



AGHA STEEL INDUSTRIES Ltd.

Quarterly Report March 31, 2026

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CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|------------------------|-------------------------------------|
| Mrs. Shazia Agha | Chairperson, Non-Executive Director |
| Mr. Hussain Iqbal Agha | Chief Executive Officer |
| Mr. Raza Agha | Executive Director |
| Mr. Asif Ahmad | Non-Executive Director |
| Mr. Muhammad Shahid | Non-Executive Director |
| Mr. Muhammad Asif | Independent Director |
| Mr. Saeed Mirza | Independent Director |

AUDIT COMMITTEE

| | |
|-------------------|----------|
| Mr. Saeed Mirza | Chairman |
| Mr. Asif Ahmad | Member |
| Mr. Muhammad Asif | Member |

HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|---------------------|-------------|
| Mrs. Shazia Agha | Chairperson |
| Mr. Muhammad Shahid | Member |
| Mr. Raza Agha | Member |

CHIEF FINANCIAL OFFICER

Mr. Kamran Ahmed

COMPANY SECRETARY

Mr. Muhammad Muneeb Khan

HEAD OF INTERNAL AUDIT

Mr. Muhammad Hammad Khan

EXTERNAL AUDITORS

Reanda Haroon Zakaria Rizwan Salman & Company Chartered Accountants
Progressive Plaza, Beaumont Road, Karachi, Pakistan

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, Main Shahrah-e-Faisal, Karachi, Pakistan

LEGAL ADVISOR

M/s Arif Law Partners
Suite No,A-1, HouseNo.10, Karsaz Town Houses, F1-12, Block-5, Boat Basin, Clifton,
Karachi

BANKERS

- | | |
|--------------------------------|-------------------------------|
| ☐ Bank Al Habib Limited | ☐ Faysal Bank Limited |
| ☐ Askari Bank Limited | ☐ Habib Metro Bank Limited |
| ☐ Habib Bank Limited | ☐ MCB Islamic Bank Limited |
| ☐ Bank Al Falah Limited | ☐ MCB Bank Limited |
| ☐ Meezan Bank Limited | ☐ Dubai Islamic Bank Limited |
| ☐ Bank Islami Pakistan Limited | ☐ The Bank of Khyber |
| ☐ United Bank Limited | ☐ National Bank of Pakistan |
| ☐ JS Bank Limited | ☐ Allied Islamic Bank Limited |
| ☐ Samba Bank Limited | ☐ Bank of Punjab |
| ☐ Soneri Bank Limited | |

REGSITERED OFFICE

Plot No. N.W.I.Z/1/P-133, (SP-6), D-2, Port Qasim Authority, Karachi, Pakistan
PTCL# 021-34156219-21

CORPORATE OFFICE

Office 801 & 804, 8th Floor, Emerald Tower, G-19
II Talwar, Block 5, Clifton, Karachi, Pakistan
UAN # 021-111-111-2442
Corporate@aghasteel.com

SYMBOL AT PAKISTAN STOCK EXCHANGE

AGHA

WEBSITE INFORMATION

www.aghasteel.com

DIRECTORS' REVIEW REPORT

For the Quarter Ended March 31, 2026

The Board of Directors of Agha Steel Industries Limited is pleased to present the unaudited condensed interim financial statements of the Company for the quarter ended March 31, 2026.

Economic Overview and Industry Outlook

During the quarter under review, Pakistan's economy exhibited early signs of stabilization, supported by a gradual decline in inflation and relative exchange rate stability. However, overall industrial activity remained constrained due to elevated financing costs, tight liquidity conditions, and subdued private sector investment.

On the international front, economic uncertainty persisted amid slower global growth, geopolitical tensions, and continued volatility in commodity markets, particularly steel raw materials such as scrap and iron ore. These dynamics continued to influence domestic cost structures.

The local steel sector remained under pressure during the period, characterized by weak demand from construction and infrastructure segments, elevated energy tariffs, and continued margin compression due to pricing competition. While expectations of monetary easing and potential revival in development spending provided some optimism toward the end of the quarter, the overall operating environment remained challenging.

Operational Review

During the period, management continued to focus on:

- Rationalization of operating costs
- Optimization of production planning
- Improved working capital management
- Strengthening customer relationships and product mix
- Active engagement with financial institutions

Operational discipline remained a key priority to ensure business continuity and efficiency under prevailing market conditions.

Financial Performance

During the nine months ended March 31, 2026, the Company recorded net turnover of **Rs. 7,325 million** as compared to **Rs. 8,081 million** in the corresponding period last year, reflecting subdued demand in the construction sector and continued pricing pressures within the steel industry.

For the quarter ended March 31, 2026, net turnover stood at **Rs. 2,184 million** as compared to **Rs. 2,717 million** in the same quarter last year.

The Company reported a **gross loss of Rs. 1,089 million** for the nine-month period compared to a gross loss of **Rs. 1,170 million** last year. For the quarter under review, gross loss was **Rs. 396 million** as against **Rs. 381 million** in the corresponding quarter, reflecting continued margin pressures due to elevated input and energy costs.

Administrative expenses and selling & distribution costs declined to **Rs. 296 million** and **Rs. 254 million**, respectively, compared to **Rs. 458 million** and **Rs. 329 million** in the same period last year, demonstrating the effectiveness of cost rationalization measures.

Finance costs reduced significantly to **Rs. 2,355 million** from **Rs. 3,435 million** in the corresponding period, primarily due to financial restructuring efforts and improved liquidity management. Consequently, operating loss narrowed to **Rs. 3,994 million** compared to **Rs. 5,393 million** last year.

Loss before taxation stood at **Rs. 4,164 million** as compared to **Rs. 6,415 million** in the corresponding period. For the quarter ended March 31, 2026, loss before taxation was **Rs. 1,325 million** compared to **Rs. 1,792 million** in the same quarter last year.

The Company reported a **loss after taxation of Rs. 2,730 million** for the nine months ended March 31, 2026, as compared to **Rs. 5,171 million** in the corresponding period, reflecting a substantial improvement in overall financial performance. On a quarterly basis, loss after taxation stood at **Rs. 926 million** as against **Rs. 1,329 million** in the same quarter last year.

Earnings per share (EPS) improved to **(Rs. 4.51)** for the nine-month period compared to **(Rs. 8.55)** last year, while quarterly EPS stood at **(Rs. 1.53)** compared to **(Rs. 2.20)** in the corresponding quarter.

Despite the improvement in losses, the Company continues to face challenges arising from weak demand, elevated energy costs, and overall economic pressures. However, the improving trend reflects the impact of management's ongoing cost optimization, financial restructuring, and operational efficiency initiatives.

Liquidity and Financial Management

The Company continues to actively engage with its lenders for restructuring and realignment of its financial obligations in line with projected cash flows.

Management remains focused on liquidity optimization, reduction in finance costs, and strengthening of the balance sheet to enhance financial flexibility and ensure long-term sustainability.

Future Outlook

The outlook for the steel sector is expected to improve gradually, contingent upon:

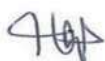
- Reduction in interest rates
- Revival in construction and housing activity
- Government-led infrastructure development
- Stability in energy and raw material costs

While near-term challenges may persist, the Company remains committed to enhancing operational efficiencies, maintaining prudent financial discipline, and positioning itself to benefit from an eventual recovery in economic activity

Acknowledgment

The Board acknowledges the continued support of its shareholders, customers, suppliers, financial institutions, and regulatory authorities. The Directors also place on record their appreciation for the dedication and efforts of the Company's management and employees during this challenging period.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



Hussain Iqbal Agha
Chief Executive Officer



Raza Iqbal Agha
Director

Karachi: **April 29, 2026**

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026

| | | (Unaudited) MARCH 31 2026 | (Audited) June 30 2025 |
|--|----|---------------------------------|------------------------------|
| ---- Rupees in '000' ---- | | | |
| <u>ASSETS</u> | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 43,958,131 | 45,255,437 |
| Intangible asset | | 26,690 | 29,830 |
| Long term deposits and receivable | | 20,097 | 21,919 |
| | | 44,004,918 | 45,307,186 |
| Current Assets | | | |
| Stores, spare parts and loose tools | | 1,961,027 | 2,079,185 |
| Stock-in-trade | | 2,627,228 | 2,936,853 |
| Trade and other receivables | 7 | 2,642,292 | 2,886,634 |
| Loans and advances | | 1,726,423 | 1,970,377 |
| Deposits | | 9,165 | 17,524 |
| Tax refunds due from Government | | 593,233 | 461,431 |
| Cash and bank balances | | 289,073 | 48,462 |
| | | 9,848,441 | 10,400,466 |
| Total Assets | | 53,853,359 | 55,707,652 |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Share Capital And Reserves | | | |
| Authorized capital | | 10,250,000 | 10,250,000 |
| Share Capital | | | |
| Issued, subscribed and paid up capital | | 6,048,791 | 6,048,791 |
| Advance against ordinary shares | 8 | 1,165,020 | - |
| | | 7,213,811 | 6,048,791 |
| Capital Reserve | | | |
| Share premium | | 2,126,687 | 2,126,687 |
| Surplus on revaluation of fixed assets - net | | 15,682,628 | 15,980,622 |
| | | 17,809,315 | 18,107,309 |
| Revenue Reserve | | | |
| Accumulated losses | | (5,661,728) | (3,229,278) |
| Total Shareholders' Equity | | 19,361,398 | 20,926,822 |
| Non-Current Liabilities | | | |
| Advance against preference shares | 8 | - | 750,000 |
| Loans from directors | 8 | - | 415,020 |
| Lease liabilities | | 16,286 | 31,202 |
| Long term borrowings | 9 | - | - |
| Deferred tax liability | 10 | 1,486,649 | 2,915,144 |
| | | 1,502,935 | 4,111,366 |
| Current Liabilities | | | |
| Long term borrowings - on demand | 9 | 7,934,597 | 7,940,282 |
| Trade and other payables | | 261,493 | 264,796 |
| Short term borrowings - on demand | 11 | 15,376,641 | 15,378,483 |
| Accrued markup - on demand | 12 | 9,408,566 | 7,073,336 |
| Current portion of lease liabilities | | 7,729 | 12,567 |
| | | 32,989,026 | 30,669,464 |
| Contingencies and Commitments | | | |
| Total Equity And Liabilities | 13 | 53,853,359 | 55,707,652 |


The annexed notes from 1 to 18 form an integral part of these financial statements.



 Chief Executive



 Chief Financial Officer



 Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2026 (UN-AUDITED)

| | <i>Nine Months ended</i> | | <i>Quarter Ended</i> | |
|--|--------------------------------------|---------------|----------------------|---------------|
| | <i>March 31,</i> | | <i>March 31,</i> | |
| | <i>2026</i> | <i>2025</i> | <i>2026</i> | <i>2025</i> |
| <i>Note</i> | <i>----- (Rupees in '000') -----</i> | | | |
| Turnover - net | 7,324,951 | 8,080,549 | 2,183,810 | 2,717,027 |
| Cost of sales | (8,413,893) | (9,250,771) | (2,579,436) | (3,097,952) |
| Gross loss | (1,088,942) | (1,170,222) | (395,626) | (380,925) |
| Administrative expenses | (295,702) | (458,152) | (86,327) | (138,869) |
| Selling and distribution costs | (253,504) | (329,193) | (55,898) | (145,596) |
| Finance costs | (2,355,412) | (3,435,224) | (731,013) | (950,241) |
| Operating loss | (3,993,560) | (5,392,791) | (1,268,864) | (1,615,631) |
| Other expenses | (132,376) | (1,280,147) | (43,785) | (259,935) |
| Other income | 55,967 | 358,924 | 15,506 | 117,056 |
| Loss before levy and taxation | (4,069,969) | (6,314,014) | (1,297,143) | (1,758,510) |
| Levy | (93,592) | (101,007) | (28,122) | (33,963) |
| Loss before taxation | (4,163,561) | (6,415,021) | (1,325,265) | (1,792,473) |
| Taxation - net | 1,433,117 | 1,244,355 | 399,088 | 463,533 |
| Loss after taxation | (2,730,444) | (5,170,666) | (926,177) | (1,328,940) |
| Other comprehensive loss for the period | - | - | - | (158,946) |
| Surplus on revaluation of fixed assets | - | - | - | - |
| Deferred tax | - | - | - | - |
| Total comprehensive loss for the period | (2,730,444) | (5,170,666) | (926,177) | (1,487,886) |
| Loss per share | | | | |
| Basic - Rupees | 14 | (4.51) | (8.55) | (1.53) |
| Diluted - Rupees | 14 | (3.79) | (8.55) | (1.28) |

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2026 (UN-AUDITED)

| Particulars | Issued, subscribed and paid up capital | Advance against ordinary shares - (note 09) | Reserves | | | Total reserves | Total shareholders' equity |
|--|---|---|--------------------|---|-----------------------------------|-------------------|----------------------------------|
| | | | Capital | | Revenue | | |
| | | | * Share Premium | ***Surplus on revaluation of fixed assets | ** Accumulated (loss) / profit | | |
| ----- Rupees in '000' ----- | | | | | | | |
| Balance as at June 30, 2024 -Audited | 6,048,791 | - | 2,126,687 | 16,656,355 | 3,306,407 | 22,089,449 | 28,138,240 |
| Total comprehensive loss for the year | | | | | | | |
| Loss after taxation | - | - | - | - | (5,170,666) | (5,170,666) | (5,170,666) |
| Other comprehensive income - net | - | - | - | - | - | - | - |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | - | (470,090) | 470,090 | (5,170,666) | (5,170,666) |
| Balance as at March 31, 2025 - Unaudited | 6,048,791 | - | 2,126,687 | 16,186,266 | (1,394,170) | 16,918,783 | 22,967,574 |
| Balance as at June 30, 2025- Audited | 6,048,791 | - | 2,126,687 | 15,980,622 | (3,229,278) | 14,878,031 | 20,926,822 |
| Transaction with owners | | | | | | | |
| Advance against ordinary shares | - | 1,165,020 | - | - | - | - | 1,165,020 |
| Total comprehensive loss for the year | | | | | | | |
| Loss after taxation | - | - | - | - | (2,730,444) | (2,730,444) | (2,730,444) |
| Other comprehensive income | - | - | - | - | - | - | - |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | - | - | - | (297,994) | 297,994 | (2,730,444) | (2,730,444) |
| Balance as at March 31, 2026- Un-Audited | 6,048,791 | 1,165,020 | 2,126,687 | 15,682,628 | (5,661,728) | 12,147,587 | 19,361,398 |

* Share premium is held for utilization for purposes as stated in Section 81 of the Companies Act, 2017.

** Accumulated profit can be utilized for meeting contingencies and distribution of profits by way of dividends when it available for distribution.

*** Surplus on revaluation of fixed assets is a capital reserve, and is not available for distribution to the share holders in accordance with section 241 of the Companies Act, 2017.

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2026 (UN-AUDITED)

| | | <i>March 31,</i> | |
|---|-------------|------------------|------------------|
| | <i>Note</i> | <i>2026</i> | <i>2025</i> |
| <i>---- Rupees in '000'----</i> | | | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before levy and taxation | | (4,069,969) | (6,314,014) |
| Adjustments for: | | | |
| Depreciation | 6.1 | 1,367,197 | 1,017,978 |
| Amortization | | 3,140 | 4,710 |
| Impairment loss on trade receivables - net | 7.1 | 132,376 | 1,280,147 |
| Finance cost | | 2,352,201 | 3,428,669 |
| Finance lease markup | | 3,211 | 6,555 |
| Gain on disposal of fixed assets - net | | (4,731) | (4,788) |
| Cash used in operations before working capital changes | | (216,575) | (580,743) |
| Changes in working capital | | | |
| Decrease / (Increase) in current assets | | | |
| Stores, spare parts and loose tools | | 118,158 | 296,318 |
| Stock-in-trade | | 309,625 | 731,250 |
| Trade and other receivables | 7 | 111,966 | (274,308) |
| Loans and advances | | 243,954 | 429,973 |
| Deposits | | 8,359 | (5,870) |
| | | 792,062 | 1,177,363 |
| Increase in current liabilities | | | |
| Trade and other payables | | 8,469 | 80,199 |
| Net cash generated from operations | | 583,956 | 676,819 |
| Net cash generated from / (used) in operations | | | |
| Taxes paid - net | | (220,772) | (301,639) |
| Workers welfare fund paid | | - | (18,759) |
| Workers profit participation fund paid | | (11,772) | (3,000) |
| Financial charges paid | | (20,182) | (436,273) |
| Net cash generated from / (used) in operations | | 331,230 | (82,852) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Long term deposits and receivable paid - net | | 1,822 | 358,789 |
| Additions in capital work in progress - net | | - | (59,310) |
| Proceeds from disposal of property, plant and equipment | | 13,955 | 4,897 |
| Additions in property, plant and equipment | 6.1 | (79,115) | (546,084) |
| Net cash used in investing activities | | (63,338) | (241,708) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayments of long-term borrowings - net | 9 | (5,685) | (42,111) |
| Loans from directors | | - | 415,020 |
| Lease rentals paid | | (19,754) | (32,249) |
| Short-term borrowings paid - net | | (1,842) | (100,344) |
| Net cash (used) in / generated from financing activities | | (27,281) | 240,316 |
| Net decrease in cash and cash equivalents (A+B+C) | | 240,611 | (84,244) |
| Cash and cash equivalents at the beginning of the year | | 48,462 | 239,134 |
| Cash and cash equivalents at the end of the year | | 289,073 | 154,890 |

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

AGHA STEEL INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2026 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Agha Steel Industries Limited (the Company) was incorporated in Pakistan on November 19, 2013, as a private limited company under the repealed Companies Ordinance, 1984, now the Companies Act, 2017 (the Act). On April 07, 2015, the Company was converted into public limited company. During the financial year 2019, the Company has listed its privately placed Sukuk certificates. The company is listed on Pakistan Stock Exchange Limited on November 02, 2020. The Company is principally engaged in manufacturing and sale of steel bars, wire rods and billets, and its registered office and production plants are situated at plot no. N.W.I.Z. /1/ P-133, (SP-6 & 6A), D-2, Port Qasim Authority, Karachi.

1.2 The company has been listed on Pakistan Stock Exchange Limited (PSX) on November 02, 2020 by offering 120,000,000 ordinary shares of Rs. 10 each to the general public at the strike price of Rs. 32 per share including premium of Rs.22 per share which resulted in IPO proceeds of Rs. 3,840 million.

2 GOING CONCERN ASSUMPTION

During the period, the company incurred gross loss of Rs. 1088.94 (2024: 1,170.22) million, loss before levy and taxes amounting to Rs. 4069.97 (2024: 6,314.01) million and loss after taxation amounting to Rs. 2730.44 million. Further, the company's current liabilities exceed its current asset by Rs. 23,140.59 million. Additionally, all the banking liabilities are payable on demand at year end comprising of short term borrowing amounting to Rs. 15,376.64 million, long term borrowing amounting to Rs. 7,934.6 million and accrued markup amounting to Rs. 9,408.57 million due to breach of covenants.

The company has also breached certain financial covenants related to its borrowing arrangements with various banks. As a result, loan installments due since November 29, 2023, under both short-term and long-term borrowings have not been paid [see notes 18, 25, and 26]. These breaches remain unresolved and have not been waived as of the reporting date. The company faced financial difficulties due to low business volumes, leading to a substantial revenue shortfall. Moreover, the company's production was severely disrupted by a fire at its manufacturing facilities on December 29, 2023. This incident temporarily halted production, further exacerbating the already declining revenue. Additionally, the insurance claim settlement was lower than the original amount requested. Furthermore, Company has also been unable to recover a significant portion of its trade receivables within the agreed credit terms, resulting in increased credit losses and further strain on the Company's working capital position.

The above facts and circumstances along with the risk and uncertainties, represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Company may not be able to realize its assets and discharge its liabilities in the normal course of business. However, the management has reasonable expectations that the Company will have adequate resources to continue its business for the foreseeable future.

Accordingly, the management has taken the following steps to improve the financial conditions and sustainability of the future operations of the Company:

- The Company is actively negotiating with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans over ten years, including a three-year grace period and the management expects that the Master Restructuring Agreement (MRA) will be finalized by June 30, 2026.

- As of the reporting date, the Company has insurance claim receivable of Rs. 340.334 million on account of

damaged assets due to fire incident duly accepted by the insurance company. Its recovery is dependant subject to finalization of MRA with the banking companies. These funds will be utilized for completion of Mi. Da. Rolling Mill.

- The management believes that the overall business volumes for the year ended June 30, 2026 will observe growth in the next year and expects to generate sufficient additional cashflows from operating activities to finance the remaining expenditure required for completion of Mi. Da. Rolling Mill.
- Subsequent to the fire incident, the Company has fully restored its production activities with the injection of Rs. 415.020 million from the sponsoring directors.
- The Company is making every effort for recovery of outstanding trade receivables, however, the management is confident that, in case of non recovery of these long outstanding balances, the Company will continue its operating activities for the foreseeable future without any disruption.
- The successful installation of Mi. Da Rolling Mill will increase the market share and the production yield of the Company. The enhanced revenue will enable the Company to meet its financial debt obligation as per the MRA.
- The management has prepared ten-year financial projections of the Company based on the current information available to estimate the future business cashflows. These financial projections are based on various financial and business assumptions such as expected business volumes, restructured repayments of bank loan, foreign exchange and interest rates, and inflation factor. Such financial projections envisages that the Company would be able to generate sufficient cashflows through its operations and will meet its financial obligations particularly the amounts due to its lenders in terms of its contractual obligations.
- The Company recognizes that the above financial plan is subject to inherent risks and uncertainties including the ability of the Company to achieve the results set out in financial projections for the years 2026 - 2035. In this respect, particular challenges include (but not limited to), stability in the economic factors such as foreign exchange and interest rates and overall economic conditions of the country which may impact the Company's ability to maintain and improve the sales volumes, retention of its customer base and repayments of loan installments as per the potential revised schedule under the Master Restructuring Agreement and payments to its creditors.

Accordingly, these condensed interim financial statements have been prepared on going concern basis.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act 2017 have been followed.

- 3.2 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2025 and December 31, 2024 and notes forming part thereof have not been reviewed by the statutory auditors of the company, as they have reviewed the cumulative figures for the half year ended December 31, 2025 and December 31, 2024.
- 3.3 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2025. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the statutory auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange limited and section 237 of companies Act, 2017.
- 3.4 These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4 MATERIAL ACCOUNTING POLICY INFORMATION

- 4.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2025.

4.2 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan which are effective in current period

Other than certain amendments updating a reference to the Conceptual Framework and annual improvements made to a number of standards, which have not been enumerated here for brevity, there were no other amendments made which are effective during the current period.

4.3 Amendments to standards and IFRS interpretations that are not yet effective

The following standards, amendments to standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

| | <i>Effective from accounting period beginning on or after</i> |
|---|---|
| Amendments to IFRS 7 'Financial Instruments - Disclosures' and IFRS 9 'Financial Instruments': Amendments regarding the classification and measurement of financial instruments. | January 1, 2026 |
| Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture. | Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted. |
| IFRS 17 - Insurance Contracts | January 1, 2026 |
| IFRS 18 Presentation and Disclosures in Financial Statements (first time | January 1, 2027 |

applicability)

IFRS 19 Subsidiaries without Public Accountability: Disclosures (first time applicability) January 1, 2027

IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information (applicable to listed companies and unlisted Public Interest Companies) (first time applicability) July 1, 2026

IFRS S2 Climate-related Disclosures (applicable to listed companies and unlisted Public Interest Companies) (first time applicability) July 1, 2026

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates': Amendments regarding translations to a hyperinflationary presentation currency January 1, 2027

Certain amendments updating a reference to the Conceptual Framework and annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standard which has not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

5 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the company as at and for the year ended June 30, 2025.

| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
|--|-------------|---------------------------------|------------------|
| | | <i>March 31</i> | <i>June 30</i> |
| | | <i>2026</i> | <i>2025</i> |
| 6 PROPERTY, PLANT AND EQUIPMENT | Note | ---- Rupees in '000'---- | |
| Operating fixed assets | 6.1 | 30,191,109 | 31,488,415 |
| Capital work in progress (CWIP) | | 13,767,022 | 13,767,022 |
| | | 43,958,131 | 45,255,437 |
| 6.1 Operating fixed assets | | | |
| Opening book value | | 31,488,415 | 31,921,242 |
| Additions during the period / year | 6.1.1 | 79,115 | 998,449 |
| Disposals during the period / year | | (9,224) | (6,742) |
| Depreciation charge for the period / year | | (1,367,197) | (1,424,534) |
| | 6.1.2 | 30,191,109 | 31,488,415 |
| 6.1.1 Additions during the period / year | | | |
| Plant and machinery | | 48,569 | 284,033 |
| Computers | | 73 | 59 |
| Major stores & spares | | 30,473 | 714,357 |
| | | 79,115 | 998,449 |
| 7 STOCK-IN-TRADE | | | |
| Raw material | | 141,701 | 406,745 |
| Raw material in transit | | 1,872,964 | 1,494,696 |
| Work in process | | | |
| Cost | | 250,781 | 824,649 |
| Provision for writedown to NRV | | - | (6,685) |
| NRV loss realised on account of sale | | - | (414,912) |
| Work in process | 7.1 | 250,781 | 416,422 |
| Finished goods | | | |
| Cost | | 361,782 | 1,169,764 |
| Reversal of provision on account of sales | | - | (164,352) |
| NRV loss written off against provision | | - | (386,422) |
| Finished goods | | 361,782 | 618,990 |
| | | 2,627,228 | 2,936,853 |
| 7 TRADE AND OTHER RECEIVABLES | | | |
| - Considered good | | | |
| Trade receivables from contracts with customers | | 3,422,902 | 3,335,534 |
| Allowance for expected credit losses | 7.1 | (1,398,545) | (1,266,169) |
| | | 2,024,357 | 2,069,365 |
| - from associated undertakings | | | |
| - markup | 7.2 | - | 40,040 |
| - current maturity of long term receivable | 7.2 | - | 159,294 |
| - sales tax | 7.3 | 277,601 | 277,601 |
| | | 277,601 | 476,935 |
| - from others | | | |
| - insurance claim receivable | 2 | 340,334 | 340,334 |
| | | 2,642,292 | 2,886,634 |
| 7.1 Allowance for expected credit losses | | | |
| Opening | | 1,266,169 | 1,245,142 |
| Impairment losses recognized during the period - net | | 132,376 | 1,055,594 |
| Write off | | - | (1,034,567) |
| Closing | | 1,398,545 | 1,266,169 |
| 7.2 These have been fully recovered during the period. | | | |
| 7.3 The details and status are same as disclosed in note 10.3 to the financial statements for the year ended June 30, 2025. | | | |
| 8 ADVANCE AGAINST ORDINARY SHARES | | | |
| Advance against ordinary shares | 8.1 | 1,165,020 | - |
| 8.1 The Company obtained shareholders' approval by special resolution at its 12th Annual General Meeting for the conversion of advances received against the issuance of preference shares and loans from | | | |

directors, amounting to Rs. 750 million and Rs. 415.020 million, respectively, into the issuance and allotment of ordinary shares of Rs. 10 each at face value. Such allotment shall be made otherwise than by way of rights issue and against cash consideration, in accordance with applicable laws.

Subsequent to the reporting period, the Securities and Exchange Commission of Pakistan has granted approval to the Company for the authorization of shares, subject to compliance with the relevant legal requirements.

| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
|--|-------------|---------------------------------|------------------|
| | | <i>March 31</i> | <i>June 30</i> |
| | | <i>2026</i> | <i>2025</i> |
| | | <i>---- Rupees in '000'----</i> | |
| 9 LONG TERM BORROWINGS | | | |
| <i>Secured</i> | | | |
| <i>- From banking companies</i> | <i>Note</i> | | |
| <i>- Conventional</i> | | | |
| Samba Bank Limited - TF | | 150,000 | 150,000 |
| United Bank Limited - NIDF | | 29,188 | 29,188 |
| JS Bank Limited - TERF | | 480,082 | 480,082 |
| JS Bank Limited - STFF | | 2,500,000 | 2,500,000 |
| Askari Bank Limited - STFF | | 1,265,625 | 1,265,625 |
| | | 4,424,895 | 4,424,895 |
| <i>- Shariah compliant</i> | | | |
| Meezan Bank Limited - IFRE | | 109,702 | 115,388 |
| Sukuk- II | | 3,400,000 | 3,399,999 |
| | | 3,509,702 | 3,515,387 |
| | 9.1 & 9.2 | 7,934,597 | 7,940,282 |
| <i>Less: Current portion shown under current liability</i> | | (7,934,597) | (7,940,282) |
| | | - | - |

9.1 The Company due to financial constraints as fully disclosed in note 2 to these financial statements could not make repayments of bank borrowings on due dates and also breached both financial and non financial covenants stipulated with the underlying loan agreements. The Company actively started negotiations with its lenders to restructure both its long-term and short-term loans, excluding the TERF and IFRE facilities. The proposed restructuring plan spans ten periods, including a three-period grace period starting in June 2026. Till the reporting date, the Master Restructuring Agreement (MRA) had not been finalized or signed; therefore, its impact has not been reflected in these financial statements. Since, the Company at period end did not have an unconditional right to defer its settlement for at least twelve months, accordingly, non current portion of long term borrowings is classified as current liabilities under current portion of non current liabilities (refer note 24) in accordance with the requirement of para 69 of IAS 1 - Presentation of Financial Statements.

9.2 There are no major changes in terms and conditions as disclosed in note 18 to the annual audited financial statements of the Company for the year ended June 30, 2025.

| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
|----------------------------------|-------------|---------------------------------|------------------|
| | | <i>March 31</i> | <i>June 30</i> |
| | | <i>2026</i> | <i>2025</i> |
| | | <i>---- Rupees in '000'----</i> | |
| 10 DEFERRED TAX LIABILITY | | | |
| Deferred taxation - net | <i>Note</i> | 1,486,649 | 2,915,144 |

10.1 Deferred taxation - net

Credit/ (debit) balances arising in respect of timing differences relating to:

Taxable temporary difference

| | | |
|---|------------------|------------------|
| Accelerated depreciation for tax purposes | 2,133,071 | 2,480,268 |
| Revaluation Surplus | 5,277,669 | 5,399,385 |
| | <u>7,410,740</u> | <u>7,879,653</u> |

Deductible temporary differences

| | | |
|---|--------------------|--------------------|
| Alternate corporate tax - TY 2020 | - | - |
| Normal business losses - TY(s) 2024 - 2026 | (4,550,225) | (3,814,793) |
| Unabsorbed tax depreciation - TY(s) 2024 - 2026 | (559,103) | (461,222) |
| Minimum tax credits - TY(s) 2024 - 2026 | (402,204) | (308,612) |
| Liabilities against assets subject to lease | (6,981) | (12,693) |
| Expected credit loss | (405,578) | (367,189) |
| | <u>(5,924,091)</u> | <u>(4,964,509)</u> |

Deferred taxation - net

| | | |
|--|------------------|------------------|
| | <u>1,486,649</u> | <u>2,915,144</u> |
|--|------------------|------------------|

| | (Unaudited) | (Audited) |
|--|-------------|-----------|
| | March 31 | June 30 |
| | 2026 | 2025 |

11 SHORT TERM BORROWINGS - ON DEMAND

Note ---- Rupees in '000'----

Running Finance - secured

| | | |
|--------------------|------------------|------------------|
| Conventional banks | 5,946,517 | 5,946,519 |
| Islamic banks | 200,000 | 200,000 |
| | <u>6,146,517</u> | <u>6,146,519</u> |

Finance against Trust Receipt (FATR) - secured

| | | |
|--------------------|-------------------|-------------------|
| Conventional banks | 7,351,266 | 7,351,266 |
| Islamic banks | 1,878,858 | 1,880,698 |
| | <u>9,230,124</u> | <u>9,231,964</u> |
| | <u>15,376,641</u> | <u>15,378,483</u> |

9.1 & 11.1

11.1 There are no major changes in terms and conditions of short term borrowings as disclosed in note 25 to the annual audited financial statements of the Company for the period ended June 30, 2025.

12 ACCRUED MARKUP - ON DEMAND

12.1 9,408,566 7,073,336

12.1 Includes markup payable on demand on long term borrowings amounting to Rs. 3,000.93 million and short term borrowings amounting to Rs. 6,341.22 million for reasons explained in note 18.1 to the financial statements for the year ended June 30, 2025.

13 CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 There have been no significant changes in the status and nature of contingencies of the Company since those disclosed in the audited annual financial statements for the year ended June 30, 2025, except for the cases mentioned below.

- 13.2 During the period, Bank of Khyber has filed Suit No. B-41 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 29 September 2025 for recovery of Rs. 196.66 million, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 07 November 2025 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank in the subject suit and has contended that the bank without having any lawful justification recovered huge amount from the company and has been illegally adjusted the same towards alleged mark-up beyond its legal entitlement and even charged mark-up over mark-up after the expiry of contractual periods.

The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

- 13.3 During the period, Samba Bank Limited has filed Suit No. B-59 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 22 December 2025 for recovery of Rs. 1,575.56 million, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The Company has filed an application on 29 January 2026 under Section 10 of the Ordinance seeking unconditional leave to defend the suit. The Bank has not yet filed its replication. The Company has denied the outstanding amounts claimed by the Bank in the subject suit and has contended that the bank without having any lawful justification recovered huge amount from the company and has been illegally adjusted the same towards alleged mark-up beyond its legal entitlement and even charged mark-up over mark-up after the expiry of contractual periods.

The aforementioned cost of funds could not be determined at this stage and is therefore not recognized in these financial statements.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

- 13.4 During the period, Askari Bank Limited has filed Suit No. B-03 of 2025 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 03 February 2025 for recovery of Rs. 3,445.7 millions, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

- 13.5 During the period, MCB Bank Limited has filed Suit No. B-06 of 2026 before the Honourable High Court of Sindh at Karachi in its Original Banking Jurisdiction on 16 February 2026 for recovery of Rs. 696.768 millions, along with cost of funds, charges and costs until the realisation of full amount under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001.

The management based on the advice of its legal adviser and the fact that the company's restructuring scheme also includes restructuring of the suit amount is confident that this matter will be resolved amicably with the banking company.

2026 2025
 --- Rupees in '000' ---

Commitments

| | | |
|---|---------|---------|
| Outstanding against letter of guarantees | 290,060 | 290,060 |
| Outstanding against letter of guarantees - oneoff | 22,860 | 22,860 |
| Outstanding against debt restructuring - consultant | 134,550 | 162,150 |
| | 447,470 | 475,070 |

| <i>Nine months ended</i> | | <i>Quarter ended</i> | |
|--------------------------------------|-------------|----------------------|-------------|
| <i>March 31,</i> | | <i>March 31,</i> | |
| <i>2026</i> | <i>2025</i> | <i>2026</i> | <i>2025</i> |
| <i>(Unaudited)</i> | | <i>(Unaudited)</i> | |
| <i>----- (Rupees in '000') -----</i> | | | |

14 LOSS PER SHARE

Basic

| | | | | |
|--|--------------------|-------------|--------------------|-------------|
| Loss after tax | (2,730,444) | (5,170,666) | (926,177) | (1,328,940) |
| Weighted average number of ordinary shares | 604,879,058 | 604,879,058 | 604,879,058 | 604,879,058 |
| Loss per share - (In Rupees) | (4.51) | (8.55) | (1.53) | (2.20) |

Diluted

| | | | | |
|--|--------------------|-------------|--------------------|-------------|
| Loss after tax | (2,730,444) | (5,170,666) | (926,177) | (1,328,940) |
| Weighted average number of outstanding ordinary shares | 721,381,058 | 604,879,058 | 721,381,058 | 604,879,058 |
| Diluted loss per share - (In Rupees) | (3.79) | (8.55) | (1.28) | (2.20) |

15 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In the financial year ended June 30, 2021, the Company issued its shares to general public through IPO to finance the project of expansion of its capacity by installing Mi. Da. Mill Rolling Plant from IPO proceeds as disclosed in note 1.2 to these condensed interim financial statements.

| | <i>March 31</i> | <i>June 30,</i> |
|------------------------|------------------------------------|-----------------|
| | <i>2026</i> | <i>2024</i> |
| | <i>----- Rupees in '000' -----</i> | |
| Proceeds from IPO | 3,840,000 | 3,840,000 |
| IPO related expenses | (225,275) | (225,275) |
| Civil works | (1,073,825) | (1,073,825) |
| Electrical | (452,023) | (452,023) |
| Mechanical | (665,277) | (665,277) |
| Duties and other taxes | (535,410) | (535,410) |
| LC Discounting charges | (193,861) | (193,861) |
| Air Separation Unit | (694,329) | (694,329) |
| Unutilized balance | - | - |

15.1 IPO proceeds has been fully utilized.

16 TRANSACTIONS WITH RELATED PARTIES

| <i>Nine Months ended</i> | | <i>Quarter ended</i> | |
|--------------------------------------|-------------|----------------------|-------------|
| <i>March 31,</i> | | <i>December 31,</i> | |
| <i>2026</i> | <i>2025</i> | <i>2026</i> | <i>2025</i> |
| <i>(Unaudited)</i> | | <i>(Unaudited)</i> | |
| <i>----- (Rupees in '000') -----</i> | | | |

Associated Undertaking

Denim International (Private) Limited

| | | | | |
|-----------------------|-------|---|---|---|
| Sales | 9,051 | - | - | - |
| Receipt against sales | 9,051 | - | - | - |

Nitro Chemical And Gases (Private) Limited

| | | | | |
|--------------------------|---------|---------|--------|--------|
| Sales during the year | 117,765 | 233,197 | 31,021 | 99,633 |
| Receipts during the year | 117,765 | 233,197 | 31,021 | 99,633 |

Agha Steel Industries

| | | | | |
|---------------------------------|---------|---------|---|--------|
| Markup income received | 44,761 | 93,369 | - | - |
| Markup income accrued | 4,721 | 30,147 | - | 24,475 |
| Long term receivables recovered | 159,294 | 383,764 | - | - |

Agha Welfare Trust

| | | | | |
|----------------|--------|--------|-------|-------|
| Donations paid | 33,347 | 39,295 | 8,567 | 8,500 |
|----------------|--------|--------|-------|-------|

Staff retirement benefit fund

Agha steel staff provident fund

| | | | | |
|-------------------|--------|--------|-------|-------|
| Contribution paid | 22,481 | 23,403 | 8,092 | 7,342 |
|-------------------|--------|--------|-------|-------|

Key management personnel

Directors

| | | | | |
|----------------------------------|--------|---------|-------|-------|
| Loan received from directors | - | 415,020 | - | - |
| Markup accrued during the period | - | 30,579 | - | 4,345 |
| Remuneration and other benefits | 20,700 | 20,700 | 6,900 | 6,900 |
| Board and other meeting fee | 1,800 | 1,200 | 300 | 450 |
| Number of directors | 6 | 6 | 6 | 6 |

17 GENERAL

17.1 Figures have been rounded-off to the nearest thousand rupee, unless otherwise stated.

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **April 29, 2026** by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director