکر

ڈائریکٹرز حصص یافتگان کی تہہ دل سے تعریف کا اظہار کرنا چاہیں گے جنہوں نے کمپنی کی غیر متزلزل حمایت جاری رکھی۔

ہم سروس گروپ کے تمام ملازمین کی انتھک کوششوں، لگن اور عزم کے لیے اپنی مخلصانہ تعریف بھی بر ملا کرنا چاہتے ہیں اور یقین رکھتے ہیں کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

ہم اپنے صارفین، سپلائرز اور بینکرز کا ان کی کمپنی کے ساتھ مسلسل تعاون اور حمایت کا بھی شکریہ ادا کرتے ہیں۔

ہم آنے والے سالوں میں بہتر نتائج حاصل کرنے کیلئے پرعزم ہیں۔

مخائب بورڈ

عمربعد
ڈائریکٹر

عارف سعید
چیف ایگزیکٹو

مورخہ 18 مارچ 2026

لاہور

اندرونی مالی کنٹرولز کے مستند ہونے کی ذمہ داری اور اس پر تبصرہ

ڈائریکٹرز اندرونی مالیاتی کنٹرول کے مستند ہونے اور اس کے موثر ہونے کا جائزہ لینے کے ذمہ دار ہیں۔ کمپنی نے اندرونی اور مالی کنٹرول کا انتہائی موثر نظام اختیار کیا ہے جو کہ کمپنی کے اثاثہ جات کی حفاظت کو یقینی بناتا ہے، دھوکہ دہی کی شناخت کرتا ہے، اس سے بچاتا ہے اور متعلقہ قوانین کی پاسداری کو یقینی بناتا ہے۔ جبکہ بورڈ اپنی مجموعی ذمہ داری کو نبھاتا ہے، اندرونی آڈٹ کا شعبہ جو کہ بورڈ اندرونی کنٹرول کے نظام کی مناسب وقفہ سے نظر ثانی اور نگرانی کرتا ہے۔ بورڈ کی آڈٹ کمیٹی وضع کردہ اصولوں کے مطابق اندرونی کنٹرول کے نظام کے مستند ہونے پر سہ ماہی نظر ثانی کرتی ہے۔

متعلقہ پارٹی سے لین دین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 اور قابل اطلاق قوانین اور ضوابط کے مطابق، تمام متعلقہ فریق کے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور آڈٹ کمیٹی کی سفارشات کو بورڈ کے سامنے جائزہ اور منظوری کے لیے پیش کیا جاتا ہے۔ مندرجہ بالا کے علاوہ، جیسا کہ کمپنیز ایکٹ، 2017 کے تحت ضروری ہے، معاہدوں کی تفصیلات اور اس طرح کے معاہدوں میں داخل ہونے کے جواز کے ساتھ متعلقہ مالی بیانات کے نوٹس میں ظاہر کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی ڈائریکٹرز کی معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار رکھتی ہے، جو کمپنیز ایکٹ، 2017، لسٹڈ کمپنیز (کارپوریٹ گورننس کوڈ) ریگولیشنز، 2019، اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق ہے۔ بورڈ سے منظور شدہ اس پالیسی کی بنیادی نکات درج ذیل ہیں:

1. کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کو کوئی معاوضہ نہیں دے گی، ماسوائے اس کے کہ وہ کسی بورڈ یا کمیٹی اجلاس میں شامل ہوں۔
2. کمپنی بورڈ یا کمیٹی اجلاس میں شامل ہونے سے متعلق سفری اور رہائشی اخراجات داکرے گی۔
3. ڈائریکٹرز کے معاوضہ کی پالیسی پر وقتاً فوقتاً نظر ثانی کی جائے گی اور اس کی منظوری دی جائے گی۔

31 دسمبر 2025 کو ختم ہونے والے سال کے دوران، معاوضے کے لیے مالیاتی گوشواروں میں درج ذیل رقم وصول کی گئی جن میں چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹرز کی دیگر مراعات شامل ہیں:

1. 234,997 ملین روپے (2024: 178,623 ملین روپے) چیف ایگزیکٹو آفیسر کے لیے۔ (تفصیلات نوٹ 44 میں آڈٹ شدہ مالیاتی بیانات میں دی گئی ہیں)۔
2. ایگزیکٹو ڈائریکٹرز کو کوئی رقم ادا نہیں کی گئی۔ (2024: NIL)۔ (تفصیلات نوٹ 44 میں آڈٹ شدہ مالیاتی بیانات میں دی گئی ہیں)۔

مالی سال دسمبر 31، 2025 کے دوران نان ایگزیکٹو ڈائریکٹرز کو 3,290 ملین روپے (3,175 ملین: 2024) میٹنگ کا معاوضہ ادا کیا گیا۔

ڈائریکٹرز

بورڈ آف ڈائریکٹرز نو (9) افراد پر مشتمل ہے، جس میں ایک خاتون آزاد ڈائریکٹر، جو بورڈ کی چیئر پرسن ہیں، دو آزاد ڈائریکٹرز، چار نان ایگزیکٹو ڈائریکٹرز اور سی ای او سمیت دو ایگزیکٹو ڈائریکٹرز۔

ان افراد کے نام درج ذیل ہیں، جو اس مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز تھے:

محترمہ عظمیٰ عادل خان، چیئر پرسن، آزاد ڈائریکٹر

جناب عارف سعید، چیف ایگزیکٹو آفیسر

جناب عمر سعید، ایگزیکٹو ڈائریکٹر

جناب حسن جاوید، نان ایگزیکٹو ڈائریکٹر

جناب محمد نعیم خان، آزاد ڈائریکٹر

جناب شاہد حسین جتوئی، آزاد ڈائریکٹر

جناب احسن بشیر، نان ایگزیکٹو ڈائریکٹر

مسٹر عادل ماجس والا، نان ایگزیکٹو ڈائریکٹر

چوہدری سیف جاوید، نان ایگزیکٹو ڈائریکٹر

بورڈ اور کمیٹیوں کی ساخت

لسٹڈ کمپنیوں کے چلانے کے قواعد و ضوابط کی شق نمبر 34(2) (i,ii,iii) کارپوریٹ گورننس کے ضابطہ اخلاق ریگولیشن 2019) کے تحت بورڈ اور کمیٹیوں کی ساخت کچھ نکات کے بیان میں سیریل نمبر 1، 2 اور 12 میں درج ہے۔ جو کہ اس سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے۔

آڈٹ کمیٹی

آڈٹ کمیٹی اس وقت تین اراکین پر مشتمل ہے جس میں سے ایک انڈیپنڈنٹ ڈائریکٹر ہے اور دو نان ایگزیکٹو ڈائریکٹرز ہیں۔ کمیٹی کا چیئر مین انڈیپنڈنٹ ڈائریکٹر ہے۔ آڈٹ کمیٹی کا مقصد مالیاتی، ضابطہ جاتی اور تعمیلی خطرات پر توجہ دیتے ہوئے شفافیت اور جوابدہی کو یقینی بنانا ہے۔ اس کمیٹی کے حوالے کی شرائط کارپوریٹ گورننس کے ضابطہ اخلاق ریگولیشن کے مطابق ترتیب دی گئی ہیں اور کمیٹی کو اس کی تعمیل کرنے کا حکم دیا گیا ہے۔

کمیٹی کی اس سال 4 میٹنگز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

| ممبران | حاضری |
|-----------------------------|-------|
| جناب محمد نعیم خان چیئر مین | 4/4 |
| جناب عادل ماجس والا | 3/4 |
| چوہدری سیف جاوید | 4/4 |

ہیومن ریسورس اور ریسیونیٹییشن کمیٹی

یہ کمیٹی تین اراکین پر مشتمل ہے جن میں سے ایک نان ایگزیکٹو ڈائریکٹر، ایک انڈیپنڈنٹ ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر ہیں۔ کمیٹی کا چیئر مین انڈیپنڈنٹ ڈائریکٹر ہے۔ کمیٹی ایگزیکٹوز کے معاوضے، انکی کارکردگی کے جائزے اور جانشینی کی منصوبہ بندی وغیرہ کے بارے میں اپنی سفارشات بورڈ کو پیش کرتے ہیں۔

کمیٹی کی اس سال 2 میٹنگز ہوئیں۔ ہر ممبر کی حاضری درج ذیل ہے:

| ممبران | حاضری |
|-----------------------------------|-------|
| محترمہ عظمیٰ عادل خان - چیئر پرسن | 2/2 |
| جناب عارف سعید - ممبر | 2/2 |
| جناب احسن بشیر - ممبر | 2/2 |

بورڈ آف ڈائریکٹرز کے اجلاس

اس سال 6 بورڈ میٹنگز ہوئیں۔ ممبران کی حاضری مندرجہ ذیل ہے۔

| ڈائریکٹرز | حاضری |
|-----------------------|-------|
| محترمہ عظمیٰ عادل خان | 6/6 |
| جناب عارف سعید | 6/6 |
| جناب عمر سعید | 4/6 |
| جناب حسن جاوید | 6/6 |
| جناب محمد نعیم خان | 6/6 |
| جناب شاہد حسین جتوئی | 6/6 |
| جناب عادل ماجس والا | 5/6 |
| جناب احسن بشیر | 6/6 |
| چوہدری سیف جاوید | 6/6 |

بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹرز کے لئے غیر حاضری کی رخصت منظور کی گئی۔

انتظامیہ کمیٹی

انتظامیہ کمیٹی کمپنی کے سینئر اراکین پر مشتمل ہے جو کہ میٹنگ میں اہم کاروباری منصوبے، مسائل اور اپنے اپنے شعبے کی تازہ ترین صورتحال پر بحث کرتے ہیں۔ کارپوریٹ گورننس کی ضابطہ اخلاق کے مطابق بورڈ کی منظوری کے لیے پیش کئے جانے والے اہم معاملات بھی زیر بحث لائے جاتے ہیں۔

بیرونی آڈیٹرز

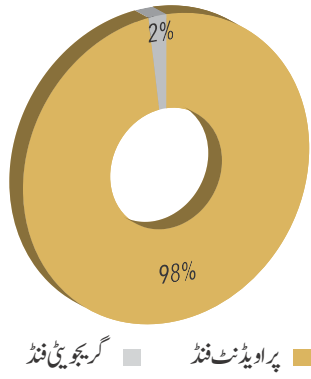
موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اپنی اہلیت کی بنیاد پر دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز کمیٹی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتے ہیں۔

ریٹائرمنٹ کی سہولیات میں سرمایہ کاری

کمپنی اپنے ملازمین کے لیے ریٹائرمنٹ کی سہولیات کی منصوبہ بندی رکھتی ہے جو کہ متعلقہ بورڈ آف ٹرسٹیز کے مطابق ہے۔ اس سرمایہ کاری کی تفصیل متعلقہ غیر پڑتال شدہ مالی گوشواروں کے مطابق درج ذیل ہے۔

| 31 دسمبر | 31 دسمبر | |
|---------------|---------------|--------------|
| 2024 | 2025 | |
| روپے ملین میں | روپے ملین میں | |
| 5,353 | 6,128 | پروویڈنٹ فنڈ |
| 131 | 146 | گرچیونٹی فنڈ |
| 5,484 | 6,274 | کل |

سرمایہ کاری کی مالیت



صنعتی اجرت کے فرق

ایس ای سی پی کے سرکلر 10 آف 2024، مورخہ 17 اپریل 2024، کے تحت درکار صنعتی اجرت کے فرق کے بیان سے متعلق معلومات منسلک ہیں۔

حصص یافتگان کی تفصیل

مقررہ فارم 20 میں 31 دسمبر 2025 کو حصص یافتگان کی تفصیل کے بارے میں معلومات سالانہ رپورٹ میں شامل ہے۔ ڈائریکٹرز، ایگزیکٹوز اور ان کی شریک حیات اور نابلغ بچوں کی کمپنی کے حصص کی خرید و فروخت کی تفصیل بھی اس رپورٹ میں شامل ہے۔

ایگزیکٹوز میں چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری شامل ہیں۔

۲) خواتین اور معذور افراد کو ملازمت فراہم کرنا

سروس انڈسٹریز لمیٹڈ اس بات میں فخر محسوس کرتا ہے کہ وہ معاشرے کے ہر فرد کے لیے بلا امتیاز ملازمت فراہم کرتا ہے۔ ہم خواتین اور معذور افراد کو بھی اپنے ہاں ملازم رکھنے کی حوصلہ افزائی کرتے ہیں۔ کمپنی نے ہر سال کرنے کے خلاف ایک پالیسی بھی نافذ کی ہے تاکہ اس طرح کے معاملات کو روکنے، شناخت کرنے، رپورٹ کرنے اور رہنمائی فراہم کرنے میں مدد ملے۔ اس پالیسی کی موثر نگرانی مختلف سطحوں اور متعدد مقامات پر کی جاتی ہے۔

۳) پیشہ ورانہ حفاظت اور صحت

ہمارے کام کرنے کے طریقے اور ہمارے ملازمین کو محفوظ، صاف تھرے، چوت اور بیماری سے مبرا ہوا حل فراہم کرتے ہیں سروس انڈسٹریز لمیٹڈ ISO 45001:2018 پیشہ ورانہ حفاظت اور صحت کے نظام سے تصدیق شدہ ہے۔ یہ ایک بین الاقوامی معیار ہے جو کہ صنعتی ماحول میں کام سے متعلقہ صحت اور حفاظت کے خطرات کی شناخت کرنے، ان پر قابو پانے اور ان کو کم کرنے کے لئے رہنمائی فراہم کرتا ہے۔

۴) ماحولیات کے تحفظ کے اقدامات

کمپنی اس بات کو تسلیم کرتی ہے کہ اس کی پیداواری سرگرمیوں کے ماحول پر اثرات مرتب ہوتے ہیں، جن میں توانائی کا استعمال، پانی کا استعمال، صنعتی فضلے کی پیداوار اور ہوا پانی میں اخراج شامل ہیں سروس انڈسٹریز لمیٹڈ مذمہ دار ماحولیات میں انتظامی طریقوں اور مسلسل پیداواری عمل میں بہتری کے ذریعے ان اثرات کو کم سے کم کرنے کے لیے پرعزم ہے۔

ماحولیاتی خطرات کے تدارک اور پائیدار سرگرمیوں کے فروغ کے لیے کمپنی نے مختلف اقدامات کیے ہیں، جن میں پانی کے استعمال میں کمی کے لیے پیداواری عمل کی بہتری، مواد کی دوبارہ استعمال اور ری سائیکلنگ کی حوصلہ افزائی، اور شوشو صنعتی فضلے کی ماحول دوست طریقے سے تلفی شامل ہے۔ ہوا اور پانی میں اخراج کی باقاعدہ نگرانی اور کنٹرول کیا جاتا ہے تاکہ یہ پاکستان کے ماحولیات کی معیار کے مطابق رہے اور متعلقہ ضوابط کی مکمل پابندی یقینی بنائی جاسکے۔

مزید برآں، کمپنی اپنی سرگرمیوں میں صاف اور ماحول دوست پیداواری طریقوں اور توانائی بچانے والی جدہ ٹیکنالوجیوں کے استعمال کے امکانات کا مسلسل جائزہ لیتی رہتی ہے۔ قابل تجدید توانائی کے ذرائع، خصوصاً شمسی توانائی کے نظام کی تنصیب، کمپنی کے اس عزم کی عکاسی کرتی ہے کہ وہ کاربن کے اخراج کو کم کرے اور ماحول دوست اور پائیدار پیداواری طریقوں کو فروغ دے۔

۵) بجلی کی بچت

ماحول کو سبز اور صاف رکھنے کے لیے کمپنی نے گجرات فیکٹری میں 2.23 میگا واٹ کا شمسی توانائی کا پلانٹ نصب کیا ہوا ہے۔ فی الحال، گجرات کا جو توں کا شعبہ شمسی توانائی سے اپنی بجلی کی ضروریات کا 35% پوری کر رہا ہے۔

۶) صارفین کے تحفظ کے اقدامات

سروس انڈسٹریز لمیٹڈ ISO 9001:2015 سے تصدیق شدہ ہے۔ یہ اس بات کو یقینی بناتا ہے کہ بہترین کوالٹی کی مصنوعات صارفین کو لگاتار ملتی رہیں جو کہ تمام قانونی تقاضے بھی پوری کرتی ہوں سروس انڈسٹریز لمیٹڈ میٹرا ٹیکنالوجیز کا بھی 2010 سے رکن ہے یہ ادارہ جو توں اور پچڑ سے کی مصنوعات کو ٹیسٹ کرتا ہے اور تحقیق کرتا ہے کہ وہ آرام دہ، محفوظ اور پائیدار ہیں۔

۷) کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

ہم کاروبار کو پوری دیانتداری اور متعلقہ قوانین کی پاسداری کے ساتھ کرنے کے لیے پرعزم ہیں۔ ہمارا اخلاقیات اور کاروبار کرنے کے طریقوں کا یقینہ کہنا ہے کہ، ”یہ کمپنی کی پالیسی ہے کہ وہ اپنے آپریٹرز کو اعلیٰ ترین اخلاقی اقدار کے مطابق چلائیں تمام قانونی ضابطوں کی تعمیل کریں اور اداروں کے لیے بنائے گئے بہترین معیارات کے مطابق ہوں۔“

۸) قومی محصولات میں ہمارا حصہ

سروس انڈسٹریز لمیٹڈ مختلف محصولات کی مدد میں سالانہ کثیر رقم حکومت کو ادا کرتا ہے۔ 2025 میں سروس انڈسٹریز لمیٹڈ نے 724 ملین روپے اد میں ادا کئے۔

۹) دیہی ترقی کے پروگرام اور قومی مقاصد میں حصہ

کمپنی دیہی آبادی کی صحت اور تعلیم کو بہتر بنانے کے لیے دیہی ترقیاتی پروگراموں میں اپنے انسان دوستی کے عزم کے تحت کام کرتی ہے جزیب دربراں، کمپنی ہمیشہ کسی بھی قومی مقصد میں اپنا حصہ ڈالنے کے لیے پرعزم ہے۔

تنوع اور معاشرے کے ہر طبقہ کی شمولیت

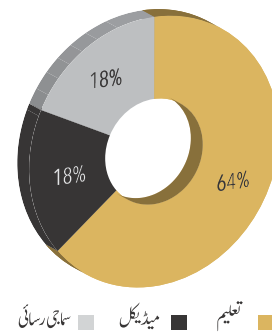
کمپنی برابری، تنوع اور معاشرے کے ہر طبقہ کی شمولیت کے عزم پر کار بند ہے یقینی بناتے ہوئے کہ غیر امتیازی بھرتی کے عمل کے ذریعے صنعتی مساوات اور مساوی روزگار کے مواقع کو فروغ دیا جائے۔ کمپنی، بغیر کسی صنف، قومیت یا نسل کے کوٹے کے، صرف قابلیت کی بنیاد پر بھرتیوں کو ترجیح دیتی ہے۔

کمپنی کی سماجی ذمہ داری

سروس انڈسٹریز لمیٹڈ سماجی طور پر باشعور کاروباری ادارہ ہے اور اپنے آغاز سے ہی انسان دوستی کی سرگرمیوں میں شامل رہا ہے۔ کمپنی نے معاشرے کے پس ماندہ طبقات کی صحت کی دیکھ بھال اور تعلیم کے لیے اپنا حصہ ڈالا ہے اور مختلف فلاحی تنظیموں سے مالی معاونت کرتی رہی ہے۔ غیر مجموعی بنیاد پر، کمپنی نے سال کے دوران سروس فلاحی ٹرسٹ اور شالامار ہسپتال کو مجموعی طور پر 12.6 ملین روپے عطیہ کیے۔

سروس گروپ نے 2019 میں ایک اہم قدم اٹھایا اور اپنی فلاحی سرگرمیوں کو، سروس فاؤنڈیشن کے قیام کے ذریعے ایک ادارے کی شکل دے دی۔ سال 2024 کے دوران، کمپنی نے مجموعی طور پر مختلف اداروں سے سماجی ذمہ داری سرگرمیوں کی مد میں 204 ملین روپے کا تعاون کیا۔

سروس فاؤنڈیشن کے ذریعے اس سال کے دوران کیے گئے معاشرتی ذمہ داری کے اقدامات کا خلاصہ درج ذیل ہے:



مستقبل پر ایک نظر

سال 2026 کے لیے عالمی معاشی منظر نامہ ایک محتاط اندازے کے مطابق امید افزا ہونے کے ساتھ ساتھ غیر یقینی صورتحال سے بھرا ہوا ہے۔ بڑھتی ہوئی جغرافیائی سیاسی کشیدگیاں، خاص طور پر امریکہ، اسرائیل اور ایران کے درمیان جاری تنازع، اور روس و یوکریین کے درمیان جنگ نے عالمی بحری تجارت کو شدید عدم استحکام میں ڈال دیا ہے۔ اہم سمندری گزرگاہوں، جیسے آبنائے ہرمز کے بند ہونے کی وجہ سے بڑے شپنگ ادارے بحری جہازوں کے راستے بدلنے پر مجبور ہوئے، جس سے سفر کے اوقات میں اضافہ ہوا اور سمندری کرایوں اور عالمی ایندھن کی قیمتوں میں غیر معمولی اضافہ ہوا۔ نتیجتاً، عالمی صنعتی فراہمی کے سلسلے شدید رکاوٹوں اور خام مال کی خریداری کے لیے انتہائی ٹینگے ماحول کا سامنا کر رہے ہیں۔ ابھرتی ہوئی مارکیٹوں کو غیر ملکی مالی معاونت میں اتار چڑھاؤ، مہنگائی کے دباؤ اور فراہمی کی رکاوٹوں کا سامنا کرنا پڑ سکتا ہے، جبکہ ترقی یافتہ معیشتیں سخت مالی پالیسیوں اور کمزور سرمایہ کاری کے رجحانات کی وجہ سے محدود ترقی دیکھ سکتی ہیں۔

ملکی سطح پر، پاکستان کے اقتصادی منظر نامے میں استحکام کی ابتدائی علامات نظر آتی ہیں اور ان کا مثبت رہنے کا امکان ہے۔ سازگار مالی پالیسی، بہتر غیر ملکی زرمبادلہ ذخائر، اور جاری مالیاتی نظم و ضبط کے ذریعے استحکام کی کوششیں متوقع ہیں اور یہ نئی شعبے کی سرگرمیوں کیلئے مددگار ہوں گی، قرض لینے کی لاگت کو کم کریں گی، اور سرمایہ کاری کو فروغ دیں گی۔ تاہم، جاری جغرافیائی سیاسی تنازعات کے بھی پاکستان کی معیشت پر بالواسطہ اثرات متوقع ہیں۔ عالمی شپنگ راستوں میں رکاوٹیں اور بین الاقوامی توانائی اور کرایوں میں اضافہ درآمدی قیمتوں کو بڑھا سکتے ہیں، جس سے ملکی مہنگائی پر اضافی دباؤ پڑے گا اور تجارتی خسارہ بڑھے ہو گا۔ مزید برآں، عالمی سطح پر تیل کی بلند قیمتیں اور فراہمی میں تاخیر ملکی سطح پر نقل و حمل اور توانائی کے اخراجات میں اضافہ کر سکتی ہیں، جس سے صنعت اور مجموعی اقتصادی سرگرمی متاثر ہوگی۔ ایسی صنعتی شعبے کے لیے جو درآمد شدہ خام مال پر انحصار کرتے ہیں، کرنسی کی قدر میں کمی، بین الاقوامی شپنگ کرایوں میں اضافہ اور ملکی توانائی کے بڑھتے ہوئے اخراجات کے ساتھ مل کر لاگت کی پیشگوئی کو پیچیدہ بناتی ہے اور آپریٹنگل منافع پر دباؤ ڈالتی ہے۔ مزید برآں، مشرق وسطیٰ میں جاری جنگ کی وجہ سے جہاں زیادہ تر پاکستانی تارکین وطن مقیم ہیں، ملک میں ترسیلات بھی متاثر ہو سکتی ہیں، جس سے پاکستانی روپے پر ڈالر کے مقابلے میں دباؤ پڑ سکتا ہے۔ لہذا، پاکستانی روپے کی کارکردگی اور بیرونی تجارت کے رجحانات لاگت کے ڈھانچے اور مسابقت پر اثر ڈالنے والے اہم عوامل رہیں گے۔

ان موجودہ مسائل کے باوجود، کمپنی مستقبل کے لیے محتاط اور پر امید ہو کر آگے بڑھ رہی ہے۔ بدلتی ہوئی اقتصادی صورتحال کے جواب میں، انتظامیہ پیداواری عوامل کی مضبوطی، لاگت کی بہتر منصوبہ بندی، اور ملکی درآمدی مارکیٹوں میں حکمت عملی کے تحت توسیع کو ترجیح دیتی رہے گی۔ سمندری کرایوں میں اضافے اور عالمی سپلائی چین میں رکاوٹوں کے اثر کو کم کرنے کے لیے کمپنی فعال طور پر لاجسٹک فریم ورک کو بہتر کر رہی ہے، ذرائع کی تنوع کو فروغ دے رہی ہے، اور مضبوط بحری انشورنس کو یقینی بناتی رہی ہے۔ مزید برآں، بڑھتی ہوئی ایندھن کی قیمتوں، کرنسی کی قدر میں کمی اور عالمی سپلائی کی رکاوٹوں سے پیدا ہونے والے مہنگائی کے دباؤ کا مقابلہ کرنے کے لیے کمپنی ڈائنامک پرائسنگ میکانزم نافذ کر رہی ہے۔ خام مال کی لاگت کی بچت پر توجہ برقرار رکھتے ہوئے، جہاں ضروری ہو، بڑھتی ہوئی پیداواری لاگت کا جزوی اثر صارفین تک منتقل کیا جا سکتا ہے تاکہ آپریٹنگل منافع محفوظ رہے۔ کمپنی خطرات کے تدارک میں منضبط رویہ بھی برقرار رکھے گی تاکہ مالی استحکام یقینی بنایا جاسکے اور طویل مدتی ترقی کے اہداف حاصل کیے جاسکیں، اس طرح حصص داروں کے لیے پائیدار قدر فراہم کی جائے اور مارکیٹ میں قیادت کی پوزیشن مضبوط رہے۔

کارپوریٹ گورننس کے بہترین طریقوں پر عمل

کمپنی تمام اخلاقی اور قانونی ضوابط پر پورا اترنے بلکہ اس سے بھی آگے بڑھنے اور تمام کاروباری سرگرمیوں کو اعلیٰ ترین پیشہ ورانہ اور اخلاقی معیارات اور اصولوں کے مطابق انجام دینے کیلئے پرعزم ہے۔ بورڈ نے لگاتار بہتری کیلئے ایک طریقہ کار تشکیل کر دیا ہے جو کہ لگاتار موجودہ طریقوں کو جانچتا رہتا ہے اور یہ اس بات کا تقاضا کرتا ہے کہ کمپنی میں وقت کے ساتھ ساتھ تبدیلی آئے اور جب مناسب مواقع آئیں تو کمپنی اس کیلئے تیار ہو۔ چنانچہ کمپنی مارکیٹ میں دستیاب بہترین ملازمین حاصل کرے اور ان کو وہ مہارت اور مواقع دے جس سے وہ اعلیٰ اہداف کو حاصل کرنے والے بن جائیں۔ کمپنی لگاتار اپنی مصنوعات کی اقسام کا جائزہ لیتی رہتی ہے تاکہ معاشرے کے سب سے اہم مسئلہ کا حل نکال سکے، اور اس طرح بچے خاص یا فنکارانہ کے لیے لگاتار منافع پیدا کرتی رہے۔

کمپنی اندرونی کنٹرولز اور کام کرنے کے طریقوں کا جائزہ لینے کے لئے داخلی آڈٹ کا شعبہ قائم کیا ہے، جس کا عمل اعلیٰ اہلیت کے حامل پیشہ ور افراد پر مشتمل ہے تاکہ شفاف مالی معلومات فراہم ہو سکے، قواعد و قوانین سے ہم آہنگی اور اندرونی کنٹرول کے نظام کی پابندی کو یقینی بنایا جا سکے۔ اس طرح ہمیں اپنی پروڈکشن میں قدر بڑھانے کا ہدف بھی حاصل ہوتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر ڈائریکٹرز کے بیانات

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر ڈائریکٹرز کے بیانات درج ذیل ہیں:

1. انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، کام کرنے کے طریقے، کیش فلو اور ایکویٹی میں تبدیلی کو احسن طریقے سے پیش کرتے ہیں۔
2. کمپنی نے اچھی طرح سے اکاؤنٹس کے کھاتے تیار کر رکھے ہیں۔
3. مالی گوشواروں اور اکاؤنٹنگ کے تخمینوں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلیم کے ساتھ استعمال کیا جا رہا ہے۔ اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازے کی بنیاد پر کیے جاتے ہیں۔
4. مالی گوشواروں کی تیاری بین الاقوامی مالی رپورٹنگ میعادت کے مطابق کی گئی ہے۔
5. کمپنی نے شوشو اندرونی کنٹرولز کو کر رکھے ہیں جس سے یقینی بنایا جاتا ہے کہ غلط معلومات نہ ملے اور نقصان نہ ہو۔ اندرونی کنٹرولز کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے۔ یہ بورڈ کی آڈٹ کمیٹی کے ذریعے باضابطہ بنایا گیا ہے اور اس نظام کو حسب ضرورت بہتر کیا جاتا ہے۔
6. کمپنی کے لگاتار چلنے میں کسی قسم کا کوئی شک نہیں ہے۔
7. کارپوریٹ گورننس کے بہترین طریقوں سے ہٹنے کے کوئی شواہد نہیں ہے۔
8. پچھلے 6 سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار اس سالانہ رپورٹ میں درج ہے۔

برآمدات پر مرکوز ذیلی کمپنی نے سال کے دوران سحت مند فروخت کا اضافہ حاصل کیا، اور اس کی کل فروخت میں 14 فیصد اضافہ ہو کر 19.9 ارب روپے تک پہنچ گئی۔ ٹیکس کے بعد منافع 1,935 ملین روپے رہا، جو پچھلے سال کے 1,105 ملین روپے کے مقابلے میں ہے، اور یہ بہتر عملی کارکردگی اور برآمدی منڈیوں میں مستقل طلب کی عکاسی کرتا ہے۔

ایس جی ایف ایل نے چینی گولڈن اسٹارٹ ویز گروپ لمیٹڈ کے ساتھ پاکستان میں ایک مشترکہ منصوبے کے قیام کے لیے مشترکہ معاہدہ کیا ہے، جس کے تحت سروس اینٹھیلیٹک گلوبل فٹ ویز (پرائیویٹ) لمیٹڈ قائم کی جائے گی۔ یہ کمپنی پاکستان میں سینیگرز اینٹھیلیٹکس یا کسی بھی قسم کے جوئے کی تیاری اور فروخت کے ساتھ ساتھ برآمدات بھی کرے گا۔ مشترکہ کمپنی میں حصص داری کا تناسب یوں ہو گا: ایس جی ایف ایل - 51 فیصد اور جی ایس ایف جی ایل - 49 فیصد۔ پہلے مرحلے میں مشترکہ کمپنی کے منصوبے کی لاگت تخمیناً طور پر 6,500,000 امریکی ڈالر ہے، جسے ہر فریق کے حصص کے تناسب کے مطابق حصص کی سرمایہ کاری کے ذریعے مالی معاونت فراہم کی جائے گی۔

سروس لائٹ مارچ ٹائرز (پرائیویٹ) لمیٹڈ

سروس لائٹ مارچ ٹائرز (پرائیویٹ) لمیٹڈ (ایس ایل ایم) ایک پرائیویٹ لمیٹڈ کمپنی ہے جو پاکستان میں 7 جنوری 2020 کو کمپنیز ایکٹ، 2017 کے تحت تشکیل دی گئی تھی۔ کمپنی کار جسٹرز آفس سروس ہاؤس، -2 مین گلبرگ، لاہور میں واقع ہے۔ کمپنی کا بنیادی کاروبار سٹیل ریڈیل ٹرک اور بس ٹائرز کی تیاری، فروخت، مارکیٹنگ کی درآمد اور برآمد ہے۔ ایس ایل ایم کی حیثیت پرائیویٹ لمیٹڈ سے بدل کر پبلک لمیٹڈ ہو گئی، جو 6 جنوری 2026 سے نافذ العمل ہے۔

سال کے دوران، ایس ایل ایم نے مضبوط نمو کا سلسلہ برقرار رکھا، جس میں فروخت میں نمایاں اضافہ اور ٹیکس کے بعد منظم منافع حاصل کیا گیا۔ چائنہ کی چاؤ یا ٹنگ لائٹ مارچ ٹائرز کے ساتھ سروس گروپ کی حکمت عملی کے تحت کی گئی سرمایہ کاری نے بہترین کارکردگی دکھائی اور کمپنی کی مجموعی کارکردگی میں مثبت حصہ ڈالا۔ اپنی حکمت عملی کے مطابق، ایس ایل ایم نے پاکستان اسٹاک ایکسچینج میں درج ہونے کا فیصلہ بھی کیا ہے۔ عزم بردار، ایس ایل ایم نے پیٹینٹسز کارریڈریٹل ٹائرز کے شعبے میں توسیع کا اعلان بھی کیا ہے۔

ایس ایل ایم انٹرنیشنل ٹائرز ٹریڈنگ FZE

ایس ایل ایم انٹرنیشنل ٹائرز ٹریڈنگ ایف زی ای، جو سروس لائٹ مارچ ٹائرز (پرائیویٹ) لمیٹڈ کی مکمل ملکیت یافتہ ذیلی کمپنی ہے، جبیل علی فری زون میں، لائسنس نمبر 98845966 کے تحت جبیل علی فری زون کے قواعد کے مطابق محدود ذمہ داری کے ساتھ رجسٹرڈ ہے۔ اس ادارے کا رجسٹرڈ دفتر پری میس نمبر FZJOA1001، جبیل علی فری زون، دبئی، متحدہ عرب امارات میں واقع ہے۔ ادارے کی بنیادی سرگرمی آٹو آپٹیمائزیشن، اجزاء، ٹائرز اور ریمز کی تجارت ہے۔

سروس انڈسٹریز لمیٹڈ Gulf FZE

روانڈا انڈسٹریز لمیٹڈ گلڈ ایف زی ای، جو سروس انڈسٹریز لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے، شارجہ ایئر پورٹ فری زون میں، لائسنس نمبر 22182 کے تحت 25 فروری 2021 کو SAIIF زون کے قواعد کے مطابق محدود ذمہ داری کے ساتھ فری زون ادارے کے طور پر رجسٹرڈ ہے۔ اس کا رجسٹرڈ دفتر سیف آفس Q1-05-081/A، شارجہ، متحدہ عرب امارات میں واقع ہے۔ ایس

آئی ایل گلڈ ایف زی ای کی بنیادی سرگرمیوں میں ٹائرز اور ریمز، کار ٹائرز اور متعلقہ سازوسامان، پیڈسٹیکلز اور چمڑے کی مصنوعات، تیار شدہ چمڑا، تیار ملبوسات، ٹیکسٹائل اور ربڑ، پیشہ ورانہ سحت و حفاظت کے ملبوسات اور آلات کی تجارت شامل ہے۔

ڈونگ گوان سروس گلوبل لمیٹڈ

ڈونگ گوان سروس گلوبل لمیٹڈ ایک لمیٹڈ لائیسنسڈ کمپنی ہے (مکمل طور پر غیر ملکی قانونی شخص کی ملکیت ہے) جو کہ ڈونگ گوان ایڈمنسٹریشن آف مارکیٹ ریگولیشنز، چین کے ساتھ رجسٹرڈ ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کی تاریخ تشکیل 18 دسمبر 2022 ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کاروباری دائرہ کار جو توں اور ٹیویوں کی بڑے پیمانے پر فروخت، چمڑے کی مصنوعات کی فروخت، سلعے ہونے ملبوسات اور اس سے منسلک خام مال کی فروخت، ہارڈ ویئر مصنوعات کی بڑے پیمانے پر فروخت، بیگز کی فروخت، روزمرہ کی ضروریات، ملبوسات کا معائنہ اور ان کی فنکشنل خدمات، تکنیکی خدمات اور دیگر متعلقہ امور پر محیط ہے۔ ڈونگ گوان سروس گلوبل لمیٹڈ کمرہ 302، نمبر 18، ہو جی ٹاؤن، ڈونگ گوان ٹی، گوانگ ڈونگ صوبہ، چین میں واقع ہے۔

مجموعی مالیاتی بیانات پر آڈیٹرز کی رپورٹ میں ترمیم کے حوالے سے معلومات اور وضاحت

کمپنی کے آڈیٹرز نے سروس انڈسٹریز لمیٹڈ کے مجموعی مالیاتی گوشواروں پر اپنی ترمیمی رائے اس بنیاد پر قائم کی ہے ذیلی کمپنی سروس شوز لڈکا (پرائیویٹ) لمیٹڈ، کے مالی بیانات 01 جنوری 2025 سے 26 اگست 2025 فروخت کی تاریخ تک اور ذیلی کمپنی ڈونگ گوان سروس گلوبل لمیٹڈ کے مالی بیانات برائے سال ختم شدہ 31 دسمبر 2025 غیر آڈٹ شدہ ہیں۔ سال کے دوران، ایس آئی پی ایل نے ایس ایس ایل میں اپنی تمام حصص فروخت کر دیے۔ یہ فروخت سروس لڈکا میں رجسٹرڈ آڈیٹرز اور ڈیویڈو کے ذریعے کیے گئے چارٹرڈ ڈیویڈو انکیشن سروسیز کے تحت کی گئی ویلیو انکیشن کی بنیاد پر انجام دی گئی ملٹری سرگرمیاں 15 جنوری 2023 سے بند تھیں، اور ایس ایل کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات کو ایس آئی پی ایل کے مجموعی مالیاتی بیانات میں اصلاحات کرنے کے مقصد کے لیے استعمال کیا گیا۔ یہ مالی گوشوارے چھوٹے اور درمیانے درجے کے اداروں کے لیے سروس لڈکا کے اکاؤنٹنگ قوانین کے مطابق انتظامیہ کی طرف سے تیار کیے گئے ہیں۔ مزید برآں ڈونگ گوان سروس گلوبل لمیٹڈ کے مالی گوشوارے چھوٹے کاروباری اداروں کے لیے چینی اکاؤنٹنگ قوانین کے مطابق انتظامیہ کی طرف سے تیار کیے گئے ہیں۔ چونکہ دونوں اداروں کے مالی بیانات مکمل طور پر 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی گوشواروں کیلئے غیر اہم ہیں، اس کے پیش نظر، 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے مجموعی مالیاتی بیانات میں کوئی ایڈجسٹمنٹ لازمی قرار نہیں دی گئی ہے۔ مجموعی مالیاتی بیانات کے نوٹ 41 نے سروس شوز لڈکا (پرائیویٹ) لمیٹڈ سے متعلق تمام حقائق کی تفصیل درج ہیں۔

ڈیویڈنڈ اور مالیاتی تخصیص

| | | |
|------------------|--|------------|
| مالیاتی سال 2025 | کا تصرف مختصر امداد رچہ ذیل ہے۔ | روپے، ملین |
| یکم جنوری 2025 | پر کل جمع شدہ ایکویٹی | 8,490 |
| 2024 | کے مالیاتی سال کا 15 روپے فی شیئر حتمی ڈیویڈنڈ | (705) |
| مالیاتی سال 2025 | کی آمدنی | 710 |
| 31 دسمبر 2025 | پر کل جمع شدہ ایکویٹی | 8,495 |

کمپنی کے بورڈ آف ڈائریکٹرز نے 18 مارچ 2026 کو منعقدہ اپنی میٹنگ میں 17.50 روپے فی شیئر (2024 : 15 روپے فی شیئر) کے حتمی نقد منافع تجویز کیا ہے۔

گزشتہ 6 سال کے آپریٹنگ اور مالیاتی اعداد و شمار

پچھلے 6 سال کے اہم آپریٹنگ اور مالیاتی اعداد و شمار اس رپورٹ میں درج کیے گئے ہیں۔

کمپنی کی کارکردگی کا جائزہ

بورڈ نے کمپنی کی کارکردگی پر مستقل نظر رکھنے کا ایک نظام ترتیب دیا ہے۔ بورڈ کا ہر رکن بورڈ کی میٹنگ میں مستعدی سے اپنی شمولیت کو یقینی بناتا ہے، اہم معاملات پر تفصیلی گفتگو ہوتی ہے اور انتظامیہ کو واضح ہدایات دی جاتی ہیں اور ان ہدایات کے عمل درآمد کروانے پر بورڈ اور کمیٹیاں مستقل نظر رکھتی ہیں۔

کمپنی کی کارکردگی کا جائزہ لینے کے لیے انتظامیہ نے مختلف معیارات بنا رکھے ہیں جن میں صنعتی شرح نمو، ہمہ متبہ کمپنیوں کی صورت حال، گزشتہ سالوں کی کارکردگی اور کمپنی پر اثر انداز ہونے والے مجموعی اقتصادی اور کاروباری حالات شامل ہیں۔

بجٹ بنایا جاتا ہے اور اصل کارکردگی کا بجٹ سے تقابلی جائزہ سال کے دوران باقاعدگی سے لیا جاتا ہے تاکہ بلا تاخیر اصلاح کی جاسکے۔ یہ عمل کمپنی کے ہر شعبے کے لیے کیا جاتا ہے۔

بورڈ اس بات کو یقینی بناتا ہے کہ کاروبار کے بہترین طریقوں پر عمل درآمد ہو رہا ہے۔ بورڈ کاروبار کے تمام شعبوں کی کارکردگی کا ہر سہ ماہی کے اختتام پر جائزہ لیتا ہے۔ اس کا مقصد کم کارکردگی والے شعبوں کو بہتر کرنا اور منافع بخش شعبوں میں شرح نمو کے اضافے کے مواقع پر زور دینا ہے۔ مزید یہ کہ کمپنی نے سال کے دوران کسی بھی قرض کی ادائیگی میں تاخیر نہیں کی ہے۔

کیش فلو اور بڑے اخراجات

کمپنی کے لئے ورکنگ کیپیٹل کا انتظام اندرونی طور پر کیش کے انتظام، بینکوں اور مالیاتی اداروں سے ورکنگ کیپیٹل قرض حاصل کر کے کیا جاتا ہے۔ کثیر سرمائے کے منصوبوں کو شروع کرنے کے لیے سرمایہ کے کمی کو پورا کرنے کے لیے، کمپنی بینکوں سے روایتی، اسلامی اور سبسڈائزڈ قرضوں کے تحت مالی اعانت حاصل کرتی ہے۔ کیش کی آمد اور استعمال کی مناسب نگرانی کی جاتی ہے اور ممکنہ کمی کو اجاگر کرنے کے لیے خبردار کرنے کا نظام نافذ ہے جو جوہ سال کے دوران، کمپنی نے 285 ملین روپے کی سرمایہ کاری کی۔

خطرات کے تدارک کا نظام

بنیادی خطرات، غیر یقینی صورتحال اور ان کے تدارک کے اقدامات: کمپنی کارسک مینجمنٹ پروگرام کمپنی کی کارکردگی پر ممکنہ مضر اثرات کو کم کرنے پر مرکوز ہوتا ہے۔ خطرات کا انتظام بورڈ آف ڈائریکٹرز کی منظور کردہ پالیسیوں کے مطابق انجام دیا جاتا ہے۔

کمپنی کی سرگرمیاں مختلف نوعیت کے خطرات سے متاثر ہو سکتی ہیں، جن میں مالیاتی، حکمت عملی سے متعلق، عملیاتی اور ضابطہ جاتی خطرات شامل ہیں۔ مالیاتی خطرات کی نوعیت سے متعلق تفصیلات 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے غیر مجموعی مالیاتی بیانات کے نوٹ نمبر 47 میں فراہم کی گئی ہیں۔ اس کے علاوہ کمپنی کو درپیش بنیادی خطرات اور ان کے تدارک کے لیے اختیار کی گئی حکمت عملیوں پر مشتمل ایک مفصل حصہ بھی سالانہ رپورٹ کے ساتھ منسلک ہے۔

کمپنی کی سینئر انتظامیہ رسک مینجمنٹ کا کام سرانجام دیتی ہے اور اپنے نتائج بورڈ آف ڈائریکٹرز کے سامنے رکھتی ہے۔ اس کارروائی میں حکمت عملی سے متعلقہ مالی، کمرشل اور آپریٹنگ رسک کی شناخت، جائزہ اور اس کے حل شامل ہیں۔ سینئر انتظامیہ کی ٹیم ایک انتہائی تفصیلی بجٹنگ اور منصوبہ بندی کرتی ہے جس میں SWOT Analysis شامل ہے۔ اس کی بنیاد پر اہم مسائل کے حل پر توجہ دی جاتی ہے، مواقع ڈھونڈے جاتے ہیں، ایکشن پلان بنائے جاتے ہیں ان پر عمل درآمد کیا جاتا ہے تاکہ طویل المعیار اہداف حاصل کئے جاسکیں۔

کمپنی کی پائیدار ترقی سے متعلقہ خطرات کے تخمینے کا بیان

کمپنی اپنی پائیدار ترقی سے متعلقہ خطرات کی شناخت اور ان کے مؤثر انتظام کے ساتھ ساتھ ماحولیاتی، سماجی اور گورننس (ESG) اصولوں کو مضبوط بنانے کے لیے پرعزم ہے۔ بورڈ کمپنی کی ESG اقدامات کی مکمل حمایت کرتا ہے تاکہ ان کو اپنی حکمت عملی سے مربوط کر کے طویل مدتی ترقی، خطرات میں کمی، اور اسٹیک ہولڈرز کے اعتماد کو یقینی بنایا جاسکے۔ کمپنی ماحولیاتی استحکام کو ترجیح دیتی ہے، جس میں ماحولیاتی آلودگی میں کمی، وسائل کا تحفظ، ماحول دوست توانائی کے فروغ، اور فضلہ کے ذمہ دارانہ انتظام شامل ہیں۔ سماجی عزم میں تنوع، ملازمین کی فلاح و بہبود، اور کمیونٹی کے ساتھ شمولیت شامل ہے، جبکہ گورننس کے اصول اخلاقی طرز عمل، شفافیت، اور محتاط خطرے کے انتظام پر مرکوز ہیں۔ کمپنی اپنی سماجی ذمہ داری کے تحت، تعلیم، صحت اور کمیونٹی ترقی میں سرمایہ کاری کرتی ہے۔ گورننس کے خطرات کو شفاف فیصلہ سازی، اخلاقی کاروباری طرز عمل، اور مضبوط رسک مینجمنٹ فریم ورک کے ذریعے کم کیا جاتا ہے۔ ہر ملازم اور ڈائریکٹر پر یہ ذمہ داری عائد ہوتی ہے کہ وہ ان اقدامات کو عملی جامہ پہنائیں تاکہ طویل مدتی مضبوطی اور پائیدار ترقی کو یقینی بنایا جاسکے۔

ماحولیات، سماجی اور گورننس (ESG)

سروس انڈسٹریز لمیٹڈ نے ESG کو فروغ دینے اور کمپنی سے وابستہ تمام داخلی اسٹیک ہولڈرز جیسے ملازمین، صارفین اور شیئرز ہولڈرز کے لیے ایک محفوظ، صحت مند اور اخلاقیات پر مبنی ماحول فراہم کرنے کے لیے درج ذیل اقدامات کیے ہیں۔

(ا) صنعتی قواعد کی پاسداری

سروس انڈسٹریز لمیٹڈ برٹن سوشل کمپلائنس اینیٹیٹیو سے تصدیق شدہ ہے جو کہ انسانی حقوق کے قوانین، ILO کنونشن اور پاکستان کے لیبر قوانین کے مطابق ماحول کو درست رکھنے کی تاکید کرتا ہے۔ مزید برآں، سروس انڈسٹریز لمیٹڈ ایک SEDEX گلوبل فور بیلڈر کمپلائنس کمپنی ہے، جو عالمی سطح پر ختم مال کی ترسیل میں ذمہ دار اور اخلاقیات پر مبنی کاروباری طریقوں کو بہتر بنانے کے ہمارے عزم کو یقینی بناتی ہے اور ملازمین کو بہتر پیداواری صلاحیت کے حصول کے لیے بہترین کام کرنے کے حالات فراہم کرتی ہے۔

مالیاتی کارکردگی برائے مالی سال 2025

ذیل میں دی گئی جدول میں 31 دسمبر 2025 کو ختم ہونے والے سال کے اہم مالیاتی نکات کا خلاصہ پیش کیا گیا ہے، جس کے ساتھ گزشتہ سال کے تقابلی اعداد و شمار بھی شامل ہیں۔

| تفصیلات | مالیاتی سال 2025 | | مالیاتی سال 2024 | | غیر مجموعی | مجموعی |
|--------------------------------|------------------|-------------|------------------|-------------|-------------|--------|
| | روپے، ہزار میں | اضافہ / کمی | مالیاتی سال 2024 | اضافہ / کمی | | |
| خالص آمدنی | 6,687,003 | -60% | 16,636,187 | 125,014,464 | 148,449,359 | 19% |
| مجموعی منافع | 647,427 | 19% | 543,776 | 30,880,386 | 35,056,832 | 14% |
| ڈیویڈنڈ آمدنی | 2,016,859 | -28% | 2,788,316 | - | - | - |
| آپریٹنگ منافع | 2,522,386 | -11% | 2,838,399 | 18,463,826 | 19,505,523 | 6% |
| منافع قبل از ٹیکس لیوی | 1,229,051 | 84% | 666,821 | 11,243,139 | 14,112,320 | 26% |
| خالص منافع / نقصان بعد از ٹیکس | 710,279 | 119% | 324,421 | 7,836,481 | 15,601,292 | 99% |
| آمدنی / نقصان (نی ٹیکس - روپے) | 15.12 | 119% | 6.90 | 88.04 | 186.35 | 112% |

مالیاتی کارکردگی کے اہم نکات - مجموعی

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی نے غیر مجموعی بنیاد پر 647 ملین روپے کا مجموعی منافع حاصل کیا، جو کہ پچھلے سال کی اسی مدت میں 544 ملین روپے تھا۔ ٹیکس اور لیوی سے قبل منافع نمایاں طور پر بڑھ کر 1,229 ملین روپے ہو گیا، جبکہ پچھلے سال یہ 667 ملین روپے تھا۔

منافع میں اس بہتری کی بنیادی وجوہات میں منسلک کمپنیوں سے مستقل منافع مالی اخراجات میں کمی، اور کمپنی کی سروس گلوبل فنڈ ویئر لمیٹڈ میں حصص داری کے جزوی انخلا سے حاصل شدہ سرمایہ منافع ہے، جو لسٹنگ کے قوانین کی تعمیل کے لیے کیا گیا تھا۔

منسلک کمپنیوں سے حاصل شدہ ڈیویڈنڈ

31 دسمبر 2025 کو ختم ہونے والے سال کے دوران، سروس انڈسٹریز لمیٹڈ نے اپنی ذیلی کمپنیوں سے مجموعی طور پر 2,017 ملین روپے کا ڈیویڈنڈ حاصل کیا۔ اس میں سروس ٹائز (پرائیویٹ) لمیٹڈ سے 500 ملین روپے، سروس انڈسٹریز کمپینٹل (پرائیویٹ) لمیٹڈ سے 221 ملین روپے، سروس گلوبل فنڈ ویئر لمیٹڈ سے 654 ملین روپے، اور سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ سے 641 ملین روپے شامل ہیں

یہ بڑی منافع وصولیاں گروپ کی ذیلی کمپنیوں کی صحت مند منافع اور نقد پیدا کرنے کی صلاحیت کو ظاہر کرتی ہیں۔ یہ آمدنی سروس انڈسٹریز لمیٹڈ کی سرمایہ کاری کی بنیاد کی مضبوطی اور اپنی حکمت عملی کے تحت کی گئی سرمایہ کاری سے متکلم منافع حاصل کرنے کی صلاحیت کو بھی تقویت دیتی ہیں، جو کمپنی کی مجموعی مالی حیثیت کیلئے مددگار ہیں۔

4. سروس انڈسٹریز لمیٹڈ Gulf FZE، متحدہ عرب امارات، کل ملکی ذیلی ادارہ

5. سروس گلوبل فنڈ ویئر لمیٹڈ، جزوی ملکی ذیلی ادارہ

6. سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ، جزوی ملکی ذیلی ادارہ

7. ایس ایل ایم انٹرنیشنل ٹائز ریڈنگ FZE، سروس لانگ مارچ ٹائز (پرائیویٹ) لمیٹڈ کا کل ملکی ذیلی ادارہ۔

8. ڈونگ گوان سروس گلوبل لمیٹڈ، چین، سروس گلوبل فنڈ ویئر لمیٹڈ کا کل ملکی ذیلی ادارہ

سروس ٹائز (پرائیویٹ) لمیٹڈ

سروس ٹائز (پرائیویٹ) لمیٹڈ کو (ایس ٹی پی ایل) 21 دسمبر 2023 کو پاکستان میں کمپنیز ایکٹ 2017 کے تحت ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر تشکیل دیا گیا۔ سروس ٹائز (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کی مکمل ملکی ذیلی کمپنی ہے۔ اس کا رجسٹرڈ دفتر سروس ہاؤس، 2 مین گلبرگ، ہلاہور میں واقع ہے۔ سروس ٹائز (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار مختلف قسم کے ٹائز، ٹیوبز، اسپتیر پارٹس اور متعلقہ مصنوعات کی تیاری، تجارت، فروخت، مارکیٹنگ، ریشیل، ہول سیل، درآمد اور برآمد ہے، جو سائیکل، موٹر سائیکل، سکوتر، رکشہ، گاڑیاں، بسیں، ٹرک، کاریں، ٹریکٹر، ٹرائی اور دیگر گاڑیوں کے لیے ہیں۔

سال کے دوران، ایس ٹی پی ایل نے 51 ارب روپے کی خالص فروخت حاصل کی، جو پچھلے سال کے 46 ارب روپے کے مقابلے میں ہے، اور ٹیکس کے بعد منافع میں 26 فیصد اضافہ حاصل کیا، جو 4.3 ارب روپے رہا (مالی سال 2024: 3.4 ارب روپے)۔ یہ کارکردگی محتاط مالیاتی انتظام، عملی کارکردگی، اور کمپنی کی مصنوعات پر مارکیٹ کے مسلسل اعتماد کی عکاسی کرتی ہے۔

زیر جائزہ سال مقامی ٹائز صنعت کے لیے چیلنج سے بھرپور رہا۔ مجموعی فروخت بنیادی طور پر او ای ایم شعبے کی بحالی اور متبادل ٹائز کے صارفین کی قوت خرید پر منحصر رہی۔ اگرچہ سال کے ابتدائی مہینوں میں برآمدی مارکیٹ نے حوصلہ افزا منہو کے رجحانات دکھائے، تاہم پاکستان-افغان سرحد کی عارضی بندش کی وجہ سے افغانستان کو برآمدات مکمل طور پر معطل رہیں، جس سے برآمدی مقدار پر منفی اثر پڑا۔

حوصلہ افزا بات یہ ہے کہ حکومت کی حالیہ پالیسی اقدامات، جن میں خام مال کی درآمد پر کسٹم ڈیوٹی میں کمی شامل ہے، متنوع طور پر پیداوار کے اخراجات کو کم کریں گے اور صنعت کی مسابقت کو بڑھائیں گے۔ مزید برآں، بجلی کے نرخوں میں اعلان کردہ ریڈیف سے صنعت کے مجموعی لاگت کے ڈھانچے پر مثبت اثر متوقع ہے، جو کہ پائیدار کاروباری سرگرمیوں کیلئے مددگار ہے۔

اہم معاشی مشکلات اور پاکستان میں مہلک سیلاب کے باوجود، ایس ٹی پی ایل نے مضبوطی کا مظاہرہ کیا اور صنعت میں اپنی قیادت کی پوزیشن برقرار رکھی۔ ایس ٹی پی ایل نے بین الاقوامی منڈیوں میں اپنی موجودگی کو مزید مضبوط کیا اور پاکستان سے ٹائز کی برآمد میں دوسرے سب سے بڑے برآمد کنندہ کے طور پر برقرار رہا، جس سے ملک کو قیمتی زر مبادلہ حاصل ہوا۔

سروس ریشیل (پرائیویٹ) لمیٹڈ

سروس ریشیل (پرائیویٹ) لمیٹڈ (ایس آر پی ایل) کو 21 دسمبر 2023 کو پاکستان میں کمپنیز ایکٹ 2017 کے تحت ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر تشکیل دیا گیا۔ سروس ریشیل (پرائیویٹ) لمیٹڈ، سروس انڈسٹریز لمیٹڈ کی مکمل ملکی ذیلی کمپنی ہے۔ اس کا رجسٹرڈ دفتر سروس ہاؤس، 2 - مین گلبرگ، ہلاہور میں واقع ہے۔ سروس ریشیل (پرائیویٹ) لمیٹڈ کا بنیادی کاروباری شعبہ جوتے، بیگ، ملبوسات، لوازمات اور دیگر اشیاء / مصنوعات کی تیاری، فروخت، تجارت، ریشیل، ہول سیل، مارکیٹنگ، درآمد اور برآمد کا کاروبار ہے۔

سال 2025 نے معیشت میں بتدریج استحکام اور صارفین کی طلب میں محتاط بحالی کا سال رہا ہے۔ اسی ماحول میں ایس آر پی ایل نے آمدنی میں 13 فیصد اضافہ حاصل کیا اور یہ 14.4 ارب روپے تک پہنچ گئی۔ ٹیکس کے بعد منافع سال کے دوران 644 ملین روپے رہا، جو پچھلے سال کے 398 ملین روپے کے مقابلے میں ہے، اور یہ منضبط عمل درآمد اور محتاط مالیاتی انتظام کی عکاسی کرتا ہے

ہمارے ڈیجیٹل چینل نے مسلسل مقبولیت حاصل کی۔ آن لائن فروخت میں 19.7 فیصد اضافہ ہوا اور یہ 862 ملین روپے تک پہنچ گئی، جس کی وجہ صارفین کی ترجیحات، بہتر مصنوعات کا متنوع، اور ریشیل و آن لائن اسٹاک کے یکجا ہونے سے ترسیل کی کارکردگی میں بہتری اور اسٹاک کے اخراجات میں کمی ہے۔

ریشیل اسٹورز کیلئے، ہم نے مرکز اور مواقع پر مبنی توسیعی حکمت عملی برقرار رکھی۔ 17 نئے اسٹورز کے افتتاح سے ہمارا ملک گیر نیٹ ورک 283 مقامات تک بڑھ گیا، جس سے صارفین کی رسائی بہتر ہوئی اور اہم مارکیٹوں میں ہمارے برانڈ کی موجودگی مضبوط ہوئی۔ یہ محتاط نمونہ ایس آر پی ایل کو آئندہ سال بہتر ہوتے ہوئے مارکیٹ کے مواقع سے فائدہ اٹھانے کے لیے مضبوط پوزیشن فراہم کرتی ہے۔

سروس انڈسٹریز کمپینٹل (پرائیویٹ) لمیٹڈ

سروس انڈسٹریز کمپینٹل (پرائیویٹ) لمیٹڈ، (ایس آئی سی پی ایل) سروس انڈسٹریز لمیٹڈ کا مکمل ملکی ماتحت ادارہ ہے۔ سروس انڈسٹریز کمپینٹل (پرائیویٹ) لمیٹڈ کو کمپنیز آرڈیننس 1984 (جو کہ اب کمپنیز ایکٹ 2017 ہے) کے تحت پاکستان میں 10 نومبر 2015 کو لمیٹڈ کمپنی کے طور پر رجسٹر کیا گیا۔ سروس انڈسٹریز کمپینٹل (پرائیویٹ) لمیٹڈ کا رجسٹرڈ آفس سروس ہاؤس، 2 مین گلبرگ، ہلاہور واقع ہے۔ سروس انڈسٹریز کمپینٹل (پرائیویٹ) لمیٹڈ کا بنیادی مقصد پاکستان یا دنیا میں کہیں اور قابل اطلاق قانون کے تقاضوں کے تابع نئے کاروباروں، حصص اور سیکورٹیز میں سرمایہ کاری کرنا ہے۔

سال کے دوران، ایس آئی سی پی ایل نے اپنی براہ راست ذیلی کمپنی سروس ٹولز لاک (پرائیویٹ) لمیٹڈ میں اپنی تمام حصص فروخت کر دیے۔

سروس گلوبل فنڈ ویئر لمیٹڈ

سروس گلوبل فنڈ ویئر لمیٹڈ (ایس جی ایف ایل) 19 جولائی 2019 کو پاکستان میں ایک پبلک لمیٹڈ کمپنی کے طور پر کمپنیز ایکٹ 2017 کے تحت تشکیل دیا گیا تھا۔ کمپنی کی بنیادی سرگرمیاں جوتے، چمچے اور متعلقہ مصنوعات کی تیاری، فروخت، مارکیٹنگ، درآمد اور برآمد ہے۔ سروس گلوبل فنڈ ویئر لمیٹڈ میں سروس انڈسٹریز لمیٹڈ کے 75.01% (2024: 79.37%) حصص ہیں

معاشی پیداوار میں محدود بہتری دیکھی گئی اور مالی سال 2025 میں مجموعی قومی پیداوار کی شرح نمو 3.09 فیصد رہی، جو عالمی معاشی دباؤ اور ملکی رکاوٹوں، جن میں شدید سیلاب اور رسد سے متعلق مسائل شامل ہیں، کے باوجود معیشت کی چلک کو ظاہر کرتی ہے۔ زرعی شعبے کی ترقی کمزور رہی، جبکہ صنعت (زیادہ تر چھوٹے پیمانے کی) اور خدمات کے شعبے نے مجموعی معاشی توسیع میں حصہ ڈالا، جو بتدریج بحالی کے ابتدائی آثار کی نشاندہی کرتا ہے۔

ان مثبت اشاریوں کے باوجود معیشت کو شدید سیلاب اور مقامی سطح پر رسد میں رکاوٹوں جیسے مسائل کا سامنا رہا، جس کے نتیجے میں دسمبر 2025 تک مہنگائی بڑھ کر 5.6 فیصد تک پہنچ گئی۔ بین الاقوامی مالیاتی فنڈ کے مطابق مالی سال 2026 میں مجموعی قومی پیداوار کی شرح نمو تقریباً 3.2 فیصد رہنے کا امکان ہے، بشرطیکہ ساختی اصلاحات کا تسلسل برقرار رہے اور برآمدات کی بنیاد پر ترقی کو فروغ ملے۔ اگرچہ مجموعی معاشی منظر نامہ بہتر ہوا ہے، تاہم عالمی اجناس قیمتوں میں اتار چڑھاؤ، جغرافیائی سیاسی کشیدگیاں، زرعی کلا کر دگی اور بیرونی مالی وسائل کی دستیابی سے متعلق خطرات بدستور موجود ہیں۔

عالمی معاشی جائزہ

سال 2025 میں عالمی معیشت نے تقریباً 3.2 فیصد کی معتدل شرح سے ترقی کی، جبکہ عالمی ماحول جغرافیائی سیاسی کشیدگیوں، تجارتی غیر یقینی صورتحال اور بدلتی ہوئی زرعی پالیسیوں کی پیچیدگیوں سے متاثر رہا۔ ترقی یافتہ معیشتوں میں زیادہ مالیاتی لاگت، کمزور سرمایہ کاری اور محتاط صارفین کی طلب کے باعث ترقی کی رفتار سست رہی۔ اس کے برعکس ابھرتی ہوئی معیشتوں نے بہتر کارکردگی دکھائی، جس کی وجہ مضبوط مقامی کھپت، صنعتی بحالی اور اہم شعبوں میں سرمایہ کاری رہی۔

عالمی تجارت نے مجموعی طور پر مضبوطی برقرار رکھی، جسے ٹیکنالوجی، ڈیجیٹل خدمات اور محصولات میں متوقع تبدیلیوں سے قبل پیشگی ترسیلات نے سہارا دیا، تاہم سپلائی چین میں جاری رکاوٹوں کے باعث سال کے اختتام کی جانب ترقی کی رفتار کچھ سست پڑ گئی۔ بہت سے خطوں میں مہنگائی میں کمی آئی، لیکن یہ اب بھی وبائے پھیلنے کی سطح سے زیادہ رہی، جس کی وجہ اجناس کی قیمتوں میں اتار چڑھاؤ اور جغرافیائی سیاسی دباؤ ہے۔ مالیاتی منڈیاں پالیسیوں میں تبدیلیوں اور عالمی غیر یقینی صورتحال کے باعث حساس رہیں۔ مجموعی طور پر سال 2025 معتدل معاشی ترقی کے ساتھ ساختی خطرات کا حال رہا، جو اس امر کی نشاندہی کرتا ہے کہ معاشی بحالی کو برقرار رکھنے کے لیے ہدفی پالیسیوں اور مؤثر سرمایہ کاری کی حکمت عملیوں کی ضرورت ہے۔

ڈائریکٹرز رپورٹ برائے حصص یافتگان

سروس انڈسٹریز لمیٹڈ کے ڈائریکٹرز 31 دسمبر 2025 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ مع آڈٹ شدہ مجموعی و علیحدہ مالیاتی حسابات پر مبنی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 226-227 اور ان کے علاوہ متعلقہ ضوابط کے تحت تیار کی گئی ہے۔

کمپنی کی بنیادی سرگرمیاں

سروس انڈسٹریز لمیٹڈ بنیادی طور پر ایک سرمایہ کاری رکھنے والا ادارہ ہے، جو اپنی ذیلی کمپنیوں کے ذریعے مختلف شعبوں میں حکمت عملی کے تحت متنوع سرمایہ کاری کے پورٹ فولیو کو برقرار رکھتا ہے۔ گروپ کی سرگرمیوں میں بنیادی طور پر ٹائرز، ٹیوبز، آٹو اسپئیر پارٹس اور جو تلوں کی تیاری شامل ہے، جبکہ جو تلوں اور کھیلوں کے ملبوسات کی تجارت بھی ملک بھر میں پھیلے ہوئے ریٹیل نیٹ ورک کے ذریعے کی جاتی ہے، جو نمایاں برانڈ سروس کے تحت کام کرتا ہے۔ کمپنی کی مالی کارکردگی کا گہرا تعلق اس کی گروپ کمپنیوں کے عملی اور مالی نتائج سے ہے۔ کمپنی کی اپنی ذیلی کمپنیوں میں سرمایہ کاری کی تفصیلی وضاحت 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے غیر مجموعی مالیاتی بیانات کے نوٹ نمبر 21 میں پیش کی گئی ہے، جو اس کے ساتھ منسلک ہے۔

پاکستان کی معیشت کا جائزہ:

زیر جائزہ مدت کے دوران پاکستان کے معاشی ماحول میں استحکام اور بتدریج بحالی کے حوصلہ افزا آثار نمایاں ہوئے، جن کی بنیاد محتاط مالیاتی پالیسیوں کے استعمال اور بہتر ہوتے ہوئے معاشی اشاریوں پر رہی۔ اسٹیٹ بینک آف پاکستان نے نرم مالی پالیسی اختیار کرتے ہوئے شرح سود کو مرحلہ وار 22 فیصد سے کم کر کے 10.50 فیصد تک لایا، جس سے نجی شعبے کی سرگرمیوں کی حوصلہ افزائی ہوئی اور قرض لینے کی لاگت میں کمی آئی۔

سال کے دوران ملک کی بیرونی مالی پوزیشن میں بہتری آئی اور زرمبادلہ کے ذخائر بڑھ کر سال کے اختتام تک 20.7 ارب امریکی ڈالر تک پہنچ گئے۔ اس کے نتیجے میں پاکستانی روپیہ نسبتاً مستحکم رہا اور ایک امریکی ڈالر کے مقابلے میں 278 سے 284 روپے کے درمیان رہ کر لیمن دین ہوتا رہا۔

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