

AVANCEON

Tomorrow's solutions, today.

ANNUAL REPORT 2025



LETTER FROM THE FOUNDER & CEO

Dear Shareholders, Partners, Customers, and Team,

Welcome to Avanceon Limited's 2025 Annual Report.

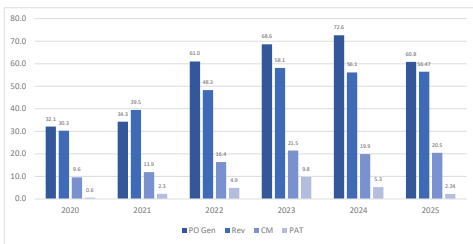
As we reflect on another remarkable year, I am pleased to share the achievements and progress we have made as a company. Our unwavering commitment to excellence, innovation, and sustainability has enabled us to continue our successful journey and drive growth across all regions.

Key Financial Highlights of 2025

- Achieved order generation of **\$60.2 million**.
- Systems** and the **Building Management Solutions** exceeded their PO generation targets in 2025.
- We begin 2026 with an opening order backlog of **\$70 million (including multiyear contracts)**.

These achievements reflect our resilience, strategic foresight, and the hard work of our dedicated teams.

Payouts for the Year 2025



The Board is pleased to announce a Rs1/- per share i.e. 10% dividend to our shareholders for the year 2025. This is in line with our promise to maximize shareholders wealth and payouts for stakeholders.

It is to be noted that in a dynamic and highly competitive market, reinvesting profits into high-return growth opportunities is the most viable path to enhancing long-term shareholder value.

I assure you of the Board's continued commitment to shareholder interests. We will monitor the financial landscape closely. The coming years offer significant opportunities for business expansion and shareholder wealth maximization.

Pakistan Region Highlights

Avanceon Pakistan demonstrated resilience in 2025, navigating economic pressures while sustaining growth across infrastructure, utilities, oil & gas, and digital solutions. Despite delays in some project cycles, the company

maintained strong execution and strengthened its market position in industrial automation and digitalization.

A healthy backlog of USD 11 million, along with new orders, provides solid momentum for 2026. Continued focus on engineering excellence, operational efficiency, and workforce development supported performance, while growing demand for smart infrastructure and digital transformation aligns with Avanceon's strategic direction in the Pakistan market.

Avanceon's Middle East operations in 2025 reflected resilience amid evolving market conditions, including slower order inflows and extended project cycles. While the UAE and Qatar faced delays in project conversions, Saudi Arabia remained a stable and strategic growth market. The company maintained strong execution, operational efficiency, and profitability across key sectors.

Supported by a healthy pipeline of USD 59.4 million, Avanceon is well-positioned for growth. Increasing regional demand for automation, digitalization, and smart infrastructure continues to align with its strategy, as the company strengthens business development, accelerates order closures, and advances as a digital system integrator.

Uncertainty in the Middle East

Avanceon's Middle East operations continue to navigate a period of heightened uncertainty driven by ongoing regional conflicts and geopolitical tensions. These conditions have led to cautious investment sentiment, extended decision-making cycles, and intermittent disruptions to project timelines across key markets. Despite this, the company has demonstrated resilience by maintaining operational continuity, safeguarding execution standards, and staying closely aligned with customer priorities.

Its diversified presence across sectors such as infrastructure, water, oil & gas, and digital solutions has helped mitigate localized risks. With a disciplined approach to project delivery, a strong pipeline, and a focus on agility in business development, Avanceon remains well-positioned to respond to shifting market dynamics while sustaining long-term growth in the region.

Avanceon Leadership Reset

Avanceon's leadership reset marks a decisive shift toward a results-driven, execution-focused culture built on accountability, discipline, and strategic alignment. Emphasizing outcomes over effort, the organization is reinforcing non-negotiable performance standards where targets are treated as firm commitments and ownership is paramount. With the business now back on track after recent



challenges, the focus is on sustaining momentum through rigorous monthly and weekly performance reviews, tighter financial discipline, and faster decision-making. Silos are being eliminated to ensure unified direction, while leadership accountability is strengthened across all levels. By prioritizing high-impact initiatives and consistent execution, Avanceon is positioning itself to capitalize on emerging opportunities and drive sustained growth.

The Road Ahead

Looking ahead, Avanceon remains firmly committed to driving sustainable growth, strengthening financial performance, and advancing technological innovation. With a solid foundation, an agile strategy, and a highly capable team, we are well-positioned to capitalize on emerging opportunities while navigating an evolving business landscape.

Our "Road to USD 100 million" growth ambition continues to guide our direction, fueled by strong execution and collective determination, and we remain confident in surpassing this milestone by 2027. I extend my sincere appreciation to our employees, customers, partners, and shareholders for their continued trust and support as we collectively shape the future of automation, digitalization, and smart solutions.

Till we meet again.

Yours sincerely,


Bakhtiar H. Wain
CEO & Founder
Avanceon Limited

COMPANY INFORMATON

Board of Directors

- **Khalid Hamid Wain**
Director /Chairman
- **Bakhtiar Hameed Wain**
Director /Chief Executive Officer
- **Tanveer Karamat**
Director
- **Amir Wain**
Director
- **Mohammad Shahid Mir**
Director
- **Faaria Rehman Salahuddin**
Director
- **Selina Saadia Rashid Khan**
Director
- **Ahsan Khalil**
Chief Financial Officer
- **Faisal Nadeem Sheikh**
Company Secretary

Board Audit Committee

- **Khalid Hamid Wain**
Member
- **Amir Wain**
Member
- **Faaria Rehman Salahuddin**
Chairman / Member

Human Resource & Remuneration Committee

- **Khalid Hamid Wain**
Member
- **Selina Saadia Rashid Khan**
Member
- **Faaria Rehman Salahuddin**
Chairman / Member

Auditors

Crowe Hussain Chaudhury & Co Chartered Accountants

7th Floor, Gul Mohar Trade Centre, 8-F, Main Market, Gulberg II, Lahore 54660, Pakistan
+92-42-35759223-5

Legal Advisor

Chima & Ibrahim
Advocates and Corporate Counsel
A, 1, 245 Tufail Rd, Falcon Complex,
Lahore
+92-42-36681265

Legal Advisor

Famco Share Registration Services
(Pvt.) Ltd
8-F Shahr-e-Faisal, near Hotel
Faran, Nursery, Block-6 PECHS
Extension Block 6 P.E.C.H.S., Karachi
+92-21-34380101-05
WWW.famcosrs.com

Web Presence:

www.avanceon.ae
www.avanceon.qa
www.octopusdtl.com



Lahore, Pakistan

Headquarters South East Asia
19KM Main Multan Road Lahore,
Punjab 54660 Pakistan.
+92 42 111 940 940

Karachi, Pakistan

Office No 19 Building No S-4 First Floor
NASTP Silicon Valley, Karachi, Main
Shahra-e-Faisal Near PAF Museum,
Karachi, Pakistan
Tel: +92 21 111 940

Islamabad, Pakistan

Avanceon Office, The Hive, 6th
Floor, Islamabad Stock Exchange
Tower, Block JF 7/1 Blue Area,
Islamabad Pakistan.

Dubai, UAE

Office/ Plot No. MO-0240, Street
N403, Jebel Ali Free Zone
(North), JAFZA, PO Box: 18590,
Dubai, United Arab Emirates.
+971 4 886 0277

Doha, Qatar

Office No: RA16, Ras Bufontas Qatar
Free Zone, Doha, Qatar- PO Box
15976
+974 41417300

Kingdom of Saudi Arabia

3141 Anas Ibn Malik-Al Malqa
Dist, Unit: 718 Riyadh 13521-8292

Bankers

Faysal Bank Limited, Pakistan
Habib Bank Limited, Pakistan
& United Arab Emirates
National Bank of Fujairah,
United Arab Emirates
Habib Bank AG, Zurich, United
Arab Emirates
National Penn Bank, United
States of America
Bank of Singapore, United
Arab Emirates

MCB Bank Limited, Pakistan
United Bank Limited, Pakistan,
Qatar & United Arab Emirates
National Bank of Pakistan
Limited, Pakistan
Standard Chartered Bank
Limited, Pakistan
JS Bank Limited, Pakistan
Qatar International Islamic
Bank QIIB, Qatar
Qatar Islamic Bank QIB, Qatar



www.avanceon.ae

BOARD OF DIRECTORS' PROFILE

BOARD OF DIRECTORS STRUCTURE & CORPORATE GOVERNANCE

Composition of Board & Directors' Independence

Implementing good governance, the Chairman of the Board is a non-executive director. The Board comprises seven directors, of which three are Non-Executive Directors, two are Independent Directors, and two are Executive Directors. The roles of the Chairman and the CEO have been clearly defined and segregated. The CEO is responsible for the operations of the Company, whereas the Board performs its functions under the Chairman.



Directors' Profile

BAKHTIAR H. WAIN, Founder and Chief Executive Officer—brings over 30 years of exemplary leadership. An engineer with experience in leading global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd, he founded Avanceon in 1984 and currently holds the position of Chief Executive Officer. His entrepreneurial drive found its roots in his faith towards the educated and technically qualified human resource of Pakistan. Mr. Bakhtiar Hameed Wain Bachelor of Engineering in Mechanical engineering from University of Engineering and Technology, Lahore, in 1983. From the onset, he wanted to build a company that could capitalize and promote this conviction globally, which he has implemented successfully ever since. Appointed CEO by the Board of Directors, he has spearheaded Avanceon towards market leadership in Pakistan and beyond. Mr. Bakhtiar Hameed Wain also serves in the capacity of Chairman of the Board of Directors of Octopus Digital Limited, Non-Executive Directors of Empiric AI (Private) Limited and also serve as a trustee of Avanceon Limited Employees Provident Fund.

Mr. Bakhtiar Hameed Wain is serving as non-executive director in below company(ies)



1. Octopus Digital Limited
2. Empiric AI (Pvt) Limited
3. Innovative (Pvt) Limited
4. I2C Pakistan (Pvt) Limited





KHALID H. WAIN
Director/ Chairman

Khalid Hameed Wain brings over 40 years of international expertise in electrical engineering, cost engineering, project management and business strategy to the Avanceon Board of Directors. Mr. Khalid Hamid Wain is the founder of H&G Control, which he owns and operates in Canada. H&G Control designs and manufactures customized electrical control panels. He is also the co-founding partner and director of Innovative Pvt. Ltd in Pakistan. Mr. Khalid Hamid Wain graduated in electrical engineering from University of Engineering, Lahore, in 1976. His entrepreneurial acumen led him to drive business in South Asia, the Middle East, the United States and now in Canada. Khalid Wain was selected as Chairman of the Board for his international business knowledge and extensive experience of companies in the technological sector.



AMIR WAIN
Director

Amir Wain brings over 27 years of international expertise within the information technology and payments industries. Amir is founder and CEO of i2c, a global provider of payment processing and emerging commerce solutions, where he is responsible for defining the company's vision and strategic direction. After graduating from the University of Texas with a Computer Science and Engineering degree, Amir founded Innovative Private Limited in 1987. Propelled by the success of Innovative, he founded i2c in 2001 to bring next-generation processing solutions to the payments industry. Under Amir's guidance, i2c has expanded dramatically and launched a number of industry firsts which include card-linked offers, event-driven account holder communications and gift card voice personalization. Today, as market opportunities for payments & emerging commerce expand at a dramatic rate, Amir is leading i2c's continued push to innovate the enabling infrastructure and solutions that transform commerce. He was appointed to the Avanceon Board of Directors to advise on innovation and business strategy.



Tanveer Karamat
Director

Tanveer Karamat brings a wealth of international business experience to Avanceon, with 20 out of 30 professional years spent selling automation solutions to the oil and gas sector. After receiving a Bachelor's degree in Chemical Engineering from the University of Pakistan he embarked on his career as an Application Engineer at Zelin Pvt Ltd in 1986. Developing his sales, management and business skills at key industry companies such as Wartsila NSD as well as Honeywell where he held the position of Country Head, Tanveer joined Avanceon in 2003 as Regional Manager. He transformed the South Region revenues in less than three years with wise strategic counsel, capitalizing on a dormant customer base and an internal reshuffle. He was promoted to GM Operations in 2006 before becoming COO in 2011. Over the past decade, Tanveer's leadership has been a major contribution towards building value for the company. He was nominated as a member of the Board of Directors to help make informed decisions. In year 2023, Mr. Tanveer Karamat was appointed as Chief Executive Officer of Octopus Digital Limited and Empiric AI (Private) Limited. He now serves as non-executive director on the Avanceon Limited Board and also serve as a trustee of Avanceon Limited Employees Provident Fund.





MOHAMMAD SHAHID MIR
Director

MOHAMMAD SHAHID MIR A senior management professional with 32 years of experience in Corporate and Commercial banking, Risk Management, Credit Administration and Trade Finance. Over the last sixteen years, Mr. Mohammad Shahid Mir has held senior positions in Wholesale Banking and Risk Management. On the business side he has a proven track record of growing business and exceeding budgets whilst ensuring portfolio health remained within accepted parameters. Mr. Mir has strong knowledge of Economy & Banking in Pakistan and the GCC region. Mr. Mohammad Shahid Mir graduated with a BA (Hons) in Economics from the University of Sussex, Brighton, England, in 1985. He furthered his credentials by becoming a Certified Credit Risk Professional from American Express Bank in 1996.



Faaria Rehman Salahuddin
Independent Director

Faaria Rehman Salahuddin A professional career spanning over 26 years; banking - with leading financial institutions like ANZ Grindlays, SCB, HBL, Bland Bank Alfalah Ltd | entrepreneurship - the owner of a heritage restoration boutique hotel | education - leading Placements for SDSBLUMS | advisory & consultancy - board member across various sectors such as banking, textiles, healthcare, arts, real estate tech and management. Core expertise lie in delivering organizational turnarounds through synergies by strategic realignment of business lines.



Selina Saadia Rashid Khan
Director

Selina Saadia Rashid Khan (Appointed Feb 04, 2025) With a distinguished career spanning over 17 years, Selina Rashid Khan brings a wealth of expertise in strategic communications, public relations, media strategy, and stakeholder engagement. As the Founder & Chief Executive of Lotus Client Management & Public Relations, she has been at the forefront of strategic brand positioning, crisis management, and digital advocacy in South Asia. Selina Rashid Khan also holds significant leadership roles beyond her work at Lotus. She is a member of the Forbes Business Council and has received multiple accolades, including Global Top Woman in PR, Media Entrepreneur of the Year, Women Excellence Award, and recognition among the Top 100 CEOs of Pakistan. She also serves as President of PREDA Pakistan, a pioneering association supporting professionals in PR, digital media, activations, and event management. Additionally, she is a Board Member at International Industries Limited and Zaman Foundation, where she contributes to strategic governance helping companies achieve sustainable growth and transformation.



Independent Directors & their Independence The Board comprises three (02) Independent Directors who meet the independence criteria as defined in the Companies Act, 2017, and all independent directors are duly registered in Pakistan Institute of Corporate Governance (PICG).


CHIEF FINANCIAL OFFICER



Ahsan Khalil
CFO

Ahsan Khalil is currently serving as the Company Secretary of Octopus Digital Limited and Empiric AI (Pvt) Limited. is a seasoned C-level executive with a distinguished career spanning over 19 years in financial leadership roles. As a qualified Chartered Accountant, he possesses a wealth of expertise in financial operations, enterprise resource planning (ERP), and internal control systems. With a robust foundation in financial management, Ahsan is adept at leveraging his strong business acumen to evaluate financial data and identify opportunities for enhancing profitability. His proven track record underscores his proficiency in streamlining processes, optimizing costs, and implementing rigorous financial controls to drive organizational success. Ahsan Khalil is currently serving as the Company Secretary of Octopus Digital Limited & Empiric AI (Pvt) Limited. He also fulfills the crucial role of trustee for the Avanceon Limited Employees Provident Fund. His multifaceted responsibilities exemplify his commitment to governance and strategic oversight across diverse business entities.





**CHAIRMAN'S REVIEW REPORT
FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2025
AVANCEON LIMITED**

Dear Shareholders,

It is with great pleasure that I present to you the Chairman's Review Report on the performance of Avanceon Limited's Board for the financial year ended December 31, 2025. This year has brought both challenges and significant opportunities, and I am proud to report that Avanceon has navigated them with resilience, agility, and a steadfast commitment to excellence.

I am pleased to announce that the Board has recommended a Rs1/- per share dividend i.e. 10%, despite inflationary pressures to maximize our shareholders wealth & trust.

Appointment of New Independent Director

The Board has appointed Mohammad Shahid Mir as an executive Director, effective May 12, 2025. This comes after the resignation of Omar Iqbal Khan. The Avanceon board would like to thank Omar Iqbal Khan for his services. His tenure began on May 29, 2020. Throughout his tenure, Omar Iqbal Khan served the board with utmost sincerity and diligence.

Mohammad Shahid Mir will be taking Omar Iqbal Khan's place on the board. Mohammad Shahid Mir is already serving as the Group Chief Financial Officer and Head of Human Resource. His appointment as executive Director further strengthens Avanceon board. We wish Omar Iqbal Khan the best in his future endeavors and welcome Mohammad Shahid Mir to the Avanceon Board of Director's panel.

Employee Share Option Scheme (ESOS)

I am pleased to announce that the company has issued its shares to eligible employees who exercised their options under the Employees Share Option Scheme (ESOS-2022). A total of 7,386,047 shares were issued in 2025.

This represents the company's fulfilment of its commitment to employees who contribute to its success and serves as an effective retention tool. These allotments were carried out in compliance with the ESOS guidelines, as approved by the Securities and Exchange Commission of Pakistan (SECP) under Sections 83 and 83A of the Companies Act, 2017.

Incorporation of a New Business Entity in Australia

We are pleased to announce the registration of a new business entity in Australia under the name Avanceon PTY LTD, marking another milestone in the company's strategic global expansion. The new entity has been registered in Queensland under the Australian Securities and Investments Commission in accordance with the Corporations Act 2001.

The particulars of the registration are as follows:

- Australian Business Number (ABN): 30 693 667 819
- Tax File Number (TFN): 513 629 897

Avanceon PTY LTD is a proprietary company limited by shares and a wholly owned subsidiary of Avanceon FZE. Avanceon's Performance in 2025

I am pleased to report the following financial highlights for the year:

- Profit After Tax (PAT): PKR 655 billion
- Net Sales: PKR 15,885 billion
- Earnings Per Share - Basic (EPS): PKR 1.51

These results reflect the company's strong operational performance amidst a challenging economic environment and demonstrate our commitment to driving sustainable growth and value creation.

Board Composition and Meetings

The Board of Directors of Avanceon Limited comprises the following members:

Independent Directors:

- Ms. Faaria Rehman Salahuddin
- Ms. Selina Saadia Rashid Khan

Non-Executive Directors:

- Mr. Khalid Hamid Wain
- Mr. Amir Wain
- Mr. Tanveer Karamat

Executive Directors:

- Mr. Bakhtiar Hameed Wain
- Mr. Mohammad Shahid Mir

Board Audit Committee

- Mr. Khalid Hamid Wain
- Mr. Amir Wain
- Ms. Faaria Rehman Salahuddin

Human Resource & Remuneration Committee

- Mr. Khalid Hamid Wain
- Ms. Selina Saadia Rashid Khan
- Ms. Faaria Rehman Salahuddin

In 2025, the Board held four formal meetings—both in-person and online—during which quarterly, half-yearly, and annual financial statements were approved. Additionally, the Board conducted several online sessions for strategic and operational decisions, and business resolutions were circulated for approval as needed.

Board Effectiveness

The Board conducts an annual self-assessment to evaluate its efficacy and overall performance. Based on a thorough evaluation of performance for the fiscal year 2025, we are pleased to report that the Board's performance has been deemed commendable. Strategic action plans have been devised to address identified areas for enhancement, improvements, and bridging any performance gaps.

The strategic plan for 2025 has been duly communicated to all regional Presidents and relevant teams/stakeholders for prompt execution.

Conclusion

As we close the financial year 2025 and step into 2026, I would like to extend my deepest and most heartfelt gratitude to all our esteemed shareholders, employees, and stakeholders for your unwavering trust and support. Your continued partnership has been instrumental in our collective progress.

Together, we remain resolutely committed to enhancing Avanceon's value and steadfastly pursuing our mission of sustainable growth, innovation, and maximizing shareholder wealth.

Thank you once again for your ongoing support.

Best regards,



Khalid Hamid Wain

Chairman of the Board (Non-Executive)
Avanceon Limited

NOTICE OF 23rd ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of Avanceon Limited "Company" will be held on Saturday, 23 May 2026 at 02:00 P.M. at The Nishat Hotel, Grand Imperial Hall, 9-A, 3rd Floor, Gulberg III, Mian Mehmood Ali Kasuri Road, Lahore, to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on 30 April 2025.
2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2025 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(6) of the Companies Act 2017 and S.R.O No.389(I)/2023 dated 21 March 2023, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following weblink: <https://www.avanceon.ae/investor-information/>



3. To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2026.
4. To consider and approve, as recommended by the Board of Directors, the payment of a final cash dividend at the rate of Rs. 1/- (10%) for the year ended 31 December 2025.
5. Pursuant to the Securities and Exchange Commission of Pakistan Circular No. 01 of 2026 dated 08 January 2026, companies are permitted to hold the election of directors at the AGM if the election is due within thirty days after the date of the AGM. Accordingly, the company shall proceed to elect Seven (07) directors of the Company for a term of three years commencing from 29 May 2026, in accordance with the provisions of Section 159 of the Companies Act, 2017, and the Memorandum and Articles of Association. The names of retiring Directors are as under:

- | | |
|-----------------------------|----------------------------------|
| 1. Mr. Bakhtiar Hameed Wain | 5. Mr. Mohammad Shahid Mir |
| 2. Mr. Khalid Hamid Wain | 6. Ms. Faaria Rehman Salahuddin |
| 3. Mr. Amir Wain | 7. Ms. Selina Saadia Rashid Khan |
| 4. Mr. Tanveer Karamat | |

B. SPECIAL BUSINESS

6. To consider and approve, the Authorized Capital of the Company be increased from Rs. 5,000,000,000 (Rupees Five Billion only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares to Rs. 7,500,000,000 (Rupees Seven Billion Five Hundred Million only) divided into 750,000,000 (Seven Hundred Fifty Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares.

and that

- a) RESOLVED that the Clause V of the Memorandum of Association of the Company be and is hereby amended to read as follows:

The authorized capital of the company is Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten each) with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

- b) **RESOLVED** that the Article 5 of the Articles of Association of the Company be and is hereby amended to read as follows:

The authorized share capital of the Company is Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten each) with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company subject to the provisions of Section 85 and 89 of the Act.

7. **RESOLVED** that, the Board of Directors of the Company hereby approves the “Long-term interest-free receivable” from Avanceon Automation & Control W.L.L. – Qatar (a 49% holding with 100% controlling rights subsidiary of the Company), amounting to PKR 1,615,196,365/- (QAR 20,956,388), be and is hereby converted into equity investment as capital contribution being classified as “Investment in Subsidiary”, in accordance with the provisions of Section 199(1) of the Companies Act, 2017, and all other applicable laws and regulations of Pakistan.

FURTHER RESOLVED that, Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take all actions necessary to give effect to the proposed resolutions.

C. ANY OTHER BUSINESS:

8. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore | Dated: 02 May 2026

Faisal Nadeem Sheikh | Company Secretary

WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

https://us06web.zoom.us/webinar/register/WN_sqbUlp5ZSgm3JaJLEN8mRw

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm@avanceon.ae

Guidance as how-to login on Zoom to attend the AGM link: <http://www.avanceon.ae/investor-relations/>

Under Section 223(6) of The Companies Act, 2017, circulation of Audited Financial Statements has been allowed to be circulated in electronic format through email. The Annual Report of the Company and the Notice of Annual General Meeting shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC and Share Registrar. The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://www.avanceon.ae> and is readily accessible to the shareholders.

NOTES:

• **FOR ATTENDING THE SHAREHOLDERS' MEETING**

1. The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Saturday, 16 May 2026 to Saturday, 23 May 2026 (both days inclusive). Transfer received

in order at our Registrar, M/S FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi by the close of business hours on Friday, 15 May 2026 will be treated to have been in time for the purposes of entitlement of dividend and to attend & vote at the meeting.

2. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his/her identity by his/her Computerized National Identity Card (CNIC) or passport at the time of online registration/attending the meeting.
3. The shareholders registered on CDC are also requested to provide their particulars ID numbers and account numbers in CDS at the time of online registration/attending the meeting.
4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be provided at the time of online registration/attending the meeting.

● **FOR APPOINTING PROXIES:**

1. A member entitled to attend and vote at this meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking, and voting at the Meeting as are available to a member. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.
2. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the duly completed and stamped proxy form accordingly.
3. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. The proxy shall provide his/ her CNIC or passport at the time of online registration/attending the meeting.
6. 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.

● **SUBMISSION OF CNIC/NTN COPY - ELECTRONIC DIVIDEND (MANDATORY):**

1. In accordance with the directives of the SECP, the dividends of shareholders whose CNIC copies have not been received by the Company shall not be electronically credited until receipt thereof.
2. Accordingly, those shareholders who have not yet submitted a copy of their valid CNIC or NTN certificate, are once again requested to immediately submit the same to the Company's Share Registrar at CDC Share Registrar M/S FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

● **PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY):**

1. In accordance with the provisions of section 242 of the Companies Act 2017, a listed Company is required to pay cash dividend only through electronic mode directly in to the bank account designated by the entitled shareholders. For the convenience of shareholders, the Company's e-Dividend Mandate Form is available on the Company's website i.e. <https://www.avanceon.ae>. The CDC account holders must submit their information directly to their broker (participant)/Central Depository Company of Pakistan Limited.
2. Please note that as per Section 243(3) of the Companies Act, 2017, the Company is entitled to withhold payment of dividend if the requisite information is not provided by the Shareholders.

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR

from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the share registrar of the Company by the first day of book closure.

The FBR has clarified that in case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company's share registrar, otherwise it will be assumed that the shares are equally held by the joint shareholders:

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder	Joint Shareholder (s)
			Name & CNIC No. Shareholding proportion (No. of Shares)	Name & CNIC No. Shareholding proportion (No. of Shares)

- **CONVERSION OF PHYSICAL SHARES INTO CDC ACCOUNT**

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated 26 March 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Act, which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all Shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The Shareholders of the Company may contact the Share Registrar of the Company, namely FAMCO Share Registration Services (Private) Limited for the conversion of physical shares into book-entry form.

STATEMENT(S) UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement is annexed to the Notice of the 23rd Annual General Meeting of Avanceon Limited to be held on Saturday, 23 May 2026 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business;

ITEM 6 OF AGENDA

The Board of Directors' in their meeting held on 30 April 2026 approved the increase in authorized share capital of the company to Rs. 7,500,000,000 (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares from Rs. 5,000,000,000 (Rupees Five Billion Only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares. This current increase in authorized capital is approved to anticipate any increase in issue of shares as the total authorized capital of the company is 85.50% issued, paid-up and subscribed.

The Directors of the Company have no personal interest in the increase of Authorized Share Capital whether directly or indirectly except to the extent of the shareholding held by them in the Company.

ITEM 7 OF AGENDA

In order to streamline the holding structure of Avanceon group and enhance the quality and efficiency levels of all our current and upcoming projects in the Region of Qatar, the Board has decided to converted "Long-term

interest-free receivable” from Avanceon Automation & Control W.L.L. – Qatar (a 49% holding with 100% controlling rights subsidiary of the Company), into equity investment as capital contribution being classified as “Investment in Subsidiary”.

Regulation No.	Regulation	Proposal														
3(1)(a)	Disclosures for all types of investments															
3(1)(a)(A)	Regarding associated company or associated undertaking;															
(i)	name of associated company or associated undertaking;	Avanceon Automation and Control W.L.L (Qatar)														
(ii)	basis of relationship;	49% holding with 100% controlling rights subsidiary.														
(iii)	earnings per share for the last three years; (Basic & Diluted)	2023: Rs. 4.36 m 2024: Rs. 1.66 m 2025: Rs. 3.33 m														
(iv)	break-up value per share, based on latest audited financial statements;	The breakup value per share as per the latest available audited statement i.e., 31 st December 2025 is Rs. 14.41m														
(v)	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	<table border="1"> <tr> <td>Main items of Statement of Financial Position:</td> <td></td> </tr> <tr> <td></td> <td>Rs. in '000'</td> </tr> <tr> <td>Non-current Assets</td> <td>67,484</td> </tr> <tr> <td>Current Assets</td> <td>10,077,054</td> </tr> <tr> <td>Total Equity</td> <td>2,881,939</td> </tr> <tr> <td>Non-current Liabilities</td> <td>110,175</td> </tr> <tr> <td>Current Liabilities</td> <td>7,152,423</td> </tr> </table>	Main items of Statement of Financial Position:			Rs. in '000'	Non-current Assets	67,484	Current Assets	10,077,054	Total Equity	2,881,939	Non-current Liabilities	110,175	Current Liabilities	7,152,423
Main items of Statement of Financial Position:																
	Rs. in '000'															
Non-current Assets	67,484															
Current Assets	10,077,054															
Total Equity	2,881,939															
Non-current Liabilities	110,175															
Current Liabilities	7,152,423															
(vi)	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, -	N.A.														
3(1)(a)(B)	General disclosures: -															
(i)	maximum amount of investment to be made;	Rs. 1,615,196,365														
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	The Investment will enhance the equity investment as capital contribution in the Subsidiary Company with the amount of proposed Investment.														
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (I) justification for investment through borrowings.	(I) N.A. (II) N.A. (III) N.A.														

	(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis;	
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Long-term interest-free receivable outstanding as of 31 December 2025 which are payable at the discretion of the subsidiaries shall be converted to equity investment as capital contribution.
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	None of the directors, sponsors, majority shareholders and their relatives have any interest in the associated company or proposed transaction.
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	None
(vii)	any other important details necessary for the members to understand the transaction;	None
3(1)(b)	In case of equity investment	
(i)	maximum price at which securities will be acquired;	Rs. 1,615,196,365
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	N/A
(iii)	maximum number of securities to be acquired;	Equivalent to the amount of Investment as per the denominations in Qatar for respective company.
(iv)	number of securities and percentage thereof held before and after the proposed investment;	Before Investment: 200 shares @ Rs. 76,990 each. 49% holding with 100% controlling rights subsidiary. After Investment: Further Rs. 1,615,196,365 shall be converted to equity investment as capital contribution 49% holding with 100% controlling rights subsidiary.
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	N/A (Non-Listed Company)
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Avanceon Automation and Control W.L.L (Qatar) is an unlisted entities therefor no fair value is available, the same can be determined through the break-up values of the shares.
3(1)(c)	In case of investments in the form of loans, advances, and guarantees, following disclosures in addition to	N/A

	those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made, -	
3(3)	Due Diligence	The Directors certify that the necessary Due Diligence has been done.
4	Other information to be disclosed to the members	
4(1)	If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 199 of the Act.	The associated company is 49% holding with 100% controlling rights subsidiary directly or indirectly. No director in the associated/subsidiary company has any interest except to the extent of their shareholding in the holding Company. Mr. Bakhtiar Hameed Wain holds 57.71% shares in Avanceon Limited (Investing Company)
4(2)	In case any decision to make investment under the authority of a resolution passed pursuant to provisions of section 199 of the Act is not fully implemented in line with the approval of members till the holding of subsequent general meeting, the status of the decision shall be explained to the members through a statement having the following details namely, - a) total investment approved; b) amount of investment made to date; c) reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and d) material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	N/A.
4(3)	Latest annual audited financial statements of the associated company or associated undertaking along with the latest interim financial statements, if any, shall be made available for inspection of the members in the general meeting called for considering investment decisions in such associated company or associated undertaking pursuant to section 199 of the Act.	Latest annual audited financial statements and latest interim financial statements are available at company's registered office and shall be made available for inspection to the members in the meeting.

Pursuant to requirements of Section 134(3) of the Companies Act 2017, the documents referred including this Agenda(s) and resolution(s) are available at the registered office of the Company and can be inspected during office hours.

SHAREHOLDERS INFORMATION

Notice is hereby given that the 23rd Annual General Meeting of Avanceon Limited "Company" will be held on Saturday, 23 May 2026 at 02:00 P.M. at The Nishat Hotel, Grand Imperial Hall, 9-A, 3rd Floor, Gulberg III, Mian Mehmood Ali Kasuri Road, Lahore any shareholder may appoint a proxy to vote on his or her behalf. The Proxies should be filed with the company at least 48 hours before the meeting time.

WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

https://us06web.zoom.us/webinar/register/WN_sqbUlp5ZSgm3JaJLEN8mRw

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm@avanceon.ae.

Guidance as how-to login on Zoom to attend the AGM link:

<http://www.avanceon.ae/investor-relations/>

Resolutions proposed – Shareholders Information

A. ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on 30 April 2025.
2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2025 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(6) of the Companies Act 2017 and S.R.O No.389(I)/2023 dated 21 March 2023, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following weblink:

<https://www.avanceon.ae/investor-information/>



3. To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2026.

4. To consider and approve, as recommended by the Board of Directors, the payment of a final cash dividend at the rate of Rs. 1/- (10%) for the year ended 31 December 2025.
5. Pursuant to the Securities and Exchange Commission of Pakistan Circular No. 01 of 2026 dated 08 January 2026, companies are permitted to hold the election of directors at the AGM if the election is due within thirty days after the date of the AGM. Accordingly, the company shall proceed to elect Seven (07) directors of the Company for a term of three years commencing from 29 May 2026, in accordance with the provisions of Section 159 of the Companies Act, 2017, and the Memorandum and Articles of Association. The names of retiring Directors are as under:

1. Mr. Bakhtiar Hameed Wain
2. Mr. Khalid Hamid Wain
3. Mr. Amir Wain
4. Mr. Tanveer Karamat
5. Mr. Mohammad Shahid Mir
6. Ms. Faaria Rehman Salahuddin
7. Ms. Selina Saadia Rashid Khan

B. SPECIAL BUSINESS

6. To consider and approve, the Authorized Capital of the Company be increased from Rs. 5,000,000,000 (Rupees Five Billion only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares to Rs. 7,500,000,000 (Rupees Seven Billion Five Hundred Million only) divided into 750,000,000 (Seven Hundred Fifty Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares.

and that

- a RESOLVED that the Clause V of the Memorandum of Association of the Company be and is hereby amended to read as follows:

The authorized capital of the company is Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten each) with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

- b RESOLVED that the Article 5 of the Articles of Association of the Company be and is hereby amended to read as follows:

The authorized share capital of the Company is Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten each) with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company subject to the provisions of Section 85 and 89 of the Act.

7. **RESOLVED** that, the Board of Directors of the Company hereby approves the "Long-term interest-free receivable" from Avanceon Automation & Control W.L.L. – Qatar (a 49% holding with 100% controlling rights subsidiary of the Company), amounting to PKR 1,615,196,365/- (QAR 20,956,388), be and is hereby converted into equity investment as capital contribution being classified as "Investment in Subsidiary", in accordance with the provisions of Section 199(1) of the Companies Act, 2017, and all other applicable laws and regulations of Pakistan.

FURTHER RESOLVED that, Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take all actions necessary to give effect to the proposed resolutions.

Ownership

As on 31 December 2025 there were 14,816 holders on record of the Company's ordinary shares.

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in FY 2026 are

1st quarter	: 22 May 2026
Half yearly	: 28 August 2026
3rd quarter	: 30 October 2026

All our quarterly reports are regularly posted to Pakistan Stock Exchange, all annual/quarterly reports are also placed at the Company's website: www.avanceon.ae
The Company reserves the right to change any of the above dates.

As required under section 223(6) of the Companies Act 2017 and S.R.O No.389(I)/2023 dated 21 March 2023, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following weblink: <https://www.avanceon.ae/investor-information/>

The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://www.avanceon.ae> and is readily accessible to the shareholders



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Corporate Governance

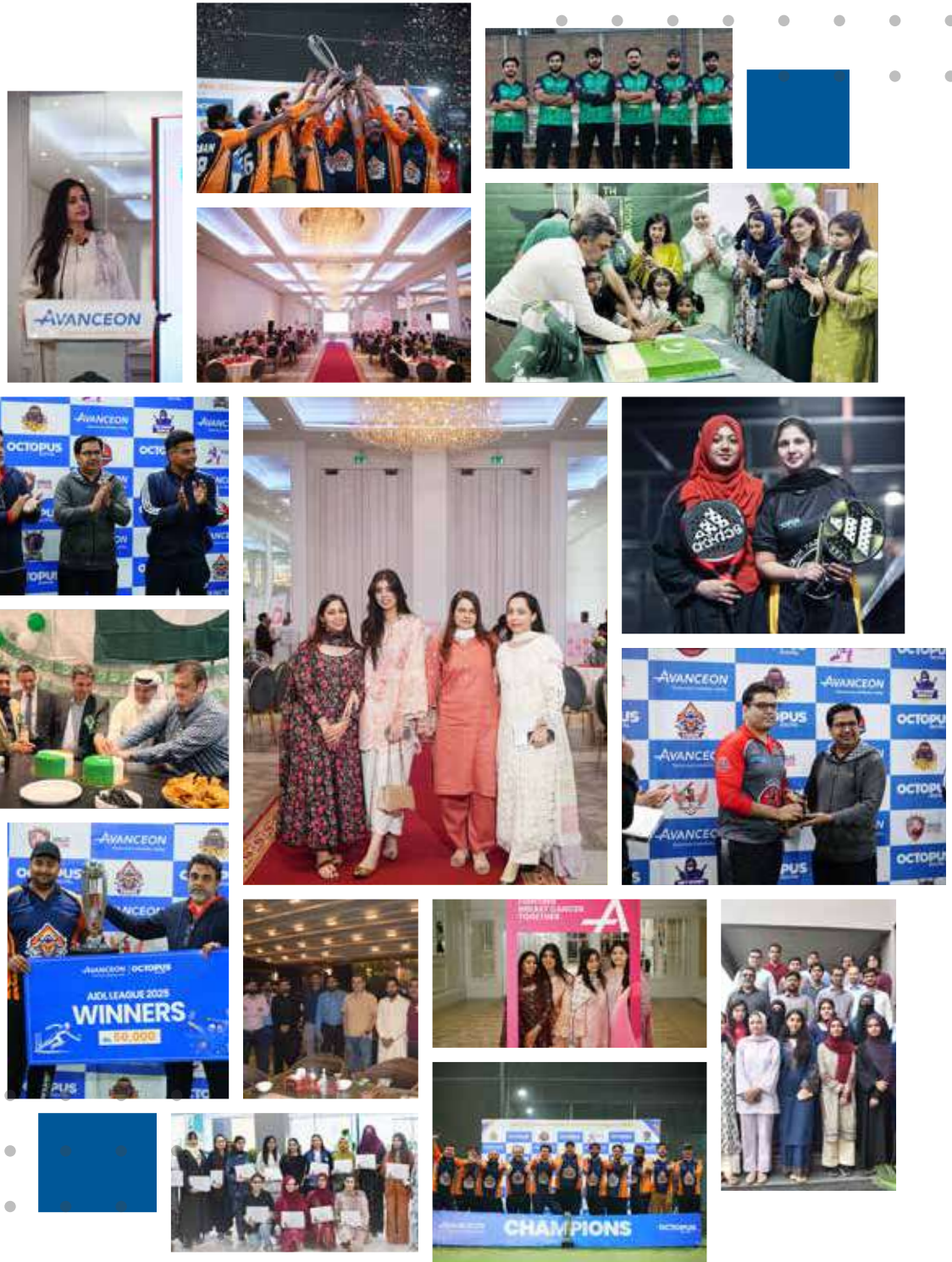
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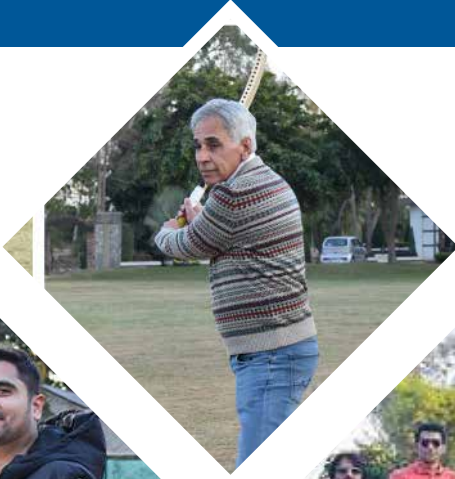
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AVANCEON AT GLANCE 2025



AVANCEON AT GLANCE 2025





HR Highlights

HR HIGHLIGHTS

Our support functions continued to serve as a critical backbone in strengthening Avanceon's internal governance, people frameworks, and operational readiness for future growth. During 2025, Human Resources made significant progress in reinforcing organizational structure through comprehensive policy updates aligned with evolving industry practices, while introducing new frameworks focused on employee retention, consistency, and long-term workforce stability across all regions. The introduction of the Communication and Events Group (CEG) policy further enhanced internal coordination by establishing structured regional teams for effective planning, collaboration, and employee engagement.

As part of our broader digital transformation journey, Avanceon also invested in modernizing employee support systems through the launch of OmniDocs, an AI-powered platform designed to provide faster and more efficient access to HR policies and information. Complementing this, the independently conducted Workplace Culture Survey provided valuable insight into employee experience and organizational development opportunities, while wellness-focused initiatives such as Wellness Wednesday promoted a healthier and more balanced work environment. Beyond internal operations, Avanceon remained committed to its social responsibility agenda through continued CSR initiatives focused on education support and charitable contributions, reinforcing the organization's commitment to creating meaningful impact both within the workplace and in the communities it serves.

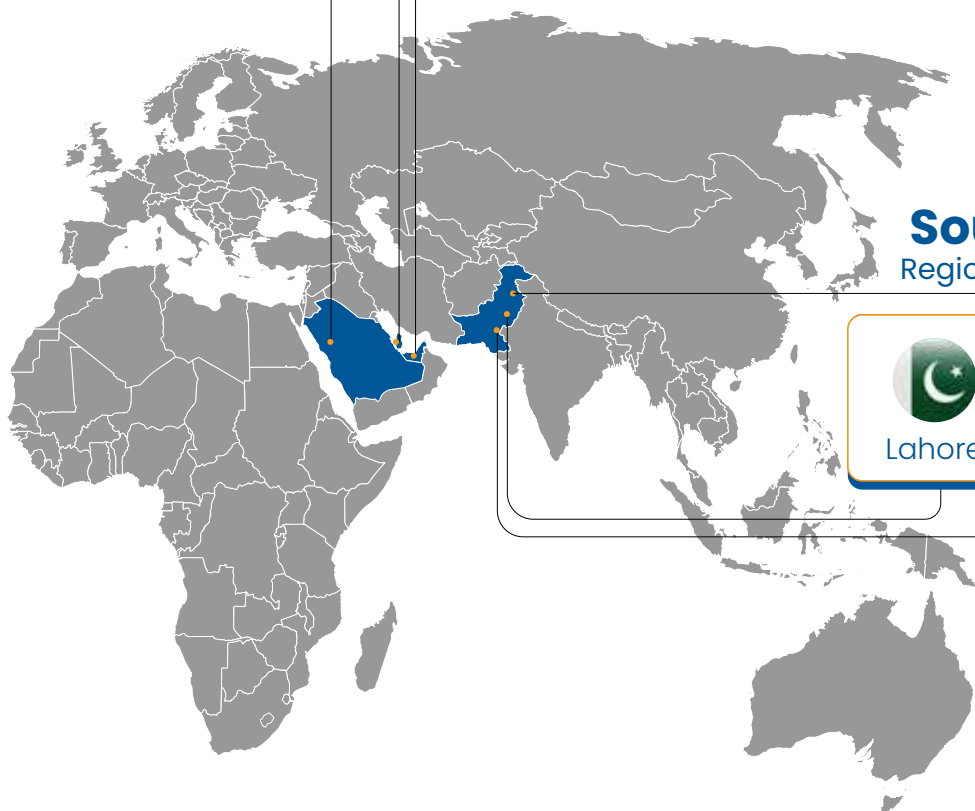


GLOBAL PRESENCE

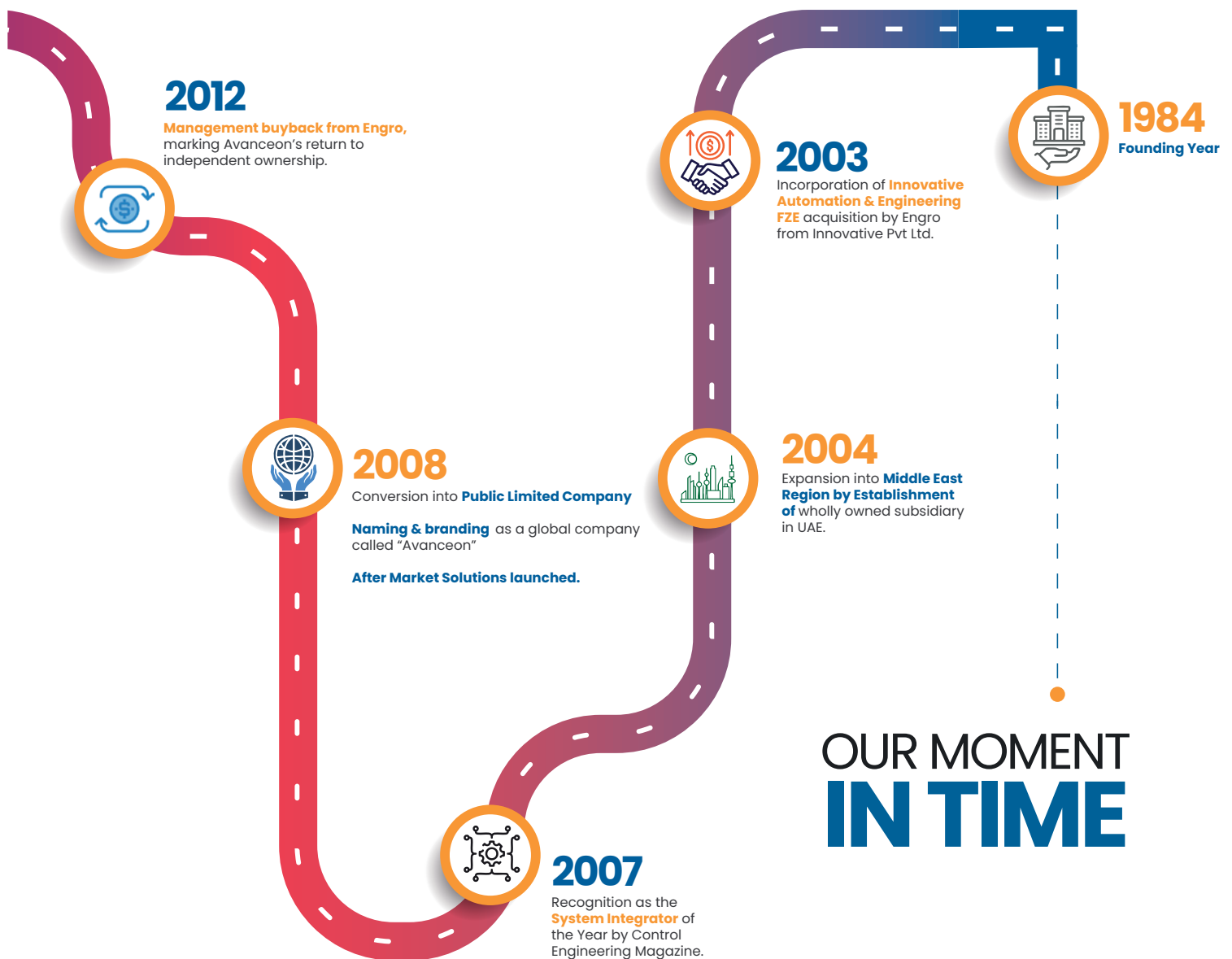
Middle East Regional Operations Centre



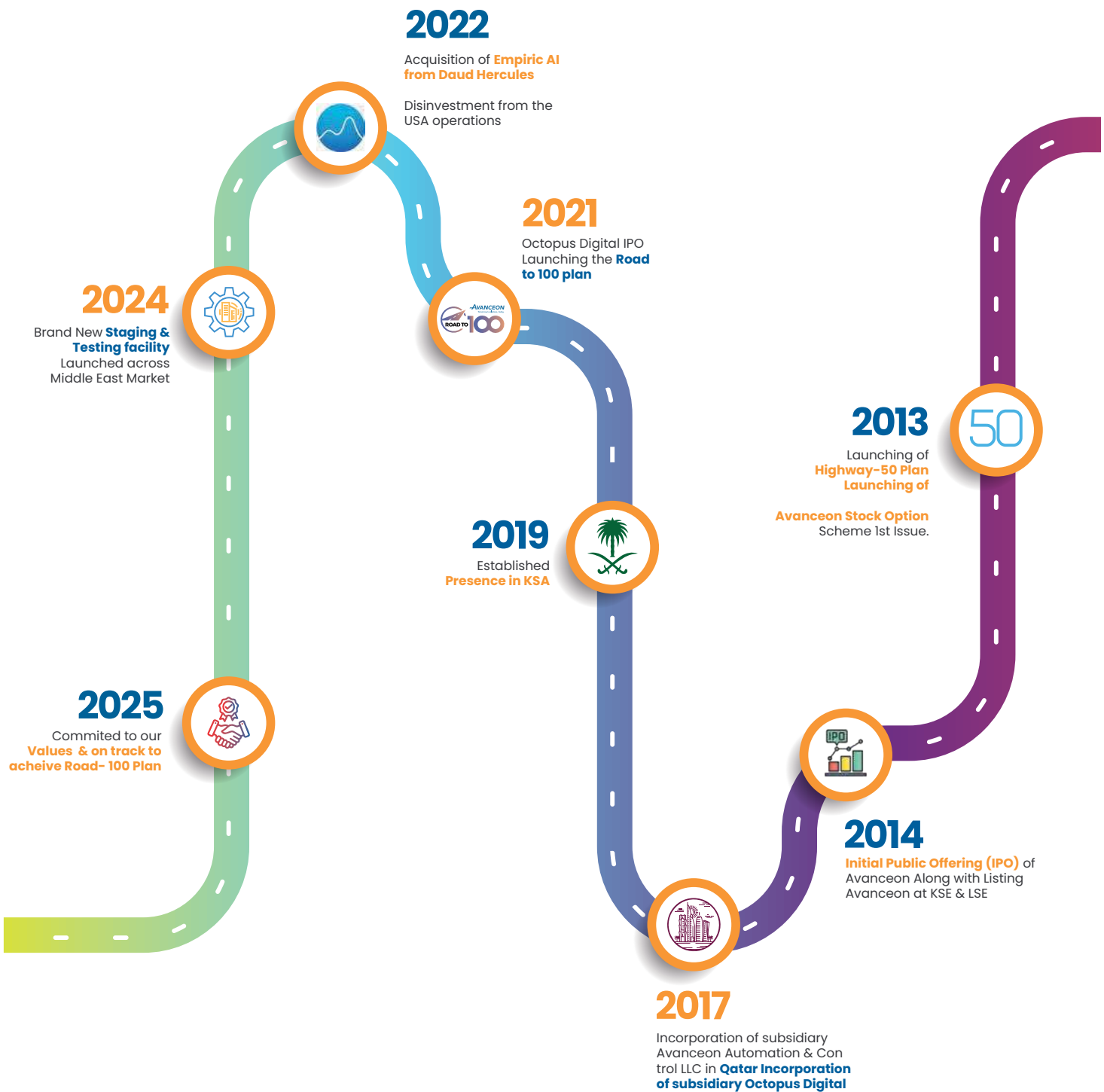
South East Asia Regional Operations Centre



OUR JOURNEY A LEGACY OF INNOVATION



OUR MOMENT
IN TIME





INTRODUCTORY

VISION & MISSION STATEMENT

Avanceon Limited [PSX: AVN] has been in the automation business since 1984. Over the years, the Company has transformed into a 360 degree solution provider for automation, energy management, engineering services and maintenance for major blue chip companies. A certified member of the select group of Control System Integrators Association, Avanceon is also listed on the Control Engineering Magazine's System Integrator Hall of Fame.

Avanceon's values are deeply rooted within its processes and act as a guide when interacting with our internal and external stakeholders. At Avanceon, we are defined by our mission, our vision / mantra and our values.

VALUES

Our values are deeply rooted within Avanceon and act as a guide in building value with both our internal and external stakeholders. These are the beliefs which drive our conduct and serves as a foundation of our business.



MISSION

Our Mission is to passionately grow to be the leader of engineered solutions through the inspired development of our teams by delivering forthcoming value to our customers.



VISION

Our Vision & Mantra is our everlasting commitment to always move forward and ensure that we always co-create value with each and every one of our stakeholders by delivering Tomorrow's solutions today.

	SUSTAINABILITY		INTEGRITY		QUALITY
	TEAMWORK		CREATIVITY		AGILITY

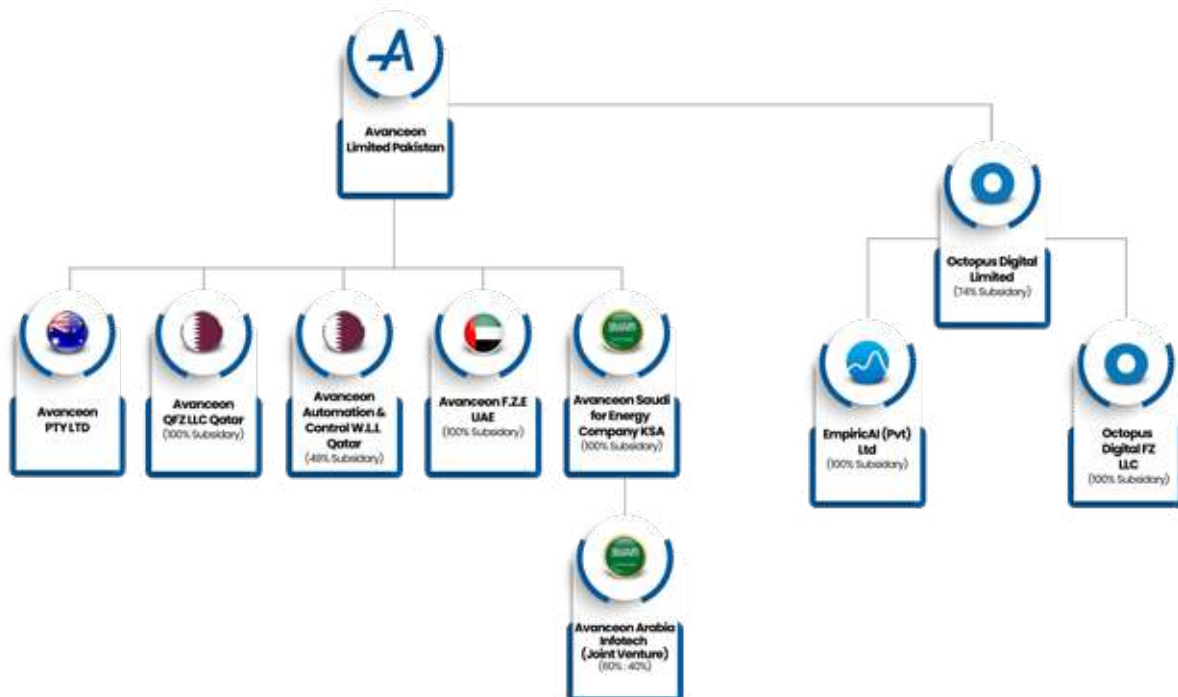


CORPORATE PROFILE

Avanceon Limited [PSX: AVN] is the leading provider of industrial automation, process control and systems integration as well as proprietary energy management solutions and support services. We have a strong market footprint through our offices in Dubai, United Arab Emirates and Doha, Qatar covering the Middle East region. Avanceon also has presence in Lahore, Karachi, and Islamabad in Pakistan. Avanceon has been in the automation business for the last 30 years and has transformed into a 360-degree solution provider for automation, energy management, engineering services and maintenance for major blue-chip companies. A certified member of the select group of Control System Integrators Association, Avanceon is also listed on the Control Engineering Magazine's System Integrator Hall of Fame. Avanceon recently expanded its footprint in the Middle East by setting up offices in Qatar and Kingdom of Saudi Arabia.

ORGANIZATIONAL STRUCTURE

Avanceon Limited is the holding company of the Avanceon Group. Having two wholly owned subsidiaries and an associated undertaking with various branches in different regions like Pakistan, United Arab Emirates, Qatar, Kingdom of Saudi Arabia, and United States of America, Avanceon employs 200 plus highly qualified and trained resources.



MESSAGE FROM THE PRESIDENT

Junaid Mushtaq Paracha
President, South Asia Region Avanceon Limited



Dear Friends and Colleagues,

It is my pleasure to present the Annual Report of Avanceon Limited for the year 2025. This year has been one of continued resilience, strategic progress, and transformation as we navigated evolving market conditions while maintaining our commitment to innovation, operational excellence, and sustainable growth. Despite a challenging economic landscape, our teams across Pakistan demonstrated remarkable dedication and agility. While certain business segments experienced pressure due to market dynamics and delayed project cycles, Avanceon continued to strengthen its position as a trusted partner for industrial automation, digital transformation, and mission-critical infrastructure solutions.

Our progress reflects not only the strength of our technical capabilities but also the commitment of our people who continue to deliver complex projects with precision and reliability.

Business Highlights for 2025

During 2025, Avanceon Pakistan continued to advance its presence across multiple sectors including infrastructure, utilities, oil & gas, and digital transformation solutions.

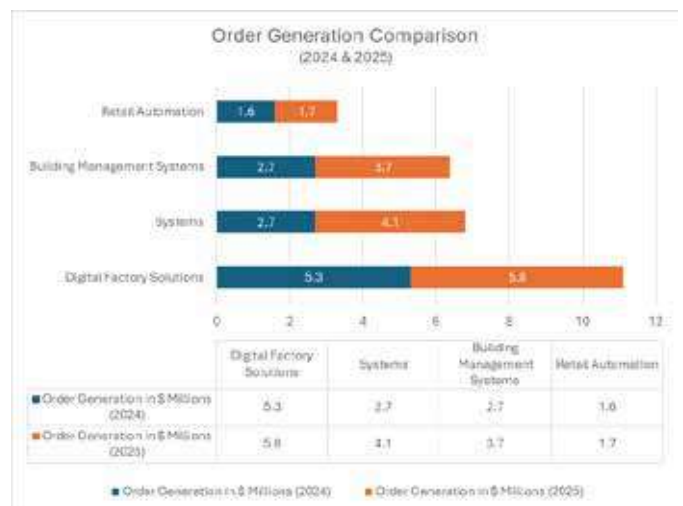
Across our business units—including Systems, Digitalization, Digital Factory Solutions, Building Technologies, Retail Solutions, and Business Development—we continued to pursue strategic opportunities while maintaining operational discipline. While some divisions experienced slower order realization due to broader economic conditions and project delays, the organization maintained strong execution performance and continued building a healthy pipeline for future growth.

A key highlight for the year was the strengthening of our project backlog, with approximately USD 11 million in confirmed backlog and USD 7.5 million in secured orders moving into 2026, providing a solid foundation for the coming year.

Our Building Technologies and Systems divisions continued to deliver impactful projects in the infrastructure and commercial sectors, while our digital solutions portfolio expanded through increased focus on data-driven industrial intelligence and advanced automation solutions.

Pakistan Economic Overview

Pakistan's economy in 2025 continued to face macroeconomic pressures, including fiscal adjustments and investment constraints across several sectors. However, industries such as infrastructure development, utilities, and energy modernization



continued to create opportunities for technology-driven solutions.

The increasing focus on digital transformation, operational efficiency, and smart infrastructure aligns strongly with Avanceon's strategic direction. As industries adopt automation, data analytics, and intelligent control systems, our solutions remain well positioned to support customers in achieving greater reliability, efficiency, and sustainability.

Avanceon Fueling Solution

AFS business and OGRA's digitalization initiatives continue to drive smarter and more transparent fuel retail operations. The early conviction with OGRA is now compounding FY2026 to date, AFS has secured USD 4.75M in new project contracts with a further USD 1.25M in closing stages, while recurring revenues have tripled from USD 0.1M to USD 0.35M across 300+ stations with every major OMC: TOTAL/PGL, GO/ARAMCO, Shell/WAFI, APL, HASCOL, and Bakri Energy/Caltex. What began in 2019 as a calculated bet on the downstream market has matured into a contract backed, digitalization led business that no competitor can easily replicate. By close of FY2026, AFS is on track to target USD 1.1M in recurring revenues across 1,000+ stations a 10x growth since inception and with regulatory and technological tailwinds only strengthening, the runway ahead is wider than ever.

Engineering Excellence & Operational Growth

Our Pakistan operations have reached a significant milestone in engineering service delivery, reflecting our commitment to technical precision and regional growth.

Strategic Man-Hour Delivery

We have successfully delivered over 130,000 man-hours through our high-performance remote engineering centers in Lahore, Karachi, and Islamabad. This achievement underscores our ability to mobilize a diverse and highly skilled workforce across the country to support complex global mandates. Our teams provided critical expertise across a multi-disciplinary project portfolio, including:

- **Upstream & Midstream Infrastructure:** Well-heads and Chemical Injection Skids.
- **Integrated Control Systems:** Central SCADA and Terminal Automation.
- **Advanced Solutions:** Complex Process Automation projects.

Innovation & Digital Transformation

In line with global advancements in Artificial Intelligence, we have successfully integrated automated workflows into our CAD design and engineering deliverables.

This digital leap significantly enhances our Change Management capabilities, allowing for rapid iterations while maintaining a "Gold Standard" of consistency. By reducing manual drafting cycles, we ensure that every client receives high-quality, error-free engineering packages that meet the most rigorous international standards.

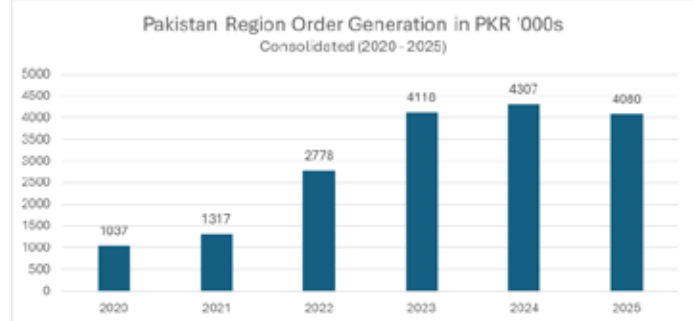
This evolution from traditional execution to AI-assisted engineering positions our Pakistan operations at the forefront of the industry's digital frontier.

Avanceon continued to maintain a strong and diversified execution footprint across the oil and gas, hospitality, pharmaceutical, and industrial sectors, delivering integrated solutions in building management systems, fire and gas systems, automation, metering, and advanced control systems. Through its end-to-end delivery approach, the organization successfully managed complex projects involving engineering, procurement, installation, integration, and commissioning with technical precision and operational efficiency.

Several engagements involved accelerated timelines, complex system interfaces, and stringent compliance requirements. Despite these challenges, project teams consistently met delivery commitments, protected commercial margins, and upheld Avanceon's standards of quality, safety, and execution excellence, as reflected in positive customer feedback and continued client confidence.

Strategic Expansion and Global Outlook

A major milestone during this period has been our continued international expansion. As part of Avanceon's long-term growth strategy, we are expanding our global footprint to unlock new opportunities in emerging and developed markets.



One significant step in this direction is the launch of Avanceon PTY Ltd in Australia, which is expected to become operational in the coming period. This expansion reflects our ambition to extend Avanceon's expertise into new geographies while strengthening our global service capabilities.

International markets remain a key pillar of our strategy, enabling us to diversify revenue streams and bring our proven automation and digital solutions to a broader customer base. Looking Ahead to 2026

As we move into 2026, our priorities remain clear:

- Leveraging our strong backlog and pipeline to drive sustainable growth
- Strengthening account management and customer partnerships
- Expanding our digitalization and data-driven solutions portfolio
- Enhancing operational efficiency and project execution capabilities

Expanding Avanceon's presence in international markets With a strong foundation, a talented workforce, and a clear strategic vision, I am confident that Avanceon will continue to grow and deliver value to our customers, partners, and shareholders.

Recognizing Our Collective Strength

I would like to extend my sincere gratitude to our employees, customers, partners, and shareholders for their continued trust and support. The achievements of 2025 are a direct result of the collective dedication, professionalism, and resilience of the entire Avanceon team.

Together, we will continue to build on our strengths and pursue new opportunities as we shape the future of industrial automation and digital transformation.

Thank you for your continued confidence in Avanceon.

Yours sincerely,
Junaid Mushtaq Paracha
President, South Asia Region
Avanceon Limited

Message from the President

PRESIDENT

Sarmad Mahmood Qureshi

President International Region



Dear Shareholders, Partners, and Stakeholders,

The year 2025 was not defined by ease—it was defined by clarity, discipline, and transformation.

At a headline level, our performance reflects a gap between ambition and realization. Order generation closed at \$40.5 million against a plan of \$70 million, while revenue reached \$45.2 million compared to a revised plan of \$61.5 million.

However, these numbers alone do not capture the true progress made during the year.

They reflect a business operating in an environment shaped by longer sales cycles, delayed client decisions, pricing pressures, and increasing competition from global OEMs and digital players. More importantly, they reflect a conscious strategic shift: We chose discipline over volume, and long-term value over short-term growth.

Execution Excellence: From Capability to Advantage

While order inflows slowed, our execution engine demonstrated resilience and maturity. Across our project portfolio:

- Contribution margins improved mainly in Qatar region from 37% to 48%.
- Several projects delivered significant margin expansion beyond as-sold expectations
- Complex, multi-year projects showed greater control, predictability, and delivery discipline

This reflects a deeper structural shift within the organization:

Execution at Avanceon is no longer operational, it is strategic, and a key driver of profitability.



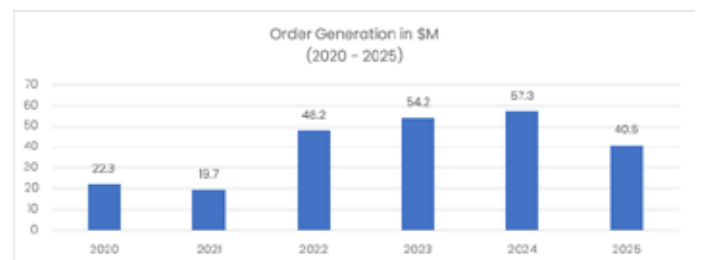
A Cultural Reset: Building Quality Growth

A defining outcome of 2025 was the establishment of a more disciplined commercial mindset. We made deliberate decisions to:

- Walk away from opportunities with uncertain margins or execution risks
- Decline projects under tight timelines or unfavorable commercial structures
- Move beyond traditional margin benchmarks toward value-based delivery

This marks a critical evolution:

We are no longer chasing revenue—we are building a resilient and high-quality order book.



Market Opportunity: Scale Exists—Conversion is the Lever

Our regional pipeline confirms that opportunity is not the constraint.

- **UAE:** Large, fast-moving pipeline exceeding **\$300 million**, driven by oil & gas, infrastructure, and digital systems
- **Qatar:** Structured pipeline exceeding **\$160 million**, including large-scale infrastructure and energy programs
- **KSA:** Pipeline exceeding **\$225 million**, including projects of all scale, sectors and regions
- **Emerging markets:** Expanding opportunities across Kuwait, Oman, and beyond

The challenge—and focus ahead—is clear:

Growth will be determined by our ability to convert opportunity into orders with speed, selectivity, and execution readiness.

Positioned in High-Growth Sectors

- We operate in markets that are entering a new investment cycle.
- Over \$3 billion in oil & gas digitalization investments expected in Abu Dhabi
- ADNOC investing \$5 billion+ in smart well and automation programs over the next three years
- Dubai committing over AED 30 billion in infrastructure development
- Continued expansion in smart cities, water systems, and national infrastructure across Qatar
- Within this landscape, Avanceon holds a differentiated position:
- Ability to deliver integrated solutions across PLC, WHCP, and skid systems
- Capability to bridge legacy OT environments with modern digital and AI-driven platforms
- Increasing presence in cybersecurity, smart infrastructure, and digital operations

We are actively engaged in high-impact opportunities across:

- Metro and rail systems
- Strategic water and sewerage infrastructure
- Smart city platforms
- Large-scale energy automation and upgrades

Strategic Breakthroughs in 2025

Despite a challenging environment, we achieved several milestones that expand our long-term potential:

- Secured major ADNOC blanket order through EPC alignment
- Achieved prequalification for critical oil & gas systems across multiple operators
- Entered new markets such as Oman, creating future expansion pathways
- Delivered large-scale OT cybersecurity deployments across 50+ sites in Qatar
- Successfully managing the country wide Intelligent Traffic & Water systems in Qatar with zero downtimes
- Secured projects with new clients, including Dubai Municipality and airport sector entities
- In completion phase of the worlds largest District cooling plant in Haram Mosque – KSA
- Handed Over Riyadh Metro Project as whole to operational phase

These achievements strengthen both our market access and competitive positioning.

Saudi Arabia: Building a Localized Growth Engine

Saudi Arabia represents the most significant long-term growth opportunity within our international portfolio.

Driven by Vision 2030, industrial expansion, and localization policies, the Kingdom is reshaping how business is conducted in the region.

Recognizing this, we have taken deliberate steps to establish a strong local foundation:

- Advancing our Saudization strategy, aligning our workforce with national requirements
- Strengthening our local engineering and execution capabilities
- Expanding our physical presence through 3 regional offices and testing staging / operational infrastructure
- Enhancing engagement with key stakeholders, including Aramco, utilities, and EPC partners

These actions are strategic in nature.

In Saudi Arabia, localization is not a compliance requirement—it is a competitive advantage.

Our objective is to build:

- A self-sustained local execution platform
- A strong position in oil & gas, utilities, and infrastructure programs
- A scalable business contributing significantly to our overall growth

Over the next 3–5 years, Saudi Arabia is expected to evolve into one of our largest revenue contributors, supporting our journey toward \$50M\$+ scale.

Recurring Revenue: Driving Predictability and Margin Expansion

A central pillar of our strategy is the development of recurring digital revenue streams.

We are building capabilities across:

- Cybersecurity subscriptions and frameworks
- Digital monitoring, analytics, and platform solutions
- Long-term maintenance and lifecycle service agreements

Key engagements include:

- National infrastructure cybersecurity frameworks
- Rail and utility maintenance contracts
- Emerging digital and software opportunities across energy clients

With contribution margins in the range of 45%–75%, this segment will play a critical role in:

- Enhancing profitability
- Improving cash flow stability
- Strengthening long-term valuation

We are transitioning from a project-driven model to a predictable, recurring revenue business.

Operational Transformation: Enabling Scalable Growth

To support this evolution, we implemented a Stewardship Model focused on discipline and accountability.

Key elements include:

- Financial governance through cashflow-linked approvals
- Integrated sales and execution planning
- Regular performance tracking across revenue, margins, and delivery
- Stronger focus on claims, variation recovery, and cost control

This ensures that growth is:

Structured, measurable, and repeatable—not incidental.

2026: Execution with Discipline

Avanceon International currently stands at 200 plus resilient and technologically advanced local manpower, and 7 operational offices across 3 countries of the GCC - We enter 2026 with clear and measurable targets:

- \$60 million order generation
- \$60.5 million revenue
- ~34% contribution margin
- \$6 million+ profitability

Our approach is focused and deliberate:

Win smaller. Win faster. Win repeatedly.

Investor Outlook: Building the Next Phase of Growth

The transformation underway positions Avanceon for sustainable, high-quality expansion. Over the next five years, we are building a business defined by:

Scale

Revenue growth from ~\$60 million to \$100 million+

Profitability

- Contribution margins improving to 38–42%
- Profitability increasing to 12–15%+

Predictability

- Recurring revenue growing to 25–35% of total revenue

Geographic Expansion

- Transition from GCC-focused operations to a broader multi-region presence

Solutions Evolution

- Moving toward platform-led, digital, and IP-driven offerings

We are evolving into a scalable, technology-driven enterprise—not just a system integrator.

Closing Reflection

2025 was a year of recalibration—but also of reinforcement. It clarified:

- Where we must be faster
- Where we must be more disciplined
- Where we must be more selective

And it reaffirmed:

- Our execution strength
- Our technical capability
- Our relevance in high-growth markets

We will not chase growth.

We will build it—deliberately, profitably, and sustainably.

I extend my sincere gratitude to our shareholders, partners, and teams for their continued trust and commitment.

Together, we are building a stronger, more agile, and future-ready Avanceon.



Yours Sincerely,
Sarmad Mahmood Qureshi
President, International Region
Avanceon Limited

CODE OF BUSINESS CONDUCT & ETHICAL PRINCIPLES

At Avanceon, we operate as an ethically-driven, proactive, and sustainable organization that upholds the highest standards of conduct across all business practices—without reliance on third-party oversight. Over the years, we have earned recognition and accreditation from leading industry bodies for our commitment to excellence.

We never compromise on ethical business conduct. Partnering with Avanceon means aligning with our core values: candor, agility, creativity, quality, teamwork, integrity, and sustainability. These principles define how we operate and achieve success. Our business ethics framework is built upon the following pillars:

INFORMATION TECHNOLOGY & COMMUNICATIONS

At Avanceon, we operate as an ethically-driven, proactive, and sustainable organization that upholds the highest standards of conduct across all business practices—without reliance on third-party oversight. Over the years, we have earned recognition and accreditation from leading industry bodies for our commitment to excellence.

EMPLOYEE EMPOWERMENT FRAMEWORK

We invest in exceptional individuals who bring energy, talent, and dedication to the organization. Our people are our most valuable asset and essential to our long-term success. We actively support their professional development through training, recognition, and by creating a high-performance work environment.

- Employee Professional Accreditations & Certifications Policy
- Employee Stock Option Schemes

EQUAL EMPLOYMENT AND ANTI-HARASSMENT

Avanceon employs a diverse workforce of over 200 professionals worldwide. We are an equal opportunity employer and uphold a zero-tolerance policy against discrimination or harassment. We believe a collaborative and respectful workplace benefits everyone.

- Non-discriminatory Policy
- Social Compliance Policy
- General Working Policy

CORRUPTION AND BRIBERY PREVENTION

Avanceon maintains a strict zero-tolerance policy toward any form of corruption or bribery. We fully comply with anti-corruption laws in every country we operate in. Integrity is non-negotiable, and we are committed to delivering sustainable solutions that protect both our reputation and that of our partners. Our TRACE certification underscores this unwavering commitment.

Business Ethics

Social Compliance Policy

Conflict of Interest Policy

TRACE Certification





CODE OF BUSINESS CONDUCT

CUSTOMER CENTRICITY AND SUSTAINABILITY

We demonstrate our commitment to customers through exceptional execution and strong ethical standards. Our approach is rooted in our Customer Bill of Rights and Customer Project Bill of Rights, ensuring transparency, performance, and support. Sustainability is central to our mission, guiding us to make impactful contributions to the communities we serve.

- Customer Bill of Rights
- Customer Project Bill of Rights

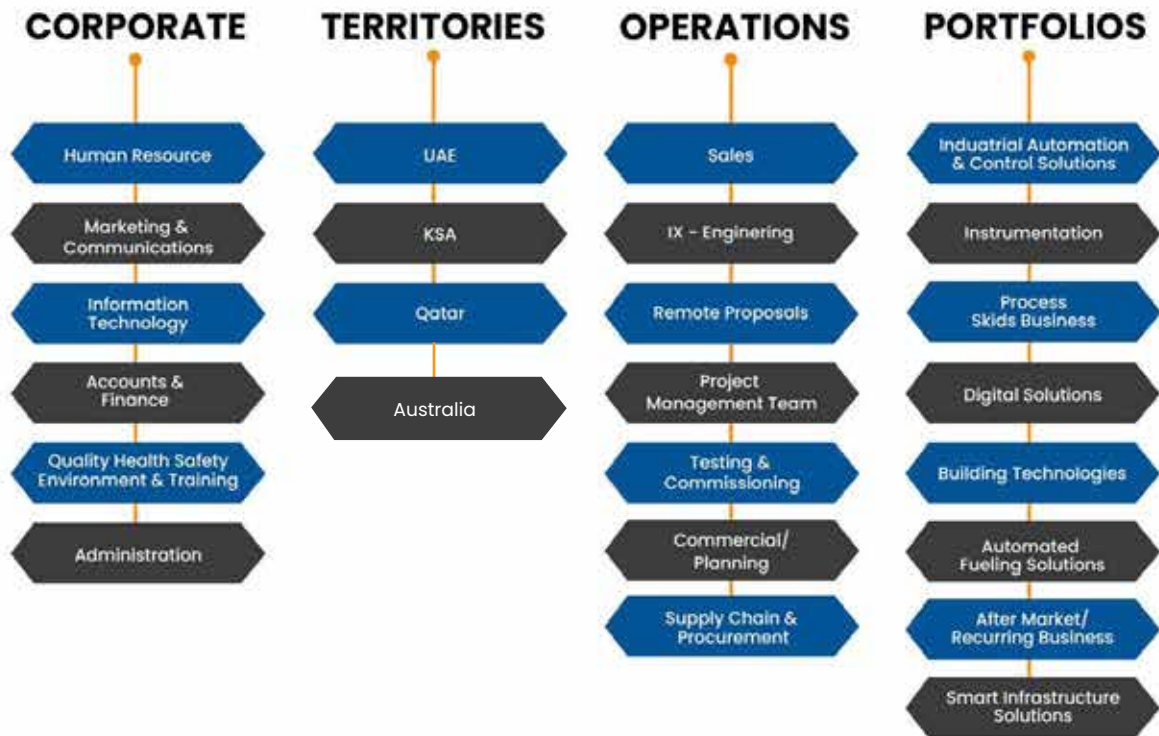
Quality, Health, Safety, and Environment (QHSE)
Avanceon is dedicated to delivering excellence without compromising the health, safety, or well-being of employees, communities, or the environment. Through agile project management and a strong QHSE culture, we consistently exceed international and local standards.

- Essential Health and Safety Environment Training Policy
- ISO 45001:2018 – Occupational Health & Safety Management Systems
- ISO 9001:2015 – Quality Management Systems
- ISO 14001:2015 – Environmental Management Systems
- CSIA:2015 – Membership

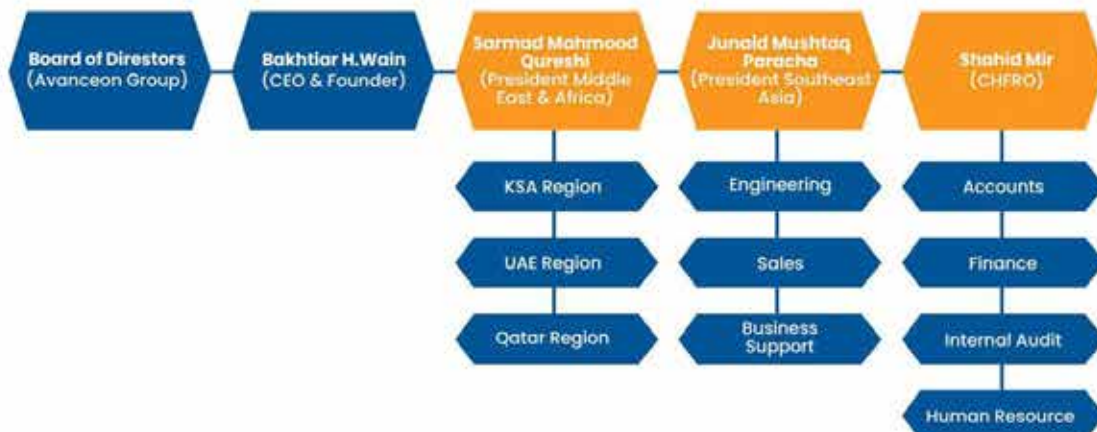
CUSTOMER BILL OF RIGHTS

- To be treated professionally and respectfully
- To receive prompt and honest communication
- To receive high-performance products and solutions
- To benefit from quality materials and supplies
- To be guided by experienced and innovative professionals
- To have their resources managed responsibly
- To experience courteous service from all Avanceon representatives
- Customer Bill of Rights
- Customer Project Bill of Rights
- To set and monitor clear project objectives
- To be informed of project timelines and costs
- To choose project features
- To request reasonable changes during execution
- To know upfront the cost of implementing changes
- To be kept updated on project status
- To be informed of risks affecting cost, time, or quality
- To receive options to mitigate those risks
- To access deliverables during the project lifecycle
- To plan for change adoption before implementation
- To receive post-project support options

POWERING PROGRESS AVANCEON'S ORGANIZATIONAL FRAMEWORK



PAKISTAN & MIDDLE EAST ORGANOGRAM



Internal and External Environment

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

Porter's Five Forces is a framework for analyzing the competitive environment of an industry. It helps businesses understand the dynamics at play and formulate strategies accordingly. Let's apply it to Avanceon a company that provides automation control systems and engineering services



Overall, while Avanceon faces challenges from various forces in its industry, its expertise, specialization, and established client relationships position it well to navigate these dynamics and maintain a competitive position in the market.

Internal and External Environment

MACRO – Environmental Analysis – PESTEL Analysis

Avanceon is a global technology solutions provider, primarily in the automation, control, and information technology sectors. Conducting a PESTEL analysis for Avanceon would involve examining the various external factors that could impact its operations and business environment. Here's a breakdown of each component



INTERNAL & EXTERNAL ENVIRONMENT

S

Strengths:

1. **Industry Expertise:** Avanceon has extensive experience and expertise in providing automation and control solutions across a wide range of industries including oil & gas, power, food & beverage, and pharmaceuticals.
2. **Innovative Solutions:** The company is known for its innovative approach to automation, incorporating the latest technologies such as IoT, AI, and machine learning to optimize processes and increase efficiency for its clients.
3. **Strong Client Base:** Avanceon has built a strong client base over the years, including multinational corporations and major players in various industries. This provides a steady revenue stream and opportunities for expansion.
4. **Global Presence:** Avanceon operates internationally, with offices and projects in multiple countries. This global presence enhances its reputation and allows it to tap into diverse markets.

W

Weaknesses:

1. **Dependency on Specific Industries:** Avanceon's revenue may be vulnerable to economic downturns or fluctuations in industries it serves, such as oil & gas or manufacturing. Over reliance on specific sectors could pose a risk to its financial stability.
2. **Highly Technical Solutions:** The complexity of Avanceon's solutions may be a barrier to entry for some clients, especially smaller businesses with limited technical expertise or budget constraints.
3. **Competition:** The automation and control systems industry is competitive, with several established players and new entrants constantly emerging. Avanceon needs to continually innovate and differentiate itself to maintain its market position.

O

Opportunities:

1. **Expansion into Emerging Markets:** Avanceon can explore opportunities in emerging markets where industrial automation adoption is growing, such as Asia-Pacific and Latin America. These regions offer significant potential for business expansion.
2. **Diversification of Services:** There is an opportunity for Avanceon to diversify its service offerings beyond automation and control systems, such as consultancy services, maintenance contracts, or software solutions. present opportunities for Avanceon to develop new solutions and expand its.

T

Threats:

1. **Economic Uncertainty:** Economic downturns or recessions could lead to reduced spending by clients on automation projects, impacting Avanceon's revenue and profitability.
2. **Regulatory Changes:** Changes in regulations related to industry standards or environmental requirements may necessitate costly updates to Avanceon's solutions, affecting both costs and timelines.
3. **Cybersecurity Risks:** As industrial systems become increasingly interconnected, the risk of cybersecurity threats and attacks on Avanceon's solutions could pose significant challenges to its reputation and operations. By considering these factors, Avanceon can better understand its position in the market and identify strategies to capitalize on its strengths while mitigating its weaknesses and addressing potential threats.

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY (CSR)

BOARD'S STATEMENT FOR ADOPTION OF BEST PRACTICES FOR CSR

Avanceon recognizes that sustainable development is an important and integral part of the pursuit of value creation for customers, employees, shareholders, and society at large. Avanceon ambition is to create long-term value from an economic, ethical, social and environmental perspective. Avanceon strives to address sustainability issues that are relevant and meaningful for Avanceon as an industry and the markets in which Avanceon operates. Avanceon shall:

- ✓ Integrates sustainability throughout its business, taking responsibility for acting, living, and striving for simplicity and transparency.
- ✓ Influences through dialogue and develops solutions and offerings that provide opportunities for Avanceon Limited customers, other key stakeholders, and Avanceon to make positive contributions to a sustainable future for Humanity.
- ✓ Manages risks, including those related to environmental, social, governance, financial and technological aspects.
- ✓ Contributes to the development of society and future generations

Board's statement about the company's strategic objectives on ESG (environmental, social and governance) /sustainability reporting.

At Avanceon, our strategic objectives in ESGI Environmental, Social, and Governance and sustainability reporting underscore our commitment to responsible corporate citizenship. We prioritize environmental sustainability by minimizing our ecological footprint, emphasize social sustainability through inclusive and safe workplaces, and uphold the highest governance standards for transparency and ethical conduct. By integrating sustainability into our core business practices, we aim to create long-term value for stakeholders and contribute to a sustainable future

A chairman's overview on how the company's sustainable practices can affect their financial performance.

In recognizing the symbiotic relationship between sustainability and financial success, our commitment to responsible practices is paramount. Embracing sustainability not only optimizes operational efficiency, minimizing costs, and ensuring compliance but also enhances our brand value, attracting customers and investors alike. As the business landscape evolves, our strategic focus on sustainability positions us at the forefront of emerging markets, fostering innovation and growth. Moreover, our workforce, motivated by purpose-driven initiatives, becomes a driving force behind increased productivity and operational effectiveness. In essence, our dedication to sustainability is not just a corporate

responsibility, it's a strategic imperative shaping enduring financial prosperity for Avanceon

Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including:

- a) environment related obligations applicable on the company:**
- b) company progress towards ESG initiatives during the year; and**
- c) company's responsibility towards the staff, health & safety.**

At Avanceon Limited, we are committed to upholding the highest standards of corporate sustainability and social responsibility ICSRI across all facets of our operations. Through strategic initiatives and diligent adherence to regulatory standards, we strive to create a positive impact on the environment, society, and economy while ensuring the well-being of our employees and stakeholders.

1. Environmental Stewardship:

We have implemented rigorous measures to reduce our carbon footprint, including the meticulous management of air emissions from generators and vehicles, as well as the adoption of energy-efficient technologies and practices. Through continuous monitoring and preventive maintenance, we maintain compliance with National Environmental Quality Standards INEQSI and actively invest in sustainable solutions such as indoor air purifiers and wastewater treatment systems. Avanceon has significantly contributed to climate change mitigation by reducing carbon emissions, planting trees on-premises, and advocating for sustainable practices within our supply chain. In line with our commitment to sustainability, we have invested in various initiatives to reduce paper consumption, implement energy-efficient technologies, and manage air emissions. Additionally, we have replaced single-use plastic cutlery with reusable, sustainable alternatives to minimize ecological impact.

2. Social Responsibility:

Our commitment to social responsibility extends to our employees, communities, and beyond. We ensure fair wages, equal opportunities, and a supportive work environment, adhering to the Minimum Wage Act/Ordinance and offering market-competitive compensation packages. Avanceon actively participates in Corporate Social Responsibility (CSR) initiatives, including educational programs, subsidized meal plans, and promoting work/life balance to support Sustainable Development Goals

(SDGs) such as zero hunger and quality education. We prioritize employee well-being through comprehensive health insurance coverage, mental wellness programs, and initiatives aimed at fostering diversity, inclusion, and safety culture across all levels of the organization. We ensure our operations are free of any type of Child Labour and follow Global Welfare policy for our employees at all levels. Our company, strategically located for accessibility, offers transportation services and policies to ensure all employees can access our operations affordably.

3. Ethical Governance and Compliance:

Upholding ethical governance and compliance is paramount to Avanceon's values. We strictly adhere to anti-bribery laws and policies, exceeding regulatory requirements in various regions. Our commitment to transparency and accountability is evident through the implementation of whistle-blowing policies, online platforms for monitoring workforce well-being, and companywide critical risk incident reporting systems.

4. Innovation and Industry Leadership:

Avanceon is at the forefront of innovation, leveraging Industry 4.0 technologies through subsidiaries like Octopus Digital Limited to drive energy efficiency, productivity, and real-time monitoring of emissions and energy performance. We continuously invest in research and development to provide cutting-edge solutions that not only meet our client's needs but also contribute to sustainable industrial practices and environmental conservation.

5. Partnerships and Collaborations:

Collaboration is key to our success. Avanceon partners with non-profit organizations, governmental agencies, and stakeholders to address societal challenges, support community development, and advance sustainable initiatives. Through strategic alliances and vendor evaluations, we ensure that our supply chain aligns with our commitment to sustainability and quality, promoting responsible sourcing and procurement practices.

6. Security

Avanceon prioritizes data security and customer confidentiality, evidenced by our implementation of ISO 27001 Information Security Management Systems.

7. Quality

We are also ISO 9001 certified, guaranteeing the delivery of quality products and services at competitive prices. "Avanceon Limited aligns with the SECP CSR Guidelines by adopting CSR governance benchmarks and integrating them into board-level policies. The CSR committee ensures effective oversight, with regular reporting and transparency in all initiatives. Through these efforts, Avanceon demonstrates its commitment to sustainable development and positive community impact"

8. Supply Chain Management

Furthermore, our commitment to sustainability extends to our supply chain management, vendor evaluation processes, and efforts to reduce carbon emissions. We actively support the Sustainable Development Goals (SDGs) through various CSR initiatives and internal programs aimed at employee development and well-being.



In line with its long-term vision and ESG commitments, Avanceon recognizes that sustainability-related risks and opportunities play a critical role in shaping its financial performance. In the short term, the company actively mitigates risks such as energy costs and regulatory compliance through digital efficiency tools and process optimization. Medium-term opportunities include growing demand for green automation solutions and smart energy systems, which Avanceon addresses through product innovation and strategic alliances. Over the long term, climate resilience, resource efficiency, and alignment with global sustainability goals are expected to enhance brand value, attract responsible investments, and contribute to stable, sustainable growth.

Core Pillar	Company Approach	Performance Metrics & Indicators
Governance	Sustainability oversight is embedded at the board and executive level, with ESG initiatives steered by the Digital Transformation and Corporate Strategy teams.	<ul style="list-style-type: none"> - Board-level ESG oversight - ESG training for management - Internal ESG audit mechanisms
Strategy	Sustainability is integrated into business strategy through smart automation, energy-efficient systems, green building design, and SDG alignment.	<ul style="list-style-type: none"> - % revenue from green solutions - LEED-compliant facilities - Projects aligned with SDGs
Risk Management	Environmental and climate-related risks (e.g., energy costs, regulatory shifts, supply chain disruptions) are identified and managed proactively.	<ul style="list-style-type: none"> - Climate risk mapping - Resource efficiency indices - Supplier ESG compliance ratio
Metrics & Targets	Avanceon sets measurable ESG goals across energy use, digital adoption, employee development, and sustainable sourcing.	<ul style="list-style-type: none"> - % paperless operations - Employee training hours on sustainability - Energy consumption per

Avanceon actively identifies and manages sustainability-related risks and opportunities across its entire value chain, from sourcing to solution delivery. Material risks include energy consumption, regulatory compliance, and supply chain ESG performance. To address these, the company sources from certified sustainable partners, adopts paperless and cloud-based project management tools, and implements digital commissioning to reduce on-site resource use. Avanceon's solutions are designed to be energy-efficient and modular, helping clients achieve their sustainability targets. These initiatives not only reduce the company's environmental footprint but also enhance operational resilience and create long-term value.

Avanceon recognizes climate-related risks and opportunities as critical to its long-term strategy and aligns its approach with IFRS S2 requirements. The company identifies risks such as energy cost volatility, carbon regulations, and climate-induced operational disruptions, while also leveraging opportunities in green automation and low-carbon technologies. Climate impact assessments are integrated using internal sustainability audits, energy consumption tracking, and project-level carbon efficiency metrics. Tools such as digital dashboards, IIoT analytics, and lifecycle emission models support informed decision-making. These methodologies help Avanceon design resilient, energy-efficient solutions for clients while advancing its own climate goals.

Avanceon remains deeply committed to sustainability and corporate social responsibility, with impactful initiatives across social, environmental, and technological domains. Socially, the company invests in R&D, promotes inclusive employment, and supports community health and education programs, alongside maintaining rigorous health and safety protocols for staff. Environmentally, Avanceon follows the 3Rs—Reduce, Reuse, Recycle—through paperless operations, efficient resource use, and pollution control measures. Technological innovation is central to its sustainability agenda, with eco-friendly product designs and energy-efficient automation solutions. The company actively monitors material, water, and energy consumption, and manages emissions and waste through internal tracking systems, contributing to a cleaner and more sustainable industrial ecosystem.



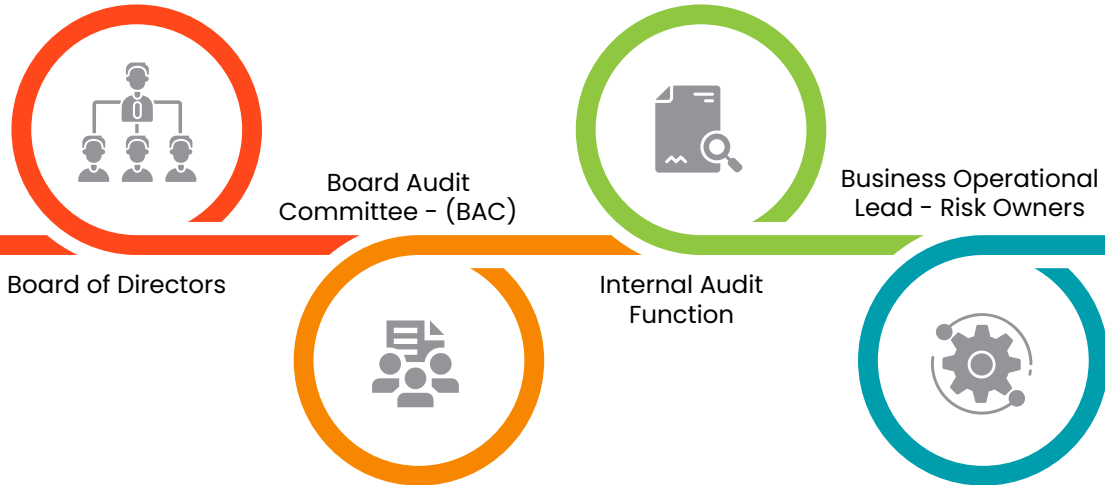
RISK MANAGEMENT FRAMEWORK

At Avanceon, the Board of Directors recognizes 'Risk Management' as a cornerstone of organizational strategy and a critical enabler in the achievement of corporate objectives.

Risk Management is treated as a continuous, dynamic discipline operating in parallel with business activities with a focused mandate to identify, assess, and mitigate factors that could impede the realization of strategic goals.

In line with this commitment, the Board established an in-house Internal Audit function in 2023 in accordance with the Code of Corporate Governance.

The Internal Audit function has been structured to provide independent assurance, strengthen governance practices, and support the achievement of sustainable business performance through a disciplined, risk-based approach mentioned as under:



The Internal Audit Charter, approved by the Board Audit Committee, designed to enhance the effectiveness of corporate governance by facilitating risk mitigation, strengthening internal controls, and adding value to business processes.

Operating under the approved Charter, the Internal Audit function adheres to the Institute of Internal Auditors (IIA) International Professional Practices Framework and the COSO-based Enterprise Risk Management (ERM) Framework.

The function employs Risk Control Matrices (RCMs) methodology to prioritize risk exposure, develop risk-based Annual Audit Plans, and systematically evaluate the design and operating effectiveness of internal controls through periodic testing and process reviews across the organization.

Furthermore, within the ERM framework, Internal Audit places significant emphasis on the proactive identification and mitigation of enterprise-wide risks through the design and

continuous improvement of a robust Internal Control System. This ensures business continuity, operational resilience, and consistent progress toward the achievement of organizational objectives.

RISK METHODOLOGY, ASSESSMENT & REPORTING



Analysis involves:

- ✓ Analysis involves:
- ✓ Risk Likelihood Assessment
- ✓ Risk Impact Assessment
- ✓ Risk Classification
- ✓ Quantitative & Qualitative Analysis
- ✓ Risk Interdependencies
- ✓ Risk Appetite & Tolerance



Identification involves:

- ✓ Understanding Business Objectives
- ✓ Identifying Risk Sources (Internal or External)
- ✓ Assessing Vulnerabilities
- ✓ Using Risk Identification Tools – SWOT Analysis, etc.



Evaluation involves:

- ✓ Comparing Risk Analysis Results
- ✓ Prioritizing Risks
- ✓ Determining Risk Acceptability
- ✓ Risk Response Decision-Making i.e. Avoid, Mitigate, Transfer, Accept



Reporting involves:

- ✓ Summary of Identified Risks
- ✓ Recommended Risk Responses
- ✓ Control Measures & Action Plans
- ✓ Monitoring & Review Mechanism
- ✓ Stakeholder Communication

RISK APPETITE & THRESHOLD MATRIX

Risk Appetite defines the maximum risk threshold level; an organization is willing to accept in chasing its strategic objectives. It sets the framework for resource allocation, risk boundaries, and tolerance

limits, aligning with growth goals, operational plans, and regulatory requirements. Risk Appetite ensures the organization operates within acceptable risk limits, considering business plans and the macroeconomic environment.

01

**High Risk
Threshold Level 1**



Represents risks / control deficiencies & significant non-compliance of Policies & SOPs. These risks, deficiencies & non-compliances are pervasive & have financial impacts. It needs management attention for resolution.

02

**Moderate Risk
Threshold Level 2**



Represents risk / control deficiencies that could have moderate impact or can be resolved within the authority of Department Heads. Moreover, it carries moderate financial implications

03

**Low Risk
Threshold Level 3**



Represents isolated occurrence / control deficiency that could have minor impact or can be resolved by the line Manager and Department Heads. Moreover, it carries minor financial impacts.

KEY RISKS & OPPORTUNITIES – INTERNAL & EXTERNAL PRINCIPAL RISKS & UNCERTAINTIES

Avanceon faces a spectrum of risks associated with its core business operation and the prevailing business environment. The primary risks identified include:

- Risks for loss of intellectual Skillset/Competencies of Manpower.
- Volatile Macro-Economic Environment, Inconsistent Fiscal Policies & Continuous devaluation of currency.
- Risks associated with supply chain & logistics are categorized as:
 - a Natural Disasters
 - b Inter-border trade agreements between different countries
 - c Modifications & formation of new laws & regulations
 - d Risks Associated with Shipments & Logistics

Steps for Mitigation of Risks

- Employee Retention Strategies encompassing meticulously formulated Key Performance Indicators (KPIs) linked with rewarding system.
- Utilizing Talent Acquisition from top-tier universities to ensure a high-caliber workforce.
- Implementing human resource policies dedicated to the development and retention of Skilled professionals.
- Identifying key personnel and establishing a robust succession planning mechanism.
- Establishing a Joint Venture with Zamil Group to enhance financial resilience.
- Negotiating US-Dollar Parity agreements with clients for current business arrangements.

Mitigation of risks linked with supply chain & logistics & its impacts on business profitability:

Proactively engaged World Class Tier Logistics providers

Ensuring implementation of ISO 9001 certification on Quality Management systems (QMS).

These measures indicate our commitment to proactively address, manage & prevent risks, ensuring the sustained success and resilience of the organization in a dynamic business landscape.

Within this framework, Avanceon has established a dedicated delegation committee known as the Stewardship Board at both the corporate and regional levels. The primary mandate of the board is to perpetually monitor and track:

The Stewardship Board plays a crucial role in ensuring a vigilant oversight mechanism, fostering adaptability to dynamic business landscapes, and aligning organizational efforts with strategic objectives for sustained growth and risk mitigation.

New Business Horizons
Assessing and strategizing for emerging business opportunities beyond the current scope.



New Regional Territories
Identifying and evaluating potential in new regional markets for business expansion.



Developing Additional Business lines
Exploring and establishing supplementary business lines to diversify and strengthen the organizational portfolio.



NATURE OF OUR BUSINESS ECONOMIC OUTLOOK OF KEY MARKETS (FY2026)

As Avanceon continues to operate across strategically critical geographies, a nuanced understanding of macroeconomic, geopolitical, and industrial dynamics remains central to our growth strategy.

Entering FY2026, global markets are transitioning from post-inflation stabilization toward moderate, uneven growth, supported by easing monetary tightening, gradual recovery in trade flows, and sustained capital deployment in infrastructure, energy systems, and digital transformation.

However, this outlook is increasingly shaped by heightened geopolitical tensions, particularly the ongoing Middle East conflict, which is influencing energy markets, investment flows, and regional risk sentiment.

Against this backdrop, Avanceon's diversified geographic footprint and sectoral expertise position the Company to remain resilient while capitalizing on structural shifts in industrial modernization, energy security, and digitalization.

Pakistan

Pakistan's economic trajectory in FY2026 reflects gradual stabilization with cautious recovery momentum, supported by IMF-backed structural reforms, fiscal consolidation, and improving external account management.

GDP growth is expected to strengthen toward the 3 to 3.5% range, driven by agricultural recovery, stabilization in industrial output, and improving business sentiment. Inflationary pressures are easing due to monetary discipline and currency stabilization, while foreign exchange reserves are showing signs of recovery.

Despite persistent structural constraints, including energy inefficiencies, fiscal pressures, and industrial bottlenecks, the country presents significant opportunities in infrastructure optimization, energy efficiency, and industrial automation.

Avanceon remains well-positioned to support Pakistan's transition toward digitized, efficient, and resilient industrial ecosystems.

State of Qatar

Qatar's economic outlook remains robust and structurally strong, underpinned by its LNG expansion strategy and strong fiscal buffers.

While near-term hydrocarbon growth remains stable, long-term LNG capacity expansion projects are expected to significantly enhance economic output and export revenues. Concurrently, non-energy sectors, including services, infrastructure, and tourism, continue to demonstrate resilience and diversification.

Qatar's sustained focus on industrial digitization, operational efficiency, and smart infrastructure aligns directly with Avanceon's capabilities.

United Arab Emirates (UAE)

The UAE continues to demonstrate strong, diversified economic momentum, with GDP growth projected at approximately 4%, driven primarily by its non-oil economy. Key sectors including logistics, financial services, tourism, and

advanced technologies are benefiting from pro-investment policies and global capital inflows.

The UAE's leadership in energy transition, smart cities, and digital ecosystems is accelerating demand for automation and intelligent infrastructure solutions.

Avanceon is strategically aligned to support this transformation.

Kingdom of Saudi Arabia

Saudi Arabia remains a high growth, transformation driven economy, anchored by Vision 2030 and large scale public investment programs.

GDP growth is expected to strengthen as oil production stabilizes and non-oil sectors continue to expand at 4%.

The Kingdom's push toward industrial automation and digital transformation is creating sustained demand for advanced engineering solutions.

For Avanceon, Saudi Arabia represents a core strategic growth market.

Middle East Geopolitical Context & War Impact

The ongoing conflict in the Middle East introduces a critical layer of uncertainty and structural impact on regional and global economic dynamics.

Key implications include:

- Energy market volatility
- Shift toward energy security
- Reprioritization of investments
- Supply chain disruptions
- Increased demand for operational resilience

While the conflict introduces short-term uncertainty, it reinforces long-term demand for automation and resilient infrastructure systems.

Pakistan

Pakistan's economic trajectory in FY2026 reflects gradual stabilization with cautious recovery momentum, supported by IMF-backed structural reforms, fiscal consolidation, and improving external account management.

GDP growth is expected to strengthen toward the 3 to 3.5% range, driven by agricultural recovery, stabilization in industrial output, and improving business sentiment. Inflationary pressures are easing due to monetary discipline and currency stabilization, while foreign exchange reserves are showing signs of recovery.

Despite persistent structural constraints, including energy inefficiencies, fiscal pressures, and industrial bottlenecks, the country presents significant opportunities in infrastructure optimization, energy efficiency, and industrial automation.

Avanceon remains well-positioned to support Pakistan's transition toward digitized, efficient, and resilient industrial ecosystems.

Qatar's economic outlook remains robust and structurally strong, underpinned by its LNG expansion strategy and strong fiscal buffers.

While near-term hydrocarbon growth remains stable, long-term LNG capacity expansion projects are expected to significantly enhance economic output and export revenues. Concurrently, non-energy sectors, including services, infrastructure, and tourism, continue to demonstrate resilience and diversification.

Qatar's sustained focus on industrial digitization, operational efficiency, and smart infrastructure aligns directly with Avanceon's capabilities.

United Arab Emirates

The UAE continues to demonstrate strong, diversified economic momentum, with GDP growth projected at approximately 4%, driven primarily by its non-oil economy. Key sectors including logistics, financial services, tourism, and advanced technologies are benefiting from pro-investment policies and global capital inflows.

The UAE's leadership in energy transition, smart cities, and digital ecosystems is accelerating demand for automation and intelligent infrastructure solutions.

Avanceon is strategically aligned to support this transformation.

Saudi Arabia remains a high growth, transformation driven economy, anchored by Vision 2030 and large scale public investment programs.

GDP growth is expected to strengthen as oil production stabilizes and non-oil sectors continue to expand at 4%.

The Kingdom's push toward industrial automation and digital transformation is creating sustained demand for advanced engineering solutions.

For Avanceon, Saudi Arabia represents a core strategic growth market.

The ongoing conflict in the Middle East introduces a critical layer of uncertainty and structural impact on regional and global economic dynamics.

- Energy market volatility
- Shift toward energy security
- Reprioritization of investments
- Supply chain disruptions
- Increased demand for operational resilience

While the conflict introduces short-term uncertainty, it reinforces long-term demand for automation and resilient infrastructure systems.

The global energy sector in FY2026 is defined by a dual transition: energy security and decarbonization.

Key trends include investment in energy infrastructure, growth in renewables, smart grids, and increasing operational efficiency.

Avanceon's capabilities in automation and energy systems position it to support clients in navigating both energy transition and operational complexity.

As we move into FY2026, Avanceon remains focused on leveraging its regional diversification, engineering expertise, and alignment with global industrial trends.

The evolving landscape reinforces the importance of resilience, efficiency, and intelligent operations.

Avanceon continues to strengthen its position as a trusted, enterprise-grade partner delivering future-ready solutions.



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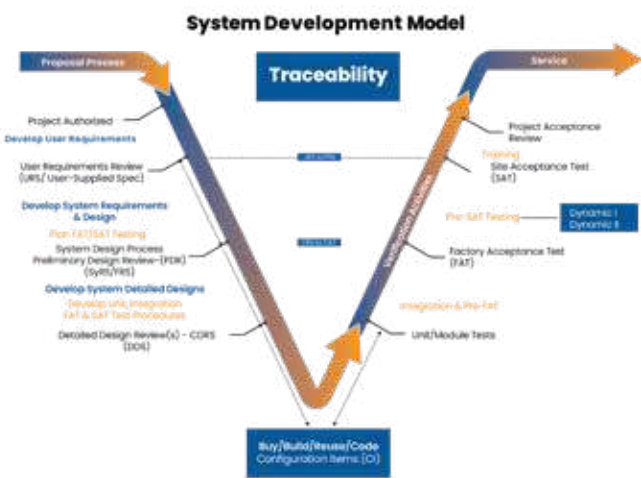
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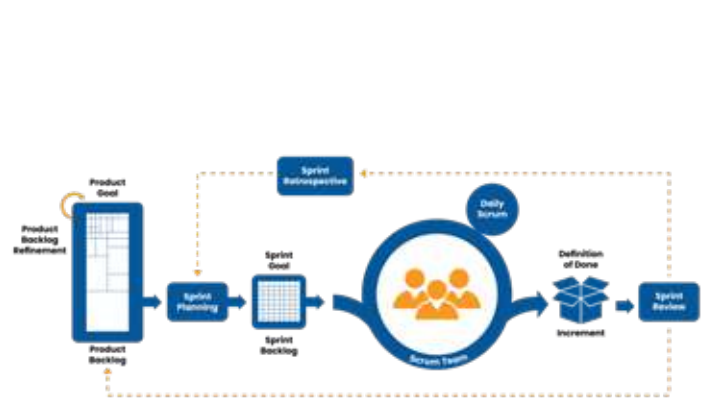
BUSINESS MODEL

Tailored Project Management Approach

V-LIFE CYCLE



SCRUM FRAMEWORK



A hybrid project management approach—which blends elements of traditional waterfall (lifecycle-based) and agile methodologies (like Scrum)—can create significant value for system integrator customers, particularly in industrial automation and control projects. Here's how:

1. Balancing Structure & Flexibility

Lifecycle/Waterfall Approach:

Ensures that critical compliance, documentation, and regulatory approvals are met (important for industries like oil & gas, water/wastewater, and infrastructure).

Agile/Scrum:

Allows for incremental development, faster iterations, and adaptability to changing customer needs.

Value for the customer:

Customers get a well-structured, risk-mitigated project execution with room for iterative improvements.

2. Faster Value Delivery with Agile Sprints

Instead of waiting for the entire automation system to be developed and deployed in one go, a hybrid model enables **progressive implementation**.

Agile allows system integrators to deliver functional modules (e.g., PLC programming, SCADA dashboards, data analytics) in **smaller, testable iterations**.

Value for the customer: Early visibility into the system and the ability to course-correct before final deployment

3. Reduced Project Risks

Traditional project risks (such as scope creep, delays, and last-minute changes) can be controlled through upfront planning (waterfall).

Agile enables continuous feedback loops so that issues are detected and fixed early instead of causing delays during site commissioning.

Value for the customer: Lower risk of delays and costly last-minute changes.

4. Improved Stakeholder Engagement

- Agile Scrum ceremonies (like daily standups and sprint reviews) keep customers engaged in the development cycle.
- Waterfall ensures milestone-based reporting for stakeholders who need structured progress tracking
- Value for the customer: Greater transparency and involvement in decision-making.

5. Optimized Cost Efficiency

Traditional methods ensure budgets are well-defined and planned.

Agile adjustments allow for cost control by prioritizing high-impact features and avoiding unnecessary work.

Value for the customer: Optimized investment by focusing on critical needs and avoiding budget overruns.

6. Seamless Site Deployment & Commissioning

Waterfall provides a detailed project roadmap for system integration and commissioning.

Agile allows for iterative testing, so site challenges are identified early.

Value for the customer: A smooth commissioning process with minimal disruptions.

Real-World Application for Avanceon

For a company like Avanceon, dealing with complex automation, SCADA, and IIoT solutions, a hybrid model allows: Regulatory and compliance adherence (through a structured life cycle).

Faster digital solution deployment (via agile sprints for data analytics and dashboards).

Real-time adjustments based on operational insights (Scrum-based feedback loops).

Would you like a more tailored breakdown for a specific industry (e.g., water, oil & gas, infrastructure)? A hybrid project management approach, combining waterfall (life cycle) and agile (Scrum), enhances value for system integrator customers like Avanceon by ensuring structured execution with flexibility.

Waterfall provides regulatory compliance, risk mitigation, and milestone tracking, while Agile enables faster iterations, continuous feedback, and adaptability. This allows incremental delivery of automation solutions (e.g., PLC programming, SCADA dashboards) rather than waiting for full project completion. Agile's iterative testing minimizes risks, while structured deployment ensures a seamless go-live phase.

Stakeholder engagement improves through Scrum reviews and standups, keeping customers involved, while waterfall-driven roadmaps ensure smooth execution. This model optimizes cost efficiency by prioritizing high-impact features and reducing last-minute changes.

For Avanceon, this approach ensures compliance, real-time decision-making, and efficient deployment of automation, SCADA, and IIoT solutions, delivering transparent, cost-effective, and low-risk implementations that maximize customer value.

Upstream (Suppliers & Technology Providers)

1. OEMs & Equipment Manufacturers

o Automation & Control Vendors

(e.g., Siemens, Rockwell, Schneider, ABB) PLCs, SCADA, DCS, sensors, drives

o Instrumentation & Electrical Equipment

Suppliers Flow meters, pressure transmitters, VFDs



STRATEGIC PARTNERSHIPS

In 2025, Avanceon continued to strengthen its strategic partnerships to accelerate innovation, expand market reach, and deliver enhanced value to customers.

By collaborating with global technology leaders and key industry stakeholders, we reinforced our position as a trusted partner in digital transformation and industrial automation.

Advancing Fuel Retail Through Cloud Automation

Avanceon successfully implemented a cloud-enabled fuel management solution for Gas & Oil Pakistan Ltd., integrating advanced automation technologies to enable real-time monitoring, centralized control, and improved operational transparency with Dover Fueling Solutions. The deployment has enhanced decision-making, optimized asset utilization, and strengthened operational efficiency across the retail network.



Strengthening Global Technology Alliances

Our engagement with Sensia marked a significant step in deepening collaboration in intelligent automation and data-driven solutions. Strategic discussions focused on driving innovation and sustainability across critical energy and industrial sectors.



Expanding Financial Collaboration

Avanceon formalized its relationship with United Bank Limited (UBL), extending a successful Middle East collaboration into Pakistan. This partnership enhances financial agility, improves access to banking solutions, and supports operational scalability across all business regions.



☑ This coming together reflects more than a financial arrangement — it symbolizes shared trust, strategic vision, and a collective drive to enhance visibility of two progressive corporate entities which are leaders in their field.

Driving Intelligent Alarm Management in Energy

In the Middle East, Avanceon delivered an advanced alarm management system across multiple operational sites for a leading energy provider with ProcessVue. The solution enabled proactive decision-making, real-time visibility, and compliance with international standards, significantly improving operational reliability and safety.



Enhancing Industrial Efficiency in FMCG

Through the deployment of high-efficiency WEG IE4 gear motors, Avanceon enabled a leading FMCG manufacturer to achieve improved energy performance, reduced maintenance requirements, and enhanced operational uptime—supporting both cost optimization and sustainability goals.



Recognition for Excellence in Smart Infrastructure

Avanceon was honored by Siemens Smart Infrastructure at the Middle East Partner Summit 2025, recognizing our contribution to delivering intelligent, sustainable building solutions and reinforcing our reputation for engineering excellence.



Investing in a Sustainable Future

Avanceon signed an agreement with the Punjab Central Business District Development Authority for the development of its new LEED Gold-certified corporate headquarters at Nawaz Sharif IT City. This initiative reflects our commitment to sustainability, innovation, and future-ready infrastructure.



Advancing Industrial Safety Systems

In partnership with Siemens Cerberus PRO, Avanceon implemented advanced fire protection systems for a leading FMCG facility, enhancing safety, compliance, and operational resilience through smart automation technologies.



Outlook

These strategic collaborations continue to enable Avanceon to deliver intelligent, scalable, and sustainable solutions across industries. As we move forward, partnerships will remain central to our growth strategy, driving innovation and long-term value creation.



Technology Partners



Regional Partners



These strategic collaborations allow Avanceon to provide cutting-edge solutions, driving efficiency and innovation across industries worldwide.

To know more, contact marketing@avanceon.ae

CORE COMPETENCIES

Avanceon core competencies revolve around automation, process control, and system integration. The Company provides end-to-end solutions, which include Design, Supply, Engineering, Installation, Testing, Commissioning and Maintenance for:

AFTER MARKET SOLUTIONS

After Market Solutions
(part of Octopus Digital)

- ✓ Service Level Agreement [SLA]
- ✓ Work Order performance
- ✓ Urgent Service Crisis Management
- ✓ Remote Diagnostic Maintenance
- ✓ Infrastructure as a Service
- ✓ Analytic as a Service
- ✓ After Market Support as a Services

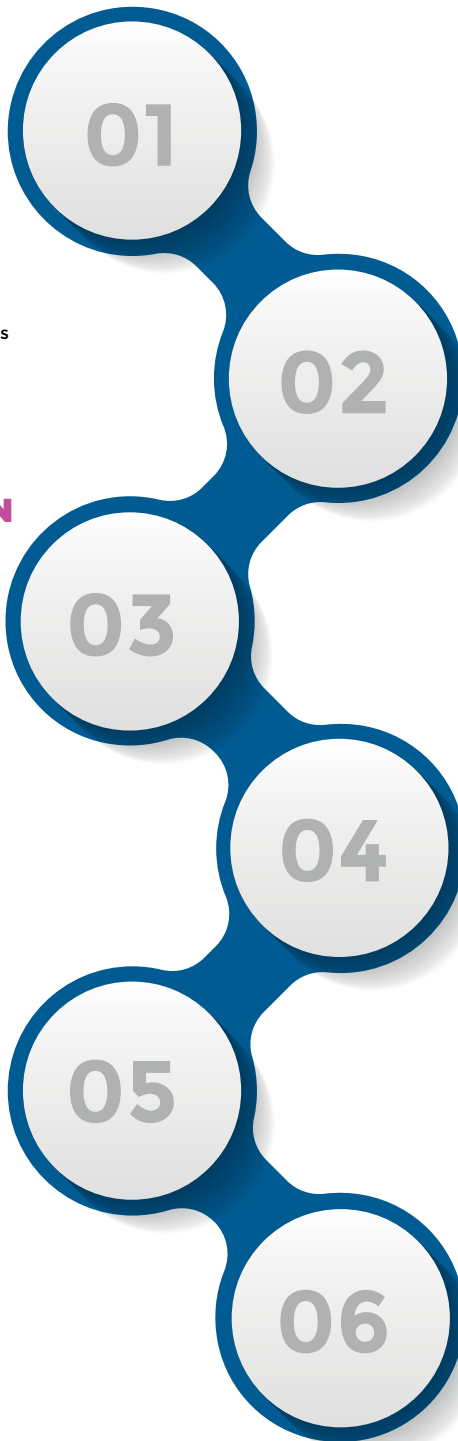
INSTRUMENTATION & CONTROL [I&C]

Instrumentation Control [I&C]

- ✓ Process Automation [PA]
- ✓ System Integration [SI]
- ✓ Programmable Logic controllers [PLC]
- ✓ SCADA Systems

INDUSTRIAL PROCESS AUTOMATION

- ✓ Distributed Control Systems [DCS]
- ✓ Process Simulation Systems [SS]
- ✓ Tunnel Ventilation Systems [S]
- ✓ Fire Alarm Systems [FAS]
- ✓ Emergency Simulation Systems [SDS]
- ✓ SIL SIL Compliant
- ✓ Building Management Solutions



MANUFACTURING PROCESSING AUTOMATION

Manufacturing processing Automation

- ✓ Serialisation
- ✓ Manufacturing Execution Systems [MES]
- ✓ Modular Automation
- ✓ Batch Engineering
- ✓ Data Acquisition Systems [DAS]

PERFORMANCE MANAGEMENT

Performance Management

- ✓ Plant information Management Systems [PIMS]
- ✓ Advanced Applications
- ✓ High End Solutions [HES]

ENERGY MANAGEMENT

Energy management

- ✓ iBoiler
- ✓ iWater
- ✓ iAir
- ✓ IDC
- ✓ Energy Dashboard

CORE SERVICES

Automation – Avanceon provides a wide range of automation solutions by leveraging an extensive track record of execution in diverse application environments combined with an understanding of technology trends and industry standards. The automation solutions address client requirements such as complexity in handling multiple products, regulatory requirements and the need for safety, productivity and improved throughput. Avanceon's automation solutions span over several industries which include:

- **Oil & Gas:** Assist companies in implementation of Supervisory, Control and Data Acquisition ("SCADA") solutions
- **Food and Beverages:** Assist companies to standardize products and meet precise recipe formulas
- **Power:** Enable companies to achieve energy efficiencies and improve utilization
- **Chemicals:** Assist companies in design, development and improvement of process flows allowing them to increase profitability and sustain during periods of low economic growth
- **Cement:** Assist companies in optimizing and reducing energy costs

To successfully deliver a compelling value proposition, Avanceon has developed a set of pre-designed and pre-tested process standards, software codes and supporting documentation designed to address the client's technical requirements.

Process Control – Process Control services include consulting for automation planning and specification development, process equipment selection and Original Equipment Manufacturer (OEM) management, electrical and mechanical systems engineering & design and long-term factory support. Avanceon provides the following services:

- **Batch Engineering:** Assist customers in application of the S88.01 standards which provide a template for meeting the standard of "best practices" based on their internal processes.
- **Distributed Control System:** Provide turnkey instrumentation and controls solutions for a manufacturing or process facility using Distributed Control Systems (DCS) or Programmable Logic Controller (PLC) systems with field integration on multiple protocols.
- **System Integration:** Avanceon offers a full-service, platform independent systems integration solution and has extensive experience of designing, developing, and executing both process & manufacturing controls and automation solutions, including enterprise level integration. Its solutions are designed to meet the specific manufacturing requirements of customers using a choice of "Best in Class" technology platforms such as Allen Bradley PLC, Honeywell DCS, Invensys ArchestrA, Schneider, and Microsoft technologies.

SPECIALIZED SOLUTIONS

Manufacturing Execution – Avanceon offers an extensive experience in designing, developing, and implementing Manufacturing Execution Systems (MES) that provide real-time monitoring of quality and productivity to operators, supervisors, managers, and executives. MES solutions apply data collection and management capabilities to manufacturing processes which aid in improving productivity, quality and process visibility. MES solutions facilitate customers to unlock efficiency savings in areas such as scheduling, inventory control, product traceability, downtime, uptime, product specification management and key performance tracking. Key solutions offered under MES include:

- **Overall Equipment Effectiveness (OEE):** Avanceon assists customers in closing the technology gap that exists between an enterprise's manufacturing floor and its Information and Enterprise Resource Planning (ERP) systems. These solutions range from strategic technology planning to the establishment of internal practices & standards, to managing and executing IT projects.
- **Mobile Solutions:** Mobile computing solutions allow customers to create, access, process, store and communicate information without being constrained to a single location.
- **Hazard Analysis Critical Control Point (HACCP):** HACCP is a food industry safety program developed to help prevent food contamination and enable more efficient government oversight of the food production process.

The following solutions are in demand in Oil & Gas, both upstream and downstream, Petrochemicals, Chemicals, Pharmaceuticals, Pulp, Paper and Printing, Metals, Cement and Power. To ensure increased revenues, reduced operating costs, and improved efficiencies for manufacturers, Avanceon provides solutions in:

- Manufacturing Execution Systems
- Plant Information Management Systems
- Real-time process optimization through Advanced Process
- Control technologies
- Customized Software Development services for process and manufacturing industries

Avanceon supports manufacturers in the complete lifecycle implementation of an MES application from systems and requirements definition, technology selection, pilot phase, implementation and rollout. Avanceon supports all phases of the MES implementation and provides a superior project and change management methodology in-line with the initial MES vision and current implementation reality. It has the ability to help manufacturers define MES standards and practices that provide the overall structure and strategy for corporate wide rollout and adoption

Plant Information Management System – Avanceon offers scalable and extensible software information management for decision-makers to visualize and analyze their processes faster and more effectively, which:

- Collects real-time data from multiple process control systems
- Archive for long term
- Delivers secure and reliable plant floor information

Our information management tools create custom displays for process and operations data, including schematics, animations, trends, alerts, notifications and custom reports.

Advanced Process Control – The key challenge for operators of refining, chemical and petrochemical plants is to maintain processes at their optimal operating point while simultaneously maintaining multiple safety margins at acceptable levels. Our solutions helped customers achieve:

- Improved product yield
- Reduced specific energy consumption
- Increased throughput capacity
- Improved product quality and consistency
- Reduced environmental emissions

By implementing advanced process control, benefits ranging from 1-2 years of return on investments can be achieved. These benefits are clearly enormous allowing plants to be

operated to their designed capacity and increase customer bottom line.

Energy Management Solution [EMS] – EMS consists of turnkey energy management and optimization solutions. These are robust and certified solutions developed using best practices and enable significant improvements in monitoring controls and management of existing utility and process control systems. They also provide saving opportunities in steam, pneumatics, fluid movement, chilling and heating to reduce losses in production and carbon emissions. The Company has developed proprietary EMS suites such as:

- **Energy Dashboard:** A complete service-offering platform for the monitoring of energy consumption in different business units of a plant remotely from anywhere in the world
- **iWater:** Water is a big energy cost centre in most industries. Through iWater, Avanceon offers a proprietary solution to reduce energy consumption
- **iBoiler:** Helps clients optimize their boiler performance. It measures and reduces fuel usage of boilers through optimized load sharing and reduced emission & steam distribution losses
- **iAir:** Measures and reduces electricity usage of air compressors through optimized load sharing, reduced header pressure, elimination of leaks and pressure drops and heat recovery
- **iDC:** An energy management package for District Cooling Systems



SOLUTION PORTFOLIOS

Avanceon empowers industries with cutting-edge automation and digital solutions that drive efficiency, reliability, and sustainability. From SCADA and PLC to energy management and IIoT analytics, our smart technologies transform operations across infrastructure and process sectors.

To know more about our solutions, visit www.avanceon.ae



Smart Infrastructure Solutions

- Smart Buildings
- Smart Parking
- Water Management

Building Technologies

- HVAC Manager
- Life Safety System
- Security System

Automated Fuelling Solutions

- Wet Stock Management System
- Piping & Containment System
- Submersible Pumping System

Digital Solutions

- Predictive Analysis
- AI-Powered Digital Assistants
- Sensor to Cloud Data Management

QHSE & SUSTAINABILITY UPDATES



QHSE & Sustainability Excellence and Innovation in 2025

In 2025, we advanced our QHSE (Quality, Health, Safety, and Environment) and Sustainability initiatives through capability building and digital process improvements. Comprehensive trainings enhanced workforce competency and safety awareness, while proactive practices ensured a secure work environment. Sustainability efforts included group-level carbon footprint assessments. Digital tools streamlined Sustainability Data Reporting, Vendor Evaluations, Permit-to-Work systems, and training records, supported by a centralized Corporate QHSE Dashboard for effective oversight. These actions strengthened our safety culture, operational efficiency, and environmental responsibility.

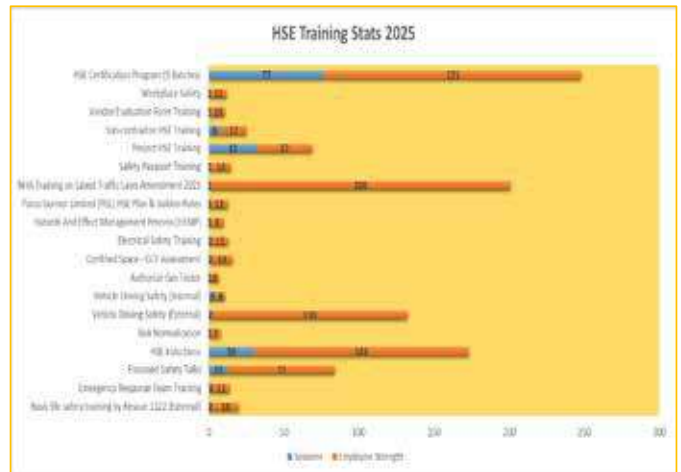
Capability Building & HSE & Sustainability Excellence

- 1. Comprehensive HSE Training:** Engineers and support staff were trained on HSE modules (Level 1-3), enhancing overall safety awareness.
- 2. Group Carbon Footprint Calculation:** To meet mandatory regulatory requirements and client pre-qualification criteria in the UAE, Pakistan, KSA, and Qatar, Group Scope 1 and Scope 2 carbon footprint calculations were completed across all regions, totalling **1048.22 tCO2e** emissions.
- 3. HSE Training Hours:** Achieved 2453 training man hours
- 4. Safe Man Hours:** Achieved 499045 safe man hours.
- 5. Zero-Lost Time Injury (LTI):** Achieved zero Lost Time Injuries across all projects, demonstrating strong safety governance, effective risk controls, and consistent implementation of HSE standards.
- 6. Total Near Miss & Potential Incidents (NMPIs) Reported:**
 1. NMPIs Reported in Office = 181
 2. NMPIs Reported in Projects = 170

Digitalization of QHSE&T

- 1. Modernized Processes:** Digitalized Sustainability Data Reporting, Vendor Evaluations, and PTW systems.
- 2. Training Records:** Digitized training records to ensure ready availability of data for audit purposes.
- 3. Corporate QHSE Dashboard:** A centralized Corporate QHSE Dashboard was developed to support effective monitoring, reporting, and data-driven decision-making.

HSE STATS Year-2025 – ACHIEVED **2453** HSE TRAINING MAN HOURS



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

1 Executive Overview

In 2025, Avanceon Limited strengthened its Environmental, Social, and Governance (ESG) framework in alignment with SECP ESG Disclosure Guidelines and IFRS S2 Climate-Related Disclosures. The Company focused on enhancing environmental performance, reinforcing governance structures, and promoting a proactive health and safety culture.

Avanceon remains committed to embedding sustainability into its core operations to ensure long-term value creation and resilience, with a forward-looking commitment to improve ESG data maturity.

Key Highlights 2025

ESG Pillar	Key Achievement
Environment	Total GHG: 716.06 tCO ₂ e Electricity: 240,160 kWh Water: 213.84 m ³
Social	103 Health & Safety Training Sessions Zero Lost-Time Injuries 2,453 HSE Training Man Hours Workforce: 83% Male, 17% Female 100% Health Insurance
Governance	Board Diversity: 28.57% Women Supplier Code of Conduct: Active
Climate	Scope 1: 623.46 tCO ₂ e Scope 2: 92.60 tCO ₂ e Intensity: 2.19 tCO ₂ e/employee

2. Organizational Profile

Avanceon Limited is a leading provider of industrial automation, control systems, and energy management solutions across South Asia and the Middle East.

Profile	Details
Legal Name	Avanceon Limited
Head Office	Lahore, Pakistan
Operations	Engineering, Automation & Energy Systems
Geographical Presence	Pakistan and Middle East
Reporting Period	January – December 2025
Reporting Framework	SECP ESG Guidelines IFRS S2 GRI Standards
External Assurance	Not yet obtained (planned for future cycles)

2.1 Sustainable Infrastructure Initiative

Avanceon is developing a LEED-certified corporate headquarters designed to embed sustainability into every stage of planning, construction, and operation. The facility focuses on intelligent building performance, resource efficiency, and improved occupant well-being through the integration of modern green building principles and smart technologies.

- LEED-certified design aligned with global green building standards
- Smart HVAC, lighting, and automation systems for optimized performance
- Centralized Building Management System for real-time monitoring and control
- Water efficient fixtures and intelligent conservation solutions
- Selection of low-emission, eco-friendly construction materials
- Enhanced indoor environmental quality through ventilation, air quality control, and daylight access
- Sustainable site planning to minimize ecological impact and improve green coverage
- Construction waste reduction through reuse and recycling practices
- Compliance with LEED requirements across design and execution phases
- Focus on long-term operational efficiency and reduced environmental footprint

3. ESG Governance Structure

3.1 Oversight & Responsibility

ESG oversight is managed through senior management and the QHSE governance framework. The Quality, Health, Safety and Environment (QHSE) function is responsible for implementation, monitoring, and reporting. ESG performance is periodically reviewed at management level.

Board Composition

Governance Metric	Status / Data
Board Gender Diversity — Men	71.43%
Board Gender Diversity — Women	28.57%
Committee Chairs — Women	100%
CEO Serving as Board Chair	Prohibited — Yes
Independent Board Members	2 Independent Directors
ESG Certified Board Members	Under Development
Executive Sustainability Incentives	Under Development
Collective Bargaining Agreement	Not Applicable

3.2 Policies & Frameworks

- QHSE Policy
- QHSE Management System Manual & Procedures
- Code of Conduct & Business Ethics
- ISO 27001 Certification – Information Security Management System
- Anti-Corruption & Ethics Policy
- Supplier Code of Conduct (mandatory sign-off by all vendors)

3.3 Risk Management Integration

ESG risks are incorporated into:

- QHSE risk registers
- Operational risk assessments
- Compliance monitoring systems

3.4 Disclosure Practices

Disclosure Practice	Status
Sustainability Report Published	Yes
Sustainability Data in Regulatory Filings	Yes
Aligned with Reporting Framework	Yes — SECP, IFRS S2, GRI
Focus on UN SDGs	Yes

4. Material ESG Topics

4.1 Environmental

- Energy consumption and efficiency
- GHG emissions — Scope 1 & 2
- Water usage
- Waste management

4.2 Social

- Occupational health and safety
- Incident prevention and reporting
- Emergency preparedness and response
- Gender diversity and inclusion
- Non-discrimination and human rights
- Employee training and succession planning
- Corporate Social Responsibility (CSR)

4.3 Governance

- Regulatory compliance
- Ethical conduct and anti-corruption
- Risk oversight and management
- Board diversity and independence
- Supplier governance and code of conduct
- Whistleblowing and grievance reporting mechanisms
- Financial transparency and reporting integrity
- Quality management systems and assurance processes
- Internal audit and control mechanisms
- Data privacy

5. Environmental Performance

5.1 GHG Emissions — Scope 1 & 2 (SDG 13 | IFRS S2)

Emission Metric	2025 Data
Total GHG Emissions (Scope 1 + 2)	716.06 tCO ₂ e
Scope 1 Emissions (Direct)	623.46 tCO ₂ e
→ Fuel Combustion (Petrol & Diesel)	Primary source
→ Refrigerant Losses (AC Systems)	Included in Scope 1
Scope 2 Emissions (Indirect — Electricity)	92.60 tCO ₂ e
GHG Intensity (per Employee)	2.19 tCO ₂ e / employee

Reduction Strategies

- Preventive maintenance of vehicles and equipment to improve fuel efficiency
- Optimization of transportation and logistics routes across project sites
- Improved AC efficiency through preventive maintenance to minimize refrigerant and energy losses
- Employee awareness on energy conservation and emissions reduction

5.2 Energy Use & Efficiency (SDG 7)

Energy Metric	2025 Data
Total Electricity Consumption	240,160 kWh
Average Monthly Electricity Consumption	20,013 kWh/month
Total Petrol Consumed	229,244 litres
Total Diesel Consumed	8,650 litres
Energy Mix — Petrol	86.65% of total energy
Energy Mix — Diesel	3.62% of total energy
Energy Mix — Electricity	9.73% of total energy
Renewable Energy Consumption	0%

Energy Management Initiatives

- Full installation of LED lighting systems across all facilities
- Energy efficient ACs installed across all facilities
- Preventive maintenance of electrical and cooling systems
- Employee awareness programs on energy conservation

5.3 Water Stewardship (SDG 6)

Water Metric	2025 Data
Total Water Consumption	213.84 m ³
Drinking Water (Bottled Supply)	86.31 m ³
Domestic Water Use (Estimated)	127.53 m ³
Primary Water Source	Groundwater
Water Reclaimed / Recycled	0 m ³
Metering System	No automated metering — estimation basis

Water Conservation Measures

- Installation of sensor-based taps and flow control devices
- Awareness campaigns promoting responsible water use among employees
- Wastewater managed through third-party contractors

6. Social Performance

6.1 Occupational Health & Safety (SDG 3 | ISO 45001:2018)

Avanceon maintains a strong commitment to occupational health and safety across all operations through a structured HSE framework certified to ISO 45001:2018.

HSE Metric	2025 Data
Occupational Health & Safety Policy	Yes — ISO 45001:2018 Certified
Safe Man Hours	499,045
Health & Safety Training Sessions	103
HSE Training Man Hours	2,453
Lost-Time Injury Rate	0
Safety-Related Incidents	0
Lost Production Hours due to Incidents	0
Health & Safety Insurance Coverage	100% of all permanent employees
Employees followed Permit-to-Work System	All site employees

Key HSE Initiatives

- Mandatory HSE induction and certification training for all employees and MTRs
- Regular Toolbox Talks (TBTs) conducted at all project sites
- Permit-to-Work (PTW) systems implemented for high-risk activities
- Job Safety Analysis (JSA) conducted prior to all critical tasks
- Routine HSE inspections and internal audits
- Emergency Response Plans (ERP) in place for offices and sites
- Fire drills and evacuation exercises conducted periodically

6.2 Incident Management & Reporting

- Structured incident management system for continuous improvement on Zoho People
- Reporting of incidents, unsafe acts, and near misses
- Root cause analysis (RCA) conducted for all recordable incidents
- Corrective and Preventive Actions (CAPA) tracked and implemented
- Safety performance monitored through internal management systems

6.3 Gender Diversity & Inclusion

Diversity Metric	Status / Data
Gender Diversity — Total Workforce	Male: 83% , Female: 17%
Gender Diversity — Entry & Mid-Level	Male: 81%, Female: 19%
Gender Diversity — Senior & Executive Level	Male: 91%, Female: 9%
Gender Pay Ratio (Median Male: Female)	70%
Temporary / Contractor Workforce Ratio	Not Applicable
Employee Turnover — Full-Time	15%
Promotions by Gender	Male: 74%, Female: 26%

6.4 Non-Discrimination & Human Rights

Policy Area	Status
Sexual Harassment & Non-Discrimination Policy	Yes
Confidential Grievance & Reporting Mechanism	Yes
Differently-Abled Persons in Workforce	Male: 0.39 % , Female: 0%
Human Rights Policy	Yes
Human Rights Policy Covers Suppliers	Yes
Child & Forced Labor Policy	Yes
Child & Forced Labor Policy Covers Suppliers	Yes
Working Condition Complaints — Received	0
Working Condition Complaints — Resolved	0

6.5 Employee Training & Development

Training Metric	2025 Data
Health & Safety Training Sessions Held	103
HSE Training Man Hours	2,453
Skill Upgradation Training	Disclosure in progress
Soft Skills Training	0
Succession Planning Framework	Active

6.6 Corporate Social Responsibility

Key CSR Activities — 2025

Corporate Social Responsibility (CSR) activities primarily focused on education-based initiatives, reflecting the organization's strong commitment to supporting learning and community development. Alongside education, several key CSR initiatives were also undertaken to support safety, emergency preparedness, and humanitarian relief.

6.6.1. Major CSR Activities:

- Education-focused initiatives to support learning and community development
- Rescue Collaboration in partnership with Rescue 1122 on Work at Height Rescue Training
- Flood Relief Activity conducted in coordination with Al-Khidmat Foundation
- Employee engagement and participation in CSR-driven community support programs

These initiatives were supported through dedicated employee involvement and time contribution, with a total CSR allocation of PKR 7,521,694.

7. Governance Performance

7.1 Ethics & Anti-Corruption

Governance Metric	Status
Ethics & Anti-Corruption Policy	Yes
Workforce Certified on Policy Compliance	100% of employees — mandatory
Supplier Code of Conduct	Yes — mandatory for all vendors
Suppliers Formally Certified on Code	Active — tracking in progress

7.2 Governance & Compliance

- Regular internal audits and inspections conducted
- Compliance with all applicable legal and regulatory requirements
- Enforcement of Code of Conduct and ethical business practices
- Anti-corruption measures embedded in procurement and vendor management

8. GRI Content Index

GRI Standard	Topic	Section in Report
GRI 302	Energy	Section 5.3
GRI 303	Water & Effluents	Section 5.4
GRI 305	Emissions	Section 5.2
GRI 403	Occupational Health & Safety	Section 6.1 & 6.2
GRI 405	Diversity & Equal Opportunity	Section 6.3
GRI 406	Non-Discrimination	Section 6.4
GRI 408/409	Child & Forced Labor	Section 6.4
GRI 413	Local Communities / CSR	Section 6.6

9. IFRS S2 Climate-Related Disclosure Index

IFRS S2 Pillar	Requirement	Section in Report
Governance	Board oversight of climate risks & opportunities	Section 3 & 5.1
Governance	Management role in climate risk assessment	Section 3.1
Strategy	Climate-related risks & opportunities	Section 5.1
Strategy	Business model & value chain impacts	Section 5.1
Risk Management	Climate risk identification & assessment	Section 3.3
Risk Management	Integration into enterprise risk management	Section 3.3
Metrics & Targets	Scope 1 GHG Emissions	Section 5.2
Metrics & Targets	Scope 2 GHG Emissions	Section 5.2
Metrics & Targets	GHG Intensity per Employee	Section 5.2

10. SDG Contribution Map

UN SDG	Focus Area	Avanceon Initiatives
SDG 3 — Good Health	Occupational Health & Safety	ISO 45001 HSE Training Incident Management
SDG 6 — Clean Water	Water Efficiency	Sensor-based taps Water conservation programs
SDG 7 — Clean Energy	Energy Efficiency	LED lighting AC optimization
SDG 8 — Decent Work	Safe & Sustainable Operations	HSE programs Fair employment practices
SDG 12 — Responsible Use	Resource Efficiency	Responsible water & energy consumption
SDG 13 — Climate Action	Emissions Reduction	Scope 1 & 2 tracking
SDG 17 — Partnerships	Industry Collaboration	Rescue 1122 Al-Khidmat Client sustainability

11. Conclusion & Forward Commitments

In 2025, Avanceon strengthened its ESG performance by enhancing environmental efficiency, improving occupational health and safety systems, and reinforcing governance practices.

Moving forward, the company aims to:

- Improve ESG data accuracy and reporting maturity
- Strengthen digital ESG tracking systems
- Drive continuous improvement across all sustainability pillars

Avanceon remains committed to responsible growth, operational excellence, and long-term sustainability.



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Effective corporate governance is the cornerstone of an organization's long-term sustainability and prosperity. It is built on principles, rules, practices, and processes that are crafted in accordance with corporate laws and the company's authority. By fostering transparency, corporate governance instills confidence in stakeholders, including shareholders, investors, business partners, regulators, lenders, customers, vendors, and the broader community. This openness ensures the integrity and credibility of the organization, reinforcing ethical behaviour, accountability, and professionalism at all levels. Additionally, it helps balance the diverse interests of various stakeholders, creating a harmonious environment that supports the company's growth and reputation.

To ensure effective governance, organizations must implement robust internal controls, risk management systems, and effective supervision of corporate affairs. The Board's commitment to complying with regulations, such as the Listed Companies (Code of Corporate Governance) Regulations, 2019, plays a critical role in ensuring efficient operations and safeguarding both assets and shareholder wealth. Furthermore, adherence to local laws, along with accurate financial accounting and reporting aligned with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), is essential for maintaining trust and ensuring legal and financial integrity. Through these mechanisms, corporate governance contributes to the effective management of the company and upholds the long-term interests of all stakeholders.

BOARD COMPOSITION

The composition and qualifications of the Company's Board of Directors are fully aligned with the requirements set forth by the Companies Act 2017, the Code of Corporate Governance, and the best practices as outlined in the Company's Articles of Association. The Board's structure ensures adherence to regulatory guidelines and upholds the highest standards of governance, promoting transparency, accountability, and effective oversight.

BOARD DIVERSITY

The Avanceon Board consists of 07 directors who effectively represent the interests of shareholders, with a diverse composition that fosters efficient decision-making and enables the team to navigate challenges in managing the Company's affairs with precision. This diversity brings a wealth of unique perspectives, driven by the directors' varied knowledge and extensive experience, allowing them to make informed, objective decisions free from undue influence. The Board is committed to the highest standards of governance and strategic insight, ensuring the Company's operations are managed effectively. Of the 07 directors, two are independent, representing non-controlling interests, and are selected through a meticulous process using a database maintained by the Pakistan Institute of Corporate Governance (PICG). Each independent director has formally consented to serve and has submitted a "Declaration to the Company," affirming their compliance with the independence criteria outlined in the Companies Act 2017. Additionally, the Board comprises two executive director and three non-executive directors, ensuring a balanced and comprehensive approach to governance. None of the directors hold directorship of more than seven listed companies.

GENDER DIVERSITY IN GOVERNANCE

The Avanceon Governance framework is committed to achieving gender diversity on its Board of Directors. Currently, the Company has two female directors, surpassing the regulatory requirement for at least one female director on the Board of a listed company.

CHANGES TO THE BOARD

The current Board was elected in May 2023, and its term will be completed by May 2026. During the year, Mr. Omer Iqbal Khan resigned. To fill the casual vacancy, Mr. Mohammad Shahid Mir joined the Board of Directors. The Board expresses sincere appreciation for the valuable contributions made by the outgoing director and extends a warm welcome to the new member. The Board remains confident in the team's ability to efficiently achieve the Company's objectives and drive continued financial success for shareholders.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors holds a responsibility for the overall direction and control of the Company's activities, including identifying and managing business risks, ensuring the integrity of management information systems, and providing transparent and accurate reporting to shareholders. This responsibility extends to the Company's control architecture, encompassing a robust system of internal controls, clearly defined procedures, policies, guidelines, and an organogram to ensure an appropriate division of responsibilities. The Board oversees the implementation of an internal audit program and ensures key functions are staffed with qualified personnel, supported by continuous training.

With a commitment to maintaining shareholder confidence and safeguarding the Company's reputation both nationally and internationally, the Board has established a comprehensive governance framework. This framework, based on global best practices, includes essential components such as a formal Code of Conduct, Code of Business Ethics, Internal Control Framework, Risk Management Framework, and a Whistle Blowing Policy. These measures exceed the compliance and disclosure requirements set by relevant legal and regulatory authorities while ensuring the informational needs of all stakeholders are met.

The Board routinely reviews the Company's strategic direction to ensure alignment with its long-term objectives. Annual business plans and performance targets, set by the Chief Executive, are thoroughly examined by the Board in the context of the Company's overarching goals. The Board is unwavering in its commitment to upholding the highest standards of corporate governance and ensures that the Company operates in full compliance with regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP) and the relevant listing rules of the Pakistan Stock Exchange (PSX).

In line with its commitment to sound corporate governance and financial reporting, the Board adheres to the following principles:

1. The financial statements prepared by management fairly present the Company's financial position, results of operations, cash flows, and changes in equity.
2. Proper books of accounts have been maintained in compliance with legal requirements.
3. Accounting policies have been consistently applied in preparing financial statements, with estimates based on sound judgment.
4. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of the financial statements.
5. The internal control system is robust, effectively implemented, and regularly monitored.
6. The Company's ability to continue as a going concern is assured.
7. The best practices in corporate governance, as outlined in the listing regulations, have been diligently followed.

ROLE AND RESPONSIBILITIES OF THE CHAIRMAN

The Chairman of the Board provides leadership to the Board of Directors, guiding the strategic direction of the Company and ensuring the effective functioning of the Board. As the principal liaison between the Board and the Company's management, the Chairman facilitates communication and coordination through the Chief Executive Officer, ensuring alignment between the Board's objectives and the Company's operations. The Chairman is accountable to the Board and plays a pivotal role in fostering a culture of governance and accountability within the organization.

ROLES AND RESPONSIBILITIES OF THE CEO

The CEO's responsibilities encompass developing the Company's strategy, supported by annual business plans and budgets, for Board approval. The CEO is tasked with managing the business in alignment with Board decisions, achieving the Company's financial and operational objectives, and overseeing succession planning and information technology strategies. Additionally, the CEO monitors and reports the Company's performance and compliance with regulatory and corporate governance requirements to the Board. The CEO ensures that the Company adheres to all relevant laws and best practices in corporate governance, while also serving as the principal representative of the Company. In this capacity, the CEO is responsible for recommending a long-term strategy aimed at enhancing shareholder value and driving the Company's growth.

The Board consists of two executive directors and five non-executive directors, including three independent directors, all of whom are deeply committed to the effective stewardship of the Company's affairs. The non-executive directors remain independent of the Company's management. The current directorate will complete its three-year term on May 29, 2023. To support its governance functions, the Board has established the following committees:

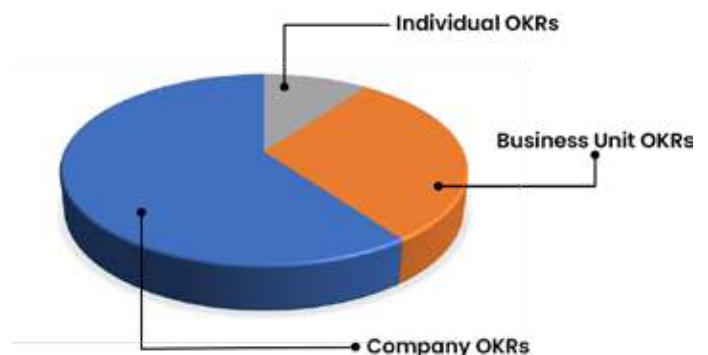
- Audit Committee
- Human Resource and Remuneration Committee / Compensation Committee for ESOS
- Executive / Stewardship Board

Through these committees, the Board provides proactive oversight in key areas of business operations and the CEO's performance. The Board regularly reviews the charters of these committees to ensure they align with best practices and continue to meet the Company's strategic objectives.

ROLES AND RESPONSIBILITIES OF THE EXECUTIVE BOARD

The Executive Board is responsible for the overall achievement of the Company's Objectives and Key Results (OKRs), a management methodology that aligns organizational efforts toward critical goals. This approach ensures that leadership OKRs are directly tied to the Company's success, driving performance and enabling progress tracking through an OKR scorecard. The Executive Board comprises key management leaders from across various functions, including Sales, Engineering, Finance, HR, and Corporate divisions globally.

The Executive Board's mandate is to oversee the corporate plan through regular monthly and quarterly meetings, ensuring the timely delivery of projects, improving operational execution, addressing obstacles, and ensuring the availability of free cash flow. The Board also conducts fixed cost event-oriented analysis, takes preventive and corrective actions when necessary, and focuses on increasing shareholder wealth. Key performance drivers include:



- Purchase Order (PO) Generation
- Revenue Recognition
- Invoicing
- Collections

CEO PERFORMANCE REVIEW BY THE BOARD

The Board of Directors conducts an annual performance evaluation of the Chief Executive Officer (CEO), assessing progress against corporate goals and objectives, including business performance, long-term strategic achievements, and management development. This evaluation is communicated to the CEO and the Chairman of the Board for transparency and alignment.

MANAGEMENT INITIATIVES ON CORPORATE GOVERNANCE

To familiarize key management personnel with corporate governance best practices, the Company has instituted comprehensive training programs for its directors and executives. These programs cover a variety of topics, including the structure, role, and importance of the Board, strategic planning models, succession planning, risk management, and internal controls.

ETHICS

At Avanceon, ethics are integral to the Company's culture and guide the behavior of all employees, ensuring that objectives are met efficiently, transparently, and fairly. The Company has implemented a comprehensive ethics program, anchored in a Code of Conduct that is approved by the Board and applicable to all employees. The program includes:

- Code of Ethics
- Employee Training Programs
- Whistle blowing Policy
- System for Reporting and Investigating Wrongdoing
- Corrective Action Procedures

The Code of Ethics is complemented by specific function-based codes, such as:

- Financial Code of Ethics: Defines ethical standards for senior executives, especially those responsible for public disclosure and financial information.
- Principles of Good Promotional Practices: Establishes rules for ethical promotional conduct.
- Personal Data Protection Charter: Outlines corporate guidelines for the collection, processing, and storage of personal data.
- Code for Prevention of Insider Trading: Provides rules to prevent insider trading within the Company.
- Ethical Charter for Buyers: Sets guidelines for employees involved in the purchasing process.

BUSINESS GOVERNING PRINCIPLES AND VALUES

Avanceon conducts business with honesty, integrity, and transparency, expecting the same from all stakeholders. We prioritize doing what is right, ensuring that all transactions adhere to legal frameworks, and underpin our actions with responsible financial reporting.

INTEGRITY

Avanceon is committed to maintaining the highest standards of integrity and fairness. We prohibit any use of unfair means or instruments for business or financial gain. Employees are required to follow a policy regarding the acceptance of gifts from customers or vendors, ensuring no conflicts of interest arise from personal financial activities.

CODE OF CONDUCT

The Board has adopted a comprehensive Code of Conduct for its members, executives, and staff, outlining business standards and ethical expectations. The Code covers areas such as:

- Corporate governance
- Relationships with employees, customers, and regulators
- Confidentiality of information
- Trading in Company shares
- Environmental responsibilities
- Harassment policy

CORPORATE SOCIAL RESPONSIBILITY

Avanceon is deeply committed to corporate social responsibility (CSR). Through initiatives such as the fully funded education program for the children of support staff, we are creating meaningful societal value. This initiative, which covers school fees, books, uniforms, home tutors, and transportation, has received recognition from the National Forum for Education and Health. Many of these children are now employed within the Company, ensuring the future of Avanceon's workforce.

The Company also actively participates in environmental and social initiatives, including a four-pillar audit covering labor standards, health and safety, environmental practices, and business ethics. Avanceon is dedicated to environmental protection, energy conservation, and the welfare of its staff and the broader community.

ENVIRONMENTAL PROTECTION

While Avanceon's service-oriented activities do not directly harm the environment, the Company is committed to several green initiatives. Recently, over 50 employees participated in a tree plantation drive both within the office and at home. Additionally, the Company promotes a paperless work environment, reducing physical administrative forms through the use of the company intranet and encouraging on-demand printing. Environmental awareness campaigns are also conducted across all offices, involving employees and their families in sustainability efforts.



BOARD POLICY ON DIVERSITY

The Board of Directors of Avanceon Limited is committed to promoting diversity and inclusion across all levels of the organization, with a particular focus on gender diversity. The Company recognizes the importance of diverse perspectives and backgrounds in driving innovation, improving decision-making, and enhancing corporate performance. In line with this commitment, the Board has set measurable objectives aimed at increasing gender diversity. The progress toward achieving these objectives will be monitored annually by the Board, with updates provided to ensure that appropriate actions are taken to meet these goals. The Board will regularly review and assess its diversity policy to ensure it remains aligned with best practices and supports the creation of a fair, inclusive, and equitable work environment for all employees.

CONFLICT OF INTEREST

The Board of Directors of Avanceon Limited is committed to ensuring that all decisions made in the best interests of the Company are free from any conflicts of interest. Directors are required to act with integrity and in good faith, avoiding situations where personal interests may conflict with the interests of the Company. Any actual or potential conflict of interest must be disclosed to the Board at the earliest opportunity, including any situations where a director has a financial interest, directorship, or personal relationship that could affect their ability to perform their duties impartially.

The Board will review any reported conflicts and determine the appropriate course of action, which may include recusal from discussions or decisions related to the conflict. Directors are expected to maintain transparency and act in accordance with the highest standards of ethical conduct. The Company will regularly monitor and assess compliance with this policy, ensuring that all conflicts of interest are effectively managed and mitigated in line with applicable laws, regulations, and corporate governance standards.

POLICY ON FEES EARNED BY EXECUTIVE DIRECTORS

The Board of Directors of Avanceon Limited hereby acknowledges that Mr. Bakhtiar Hameed Wain, an Executive Director of the Company, serves as a non-executive director on the boards of the following companies:

1. Octopus Digital Limited
2. Empiric AI (Pvt) Limited
3. Innovative (Pvt) Limited
4. I2C Pakistan (Pvt) Limited

In his capacity as a non-executive director of these companies, Mr. Wain may receive fees or other remuneration for attending board meetings or participating in other company-related activities. The amount and terms of such fees, if any, shall be determined by the remuneration policies of the respective companies.

FOREIGN DIRECTORS' SECURITY CLEARANCE

During the year, no foreign director has been elected or appointed to fill a casual vacancy. However, the Company is fully cognizant of the legal requirements for foreign directors, specifically the need for security clearance from the Ministry of Interior, facilitated through the Securities and Exchange Commission of Pakistan (SECP). The Company ensures full compliance with all legal formalities and procedural requirements in this regard, in adherence to applicable laws and regulations governing the appointment of foreign directors.

DETAILS OF BOARD MEETINGS HELD OUTSIDE PAKISTAN

A total of four (04) Board meetings were held during the financial year 2025. All meetings were conducted simultaneously in both Pakistan and abroad via video link facility, ensuring full participation and engagement from all directors, regardless of location.

Best Corporate Report Criteria Cross Referenced With Annual Report's Page Numbers

Information disclosed in accordance with BCR criteria as well as beyond BCR criteria is available on our website <https://www.avanceon.ae/investor-relations/>





























PRESENCE OF CHAIRMAN OF AUDIT COMMITTEE AT THE AGM

The Chairman of the Board Audit Committee was present at the AGM to respond to questions on the Audit Committee's activities and matters within the scope of the Committee's responsibilities.


















BOARD OF DIRECTOR'S MEETINGS

During the year, the Board of Directors has conducted four board meetings, the following honourable members participating:

Sr.	Name of Directors	27-Mar-25	30-Apr-25	29-Aug-25	27-Oct-25	Meeting Attended
1	Mr. Khalid Hamid Wain					●●●●
2	Mr. Bakhtiar Hameed Wain					●●●●
3	Mr. Amir Wain					●●●●
4	Mr. Tanveer Karamat					●●●●
5	Mr. Mohammad Shahid Mir					●●●●
6	Ms. Faaria Rehman Salahuddin					●●●●
7	Ms. Selina Saadia Rashid Khan					●●●●










BOARD AUDIT COMMITTEE'S MEETINGS

During the year, the Board Audit Committee has conducted five board meetings, the following honourable members participating:

Sr.	Name of Directors	14-Mar-25	25-Mar-25	30-Apr-25	29-Aug-25	24-Oct-25	Meeting Attended
1	Ms. Faaria Rehman Salahuddin						●●●●●
2	Mr. Khalid Hamid Wain						●●●●●
3	Mr. Amir Wain						●●●●●

HR AND REMUNERATION COMMITTEE'S MEETINGS

During the year, the HR and Remuneration Committee has conducted three board meetings, the following honourable members participating:

Sr.	Name of Directors	31-Mar-25	10-Jun-25	15-Dec-25	Meeting Attended
1	Ms. Faaria Rehman Salahuddin				●●●
2	Mr. Khalid Hamid Wain				●●●
3	Mr. Amir Wain				●●●



Cybersecurity Oversight & Governance

Avanceon maintains strong oversight of cybersecurity risks through coordinated efforts between senior leadership and the IT department. Cybersecurity is integrated into the company's broader risk management framework, supported by ongoing monitoring and periodic reviews to address evolving digital risks. The company operates under a comprehensive IT Policy that governs its cybersecurity practices, internal controls, and compliance with industry standards. The IT department oversees the implementation of systems and procedures designed to identify, assess, and address cybersecurity risks. Regular independent assessments of the technology environment, including third-party risks, are conducted, with the most recent review completed during the reporting period.

Business Continuity & Disaster Recovery Plan

Business Continuity Planning (BCP) is a comprehensive process meticulously crafted to minimize the organization's exposure to business risks stemming from unforeseen disruptions in critical operations vital for its sustenance. These disruptions encompass a spectrum of events, ranging from short-term crises to prolonged disasters, including but not limited to physical damages i.e., fires, floods, earthquakes, explosions, terrorism & power outages, hardware, or software failures, natural & other calamities.

At Avanceon – BCP is tailored to address the recovery and seamless continuation of operations in the event of a significant disruption, specifically focusing on unavailability of Avanceon facilities.





- Minimize interruptions to business & service operations
- Resume critical operations within a specified time after a disaster
- Assure clients/customers interests and business are protected
- Limit the severity of the disruption
- Expedite the restoration of services
- Establish awareness about implications of disaster upon restoration of services

Information Technology Governance Policy

In recent times to align with the ever-changing dynamics of modern business world, Information Technology is now a critical component of overall Corporate Governance. Therefore, Avanceon has positioned itself to effectively utilize information technology resources for maximization of shareholder value.

IT governance is focused on effective and secured IT solutions to meet the needs of our stakeholders in the most convenient and creative ways. As the use of Information Technology is increasing extensively, Company Management is required to uphold high standards for cyber security.

IT governance policy is primarily focused on ensuring IT systems and processes are aligned with the goals and objectives of the organization & support the overall strategy of the organization with specific focus on the following objectives:

- IT strategy is aligned with Business Strategy
- IT Risks are identified & Managed
- Ensure compliance with regulations and standards
- IT systems improves overall performance and efficiency
- IT systems ensure accountability and responsibility
- Foster a culture of continuous improvement within business operations



Early Warning System

Microsoft 365 – a cloud powered productivity platform capable of generating automatic alerts, warnings & system alarms controlled by Microsoft whenever, suspicious data traffic observed, multi-functional authentication breaches or user's profile being at risk in the form of e-mail & dashboard notifications.

Independent Assessment of Information & Technology Environment

An independent comprehensive assessment of the Information & Technology environment had been carried out by TUV Austria. During the course of this activity a comprehensive assessment of control environment for IT service being conducted out along with Penetration Testing to assess controls on data security breach.

Strive for IT Skill Development through Educational and Professional Trainings

The Management is aware of the critical importance of providing educational training to key personnel in the IT and Compliance departments. As these trainings are essential for the timely identification and response to potential cyber-penetrations and intrusions.

In line with this approach, Avanceon Management has taken proactive steps to ensure that the necessary resources are in place for these trainings from time to time when required in the upcoming years.





Enterprise Resource Planning (ERP) System Overview

As part of our ongoing commitment to operational excellence and digital transformation, we have successfully implemented an integrated Enterprise Resource Planning (ERP) system that centralizes and streamlines key business functions across the organization. Being a gold ISV partner of Microsoft we are currently using Microsoft Dynamics GP 2018 (October 2022 Release) under their Internal Use of Rights (IUR) program. This ERP system serves as a unified platform for managing finance, human resources, procurement, inventory, supply chain operations, and project accounting. By automating routine tasks, enabling real-time reporting, and maintaining consistent data across departments, the ERP system enhances efficiency, transparency, and data-driven decision-making throughout the organization.

a) Integration of Core Business Processes and Modules

Our ERP platform is structured around a suite of interlinked modules, including finance, HR, inventory management, procurement, and project accounting. Each module is designed to seamlessly communicate with the others, allowing for real-time data exchange and cohesive operations across departments. Functions such as payroll processing, vendor and asset management, budgeting, and project cost tracking are integrated to ensure smooth workflows and accurate reporting. To support this integration, a comprehensive Standard Operating Procedure (SOP) framework has been developed and embedded within the ERP system. These SOPs standardize operational activities, promote accountability, and ensure consistency across departments, making it easier for employees to navigate processes and maintain compliance with organizational standards.

b) Management Support in Implementation and Enhancement

Leadership has played a pivotal role in the ERP system's successful deployment and ongoing refinement. From defining the system's scope and selecting appropriate modules to setting implementation milestones, management has provided clear strategic direction. Regular performance evaluations and stakeholder feedback sessions are conducted to ensure the system continues to align with business goals.

Furthermore, management actively supports system enhancements and upgrades by prioritizing resource allocation and encouraging interdepartmental collaboration. This leadership commitment fosters a culture of ownership and adaptability, ensuring the ERP system evolves with the organization's changing needs.

c) Structured User Training and Enablement

To maximize the benefits of the ERP system, we have implemented a robust user training and enablement strategy. New users are onboarded through role-specific training sessions, designed to align with their daily responsibilities. To supplement this, a library of digital user manuals and step-by-step video tutorials is made available for on-demand learning.

We have also launched a new initiative titled Digital Tips – concise, practical insights shared regularly to promote best practices and enhance system proficiency. These resources empower employees to utilize the ERP system effectively and confidently, improving accuracy and productivity across all departments.

d) Risk Management in ERP Projects

Recognizing the critical role of risk mitigation in large-scale IT projects, a detailed ERP implementation and risk management plan was developed in collaboration with multiple departments. The plan includes preventive controls such as regular data backups, rigorous user access reviews, structured change management protocols and DRP testing.

Before any system upgrades or new module deployments are rolled out, comprehensive testing is conducted in a controlled environment to identify and resolve issues proactively. This systematic approach to risk management ensures business continuity, system stability, and the integrity of organizational data.

e) System Security, Access Controls, and Segregation of Duties

To safeguard sensitive business and employee information, our ERP system incorporates advanced security measures and a well-defined access control framework. Access rights are role-based, ensuring that employees can only view or modify data relevant to their functions. This not only supports compliance and governance but also enforces effective segregation of duties.

Regular security audits and activity logs are maintained to detect anomalies and ensure traceability. Security protocols are reviewed periodically and updated in line with evolving data protection standards, helping maintain a secure, compliant, and well-governed ERP environment.

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM OVERVIEW

As part of our continued commitment to operational excellence and digital transformation, the organization has successfully implemented a fully integrated Enterprise Resource Planning (ERP) system. This system centralizes and streamlines key business functions, enabling greater efficiency, transparency, and data-driven decision-making across all departments.

Leveraging our status as a Microsoft Gold ISV Partner, we utilize Microsoft Dynamics GP 2018 (October 2022 Release) under the Internal Use of Rights (IUR) program. The ERP platform serves as a unified solution for managing core business operations, including finance, human resources, procurement, inventory, supply chain, and project accounting.

By automating routine processes, enabling real-time reporting, and ensuring data consistency, the system significantly enhances operational performance and organizational agility.

a) Integration of Core Business Processes and Modules

The ERP system is built on a comprehensive suite of interconnected modules, including Finance, Human Resources, Inventory Management, Procurement, and Project Accounting. These modules operate in a fully integrated environment, allowing seamless data exchange and real-time synchronization across departments.

Key functions such as payroll processing, vendor management, asset tracking, budgeting, and project cost monitoring are unified within the system to ensure efficient workflows and accurate reporting.

To further strengthen operational consistency, a robust framework of Standard Operating Procedures (SOPs) has been developed and embedded within the ERP environment. These SOPs standardize processes, enhance accountability, and ensure compliance with organizational policies, enabling users to perform tasks efficiently and consistently.

b) Management Support in Implementation and Enhancement

Strong leadership commitment has been instrumental in the successful implementation and continuous improvement of the ERP system. Management has played a critical role in defining system requirements, selecting appropriate modules, and establishing clear implementation milestones.

Ongoing oversight is maintained through regular performance evaluations and stakeholder feedback sessions, ensuring that the ERP system remains aligned with organizational objectives.

Additionally, management actively supports system enhancements and upgrades by allocating necessary resources and promoting cross-functional collaboration. This proactive approach fosters a culture of ownership, innovation, and adaptability, ensuring that the ERP system evolves in line with business growth and technological advancements.

c) Structured User Training and Enablement

To ensure effective utilization of the ERP system, a comprehensive user training and enablement program has been implemented. New users undergo role-based training tailored to their specific responsibilities, enabling them to quickly adapt to system functionalities.

This is further supported by a centralized repository of digital user manuals and step-by-step video tutorials, providing users with continuous access to learning resources.

d) Risk Management in ERP Projects

Recognizing the importance of risk mitigation in ERP implementations, a comprehensive risk management framework has been established in collaboration with relevant departments.

This framework includes preventive and control measures such as:

- ✓ Regular data backups
- ✓ Periodic user access reviews
- ✓ Structured change management procedures
- ✓ Disaster Recovery Plan (DRP) testing

Before deploying system upgrades or introducing new modules, rigorous testing and validation processes are conducted to ensure system stability and data integrity. This structured approach minimizes operational risks and ensures business continuity.

OPERATIONAL RISK MANAGEMENT PRINCIPAL RISKS AND UNCERTAINTIES

Avanceon operates in an environment that presents a variety of risks arising from both its core business activities and the cross border economic landscape. The principal risks identified include:

- Potential loss of critical intellectual capital, skills, and competencies due to manpower attrition
- Macroeconomic volatility, inconsistent fiscal policies, and ongoing currency devaluation
- Supply chain and logistics-related risks, including:
 - ✓ Natural disasters
 - ✓ Changes in inter-border trade agreements among countries
 - ✓ Introduction or amendments to laws and regulatory frameworks
 - ✓ Risks related to shipment handling, transportation, and logistics operations



Strategy for Risk Mitigation

- Employee Retention Strategies encompassing meticulously formulated Key Performance Indicators (KPIs) linked with rewarding system.
- Utilizing Talent Acquisition from top-tier universities to ensure a high-caliber workforce.
- Implementing human resource policies dedicated to the development and retention of skilled professionals.
- Identifying key personnel and establishing a robust succession planning mechanism.
- Establishing a Joint Venture with Zamil Group to enhance financial resilience.
- Negotiating US-Dollar Parity agreements with clients for current business arrangements.
- For mitigation of risks linked with supply chain C logistics and its impact on business profitability:
 - ✓ Proactively engaged World Class Tier-I logistics providers
 - ✓ Ensuring implementation of ISO G001 certification on Quality Management Systems (QMS).

These measures indicate our commitment to proactively address, manage, prevent risks, ensuring the sustained success and resilience of the organization in a dynamic business landscape.

Within this framework, Avanceon has established a dedicated delegation committee known as the Stewardship Board at both the corporate and regional levels. The primary mandate of this board is to perpetually monitor and track:

- New Business Horizons – Assessing and strategizing for emerging business opportunities beyond the current scope.
- New Regional Territories – Identifying and evaluating potential in new regional markets for business expansion.
- Developing Additional Business Lines – Exploring and establishing supplementary business lines to diversify and strengthen the organizational portfolio.

The Stewardship Board plays a crucial role in ensuring a vigilant oversight mechanism, fostering adaptability to dynamic business landscapes, and aligning organizational efforts with strategic objectives for sustained growth and risk mitigation.

AVANCEON'S WHISTLEBLOWER POLICY – "SPEAK OUT!"



The Board of Directors of Avanceon and its subsidiaries have implemented a range of ethics and compliance policies that reflect our commitment to the highest standards of governance and corporate behavior. Upholding these values has always been a core strength of our organization, reinforced through voluntary disclosures and regular assessments of our business practices.

To further support this framework, a formal Whistleblower mechanism – the "Speak Out" system – has been established. Avanceon expects all employees, suppliers, and contractors across our affiliated entities to not only adhere to our ethical standards, but also to voice any concerns related to business ethics, workplace safety, environmental responsibility, harassment, or other compliance-related issues.

We are committed to maintaining the confidentiality of individuals who report in good faith and to protecting them against retaliation or victimization for raising legitimate concerns.

The "Speak Out" system is designed to address serious issues that could have significant implications for Avanceon or its affiliates, including but not limited to:

- Unlawful actions or activities that may damage the organization's reputation
- Fraudulent practices leading to loss of assets
- Intentional misrepresentation in financial reporting
- Violations of corporate conduct policies
- Breaches of applicable Safety, Health, and Environmental (SHE) standards
- Incidents of harassment, discrimination, or other unfair workplace practices

Concerns can be raised through the independent "Speak Out" hotline at **0092-42-37515129** or email to **speakout@avanceon.ae** or by mail to **Speak Out (PO Box 4012, Lahore - Pakistan.)**

Note:
During the year 2024, no cases were reported, highlighting ethical commitment of Company's stakeholders.

01 I AM ETHICAL

02 I AM HONEST

03 I AM TRANSPARENT

04 I AM UNBIASED

05 I AM CAREFUL

The image displays five ethical principles in a vertical list. Each principle is represented by a numbered icon on the left and a corresponding statement on the right. The icons are: 01 (Red shield with checkmark), 02 (Orange scales of justice), 03 (Blue magnifying glass), 04 (Teal group of three people), and 05 (Dark blue shield with checkmark). Each statement is followed by a vertical line and three dots on the right side of the box.



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AVANCEON 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 Avanceon Limited ("the Company") for the year ended December 31, 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 December 31, 2025.

Further, we highlight below instances of non-compliances with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	9	One out of seven directors will acquire the prescribed certification under the Directors' Training Program in the forthcoming year as required under Clause 19 of the Regulations.
2.	10 & 19	The positions of Chief Financial Officer and Company Secretary hold by the same person simultaneously as required under the clause 24 of the Regulations.

Lahore
Dated: April 30, 2026
UDIN: CR2025100513JuTFPill


CROWE HUSSAIN CHAUDHURY & CO.
 Chartered Accountants



Regional Operations Centre

The Avanceon Building
19 km Main Multan Road
Lahore 54660 Pakistan

Annexure A
[see regulation 36(1)]

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

Name of Company: Avanceon Limited
For the year ended: December 31, 2025

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

1. The total number of directors are seven (07) as per the following, -
 - a. Male: Five (05)
 - b. Female: Two (02)

2. The composition of Board is as follows:

<u>Category</u>	<u>Name</u>
Independent Directors	Ms. Faaria Rehman Salahuddin Ms. Selina Saadia Rashid Khan
Non-Executive Directors	Mr. Khalid Hamid Wain Mr. Amir Wain Mr. Tanveer Karamat
Executive Directors	Mr. Bakhtiar Hameed Wain Mr. Mohammad Shahid Mir
Female Directors	Ms. Faaria Rehman Salahuddin Ms. Selina Saadia Rashid Khan

*Two independent directors were appointed and fraction of 0.33 was not rounded up since the fractions is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

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 Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;



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8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The following directors have successfully completed the Directors' Training Program in accordance with the Regulations:

Mr. Bakhtiar Hameed Wain	Executive Director
Mr. Tanveer Karamat	Non-Executive Director
Mr. Mohammad Shahid Mir	Executive Director
Ms. Faaria Rehman Salahuddin	Independent Director
Ms. Selina Saadia Rashid Khan	Independent Director

Additionally, Mr. Khalid Hamid Wain, Non-Executive Director, is exempted from the Directors' Training Program as per the applicable provisions. *The remaining one director has yet to complete the DTP, and the Company is focused on arranging training programs in the forthcoming year to ensure compliance and enhance the professional expertise of its board members.

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

Ms. Faaria Rehman Salahuddin	Chairman / Independent Director
Mr. Khalid Hamid Wain	Member / Non-Executive Director
Mr. Amir Wain	Member / Non-Executive Director

b) HR and Remuneration Committee

Ms. Faaria Rehman Salahuddin	Chairman / Independent Director
Mr. Khalid Hamid Wain	Member / Non-Executive Director
Ms. Selina Saadia Rashid Khan	Member / Independent Director

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, -

	Frequency	Number of meetings held during the year
a) Audit Committee	Quarterly	5
b) HR and Remuneration Committee	Yearly	3



Regional Operations Centre

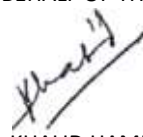
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Lahore 54660 Pakistan


15. The Board has set up an effective internal audit function to 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;
19. Explanation for non-compliance with the requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No.	Reference	Description	Explanation
1.	Regulation 24 of the Listed Companies (Code of Corporate Governance) Regulation, 2019.	Same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	In subsequent year 2026, the Company Secretary (CS) and Chief Financial Officer (CFO) position(s) is held by separate individuals.

ON BEHALF OF THE BOARD

LAHORE
DATE: March 27, 2026


MR. KHALID HAMID WAIN
CHAIRMAN


MR. BAKHTIAR HAMEED WAIN
CHIEF EXECUTIVE OFFICER

CORPORATE POLICIES



DISCLOSURE OF POLICY FOR ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

Avanceon's disclosure of policy for actual and perceived conflicts of interest is covered in the Conflict-of-Interest Policy, which requires employees to disclose relationships with a potential Guarantor or Vendor and provides guidance on managing conflicts. The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization and is applicable to all permanent, contractual, and daily wage employees. Any action by an employee, which deliberately or recklessly breaches this conflict-of-interest policy, may result in disciplinary action which may lead to termination of employment.

Disclosure for IT Governance Policy

Information Security governing policy is covered in the Acceptable Use of IT Resources. The policy describes the acceptable use of IT resource for the company. The

Policy describes the acceptable use of IT resource for the Company. The purpose is to outline the usage of Avanceon IT resources by all its employees. This policy applies to the use of all Avanceon IT resources (e.g. desktop computers, laptops, printers, disk space storage, software telecommunications equipment, networks, Internet, E-mail, etc.) and supporting infrastructure that is owned, leased, or controlled by Avanceon and used by its employees, contractors, interns, or other personnel at the Central, Regional, and Satellite office locations.

Avanceon's Whistleblower Policy - "Speak Out!"

The BOD of Avanceon and its subsidiaries have adopted several policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure a Whistleblower system has also been established. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but also to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance. They can use the independent "Speak Out" hotline 0092-42-37515129 or email to speakout@avanceon.ae to raise their concerns.

They can also write to Speak Out (PO Box 4012, Lahore - Pakistan.) Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely

held concerns raised in good faith. Speak-outs are encouraged to report serious concerns that could have a significant impact on the organization.

Actions that:

- are unlawful or may damage the reputation of Avanceon or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF SUCCESSION PLAN HUMAN RESOURCE MANAGEMENT

Human Resource Management at Avanceon is covered across several policies, which serve as a comprehensive framework to managing people, workplace, and culture. Hiring and confirmation provisions ensure that Avanceon reserves the right to assess prior work experience and skill levels, and to confirm applicants where applicable when considering full-time or part-time employment.

Compensation encompasses 10 policies, the purpose of which is to ensure employee's wellbeing and growth. These include Vehicle Benefit, Education Allowance, Employee Professional Accreditations, Performance Bonus, Sales Incentive, Technical Services Employee Incentive, Performance bonus, Variable Pay Plan for managers and support staff, Umrah as well as Employee Stock Option Plan amongst others. Human Resources management that encompasses Salaries, Attendance, Asset Utilization, Rewards, health, and other guidelines such as Mobile Usage are covered across 11 policies.

The Human Resource department introduced four new policies in 2021 which include Performance Bonus Policy, Incentive Distribution Methodology, VPP for Non-Sales Managers and Support Staff and Employee Stock Purchase Plan.

MEDICAL AND INSURANCE POLICY

One of the most important tasks in creating a high-performance culture is taking care of your employees. When employees' needs are met, they feel aligned with the mission, vision, and values of the organization. This results in high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization.

At Avanceon we ensure that the baseline rewards are fair and sufficient. These include some of the basic needs of an employee. One such need is medical and hospitalization cover. At Avanceon, we have hence, very carefully devised a medical policy to cover this criterion. With the best hospitals on our panel, we provide extensive hospitalization cover to the employee and his/her family, and unlimited OPD coverage as well.

Life insurance is also available to our employees under which they are covered for permanent partial disability, temporary total disability, accidental death, and extended death benefit.

Two years ago, Avanceon increased the room limit allowance by 22% and 16% for Plan A and B respectively. Furthermore, Avanceoners also receive clinic/lab, these centers are known as discount center where employees can avail discount from 10% to 25 % by showing their medical insurance cards.

COMPASSIONATE LEAVES

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves. Compassionate leaves can be taken when a member of an employee's immediate family* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

*Immediate family of an employee includes spouse, child, parent, sibling, grandparent and grandchild.

PAY CONTINUATION PLAN

The demise of the bread earner can have a debilitating effect on a household. To ensure that none of our employee's families must worry about their finances, life insurance policy has been revised to include the Pay Continuation Plan.

In addition to employee benefits, in the event of an employee's demise, the grieved family will receive 50% of the employee's monthly gross salary for the period of ten years.

EDUCATION ALLOWANCE POLICY

At Avanceon we believe education can be a means to a tolerant and prosperous society. To facilitate our employees' children education in reputable institutes, we help in meeting associated costs. Avanceon has developed an education allowance policy which does not discriminate based on grades or cadres and is the same for all, across the board. For our support staff, we have a separate CSR initiative in which we cover all the education expense of their children till graduation. From the initial admission to their tuition fee and pick n drop expenses, everything is covered by Avanceon.

SUCCESSION PLANNING POLICIES

Succession Planning Policy for Avanceon encompasses the Company's best practice in terms of Human Resources Management. The purpose of the policy is to ensure replacement for key executive, management, and technical positions within the organization. This policy covers middle management positions and above in Avanceon Ltd. The point is to identify high-potential employees, ensure systematic and long-term development and provide a continuous flow of talent. The business-critical engineering skill set is being maintained through an engineering skill set matrix and managed for all engineering resources.

SOCIAL & ENVIRONMENTAL POLICY

Policy requiring minimum HSE Training requirements was promulgated for all facilities of AVANCEON. This policy requires designation wise mandatory trainings for all employees. It has four stages and each employee is required to achieve desired level of training.

The HSE Team will be maintaining the attendance records of all employees and to achieve the next cadre, it will be mandatory to pass the next training level. These training levels have been carefully designed while keeping the job-related requirements of all associates in mind. The training will help to raise the associate's skill level in HSE while performing their daily tasks.

Each training will have a post training test which will be conducted via Docebo and it will be mandatory to pass it.

POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT

Stakeholder engagement policies and procedures map out all aspects of outreach with the broader audience interested in Avanceon. The Company involves committees at regular points throughout the year both for specific projects and general insights. The policies ensure that different parties are aware of the conduct and the function of the Company including Institutional Investors, Customers & Suppliers, Banks and other lenders, Media, regulators, and analysts. Business Conduct for Avanceon addresses Stakeholder Engagement through five key commitments: Ethics, Ownership, Customer Delight, Continuous Improvement and Community Care, which need to be translated across all its communications.

INVESTOR GRIEVANCE POLICY

Investor grievances are covered in the Securities & Exchange Commission of Pakistan rules as at May 11, 2001. These statutory rules have been published by the Government. The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements can be viewed or requested by the shareholders on <http://www.avanceon.ae>. Apart from this, www.avanceon.ae contains comprehensive information about the Company, its products, services, solutions, press releases and investor's information.

SAFETY OF RECORD

Safety of Record is ensured by the Information Security Governing Policy, which provides a framework for Information privacy, accessibility and integrity to the operation and management of Avanceon, which are of great importance. Failure in any of these areas can result in disruption to the services, can hurt company business and can shake the confidence of existing and potential clients. Information and asset security therefore play a critical role in the successful operation of the company. The purpose of the Information Security Policy is to guarantee business continuity and curtail business damage by minimizing information security incidents to an acceptable level. Superior information security provision for our customers and employees is Avanceon's commitment to protect from internal or external information security threats, whether deliberate or accidental. Adherence to this policy is crucial to safeguarding these interests.

WORK FROM HOME POLICY

In 2020, Avanceon developed a comprehensive work from home Policy & Guide. Avanceon became heavily dependent on online collaboration tools with more than 90% of its workforce working from home. The purpose of this policy and procedure is to provide a framework of understanding about how home working operates at Avanceon. Due to COVID-19, there can be scenarios where an individual, group of people, a regional office or whole company is required to work from home. This policy provides clear guidelines on how to effectively manage work from home.



STRATEGY & RESOURCE ALLOCATION

Avanceon continuously reviews its strategic objectives to remain aligned with evolving macroeconomic trends, technological advancements, customer expectations, and regulatory environments across the regions it operates in. The company's strategic direction is driven by the aim to deliver sustainable growth, innovation, and operational excellence while expanding its digital, industrial, and environmental footprint.

Strategic Objectives (Short-term, Medium-term, Long-term)

• Short-term Objectives

- o Accelerate digital transformation initiatives
- o Expand footprint in key growth sectors (e.g., Oil & Gas, Infrastructure)
- o Enhance project execution capabilities through agile practices
- o Deliver sustainable and LEED-compliant solutions
- o Drive internal automation and paperless workflows

• Medium-term Objectives

- o Increase regional penetration across Middle East and South Asia
- o Strengthen strategic OEM alliances and co-innovation models
- o Grow recurring revenues through lifecycle services and support
- o Scale up Avanceon's MES, SCADA, and digital platforms

• Long-term Objectives

- o Become the leading digital industrial solutions provider in the region
- o Lead in green, smart infrastructure development
- o Drive societal impact through strategic ESG and SDG alignment
- o Establish Avanceon as a global leader in sustainable automation

Capital

Resource Allocation Plan

Financial Capital

Focused investments in strategic business units, digital transformation, and technology platforms to support growth. Maintaining a stable capital structure and adequate liquidity to ensure sustainable expansion and resilience.

Human Capital

Development of a high-performance culture through targeted training, leadership pipelines, DEI initiatives, and global talent acquisition for mission-critical roles.

Manufactured Capital

Enhancement of manufacturing and integration capabilities, expansion of engineering centers, and digital infrastructure upgrades to meet global standards.

Intellectual Capital

Strengthening of proprietary platforms, engineering methodologies, and digital IP through R&D and innovation programs. Promoting knowledge-sharing across teams.

Social & Relationship Capital

Building long-term partnerships with OEMs, customers, and regulatory bodies. Investing in CSR, community development, and transparent stakeholder engagement.

Natural Capital

Implementation of energy-efficient technologies, paperless workflows, and LEED-aligned green buildings to minimize environmental impact and support climate goals.

Each capital is strategically aligned to support Avanceon's vision of enabling smart, sustainable industries through advanced automation and digitalization.

Avanceon's long-term value creation is driven by our deeply integrated capabilities and core resources. These are the enablers of our strategic direction, our competitive edge, and our ability to continuously deliver innovative solutions for the industries of tomorrow.

Capital	Resource Allocation Plan
Global Physical Footprint	Operational presence across the Middle East, South Asia, and North America enables proximity to clients, faster execution, and localized innovation.
Expert Human Resources	Cross-functional teams of engineers, project managers, and domain specialists drive excellence, agility, and high customer satisfaction.
Diversified Solutions Portfolio	A broad portfolio of automation, process control, energy efficiency, cloud-based and modular solutions tailored for key verticals such as Oil & Gas, FMCG, Water, Power, and Infrastructure.
Strong Compliance & Risk Culture	Adherence to global safety, security, and quality standards including ISA/IEC-62443 ensures trust, operational continuity, and stakeholder confidence.
Digital Innovation & Platforms	Proprietary digital frameworks, integrated systems, and IIoT-enabled solutions support scalable transformation for clients.
Sustainable Shareholder Value	Sound financial governance and disciplined capital allocation drive profitability, investment potential, and long-term resilience.
Customer-Centric Engagement	Deep client relationships built on collaboration, post-implementation support, and value co-creation across the solution lifecycle.
Strategic Alliances & OEM Partnerships	Long-standing collaborations with global OEMs like Schneider Electric, Rockwell Automation, and AVEVA enhance our ability to deliver best-in-class integrated offerings.
Community Engagement & CSR	Ongoing commitment to education, employment inclusion, and environmental sustainability strengthens our corporate reputation and license to operate.

These strengths form the foundation of Avanceon's competitive advantage—enabling us to lead the industrial digital transformation while delivering consistent value to all stakeholders.

Avanceon's strategy for market development and product and service innovation is anchored in sustainable growth, regional expansion, and digital transformation. We continue to strengthen our presence across key geographies, including the Middle East, South Asia, and North America, by tailoring our business models to regional needs and investing in emerging markets. Our focus remains on deepening value within core verticals such as Oil & Gas, FMCG, Power, Water & Infrastructure, while actively exploring opportunities in renewable energy, electric mobility, and smart cities. Avanceon is committed to customer-centric innovation—developing integrated automation solutions, modular systems, and IIoT-enabled platforms that drive efficiency and long-term ROI.

We continuously enhance our digital service portfolio with cloud-based technologies, cybersecurity solutions, and SCADA capabilities to support our clients' transformation journeys. Strategic alliances with leading OEMs like Schneider Electric, AVEVA, and Rockwell Automation further strengthen our ability to deliver future-ready solutions. All product and service development initiatives are aligned with our sustainability goals, ensuring that we empower industries to become more resilient, efficient, and environmentally responsible.

- **Technological Changes**

- o Rapid advancements in industrial automation, cybersecurity, and IIoT have led Avanceon to increase investment in digital platforms, cloud-based services, and smart manufacturing tools.

- o Continuous adaptation to new technologies enables us to stay competitive and responsive to evolving industry demands.

- **Sustainability Reporting and Challenges**

- o Global focus on climate action and ESG compliance has encouraged Avanceon to embed sustainability into its core operations.

- o Initiatives include paperless processes, energy-efficient system designs, and development of LEED-aligned infrastructure.

- o Challenges include the complexity of global sustainability reporting standards and varying levels of market readiness.

• **Initiatives in Promoting and Enabling Innovation**

- o Avanceon fosters a culture of innovation through internal R&D programs, cross-functional innovation labs, and digital upskilling initiatives.
- o Strategic collaborations and talent development bootcamps enable teams to co-create future-ready solutions.

• **Resource Shortages**

- o No major shortages experienced during the year; however, proactive supply chain diversification and contingency planning are in place.
- o Regular assessments ensure uninterrupted project execution and business continuity across regions.

Strategies to Achieve Objectives and Key Performance Indicators

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Expand footprint in industrial automation and digital transformation solutions	Grow presence across key verticals including Oil & Gas, FMCG, Power, and Infrastructure	<ul style="list-style-type: none"> • Strengthen presence in Middle East, Pakistan, and Qatar markets• Focus on industry-specific automation and SCADA solutions• Enhance modular & cloud-based system offerings 	Revenue growth in target verticals
Lead in digitalization and smart manufacturing solutions	Drive digital transformation projects for clients	<ul style="list-style-type: none"> • Implement advanced MES, cloud, and IIoT platforms• Promote digital twin and predictive analytics solutions• Enhance Avanceon's proprietary platforms and dashboards 	Number of digital transformation projects delivered
Enhance customer success and retention	Offer end-to-end lifecycle services	<ul style="list-style-type: none"> • Expand after-sales support and remote monitoring • Provide integrated lifecycle and managed services • Customize solutions per client feedback and O&M needs 	Customer satisfaction index and contract renewal rate
Lead in green energy and sustainability	Introduce energy-efficient and LEED-compliant solutions	<ul style="list-style-type: none"> • Promote solar, energy optimization, and e-house solutions• Develop automation for sustainable infrastructure• Align offerings with UN SDGs and LEED frameworks 	Number of sustainable/LEED-compliant projects
Build next-gen project execution excellence	Enhance PMT capability through Agile & Scrum	<ul style="list-style-type: none"> • Conduct continuous PM training & certification• Adopt Scrum, LEAN, and TUV-compliant frameworks• Monitor KPIs through digital dashboards and reporting 	Project delivery success rate & timeline adherence

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Empower human capital for future readiness	Develop and retain high-potential talent	<ul style="list-style-type: none"> • Run engineering bootcamps and leadership grooming • Drive talent mobility across regions • Invest in AI-based training and mentorship 	Employee retention & upskilling ratio
Strengthen strategic alliances with OEMs	Deepen technology partnerships	<ul style="list-style-type: none"> • Grow Alliance System Integrator role with Schneider Electric, Siemens, Rockwell • Engage in co-innovation and joint customer programs • Leverage latest OEM tools and platforms 	Number of certified partner projects
Commit to ESG and community impact	Execute targeted CSR aligned with SDGs	<ul style="list-style-type: none"> • Deliver STEM education initiatives • Sponsor environmental and social uplift programs • Measure impact across women empowerment, education, and sustainability 	CSR impact score and SDG-aligned initiatives
Deliver process excellence through automation	Innovate internal operations and delivery systems	<ul style="list-style-type: none"> • Implement automation in finance, HR, and project tracking • Go paperless for all internal workflows • Enhance ERP, Power BI & cloud adoption 	Internal process efficiency improvement %

Avanceon's strategic objectives are closely aligned with its mission to passionately grow as a leader in engineered solutions by inspiring team development and delivering unparalleled customer value. These objectives support the company's vision of being the preferred partner for industrial automation and digitalization. By focusing on innovation, market expansion, sustainable practices, and customer-centric solutions, Avanceon ensures that its long-term goals are rooted in its core values. Each initiative—from empowering employees to developing cutting-edge technologies—reinforces the company's commitment to value creation, operational excellence, and purpose-driven growth.

STAKEHOLDER'S RELATIONSHIP & ENGAGEMENT

Engaging Stakeholders for Sustainable Growth

Avanceon Limited believes that strong, transparent, and inclusive engagement with stakeholders is essential for long-term business sustainability and responsible corporate governance. The company is committed to recognizing and addressing the interests, expectations, and concerns of all key stakeholders through a structured engagement approach

Identification of Key Stakeholders

Stakeholders are identified based on their influence on and interest in the operations, strategic decisions, and overall performance of Avanceon Limited. Engagement mechanisms are tailored to each group to ensure open dialogue, trust, and mutual value creation.

Stakeholder Group	Engagement Method	Engagement Frequency
Shareholders	<p>Avanceon engages with shareholders through a variety of platforms to ensure the timely and relevant dissemination of information:</p> <ul style="list-style-type: none"> • Annual/Extra Ordinary General Meetings serve as key forums for shareholder interaction, approvals, and performance briefings. • Meeting notices and resolutions are published in leading national newspapers in accordance with regulatory requirements. • Ongoing communication is facilitated via investor briefings, our corporate website, and official social media platforms including LinkedIn, Facebook, and Instagram. • We maintain an active Investor Relations function to address shareholder queries and provide timely responses. 	General Meetings Regular
Customers and Suppliers	<p>We view our customers and suppliers as long-term partners in our value chain:</p> <ul style="list-style-type: none"> • Regular customer feedback, performance reviews help us align offerings with evolving expectations. • Supplier engagement sessions, capacity-building workshops, and ethical sourcing initiatives support strong and sustainable vendor relationships. 	Customer feedback Regular/Frequent
Board of Directors	<p>The Board of Directors, including Executive, Non-Executive, and Independent Directors, plays an essential role in steering Avanceon's long-term direction:</p> <ul style="list-style-type: none"> • Engagement is maintained through structured board meetings, committee sessions, steward meeting and strategy retreats. • Directors receive timely updates on company performance, industry trends, and emerging risks. 	Board Meetings Regular/ Quarterly

<p>Human Resources Factory</p>	<p>Our people are our greatest asset. At Avanceon, we ensure employees are engaged, empowered, and supported:</p> <ul style="list-style-type: none"> • Town hall meetings, quarterly meetups, newsletters, and digital platforms are used for two-way internal communication. • Structured training programs, career development pathways, and performance management systems enhance capabilities and motivation. • We maintain a positive work environment through inclusive policies, wellness initiatives, and fair HR practices. 	<p>Regular/Frequent</p>
<p>Regulators and Government Authorities</p>	<p>Avanceon maintains full compliance with applicable laws and engages constructively with regulators:</p> <ul style="list-style-type: none"> • We submit timely disclosures, audit reports, and compliance documentation in line with statutory requirements. • Our teams regularly monitor regulatory developments to adapt our governance practices accordingly. 	<p>Regular/Frequent</p>
<p>Lenders & Financial Institutions</p>	<p>Our relationship with financial institutions is built on integrity and transparency:</p> <ul style="list-style-type: none"> • Regular financial statements, compliance updates, and business performance briefings are shared with lenders and banking partners. • Dedicated engagement ensures alignment on loan covenants, financial health, and strategic financing needs. • We maintain robust internal controls to safeguard stakeholder interests. 	<p>Regular/Frequent</p>
<p>Analysts & Potential Investors</p>	<p>We actively engage analysts and potential investors to communicate our strategy and outlook:</p> <ul style="list-style-type: none"> • Earnings calls, analyst briefings, and investor conferences are platforms for sharing financial performance and business insights. • Investor queries are addressed through our Investor Relations function, supported by transparent and accessible disclosures on our media platform. • These engagements improve visibility, attract capital, and support accurate company valuation. 	<p>Annually</p>
<p>Institutional & Mutual Fund Investors</p>	<p>We build long-term relationships with both domestic and international institutional investors:</p> <ul style="list-style-type: none"> • One-on-one meetings, group briefings, and participation in capital market events enable deeper dialogue. • Focused updates on strategy execution and future plans are provided regularly. • These investors are key partners in sustaining our growth journey. 	<p>Regular/Frequent</p>

<p>Media & Mutual Fund Investors</p>	<p>We ensure that Avanceon's achievements, values, and contributions to society are effectively communicated:</p> <ul style="list-style-type: none"> • Engagement with the media is maintained through press releases, briefings, and official announcements. • Public communication is enhanced via digital storytelling, multimedia campaigns, and interactive social media presence. • We are committed to presenting a responsible and authentic corporate image to the public. 	<p>Occasional</p>
<p>Community & Social Impact</p>	<p>As part of our corporate citizenship efforts, we engage with local communities to drive meaningful social impact:</p> <ul style="list-style-type: none"> • CSR initiatives, educational programs, and charitable donations form the foundation of our community investment. • We collaborate with NGOs, educational institutions, and welfare organizations to deliver impactful outcomes. • Employee volunteering is encouraged to cultivate empathy and strengthen social bonds. 	<p>Occasional Event-based</p>
<p>Internal and External Auditors</p>	<p>Auditors play a critical role in reinforcing our commitment to governance:</p> <ul style="list-style-type: none"> • Regular internal audits, statutory reviews, and special-purpose audits are conducted to assess control effectiveness. • We respond promptly to audit observations and implement corrective measures as needed. • The Audit Committee oversees the audit process and ensures full compliance with financial and regulatory standards. 	<p>External Audit Bi-Annually Internal Audit Regularly</p>

Encouraging Minority Shareholders to Attend General Meetings

To encourage minority shareholders to attend general meetings, the management has implemented several key initiatives. Notices are sent through multiple channels, including email, post & Company's website ensuring that all shareholders are informed. In addition, a public notice is published in newspapers (English & Urdu) to reach a wider audience. These notices are issued in full compliance with the Code of Corporate Governance (CCG), ensuring proper disclosure and adherence to legal timelines. Shareholders also receive timely reminders closer to the meeting date to ensure high attendance.

To make the meeting experience more appealing, the management offers complimentary refreshments, aiming to create a more welcoming environment for attendees. These efforts are designed to increase engagement, ensuring that minority shareholders are well-informed, motivated, and encouraged to participate actively in the meeting.

Issues Raised in the Last AGM, Decisions Taken, and Implementation Status

• Question Answer Session

A comprehensive QA session was held during the AGM, providing an opportunity for shareholders and stakeholders to raise their concerns and queries. The session was well-received, and no significant issues were raised.

• Circulation of AGM Minutes

The minutes of the AGM were distributed to all relevant parties within the stipulated time frame, ensuring transparency and timely communication.

• Website Update

In response to shareholder feedback, the company has updated its official website to prominently display a contact email address. This is aimed at enhancing communication and providing a direct channel for shareholder inquiries and concerns.

• Shareholder Concerns

During the AGM, no significant issues or concerns were raised by the shareholders, indicating a smooth and effective meeting.



Stakeholder Engagement and Corporate/Analyst Briefing

Steps Taken to Solicit Stakeholder Views:

The Board has actively engaged with stakeholders through a series of Corporate/Analyst briefing sessions. These sessions were designed to foster transparency and open communication, allowing stakeholders to express their views and provide feedback on key issues. The Board made a concerted effort to understand the concerns and priorities of stakeholders, ensuring that their perspectives are considered in strategic decision-making. Feedback from these sessions has been instrumental in shaping the company's policies and practices moving forward.

Corporate/Analyst Briefing Summary:

The company conducted an analyst briefing to provide insights into financial performance, strategic initiatives, and outlook. During the session, key points were addressed, including quarterly performance, upcoming projects, and market trends. The Board reviewed the feedback and expressed satisfaction with the constructive nature of the discussions, which further strengthened investor confidence and aligned future strategies with market expectations.

Corporate Benefits to Shareholders:

The company remains committed to delivering value to its shareholders through robust financial performance and strategic growth. Key benefits provided include consistent value appreciation and dividend, reflecting the company's strong fiscal health. Shareholders have seen positive returns, supported by an upward trajectory in market value and a stable dividend policy. The Board remains focused on enhancing shareholder value through prudent financial management and strategic investments.

Redressal of Shareholders', Investors' and Stakeholders' Complaints:

Avanceon Limited remains committed to fostering trust through transparent, responsive, and timely communication with its shareholders, investors, and other stakeholders.

To ensure efficient resolution of concerns, the Company maintains a comprehensive Investor Relations section on its official website, addressing matters such as dividends, bonus shares, and other corporate actions. Additionally, a dedicated 'Contact Us' link is available to facilitate direct communication with the Company.

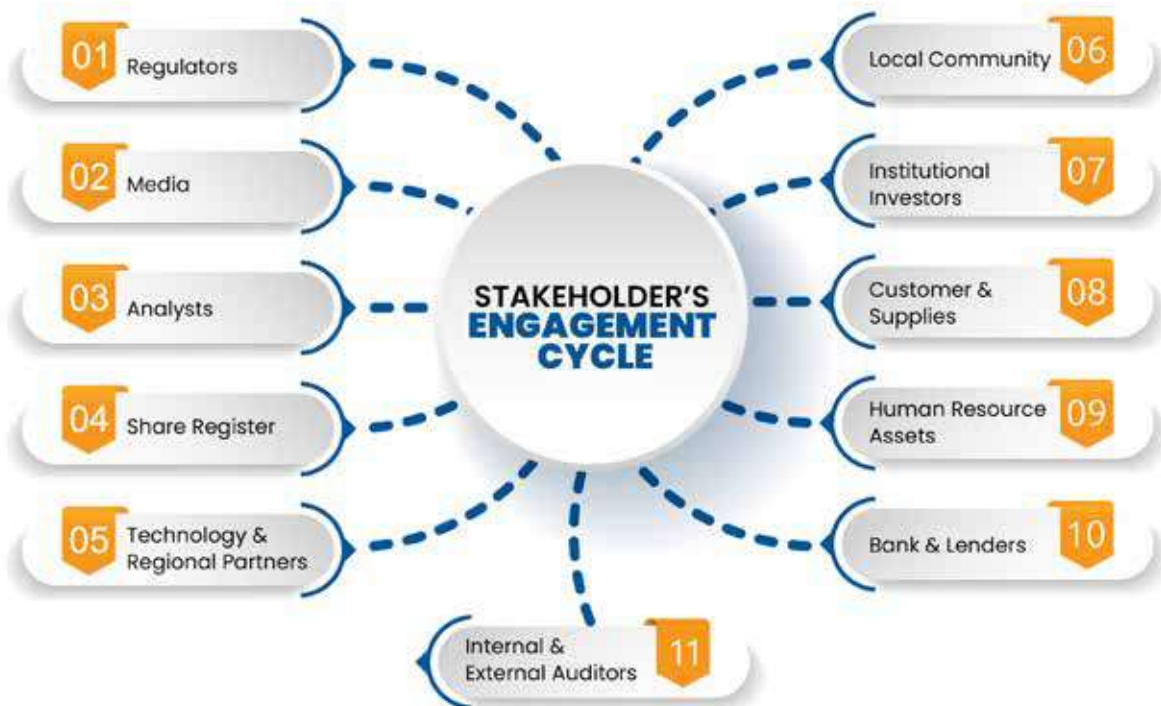
For further facilitation, a link to the SECP Investor Complaint Form is also provided on the website, allowing stakeholders to escalate unresolved concerns to the Securities and Exchange Commission of Pakistan.

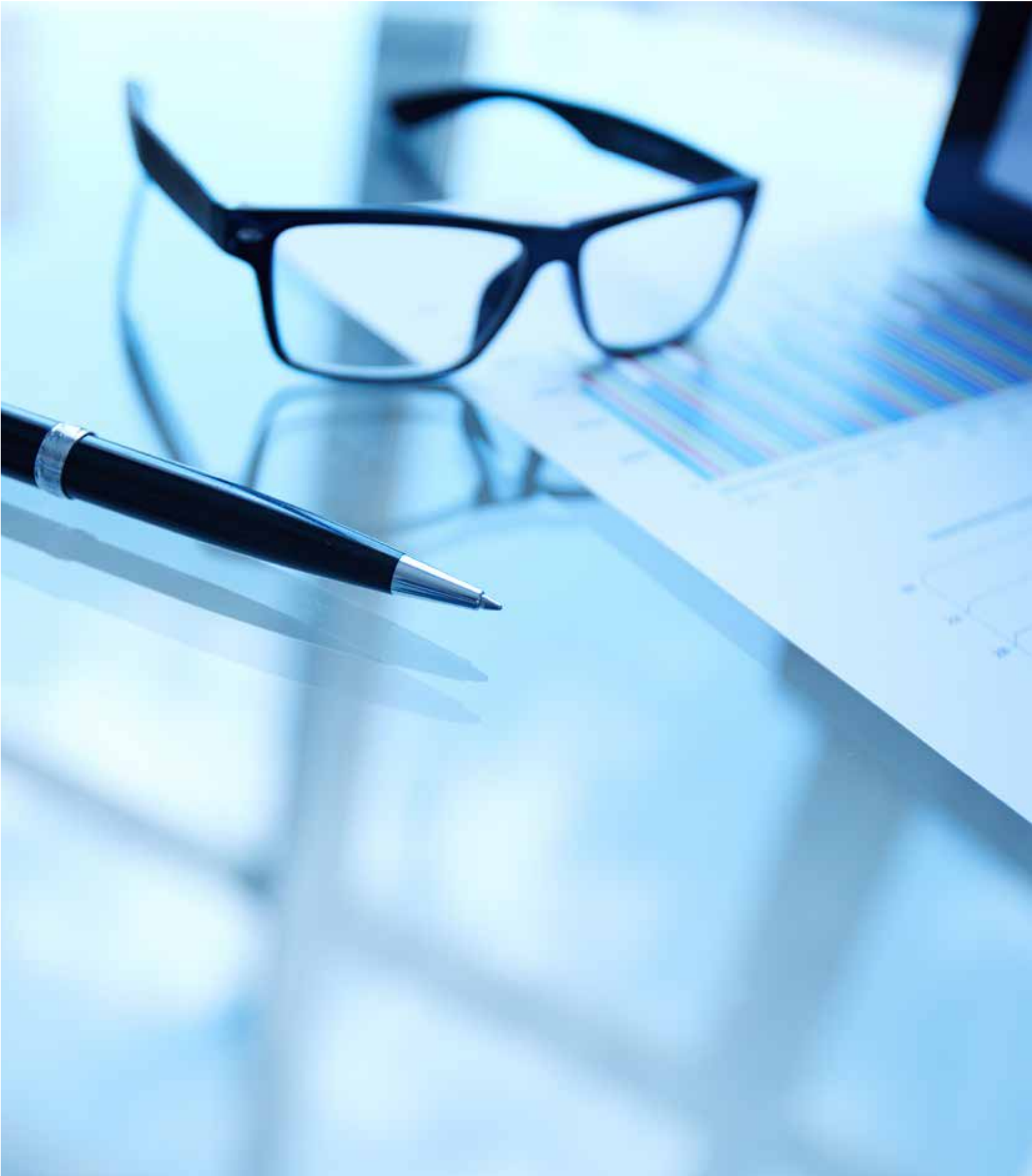
All complaints received during the reporting period were addressed promptly and resolved in an effective and satisfactory manner.

The legitimate needs, interests of key stakeholders and industry trends.

Stakeholder	Legitimate Needs and Interests	Industry Trends
Customers and Suppliers	<ul style="list-style-type: none"> - Quality services - Performance alignment through feedback - Ethical sourcing & capacity building 	<ul style="list-style-type: none"> - Customer-centric innovation - Ethical and sustainable sourcing
Employees (Human Resources)	<ul style="list-style-type: none"> - Career growth & development - Work-life balance & inclusion - Fair HR practices and structured communication 	<ul style="list-style-type: none"> - Focus on employee wellbeing - Upskilling & flexible workplace
Shareholders and Investors	<ul style="list-style-type: none"> - Maximized returns - Transparent reporting - Timely communication 	<ul style="list-style-type: none"> - Responsible investing
Board of Directors	<ul style="list-style-type: none"> - Strategic oversight - Timely updates on risks, performance, and trends 	<ul style="list-style-type: none"> - Strong governance culture - Data-informed decision making

Regulators and Government Bodies	<ul style="list-style-type: none"> - Legal compliance - Timely disclosures and adherence to evolving regulations 	<ul style="list-style-type: none"> - Trusted Partner
Lenders and Financial Institutions	<ul style="list-style-type: none"> - Financial transparency 	<ul style="list-style-type: none"> - Increased financial reporting requirements - Risk-based lending practices
Analysts and Potential Investors	<ul style="list-style-type: none"> - Accurate and timely insights - Transparent business outlook 	<ul style="list-style-type: none"> - Greater demand for real-time data
Institutional and Mutual Fund Investors	<ul style="list-style-type: none"> - Strategic clarity - Long-term value creation 	<ul style="list-style-type: none"> - Sustainable growth focus - Deeper investor engagement
Media and General Public	<ul style="list-style-type: none"> - Authentic brand image - Social impact visibility 	<ul style="list-style-type: none"> - Rise in digital storytelling - Real-time media interactions
Community and Social Impact Groups	<ul style="list-style-type: none"> - Meaningful CSR programs - Educational and charitable outreach - Employee volunteerism 	<ul style="list-style-type: none"> - Emphasis on social value creation
Internal and External Auditors	<ul style="list-style-type: none"> - Access to data for review - Compliance with audit findings 	<ul style="list-style-type: none"> - Robust internal controls





DIRECTOR'S REPORT

The directors are pleased to present their report along with the audited standalone and consolidated financial statements for the year ended 31 December 2025. The financial statements and accompanying notes, prepared by management, fairly present the Company's financial position, results of operations, cash flows, and changes in equity. Proper books of account have been maintained, and appropriate accounting policies have been consistently applied, with estimates based on reasonable and prudent judgment.

The Directors' Report shall be put forward to the members at the 23rd Annual General Meeting of Avanceon Limited (the "Company") to be held on Saturday, 23 May 2026 at 02:00 P.M. at The Nishat Hotel, Grand Imperial Hall, 9-A, 3rd Floor, Gulberg III, Mian Mehmood Ali Kasuri Road, Lahore.

Brief Macro-Economic Review of Pakistan – FY2025

Pakistan's economy during FY2025 remained in a phase of macroeconomic stabilization and gradual recovery. The year was characterized by easing inflation, monetary easing by the central bank, relative exchange rate stability, improvement in external accounts, and cautious industrial recovery.

Pakistan's GDP growth for FY2025 was estimated 2.6%, reflecting moderate recovery compared to FY2024. The inflation declined from historically elevated levels to single digits during FY2025, because of controlled monetary policy, improved supply conditions, and easing global commodity prices.

The policy rates were significantly reduced during FY2025, by the State Bank of Pakistan complemented by inflationary pressures ease, increased business confidence. The higher foreign currency remittances, controlled imports and IMB backed stabilization measures improved the current account.

Fiscal and Monetary Environment – FY2025

The policy rates were reduced resulting in financing cost rationalization and improved liquidity. Consequently, borrowing costs came down in real terms for industrial expansion and capital expenditure.

The government major focus on consolidation measures was a key area under the IMF program, including measure such as, structural reforms in public sector governance, revenue enhancement, rationalization of energy subsidies, broadening of the tax base and reduction in fiscal deficit.

Trends in System Integrators & Industrial Automation Industry in Pakistan

The industrial automation and system integration industry in Pakistan continued to evolve gradually in FY2025, driven by increasing demand for operational efficiency, energy optimization, and digital transformation within various industrial sectors, the main attractions for Avanceon included Oil & Gas, Water Treatment, and FMCG manufacturing.

Pakistani industrial groups increasingly explored, cloud monitoring, remote operations, cybersecurity for industrial systems, AI-based analytics, and smart manufacturing platforms.

While Industry 4.0 adoption remains at an early stage compared to developed markets, larger industrial groups accelerated digital transformation initiatives during FY2025. Avanceon complemented by subsidiary Octopus Digital Limited focus in industry 4.0 has a huge potential in the years to come.

Outlook for 2026 and Beyond

The long-term outlook for Pakistan indicates moderate economic improvement over the medium term, provided Pakistan continues macroeconomic reforms, maintains IMF program discipline, and improves political and policy stability. However, we remain optimistic in the industrial automation and system integration sector which is expected to benefit from digital transformation, infrastructure/real estate and retail fuel automation in oil & gas sector.

Brief Macro-Economic Review of MENA Region – FY2025.

The Middle East and North Africa (MENA) region had a year of moderate economic recovery and resilience during 2025, supported mainly by easing global inflation, infrastructure spending, tourism growth, and continued economic diversification initiatives across Gulf Cooperation Council (GCC) economies. However, geopolitical tensions, which started in 2026 may impact the regional outlook.

Key Macro-Economic Trends Across MENA

Oil prices during 2025 remained relatively stable compared to the volatility experienced in prior years, generally supporting fiscal revenues for oil-exporting economies. The oil prices helped strengthen government finances, support sovereign investment programs, sustain infrastructure spending, and improve liquidity across GCC economies. Natural gas investments also accelerated, particularly in Qatar, Saudi Arabia, UAE, and North African energy markets.

Central banks across the GCC generally mirrored global monetary trends, particularly movements in U.S. interest rates due to currency pegs to the U.S. Dollar.

During 2025 interest rate easing expectations improved market sentiment, liquidity conditions improved gradually, and private sector borrowing conditions became relatively more supportive.

This positively impacted industrial expansion, and capital investment activity.

Outlook for MENA Region Amid the Iran Geopolitical Conflict

The medium-term outlook for the MENA region remains cautiously positive but significantly more uncertain due to the continuing geopolitical tensions surrounding the Iran conflict and the broader regional security environment.

While the GCC economies continue to possess strong fiscal buffers, sovereign wealth reserves, and long-term diversification programs, the conflict has introduced heightened risks relating to energy security, investor confidence, shipping and logistics, inflationary pressures, tourism flows, and regional capital investment decisions.

Recent global economic assessments indicate that prolonged conflict in the region could create a combination of higher energy prices, elevated inflation, and increased geopolitical risk premiums globally.

However, it seems likely that the resolution to this conflict will be in place by June 2026. Once this happens, the fundamentals of the region and opportunities for business should increase.

GCC Economies Likely to Remain Relatively Resilient

Despite heightened tensions, GCC economies are expected to remain more resilient than other regional economies because of large foreign reserves, infrastructure-led growth strategies, and continued state-backed investment.

Mega-projects and diversification programs under Saudi Vision 2030, UAE industrial strategies, Qatar National Vision 2030 (QNV 2030) and regional smart infrastructure investments are expected to continue, although project timelines and capital deployment may become more selective and cautious.

Accordingly, the industrial automation sector is expected to remain one of the structurally attractive sectors in the region despite broader geopolitical uncertainty.

Outlook for Industrial Automation & System Integration Sector

Despite geopolitical risks, the long-term outlook for industrial automation and system integration in MENA remains positive because regional governments continue prioritizing industrial modernization, smart infrastructure, utilities digitization, cybersecurity, and AI-driven operations.

Demand is expected to remain strong in sectors such as Oil & Gas, Utilities, Water & Desalination, Smart Cities, Industrial Manufacturing, and Transportation Infrastructure.

GCC Economic Performance FY2025

Saudi Arabia

Saudi Arabia continued advancing its Vision 2030 diversification agenda through mega infrastructure projects, industrial localization, smart cities, and tourism expansion etc. Non-oil sectors remained the key growth driver in construction, entertainment, and hospitality.

Large-scale government-backed projects continued creating substantial opportunities for engineering, automation, technology, and system integration businesses.

United Arab Emirates

United Arab Emirates remained one of the strongest-performing regional economies during 2025, supported by mainly technology investment, real estate activity, and industrial development initiatives.

Dubai and Abu Dhabi continued positioning themselves as regional hubs for digital transformation, AI adoption, industrial automation, and smart infrastructure projects.

The UAE's business-friendly regulatory environment continued attracting foreign direct investment (FDI) and multinational regional headquarters. However, introduction of corporate tax of 9% FY2025 reduced profitability in UAE.

Qatar

Qatar maintained stable economic performance during 2025 driven by LNG expansion projects, infrastructure modernization, industrial development, utilities expansion, and energy sector investment. The country continued investing heavily in automation, smart utilities, water infrastructure, energy efficiency, and industrial technology solutions.

Industrial modernization and energy transition projects continued creating opportunities in engineering and automation sectors.

Trends in Industrial Automation & System Integration Sector in MENA

The MENA region continued to witness strong momentum in industrial automation, digitalization, and smart infrastructure deployment during 2025.

The Major Growth Drivers included industrial digital transformation both in Governments and private sector entities by accelerated adoption of Industrial IoT, SCADA systems, cloud-based monitoring, predictive maintenance, cybersecurity solutions, and AI-enabled industrial analytics.

Regional smart infrastructure & mega projects continued driving demand for intelligent building systems, industrial networking, security systems, ELV integration, data acquisition systems, and integrated control solutions.

This supported long-term growth prospects for engineering and automation solution providers like Avanceon.

Outlook for 2026 and Beyond

The medium-term outlook for the MENA region remains broadly positive, particularly for GCC economies, supported by infrastructure investments, energy transition programs, and increasing technology adoption.

However, the ongoing conflict, if it is prolonged, could have serious repercussions for the economic scenario, particularly in the GCC markets.

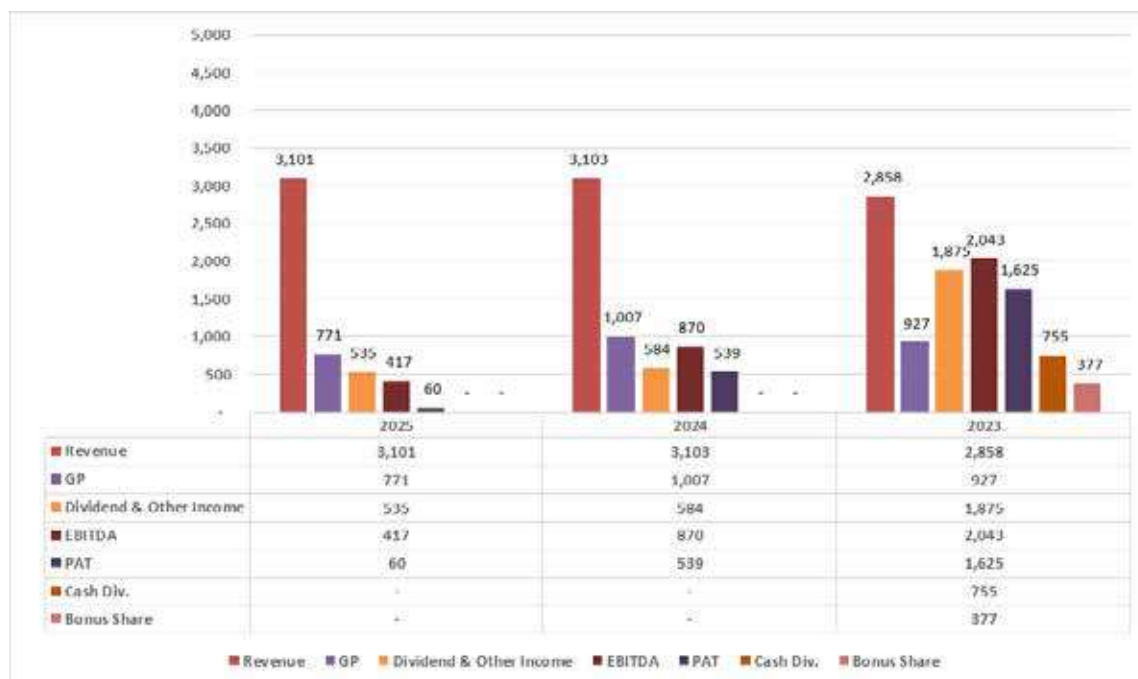
THE REPORT:

Operating results (standalone)

The standalone operating results demonstrated a stable revenue while gross margin dropped pertaining to few projects. The Profit Before Tax (PBT) and Profit After Tax (PAT) recorded a decline of 78% and 89% respectively. This was primarily due to the fact of increase in other expenses pertaining to significant ECL recorded on a major project.

Operations in the Pakistan market remained robust, marked by consistent order generation, developments of new markets in the retail fuel systems, strong liquidity management, and the retention of ample banking facilities. The year 2026 shows a promising conversion of orders to revenue complemented by first quarter orders of USD 15m already secured.

(Rupees in '000)	2025	2024	Variation	% Variation
Revenue	3,101,473	3,102,844	(1,371)	0%
Profit before tax	126,424	573,245	(446,821)	-78%
Profit after tax	60,181	539,096	(478,915)	-89%





Regional Operations Centre

The Avanceon Building
19 km Main Multan Road
Lahore 54660 Pakistan
Phone: +92 42 111 940
Fax: +92 42 354 56 957

CERTIFIED TRUE COPY OF THE RESOLUTION(S) PASSED IN THE BOARD OF DIRECTOR'S MEETING OF AVANCEON LIMITED, HELD ON THURSDAY, 30 APRIL 2026 AT 10:00 A.M. AT REGIONAL OPERATIONS CENTRE, THE AVANCEON BUILDING, 19-KM, MAIN MULTAN ROAD, LAHORE / ONLINE.

We hereby certify that the following resolution(s) were passed in the Board of Directors Meeting of Avanceon Limited held at Regional Operations Centre, The Avanceon Building, 19-Km, Main Multan Road, Lahore at 30 April 2026.

Ordinary Business

Resolution No. 03-04-2026

RESOLVED that, a final Cash Dividend for the year ended 31 December 2025 proposed @ Rs. 1/- per share i.e. 10%.

Conclusion

As there being no other business to be transacted, the meeting ended with a vote of thanks to the chair.



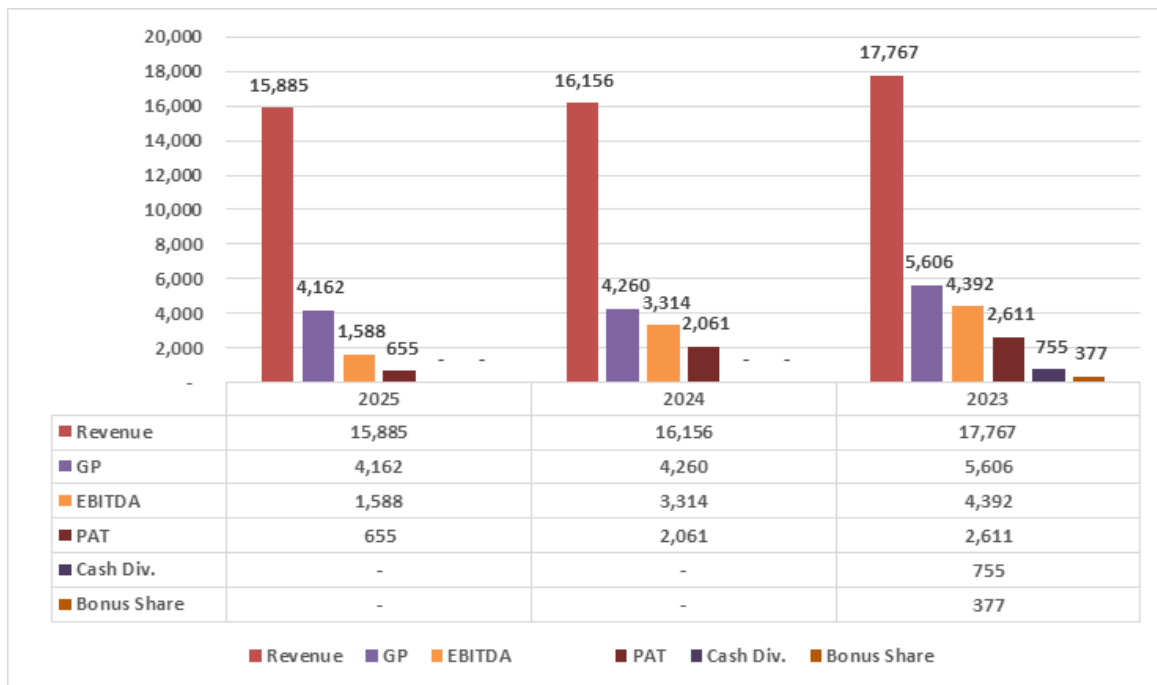
Lahore | 30 April 2026

Faisal Nadeem Sheikh | Company Secretary

Operating results (consolidated)

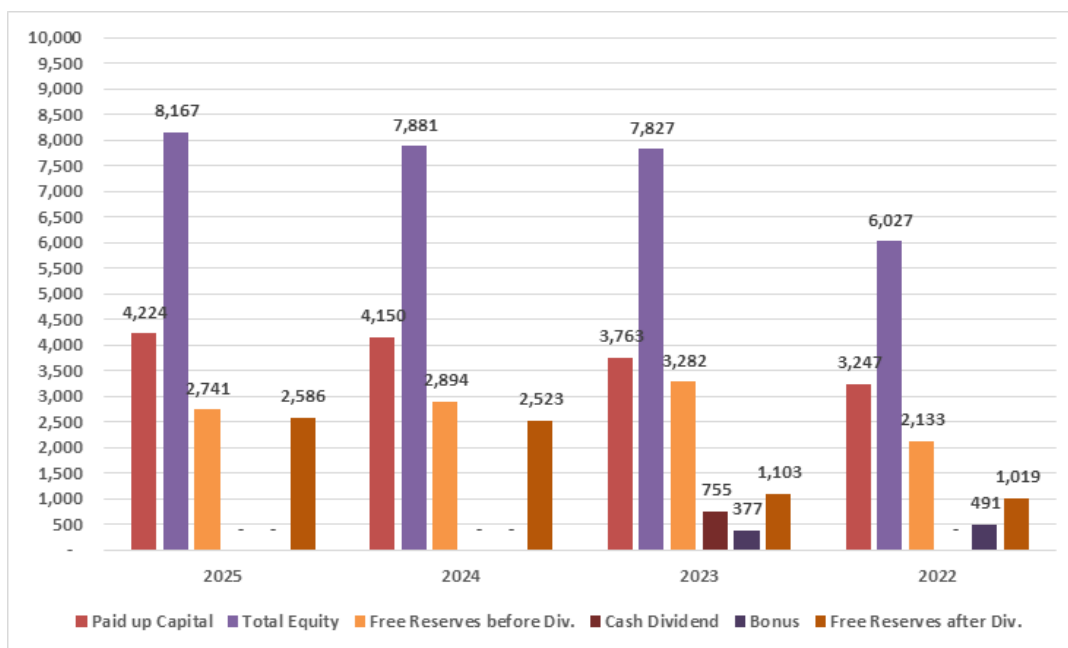
The Group performance for revenue, profit before and after tax, are provided below. The overall performance was almost similar to FY-2024, with a 2% dip in revenue, the PAT remained suppressed primarily to the facts of increase in operating costs, a dip in share of profit from our Joint Venture in KSA and taxation. However, the Qatar market showed a tremendous improvement both term of revenue and gross margins.

(Rupees in '000)	2025	2024	Variation	% Variation
Revenue	15,885,492	16,156,098	(270,606)	-2%
Profit before tax	820,378	1,493,659	(673,281)	-45%
Profit after tax	654,859	2,061,454	(1,406,595)	-68%



SUBSEQUENT APPROPRIATIONS

During the current year 2025 the board of directors recommended a final cash dividend @ Rs. 1/- per share i.e. 10%. The board remain committed to our shareholders and full filling its promises for payouts despite a low profitability in current year. The upcoming years offer great opportunity for business growth leading to enhance shareholders wealth maximization.



EARNINGS PER SHARE (EPS)

The Company's earnings per share (EPS) have maintained a positive trend over the past five years, however current year reported at Rs. 0.14. The performance remains consistent across all business segments and regions with current year's EPS is lower compared to 2024, primarily due to the drop in gross margin and rise in other expenses pertaining to few major projects, which are one off transactions. The management remain confident to recover and outclass the performance in 2026 and years to come.

Standalone

The basic earnings per share after tax is Rs. 0.14 (2024: Rs. 1.37)

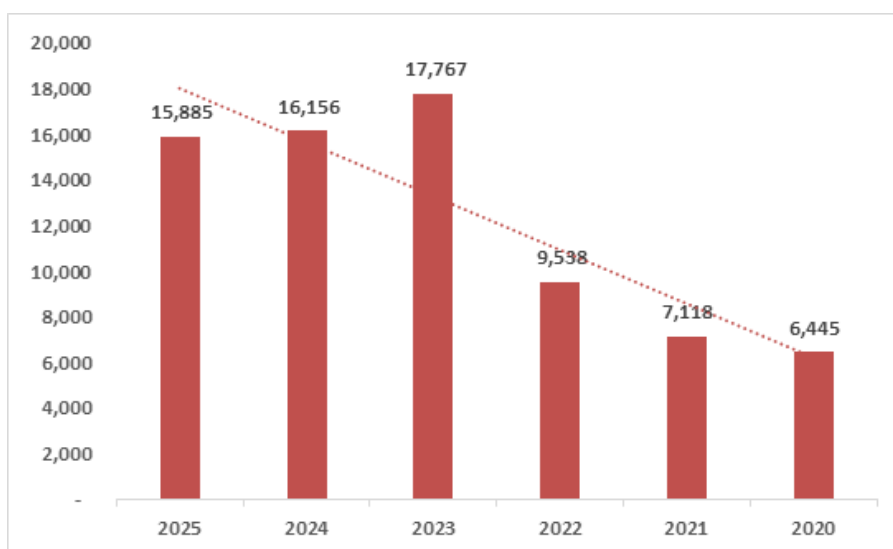
Consolidated

The basic earnings per share after tax is Rs. 1.51 (2024: Rs. 5.11)

FINANCIAL PERFORMANCE (CONSOLIDATED)

Revenue

The Company delivered a consistent financial performance in the current fiscal year 2025 with revenues at Rs. 15.9 billion (USD 57m approx.). demonstrating continued delivery and project executions. In minimal dip in revenue as compared to 2024 is attributed to certain projects lagging to the next year. Over the years, the Company has shown a consistent positive revenue trajectory, demonstrating growth from 2019 to 2023, however last two years growth has been hampered due to various factors within GCC operations. However, this is likely to improve in the medium term.

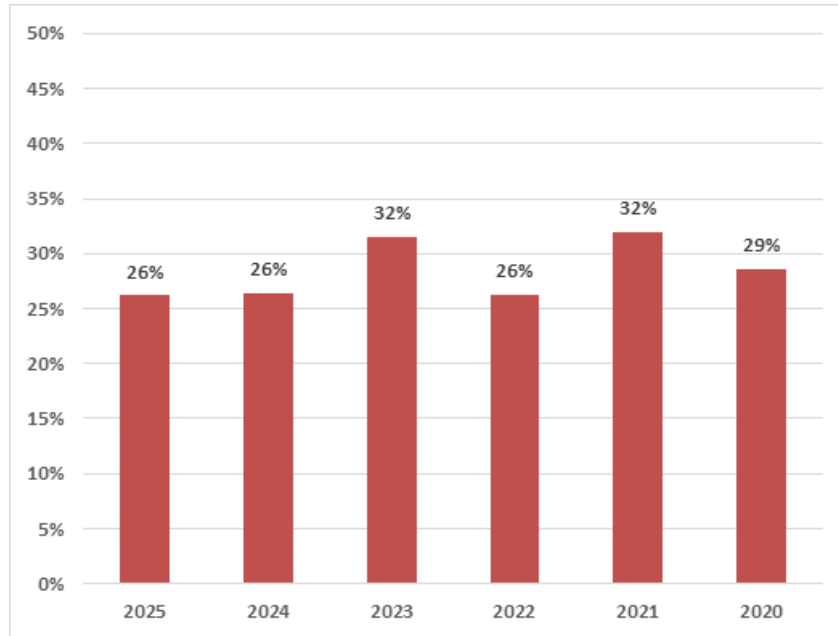


Gross Profits

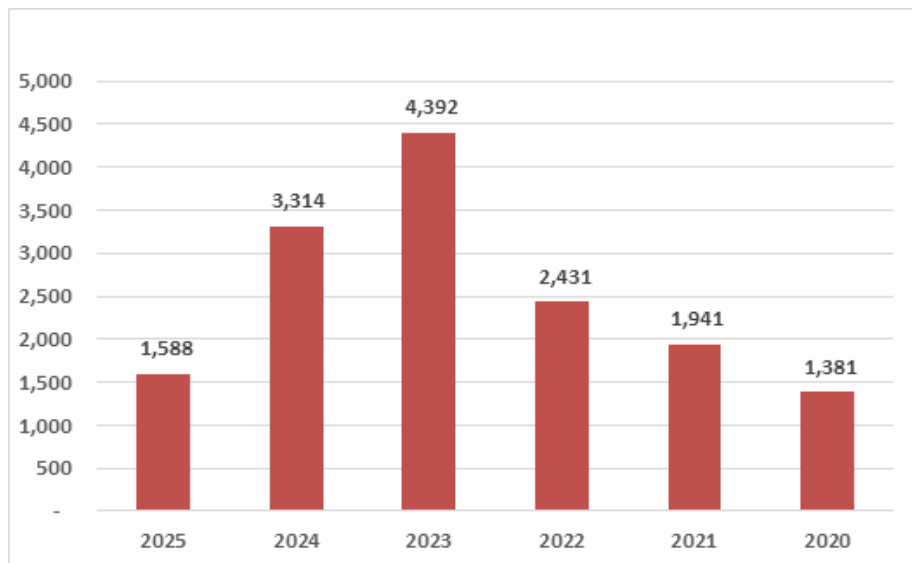
We're pleased to share that our current year's gross margin remained consistent at 26% with an average of 25% over the last 6 years. This consistency is mainly attributable to execution of high margin projects in the Qatar region and Octopus business. This is further complemented by operational efficiency, excellence in delivery of projects and synergies in cost savings across the group, despite of a minimal dip in revenue of the group.

The management would like to highlight that we have a lean operational model, with critical functions—including engineering, procurement and logistics, HSE and quality at the core, as well as finance and support. This structure complements in margin stability/enhancement and, ultimately maximizing value for our shareholders.

Our joint venture with the Zamil Group in the Kingdom of Saudi Arabia remained suppressed during the current year, however, our management is confident to excel and deliver long term mutual benefits in the years to come.

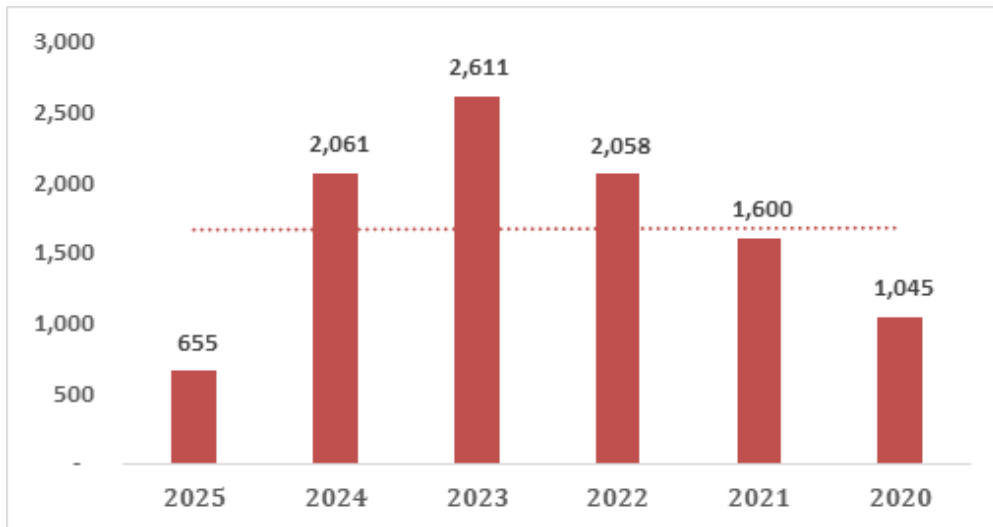


Earnings before Interest, Taxes, depreciation and amortization (EBITDA)



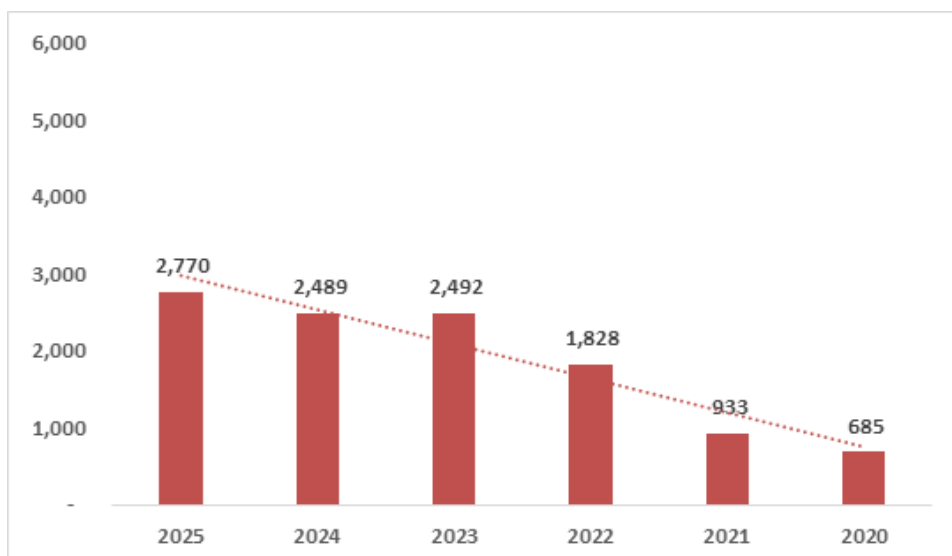
Profit after taxation

The group profit after taxation (PAT) for current year is reported at Rs. 655m, while this reflects a significant decrease compare to 2024. However, this is mainly attributable to a slight dip in gross margin and low share of profit from our joint venture in Kingdom of Saudi Arabia. It is also to be noted the prior results included a favorable tax impact, whereas the current year carries a tax impact. The management remains confident to sustain growth in the years come based on the current total orders in hand to the tune of USD 100m approx.



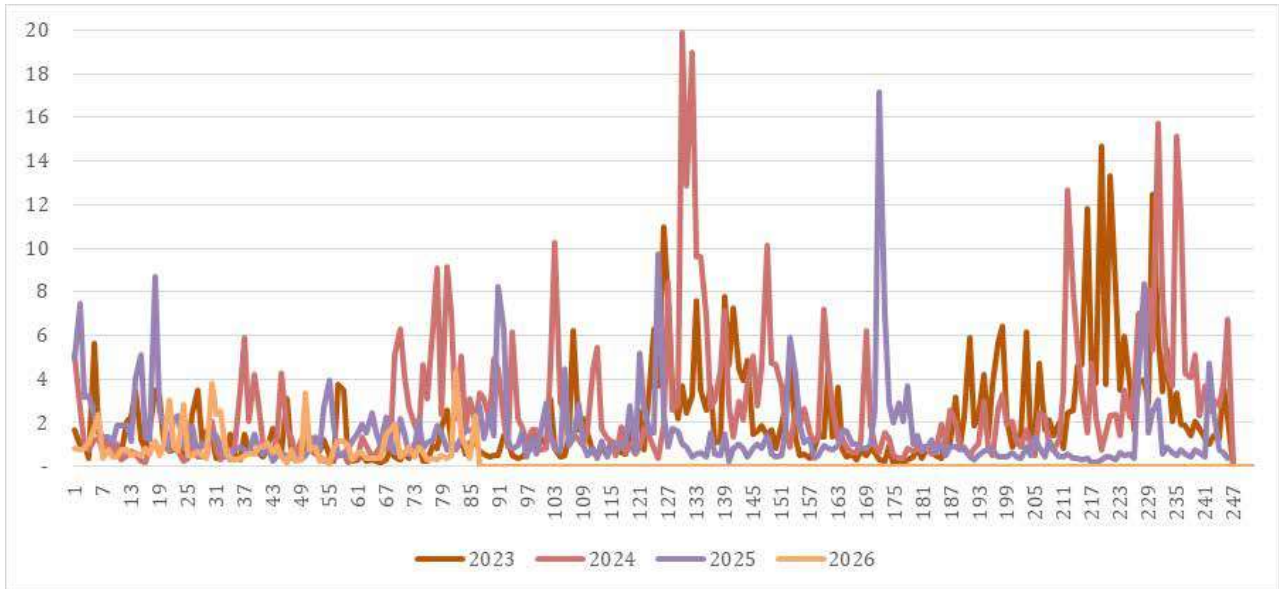
Fixed Cost

Fixed costs remain a key factor for control to delivery improved efficiency, our lean model at the group level is essential to keep the fixed cost within the controllable limits. Rigorous oversight by the Steward Boards in both Pakistan and the Middle East remains an exemplary continued cost management exercise. We report a 9% increase in fixed cost during the current year is within the controlled boundaries keeping in view the inflationary pressure and cost of living factors in all the territories. This, combined with robust internal controls and alignment with the group corporate plan, ensures a disciplined financial approach. Other expenses our usual ECL on receivables, however, other income attributable to reversals of expected credit losses in middle east region due to significant collections.



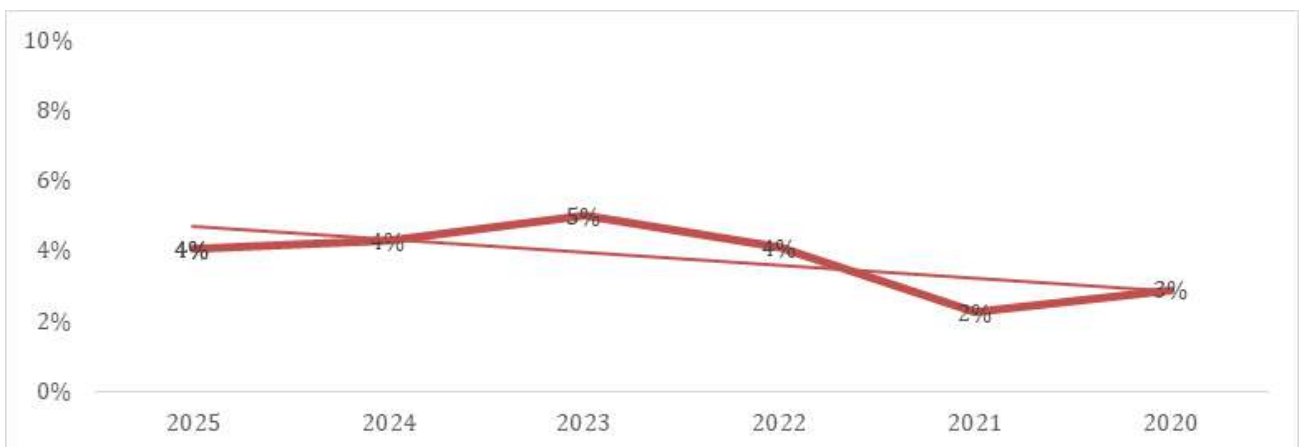
STOCK LIQUIDITY

During the current year 2025 Avanceon's stock showed a low volume trend and the price also remained suppressed. The Company anticipates attracting new retail and corporate investors for the upcoming year 2026 based on the business in hand projected to be executed during the year. A positive gesture of payout of 10% dividend in anticipated to enhance the investor confidence. We also plan to host an analyst briefing at the mid of June 2026 to update stakeholders on our performance and future plans.



CAPITAL STRUCTURE

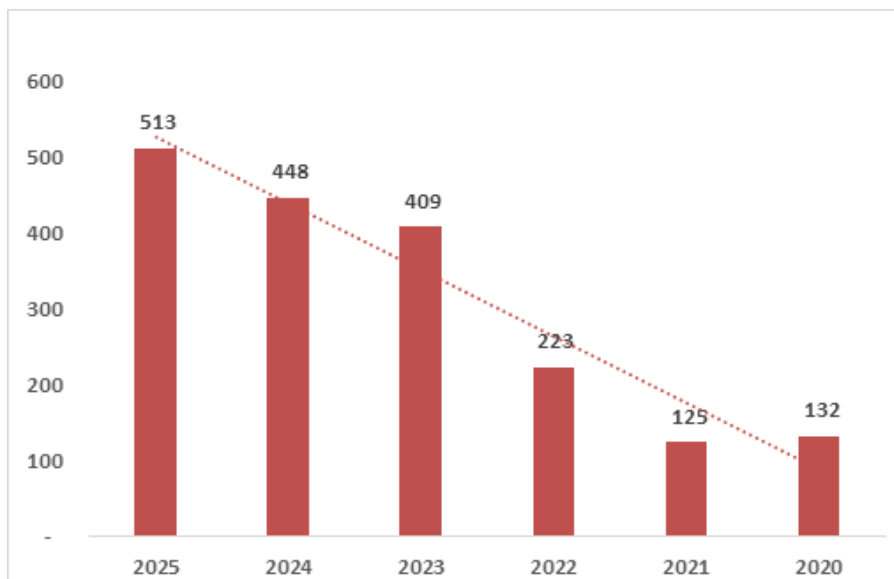
Avanceon Group has always maintained a low gearing ratio, reflecting a well-balanced capital structure that underscores its financial strength and prudent liquidity management. There are no long-term debts, aside from a facility in the UAE for the purchase of office land. Working capital lines are utilized solely to address short-term cash flow requirements. The Company has never felt short of meeting its short-term financial obligations. Moving forward the Company is engaged actively to expand its banking facilities—encompassing short-term, long-term, and project financing—in Pakistan. It also is engaged for a long-term financing facility to support the construction of its new office at the Technology Park in Lahore. It is to be noted that the Avanceon has a 30% free float which is generally considered healthy, balanced, and attractive for investors which is seen as a sweet spot that provides a balance between liquidity and stability.



WORKING CAPITAL MANAGEMENT

The financial cost during the FY2025 increased by 16% as compared to 9% in the previous year which is mainly attributable to increase in working capital in the Middle East which increase from PKR 1.5B to PKR 3B in the current year. This reflect controlled financial cost despite of increase in short term facility, the cost increase is within the controlled negotiations.

The Company maintain its working capital prudently by constant monitoring of its receivables periodically and collecting within the time range particularly in Middle East, plus negotiating favorable credit terms with customers—ensuring each order remains cash-positive. Liquidity monitoring remains are key success area of the management in order to minimize finance cost and keep in the cash flow in healthy state.



FUTURE PROSPECTS

Our board and management strategic vision is a clear path paved out for our sustained growth. The year 2026 looks more promising on the ground that we have an opening backlog of orders in hand USD 70 million plus (highest in our history) the first quarter order generation locked in at USD 25 million. These numbers are a solid foundation for our 'Road to 100' initiative—our resolute goal to achieve USD 100 million in annual revenue by 2028.

The Company continues to maintain a positive long-term growth outlook, supported by expanding opportunities in Pakistan and the wider Middle East region, particularly within the Kingdom of Saudi Arabia under the KSA Vision 2030 initiative. Although revenue growth during the year remained slightly below projected targets, management remains confident in achieving the USD 100 million milestone 2028. Going forward, the Company expects stronger business momentum driven by an improving global economic environment, especially in strategic markets including the UAE, KSA, Qatar and Oman, alongside improving political and economic conditions in Pakistan.

SERVICE TO SOCIETY

We remain steadfast in our commitment to being active and responsible corporate citizens. As part of our Corporate Social Responsibility (CSR) initiatives, the Company fully sponsors the educational expenses of the children of lower-tier employees, ensuring access to quality education regardless of socioeconomic status. The company takes pride in disclosing that some of the young staff members hired during 2024 & 2025 in engineering/ software and support functions are the children of lower tier employees to whom the company funded under the CSR initiative, the new lot is waiting for the future years.

HEALTH, SAFETY AND ENVIRONMENT

At Avanceon, maintaining the highest standards of health, safety, and environmental responsibility remains a core priority across all operational sites and offices. The Company is committed to the proactive identification, assessment, and management of workplace risks associated with its operations, while continuously strengthening its policies and procedures to prevent or minimize the occurrence of fire hazards, accidents, and injuries affecting employees, contractors, and visitors. Avanceon is certified under ISO 14001:2004, reflecting its commitment to internationally recognized environmental management practices. In addition, the Company ensures that all products and shipments comply with applicable safety regulations and statutory requirements, demonstrating its dedication to safe, responsible, and sustainable operations throughout the value chain

ESG (Environmental Social Growth)

The company is actively working on ESG, the related environment, social and governance covenants are covered in the ESG Section of the annual report Page No. 61.

ISSUES RAISED IN THE LAST AGM/AGENDA ITEMS

During the Annual General Meeting for the year ending 31 December 2024, no major issues were raised.

- Agenda # 1:** To confirm the minutes of the Annual General Meeting held on 29 April 2024.
- Agenda # 2:** To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2024 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
- Agenda # 3:** To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2025.

BOARD OF DIRECTORS' REMUNERATION

The board of directors of the Company is comprised of three non-executive directors and two executive directors. The executive directors are paid fixed salary and benefits in accordance with the Company's HR policies and established salary scales. The performance of executive directors is assessed against approved criteria by the Human Resource and Remuneration Committee, with recommendations submitted to the Board for approval. Independent directors are compensated with agreed/approved fee for attending board meetings.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Avanceon Limited is committed to the company principles and complies with requirements of Code of Corporate Governance included in the listing regulations of the Pakistan Stock Exchange (PSX). The code of Corporate Governance has been disclosed and discussed in detail on Page No. 70, along with the Statement of Compliance.

BOARD OF DIRECTOR'S TRAINING

In the current year, two new Board members were inducted to fill casual vacancies arising from personal commitments of previous members. As a result, no director training was conducted during the year. However, the Company remains fully committed to providing the remaining directors with a comprehensive Directors' Training Program in 2026

SHARES TRADED BY EXECUTIVES

During the year, the below mentioned executives have traded the stock of Avanceon and informed to Stock Exchange:

Name of Company	Employee Name	Designation	Transaction Type	No. of Shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Limited	Tanveer Karamat	Director	Sell	39000	56.65	CDC	13/01/2025	14/01/2025
Avanceon Limited	Tanveer Karamat	Director	Sell	20000	56.72	CDC	13/01/2025	14/01/2025
Avanceon Limited	Tanveer Karamat	Director	Sell	60000	49.00	CDC	16/06/2025	26/06/2025
Avanceon Limited	Tanveer Karamat	Director	Sell	10000	50.70	CDC	02/07/2025	04/07/2025
Avanceon Limited	Tanveer Karamat	Director	Sell	10000	51.55	CDC	11/07/2025	15/07/2025
Avanceon Limited	Mohammad Shahid Mir	Director	Sell	200000	49.09	CDC	22/07/2025	25/07/2025
Avanceon Limited	Tanveer Karamat	Director	Sell	10000	49.70	CDC	23/07/2025	25/07/2025
Avanceon Limited	Mohammad Shahid Mir	Director	Buy	1000	49.40	CDC	24/07/2025	25/07/2025
Avanceon Limited	Mohammad Shahid Mir	Director	Sell	100000	49.30	CDC	24/07/2025	25/07/2025
Avanceon Limited	Tanveer Karamat	Non-Executive Director	Sell	10000	51.71	CDC	23/09/2025	24/09/2025
Avanceon Limited	Tanveer Karamat	Non-Executive Director	Sell	10000	52.52	CDC	15/09/2025	29/09/2025
Avanceon Limited	Tanveer Karamat	Non-Executive Director	Sell	10000	52.70	CDC	15/09/2025	29/09/2025
Avanceon Limited	Ahsan Khalil	Chief Financial Officer	Sell	8309	44.86	CDC	05/11/2025	06/11/2025

COMPOSITION OF BOARD AUDIT COMMITTEE

The board audit committee consists of three members listed below.

Sr. No. Name of Members

1.	Ms. Faaria Rehman Salahuddin	Chairman	Independent Director
2.	Mr. Khalid Hamid Wain	Member	Non-Executive Director
3.	Mr. Amir Wain	Member	Non-Executive Director

COMPOSITION OF BOARD OF HR AND REMUNIRATION COMMITTEE

The board of HR and Remuneration committee consists of three members listed below;

Sr. No. Name of Members

1.	Ms. Faaria Rehman Salahuddin	Chairman	Independent Director
2.	Mr. Khalid Hamid Wain	Member	Non-Executive Director
3.	Ms. Selina Saadia Rashid Khan	Member	Independent Director

COMPOSITION OF BOARD OF DIRECTORS

The board consist of seven directors listed below;

Sr. No.	Name of Director	
1.	Mr. Khalid H. Wain	Non-executive Director but not independent
2.	Mr. Bakhtiar H. Wain	Executive Director
3.	Mr. Amir Wain	Non-executive Director but not independent
4.	Mr. Tanveer Karamat	Non-executive Director but not independent
5.	Mr. Mohammad Shahid Mir	Executive Director
6.	Ms. Faaria Rehman Salahuddin	Independent Female Director
7.	Ms. Selina Saadia Rashid Khan	Independent Female Director

The total number of directors are seven as per the following, -

- Male: Five
- Female: Two

BOARD OF DIRECTOR'S MEETINGS

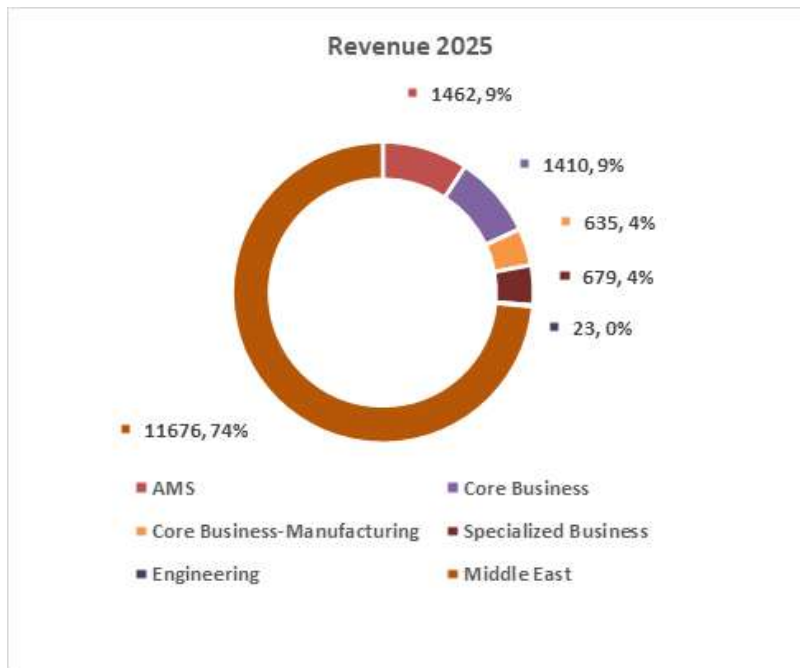
During the year, the Board of Directors has conducted four board meetings (all conducted in Pakistan), the following honorable members participating:

Sr. No. Name of Director	Present	Leave Granted
1. Mr. Khalid H. Wain	4	0
2. Mr. Bakhtiar H. Wain	4	0
3. Mr. Amir Wain	4	0
4. Mr. Tanveer Karamat	4	0
5. Mr. Omer Iqbal Khan	2	0 (Resigned after attending 2 meetings)
6. Mr. Mohammad Shahid Mir	2	0 (Appointed as a casual vacancy, and attend all 2 meetings conducted after appointment)
7. Ms. Faaria Rehman Salahuddin	4	0
8. Ms. Selina Saadia Rashid Khan	4	0

SEGMENTAL BUSINESS PERFORMANCE AND MARKET SHARE INFORMATION

A moment of pride; we disclose that Avanceon has been ranked #17 globally in Control Engineering’s 2026 System Integrator Giants list. This ranking places them among the world’s leading industrial automation and digital transformation providers, highlighting their capability in executing complex projects and their strong international standing.

Avanceon’s core strength lies in control/automation engineering in Pakistan reinforcing its market leadership, mean while we continue expanding its market share by entering into other markets in the middle East, North African region and recently marking its footprints in Australia. Further this helps in diversifying our customer base and portfolio across new verticals. In the Middle East, our success is anchored in the infrastructure, oil extraction process, transportation, smart cities, smart utilities, water infrastructure and industrial technology solutions. Domestically, in Pakistan, Avanceon leads with an impressive over 60% share of the process control industry



PROCEDURES ADOPTED FOR QUALITY ASSURANCE

At Avanceon, the management of Health, Safety, and Environmental (HSE) data, along with the robust data collection process and transparent reporting, forms a cornerstone of our corporate responsibility framework. The Company diligently reports its HSE performance in alignment with the SMETA 4-Pillar guidelines for sustainability reporting, as well as established ISO standards, ensuring that our practices are consistent with the highest international benchmarks.

Our comprehensive HSE data management system is designed to provide real-time, actionable insights at all levels of management, enabling early intervention when deviations from established targets are detected. This proactive approach ensures that potential risks are addressed before they escalate. In addition to internal monitoring, our systems and processes undergo regular reviews by third-party auditors, in addition to routine corporate and divisional HSE audits. These external evaluations further ensure the integrity and effectiveness of our HSE practices, allowing us to continuously improve and maintain a culture of safety and sustainability across all our operations.

EMPLOYEES' RETIREMENT BENEFITS

	2025		2024	
	Investments (Rupees in thousand)	Investment as % of size of the fund	Investments (Rupees in thousand)	Investment as % of size of the fund
Government Securities	163,500	67%	100,114	52%
Scheduled Banks	29,900	12%	20,163	10%
Other Mutual Funds	11,589	5%	8,122	4%
Listed Securities	38,585	16%	64,138	33%
	243,574	100%	192,537	100%



OPERATING FINANCIAL DATA

Operating, financial data and key ratios of the Company for the last six years as disclosed are annexed on subsequent pages in the Management part of this Report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2025 is annexed on subsequent Page No. 119 in the Management section of this Report. The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year, except those reported in the pattern of shareholding.

STATUTORY AUDITORS OF THE COMPANY

The present Auditors, M/s. Crowe Hussain Chaudhury & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has been recommended their re-appointment as Auditors of the Company for the year ending December 31, 2026.

COMMUNICATIONS

Communication with the shareholders is given a high priority. Financial results including quarterly, half yearly and annual results & reports are distributed to them within the time specified in the Companies Act, 2017. The company communicates all material information which fall under the material information category under listing regulations to Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP). The Company also has a website, www.avanceon.ae, which contains updated information on the Company's activities and financial reports.

ACKNOWLEDGEMENT

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the Board of Directors



Lahore: **Mr. Bakhtiar H. Wain**

Director, Chief Executive Officer



Mr. Mohammad Shahid Mir

Director April 30, 2025

AVANCEON LIMITED CATEGORIES OF SHAREHOLDING AS AT DECEMBER 31, 2025

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	9	292,635,759	69.28
2	Associated Companies, Undertakings and related Parties	1	632,500	0.15
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	4	23,637,826	5.60
5	Insurance Companies	5	4,809,026	1.14
6	Modarabas and Mutual Funds	5	168,382	0.04
7	Share holders holding 10%	3	290,113,161	68.68
8	General Public :			
	a. local	14,698	82,073,130	19.43
	b .Foreign			
9	Others	94	18,452,255	4.37
Total (excluding : share holders holding 10%)		14,816	422,408,878	100.00

AVANCEON LIMITED CATEGORY DETAILS OF SHAREHOLDING AS AT DECEMBER 31, 2025

SNO.	FOLIO	NAME	HOLDING
1	1	MR. BAKHTIAR HAMEED WAIN	192,368,961
2	2	MR. KHALID WAIN	2
3	4	MR. TANVEER KARAMAT	2
4	00307-150395	MOHAMMAD SHAHID MIR	1,000
5	00307-73068	SELINA SAADIA RASHID KHAN	1,000
6	03277-129426	AMIR WAHEED WAIN	43,435,362
7	03525-112897	BAKHTIAR HAMEED WAIN	54,308,838
8	05264-48871	TANVEER KARAMAT	2,519,594
9	12484-29983	FAARIA REHMAN SALAHUDDIN	1,000
		TOTAL >>	292,635,759
Associated Companies, Undertakings and related Parties			
SNO.	FOLIO	NAME	HOLDING
1	12732-3143	AVANCEON LTD. EMPLOYEES PROVIDENT FUND	632,500
		TOTAL >>	632,500
Banks, Development Financial Institutions, Non Banking Financial Institutions			
SNO.	FOLIO	NAME	HOLDING
1	03889-44	NATIONAL BANK OF PAKISTAN	11,146,586
2	04127-28	MCB BANK LIMITED - TREASURY	12,390,746
3	11304-27	PAIR INVESTMENT COMPANY LIMITED	100,000
4	19117-22	ASKARI BANK LIMITED - MT	494
		TOTAL >>	23,637,826
Insurance Companies			
SNO.	FOLIO	NAME	HOLDING
1	03277-10526	HABIB INSURANCE CO.LIMITED	9,401
2	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	27,662
3	07450-1792	DAWOOD FAMILY TAKAFUL LIMITED	1,000
4	18085-28	EFU LIFE ASSURANCE LIMITED	3,792,195
5	20487-26	ASKARI GENERAL INSURANCE COMPANY LIMITED	978,768
		TOTAL >>	4,809,026
Modarabas and Mutual Funds			
SNO.	FOLIO	NAME	HOLDING
1	10066-28	CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND	57,000
2	12880-27	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	20,031
3	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	88,859
4	16246-20	CDC - TRUSTEE NBP SAVINGS FUND - MT	514
5	18002-26	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1,978
		TOTAL >>	168,382
Others			
SNO.	FOLIO	NAME	HOLDING
1	2308	K.F. CORPORATION PRIVATE LIMITED	152
2	2614	M/S. UK CORPORATION	652
3	3063	BONUS WITHHELD 5% B-2	300,361
4	3088	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	88
5	3090	MANAGEMENT AND EDUCATIONAL SERVICES (PVT) LIMITED	56
6	3101	AHSAN KHALIL - COMPANY SECRETARY FOR FRACTIONAL SHARES	1,559
7	3109	TRUSTEE TO COMPANY SECRETARY	1,741
8	3115	AHSAN KHALIL - COMPANY SECRETARY FOR FRACTIONAL SHARES	1,268
9	3118	TRUSTEE TO THE BONUS SHARES	1,400
10	3121	TRUSTEE TO THE BONUS FRACTIONS SHARES (B- 7)	3,376
11	3126	MR. AHSAN KHALIL (TRUSTEE TO BONUS FRACTIONAL SHARES)	3,609

12	00521-17670	ARISTEA SICAV NEW FRONTIERS EQUITY FUND	1,254,343
13	00547-2761	J.P. MORGAN SECURITIES PLC	274,644
14	00695-12524	BMA FUNDS LIMITED - DELIVERABLE FUTURES TRADES	285,580
15	00695-22846	TUNDRA SHIKARI GLOBAL	6,680,008
16	01164-19035	DIN CAPITAL LIMITED	30,000
17	01164-32285	AUTOMATE INDUSTRIES (PRIVATE) LIMITED	10,000
18	01669-26	SHAFFI SECURITIES (PVT) LIMITED	279
19	01826-102285	ESSITY PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	948
20	01826-128827	ASSOCIATED CONSULTANCY CENTRE (PRIVATE) LIMITED.	1,563
21	01826-137232	ABC DATA (PRIVATE) LIMITED	342,324
22	01826-217489	QA SUPPLIES (SMC-PRIVATE) LIMITED	2,300
23	01826-233916	SYNGENTA MANAGEMENT EMPLOYEES GRATUITY FUND	13,700
24	03038-112718	OCTATHORN (PRIVATE) LIMITED	51
25	03244-85976	TRUSTEE-THE CRESCENT TEXTILE MILLS LTD EMPL. PROVIDENT FUND	135,000
26	03277-128420	PHOENIX FACILITY MANAGEMENT (PRIVATE) LIMITED	1,000
27	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	9,087
28	03277-26972	WESTBURY (PRIVATE) LTD	90,000
29	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	137,576
30	03277-4931	SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	35,000
31	03277-81025	SHEFFIELD (PRIVATE) LIMITED	15,000
32	03525-128164	J. K. EXPORTS (PVT.) LIMITED	84,611
33	03525-67537	SHAMALIK BROTHERS (PVT) LTD	5,545
34	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
35	03525-94230	PROSPERITY SECURITIES (SMC-PVT.) LIMITED	201
36	03525-98202	TRUSTEES BPS GROUP COMPANIES EMPLOYEES PROVIDENT FUND	99,277
37	03657-25	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	9
38	03939-37809	IMGC GLOBAL (PVT.) LIMITED	10,000
39	03939-60447	DISTRIBUTION CLUB (PRIVATE) LIMITED	10,000
40	04234-25	RAFI SECURITIES (PRIVATE) LIMITED	14,000
41	04317-25	DALAL SECURITIES (PVT) LTD.	101,250
42	04374-7750	HAMID ADAMJEE TRUST	5,450
43	04432-24195	MODISH MOVE (PRIVATE) LIMITED	5,000
44	04432-25036	NOVA BRIDGE (PRIVATE) LIMITED	6,500
45	04705-87224	FEDERAL BOARD OF REVENUE	458,778
46	04705-97687	FREEMEN CORPORATION (PRIVATE) LIMITED	2,500,019
47	04804-66	INTERMARKET SECURITIES LIMITED(FORMERLY EFG HERMES PAK. LTD)	391
48	04879-28	AKHAI SECURITIES (PRIVATE) LIMITED	3,000
49	05264-180120	DYNASTY FINANCIAL ADVISORS (PRIVATE) LIMITED	4
50	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	480,805
51	05884-10058	KARACHI LIGHTERAGE COMPANY (PRIVATE) LIMITED	5,000
52	05884-12310	MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	43,311
53	06445-144057	TOOBITECH (PRIVATE) LIMITED	1,500
54	06445-28	DARSON SECURITIES (PRIVATE) LIMITED	1,500
55	06452-44140	CITY SCHOOLS GROUP EMPLOYEES PROVIDENT FUND	179,162
56	06502-5986	UNITED TOWEL EXPORTERS (PVT.) LIMITED	25,000
57	06601-27	AXIS GLOBAL LIMITED	3,500
58	07054-24	BHAYANI SECURITIES (PVT) LTD.	2,000
59	07229-23	ALTAf ADAM SECURITIES (PVT) LTD.	1,000
60	07286-27	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	41,418
61	07450-30361	PAKISTAN RESOURCES DEVELOPMENT SERVICES (PRIVATE) LIMITED.	30,000
62	07450-35337	DIYANAH ISLAMIC FINANCIAL SERVICES (PVT.) LIMITED	7,833
63	07450-521	B.R.R. GUARDIAN LIMITED	5,000
64	10629-526395	ROCK WELL ENTERPRISES (PRIVATE) LIMITED	10,000
65	10629-592066	MUGHALS PAKISTAN (PRIVATE) LIMITED	1,000
66	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	45,500
67	13649-24	JS GLOBAL CAPITAL LIMITED - MF	212,993
68	14118-27	ASDA SECURITIES (PVT.) LTD.	22,669
69	14241-22	FIKREES (PRIVATE) LIMITED	4,000
70	14258-21	TRADE SMART SECURITIES (PRIVATE) LIMITED	2,507
71	14522-27	AMANAH INVESTMENTS LIMITED	5,000
72	14746-21	KTRADE SECURITIES LIMITED	1
73	14886-25	VENUS SECURITIES (PVT.) LIMITED	11,000
74	15057-24	NINI SECURITIES (PRIVATE) LIMITED	13,500
75	15180-29	R.T. SECURITIES (PVT) LIMITED	125,000
76	15578-21	BAWANY SECURITIES (PRIVATE) LIMITED	40,000
77	16410-29	ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	12,000

78	16857-26	MRA SECURITIES LIMITED - MF		77,524
79	16865-25	BAWA SECURITIES (PVT) LTD. - MF		20,000
80	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF		1,256,497
81	17509-26	TRUST SECURITIES & BROKERAGE LIMITED - MF		9,000
82	17954-23	TOPLINE SECURITIES LIMITED - MSF		25,000
83	18432-102649	SARMAAYA FINANCIALS (PRIVATE) LIMITED		2,058,086
84	18432-103068	SHAFFI SECURITIES (PVT) LIMITED		1,993
85	18432-104389	MBITSOFT (SMC-PRIVATE) LIMITED		612,500
86	18432-1122	AHSAM SECURITIES (PRIVATE) LIMITED		2,000
87	18432-2237	ASA STOCKS (PVT.) LIMITED		5,000
88	18432-2245	SAYA SECURITIES (PRIVATE) LIMITED		18,000
89	18432-46846	GPH SECURITIES (PRIVATE) LIMITED		25,000
90	18432-504	INA SECURITIES (PVT.) LIMITED		2,762
91	18432-79698	K & I GLOBAL CAPITAL (PRIVATE) LIMITED		993
92	18432-99050	SYED FARAZ EQUITIES (PRIVATE) LIMITED		22,000
93	18457-23	ADAM USMAN SECURITIES (PRIVATE) LIMITED		46,500
94	19273-24	ORBIT SECURITIES (PRIVATE) LIMITED - MF		500
			TOTAL >>	18,452,255



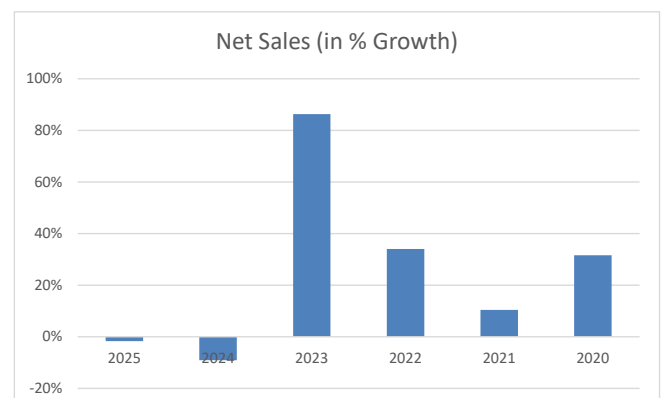
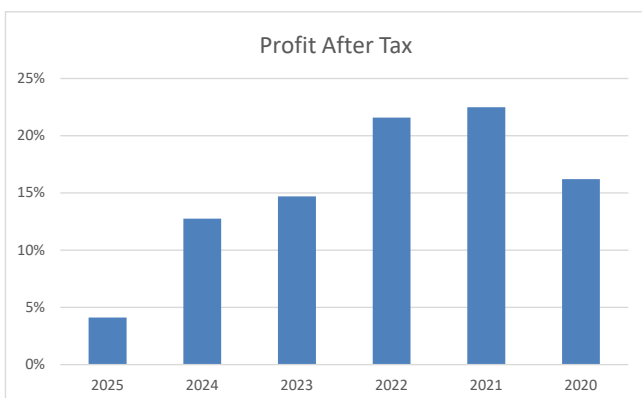
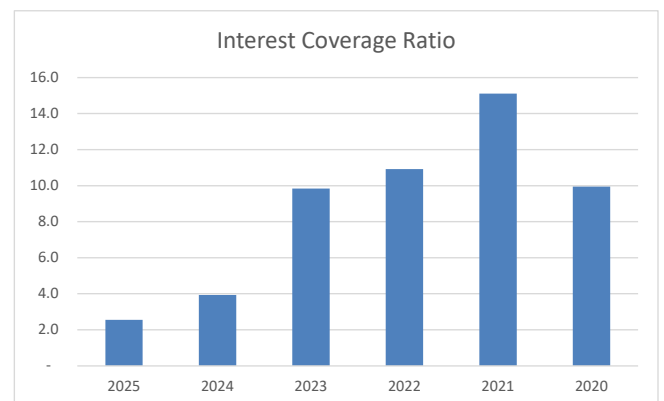
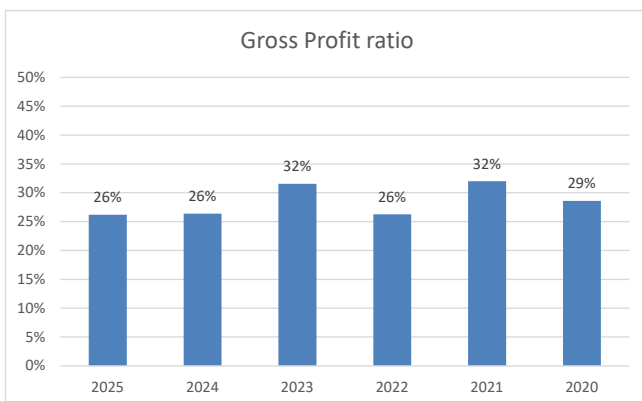
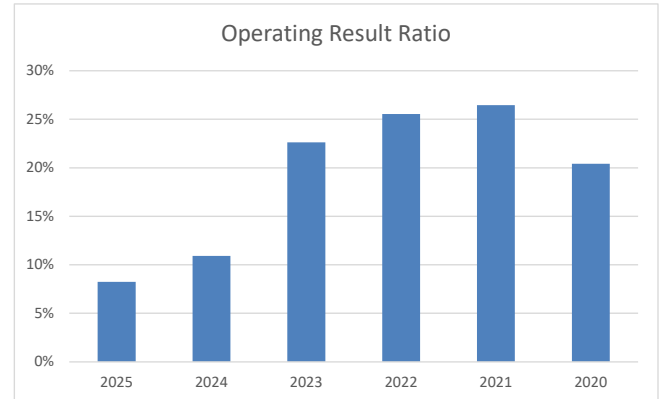
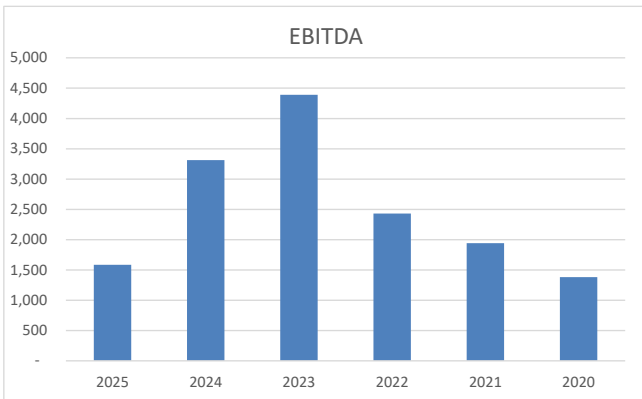
AVANCEON LIMITED PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2025

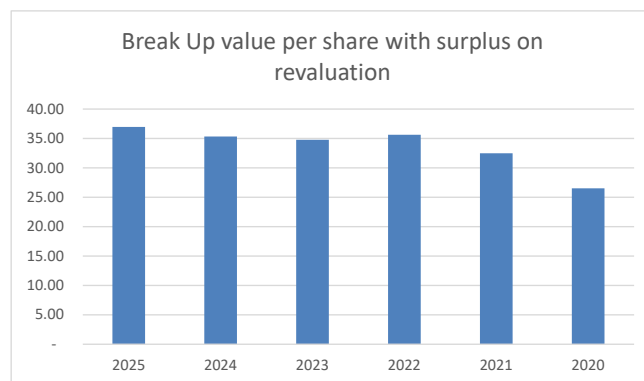
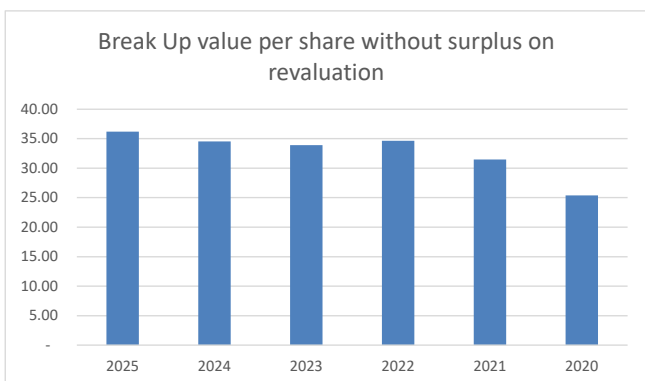
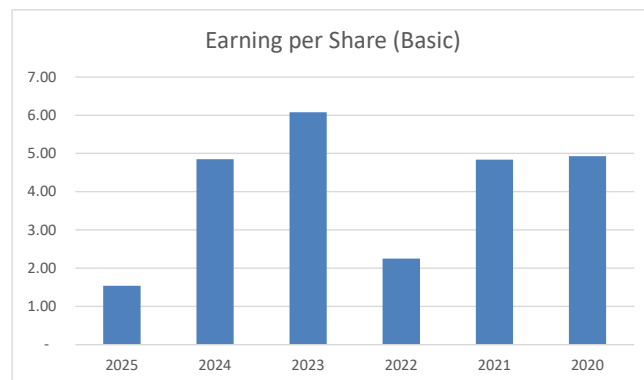
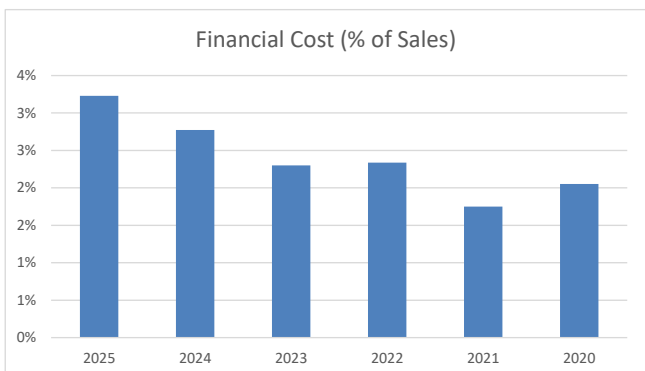
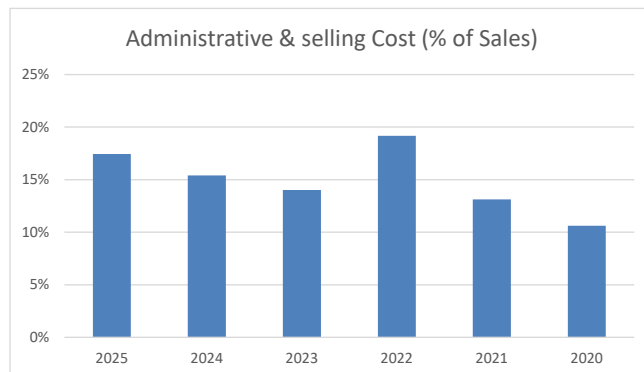
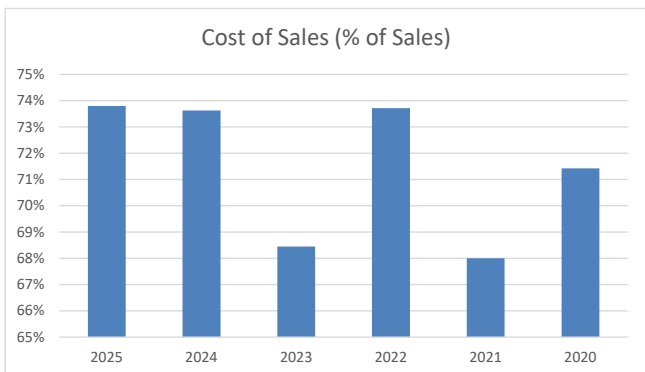
NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
3,029	1	100	120,411
2,996	101	500	911,368
2,048	501	1,000	1,694,892
4,272	1,001	5,000	10,873,391
1,132	5,001	10,000	8,624,597
413	10,001	15,000	5,165,094
249	15,001	20,000	4,497,099
144	20,001	25,000	3,314,045
104	25,001	30,000	2,930,999
56	30,001	35,000	1,827,873
44	35,001	40,000	1,678,931
29	40,001	45,000	1,253,543
43	45,001	50,000	2,078,245
23	50,001	55,000	1,207,505
18	55,001	60,000	1,041,869
7	60,001	65,000	436,601
16	65,001	70,000	1,092,317
14	70,001	75,000	1,024,291
20	75,001	80,000	1,554,990
10	80,001	85,000	833,250
10	85,001	90,000	891,091
6	90,001	95,000	561,503
17	95,001	100,000	1,694,577
6	100,001	105,000	611,040
3	105,001	110,000	322,075
3	110,001	115,000	333,863
3	115,001	120,000	356,000
1	120,001	125,000	125,000
6	125,001	130,000	776,702
2	130,001	135,000	265,927
2	135,001	140,000	275,147
3	140,001	145,000	430,255
4	145,001	150,000	596,068
2	150,001	155,000	307,900
3	155,001	160,000	471,133
1	165,001	170,000	166,746
2	175,001	180,000	359,162
1	180,001	185,000	183,911
2	190,001	195,000	387,063
6	195,001	200,000	1,195,575
4	205,001	210,000	837,002
1	210,001	215,000	212,993
1	215,001	220,000	219,000
2	220,001	225,000	448,430

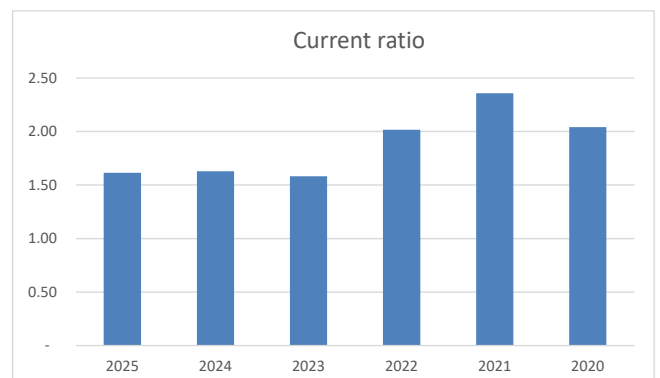
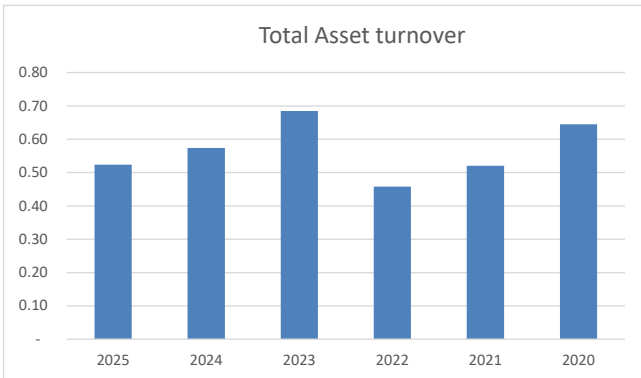
SIX YEARS AT A GLANCE CONSOLIDATED

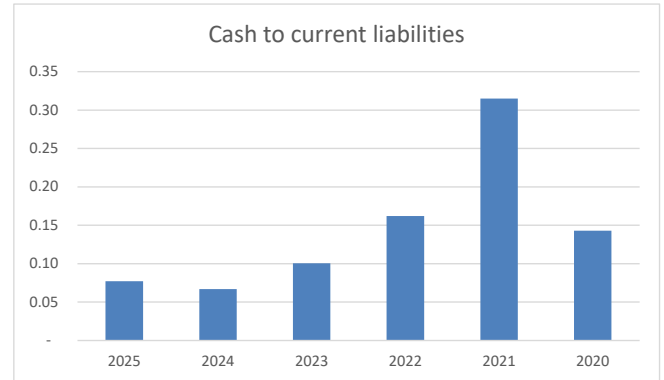
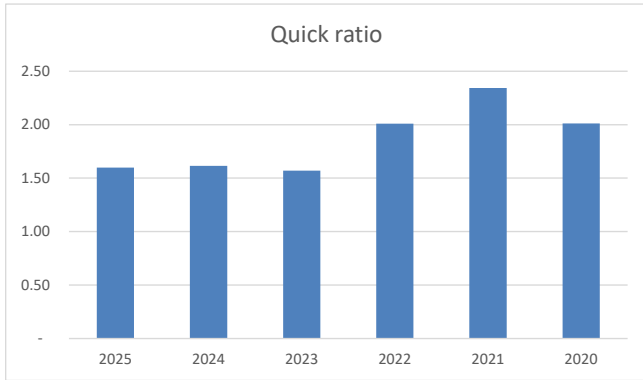
YEARS	2025	2024	2023	2022	2021	2020
Profitability Ratios						
Gross Profit ratio	26%	26%	32%	26%	32%	29%
Operating Result Ratio	8%	11%	23%	26%	26%	20%
Profit Before Tax	5%	9%	21%	23%	25%	18%
Profit After Tax	4%	13%	15%	22%	22%	16%
Return On Capital Employed	8%	12%	29%	20%	22%	23%
Interest Coverage Ratio	(Times) 2.6	3.9	9.8	10.9	15.1	9.9
EBITDA	(Rs. In million) 1,588	3,314	4,392	2,431	1,941	1,381
EBITDAP	(Rs. In million) 1,725	3,264	4,535	2,866	1,971	1,361
EBITDA Margin	10%	21%	25%	25%	27%	21%
Growth Ratios						
Net Sales	-2%	-9%	86%	34%	10%	32%
Operating Results	-26%	-56%	65%	29%	43%	21%
EBITDA	-52%	-25%	81%	25%	41%	20%
Profit After Tax	-68%	-21%	27%	29%	53%	15%
Cost Ratios						
Cost of Sales (% of Sales)	74%	74%	68%	74%	68%	71%
Administrative & selling Cost (% of Sales)	17%	15%	14%	19%	13%	11%
Financial Cost (% of Sales)	3%	3%	2%	2%	2%	2%
Return to Shareholders						
Return on Equity-Before Tax	6%	11%	31%	21%	23%	22%
Return on Equity-After Tax	4%	15%	22%	19%	21%	19%
Earning per Share (Basic)	(Rs.) 1.54	4.85	6.08	2.25	4.84	4.93
Earning per Share (Diluted)	(Rs.) 1.51	4.75	5.99	2.22	4.77	4.82
Break Up value per share without surplus on revaluation	(Rs.) 36.20	34.54	33.91	34.62	31.48	25.40
Break Up value per share with surplus on revaluation	(Rs.) 36.97	35.33	34.79	35.64	32.48	26.54
Equity Ratios						
Price Earning Ratio	28.96	12.72	9.43	29.35	18.83	18.83
Dividend Per Share	10%	0%	20%	0%	10%	10%
Dividend Payout Ratio	65%	0%	33%	0%	21%	20%
Market Value at the end of The Year	44.62	61.69	57.34	66.03	91.12	92.85
Market Value at the start of the Year	61.69	57.34	66.03	91.12	92.85	37.55
Highest Value During Year	55.75	67.78	71.22	112.37	139.79	96.05
Lowest Value During Year	26.5	48.06	40.88	66.03	73.57	18.51
Dividend Yield Ratio	0.22%	0.00%	0.35%	0.00%	0.11%	0.11%
Dividend Cover Ratio	1.55	N/A	3.47	N/A	6.24	4.93

YEARS		2025	2024	2023	2022	2021	2020
Asset Utilization							
Total Asset turnover	(Times)	0.52	0.57	0.68	0.46	0.52	0.64
Fixed Asset Turnover	(Times)	11.11	12.68	14.82	10.00	15.22	14.95
Inventory Turnover	(Times)	49.11	68.52	93.36	104.78	66.47	37.12
Trade Debts Turnover	(Times)	0.94	0.98	1.19	0.63	0.74	0.88
Trade Creditors Turnover	(Times)	1.24	1.31	1.42	1.11	1.39	1.67
Capital Employed Turnover	(Times)	0.98	1.05	1.29	0.79	0.83	1.11
Operating Cycle							
Inventory Holding Period	(No. of days)	7	5	4	3	5	10
Trade Debt collection period	(No. of days)	387	372	306	584	496	416
Trade Creditors payment period	(No. of days)	295	278	257	330	263	218
Liquidity/Leverage							
Current ratio	(Times)	1.61	1.63	1.58	2.02	2.36	2.04
Quick ratio	(Times)	1.60	1.62	1.57	2.01	2.34	2.01
Cash to current liabilities	(Times)	0.08	0.07	0.10	0.16	0.31	0.14
Financial leverage ratio	(Times)	0.04	0.05	0.05	0.04	0.02	0.03
Total liabilities to equity	(Times)	0.96	0.94	1.01	0.82	0.66	0.81









ANALYSIS OF FINANCIAL STATEMENTS

BALANCE SHEET

Particulars	2025	2024	2023	2022	2021	2020
Non-Current Assets						
Property and Equipment	1,429	1,275	1,199	953	468	431
Intangible assets	5,690	5,465	5,266	686	52	20
Long term investments	407	380	113	1,433	968	874
Long term loans and deposits	77	82	78	57	38	33
Deferred tax asset	33	33	34	15	-	59
Total Non-Current Assets	7,636	7,234	6,689	3,145	1,526	1,417
Current Assets						
Stock in trade	239	174	130	67	73	124
Trade debts	9,080	7,132	9,237	8,615	5,551	3,586
Contract assets	7,774	9,320	5,653	6,639	4,120	3,761
Term deposit with banks	1	100	94	75	310	74
Advances, deposits, prepayments and other receivables	4,519	3,445	3,014	957	786	502
Short term investments	1	1	10	0	0	3
Cash and bank balances	1,085	757	1,131	1,347	1,312	527
Total Current Assets	22,698	20,928	19,269	17,700	12,154	8,577
Total Assets	30,334	28,163	25,958	20,845	13,679	9,994
Equity and Liabilities						
Share Capital and reserves						
Issued, subscribed and paid up capital	4,224	4,150	3,763	3,247	2,566	2,118
Employees' share compensation reserve	233	408	178	156	173	74
Statutory reserve	3	3	3	3	3	3
Exchange revaluation reserve	2,672	2,639	2,672	1,495	755	632
Gain on dilution of interest	631	631	631	631	631	-
Share Premium	875	508	451	314	144	138
Un-appropriated profit	5,956	5,306	4,440	4,870	3,346	2,410
	14,595	13,647	12,138	10,716	7,618	5,375
Non controlling interest	694	687	621	525	459	5
	15,289	14,333	12,759	11,241	8,077	5,380
Surplus on revaluation of property and equipment	326	328	331	332	256	242
Non-Current Liabilities						
Long term loan	36	96	109	94	-	24
Lease liabilities	123	115	149	214	70	42
Employees' end of service benefits	374	333	295	187	119	101
Diminishing Musharaka	128	112	135	-	-	1
Deferred grant	-	-	-	-	-	-
Deferred taxation	-	-	-	-	4	-
Total Non-Current Liabilities	661	657	687	495	193	168

Particulars	2025	2024	2023	2022	2021	2020
Current Liabilities						
Current portion of lease liabilities	1	49	22	62	47	38
Current portion of long term loan	25	25	40	-	24	26
Current portion of Diminishing Musharaka	75	58	64			
Current portion of deferred grant	-	-	-	-	0	1
Finances under mark up arrangements and other credit facilities - secured	3,029	1,503	1,220	616	714	487
Creditors, accrued and other liabilities	9,474	9,052	8,579	6,359	3,486	2,750
Contract liabilities	1,453	2,157	2,257	1,739	883	902
Total Current Liabilities	14,058	12,844	12,181	8,777	5,153	4,204
Total Equity and Liabilities	30,334	28,163	25,958	20,845	13,679	9,994

ANALYSIS OF FINANCIAL STATEMENTS PROFIT & LOSS ACCOUNT

PARTICULARS	2025	2024	2023	2022	2021	2020
Revenue from contracts with customers	15,885	16,156	17,767	9,538	7,118	6,445
Cost of revenue	(11,723)	(11,896)	(12,162)	(7,032)	(4,840)	(4,603)
Gross Profit	4,162	4,260	5,606	2,507	2,278	1,842
Administrative and selling expenses	(2,770)	(2,489)	(2,492)	(1,828)	(933)	(685)
Other charges	(432)	(203)	(3,475)	(9)	(5)	(4)
Other operating income	350	194	4,380	1,766	544	163
	(2,852)	(2,498)	(1,587)	(71)	(394)	(526)
Profit/(loss) from operations	1,310	1,762	4,019	2,436	1,883	1,316
Finance cost	(513)	(448)	(409)	(223)	(125)	(132)
Profit from JV	24	180	110	-	-	-
Profit/(loss) before tax	820	1,494	3,720	2,213	1,759	1,183
Taxation	(166)	568	(1,110)	(155)	(159)	(138)
Profit/(loss) after Tax	655	2,061	2,611	2,058	1,600	1,045
Loss For the year from disc. Operations	-	-	-	-	-	-
Profit/(loss) after disc. Operations	655	2,061	2,611	2,058	1,600	1,045
	11%	0%	36%	96%	36%	-3%
Combined earnings/(loss) per Share						
Basic in Rs.	1.54	4.85	6.08	2.25	4.84	4.93
Diluted in Rs.	1.51	4.75	5.99	2.22	4.77	4.82

Analysis of Financial Statements Cash Flow Statement

Particulars	(Rupees in million)					
	2025	2024	2023	2022	2021	2020
Cash flow from operating activities	(639)	751	(395)	168	(83)	691
Cash flow from investing activities	(499)	(587)	(475)	170	(271)	100
Cash flow from financing activities	1,466	(539)	654	(303)	1,139	(369)
Increase/(decrease) in cash & cash equivalent	328	(374)	(216)	34	785	421

ANALYSIS OF FINANCIAL STATEMENTS

PROFIT & LOSS ACCOUNT

PARTICULARS	Vertical Analysis						Horizontal Analysis					
	2025	2024	2023	2022	2021	2020	2025	2024	2023	2022	2021	2020
	------(in % age)-----						------(in % age)-----					
Revenue from contracts with customers	100%	100%	100%	100%	100%	100%	98%	91%	186%	134%	110%	132%
Cost of revenue	74%	74%	68%	74%	68%	71%	99%	98%	173%	145%	105%	135%
Gross Profit	26%	26%	32%	26%	32%	29%	98%	76%	224%	110%	124%	124%
Administrative and selling expenses	17%	15%	14%	19%	13%	11%	111%	100%	136%	196%	136%	97%
Other charges	-3%	-1%	-20%	0%	0%	0%	213%	6%	39141%	192%	107%	96%
Other operating income	2%	1%	25%	19%	8%	3%	180%	4%	248%	325%	334%	52%
Profit/(loss) from operations	18%	15%	9%	1%	6%	8%	114%	157%	2240%	18%	75%	133%
Finance cost	8%	11%	23%	26%	26%	20%	74%	44%	165%	129%	143%	121%
Profit/(loss) before tax	3%	3%	2%	2%	2%	2%	115%	110%	183%	179%	94%	106%
Taxation	5%	9%	21%	23%	25%	18%	55%	40%	168%	126%	149%	123%
Profit/(loss) after Tax	1%	-4%	6%	2%	2%	2%	-29%	-51%	717%	98%	115%	273%
Combined earnings/(loss) per Share	4%	13%	15%	22%	22%	16%	32%	79%	127%	129%	153%	115%
Basic	0.01%	0.03%	0.03%	0.02%	0.07%	0.08%	32%	80%	270%	46%	98%	114%
Diluted	0.01%	0.03%	0.03%	0.02%	0.07%	0.07%	32%	79%	270%	47%	99%	114%

Analysis of Financial Statements

Cash Flow Statement

PARTICULARS	2025	2024	2023	2022	2021	2020	2025	2024	2023	2022	2021	2020
		------(in % age)-----						------(in % age)-----				
Cash flow from operating activities	-195%	-201%	183%	488%	-11%	164%	-85%	-190%	-235%	-202%	-12%	-706%
Cash flow from investing activities	-152%	157%	220%	493%	-34%	24%	85%	123%	-280%	-63%	-271%	-453%
Cash flow from financing activities	446%	144%	-303%	-881%	145%	-88%	-272%	-82%	-216%	-27%	-308%	-214%
Increase/(decrease) in cash & cash equivalent	100%	100%	100%	100%	100%	100%	-88%	173%	-627%	4%	186%	804%

ANALYSIS OF FINANCIAL STATEMENTS, CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

	2025	2024	2023	2022	2021	2020
Cash flows from operating activities						
Cash generated from operations	147	1,461	133	414	123	839
Finance costs paid	(516)	(441)	(365)	(201)	(123)	(127)
long term loans and deposits - net	-	-	-	(19)	(6)	(1)
Retirement benefits paid	(26)	(15)	(12)	(5)	(21)	(4)
Taxes paid	(243)	(254)	(152)	(21)	(57)	(17)
Net cash (used in) / generated from operating activities	(639)	751	(395)	168	(83)	691
Purchase of property and equipment	(372)	(284)	(338)	(75)	(26)	(14)
Purchase of intangible asset	(273)	(242)	(142)	(29)	(32)	(20)
Proceeds from sale of property and equipment	10	15	21	31	20	4
Long term investments made	27	(89)	-	-	-	-
Profit on bank deposit	4	10	14	7	1	7
Term deposits	-	-	-	236	(234)	124
Short term investments	99	3	(29)	-	-	-
Net increase in long term deposits	5	-	-	-	-	(1)
Net cash (used in) / generated from investing activities	(499)	(587)	(475)	170	(271)	100
Cash flows from financing activities						
Issue of share capital	29	10	38	32	294	-
Share premium		0	-	8	795	-
Dividend paid	(21)	(759)	(48)	(197)	(83)	(252)
Finances under markup arrangements	1,526	284	603	(97)	226	(112)
Long term loan received	(60)	(27)	55	70	(27)	50
Long term diminishing musharaka - net	32	(28)	45	-	-	-
Repayment of finance lease liabilities	(40)	(18)	(39)	(119)	(66)	(56)
Net cash (used in) / generated from financing activities	1,466	(539)	654	(303)	1,139	(369)
Net (decrease) / increase in cash and cash equivalents	328	(374)	(216)	34	785	421
Cash and cash equivalents at the beginning of the year	757	1,131	1,347	1,312	527	105
Effect of cash and Cash equivalents of subsidiary disposed off						
Cash and cash equivalents at the end of the year	1,085	757	1,131	1,347	1,312	527

CONSOLIDATED CASH FLOW STATEMENT

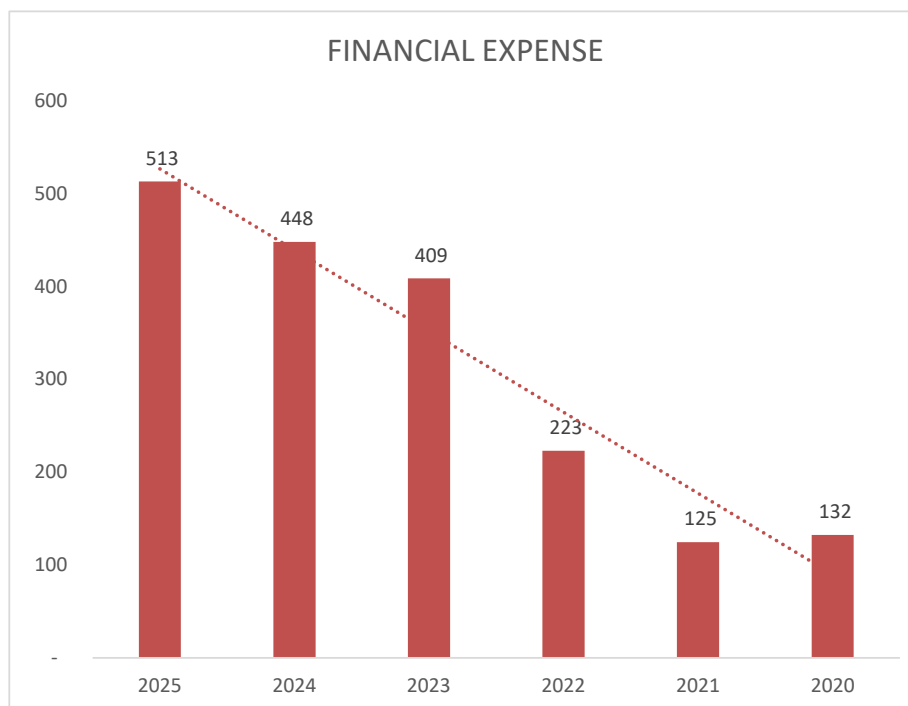
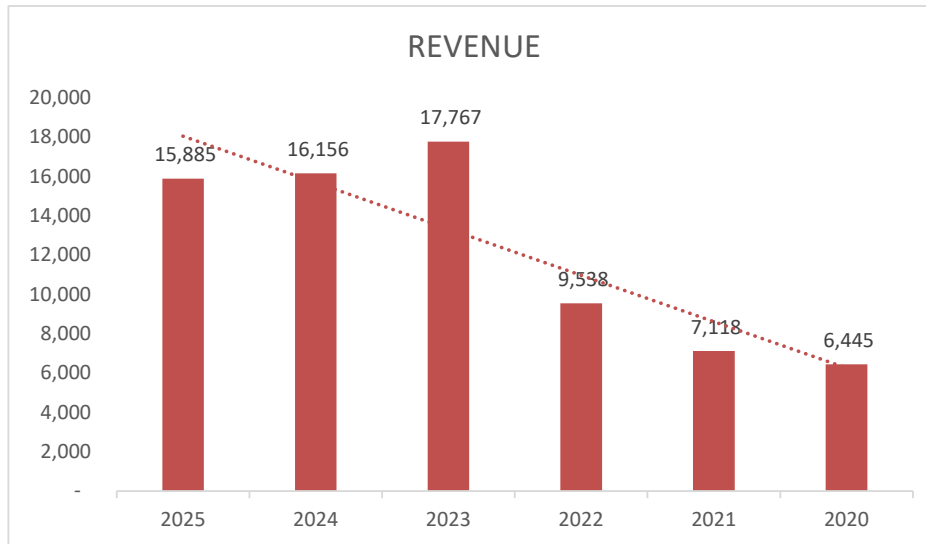
DIRECT METHOD

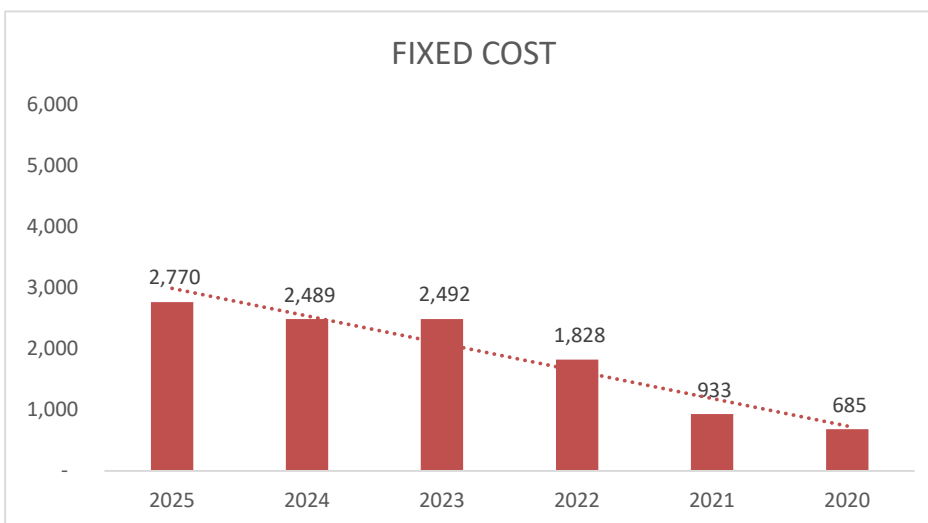
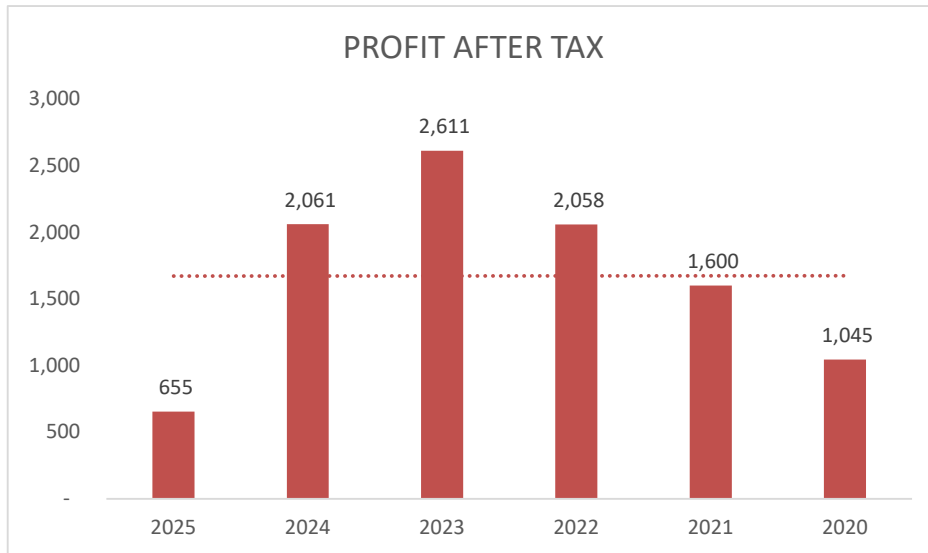
	2025	2024	2023	2022	2021	2020
Cash flows from operating activities						
Cash flows from Customers	(669)	(1,673)	(5,561)	(3,984)	(2,357)	(1,315)
Cash flows from Creditors	642	1,307	1,298	2,451	555	931
Cash flows from Stocks	(65)	(43)	(63)	6	51	37
Other cash flows from operations	238	1,870	4,460	1,942	1,874	1,185
Cash (used in) / generated from continuing operations	147	1,461	133	414	123	839
Finance costs paid	(516)	(441)	(365)	(201)	(123)	(127)
long term loans and deposits - net	-	-	-	(19)	(6)	(1)
Retirement benefits paid	(26)	(15)	(12)	(5)	(21)	(4)
Taxes paid	(243)	(254)	(152)	(21)	(57)	(17)
Net cash (used in) / generated from operating activities	(639)	751	(395)	168	(83)	691
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Purchase of property and equipment	(372)	(284)	(338)	(75)	(26)	(14)
Purchase of intangible asset	(273)	(242)	(142)	(29)	(32)	(20)
Proceeds from sale of property and equipment	10	15	21	31	20	4
Long term investments made	27	(89)	-	-	-	-
Profit on bank deposit	4	10	14	7	1	7
Term deposits	-	-	-	236	(234)	124
Short term investments	99	3	(29)	-	-	-
Net increase in long term deposits	5	-	-	-	-	(1)
Net cash (used in) / generated from investing activities	(499)	(587)	(475)	170	(271)	100
Cash flows from financing activities						
Issue of share capital	29	10	38	32	294	-
Share premium	-	0	-	8	795	-
Dividend paid	(21)	(759)	(48)	(197)	(83)	(252)
Finances under markup arrangements	1,526	284	603	(97)	226	(112)
Long term loan received	(60)	(27)	55	70	(27)	50
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Cash and cash equivalents at the beginning of the year	756	1,130	1,346	1,312	527	105
Effect of cash and Cash equivalents of subsidiary disposed off	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	1,085	756	1,130	1,346	1,312	527

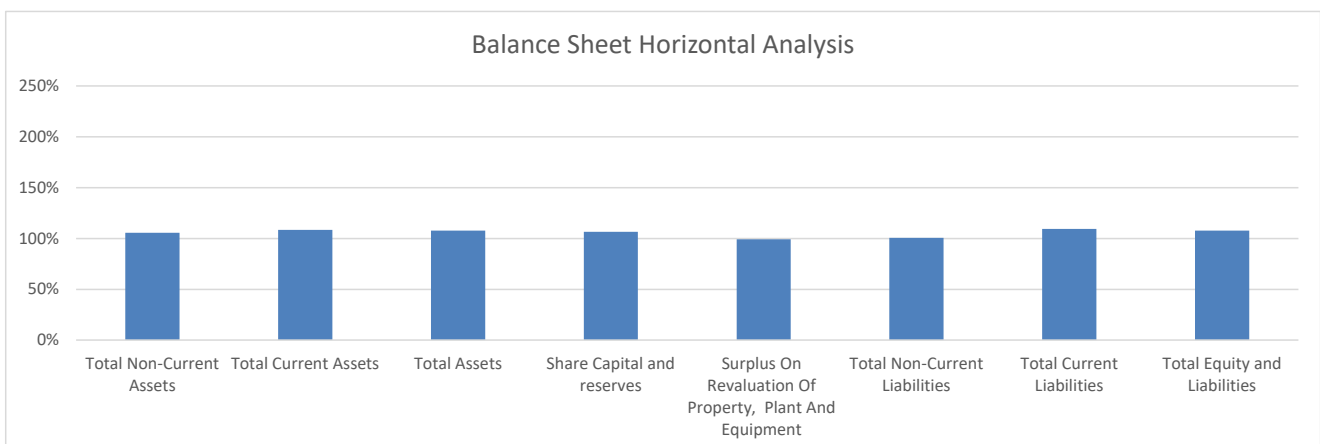
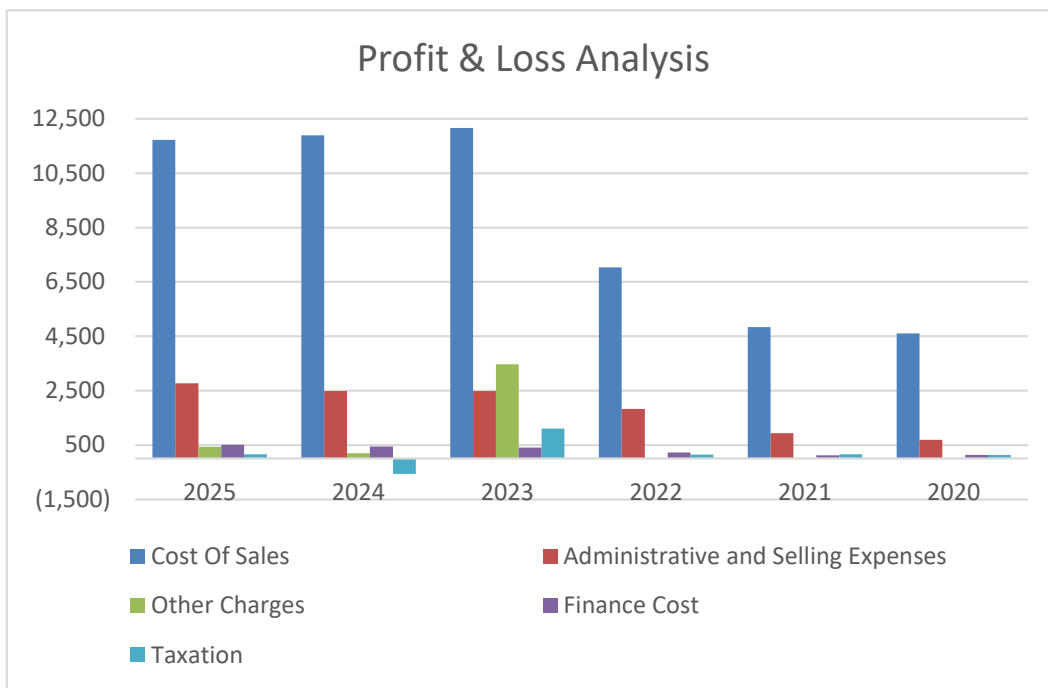
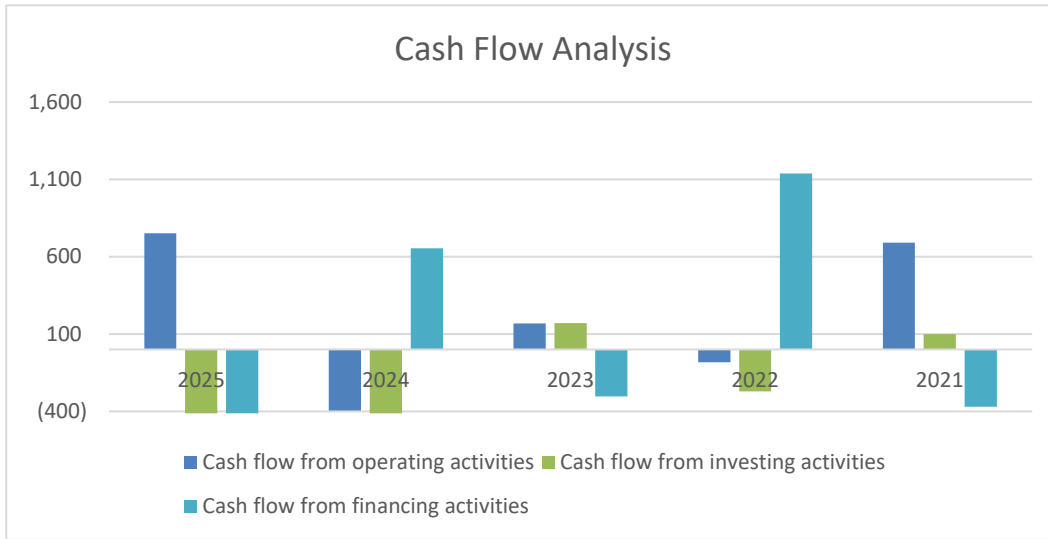
6 YEARS VERTICAL AND HORIZONTAL ANALYSIS

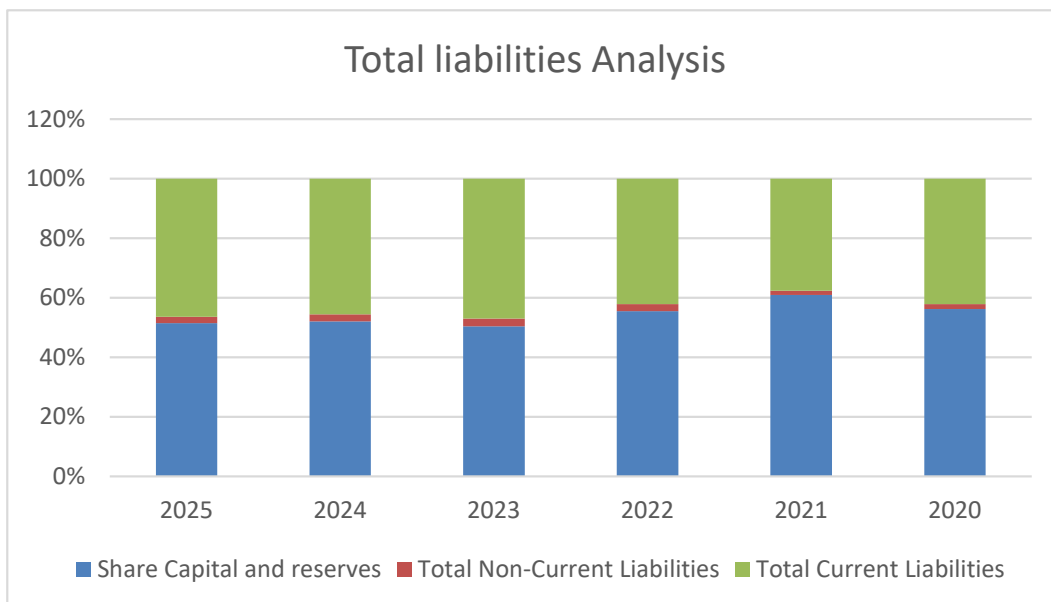
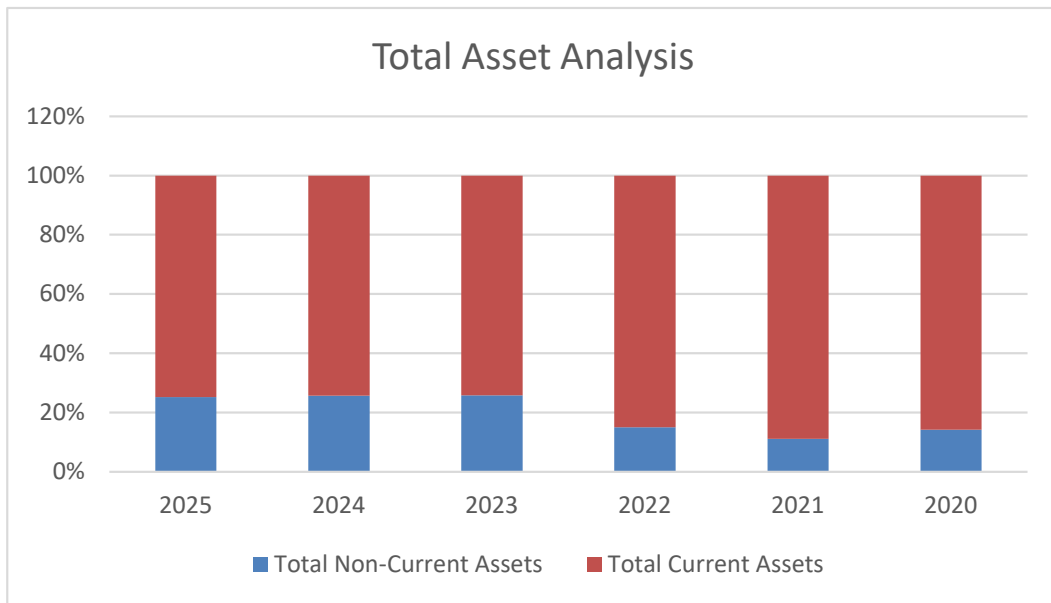
CASH FLOW STATEMENT INDIRECT METHOD

	Vertical Analysis						Horizontal Analysis					
	2025	2024	2023	2022	2021	2020	2025	2024	2023	2022	2021	2020
Cash flows from operating activities												
Cash generated from operations	45%	-390%	-62%	1203%	16%	199%	10%	1095%	32%	338%	15%	6003%
Finance costs paid	-157%	118%	169%	-584%	-16%	-30%	117%	121%	181%	164%	97%	279%
long term loans and deposits - net	0%	0%	0%	-55%	-1%	0%	0%	0%	0%	344%	609%	100%
Retirement benefits paid	-8%	4%	5%	-14%	-3%	-1%	182%	124%	250%	22%	597%	84%
Taxes paid	-74%	68%	70%	-62%	-7%	-4%	96%	167%	710%	38%	341%	27%
Net cash (used in) / generated from operating activities	-195%	-201%	183%	488%	-11%	164%	-85%	-190%	-235%	-202%	-12%	-706%
Cash flows from investing activities												
Purchase of property and equipment	-113%	76%	157%	-216%	-3%	-3%	131%	84%	454%	283%	189%	65%
Purchase of intangible asset	-83%	65%	66%	-84%	-4%	-5%	113%	170%	490%	92%	158%	100%
Proceeds from sale of property and equipment	3%	-4%	-10%	89%	3%	1%	70%	71%	68%	152%	497%	58%
Long term investments made	8%	24%	0%	0%	0%	0%	-30%	0%	0%	0%	0%	0%
Profit on bank deposit	1%	-3%	-6%	20%	0%	2%	41%	71%	199%	596%	16%	56%
Term deposits	0%	0%	0%	685%	-30%	29%	0%	0%	0%	-101%	-189%	-1465%
Short term investments	30%	-1%	14%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net increase in long term deposits	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%
Net cash (used in) / generated from investing activities	-152%	157%	220%	493%	-34%	24%	85%	123%	-280%	-63%	-271%	-453%
Cash flows from financing activities												
Issue of share capital	9%	-3%	-18%	92%	37%	0%	290%	27%	120%	11%	100%	0%
Share premium	0%	0%	0%	25%	101%	0%	0%	0%	0%	1%	100%	0%
Dividend paid	-6%	203%	22%	-573%	-11%	-60%	3%	1591%	24%	239%	33%	857%
Finances under markup arrangements	465%	-76%	-279%	-283%	29%	-27%	538%	47%	-620%	-43%	-202%	-39%
Long term loan received	-18%	7%	-26%	203%	-3%	12%	220%	-50%	79%	-256%	-54%	-277%
Repayment of finance lease liabilities	-12%	5%	18%	-345%	-8%	-13%	221%	46%	33%	179%	120%	70%
Net cash (used in) / generated from financing activities	437%	136%	-282%	-881%	145%	-88%	-272%	-82%	-216%	-27%	-308%	-214%
Net (decrease) / increase in cash and cash equivalents	90%	93%	121%	100%	100%	100%	-88%	173%	-627%	4%	186%	804%



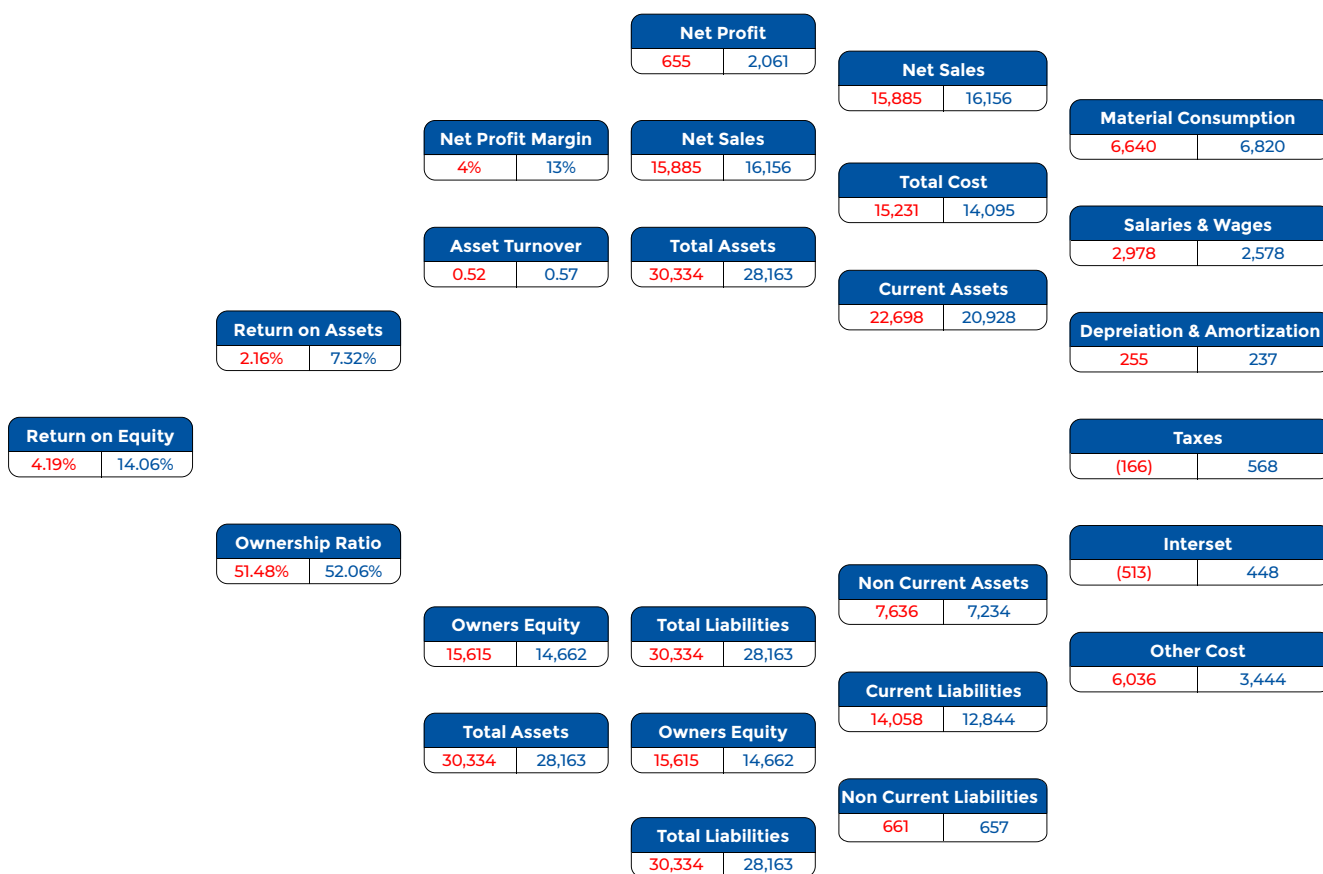






DUPONT ANALYSIS

2025 - 2024





UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Members of Avanceon Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **AVANCEON LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2025 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 December 31, 2025 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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 Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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:

Key Audit Matters	How the matter was addressed in our audit
1. Revenue	
Refer to Notes 4.11 and 26 to the unconsolidated financial statements.	Our key audit procedures included: <ul style="list-style-type: none"> • Obtained an understanding of the Company's



Key Audit Matters	How the matter was addressed in our audit
<p>The Company has earned revenue of Rs. 3,101.473 million for the year ending December 31, 2025. The Company's revenue is derived from multiple revenue streams, as referred to in Note 26 to the accompanying unconsolidated financial statements, including product sales, project revenue, rendering back office support services, and provision of project solutions.</p> <p>Each stream has its own revenue recognition policy based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.11. Certain contracts with customers require significant management judgment to determine the appropriate timing and method of revenue recognition.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company with multiple revenue streams, and inherent risk of material misstatement.</p>	<p>processes and related internal controls for revenue recognition, and on a sample basis, tested the operating effectiveness of those controls</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the Company's revenue recognition policies and their compliance with applicable accounting and reporting standards • Compared a sample of transactions comprising various revenue streams during the year with underlying documentation including contracts with customers, sales invoices and where relevant, underlying time sheets and other supporting documents to assess whether the revenue was recorded in accordance with the Company's revenue accounting policy and applicable financial reporting framework • Performed substantive analytical procedures by developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the cost incurred and time elapsed, respectively • Critically assessed the significant management judgments applied in determining the timing and method of revenue recognition • Performed a comparative analysis of the revenue recognized in the current year with that of the prior year, investigating any significant variances or trends • Verified the accuracy of revenue recorded by cross-checking the recorded transactions, on sample basis, with bank deposits and customer invoices, ensuring that all revenue entries were properly supported by actual cash receipts and linked to specific billings • Performed cut-off procedures on sales to ensure revenue has been recorded in the correct period • Obtained additional written representations as required under the International Standards on Auditing and • Considered adequacy of the related disclosures and assessed whether these are in



Key Audit Matters	How the matter was addressed in our audit
	accordance with the applicable accounting and reporting standards
2. Valuation of Trade Debtors and Contract Assets	
<p>Refer to Notes 4.4, 10, and 11 to the unconsolidated financial statements.</p> <p>The Company's gross trade debts and contract assets as at December 31, 2025, are Rs. 3,998.151 million and Rs. 448.359 million, respectively, against which allowances for expected credit losses of Rs. 612.640 million and Rs. 197.365 million have been recognized.</p> <p>The loss allowance for expected credit losses (ECL model) on trade debts and contract assets has been recognized in these unconsolidated financial statements using the guidance included in IFRS 9 'Financial Instruments'. Determination of ECL provision for trade debts and contract assets requires significant judgment and assumptions, including consideration of factors such as historical credit loss experience, time value of money, and forward-looking macroeconomic information.</p> <p>We have considered this area as a key audit matter due to its size, representing 30.12% of the total assets of the Company as at December 31, 2025, and the significant management judgement involved in valuation.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Considered management's process of application of the ECL model to calculate impairment loss against trade debts and contract assets • Evaluated key estimates made by the Company's management and judgments in relation to the application of the ECL model • Evaluated the ECL model for appropriateness of the methodology applied and checked arithmetical accuracy of the model • Checked appropriateness of aging on sample basis • Circularized balance confirmation request for trade debts on sample basis and evaluated responses received • Checked subsequent clearance of balances due as of December 31, 2025 on sample basis and • Assessed financial impacts and appropriateness of disclosures made in the unconsolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan
3. Significant Related Party Transactions	
<p>Refer to Note 36 to the unconsolidated financial statements.</p> <p>The Company is the parent entity in a group of the following companies:</p> <ul style="list-style-type: none"> • Avanceon QFZ LLC Qatar (100% subsidiary) • Avanceon Automation and Control W. L.L Qatar (49% subsidiary) • Avanceon F. Z.E UAE (100% Subsidiary) • Avanceon Saudi for Energy Company (100% subsidiary) • Avanceon Arabia For Information Technology Company • Octopus Digital Limited (a subsidiary company) and 2 of its subsidiaries namely 	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Obtained a list of related parties and transactions entered into with them during the year from the management • Performed substantive procedures on related party transactions and balances, including review of contract terms, underlying invoices, analytical procedures, balance confirmations, and assessment of recoverability of receivable balances • Reviewed the approval process for related party transactions, including approval by those charged with governance



Key Audit Matters	How the matter was addressed in our audit
<p>EmpiricAI (Private) Limited and Octopus Digital FZ-LLC.</p> <p>Nature of transactions with related parties includes sale of services, agency commission, management fee, back-office support, fee for technical services, and dividend (as disclosed in note 36 to the accompanying unconsolidated financial statements), leading to a significant amount of investments, trade debts and other receivables.</p> <p>The inter-company transactions and balances require significant auditor attention as the amounts are material to the unconsolidated financial statements as a whole and are hence considered as Key Audit Matter.</p>	<ul style="list-style-type: none"> • Reviewed documentation such as minutes of Board meetings and forms submitted with regulatory authorities for ensuring completeness of related party transactions • Assessed whether appropriate disclosures have been made in the unconsolidated financial statements regarding related party transactions and balances in accordance with applicable financial reporting framework in Pakistan • Obtained an understanding of the Company's policies and procedures for calculating and recording Expected Credit Losses (ECL) on related party balances • Performed analytical procedures to assess the reasonableness and adequacy of ECL calculations across group entities • Obtained an understanding of the Company's policies and procedures for determining and recording markup on intercompany balances and • Performed analytical procedures to assess the consistency and reasonableness of markup calculations applied to intercompany balances

Information Other than the Unconsolidated 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management



determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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.

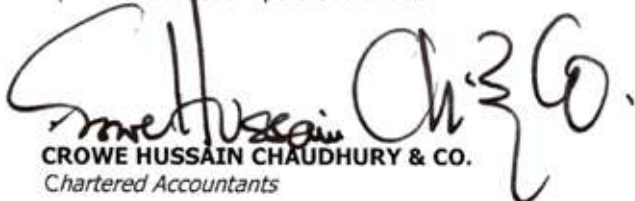
Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Lahore
Dated: April 30, 2026
UDIN: AR2025100519w5SG1yKY


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

AVANCEON LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Note	2025	2024
--- Rupees in Thousands ---			
ASSETS			
Non Current Assets			
Property and equipment	6	937,651	758,086
Long term investments	7	5,593,590	5,563,873
Long term deposits and loans	8	10,302	5,505
		6,541,543	6,327,464
Current Assets			
Stock in trade	9	79,028	100,907
Trade debts	10	3,385,511	2,606,195
Contract assets	11	250,994	580,728
Advances, deposits, prepayments and other receivables	12	1,707,664	1,302,084
Cash and bank balances	13	107,512	19,351
		5,530,709	4,609,265
		<u>12,072,252</u>	<u>10,936,729</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 500,000,000 (2024: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital	14	4,224,089	4,150,228
Share premium	15	875,339	508,910
Revenue reserves - unappropriated profits		2,585,793	2,523,297
Employees' share compensation reserve	16	155,438	370,740
Surplus on revaluation of property	17	325,884	328,199
		8,166,543	7,881,374
Non Current Liabilities			
Long term diminishing musharaka	18	110,745	99,573
Deferred taxation	19	-	-
		110,745	99,573
Current Liabilities			
Creditors, accrued and other liabilities	20	2,179,086	2,016,392
Contract liabilities	21	236,837	119,369
Current portion of long term diminishing musharaka	18	66,715	53,748
Short term borrowings	22	1,091,203	532,486
Unclaimed dividend	23	142,542	149,239
Provision for taxation - net	24	78,581	84,548
		3,794,964	2,955,782
Contingencies and Commitments	25	-	-
		<u>12,072,252</u>	<u>10,936,729</u>

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		--- Rupees in Thousands ---	
Revenues	26	3,101,473	3,102,844
Cost of revenue	27	<u>(2,336,562)</u>	<u>(2,095,921)</u>
Gross Profit		764,911	1,006,923
Administrative and selling expense	28	<u>(554,041)</u>	<u>(569,582)</u>
Other operating expense	29	<u>(446,444)</u>	<u>(259,632)</u>
Other operating income	30	<u>534,936</u>	<u>584,295</u>
		<u>(465,549)</u>	<u>(244,919)</u>
Operating Profit		299,362	762,004
Finance cost	31	<u>(172,938)</u>	<u>(188,759)</u>
Profit before Levy and Taxation		126,424	573,245
Levy / final taxation	32	<u>(66,243)</u>	<u>(34,149)</u>
Profit before Taxation		60,181	539,096
Taxation	33	-	-
Net Profit for the year		<u>60,181</u>	<u>539,096</u>
Earnings per share - Basic (Rupees)	34	<u>0.144</u>	<u>1.37</u>
Earnings per share - Diluted (Rupees)	34	<u>0.142</u>	<u>1.34</u>

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

CH


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED

**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
	--- Rupees in Thousands ---	
Net Profit for the year	60,181	539,096
Other Comprehensive Income		
<i>Items that will not be reclassified to profit or loss</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
Other comprehensive income for the year	-	-
Total Comprehensive Income for the Year	60,181	539,096

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

we


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Particulars	Issued, Subscribed and Paid up Share Capital	Capital Reserves	Revenue Reserve	Employees' Share Compensation Reserve	Surplus on Revaluation of Property	Total
		Share Premium	Unappropriated Profits			
--- Rupees in Thousands ---						
Balance as at December 31, 2023	3,762,978	451,420	3,113,645	168,683	330,636	7,827,362
Net profit for the year	-	-	539,096	-	-	539,096
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	539,096	-	-	539,096
Transfer from revaluation surplus on account of incremental depreciation	-	-	2,437	-	(2,437)	-
Transaction with Owners						
Bonus share for the year ended December 31, 2023 @ 10%	377,294	-	(377,294)	-	-	-
20% cash dividend for the year ended December 31, 2023	-	-	(754,587)	-	-	(754,587)
Employee share option reserve	-	-	-	259,432	-	259,432
Issuance of shares against employee share option scheme	9,956	57,490	-	(57,375)	-	10,071
Balance as at December 31, 2024	4,150,228	508,910	2,523,297	370,740	328,199	7,881,374
Net profit for the year	-	-	60,181	-	-	60,181
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	60,181	-	-	60,181
Transfer from revaluation surplus on account of incremental depreciation	-	-	2,315	-	(2,315)	-
Transaction with Owners						
Employee share option reserve	-	-	-	151,127	-	151,127
Issuance of shares against employee share option scheme	73,861	366,429	-	(366,429)	-	73,861
Balance as at December 31, 2025	4,224,089	875,339	2,585,793	155,438	325,884	8,166,543

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

W


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		--- Rupees in Thousands ---	
Profit before Levy and Taxation		126,424	573,245
Adjustments for:			
Depreciation on property and equipment	6.3	117,462	107,924
Employees' share option expense	28 & 29	75,562	184,796
Balances written off - specific	29	-	49,921
Allowance for credit losses / written off - trade debts	29	89,235	56,652
Allowance for expected credit losses - related parties	29	140,000	44,315
Allowance for credit losses / written off - contract assets	29	202,506	-
Exchange (gain) / loss	29	(34,028)	98,625
Gain on disposal of property and equipment	30	(11,611)	(7,925)
Finance cost	31	172,938	188,759
Profit on bank deposits	30	(328)	(3,013)
Markup income on intercompany current account	30	(10,464)	(3,669)
Dividend income	30	(400,786)	(565,565)
		340,486	150,820
Operating profit before working capital changes		466,910	724,065
(Increase) / decrease in current assets			
Stock in trade	9	21,879	(15,625)
Trade debts	10	(1,011,251)	(149,325)
Contract assets	11	127,228	93,578
Advances, deposits, prepayments and other receivables	12	74,738	100,080
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities	20	121,496	364,260
Contract liabilities	21	117,468	(130,065)
Increase in long term deposits and loans	8	(4,997)	347
		(553,439)	263,250
Cash (Used in) / Generated from Operations		(86,529)	987,315
Finance cost paid		(124,729)	(154,433)
Income tax paid		(72,210)	(170,293)
Net Cash (Used in) / Generated from Operating Activities		(283,468)	662,589
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	6	(205,684)	(203,794)
Proceeds from disposal of property and equipment	6	15,922	14,566
Profit on bank deposits	30	328	3,013
Net Cash Used in Investing Activities		(189,434)	(186,215)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(758,183)
Issuance of shares	14	73,861	9,956
Short term borrowings - net	22	558,717	238,020
Premium on issuance of shares		-	115
Long term diminishing musharaka		(71,515)	(31,517)
Net Cash Generated from / (Used in) Financing Activities	35	561,063	(541,609)
Net Increase / (Decrease) in Cash and Cash Equivalents		88,161	(65,235)
Cash and cash equivalents at the beginning of the year	13	19,351	84,586
Cash and Cash Equivalents at the End of the Year		107,512	19,351

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Signature

Signature
CHIEF EXECUTIVE

Signature
CHIEF FINANCIAL OFFICER

Signature
DIRECTOR

AVANCEON LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1

Legal Status and Nature of Business

1.1 Avanceon Limited (the Company) was incorporated in Pakistan on March 26, 2003 as a private limited Company which was converted into a public Company on March 31, 2008 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

1.2 The Company is domiciled in Pakistan and its registered office is situated at 19 KM, Multan Road, Lahore 54500. Following are the business units of the Company along with their respective locations:

BUSINESS UNIT	LOCATION
Head office	The Avanceon Building, 19 KM, Multan Road, Lahore 54500.
REGIONAL OFFICES	
Karachi	Office No. 19, Building No. S-4, First Floor, National Aerospace Science and Technology Park Silicon Valley, Main Shahra-e-Faisal, near PAF Museum, Karachi
Karachi	House No. 174-C, Sector 35-A, Zaman Town, Korangi, Karachi
Islamabad	Manzoor Plaza (The Hive Building), First Floor, Plot 14-E, Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad

1.3 These are the unconsolidated financial statements of the Company in which investments in subsidiaries have been carried at cost, consolidated financial statements have been presented separately.

Note 2

Basis of Preparation

2.1 Statement of compliance

These unconsolidated 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 and IFAS, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for valuation of certain property and equipment which are carried at their revalued amount as disclosed in respective notes to the unconsolidated financial statements.

2.3 Functional and presentation currency

These unconsolidated financial statements have been prepared in Pak Rupee, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest rupees in thousand unless stated otherwise.

2.4 Key judgements and estimates

The preparation of the unconsolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires 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 the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

CWE

Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 2, Basis of Preparation- Continued...

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made. Significant management estimates in these unconsolidated financial statements relate primarily to:

- Useful lives, residual values, fair value and depreciation method of property and equipment – Note 4.1 & 6
- Provision for impairment and expected credit losses – Note 4.10, 7, 9, 10, 11 & 12
- Estimation of contingent liabilities - Note 4.9 & 25
- Revenue from contract with customers - Note 4.11 & 26
- Current and deferred tax - Note 4.6, 19, 24, 32 & 33
- Employee share option scheme - Note 4.12 & 16

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these unconsolidated financial statements.

Note 3

Changes in Accounting Standards, Interpretations and Pronouncements

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments, and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's unconsolidated financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IAS 21 Amendments to lack of exchangeability	January 01, 2025

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
IFRS 7 & 9 Amendments to Classification and Measurement of Financial Instruments -	January 01, 2026
IFRS 7 & 9 Contracts referencing Nature-dependent Electricity	January 01, 2026
IFRS 1, 7, 9, 10 and IAS 7 Annual Improvements to IFRS Accounting Standards	January 01, 2026
IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements	January 01, 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial	July 01, 2027
IFRS S2 Climate-Related Disclosures	July 01, 2027
IFRS 18 Presentation and Disclosure in Financial Statements	July 01, 2027
IFRS 19 Subsidiaries Without Public Accountability: Disclosures	January 01, 2027

3.3 Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

IFRS 1	First Time Adoption of IFRS
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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4

Material Accounting Policy Information

The material accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Property and equipment

Property and equipment except freehold land and building on freehold land are stated at cost less accumulated depreciation and identified impairment losses, if any. Freehold land is stated at revalued amount less identified impairment loss, if any while building on freehold land is stated at revalued amount less accumulated depreciation and identified impairment loss, if any.

Any revaluation increase arising on the revaluation of land and buildings on freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building on freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property relating to a previous revaluation of that asset.

Each year, the incremental depreciation, the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost, and its related deferred taxation are transferred from surplus on revaluation of property to retained earnings. All transfers from surplus on revaluation of property are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is charged to profit or loss using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates specified in Note 6 without taking into account any residual value which is considered insignificant. Depreciation on assets is charged from the date of additions (i.e., the date when the asset is ready for use) up till the date of disposal.

The Company reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge.

Subsequent cost is included in the carrying amount of an asset 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. Day to day maintenance and normal repairs are charged to profit or loss as and when incurred. Gains or losses on disposal of property and equipment are included in the current year's profit or loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

4.2 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. Cost may also include applicable borrowing costs. These are transferred to specific assets as and when these are available for use. All other repairs and maintenance are charged to profit or loss during the year in which these are incurred.

4.3 Investments

4.3.1 Investments in subsidiaries

Investments in subsidiaries are measured at cost in the Company's unconsolidated financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into rupees at exchange rates prevailing on the date of transactions.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

The Company is required to publish consolidated financial statements along with its separate financial statements, in accordance with the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 27 'Consolidated and separate financial statements'.

4.3.2 Other investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. The management determines the appropriate classification of its investments at the time of purchase and re-evaluates such assets designation on a regular basis.

4.4 Balances from contract with customers

Contract assets

A contract asset is the right to consideration in exchange for goods transferred or services rendered to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods to a customer or services are rendered before the customer pays consideration or before payment is due.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off as and when identified.

Contract liabilities

A contract liability is the obligation to transfer goods or render services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or renders services to the customer.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks in current and savings accounts.

4.6 Taxation

Income tax expense for the year comprises current and deferred tax and is recognized in profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

Current

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the year end. The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. 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 after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid irrespective of current and prior period exceeds the amount due to those periods the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

When the minimum tax as per IFRIC 21 exceeds the tax computed on taxable profits as per IAS -12, the excess amount is recognized as a levy in accordance with IFRIC 21. Accordingly, the Company records this excess as a tax expense under lev.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences unused tax losses and tax credits can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent of probable future taxable profits available that will allow deferred tax asset to be recovered.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the future periods in which temporary differences are expected to reverse.

4.7 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method.

4.8 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

4.9 Contingent liability

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.10.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

Initial recognition and measurement

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price, if these do not contain significant financing component as per IFRS - 15.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate (EIR) method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4.10.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. Difference between carrying amount and consideration paid is recognized in profit or loss when a liability is derecognized.

4.10.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Revenue recognition

The Company is in the business of automation and engineering solutions. The products and services are sold on their own in separately identified contracts with customers and products together with services are sold in projects as one performance obligation, as the case may be.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

Revenue is recognized when the performance obligation is satisfied by applying the following five steps of revenue recognition:

- a) Identify the contract with a customer
- b) Identify the performance obligation in the contract
- c) Determine the transaction price of the contract
- d) Allocate the transaction price to each of the separate performance obligations in the contract
- e) Recognize the revenue as the Company satisfies a performance obligation

Sale of goods

Revenue from sale of goods is recognized at a point in time when control of the goods is transferred to customers, generally on delivery of products to customers. Payment is generally due within 120 - 180 days from delivery.

Rendering of services

Maintenance and service income comprises revenue earned from service level agreements, where the customer enters into a contract with the Company for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements. The revenue from rendering of services is recognized over point of time. Payment is generally due within 120 - 180 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

Project revenue

These comprise projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation, etc. Revenue from these projects is accounted for using cost to complete method, according to which the Company's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project. The Project revenue is recognized over time. Payment is generally due within 120 - 180 days from reaching a milestone as per the contract and acceptance by the customer. In some contracts, short-term advances are required before the services are provided under the contract. Contract assets and liabilities mainly arise from the projects as the Company recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

Commission Income

Commission income is earned when the Company charges its partners for sale of items to third parties without the Company's involvement. Additionally, commission income is charged to related parties if the Company secures an order on their behalf. This income is recognized at a point in time when the Company becomes entitled to the commission, which occurs at the time of invoicing.

Fee for Technical Services

The fee for technical services is charged at a predetermine rate for the hours of engineers subcontracted to related parties for various projects. This fee is recognized as and when the services are rendered.

Back Office Support Revenue

Back Office Support revenue represents income generated from administrative, operational, and support services provided by the Company to its subsidiaries. This revenue includes services related to management operations, IT and IT-enabled services, engineering, finance, accounting, bookkeeping, human resources, marketing, value creation, administrative support, procurement, logistics, corporate functions, and other office support activities. Revenue from these services is recognized over time as the services are provided.

4.12 Share based payment transactions

The Company operates an equity settled share based Employee Stock Option Scheme. The compensation committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of the Company's shares at exercise price determined on the date of grant of options.

The fair value of options 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 related transaction costs, are recognized in equity by crediting share capital for the nominal value of the shares issued and share premium for the excess amount. The balance previously recognized in the share-based payment reserve during the vesting period is also transferred to share premium on the exercise date.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

4.13 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic 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. Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.14 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Note 5

Other Accounting Policies

Other accounting policy information adopted in the preparation of these unconsolidated financial statements is set out below. These policies have been consistently applied to all the periods presented.

5.1 Stock-in-trade

Stock in trade, except for those in transit, are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

5.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access as at that date. There are three levels which are as under:

Level 1

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

Level 3

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

5.3 Staff retirement benefits

The Company operates a defined contribution provident fund for its employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 10% of the basic salary.



Avanceon Limited
Notes to and Forming Part of the Unconsolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

5.4 Compensated absences

The Company also provides benefit to employees to accumulate earned leaves and carries a provision for its liability in respect of accumulated leaves. Employees are granted 14 days' leave each year. No leaves are carried forward to next year; however, if an employee leaves during the year then he will get encashment on pro rata basis.

5.5 Borrowings

General and specific borrowing costs directly attributable to acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

5.6 Dividend income

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividend and bonus shares is established.

5.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal 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). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 6

Property and Equipment

	Note	2025	2024
		--- Rupees in Thousands ---	
Property and equipment	6.1	666,184	668,446
Advance for purchase of assets	6.11	271,467	89,640
		<u>937,651</u>	<u>758,086</u>

6.1 Property and equipment

Year Ended December 31, 2025

Description	Freehold Land	Buildings on Freehold Land	Tools and Equipment	Furniture and Fixture	Office Equipment and Appliances	Computers	Vehicles	Total
--- Rupees in Thousands ---								
Cost / Revalued Amount								
Balance as at January 01, 2025	290,550	127,525	4,791	24,600	44,833	144,372	358,170	994,841
Additions	-	1,040	-	8,049	1,840	23,252	85,330	119,511
Disposals during the year	-	-	-	-	-	-	(19,661)	(19,661)
Balance as at December 31, 2025	<u>290,550</u>	<u>128,565</u>	<u>4,791</u>	<u>32,649</u>	<u>46,673</u>	<u>167,624</u>	<u>423,839</u>	<u>1,094,691</u>
Accumulated depreciation								
Balance as at January 01, 2025	-	10,945	4,651	15,991	35,378	96,686	162,744	326,395
Charge for the year	-	4,880	71	4,256	3,230	31,315	73,710	117,462
Disposals during the year	-	-	-	-	-	-	(15,350)	(15,350)
Balance as at December 31, 2025	<u>-</u>	<u>15,825</u>	<u>4,722</u>	<u>20,247</u>	<u>38,608</u>	<u>128,001</u>	<u>221,104</u>	<u>428,507</u>
Balance as at December 31, 2025	<u>290,550</u>	<u>112,740</u>	<u>69</u>	<u>12,402</u>	<u>8,065</u>	<u>39,623</u>	<u>202,735</u>	<u>666,184</u>
Depreciation Rates	-	2% - 5%	20%	20%	20%	33.33%	20%	

Year Ended December 31, 2024

Description	Freehold Land	Buildings	Tools and Equipment	Furniture and Fixture	Office Equipment and Appliances	Computers	Vehicles	Total
--- Rupees in Thousands ---								
Cost / Revalued Amount								
Balance as at January 01, 2024	290,550	116,296	4,791	19,752	38,492	107,218	397,598	974,697
Additions	-	11,229	-	5,181	7,003	37,154	53,587	114,154
Disposals/adjustments during the year	-	-	-	(333)	(662)	-	(93,015)	(94,010)
Balance as at December 31, 2024	<u>290,550</u>	<u>127,525</u>	<u>4,791</u>	<u>24,600</u>	<u>44,833</u>	<u>144,372</u>	<u>358,170</u>	<u>994,841</u>
Accumulated depreciation								
Balance as at January 01, 2024	-	6,154	4,129	15,158	33,725	65,646	181,028	305,840
Charge for the year	-	4,791	522	1,166	2,315	31,040	68,090	107,924
Disposals/adjustments during the year	-	-	-	(333)	(662)	-	(86,374)	(87,369)
Balance as at December 31, 2024	<u>-</u>	<u>10,945</u>	<u>4,651</u>	<u>15,991</u>	<u>35,378</u>	<u>96,686</u>	<u>162,744</u>	<u>326,395</u>
Balance as at December 31, 2024	<u>290,550</u>	<u>116,580</u>	<u>140</u>	<u>8,609</u>	<u>9,455</u>	<u>47,686</u>	<u>195,426</u>	<u>668,446</u>
Depreciation Rates	-	2% - 5%	20%	20%	20%	33.33%	20%	

6.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Description	Location	Total Area (Sq. ft.)
Head Office	The Avanceon Building, 19 km, Multan Road,	40,558

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 6, Property and Equipment - Continued...

6.3 The depreciation charge for the year has been allocated as follows:

		2025	2024
	Note	--- Rupees in Thousands ---	
Cost of revenue	27	58,731	53,962
Administrative and selling expense	28	58,731	53,962
		<u>117,462</u>	<u>107,924</u>

6.4 Fair value of land and building as at December 31, 2022 was determined by 'Harvester Services (Private) Limited', an independent valuer who has valuation experience for similar assets. The management estimates that the fair value of revalued assets as at December 31, 2025 is not materially different from last years. The valuation for the year ended December 31, 2022 was performed based on proprietary databases of prices of transactions for assets of similar nature, location and condition.

6.5 Had there been no revaluation the net book values of revalued assets would have been as follows:

Freehold land	8,647	8,647
Buildings on freehold land	51,073	51,667
	<u>59,720</u>	<u>60,314</u>

6.6 The property and equipment include fully depreciated assets which are still in use of the Company, as outlined below:

Computers	80,898	48,410
Furniture	10,773	13,912
Office equipment	29,393	28,807
Tools and equipment	3,772	3,722
Vehicles	13,648	34,918
	<u>138,484</u>	<u>129,769</u>

6.7 All assets are in the name of the Company and in the Company's possession and control except for certain vehicles that are obtained through Diminishing Musharakah from different financial institutions having net book value amounting to Rs. 202.671 million (2024: Rs. 190.2 million).

6.8 The total carrying amount of property and equipment disposed of during the year does not exceed Rs. 5 million; therefore, the breakup has not been separately disclosed in the unconsolidated financial statements.

6.9 Borrowings of the Company are secured against hypothecation charge over certain fixed assets and mortgage of property amounting to Rs. 160 million and Rs. 380 million respectively (Note 22).

6.10 The following methods and assumptions were used to estimate the fair values:

The significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis are as shown below:

Description	Valuation Technique	Significant Observable Inputs	Quantitative Date / Range (weighted average)
Land and building	Sales value comparison	Market enquiries and survey as per Kanal/Marla for land rates and per square foot rates for building	Nil

There is no movement between level 1, level 2 and level 3 assets.

6.11 Advance for purchase of assets

		2025	2024
	Note	--- Rupees in Thousands ---	
Advance for purchase of land	6.11.1	244,830	89,640
Advance for purchase of Vehicles	6.11.2	26,637	-
		<u>271,467</u>	<u>89,640</u>

Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 6, Property and Equipment - Continued...

	2025			Balance as at December 31, 2025
	Balance as at January 01, 2025	Payments made during the year	Transfer to operating fixed assets	
	---Rupees in Thousands---			
Advance for purchase of land	89,640	155,190	-	244,830
Advance for purchase of vehicles	-	26,637	-	26,637
	89,640	181,827	-	271,467

	2024			Balance as at December 31, 2025
	Balance as at January 01, 2025	Payments made during the year	Transfer to operating fixed assets	
	---Rupees in Thousands---			
Advance for purchase of land	-	85,640	-	89,640

6.11.1 This represents advance payment for purchase of 7.07 kanal land situated at NSIT, Silicon IT District, Lahore. The amount will be transferred to Freehold Land once the acquisition is complete. The total purchase price of the land is Rs. 848 million, payable in 13 installments, with an average annual installment of Rs. 58.7 million each, payable latest by 2031.

6.11.2 This represents payments made against the purchase of a vehicle under a Diminishing Musharaka arrangement amounting to Rs. 26.637 million (2024: Nil)

Note 7

Long Term Investments

		2025	2024
	Note	--- Rupees in Thousands ---	
Investment in subsidiaries - at cost			
Avanceon FZE Dubal (AVFZE)			
- 37 (2024: 37) fully paid ordinary shares of AED 1 million each	7.1	1,331,043	1,331,043
Equity % held 100% (2024: 100%)			
- Long term interest free receivables	7.6	2,844,763	2,824,833
		4,175,806	4,155,876
Avanceon Automation and Control W.L.L, Qatar (AVAC)			
- 98 (2024: 98) fully paid ordinary shares of QAR 1,000 each	7.2	8,446	8,446
Equity % held 49% (2024: 49%)			
- Long term interest free receivables	7.6	1,397,032	1,387,245
		1,405,478	1,395,691
Octopus Digital Limited (ODL)			
- 116,877,484 (2024: 116,877,484) fully paid ordinary shares of Rs. 10 each	7.3	10,000	10,000
Equity % held 74% (2024: 74%)			
Avanceon Saudi For Energy Company, KSA (AVSEC)			
- 1,000 (2024: 1,000) fully paid ordinary shares of SAR 10 each	7.4	754	754
Equity % held 100% (2024: 100%)			
Avanceon QFZ LLC Qatar (AVQFZ)			
- 20 (2024: 20) fully paid ordinary shares of QAR 1,000 each	7.5	1,552	1,552
Equity % held 100% (2024: 100%)			
		5,593,590	5,563,873

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 7, Long Term Investments - Continued...

- 7.1** Avanceon FZE is a Free Zone (the Establishment) with limited liability formed pursuant to Law No. 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on February 28, 2004. Its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of the Establishment are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The Establishment is a wholly owned subsidiary of the Company.
- 7.2** Avanceon Automation and Control W.L.L (AVAC) is an Establishment with limited liability registered under the Ministry of Commerce and Industry, State of Qatar on May 22, 2017 with Registration No. 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box: 15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of AVAC are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The Company owns 49% equity shares of AVAC. However, based on an agreement signed between the Company and other shareholders, the Company has control over its financials and operating decision-making of AVAC.
- 7.3** Octopus Digital Limited (ODL) was incorporated in Pakistan on December 29, 2017 as a private limited company under the Companies Act, 2017, which was converted into a public Company on November 11, 2020. ODL is a subsidiary of the Company and is listed on Pakistan Stock Exchange Limited. The prime business of ODL is to carry out Information Technology enabled services which include but are not limited to online data information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related softwares and equipment etc.
- 7.4** This represents the Company's investment in AVSEC, made in 2023. AVSEC is a Single Person Mixed Limited Liability Company registered in Kingdom of Saudi Arabia and operating under Commercial Registration No. 1010676690 dated 12/05/1442 Hijra, corresponding to 27/12/2021. AVSEC is engaged in repairs and maintenance of power and control stations, installation of control equipment for industrial operation, design and programming of special projects, registering for providing cloud services and management of energy efficiency projects. The registered office of AVSEC is in Riyadh, Saudi Arabia.
- 7.5** Avanceon QFZ L.L.C. (AVQFZ), is a Limited Liability Company registered with the Qatar Free Zone Authority under FZA License No. FZA 194 obtained on November 05, 2020. The registered office of AVQFZ is in Zone No. PA-WH-04, Area-Ras Bufontas Free Zone, Street No. PO Box: 45976, Doha-Qatar. The primary objective of AVQFZ is the manufacturing of measuring, testing, navigating and control equipment.

7.6 Long-term interest free receivables

Note	2025	2024
	--- Rupees in Thousands ---	
Avanceon FZE - AED 43,054,315 (2024: AED 43,054,315)	3,289,010	3,269,080
Less: Allowance for expected credit losses (ECL)	(444,247)	(444,247)
	2,844,763	2,824,833
Avanceon Automation and Control W.L.L - QAR 20,956,388 (2024: QAR 20,956,388)	1,615,196	1,605,409
Less: Allowance for ECL	(218,164)	(218,164)
	1,397,032	1,387,245
	<u>4,241,795</u>	<u>4,212,078</u>

The Company on passing special resolution dated January 05, 2022 in the extraordinary general meeting of Avanceon Limited resolved that the amounts due from Avanceon FZE and Avanceon Automation and Control W.L.L amounting to Rs. 1,785.679 million and Rs. 475.526 million respectively be classified as long term interest free receivables, to be converted to equity as fully paid ordinary shares in the respective subsidiaries with applicable regulatory approvals with effect from December 31, 2021. The Company also intends to make further equity investments in these subsidiaries, subject to obtaining the necessary regulatory approvals, which would enable the subsidiaries to convert these amounts into equity. The Company intends to initiate the process of this share issuance by the subsidiary companies subsequent to the reporting date subject to obtaining necessary regulatory approvals.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 8

Long Term Deposits and Loans

		2025	2024
	Note	--- Rupees in Thousands ---	
Long Term Deposits:			
-Rental premises	8.1	7,026	2,625
-Bid Money / Earnest Money	8.2	2,459	2,120
-Others		817	560
		10,302	5,305
Loan to employees	8.3	200	400
Less: Current portion		(200)	(200)
		-	200
		<u>10,302</u>	<u>5,505</u>

8.1 These include deposits paid to the National Aerospace Science and Technology Park amounting to Rs. 2.709 million (2024: Nil) for the new office in Karachi.

8.2 This includes amounts paid as bid money against projects to Pakistan State Oil and Pakistan Petroleum Limited amounting to Rs. 2.04 million (2024: Rs. 2.04 million) and Rs. 0.413 million (2024: Rs. 0.50 million), respectively, in the normal course of business.

8.3 These represent interest-free loans provided to executives for purchase of vehicles, in line with the policy and terms of their employment. These loans are secured against staff provident fund, payable upon resignation or retirement and are recoverable in equal monthly installments. The fair value adjustment required under IFRS 9 (Financial Instruments: Recognition and Measurement) is considered immaterial and thus not recognized in these unconsolidated financial statements.

Note 9

Stock in Trade

		2025	2024
	Note	--- Rupees in Thousands ---	
Stock in trade	9.1	<u>79,028</u>	<u>100,907</u>

9.1 As mentioned in Note 22, short term borrowings of the Company are secured by way of first pari passu and ranking charge on present and future current assets of the Company (including stock in trade).

Note 10

Trade Debts

		2025	2024
	Note	--- Rupees in Thousands ---	
Due from related parties	10.1	2,779,065	2,039,076
Less: Allowance for expected credit loss	10.3	(511,084)	(371,084)
		2,267,981	1,667,992
Due from others	10.4	1,219,086	959,242
Less: Allowance for expected credit loss	10.5	(101,556)	(21,039)
		1,117,530	938,203
		<u>3,385,511</u>	<u>2,606,195</u>

10.1 Due from related parties

Avanceon FZE	405,960	481,710
Avanceon Automation & Control WLL (AVAC)	-	479,896
Octopus Digital Limited	110,573	41,073
Avanceon Saudi Energy Company	818,789	569,716
Avanceon QFZE (AQFZ)	1,443,743	403,002
Empiric AI (Private) Limited	-	63,679
	<u>2,779,065</u>	<u>2,039,076</u>

10.1.1 The amounts due from related parties are interest free and repayable in normal course of business.

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 10, Trade Debts- Continued...

10.2 Aging of outstanding balances of related parties as at December 31, 2025, is as under:

2025							
Avanceon FZE	Avanceon Automation and Control WLL	Octopus Digital Limited	Avanceon Saudi Energy Company	Avanceon QFZE	Empiric AI (Private) Limited	Total	
--- Rupees in Thousands ---							
Past due less than 30 days	7,347	-	39,953	7,253	170,744	-	225,297
Past due less than 90 days	-	-	-	25,316	74,643	-	100,559
Past due less than 180 days	56,124	-	14,250	169,243	145,311	-	384,928
Past due less than 360 days	72,870	-	-	113,887	254,226	-	440,983
Past due over 360 days & above	269,619	-	56,370	502,490	798,819	-	1,627,298
Total	405,960	-	110,573	818,789	1,443,743	-	2,779,065

2024							
Avanceon FZE	Avanceon Automation and Control WLL	Octopus Digital Limited	Avanceon Saudi Energy Company	Avanceon QFZE	Empiric AI (Private) Limited	Total	
--- Rupees in Thousands ---							
Past due less than 30 days	182,449	147,511	41,073	26,489	116,008	-	513,530
Past due less than 90 days	16,227	64,832	-	37,150	-	-	118,209
Past due less than 180 days	34,918	5,232	-	45,426	121,219	-	206,795
Past due less than 360 days	82,641	171	-	113,966	165,775	-	362,553
Past due over 360 days & above	165,475	262,150	-	346,685	-	63,679	837,989
Total	481,710	479,896	41,073	569,716	403,002	63,679	2,039,076

10.2.1 The maximum amount outstanding at any time during the year calculated by reference to the month end balance is as follows:

	2025	2024
Note	--- Rupees in Thousands ---	
Avanceon FZE	494,252	701,901
Avanceon Automation and Control WLL	978,562	1,203,076
Octopus Digital Limited	64,881	41,073
Avanceon Saudi Energy Company	895,058	666,831
Avanceon QFZE	544,931	407,444
Empiric AI (Private) Limited	63,679	63,679

10.2.2 During the year, the AVAC approved, through Board Resolution No. AVAC/C/01/12/2025, the transfer of trade payables amounting to QAR 11,726,338 from the Company to AQFZ, a wholly owned subsidiary of the Company, effective December 31, 2025, on terms determined by management resulting in trade debts of Rs. 898.182 million shifted to AQFZ.

10.3 Allowance for ECL - Related parties

Balance as at January 01,		371,084	315,206
Add: Allowance for the year		140,000	55,878
Less: Reversal for the year		-	-
Balance as at December 31,	10.3.1	511,084	371,084

10.3.1 This represents the Expected Credit Loss (ECL) on account of time value of money, based on the duly approved management plan for the recovery of these balances within twelve months from the reporting date. No credit loss is expected in respect of these balances, as all counterparties are controlled by the Company. The assessment has been made in accordance with IFRS 9, considering the short-term nature of the balances and the Company's expectation of full recovery.

10.4 Ageing of due from others

Past due less than 30 days	447,438	363,025
Past due less than 90 days	355,636	234,764
Past due less than 180 days	89,094	152,009
Past due less than 360 days	139,097	117,957
Past due over 360 days & above	187,821	91,487
Total	1,219,086	959,242

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 10, Trade Debts- Continued...

		2025	2024
	Note	--- Rupees in Thousands ---	
10.5 Allowance for ECL - Others			
Balance as at January 01		21,039	20,265
Add: Allowance during the year	29	89,235	774
		110,274	21,039
Less: written off during the year		(8,718)	-
Balance as at December 31,		<u>101,556</u>	<u>21,039</u>

Note 11

Contract Assets

		2025	2024
	Note	--- Rupees in Thousands ---	
Contract asset	11.1	448,359	599,641
Less: Allowance for ECL / written off	11.2	(197,365)	(18,913)
		<u>250,994</u>	<u>580,728</u>

11.1 Contract assets represent the Company's right to consideration in exchange for goods or services that have been transferred to customers but not yet billed. These include contract asset related to service and solution based projects, and export sales, amounting to Rs. 445.12 million (2024: Rs. 596.08 million) and Rs. 3.56 million (2024: Rs. 3.56 million) respectively. Contract asset arises from performance obligations that are partially satisfied but not yet billed, in accordance with IFRS 15 – Revenue from Contracts with Customers.

11.2 Allowance for ECL

Balance as at January 01,		18,913	18,913
Add: Allowance for the year	29	202,506	-
		221,419	18,913
Less: written off during the year		(24,054)	-
Balance as at December 31,		<u>197,365</u>	<u>18,913</u>

Note 12

Advances, Deposits, Prepayments and Other Receivables

		2025	2024
	Note	--- Rupees in Thousands ---	
Advances - considered good			
- To employees against expenses		32,620	28,667
- To suppliers		49,704	80,012
		82,324	108,679
Prepayments		19,339	11,783
Margin paid against bank guarantees / letters of credit		36,828	39,566
Tax refunds due from government - considered good - Sales tax		16,144	61,811
Retention money		2,486	2,486
Due from subsidiaries - (unsecured - considered good)			
- Dividend receivable	12.1	1,386,926	979,130
- Others	12.2	101,025	53,781
		1,487,951	1,032,911
Markup receivable on intercompany current account		50,461	40,338
Other receivables - considered good		12,131	4,510
		<u>1,707,664</u>	<u>1,302,084</u>

12.1 This represents dividend receivable from Avanceon FZE and Avanceon Automation and Control WLL, wholly owned subsidiaries.

Avanceon FZE - AED 124,136 (2024: AED 124,136)		9,483	9,426
Avanceon Automation and Control WLL - QAR 14,984,643 (2024: QAR 9,784,643)		1,160,100	754,174
Avanceon Saudi for Energy Company - SAR 4,000,000 (2024: SAR 4,000,000)		299,253	297,440
Total dividend receivable		1,468,836	1,061,040
Less: Allowance for expected credit losses	12.1.2	(81,910)	(81,910)
		<u>1,386,926</u>	<u>979,130</u>

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 12, Advances, Deposits, Prepayments and Other Receivables- Continued...

- 12.1.1** The maximum amount outstanding in dividend receivable at any time during the year calculated by reference to month end balances is as follows:

	2025	2024
	--- Rupees in Thousands ---	
Avanceon FZE	9,483	9,426
Avanceon Automation and Control WLL	1,160,100	754,174
Avanceon Saudi for Energy Company	299,253	297,440

12.1.2 Allowance for Expected Credit Loss

Balance as at January 01,	81,910	76,739
Add: Allowance for the year	-	5,171
Less: Reversal for the year	-	-
Balance as at December 31,	<u>81,910</u>	<u>81,910</u>

- 12.2** This represents balances in respect of expenses incurred by the Company on their behalf. The balance is interest-bearing, and interest is charged at a rate equal to the higher of the weighted average rate of short-term borrowings or one month KIBOR plus 2% prevailing on the start of each month.

Avanceon Saudi for Energy Company	16,965	15,973
Avanceon Arabia Infotech (AAIT)	4,759	2,846
Avanceon FZE	1,322	3,373
Avanceon Automation and Control W.L.L.	89,457	43,067
Less: Allowance for expected credit losses	12.2.2 (11,478)	(11,478)
	<u>101,025</u>	<u>53,781</u>

- 12.2.1** The maximum amount outstanding in current account at any time during the year calculated by reference to month end balances is as follows:

Avanceon Saudi for Energy Company	18,299	20,792
Avanceon Arabia Infotech (AAIT)	4,759	2,846
Avanceon FZE	1,322	49,813
Avanceon Automation and Control WLL	89,457	240,134

12.2.2 Allowance for Expected Credit Loss

Balance as at January 01,	11,478	11,478
Add: Allowance for the year	-	-
Less: Reversal for the year	-	-
Balance as at December 31,	<u>11,478</u>	<u>11,478</u>

Note 13

Cash and Bank Balances

		2025	2024
	Note	--- Rupees in Thousands ---	
Cash in hand		109	167
Bank balances:			
Local currency:			
- Current accounts	13.1	106,472	11,921
- Mark - up based deposits and saving accounts	13.2	756	7,089
		107,228	19,010
Foreign currency - current accounts		175	174
		<u>107,512</u>	<u>19,351</u>

- 13.1** This includes balances maintained with Shariah-compliant banks amounting to Rs. 8.533 million (2024: Rs. 8.930 million).

- 13.2** Saving accounts yield interest / profit at floating rates based on daily bank deposit rates of 9.5% (2024: 13.5% per annum).

- 13.3** This represents a foreign currency balance of USD 624.38 million (2024: USD 624.38 million), translated at an exchange rate of Rs. 280.12 / USD (2024: Rs. 278.35 / USD).

- 13.4** The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 14

Issued, Subscribed and Paid up Share Capital

2025	2024		2025	2024
Number of Shares		Note	--- Rupees in Thousands ---	
57,166,850	57,166,850	Ordinary shares of Rs. 10 each fully paid in cash	571,669	571,669
343,257,775	343,257,775	Ordinary shares of Rs. 10 each fully paid bonus shares	3,432,578	3,432,578
21,984,253	14,598,206	Issued against employee's Share Option Schemes	219,842	145,981
<u>422,408,878</u>	<u>415,022,831</u>		<u>4,224,089</u>	<u>4,150,228</u>

14.1 This includes shares issued under Employees' Share Option Schemes amounting to Rs. 46.755 million (2024: Rs. 46.755 million) under ESOS – I, Rs. 25.999 million (2024: Rs. 25.999 million) under ESOS – II, Rs. 16.303 million (2024: Rs. 16.303 million) under ESOS – III, Rs. 47.499 million (2024: Rs. 47.499 million) under ESOS – IV, and Rs. 83.286 million (2024: Rs. 9.425 million) under ESOS – V.

	2025	2024
	---Number of Shares---	
14.2 Movement in number of shares issued during the year is as follows:		
Opening balance	415,022,831	376,297,850
Shares issued under Employees' Share Options Schemes during the year	7,386,047	995,633
Bonus shares issued during the year	-	37,729,348
Closing balance	<u>422,408,878</u>	<u>415,022,831</u>

14.3 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

14.4 Shares held by related parties are as follows:

Name of Related Party	Relationship	2025	2024	2025	2024
		(Percentage)		(Number of Shares)	
Mr. Bakhtiar Hameed Wain	Director	58.40%	59.44%	246,677,799	246,677,799
Mr. Amir Wain	Director	10.28%	10.47%	43,435,362	43,435,362
Mr. Muhammad Shahid Mir	Director	0.00%	0.07%	1,000	300,000
Mr. Tanveer Karamat	Director	0.60%	0.52%	2,519,596	2,159,137
Ms. Selina Saadia Rashid Khan	Director	0.00%	0.00%	1,000	-
Ms. Faaria Rehman Salahuddin	Director	0.00%	0.00%	1,000	1,000
Mr. Khalid Wain	Director	0.00%	0.00%	2	2
				<u>292,635,759</u>	<u>292,573,300</u>

Note 15

Share Premium

	2025	2024
	--- Rupees in Thousands ---	
Opening balance	508,910	451,420
Employees Share Option Scheme	16.2	366,429
	15.1	875,339
	<u>875,339</u>	<u>508,910</u>

15.1 This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

Note 16

Employees' Share Compensation Reserve

	2025	2024
	--- Rupees in Thousands ---	
Share options scheme III	16.1	-
Share options scheme V	16.2	155,438
		<u>155,438</u>
		<u>370,740</u>

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 15, Employees' Share Compensation Reserve- Continued...

16.1 Share options scheme III

Employee Share Option Scheme, 2018 was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 23, 2018 which comprises an entitlement pool of 1.75 million shares. Under the scheme, share options of the Company are granted to employees of level MT-1 and 2 (with minimum seven years regular service) and MT-3 and above. The share options are exercised within one year after the one year vesting period and therefore, the contractual term of each option granted is two years. The exercise price of the share options is Rs. 10 for options issued in 2018 ; Rs. 10.5 in 2019 ; Rs. 11.03 in 2020 ; Rs. 11.58 in 2021 and Rs. 12.15 in 2022

Movement in the amount of options granted is as follows:

Balance as at January 01,	-	3,729
Employee compensation expense	-	-
Transfer to share capital on issuance of shares during the year	-	(3,729)
Balance as at December 31,	-	-

The following table illustrates the number, 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 as at January 01,	-	12.15	53,125	12.15
Forfeited during the year	-	-	-	-
Exercised during the year	-	12.15	(53,125)	12.15
Outstanding as at December 31,	-	-	-	-
Exercisable as at December 31,	-	-	-	-

The weighted average share price at the date of exercise of these options was Rs. Nil (2024: Rs. 58.80).

The range of exercise price for options outstanding at the end of the year was Rs. Nil (2024: Nil).

16.2 Share options scheme III

Employee Share Option Scheme, 2022 was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 05, 2022 which comprises an entitlement pool of 10% of the paid-up capital of the Company as increased from time to time. Under the scheme, share options of the Company will be granted to permanent employees of all cadres based on the performance ranking process of the Company. The share options can be exercised within a period of maximum six months from the expiry of the minimum vesting period. The minimum vesting period is 12 months from the date of grant of options. Exercise price of an option shall be determined from time to time by the Board of Directors of the Company at the time of grant of option(s), which shall be calculated as the weighted average of the closing quoted market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s). Provided further that options can be issued at a maximum discount of 90% of the weighted average of the closing market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s) as determined by the Board. The exercise price shall not be in any case less than face value of Rs. 10 per share.

Movement in the amount of options granted is as follows:

	Note	2025	2024
		--- Rupees in Thousands ---	
Balance as at January 01,		370,740	164,954
Employee compensation expense		151,127	259,432
Transfer to share premium on issuance of shares during the year	15	(366,429)	(53,646)
Balance as at December 31,		155,438	370,740

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Note	2025		2024	
		Number of Options	WAEP Rupees	Number of Options	WAEP Rupees
Outstanding as at January 01,		11,077,921	10	5,724,392	10
Granted during the year		2,286,316	10	7,849,608	10
Forfeited / Adjustment during the year		(104,222)	10	(1,553,571)	10
Exercised during the year	14.1	(7,386,047)	10	(942,508)	10
Outstanding as at December 31,		5,873,968		11,077,921	10
Exercisable as at December 31,		5,873,968		11,077,921	

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 16, Employees' Share Compensation Reserve - Continued...

The fair value of options granted during the year was Rs. 39.49 (2024: Rs. 55.67).

The weighted average share price as at the date of exercise of these options was Rs. 54.33 (2024: Rs. 55.67).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2025 was 3 years (2024: 1.7 years).

The range of exercise price for options outstanding as at the reporting date was Rs. 10 (2024: Rs. 10).

The following table presents the key inputs used in the valuation models for the plans for the years ended December 31, 2025 and 2024, respectively:

	2025	2024
Expected volatility (%)	22%	45%
Risk-free interest rate (%)	12%	13%
Expected life of share options (years)	3.0	1.7
Weighted average share price (Rupees)	39.49	55.67
Model used	Black Scholes	

16.3 The Company introduced five Employee Stock Option Schemes (ESOS), all approved by SECP. Out of these, four schemes [ESOS-I (2013), ESOS-II (2016), ESOS-III (2018), and ESOS IV(2019)] have been closed and fully concluded.

Note 17

Surplus on Revaluation of Property

	2025	2024
Note	--- Rupees in Thousands ---	
Freehold land	281,903	281,903
Buildings on freehold land	46,296	48,733
	328,199	330,636
Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax	(2,315)	(2,437)
Closing balance - net of tax	17.1 325,884	328,199

17.1 This represents the surplus over book values resulting from revaluation of land and building adjusted by incremental depreciation arising out of revaluation of building. Freehold land and buildings are revalued every 3 to 5 years by an independent valuer based on fair market value. The revaluation surplus, except for that of freehold land, is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

17.2 The surplus on revaluation of property is not available for distribution to shareholders in accordance with section 241 of the Companies Act, 2017.

17.3 Latest revaluation was carried out on December 31, 2022, by an independent valuer, using the depreciated current replacement value method resulting in net revaluation surplus of Rs. 67.05 million on land and Rs. 13.62 million in respect of building on freehold land.

Note 18

Diminishing Musharaka Finance

	2025	2024
	--- Rupees in	
First Habib Modaraba	51,574	64,015
MCB Islamic Bank Limited	109,195	89,306
United Bank Limited	16,691	-
	177,460	153,321
Less: Current portion	(66,715)	(53,748)
Closing balance	110,745	99,573

18.1 The Company acquired vehicles under the diminishing musharaka financing arrangements from certain financial institutions for a period of 60 months. The financing facilities are secured through post-dated cheques for all installments, equity contributions as required under the respective arrangements, and the vehicles financed under these facilities. The effective rate of profit is 3 to 6 months KIBOR plus spread of upto 2.25% with floor rate of 5% (2024: 3 to 6 months KIBOR plus spread of upto 2.25% with floor rate of 5%).

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 19

Deferred Taxation

	2025	2024
	--- Rupees in Thousands ---	
Taxable temporary differences		
Accelerated tax depreciation	-	59,588
Deductible temporary differences		
Accelerated tax depreciation	(10,072)	-
Provisions and others	(328,818)	(205,131)
Employee compensation reserve	(23,380)	(97,727)
Business losses	(266,750)	(117,945)
Unabsorbed depreciation and amortization	(27,078)	(13,254)
Deferred tax asset	(656,098)	(374,469)
Unrecognized deferred tax asset / (liability)	656,098	374,469
	-	-

19.1 Being prudent the Company decided not to book deferred tax asset on provisions and tax losses amounting to Rs. 1,270.238 million (2024: Rs. 374,469 million). Business tax losses available against which deferred tax asset has not been recognized, will expire as follows:

Tax Year	Business Losses	Tax Year in Which Loss Will Expire
	Rupees in thousands	
2022	167,453	2028
2023	185,605	2029
2024	16,467	2030
2025	900,713	2031
	<u>1,270,238</u>	

19.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 21% (2024: 21%).

Note 20

Creditors, Accrued and Other Liabilities

	2025	2024
	--- Rupees in Thousands ---	
	Note	
Trade creditors	486,701	451,336
Accrued expenses	61,901	150,788
Cash collection against employee share options scheme	50,666	1,483
Payable to provident fund	20.1 77,396	53,946
Employee share portion - vehicle	124,817	104,021
Workers welfare fund	51	51
Withholding tax	169,549	285,967
Accrued markup	16,190	19,269
Markup payable on intercompany current account	139,910	88,622
Payable to related parties	20.2 & 20.3 1,033,830	836,053
Other payable	18,075	24,856
	<u>2,179,086</u>	<u>2,016,392</u>

20.1 All investments out of provident fund have been made in the listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

20.2 This represents amounts payable to related parties in respect of expenses incurred on behalf of the Company. The outstanding balance is interest-bearing and carries mark-up at rates ranging from 5% to 14.85% per annum, in accordance with the agreed terms and conditions.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 20, Creditors, Accrued and Other Liabilities- Continued...

20.3 The balance payable to related parties and maximum amount outstanding at any time during the year calculated by reference to the month end balances is as follows:

	2025	2024	Maximum Outstanding
	--- Rupees in Thousands ---		
Innovative Travels (Private) Limited	1,320	1,320	1,320
Avanceon FZE	710,626	717,851	715,841
Octopus Digital Limited	300,917	92,549	300,917
Empiric AI (Private) Limited	-	24,333	56,369
Octopus Digital FZ-LLC	20,967	-	21,275
	<u>1,033,830</u>	<u>836,053</u>	

Note 21

Contract Liabilities

	2025	2024
	--- Rupees in Thousands ---	
Advances from customers	57,542	69,331
Billings in excess of earnings	179,295	50,038
	<u>236,837</u>	<u>119,369</u>

21.1 Movement of contract liabilities is as follows:

As at January 01,		119,369	249,434
Addition during the year		770,315	695,549
Recognized as revenue during the year		(652,847)	(825,614)
As at December 31,	21.2	<u>236,837</u>	<u>119,369</u>

21.2 The maximum amount outstanding at any time during the year calculated by reference to the month end balances is as follows:

Contract liabilities	<u>356,206</u>	<u>368,803</u>
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21.3 The advance from customer represents the obligation to transfer goods to a customer for which the Company has received consideration in advance. The billings in excess of earnings represents project solutions and services fee invoiced in advance. This amount pertaining to project solutions and services is transferred to revenue over time.

Note 22

Short Term Borrowings

	2025	2024
	--- Rupees in Thousands ---	
Banking companies (Secured)	705,879	342,621
Islamic mode of financing (secured)	99,918	99,865
Director's loan	285,406	90,000
	<u>1,091,203</u>	<u>532,486</u>

22.1 Terms and conditions of borrowings

Purpose

The Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 1,950 million (2024: Rs. 1,180 million) to meet the working capital requirements, export invoice finance, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

Markup

Mark-up on these facilities is charged using 1 to 3 months KIBOR + spread of up to 3% (2024: Relevant months KIBOR + spread of up to 2.25%) per annum, payable on quarterly basis in arrears.

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 22, Short Term Borrowings - Continued...

Securities

These facilities are secured by way of joint pari passu charge and ranking hypothecation charge over present and future current assets of the Company, lien over the title of imported goods, mortgage over the CEO's residential property and personal guarantees of sponsor directors.

- 22.2** This represents unsecured loan obtained from director of the Company amounting to Rs. 285.41 million (2024: Rs. 90 million) for acquisition of land (refer to Note 6.11.1). This loan is interest free and is repayable on demand.

Note 23

Unclaimed Dividend

	Note	2025 --- Rupees in Thousands ---	2024
As at January 01.		149,239	152,835
Dividend declared during the year		-	754,587
Dividend paid / adjusted during the year		(6,697)	(758,183)
As at December 31.	23.1	<u>142,542</u>	<u>149,239</u>

- 23.1** This includes dividend payable to the Chief Executive, Mr. Bakhtiar Hameed Wain amounting to Rs. 137.010 million (2024: Rs. 143.15 million)

Note 24

Provision for taxation - net

	Note	2025 Rupees	2024 Rupees
Opening balance		84,548	220,692
Add: Charge for the year		91,291	77,678
Add: Prior period adjustment		(25,048)	(43,529)
		150,791	254,841
Less: Payment / advance tax		(72,210)	(170,293)
	24.1	<u>78,581</u>	<u>84,548</u>

- 24.1** The Company is carrying excess tax provisioning amounting to Rs. Nil (2024: Rs. 116.893 million) as at the reporting date. These tax provisions will be adjusted in upcoming years upon lapsing of respective deemed assessed tax years.

- 24.2** The Company has adjusted excess tax liabilities relating to tax year 2019 and periods prior to it. There are no outstanding tax liabilities / tax audit notices or contingencies pertaining to those tax years. Accordingly, based on self- assessment, the said liabilities have been adjusted.

Note 25

Contingencies and Commitments

Contingencies:

- 25.1** Additional Commissioner, Enforcement, PRA has issued order dated January 25, 2021 u/s 24(2) of the Punjab Sales Tax on Services Act, 2012 for tax period 2019-20 and raised a demand of Rs. 43.480 million. The Company has filed an appeal to the Commissioner Inland Revenue (CIR - A) PRA. The proceedings are pending as of the reporting date and no recovery notice has been received so far. Based on the legal advisor's opinion indicating a favorable outcome, no provision has been recorded in these unconsolidated financial statements.

- 25.2** The Assistant Commissioner Inland Revenue of the Federal Board of Revenue issued a notice under Rule 44(4) dated January 21, 2020 for the tax year 2019, seeking reconciliation of total payments made and tax withheld by the taxpayer. The Company submitted a detailed response along with the relevant supporting documentation. Subsequently, a notice under Section 161(1A) of the Income Tax Ordinance, 2001 dated February 13, 2020 was issued, to which the Company duly responded. Thereafter, the Tax Officer passed an order under Section 161(1A) dated November 28, 2025, creating a tax demand of Rs. 6,023,491. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals), who upheld the order of the assessing officer. The Company has further filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner Inland Revenue (Appeals), which is currently pending adjudication. Based on the opinion of the Company's tax consultants, the management expects a favorable outcome; accordingly, no provision has been recorded in these unconsolidated financial statements.

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 25, Contingencies and Commitments - Continued...

- 25.3** For the period 2018 to 2024, the Company received a notice from the Punjab Revenue Authority (PRA) issued by an Enforcement Officer under Section 57(2) of the PRA Act, 2012, requesting the submission of information relating to payments made for technical services or royalty to non-resident persons. The Company has furnished the requested information and supporting documentation to PRA. As the notice is informational in nature and no demand or penalty has been raised, the management believes that the matter does not have any financial implications for the Company and is expected to be resolved in accordance with the Company's expectation.
- 25.4** A notice was issued by the Sindh Revenue Board (SRB) regarding a difference of Rs. 51.392 million between sales reported in the Company's unconsolidated financial statements and the amounts declared in SRB returns for the financial years 2019, 2020, and 2021. The Company submitted a detailed reply along with a reconciliation vide letter No. 866 dated January 25, 2023. No order has been passed by SRB to date. Based on the management's assessment, the Company expects a favorable outcome of the matter; accordingly, no provision has been recorded in these unconsolidated financial statements.
- 25.5** The Additional Commissioner Inland Revenue of the Federal Board of Revenue issued a notice under Section 122(9) of the Income Tax Ordinance, 2001 dated April 17, 2024 for the tax year 2018, seeking clarification and supporting documentation. The Company submitted a detailed response along with the required documentary evidence; however, the Additional Commissioner subsequently passed an order dated June 30, 2024, raising a tax demand of Rs. 90,443,623. Being aggrieved by the order, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). After hearing the arguments of both parties, the ATIR remanded the matter to the tax authorities, observing that the assessment order suffered from material defects and was not sustainable. Subsequently, a reassessment notice dated December 3, 2025 was issued requiring the Company to participate in the proceedings and submit its response. The Company has duly complied with the requirements within the prescribed time; however, the reassessment order remains pending with the Additional Commissioner Inland Revenue. Based on the opinion of the Company's tax advisors, the management expects a favorable outcome and, accordingly, no provision has been recorded in these unconsolidated financial statements in respect of this matter.
- 25.6** The Company received a notice from the Federal Board of Revenue issued by the Deputy Commissioner Inland Revenue, allowing the Company to submit a response along with supporting documentation prior to the imposition of any default surcharge under Section 205 or penalty under Section 182 of the Income Tax Ordinance, 2001. In response, the Company submitted a detailed explanation with all relevant documents, which reflected no default surcharge and a refund entitlement of Rs. 23,536,249. The matter is currently under review; however, the management expects the final outcome to be consistent with the Company's computations, and accordingly, no provision has been recorded in these unconsolidated financial statements.
- 25.7** The Company has instituted a suit for declaration and permanent injunction against WAPDA and others before the Civil Court, Lahore, in respect of an alleged electricity theft recovery. The Court has restrained recovery pending final adjudication. The case file was destroyed in a fire incident at Aiwan-e-Adal (Civil Courts), Lahore, and an application for reconstruction is currently pending; proceedings shall resume upon reconstruction of the record. The next date of hearing is 31 March 2026. Based on legal advice, management expects a favorable outcome. The estimated maximum financial exposure ranges from Rs. 1,302,913 to Rs. 12,878,009. Based on the opinion of the Company's legal advisors, the management expects a favorable outcome and, accordingly, no provision has been recorded in these unconsolidated financial statements in respect of this matter.

Commitments

- 25.8** Bank guarantees have been issued amounting to Rs. 208.400 million (2024: Rs. 352.173 million) against the performance of various contracts.
- 25.9** Letters of credit outstanding as at the reporting date amount to Rs. 218.997 million (2024: Rs. 121.588 million) which relates to import acceptance bills.
- 25.10** Bank guarantees amounting to Rs. 47.031 million (2024: Nil) have been issued in favor of Cynergico PK Limited and Harbin Electric International Limited against the performance of various contracts, by Octopus Digital Limited, using the banking facility of the Company.
- 25.11** Capital Commitments outstanding as at the reporting date amounts to Rs. 603.570 million (2024: Rs. 758.760 million).

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 26

Revenue from Contracts with Customers

	2025	2024
	--- Rupees in Thousands ---	
Local Sales		
Sale of goods	776,560	663,200
Project revenue	1,313,522	1,390,254
Services rendered	374,518	452,157
Export Sales		
Agency commission	33,296	58,184
Project revenue - Services rendered	703,065	665,210
IT enabled back office support	331,491	243,751
	<u>3,532,452</u>	<u>3,472,756</u>
Less: Sales tax	<u>(430,979)</u>	<u>(369,912)</u>
	<u>3,101,473</u>	<u>3,102,844</u>
26.1 Country wise breakup of export revenue are:		
Qatar	218,978	439,158
United Arab Emirates	539,230	240,878
Kingdom of Saudi Arabia	309,644	287,109
	<u>1,067,852</u>	<u>967,145</u>
26.2 Contract balances		
Trade receivables	<u>3,385,511</u>	<u>2,606,195</u>
Contract assets	<u>250,994</u>	<u>580,728</u>
Contract liabilities	<u>236,837</u>	<u>119,369</u>
26.3	Revenue from the sale of goods is recognized at a point in time upon the transfer of control to the customer. Revenue from services and project solutions is primarily recognized over time, based on the satisfaction of performance obligations. For fixed-cost contracts, revenue is recognized using the percentage of completion method, while for service-based agreements, it is recognized in proportion to time elapsed or labor hours expended.	
26.4	The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2025 is as follows:	
	<u>1,056,710</u>	<u>735,197</u>
26.5	This represents the revenue earned from shariah compliant activities.	

Note 27

Cost of Revenue

	2025	2024
	--- Rupees in Thousands ---	
Opening stock	100,907	85,282
Purchases and direct expenses	2,314,683	2,111,546
Closing stock	<u>(79,028)</u>	<u>(100,907)</u>
	<u>2,336,562</u>	<u>2,095,921</u>
27.1 Cost of revenue		
Materials consumed	1,032,792	914,952
Salaries, wages, allowances and other benefits	595,849	507,834
Employees' share option expense	30,225	73,906
Telephone and postage	24,556	18,634
Utilities	5,805	6,744
Travelling and conveyance relating to engineering services	110,103	96,550
Installation charges	360,136	336,648
Entertainment	18,229	18,317
Repairs and maintenance	8,148	4,003
Printing and stationery	1,741	1,563
Shipping and handling	52,029	35,655
Insurance	19,538	4,165
Rent, rates and taxes	9,675	11,619
Training	114	835
Fees and subscription	1,331	3,172
Depreciation on property and equipment	58,731	53,962
Other expense	7,560	7,362
	<u>2,336,562</u>	<u>2,095,921</u>

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 27, Cost of revenue - Continued...

27.1.1 Salaries, wages and benefits include Rs. 24.3 million (2024: Rs. 22.46 million) and Rs. 1.55 million (2024: Rs. 1.606 million) representing provident fund contribution by the Company and accumulating compensated absences respectively.

Note 28

Administrative and Selling Expense

	Note	2025	2024
		--- Rupees in Thousands ---	
Salaries, wages, allowances and other benefits	28.1 & 28.4	187,335	188,731
Employees' share option expense		45,337	110,890
Telephone and postage		20,982	15,788
Utilities		5,805	6,743
Entertainment		9,649	10,617
Repairs and maintenance		21,823	12,009
Sales promotion expense		2,829	1,879
Printing, stationery and periodicals		1,536	1,256
Vehicle running and maintenance		4,604	3,094
Travelling and conveyance		40,773	27,012
License fee		75,681	61,265
Rent, rates and taxes		9,675	11,619
Training		683	335
Insurance		13,660	4,165
Legal and professional charges		7,990	6,243
Auditors' remuneration	28.2	4,260	4,050
Fees and subscription		30,731	38,351
Corporate expense		1,586	2,495
Late delivery charges		1,795	10
Depreciation on property and equipment	6.1	58,731	53,962
Other expenses		8,576	9,068
		<u>554,041</u>	<u>569,582</u>

28.1 Salaries, wages and benefits include Rs. 15.815 million (2024: Rs. 8.46 million) and Rs. 1.033 million (2024: Rs. 1.557 million) representing provident fund contribution by the Company and accumulating compensated absences respectively.

28.2 This represents payments made to Avanceon FZE on account of license fee, having its registered office at Jebel Ali Free Zone, Dubai, United Arab Emirates, Avanceon FZE is a wholly owned subsidiary of the Company.

28.2 Auditors' remuneration

Statutory audit	3,100	2,700
Half yearly review fee	900	850
Review of Code of Corporate governance	200	150
Other charges and out of pocket expenses	60	350
	<u>4,260</u>	<u>4,050</u>

Note 29

Other Operating Expense

	Note	2025	2024
		--- Rupees in Thousands ---	
Donations	29.1	9,785	9,522
Exchange loss		-	98,625
Balances write-off		-	49,921
Allowance for credit losses / written off - trade debts		89,235	56,652
Allowance for expected credit losses - related parties		140,000	44,315
Allowance for expected credit losses / written off - contract assets		202,506	-
Late delivery charges		4,918	597
		<u>446,444</u>	<u>259,632</u>

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 29, Other Operating Expense - Continued...

- 29.1** No donation to a single party exceeds 10% of the Company's total amount of donation or Rs. 1 million during the year (2024: Aziz Jehan Begum Trust: Rs. 2.073 million).

Note 30

Other Operating Income

		2025	2024
	Note	--- Rupees in Thousands ---	
Profit on bank deposits		328	3,013
Markup income on intercompany current accounts		10,464	3,669
Exchange gain		34,028	-
Gain on disposal of property and equipment	6	11,611	7,925
Dividend income from subsidiary		400,786	565,565
Others		77,719	4,123
		<u>534,936</u>	<u>584,295</u>

Note 31

Finance Cost

		2025	2024
		--- Rupees in Thousands ---	
Mark-up / interest on:			
Short term borrowings		83,755	68,966
Intercompany current accounts		51,227	41,392
Diminishing musharaka		25,910	45,365
		<u>160,892</u>	<u>155,723</u>
Bank charges		6,260	13,016
Guarantee commission		5,786	20,020
		<u>172,938</u>	<u>188,759</u>

Note 32

Levy / Final Taxation

		2025	2024
		--- Rupees in Thousands ---	
Levy - final tax		91,291	77,678
Prior period adjustment		(25,048)	(43,529)
		<u>66,243</u>	<u>34,149</u>

- 32.1** This represents portion of minimum tax paid which is over and above the normal tax liability under different provisions of the Income Tax Ordinance, 2001. Further it includes final tax liability under the different provisions of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21 / IAS 37.

- 32.2** The Company has adjusted excess tax liabilities relating to tax year 2019 and periods prior to it. There are no outstanding tax liabilities / tax audit notices or contingencies pertaining to those tax years. Accordingly, based on self- assessment, the said liabilities have been adjusted.

Note 33

Taxation

		2025	2024
		--- Rupees in Thousands ---	
Current		-	-
Prior year adjustment		-	-
		<u>-</u>	<u>-</u>

- 33.1** Reconciliation between accounting profit and tax expense for the current year is not presented as the provision for current income tax for the year is based on minimum tax under section 153 of the Income tax Ordinance 2001.

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Notes to and Forming Part of the Unconsolidated Financial Statements

Note 33, 'Taxation- Continued...

33.2 Reconciliation of Levy and Income tax under IAS-12

	2025	2024
	--- Rupees in Thousands ---	
Current tax liability as per applicable tax laws	66,243	34,149
Portion of current tax liability representing income tax as per IAS -12	-	-
Portion of current tax liability representing levy as per IFRIC 21 / IAS 37	(66,243)	(34,149)
Difference	-	-

Note 34

Earning per share- Basic and Diluted

		2025	2024
		--- Rupees in Thousands ---	
34.1 Basic earnings per share			
Net profit for the year	Rupees in thousand	60,181	539,096
Weighted average number of ordinary shares	Numbers in thousand	419,319	392,835
Earnings per share	Rupees	0.144	1.37
34.2 Diluted earnings per share			
Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has granted share options to employees as explained in Note 16.			
Net profit for the year		60,181	539,096
Weighted average number of ordinary shares		419,319	392,835
Adjustment for share options		4,260	8,862
Weighted average number of ordinary shares for diluted earnings per share		423,579	401,697
Diluted earnings per share (Rupees)		0.142	1.34

34.2.1 Share options issued by the Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

Note 35

Changes in Liabilities Arising from Financing Activities

Note	As at December 31, 2024	Non - cash changes	Cashflows (Net)	As at December 31, 2025
--- Rupees in Thousands ---				
Share capital issued	4,150,228	-	73,861	4,224,089
Share premium	508,910	366,429	-	875,339
Diminishing musharaka	153,321	95,654	(71,515)	177,460
Short term borrowings	532,486	-	558,717	1,091,203
Unclaimed dividend	149,239	(6,697)	-	142,542
	5,494,184	455,386	561,063	6,510,633
Note	As at December 31, 2023	Non - cash changes	Cashflows (Net)	As at December 31, 2024
--- Rupees in Thousands ---				
Share capital issued	3,762,978	377,294	9,956	4,150,228
Share premium	451,420	57,375	115	508,910
Diminishing musharaka	184,838	-	(31,517)	153,321
Short term borrowings	294,466	-	238,020	532,486
Unclaimed dividend	152,835	754,587	(758,183)	149,239
	4,846,537	1,189,256	(541,609)	5,494,184

Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 36

Transactions and Balances with Related Parties

Related parties comprise associated companies due to common directorship, subsidiary companies, staff retirement funds, directors and key management personnel. The Company (AVN) in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances as at the reporting date are unsecured and interest free that are subject to adjustments settlement in cash. Significant balances and transactions with related parties are as follows:

Transactions during the year			2025	2024
--- Rupees in Thousands ---				
Name of related party	Relationship	Nature of transaction		
Avanceon FZE- UAE	Subsidiary	Agency commission charged	39,079	58,184
		Back office support income	145,833	57,521
		Revenue recognised on the projects based on the Stage completion	152,196	125,173
		Collection / adjustment from AVFZE	416,267	105,930
		Payment to suppliers by AFZE on behalf of the Company	172,245	441,167
		Payment made during the year	229,090	-
		Payment to employees by AVN on behalf of the Company	2,463	27,460
		Payments to employees by AVFZE	1,169	15,037
		Employee share option expense charged	7,366	4,823
		Payment to suppliers by AVN on behalf of AVFZE	33,313	34,773
		Exchange gain	5,081	-
		Fee for technical services	75,681	-
		Mark up expense	30,656	-
		Avanceon Automation and Control - AVAC	49% Subsidiary	Back office support income
Revenue recognised on the projects based	429,922			303,473
Collection / adjustment from AVAC	90,199			-
Payment to suppliers by AVAC on behalf of the Company	6,013			6,426
Payment to employees by AVN on behalf of AVAC	15,212			2,277
Payments to employees by AVAC	1,312			3,777
Payment to suppliers by AVN on behalf of AVAC	944			3,674
Employee share option expense charged	43,138			8,639
Cash received from AVAC	-			4,920
Expected credit Loss	225			-
Exchange gain on balance	214			-
Mark up income	8,705			-
Transfer of payables to QFZE	898,812			-
Dividend income	400,786			-
Avanceon Saudi Energy Company- KSA	100% Subsidiary	Revenue recognised on the projects	154,561	215,863
		Back office support charged	206,937	71,246
		Payment to employees of AVSEC by AVN	2,556	4,347
		Collection / adjustment from AVSEC	112,446	-
		Payment to suppliers by AVN on behalf of the AVSEC	398	602
		Reimbursement of expenses	109	22,195
		Employee share option expense charged	16,907	3,559
		Exchange gain on balance	1,744	-
		Mark up Income on current Account	1,220	-

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 36, Transactions and Balances with Related Parties - Continued..

			2025	2024
			--- Rupees in Thousands ---	
Octopus Digital Limited- ODL	74% Subsidiary	Back office support income	120,210	10,000
		Payments received or made to suppliers by ODL on behalf of AVN	81,549	28,533
		Repayment of advances to ODL	311,876	85,482
		Advances received from ODL	284,151	218,160
		Installation charges incurred	224,731	84,605
		Subcontracting charges incurred	23,081	45,021
		Markup on current Account - AVN	20,409	619
		Payments made to suppliers by AVN on behalf of ODL	28,276	8,647
		Receipt/Adjustment of loan from AVN	74,051	-
		Employee share option expense charged	8,493	-
		Reimbursement of expenses	-	5,959
Salaries payment to employees by AVN	692	93,598		
Empiric AI (Private) Limited (EAI)	74% Subsidiary	Payment to employee by AVN	2,024	12,625
		Funds transferred from EAI	154,108	15,000
		Collection / adjustment from EAI	22,309	-
		Payments to supplier by AVN	-	131
Octopus Digital FZ-LLC	74% Subsidiary	Payments made to suppliers by ODFZ on behalf of AVN	21,275	-
		Payments made to suppliers by AVN on behalf of ODFZ	308	-
		Mark up on current account	162	-
Avanceon QFZ LLC Qatar	100% Subsidiary	Back office support	103,412	70,515
		Revenue recognized on the projects	162,853	-
		Payment made to ODL	124,336	-
		Transfer of receivables	898,812	-
Avanceon Arabia Infotech	60% Joint venture	Payment made by AVN on behalf of AVSEC	1,069	680
		Payment to Employees by AVN	845	1,422
Bakhtiar Hameed Wain	Key management personnel	Loan received	195,406	90,000
		Dividend adjusted / payments	6,145	-
Contribution to staff provident fund	Provident fund	Expense charged	133,764	-
		Payment made	110,314	-
Outstanding balance as at the year end			2025	2024
			--- Rupees in Thousands ---	
Name of related party	Relationship	Nature of transaction		
Avanceon FZE	Subsidiary	Trade debts	405,960	481,710
		Long-term interest free receivables	2,844,763	2,824,833
		Dividend receivable	9,483	9,426
		Current account payable	737,273	716,529
		Mark up payable	-	154,629
Avanceon Automation and Control - AVAC	49% Subsidiary	Trade debts	-	479,896
		Long-term interest free receivables	1,397,032	1,387,245
		Dividend receivable	1,160,100	754,174
		Current account receivable	89,457	43,067
		Current account payable	816	-

(Signature)

Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 36, Transactions and Balances with Related Parties - Continued...

Avanceon QFZE	100% Subsidiary	Trade debts	1,443,743	403,002
Avanceon Saudi Energy Company- KSA	100% Subsidiary	Trade debts	818,789	569,716
		Dividend receivable	299,253	297,440
		Current account receivable	21,698	17,593
Octopus Digital Limited- ODL	74% Subsidiary	Trade debts	110,573	41,073
		Creditors, accrued and other liabilities	361,674	338,609
Empiric AI (Private) Limited (EAI)	74% Subsidiary	Trade debts	-	63,679
		Creditors, accrued and other liabilities	5,358	24,333
Octopus Digital FZ-LLC	74% Subsidiary	Creditors, accrued and other liabilities	21,129	-
Avanceon Arabia Infotech	60% Joint venture	Accounts receivable	5,629	2,846
Innovative Travels (Private) Limited		Creditors, accrued and other liabilities	1,320	1,320

36.1 There were no transactions with key management personnel other than those undertaken as per the terms of their employment.

36.2 Following are the related parties with whom the Company has entered into transactions or have arrangements / agreements in place:

Sr. No.	Name	Basis or association	Aggregate % of Shareholding
1	Avanceon FZE (UAE)	Subsidiary	100%
2	Octopus Digital Limited	Subsidiary	74%
3	Avanceon Saudi for Energy Company	Subsidiary	100%
4	Avanceon Automation and Control WLL	Subsidiary	49%
5	Avanceon QFZ LLC Qatar	Subsidiary	100%
6	Octopus Digital FZ-LLC	Sub Subsidiary	74%
7	Avanceon Arabia Infotech	Sub Subsidiary	60%
8	Innovative Travels private Limited	Common Directorship	-
9	Bakhtiar Hameed Wain	Chief Executive Officer	58%
10	Ahsan Khalil	Chief Financial Officer	-

Note 37

Operating Segment Information

Operating segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Maker. The Chief Executive Officer (CEO) of the Company has been identified as the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. The CEO is responsible for the management of the Company's entire business which is considered as a single operating segment. The Company's assets allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the CEO for the Company's assets, liabilities and performance is prepared on a basis consistent with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

Information about major customers

No sale has been made to any customer representing 10% or more of total sales for the year. (2024: Nil).

Information about geographical areas

All non-current assets of the Company except for long term investments are located in Pakistan as at the reporting date.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 37, Operating Segment Information - Continued...

The sales percentage by geographic region is as follows:

	2025	2024
	%	%
Pakistan	66%	69%
Qatar	7%	14%
United Arab Emirates	17%	8%
Kingdom of Saudi Arabia	10%	9%
	<u>100%</u>	<u>100%</u>

Note 38

Provident Fund

	2025	2024
	--- Rupees in Thousands --- (Un-audited)	(Un-audited)
Size of the fund / trust	371,660	327,631
Cost of investment made	250,273	170,212
Fair value of investment	243,573	192,413
	----- (Percentage) -----	
Percentage of investment made	<u>66%</u>	<u>59%</u>

Break up of investments - based upon fair value

	2025	2024
	---%age of size of fund---	
Government Securities	163,500	100,114
Scheduled Banks	29,900	20,039
Other Mutual Funds	11,589	8,122
Listed Securities	38,584	64,138
	<u>243,573</u>	<u>192,413</u>

Break up of investment

Government Securities	67%	52%
Scheduled Banks	12%	10%
Other Mutual Funds	5%	4%
Listed Securities	16%	33%

38.1 All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

38.2 These figures are presented in the unconsolidated financial statements on the basis of unaudited financial statements of the Fund (2024: unaudited).

Note 39

Financial Risk Management

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks from its use of financial instruments:

- . Credit risk
- . Liquidity risk
- . Market risk

This note presents information about the Company's exposure to each of the above risks; the Company's objectives; policies and processes for measuring and managing risk.

The Company's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 39, Financial Risk Management - Contd...

39.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) 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 where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. As at the reporting date, the Company's exposure to currency risk was as follows:

	Note	2025 --- Rupees in Thousands ---	2024
Trade debts	10	2,668,492	1,934,324
Dividend receivable	12	1,468,836	1,061,040
Other receivable	12	112,503	65,259
Bank balances	13	175	174
Payable to related parties		(731,593)	(717,851)
Letter of Commitments		(218,997)	(121,588)
		<u>3,299,416</u>	<u>2,221,358</u>

The following significant exchange rates were applied during the year.

December 31, 2025	USD	EUR	AED	SAR	QAR
Average rate	281.31	309.00	76.84	74.97	77.36
Reporting date rate	280.55	328.85	76.40	74.80	76.99
December 31, 2024	USD	EUR	AED	SAR	QAR
Average rate	280.38	301.13	76.79	74.67	76.92
Reporting date rate	278.35	289.14	76.15	74.02	76.23

Sensitivity analysis

If the functional currency, as at the reporting date, had weakened / strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit for the year would have been Rs. 32.994 million (2024: Rs. 22.214 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not entirely reflect the exposure during the year.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from bank borrowings, deposits in profit and loss / saving accounts. The Company mitigates its interest rate risk by investing available cash in bank deposits where applicable, generating more return compared to the finance cost.

As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as under:

	2025 --- Rupees in Thousands ---	2024
Floating rate instruments		
Financial Assets		
Other Receivable from related parties	101,025	53,781
Mark-up based deposits and saving accounts -Conventional Banks	756	7,089
	<u>101,781</u>	<u>60,870</u>
Financial liabilities		
Payable to Related Parties	1,033,830	836,053
Long term diminishing musharaka	177,460	153,321
Short term borrowings	1,091,203	532,486
	<u>2,302,493</u>	<u>1,521,860</u>

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 39, Financial Risk Management - Contd...

Cash flow sensitivity analysis for variable rate instruments

As at December 31, 2025, if interest rates had been 1% higher / lower with all other variables held constant, profit for the year would have been higher / lower by Rs. 22.007 million (2024: Rs. 14.610 million), mainly as a result of interest exposure on variable rate instruments.

(c) Price Risk

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 this risk.

39.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at December 31, 2025:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
----- Rupees in Thousands -----						
Diminishing musharaka	177,460	238,633	66,715	86,730	85,188	-
Creditors, accrued and other liabilities	1,834,003	1,834,003	1,834,003	-	-	-
Short term borrowings	1,091,203	1,233,059	1,233,059	-	-	-
Unclaimed Dividend	142,542	142,542	142,542	-	-	-
	<u>3,245,208</u>	<u>3,448,237</u>	<u>3,276,319</u>	<u>86,730</u>	<u>85,188</u>	<u>-</u>

Contractual maturities of financial liabilities as at December 31, 2024:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
----- Rupees in Thousands -----						
Diminishing musharaka	153,321	187,052	53,748	69,872	63,432	-
Creditors, accrued and other liabilities	1,624,870	1,624,870	1,624,870	-	-	-
Short term borrowings	532,486	660,283	660,283	-	-	-
Unclaimed Dividend	149,239	149,239	149,239	-	-	-
	<u>2,459,916</u>	<u>2,621,444</u>	<u>2,488,140</u>	<u>69,872</u>	<u>63,432</u>	<u>-</u>

39.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk of the Company arises from trade debts, loans and advances, trade deposits, other receivables and deposits with banks. To reduce exposure to credit risk, the Company has developed a formal approval process. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors and makes provision against those balances (if required). The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at December 31, 2025, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

Nil

Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 39, Financial Risk Management - Contd...

	Note	2025 --- Rupees in Thousands ---	2024 --- Rupees in Thousands ---
Long term investments	7	5,593,590	5,563,873
Long term deposits and loans	8	10,502	5,705
Trade debts	10	3,385,511	2,606,195
Deposits and other receivables	12	1,622,477	1,148,478
Bank balances	13	107,403	19,184
		<u>10,719,483</u>	<u>9,343,435</u>

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating		Rating	2025	2024
	Short term	Long term		--- Rupees in Thousands ---	
Habib Bank Limited	A1+	AAA	VIS	252	1,357
National Bank of Pakistan Limited	A1+	AAA	VIS	70	70
JS Bank Limited	A1+	AA	PACRA	3,682	7,219
Standard chartered Bank Limited	A1+	AAA	PACRA	64,294	924
Faysal Bank Limited	A1+	AA	PACRA	8,532	8,929
United Bank Limited	A1+	AAA	VIS	30,572	684
Dubai Islamic bank Limited	A1+	AA	VIS	1	1
Meezan Bank Limited	A1+	AAA	VIS	-	-
MCB Islamic Limited	A1	A+	PACRA	-	-
				<u>107,403</u>	<u>19,184</u>

After giving consideration to the strong financial standing, the management does not expect any non-performance by the counterparty on it's obligations to the Company. Accordingly, the credit risk is minimal.

39.4 Financial instruments by categories

Financial assets as at December 31, 2025

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	--- Rupees in Thousands ---			
Long term investments	-	5,593,590	-	5,593,590
Trade debts	-	3,385,511	-	3,385,511
Long term deposits and loans	-	10,502	-	10,502
Deposits and other receivables	-	1,622,477	-	1,622,477
Cash and bank balances	-	107,512	-	107,512
	-	<u>10,719,592</u>	-	<u>10,719,592</u>

Financial assets as at December 31, 2024

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	--- Rupees in Thousands ---			
Long term investments	-	5,563,873	-	5,563,873
Trade debts	-	2,606,195	-	2,606,195
Long term deposits and loans	-	5,705	-	5,705
Deposits and other receivables	-	1,148,478	-	1,148,478
Cash and bank balances	-	19,184	-	19,184
	-	<u>9,343,435</u>	-	<u>9,343,435</u>

Financial liabilities as at Dec 31, At amortized cost

	2025 --- Rupees in Thousands ---	2024 --- Rupees in Thousands ---
Diminishing musharaka	177,460	153,321
Creditors, accrued and other liabilities	1,834,003	1,624,870
Unclaimed dividend	142,542	149,239
Short term borrowings	1,091,203	532,486
	<u>3,245,208</u>	<u>2,459,916</u>

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 39, Financial Risk Management - Contd...

39.5 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. As at December 31, 2025 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

The fair values of all financial assets and liabilities are not considered to be significantly different from their carrying values. The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

There is no financial instrument which is remeasured at fair value.

Note 40

Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in these unconsolidated financial statements for remuneration, allowances including all benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2025				Total
	Chief Executive Officer	Executive Directors	Non Executive Directors	Executive	
	--- Rupees in Thousands ---				
Managerial remuneration and bonus	-	9,130	-	325,875	335,005
House rent	-	913	-	92,256	93,169
Utilities	-	913	-	32,588	33,501
Contribution to provident fund	-	913	-	32,588	33,501
Others	-	23	-	3,819	3,842
	-	11,892	-	487,126	499,018
Number of persons	1	2	3	176	182
	2024				Total
	Chief Executive Officer	Executive Directors	Non Executive Directors	Executive	
	--- Rupees in Thousands ---				
Managerial remuneration and bonus	-	5,867	-	180,177	186,044
House rent	-	587	-	18,018	18,605
Utilities	-	587	-	46,426	47,013
Meeting fee	-	800	-	-	800
Contribution to provident fund	-	587	-	18,018	18,605
Others	-	14	-	2,347	2,361
	-	8,442	-	264,986	273,428
Number of persons	1	3	3	63	70

40.1 The company also provides the director and certain executives with company maintained cars. No remuneration has been paid to non-executive directors of company

40.2 An Executive is defined as an employee, other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 41

Capital Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus assets without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital employed is calculated as equity, as shown in the statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Company was worked out as under:

	2025	2024
	--- Rupees in Thousands ---	
Total borrowings	1,268,663	685,807
Cash and bank balances	(107,512)	(19,351)
Net debt	1,161,151	666,456
Equity	8,166,543	7,881,374
Total capital employed	9,327,694	8,547,830
Gearing ratio	12.45%	7.80%

Note 42

Number of Employees

	2025	2024
	Numbers	
Number of employees as at December 31,	326	301
Average number of employees during the year	314	284

Note 43

Shariah Screening Disclosures

		2025	2024
	Note	--- Rupees in Thousands ---	
Balance as at the reporting date			
Loans / advances obtained as per Islamic mode	18 & 22	562,784	343,186
Interest or mark up accrued on any conventional loan or advances		16,190	19,269
Shariah compliant bank deposits / bank balances	13	8,533	8,930
Long term and short term shariah compliant investments	7	5,593,590	5,563,873
Revenue earned from a shariah compliant business segment	26	3,101,473	3,102,844
Gain / loss or dividend earned from shariah compliant investments		400,786	565,565
Profit earned from shariah compliant bank deposits / bank balances	29 & 30	328	3,013
Exchange gain / (loss) from actual currency		34,028	(98,625)
Exchange gains earned using conventional derivative financial instruments		-	-
Profit paid on Islamic mode of financing		124,729	155,723
Interest earned on any conventional loan or advance		10,484	3,669
Shariah compliant miscellaneous income		77,719	4,123

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Avanceon Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

Note 43, Shariah Screening Disclosures- Contd..

Names of the Company's shariah compliant financial institutions

Relationship

Faysal Bank Limited	Cash and bank balances
United Bank Limited	Diminishing Musharaka
Dubai Islamic bank Limited	Cash and bank balances
Meezan Bank Limited	Cash and bank balances
MCB Islamic Limited	Short Term Borrowings & Diminishing Musharaka
First Habib Modaraba	Diminishing Musharaka

Note 44

Subsequent Events

The Board of Directors of the Company has proposed a final cash dividend of Rs. 1 per share (2024: Nil) for the year ended December 31, 2025 at their meeting held on April 30, 2026 for the approval of members at the Annual General Meeting to be held on May 23, 2026. These unconsolidated financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

Note 45

Authorization of Unconsolidated Financial Statements

These unconsolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 30, 2026.

Note 46

General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material rearrangements / reclassifications have been made in these unconsolidated financial statements for better presentation:

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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Members of Avanceon Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **AVANCEON LIMITED** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of 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 Opinion

We conducted our audit in accordance with the 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 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 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.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. Revenue	
Refer to Notes 4.13 and 32 to the Consolidated Financial Statements.	Our key audit procedures included: <ul style="list-style-type: none"> • Obtained an understanding of the Group's processes and related internal controls for revenue recognition, and on a sample basis, tested the operating effectiveness of those controls • Assessed the appropriateness of the Group's
The Group has earned revenue of Rs. 15,885.492 million for the year ended December 31, 2025. The Group's revenue is derived from multiple revenue streams, as described in Note 32 to the accompanying Consolidated Financial Statements.	

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Key Audit Matters	How the matter was addressed in our audit
<p>Each stream has its own revenue recognition policy based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.13.</p> <p>Certain contracts with customers require significant management judgment to determine the appropriate timing and method of revenue recognition. We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of The Group.</p>	<p>revenue recognition policies and their compliance with applicable accounting and reporting standards</p> <ul style="list-style-type: none"> • Compared a sample of transactions comprising various revenue streams during the year with underlying documentation including contracts with customers, sales invoices and where relevant, underlying time sheets and other supporting documents to assess whether the revenue was recorded in accordance with the Group's revenue accounting policy and applicable financial reporting framework • Performed substantive analytical procedures by developing an expectation of projected revenue for the year based on contracts entered to date and analyzing the amounts recognized against the cost incurred and time elapsed, respectively • Critically assessed the significant management judgments applied in determining the timing and method of revenue recognition • Performed a comparative analysis of the revenue recognized in the current year with that of the prior year, investigating any significant variances or trends • Verified the accuracy of revenue recorded by cross-checking the recorded transactions, on sample basis, with bank deposits and customer invoices, ensuring that all revenue entries were properly supported by actual cash receipts and linked to specific billings • Performed cut-off procedures on sales to ensure revenue has been recorded in the correct period • Obtained additional written representations as required under the International Standards on Auditing and • Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards



Key Audit Matters	How the matter was addressed in our audit
2. Valuation of Trade Debtors and Contract Assets	
<p>Refer to Notes 4.5, 12, and 13 to the Consolidated Financial Statements.</p> <p>The Group's gross trade debts and contract assets as at December 31, 2025, are Rs. 9,339.798 million and Rs. 8,137.112 million, respectively, against which allowances for expected credit losses of Rs. 259.880 million and Rs. 363.496 million have been recognized.</p> <p>The loss allowance for Expected Credit Losses (ECL model) on trade debts and contract assets has been recognized in these Consolidated Financial Statements using the guidance included in IFRS 9 'Financial Instruments'. Determination of ECL provision for trade debts and contract assets requires significant judgment and assumptions, including consideration of factors such as historical credit loss experience, time value of money, and forward-looking macroeconomic information.</p> <p>We have considered this area as a key audit matter due to its size and the significant management judgement involved in valuation.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Considered management's process of application of the ECL model to calculate impairment loss against trade debts and contract assets • Evaluated key estimates made by the Group's management and judgments in relation to the application of the ECL model • Evaluated the ECL model for appropriateness of the methodology applied and checked arithmetical accuracy of the model • Checked appropriateness of aging on sample basis • Circularized balance confirmation request for trade debts on sample basis and evaluated responses received • Checked subsequent clearance of balances due as of December 31, 2025 on sample basis and • Assessed financial impacts and appropriateness of disclosures made in the Consolidated Financial Statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan

Information Other than the Consolidated 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. We have nothing to report in this regard.

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 the 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 Amin Ali.

Lahore
Dated: May 11, 2026
UDIN: AR202510051tCTqzi31




CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

AVANCEON LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025	2024
--- Rupees in Thousands ---			
ASSETS			
Non Current Assets			
Property and equipment	6	1,429,372	1,274,588
Intangible assets	7	5,690,076	5,465,222
Long term investments	8	406,604	379,669
Long term deposits and loans	9	76,889	82,205
Deferred tax asset	10	32,805	32,697
		7,635,746	7,234,381
Current Assets			
Stock in trade	11	238,729	173,619
Trade debts	12	9,079,918	7,131,935
Contract assets	13	7,773,616	9,319,803
Advances, deposits, prepayments and other receivables	14	4,518,985	3,445,266
Short term investments	15	1,363	100,772
Cash and bank balances	16	1,085,222	756,748
		22,697,833	20,928,143
		<u>30,333,579</u>	<u>28,162,524</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 500,000,000 (2024: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital	17	4,224,089	4,150,228
Share premium	18	874,834	508,405
Gain on dilution of interest		631,367	631,367
Employees' share compensation reserve	19	233,307	408,223
Statutory reserve	20	3,227	3,227
Exchange revaluation reserve		2,672,453	2,639,098
Revenue reserves - unappropriated profits		5,956,929	5,306,198
Surplus on revaluation of property	21	325,884	328,199
		14,922,090	13,974,945
Non controlling interest	22	693,052	686,608
		<u>15,615,142</u>	<u>14,661,553</u>
Non Current Liabilities			
Long term diminishing musharaka	23	127,611	112,382
Lease liability	24	122,974	115,274
Provision for gratuity	25	374,104	333,149
Long term loan	26	36,229	96,241
		660,918	657,046
Current Liabilities			
Creditors, accrued and other liabilities	27	8,960,144	8,439,613
Contract liabilities	28	1,453,399	2,156,718
Current portion of long term diminishing musharaka	23	74,876	58,209
Current portion of lease liability	24	564	48,586
Current portion of long term loan	26	25,143	25,106
Short term borrowings	29	3,029,249	1,503,297
Provision against taxation - net		371,603	449,098
Undaimed dividend	30	142,541	163,298
		14,057,519	12,843,925
Contingencies and Commitments			
	31	-	-
		<u>30,333,579</u>	<u>28,162,524</u>

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
--- Rupees in Thousands ---			
Revenue from contracts with customers - net	32	15,885,492	16,156,098
Cost of revenue	33	(11,720,073)	(11,895,851)
Gross Profit		4,165,419	4,260,247
Administrative and selling expense	34	(2,731,791)	(2,489,329)
Other operating expense	35	(473,577)	(203,049)
Other operating income	36	349,534	194,168
		(2,855,834)	(2,498,210)
Operating Profit		1,309,585	1,762,037
Finance cost	37	(512,867)	(447,892)
Share of profit from joint venture	8	23,661	179,514
Profit before Levy and Taxation		820,379	1,493,659
Levy / final taxation	38	(66,460)	(35,607)
Profit before Taxation		753,919	1,458,052
Taxation	39	(99,059)	603,402
Net Profit after Taxation		654,860	2,061,454
Attributable to			
- Equity holders of parent		647,440	2,008,811
- Non controlling interest		7,420	52,643
		654,860	2,061,454
Earnings per share			
Earnings per share - Basic (Rupees)	40	1.54	5.11
Earnings per share - Diluted (Rupees)	40	1.53	5.00

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

W



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

AVANCEON LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
	--- Rupees in Thousands ---	
Net Profit for the Year	654,860	2,061,454
Other Comprehensive Income		
<i>Items that will not be reclassified to profit or loss</i>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of subsidiaries	33,355	(32,751)
Other comprehensive income / (loss) for the year	33,355	(32,751)
Total Comprehensive Income for the Year	<u>688,215</u>	<u>2,028,703</u>
Attributable to		
- Equity holders of parent	680,795	1,976,060
- Non controlling interest	7,420	52,643
	<u>688,215</u>	<u>2,028,703</u>

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

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CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2025

Particulars	Issued, Subscribed and Paid up Share Capital	Capital Reserves					Revenue Reserve	Surplus on Revaluation of Property	Non Controlling Interest	Total
		Share Premium	Gain on Dilution of Interest	Employees Share Compensation Reserve	Statutory Reserve	Exchange Revaluation Reserve	Unappropriated Profits			
--- Rupees in Thousands ---										
Balance as at December 31, 2024	3,762,978	450,915	631,367	177,949	3,227	2,671,849	4,440,188	330,636	620,608	13,089,717
Net profit for the year	-	-	-	-	-	-	2,008,811	-	52,643	2,061,454
Other comprehensive loss	-	-	-	-	-	(32,751)	-	-	-	(32,751)
Total comprehensive income for the year	-	-	-	-	-	(32,751)	2,008,811	-	52,643	2,028,703
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	-	-	2,437	(2,437)	-	-
Transaction with Owners										
Adjustment of NCI	-	-	-	-	-	-	(13,357)	-	13,357	-
Bonus share @ 10% for the year ended December 31, 2023	377,294	-	-	-	-	-	(377,294)	-	-	-
20% cash dividend for the period ended December 31, 2023	-	-	-	-	-	-	(754,587)	-	-	(754,587)
Employee share option reserve	-	-	-	287,649	-	-	-	-	-	287,649
Issuance of shares against employee share option scheme	9,956	57,490	-	(57,375)	-	-	-	-	-	10,071
Balance as at December 31, 2024	4,150,228	508,405	631,367	408,223	3,227	2,639,098	5,306,198	328,199	686,608	14,661,553
Net profit for the year	-	-	-	-	-	-	647,440	-	7,420	654,860
Other comprehensive income	-	-	-	-	-	33,355	-	-	-	33,355
Total comprehensive income for the year	-	-	-	-	-	33,355	647,440	-	7,420	688,215
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	-	-	2,315	(2,315)	-	-
Transaction with Owners										
Adjustment of NCI	-	-	-	-	-	-	976	-	(976)	-
Employee share option reserve	-	-	-	191,513	-	-	-	-	-	191,513
Issuance of shares against employee share option scheme	73,861	366,429	-	(366,429)	-	-	-	-	-	73,861
Balance as at December 31, 2025	4,224,089	874,834	631,367	233,307	3,227	2,672,453	5,956,929	325,884	693,052	15,615,142

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		--- Rupees in Thousands ---	
Profit before Levy and tax		820,379	1,493,659
Adjustments for:			
Depreciation on property and equipment	33	206,711	194,070
Amortization of intangible assets	34	47,842	42,588
Balances written off	35	-	56,964
Provision for gratuity	25	57,575	57,192
Employees' share option expense	33	191,513	287,648
Allowance for credit losses / written off - trade debts	12.1	176,052	(77,095)
Allowance for expected credit losses / written off - contract assets	35	250,134	27,325
Reversal of expected credit loss - trade debts	12.1	(101,584)	-
Reversal of expected credit loss - contract assets		(83,178)	-
Exchange loss	35	29,808	103,564
Fair value gain on short-term investments	35	-	-
Exchange translation reserve		28,679	(30,125)
Gain on disposal of property and equipment	36	(12,770)	(8,220)
Finance cost	37	512,867	447,892
Profit on bank deposits	36	(3,983)	(9,751)
Share of profit from joint venture	8	(23,661)	(179,514)
Gain on short term investments		(38)	-
Liabilities written back	36	(118,490)	-
		1,157,477	912,538
Operating profit before working capital changes		1,977,856	2,406,197
(Increase) / decrease in current assets			
Stock in trade	11	(65,110)	(43,350)
Trade debts	12	(2,048,172)	2,078,383
Contract assets	13	1,379,231	(3,751,500)
Advances, deposits, prepayments and other receivables	14	(1,084,502)	(431,609)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities	27	642,101	1,307,427
Contract liabilities	28	(703,319)	(100,057)
		(1,879,772)	(940,706)
Long-term deposits and loans - net	9	5,316	(4,684)
Cash Generated from Operations		103,401	1,460,807
Finance cost paid		(503,154)	(440,915)
Gratuity paid	25	(16,192)	(14,532)
Income tax paid		(243,015)	(253,954)
Net Cash (Used in) / Generated from Operating Activities		(658,960)	751,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	6.1	(246,010)	(283,706)
Proceeds from disposal of property and equipment		17,083	14,869
Addition in RDU		(8,117)	-
Purchase of intangibles	7	(272,696)	(242,003)
Long term investments made		-	(89,232)
Profit on bank deposits		3,983	9,751
Short-term investment encashed / (purchased)	15	99,447	3,336
Net Cash Used in Investing Activities		(406,310)	(586,985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares		73,861	10,071
Long term diminishing musharaka		(78,266)	(27,937)
Repayment of long term lease		(53,767)	(18,244)
Long term loans - net		(59,976)	(27,295)
Short term borrowings - net		1,525,952	283,681
Dividend paid	30	(14,060)	(759,207)
Net Cash Generated from / (Used in) Financing Activities	41	1,393,744	(538,931)
Net Increase / (Decrease) in Cash and Cash Equivalents		328,474	(374,510)
Cash and cash equivalents at the beginning of the year	16	756,748	1,131,258
Cash and Cash Equivalents at the End of the Year		1,085,222	756,748

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

AVANCEON LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

Note 1

Legal Status and Nature of Business

1.1 Legal status and operations

The Group comprises:	Note	Status within the Group
- Avanceon Limited (AVN)	1.2	Holding Company
- Avanceon Free Zone Establishment, UAE (AFZE)	1.3	Subsidiary of AVN
- Avanceon Automation and Control W.L.L (AVAC)	1.4	Subsidiary of AVN
- Avanceon Saudi for Energy Company (AVSEC)	1.5	Subsidiary of AVN
- Octopus Digital Limited (ODL)	1.6	Subsidiary of AVN
- Avanceon QFZ LLC (AVQFZ)	1.7	Subsidiary of AVN
- Empiric AI (Private) Limited (EAL)	1.8	Subsidiary of ODL
- Octopus Digital FZ (ODFZ)	1.9	Subsidiary of ODL

- 1.2 Avanceon Limited (the Company) was incorporated in Pakistan on March 26, 2003 as a private limited Company which was converted into a public Company on March 31, 2008 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. Following are the business units of the Holding Company along with their respective locations:

BUSINESS UNIT	LOCATION
Head office	The Avanceon Building, 19 km, Multan Road, Lahore.
REGIONAL OFFICES	
Karachi	Office No. 19, Building No. S-4, First Floor, National Aerospace Science and Technology Park Silicon Valley, Main Shakra-e-Faisal, near PAF Museum, Karachi
Karachi	House No. 174-C, Sector 35-A, Zaman Town, Korangi, Karachi
Islamabad	Manzoor Plaza (The Hive Building), First Floor, Plot 14-E, Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad

- 1.3 AFZE is a Free Zone (the Establishment) with limited liability formed pursuant to Law No. 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on February 28, 2004. Its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of the AFZE are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The AFZE is a wholly owned subsidiary of the Group.
- 1.4 AVAC is an Establishment with limited liability registered under the Ministry of Commerce and Industry, State of Qatar on May 22, 2017 with Registration No. 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box: 15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of AVAC are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The Group owns 49% equity shares of AVAC. However, based on an agreement signed between the Holding Company and other shareholders, the Group has control over its financials and operating decision-making of AVAC. Further in event of liquidation of AVAC the other share holders are entitled to receive 3% of the legal and other reserve fund of AVAC.
- 1.5 AVSEC is a Single Person Mixed Limited Liability Company registered in Kingdom of Saudi Arabia and operating under Commercial Registration No. 1010676690 dated 12/05/1442 hijra, corresponding to 27/12/2021. AVSEC is engaged in repairs and maintenance of power and control stations, installation of control equipment for industrial operation, design and programming of special projects, registering for providing cloud services and management of energy efficiency projects. The registered office of AVSEC is in Riyadh, Kingdom of Saudi Arabia. AVSEC is the wholly owned subsidiary of the Group.
- 1.6 ODL was incorporated in Pakistan on December 29, 2017 as a private limited company under the Companies Act, 2017, which was converted into a public Company on November 11, 2020. ODL is a subsidiary of the Company and is listed on Pakistan Stock Exchange Limited. The prime business of ODL is to carry out Information Technology enabled services which include but are not limited to online data information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software's and equipment etc. The registered office of ODL is in Avanceon Building, 19 km, Multan Road, Lahore. The Group owns 74.32% equity shares of ODL.
- 1.7 AVQFZ is a Limited Liability Company registered with the Qatar Free Zone Authority under FZA License No. FZA 194 obtained on November 05, 2020. The registered office of AVQFZ is in Zone No. PA-WH-04, Area-Ras Bufontas Free Zone, Street No. PO Box: 45976, Doha-Qatar. The primary objective of AVQFZ is the manufacturing of measuring, testing, navigating and control equipment. AVQFZ is the wholly owned subsidiary of the Group.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 1, Legal Status and Nature of Business - Continued...

- 1.8** EAL is incorporated as a private limited company under the Companies Act, 2017 of Pakistan on May 19, 2020. The registered office of the EAL is located in Pakistan. The primary objective of the Company is to analyze potential opportunities and to provide digital and technology services and products both within Pakistan and internationally. The registered office of EAI is in Avanceon Building, 19 km, Multan Road, Lahore. EAL is the wholly owned subsidiary of ODL. The Group effectively owns 74.32% equity shares of EAL.
- 1.9** ODFZ is a Limited Liability Company incorporated pursuant to the regulations of the Dubai Development Authority, Government of Dubai, United Arab Emirates, and was issued Commercial License No. 103074 on June 16, 2023. Its registered office is located at DMC-BLD05-VD-G00-792, Ground Floor, DMC5 Building, Dubai Media City, Dubai, United Arab Emirates. The principal activities of the Entity are to provide software consultancy, software customer service, software development, software solutions, and software support services. The management of the Entity is vested with its Director, Mr. Bakhtiar Hameed Wain, a Pakistani national. ODFZ is the wholly owned subsidiary of ODL. The Group owns 74.32% equity shares of ODL.

Note 2

Basis of Preparation

2.1 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 and IFAS, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except to the extent of the following:

Certain property and equipment	Note 6	(Stated at revalued amount)
Short term investments	Note 15	(Stated at fair value)
Employees' share compensation reserve	Note 19	(Stated at fair value)
Lease liability	Note 24	(Stated at present value)

2.3 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupee, which is the functional and presentational currency of the Group. Figures have been rounded off to the nearest rupees in thousand unless stated otherwise.

2.4 Basis of consolidation

2.4.1 Subsidiaries

Subsidiaries are such entities over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. These consolidated financial statements include separate financial statements of Holding Company and its subsidiaries companies in which Holding Company directly or indirectly controls, beneficially owns more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existing voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Inter-company transactions, balances and unrealized gains on transactions amongst Group companies are eliminated. Accounting policies of subsidiaries are amended, where necessary, to ensure consistency with the policies adopted by the Group.

When the Group ceases to consolidate an investment in a subsidiary because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to statement of profit or loss.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 2, Basis of Preparation - Continued...

2.4.2 Investments in joint venture

Joint ventures are all entities over which the Group has joint control, as defined in IFRS 11 – Joint Arrangements. Joint control exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in a joint venture equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the investee company.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized 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.

2.4.3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Excess of Group's share of the net identifiable asset over cost is recognized in consolidated statement of profit or loss as a bargain purchase gain.

2.4.4 Non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in consolidated other comprehensive income are re-classified to consolidated statement of profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in consolidated other comprehensive income is re-classified to consolidated statement of profit or loss where appropriate.

2.5 Key judgements and estimates

The preparation of the consolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the year in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method of property, plant and equipment – Note 4.1 & 6
- Provision for expected credit losses – Note 4.11 & 12
- Estimation of contingent liabilities - Note 4.10 & 31
- Obligation of Staff retirement benefits - Note 5.2 & 25
- Estimation of provisions - Note 4.9
- Revenue from contract with customers - Note 4.13 & 32
- Current and deferred tax - Note 4.7
- Employee share option scheme - Note 4.14 & 19

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

Note 3

Changes in Accounting Standards, Interpretations and Pronouncements

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the

The following standards, amendments, and interpretations are effective for the year ended December 31, 2024. These standards, amendments and interpretations are either irrelevant to the Group operations or are not expected to significantly impact the Group financial statements other than certain additional disclosures.

Standard or Interpretation	Effective Date - Annual Periods
	Beginning on or After
IAS 21	January 01, 2025
Amendments to lack of exchangeability	

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 3, Changes in Accounting Standards, Interpretations and Pronouncements - Continued...

3.2 New accounting standards, amendments and interpretations that are not yet effective

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

Standard or Interpretation		Effective Date - Annual Periods
		Beginning on or After
IFRS 7 & 9	Amendments to Classification and Measurement of Financial Instruments	January 01, 2026
IFRS 7 & 9	Contracts referencing Nature-dependent Electricity	January 01, 2026
IFRS 1, 7, 9, 10 and IAS 7	Annual Improvements to IFRS Accounting Standards	January 01, 2026
IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements	January 01, 2026
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial	July 01, 2027
IFRS S2	Climate-Related Disclosures	July 01, 2027
IFRS 19	IFRS 19 'Subsidiaries Without Public Accountability: Disclosures'	January 01, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	July 01, 2027

3.3 Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Group, by the Securities and Exchange Commission of Pakistan (SECP) as at December 31, 2025:

IFRS 1	First Time Adoption of IFRS
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Note 4

Material Accounting Policy Information

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

4.1 Property and equipment

Property and equipment except freehold land and building on freehold land are stated at cost less accumulated depreciation and identified impairment losses, if any. Freehold land is stated at revalued amount less identified impairment loss, if any while building on freehold land is stated at revalued amount less accumulated depreciation and identified impairment loss, if any.

Any revaluation increase arising on the revaluation of land and buildings on freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building on freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property relating to a previous revaluation of that asset.

Each year, the incremental depreciation, the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost, and its related deferred taxation are transferred from surplus on revaluation of property to retained earnings. All transfers from surplus on revaluation of property are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is charged to profit or loss using straight line method so as to write off the historical cost of an asset over its estimated useful life at the rates specified in Note 6 without taking into account any residual value which is considered insignificant. Depreciation on assets is charged from the date of additions (i.e., the date when the asset is ready for use) up till the date of disposal.

The Group reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge.

Subsequent cost is included in the carrying amount of an asset 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. Day to day maintenance and normal repairs are charged to the profit or loss as and when incurred. Gains or losses on disposal of property and equipment are included in the current year's profit or loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

4.2 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. Cost may also include applicable borrowing costs. These are transferred to specific assets as and when these are available for use. All other repairs and maintenance are charged to profit or loss during the period in which these are incurred.

4.3 Intangible assets

Research and software products development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, it is probable that future economic benefits will flow to the Group, the Group has an intention and ability to complete and use or sell the software and cost can be measured reliably.

There are two components of intangible assets:

- a. In-house developed intangible assets
- b. Intangible assets acquired from market

(a) In-house developed intangible assets

The Group may capitalize certain computer software development costs in accordance with IAS-38 "Intangible Assets". Costs incurred internally to create a computer software product or to develop an enhancement to an existing product are charged to expense when incurred as research and development expense until technological feasibility for the respective product is established. Thereafter, all software development costs may be capitalized and reported at the lower of unamortized cost or recoverable amount. Capitalization will cease when the product or enhancement is available for general release to customers.

Amortization is charged on straight line basis over the useful life of the intangible assets. All intangible assets with an indefinite useful life are tested for impairment at each reporting date.

(b) Intangible assets acquired from market

Intangible assets acquired from market are stated at cost less accumulated amortization and identified impairment losses, if any.

Subsequent costs are included in the asset's carrying amounts 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 expenses are charged to profit or loss when they occur.

Amortization is charged by applying straight line method to write off the cost over the remaining useful life of the intangible assets unless such lives are indefinite. All intangible assets with an indefinite useful life are tested for impairment at each reporting date. Amortization is charged from the date the asset is acquired or capitalized until the date the asset is disposed for impairment. Rate of amortization is stated in note 7.2.

4.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such assets designation on a regular basis.

4.5 Balances from contract with customers

Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. The Group recognizes a contract asset for the earned consideration that is conditional if The Group performs by transferring goods to a customer before the customer pays consideration or before payment is due.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Group transfers goods to the customer.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprises cash in hand and cash at banks in current and savings accounts.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

4.7 Taxation

Income tax expense for the year comprises current and deferred tax and is recognized in profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing law in territories of respective group companies for taxation of income.

Deferred

Deferred tax is recognized using the reporting date liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases. Deferred tax liabilities are recognized for all major taxable temporary differences. Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized and income is taxable in respective territories of group companies.

4.8 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method.

4.9 Provisions

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

4.10 Contingent liability

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent liability is also disclosed when there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.11.1 Financial assets

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument.

Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Group classifies its financial assets at amortized cost. This classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

Initial recognition and measurement

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables and short term investments. Trade receivables are initially measured at the transaction price, if these do not contain significant financing component as per IFRS - 15.

Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to the profit or loss.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group's financial assets at amortized cost includes long-term loans and deposits, trade debts, due from related parties, and other receivables.

4.11.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

Subsequent measurement

The Group measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss when the liabilities are derecognized.

4.11.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.13 Revenue recognition

The Group is in the business of automation and engineering solutions. The products and services are sold on their own in separately identified contracts with customers and products together with services are sold in projects as one performance obligation. Revenue is recognized when the performance obligation is satisfied by applying the following five steps of revenue recognition:

- a) Identify the contract with a customer
- b) Identify the performance obligation in the contract
- c) Determine the transaction price of the contract
- d) Allocate the transaction price to each of the separate performance obligations in the contract
- e) Recognize the revenue as the Group satisfies a performance obligation

Sale of goods

Revenue from sale of goods is recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers. Payment is generally due within 90 days from delivery

Rendering of services

Maintenance and service income comprises revenue earned from service level agreements, where the customer enters into a contract with the Group for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements. The revenue from rendering of services is recognized over point of time. Payment is generally due within 120 - 180 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 4, Material Accounting Policy Information - Continued...

Project revenue

These comprise projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation, etc. Revenue from these projects is accounted for using cost to complete method, according to which the Group's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project. The Project revenue is recognized over time. Payment is generally due within 120 - 180 days from reaching a milestone as per the contract and acceptance by the customer. In some contracts, short-term advances are required before the services are provided under the contract. Contract assets and liabilities mainly arise from the projects as the Group recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

Commission Income

Commission income is earned when the Group charges its partners for the sale of items to third parties without the Group's involvement. Additionally, commission income is charged to related parties if the Group secures an order on their behalf. This income is recognized at a point in time when the Group becomes entitled to the commission, which occurs at the time of invoicing.

Fee for Technical Services

The fee for technical services is charged at a predetermine rate for the hours of engineers subcontracted to related parties for various projects. This fee is recognized as and when the services are rendered.

Back Office Support Revenue

Back Office Support revenue represents income generated from the administrative, operational, and support services provided by the Group to its subsidiaries. This revenue includes services related to management operations, IT and IT-enabled services, engineering, finance, accounting, bookkeeping, human resources, marketing, value creation, administrative support, procurement, logistics, corporate functions, and other office support activities. Revenue from these services is recognized over time as the services are provided.

4.14 Share based payment transactions

The Group operates an equity settled share based Employee Stock Option Scheme. The compensation committee of the Board of Directors of The Group evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Group shares at exercise price determined on the date of grant of options.

The fair value of options 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 related transaction costs, are recognized in equity by crediting share capital for the nominal value of the shares issued and share premium for the excess amount. The balance previously recognized in the share-based payment reserve during the vesting period is also transferred to share premium on the exercise date.

4.15 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.16 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal 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). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.17 Long term investments

In these consolidated financial statements of the Group, investments are measured under equity method and change in value is charged to profit or loss and comprehensive income.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 5

Other Accounting Policy Information

Other accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

5.1 Stock-in-trade

Stock in trade, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

5.2 Staff retirement benefits

The Group operates a defined contribution provident fund for its employees. Equal monthly contributions are made both by the Group and the employees to the fund at the rate of 10% of the basic salary.

Provision for staff benefits - Gratuity is made in accordance with the Labor law applicable in territories of subsidiaries and is determined as liability that would arise if the employment of all staff was terminated at the reporting date. Therefore, the valuation of this liability has not been undertaken.

5.3 Compensated absences

The Group also provide benefit to employees to accumulate earned leave and carries a provision for its liability in respect of accumulated leave. Employees are granted 14 days' leave each year. No leaves are carried forward to next year however if employee leaves during the year then they will get encashment on pro rata basis

5.4 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) 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. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.5 Dividend income

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

5.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Group has access as at that date. There are three levels which are as under:

Level 1

The Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

When there is no quoted price in an active market, the Group determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

Level 3

If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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Notes to and Forming Part of the Consolidated Financial Statements

Note 6

Property and Equipment

	Note	2025	2024
		--- Rupees in Thousand	
Operating fixed assets	6.1	796,021	795,7
Advance for purchase of assets	6.11	271,467	89,6
Right of use of assets	6.12	361,884	375,7
Capital work in progress		-	13,9
		<u>1,429,372</u>	<u>1,274,9</u>

6.1 Operating fixed assets

Year Ended December 31, 2025

Description	Freehold Land	Buildings on Freehold Land	Tools and Equipment	Furniture and Fixture	Office Equipment and Appliances	Computers	Vehicles	Total
--- Rupees in Thousands ---								
Cost / Revalued Amount								
Balance as at January 01, 2025	290,550	127,525	21,376	153,260	97,106	229,139	332,546	1,251,5
Additions	-	1,040	2,005	27,664	7,784	33,917	101,936	174,3
Disposals	-	-	-	-	(431)	(3,322)	(36,074)	(39,8
Exchange adjustment	-	-	16	1,327	2,236	79	77	3,7
Balance as at December 31, 2025	<u>290,550</u>	<u>128,565</u>	<u>23,397</u>	<u>182,251</u>	<u>106,695</u>	<u>259,813</u>	<u>398,485</u>	<u>1,389,7</u>
Accumulated depreciation								
Balance as at January 01, 2025	-	10,945	19,732	78,033	65,653	164,402	117,507	456,2
Charge for the year	-	4,880	1,015	28,291	10,459	44,141	81,317	170,1
Disposals / adjustments	-	-	-	-	(430)	(3,321)	(31,763)	(35,5
Exchange adjustment	-	-	15	1,113	1,605	70	71	2,8
Balance as at December 31, 2025	<u>-</u>	<u>15,825</u>	<u>20,762</u>	<u>107,437</u>	<u>77,287</u>	<u>205,292</u>	<u>167,132</u>	<u>593,7</u>
Balance as at December 31, 2025	290,550	112,740	2,635	74,814	29,408	54,521	231,353	796,0
Depreciation rates	-	2% - 5%	20%	20%	20%	33%	20%	

Year Ended December 31, 2024

Description	Freehold Land	Buildings on Freehold Land	Tools and Equipment	Furniture and Fixture	Office Equipment and Appliances	Computers	Vehicles	Total
--- Rupees in Thousands ---								
Cost / Revalued Amount								
Balance as at January 01, 2024	290,550	116,296	21,485	126,392	70,232	182,592	364,758	1,172,3
Additions	-	11,229	58	32,174	28,650	47,161	60,874	180,1
Disposals	-	-	-	(3,624)	(1,310)	-	(93,015)	(97,5
Exchange adjustment	-	-	(167)	(1,682)	(466)	(614)	(71)	(3,0
Balance as at December 31, 2024	<u>290,550</u>	<u>127,525</u>	<u>21,376</u>	<u>153,260</u>	<u>97,106</u>	<u>229,139</u>	<u>332,546</u>	<u>1,251,5</u>
Accumulated depreciation								
Balance as at January 01, 2024	-	6,154	18,256	56,871	57,460	120,955	131,725	391,4
Charge for the year	-	4,791	1,642	25,444	9,859	43,931	72,227	157,8
Disposals / adjustments	-	-	-	(3,616)	(1,310)	-	(86,374)	(91,3
Exchange adjustment	-	-	(166)	(666)	(356)	(484)	(71)	(1,7
Balance as at December 31, 2024	<u>-</u>	<u>10,945</u>	<u>19,732</u>	<u>78,033</u>	<u>65,653</u>	<u>164,402</u>	<u>117,507</u>	<u>456,2</u>
Balance as at December 31, 2024	290,550	116,580	1,644	75,227	31,453	64,737	215,039	795,2
Depreciation rates	-	2% - 5%	20%	20%	20%	33%	20%	

6.2 Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Description	Location	Total Area (Sq. ft.)
Head Office	The Avanceon Building, 19 km, Multan Road, Lahore.	40,558

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 6, Property and Equipment - Continued...

6.3 The depreciation charge for the year has been allocated as follows:

	Note	2025 --- Rupees in Thousands ---	2024
Cost of revenue	33	85,052	78,947
Administrative and selling expense	34	85,051	78,947
		<u>170,103</u>	<u>157,894</u>

6.4 Fair value of land and building as at December 31, 2022 was determined by 'Harvester Services (Private) Limited', an independent valuer who has valuation experience for similar assets. The management estimates that the fair value of revalued assets as at December 31, 2025 is not materially different from last years. The valuation for the year ended December 31, 2022 was performed based on proprietary databases of prices of transactions for assets of similar nature, location and condition.

6.5 Had there been no revaluation the net book values of revalued assets would have been as follows:

Freehold land	8,647	8,647
Buildings on freehold land	51,073	51,667
	<u>59,720</u>	<u>60,314</u>

6.6 The following methods and assumptions were used to estimate the fair values:

The significant inputs used in the fair value measurements categorized within Level 2 of the fair value hierarchy, together with a quantitative sensitivity analysis are as shown below:

Description	Valuation Technique	Significant Observable Inputs	Quantitative Date / Range (weighted average)
Land and building	Sales value comparison approach	Market enquiries and survey as per Kanal / Marla for land rates and per square foot	Nil

There are no movement between level 1, level 2 and level 3 assets.

6.7 The property and equipment include fully depreciated assets which are still in use of the Group, as outlined below:

	Note	2025 --- Rupees in Thousands ---	2024
Computers		83,614	49,966
Furniture		10,773	13,912
Office equipment		29,448	28,862
Tools and equipment		7,423	3,722
Vehicles		13,648	34,918
		<u>144,906</u>	<u>131,380</u>

6.8 All assets are in the name of the Group and in the Group's possession and control except for certain vehicles that are obtained through Diminishing Musharakah from different financial institutions having net book value amounting to Rs. 244.195 million (2024: Rs. 214.9 million).

6.9 The total carrying amount of property and equipment disposed of during the year does not exceed Rs. 5 million; therefore, the breakup has not been separately disclosed in the consolidated financial statements.

6.10 Borrowings of the Group are secured against hypothecation charge over certain fixed assets and mortgage of property amounting to Rs. 160 million and Rs. 380 million respectively (Note 29).

6.11 Advance for purchase of assets

Advance for purchase of land	6.11.1	244,830	89,640
Advance for purchase of Vehicles	6.11.2	26,637	-
		<u>271,467</u>	<u>89,640</u>

	2025			
	Balance as at January 01, 2025	Payments made during the year	Transfer to operating fixed assets	Balance as at December 31, 2025
	---Rupees in Thousands---			
Advance for purchase of land	89,640	155,190	-	244,830
Advance for purchase of vehicles	-	26,637	-	26,637
	<u>89,640</u>	<u>181,827</u>	<u>-</u>	<u>271,467</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 7, Intangible Assets – Continued...

7.2 Software

		2025	2024
	Note	--- Rupees in Thousands ---	(Re-arranged)
Net book value			
Opening balance		402,001	420,814
Additions during the year		-	23,775
Amortisation for the year	33 & 34	(47,842)	(42,588)
Exchange gain		711	-
Net book value as at December 31,		<u>354,870</u>	<u>402,001</u>
Carrying value as at December 31,			
Cost		525,838	525,838
Accumulated amortisation		(170,968)	(123,837)
Net book value		<u>354,870</u>	<u>402,001</u>
Annual rate of amortisation (%)		<u>20%</u>	<u>20%</u>

7.2.1 Amortisation charge for the year has been allocated to Cost of Revenue (Note 33) and Administrative and Selling Expense respectively (Note 34).

7.3 Goodwill arising from the acquisition of Empiric AI (Private) Limited has been recognised as follows :

Consideration transferred	7.3.2	440,023	440,023
Fair value of identifiable net assets at the date of acquisition		(218,213)	(218,213)
Goodwill		<u>221,810</u>	<u>221,810</u>

7.3.1 The goodwill is attributable to the skills and technical talent of Empiric AI (Private) Limited's workforce and the synergies expected to be achieved from integrating it into the Group's existing Standard Artificial Intelligence business. None of the goodwill recognised is expected to be deductible for tax purposes.

7.3.2 This goodwill also includes Rs. 250.925 million (2024: Rs. 250.925 million) fair value adjustment on intangible acquired at the time of acquisition of Empiric AI (Private) Limited.

7.4 This relates to the development of software for providing digital services.

Note 8

Long Term Investments

	2025	2024
	--- Rupees in Thousands ---	
At equity method		
SAR 5,435,873 (2024: SAR 5,120,285)		
Equity held 60% (2024: 60%)		
- Opening balance	379,669	113,084
- Share of profit from joint venture	23,661	179,514
- Seed capital payment	-	89,232
- Exchange gain / (loss)	3,274	(2,161)
	<u>406,604</u>	<u>379,669</u>

8.1 This represents the investment in Avanceon Arabia for Information Technology Company ("the AAITC") a mixed limited liability company registered on 04/19/1444 AH (corresponding to November 13, 2022G) under Commercial Registration Number 2051244629. AAITC is engaged in repairs and maintenance of relays and industrial controls, installation of industrial process control equipment, analysis of systems, designing and programming special software, providing management and control service of communication and information networks, registration to provide cloud computing services, and project management activities related to energy efficiency.

8.2 This is a joint venture between Avanceon Saudi Energy Company and Zamil Operations Limited in ratio of 60% and 40% respectively.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 9

Long Term Deposits and Loans

		2025	2024
	Note	--- Rupees in Thousands ---	
Security deposits	9.1	76,889	82,205
Loan to employees	9.2	-	400
		<u>76,889</u>	<u>82,605</u>
Less: Current portion of loan to employees		-	(400)
		<u>76,889</u>	<u>82,205</u>

9.1 These are interest free deposits against utilities, tender monies and lease facilities, in the normal course of business.

9.2 These represent interest-free loans provided to executives for purchase of vehicles, in line with the policy and terms of their employment. These loans are secured against the staff provident fund, and are recoverable in equal monthly installments. The fair value adjustment required under IFRS 9 (Financial Instruments: Recognition and Measurement) is considered immaterial and thus not recognized in these consolidated financial statements

Note 10

Deferred Tax Assets

		2025	2024
		--- Rupees in Thousands ---	
Deductible temporary differences			
Expected credit loss allowance		389,163	233,647
Business losses		266,750	117,945
Unabsorbed depreciation and amortisation		27,078	13,254
Others		4,585	4,544
Employee compensation reserve		41,087	97,727
Accelerated tax depreciation / amortization		10,770	-
Taxable temporary difference			
Accelerated tax depreciation / amortization		-	(59,951)
Deferred tax asset		<u>739,433</u>	<u>407,166</u>
Un recognized deferred tax assets		<u>(706,628)</u>	<u>(374,469)</u>
Net deferred tax asset / (liability)		<u>32,805</u>	<u>32,697</u>

10.1 Reconciliation of deferred tax liability / (asset) net

Opening balance	32,697	33,929
Tax income / (expense) recognized in profit and loss	-	(1,232)
Tax income recognized in other comprehensive income	-	-
Exchange difference during the year	108	-
Closing balance	<u>32,805</u>	<u>32,697</u>

10.2 Being prudent the Group decided not to record deferred tax asset on provisions and tax losses amounting to Rs. 706.628 million (2024: Rs. 374.649 million). Business tax losses available against which deferred tax asset has not been recognized, will expire as follows:

Tax Year	Business Losses	Tax Year in Which Loss Will Expire
--- Rupees in Thousands ---		
2022	167,453	2028
2023	185,605	2029
2024	16,467	2030
2025	900,713	2031
	<u>1,270,238</u>	

10.3 Deferred tax assets / liabilities on temporary differences are measured at different effective rates due to the local laws of the Group companies.

Note 11

Stock In Trade

		2025	2024
	Note	--- Rupees in Thousands ---	
Stock in trade	11.1	<u>238,729</u>	<u>173,619</u>

11.1 As mentioned in Note 29, short term borrowings of the Company are secured by way of first pari passu and ranking charge on present and future current assets of the Company (including stock in trade).

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 12

Trade Debts

	2025	2024
	--- Rupees in Thousands ---	
Trade debts	9,339,798	7,410,682
Less: Allowance for ECL / written off	<u>(259,880)</u>	<u>(278,747)</u>
	<u>9,079,918</u>	<u>7,131,935</u>
12.1 Allowance for expected credit loss		
Opening balance	278,747	375,802
Add: Provision for the year	176,052	-
Less: Reversal for the year	<u>(101,584)</u>	<u>(77,095)</u>
	353,215	298,707
Written off during the year	(105,468)	-
Foreign exchange movement	12,133	(19,960)
Closing balance	<u>259,880</u>	<u>278,747</u>
12.2 Ageing of trade debts		
Less than one year	6,257,665	4,965,157
One to two years	2,988,735	2,371,418
Two to three years	93,398	74,107
	<u>9,339,798</u>	<u>7,410,682</u>

Note 13

Contract Assets

	2025	2024
	--- Rupees in Thousands ---	
Contract assets	8,137,112	9,565,166
Less: Allowance for ECL / written off	<u>(363,496)</u>	<u>(245,363)</u>
	<u>7,773,616</u>	<u>9,319,803</u>
13.1 Provision for expected credit loss		
Opening balance	245,363	238,243
Add: Provision for the year	250,134	27,325
Less: Reversal for the year	<u>(83,178)</u>	<u>-</u>
	412,319	265,568
Written off during the year	(48,606)	-
Foreign exchange movement	(217)	(20,205)
Closing balance	<u>363,496</u>	<u>245,363</u>

Note 14

Advances, Deposits, Prepayments And Other Receivables

	2025	2024
	--- Rupees in Thousands ---	
Advances - considered good		
- To employees	177,396	189,484
- To suppliers	<u>1,334,097</u>	<u>844,621</u>
	1,511,493	1,034,105
Prepayments	22,695	82,825
Margin paid against bank guarantees / letters of credit	742,344	830,461
Tax refunds due from government	123,250	101,760
Retention money	2,090,396	1,381,609
Other receivables - considered good	<u>28,907</u>	<u>14,506</u>
	<u>4,518,985</u>	<u>3,445,266</u>

14.1 This includes advance given to the CEO of the Group amounting to Rs. 3.625 million (2024: Rs. 2.458 million) and directors of the Group amounting to Rs. 0.424 million (2024: Rs. 0.845 million).

Note 15

Short term Investment

	2025	2024
	--- Rupees in Thousands ---	
At amortized cost		
Term deposit receipt - National Bank of Fujairah	786	100,233
At fair value through profit or loss		
Investment in MCB Fund	577	539
	<u>1,363</u>	<u>100,772</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 15, Short term Investment - Continued...

15.1 These represent term deposits receipts of National Bank of Fujairah having maturity of 12 months (2024: 12 months) carrying mark-up @ 3.93% (2024: 3.93%) per annum. This investment is pledged against trust receipts obtained from National Bank of Fujairah to the extent of AED 1,313,842 (2024: AED 1,313,842).

15.2 This represents investment in MCB Fund, comprising 5,803 units (2024: 5,145 units) @ Rs. 99.43 per unit (2024: Rs. 104.76 per unit).

Note 16

Cash and Bank Balances

		2025	2024
	Note	--- Rupees in Thousands ---	
Cash in hand		1,971	454
Bank balances:	16.1		
Local currency:			
- Current accounts		144,468	20,516
- Mark - up based deposits and saving accounts	16.2	756	7,089
		145,224	27,605
Foreign currency:			
- Foreign - current accounts		938,027	728,689
	16.3	1,085,222	756,748

16.1 This includes balances maintained with Shariah-compliant banks amounting to Rs. 8.533 million (2024: Rs. 8.930 million).

16.2 Saving accounts yield interest / profit at floating rates based on daily bank deposit rates of 9.5% (2024: 13.5% per annum).

16.3 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the consolidated statement of cash flows.

Note 17

Issued, Subscribed and Paid up Share Capital

2025		2024			2025	2024
Number of Shares				Note	--- Rupees in Thousands ---	
57,166,850	57,166,850	Ordinary shares of Rs. 10 each fully paid in cash			571,669	571,669
343,257,775	343,257,775	Ordinary shares of Rs. 10 each fully paid bonus shares	17.1		3,432,578	3,432,578
21,984,253	14,598,206	Issued against Employees' Share Option Schemes	17.1		219,842	145,981
<u>422,408,878</u>	<u>415,022,831</u>		17.4		<u>4,224,089</u>	<u>4,150,228</u>

17.1 This includes shares issued under Employees' Share Option Schemes amounting to Rs. 46.755 million (2024: Rs. 46.755 million) under ESOS - I, Rs. 25.999 million (2024: Rs. 25.999 million) under ESOS - II, Rs. 16.303 million (2024: Rs. 16.303 million) under ESOS - III, Rs. 47.499 million (2024: Rs. 47.499 million) under ESOS - IV, and Rs. 83.286 million (2024: Rs. 9.425 million) under ESOS - V.

17.2 Movement in number of shares during the year :

Opening balance	415,022,831	376,297,850
Shares issued under Employees' Share Options Schemes during the year	7,386,047	995,633
Bonus shares issued during the year	-	37,229,348
Closing balance	<u>422,408,878</u>	<u>415,022,831</u>

17.3 All ordinary shares rank equally with regard to residual assets of the Holding Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Holding Company. Voting and other rights are in proportion to the shareholding.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 17, Issued, Subscribed and Paid up Share Capital - Continued...

17.4 Shares held by related parties are as follows:

Name of Related Party	Relationship	2025		2024	
		(Percentage)		(Number of Shares)	
Mr. Bakhtiar Hameed Wain	Director	58.40%	59.44%	246,677,799	246,677,799
Mr. Amir Wain	Director	10.28%	10.47%	43,435,362	43,435,362
Mr. Tarveer Karamat	Director	0.60%	0.52%	2,519,596	2,159,137
Ms. Faaria Rehman Salahuddin	Director	0.00%	0.00%	1,000	1,000
Mr. Muhammad Shahid Mir	Director	0.00%	0.07%	1,000	300,000
Ms. Selina Saadia Rashid Khan	Director	0.00%	0.00%	1,000	-
Mr. Khalid Wain	Director	0.00%	0.00%	2	2
				<u>292,635,759</u>	<u>292,573,300</u>

Note 18

Share Premium

	Note	2025	2024
		--- Rupees in Thousands ---	
Opening balance		508,405	450,915
Employees' Share Option Scheme		366,429	57,490
	18.1	<u>874,834</u>	<u>508,405</u>

18.1 This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

Note 19

Employees' Share Compensation Reserve

	Note	2025	2024
		--- Rupees in Thousands ---	
Share options scheme V	19.3	155,440	370,740
Employees' share compensation reserve - Octopus Digital Limited	19.4	77,867	37,484
		<u>233,307</u>	<u>408,224</u>

19.1 The Holding Company introduced five Employees' Share Option Schemes (ESOS), all approved by the Securities and Exchange Commission of Pakistan (SECP). Out of these, four schemes - ESOS-I (2013), ESOS-I (2016), ESOS-III (2018), ESOS IV(2019), have been closed and fully concluded.

19.2 Share options scheme III

Employees' Share Option Scheme, 2018 was approved by SECP on July 23, 2018 which comprises an entitlement pool of 1.75 million shares. Under the scheme, share options of the Holding Company are granted to employees of level MT-1 and 2 (with minimum seven years regular service) and MT-3 and above. The share options are exercised within one year after the one year vesting period and therefore, the contractual term of each option granted is two years. The exercise price of the share options is Rs. 10 for options issued in 2018; Rs. 10.5 in 2019; Rs. 11.03 in 2020; Rs. 11.58 in 2021 and Rs. 12.15 in 2022. Movement in the amount of options granted is as follows:

Balance as at January 01,	-	3,729
Employee compensation expense	-	-
Transfer to share capital on issuance of shares during the period	-	(3,729)
Balance as at December 31,	-	-

The following table illustrates the number, weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2025		2024	
	Number	WAEP	Number	WAEP Rupees
Outstanding as at January 01,	-	12.15	53,125	12.15
Forfeited during the year	-	-	-	12.15
Exercised during the year	-	12.15	(53,125)	12.15
Outstanding as at December 31,	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable as at December 31,	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The weighted average share price at the date of exercise of these options was Rs. Nil (2024: Rs. 58.80).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2025 was Nil years (2024: Nil years).

The range of exercise price for options outstanding at the end of the year was Rs. Nil (2024: Nil).

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 19, Employees' Share Compensation Reserve - Continued...

19.3 Share options scheme V

The Holding Company's Employees' Share Option Scheme, 2022, was approved by SECP on January 05, 2022, which comprises an entitlement pool of 10% of the paid-up capital of the Holding Company as increased from time to time. Under the scheme, share options of the Holding Company will be granted to permanent employees of all cadres based on the performance ranking process of the Holding Company. The share options can be exercised within a period of a maximum of six months from the expiry of the minimum vesting period. The minimum vesting period is 12 months from the date of grant of options.

The exercise price of an option shall be determined from time to time by the Board of Directors of the Holding Company at the time of grant of option(s), which shall be calculated as the weighted average of the closing quoted market price of the share of the Holding Company for the last 90 consecutive calendar days immediately preceding the date of entitlement of option(s). Provided further that options can be issued at a maximum discount of 90% of the weighted average of the closing market price of the share of the Holding Company for the last 90 consecutive calendar days immediately preceding the date of entitlement of option(s) as determined by the Board. The exercise price shall not be in any case less than the face value of Rs. 10 per share. Movement in the amount of options granted is as follows:

	2025	2024
	--- Rupees in Thousands ---	
Balance as at January 01,	408,223	174,218
Employee compensation expense	191,513	287,652
Transfer to share capital on issuance of shares during the period	(366,429)	(53,647)
Balance as at December 31,	<u>233,307</u>	<u>408,223</u>

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2025		2024	
	Number	WAEP	Number	WAEP Rupees
Outstanding as at January 01,	11,077,921	10	5,724,392	10
Granted during the year	2,286,316	10	7,849,608	10
Forfeited during the year	(104,222)	10	(1,553,571)	10
Exercised during the year	(7,386,047)	10	(942,508)	10
Outstanding as at December 31,	<u>5,873,968</u>		<u>11,077,921</u>	10
Exercisable as at December 31,	<u>5,873,968</u>		<u>11,077,921</u>	

The fair value of options granted during the year was Rs. 39.49 (2024: Rs. 55.67).

The weighted average share price as at the date of exercise of these options was Rs. 54.33 (2024: Rs. 55.67).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2025 was 3 years (2024: 1.7 years).

The range of exercise price for options outstanding as at the reporting date was Rs. 10 (2024: Rs. 10).

The following table presents the key inputs used in the valuation models for the plans for the years ended December 31, 2025 and 2024, respectively:

	2025	2024
Expected volatility (%)	22%	45%
Risk-free interest rate (%)	12%	13%
Expected life of share options	3.0	1.7
Weighted average share price	39.49	55.67
Model used	Black Scholes	

19.4 Employees' Share Compensation Reserve - Octopus Digital Limited

Employees' Share Option Scheme, 2022 was approved by SECP on March 04, 2022 which comprises an entitlement pool of 10% of the paid-up capital of Octopus Digital Limited (ODL) as increased from time to time. As of December 31, 2021, the pool consisted of 13.675 million shares. Under the scheme, share options of the ODL will be granted to permanent employees of all cadres based on the performance ranking process of ODL. The share options can be exercised within a period of maximum six months from the expiry of the minimum vesting period. The minimum vesting period is 12 months from the date of grant of options. Exercise price of an option shall be determined from time to time by the Board of Directors of ODL at the time of grant of option(s), which shall be calculated as the weighted average of the closing quoted market price of the share of ODL for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s). Provided further that options can be issued at a maximum discount of 90% of the weighted average of the closing market price of the share of ODL for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s) as determined by the Board. The exercise price shall not be in any case less than face value of Rs. 10 per share.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 19, Employees' Share Compensation Reserve - Continued...

Measurement of fair value

ODL uses "Black Scholes Pricing Model" to determine the fair value of options at the grant date. Fair value at grant date of the equity settled share based arrangement was calculated using the following assumptions:

	2025	2024
Total number of options granted	3,820,106	2,591,656
Average per option fair value at the grant date	41.485	62.66
Exercise price per option	10	10
Annual rate of quarterly dividends	0%	0%
Average discount rate - bond equivalent yield	12%	10%
Average Annual volatility	36%	111%

Out of the total 3.820 million options granted, the directors and executives are entitled to 0.945 million (2024: 0.68 million) and 2.875 million (2024: 1.912 million) options respectively.

Note 20

Statutory Reserve

	2025	2024
Note	--- Rupees in Thousands ---	
Statutory reserve	20.1 <u>3,227</u>	<u>3,227</u>

- 20.1** The statutory reserve is established in accordance with the Saudi Commercial Companies Law, which requires that entities in Saudi Arabia allocate 10% of their annual net income to statutory reserves until it reaches 30% of the share capital. This reserve is not distributable. Accordingly, the Group has established reserves for its entity operating within Kingdom of Saudi Arabia in compliance with this law.

Note 21

Surplus on Revaluation of Property

	2025	2024
Note	--- Rupees in Thousands ---	
Freehold land	279,466	279,466
Buildings on freehold land	48,733	51,170
	328,199	330,636
Transferred to retained earnings in respect of net incremental depreciation - net of deferred tax	(2,315)	(2,437)
Closing balance - net of tax	21.1 <u>325,884</u>	<u>328,199</u>

- 21.1** This represents the surplus over book values resulting from revaluation of land and building, adjusted by incremental depreciation arising out of revaluation of building. Freehold land and buildings are revalued every 3 to 5 years by an independent valuer based on fair market value. The revaluation surplus is net of applicable deferred taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

- 21.2** The surplus on revaluation of property is not available for distribution to shareholders in accordance with section 241 of the Companies Act, 2017.

- 21.3** Latest revaluation was carried out on December 31, 2022, by an independent valuer, using the depreciated current replacement value method resulting in net revaluation surplus of Rs. 67.05 million on land and Rs. 13.62 million in respect of building on freehold land.

Note 22

Non-Controlling Interest

	2025	2024
Note	--- Rupees in Thousands ---	
Octopus Digital Limited (ODL)	22.1 689,990	683,546
Avanceon Automation and Control W.L.L (AVAC)	22.2 <u>3,062</u>	<u>3,062</u>
	<u>693,052</u>	<u>686,608</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 22, Non-Controlling Interest - Continued...

22.1 The following summarizes the information relating to Octopus Digital Limited (ODL) before any intra-group eliminations:

	2025	2024
	--- Rupees in Thousands ---	
Non-current assets	1,055,735	824,053
Current assets	2,095,869	2,212,365
Current liabilities	(369,990)	(324,320)
Non-current liabilities	(16,867)	(12,810)
Net asset	2,764,747	2,699,288
Less: Employee share reserve	(77,865)	(37,479)
	<u>2,686,882</u>	<u>2,661,809</u>
Net asset attributable to NCI	<u>689,990</u>	<u>683,546</u>
Revenue	1,212,399	1,266,023
Total comprehensive income for the year	28,896	205,025
Total comprehensive income allocated to NCI	<u>7,420</u>	<u>52,650</u>
Net cash generated from operating activities	355,970	241,355
Net cash used in investing activities	(272,134)	(261,810)
Net cash (used in) / generated from financing activities	(6,751)	3,580
Net increase / (decrease) in cash and cash equivalents	<u>77,085</u>	<u>(16,875)</u>

22.2 The non-controlling interest represents the other party's share in the of AVAC in accordance with the shareholders' agreement. The other party has no entitlement to the net assets of the Company on liquidation, which accrue entirely to AVN. Accordingly, the non-controlling interest is measured at its 3% share of the AVAC's share capital, with no allocation of other net assets.

Note 23

Long Term Diminishing Musharaka

		2025	2024
	Note	--- Rupees in Thousands ---	
Diminishing musharaka finance - secured	23.1	202,487	170,591
Less: Current portion		(74,876)	(58,209)
Closing balance		<u>127,611</u>	<u>112,382</u>

23.1 The Holding Company acquired certain vehicles under the diminishing musharaka financing arrangements from certain financial institutions for a period of 60 months. The financing facilities are secured through post-dated cheques for all installments, equity contributions as required under the respective arrangements, and the vehicles financed under these facilities. The effective rate of profit is 3 to 6 months KIBOR plus spread of up to 2.25% with floor rate of 5% (2024: 3 to 6 months KIBOR plus spread of up to 2.25% with floor rate of 5%).

Note 24

Lease Liability

	2025	2024
	--- Rupees in Thousands ---	
Opening balance	163,860	170,621
Add: additions during the year	-	-
Add: finance cost	12,792	14,043
Less: payments made	(53,767)	(18,244)
Foreign exchange adjustment	653	(2,560)
Closing balance	123,538	163,860
Less: Current portion	(564)	(48,586)
	<u>122,974</u>	<u>115,274</u>

24.1 Maturity Analysis of Contractually undiscounted cash flows

Up to one year	564	48,586
2-5 Years	122,974	115,274
More than 5 years	-	-
	<u>123,538</u>	<u>163,860</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 24, Lease Liability – Continued...

24.2 Summary of accounts relating to lease charged in different line items of the financials statements is as follow:

	Included in	Note	2025	2024
			--- Rupees in Thousands ---	
Carrying value of ROU assets	Statement of financial position	6.12	361,884	375,798
Depreciation charge	Cost of revenue	33	-	(18,088)
Depreciation charge	Administrative and selling expense	34	(36,608)	(18,088)
Interest expense	Finance cost	37	(12,792)	(14,043)
Payments	Statement of cash flows		(53,767)	(18,244)

Note 25

Provision for Gratuity

	Note	2025	2024
		--- Rupees in Thousands ---	
Opening balance		333,149	294,906
Charge for the year		57,575	57,192
Payments during the year		(16,192)	(14,532)
Foreign exchange movement		(428)	(4,417)
Closing balance	25.1	<u>374,104</u>	<u>333,149</u>

25.1 Provision for gratuity is made in accordance with the Labour law of respective jurisdiction of foreign subsidiaries and is determined as liability that would arise if the employment of all staff was terminated as at the reporting date. However, the management has assessed that the impact of the actuarial valuations is not material to these financial statements.

Note 26

Long Term Loan

	Note	2025	2024
		--- Rupees in Thousands ---	
Long-term loan	26.1	61,372	121,347
Less: current portion of long term loan		(25,143)	(25,106)
Closing balance		<u>36,229</u>	<u>96,241</u>

26.1 This represents loan of AED 2,220,808 obtained from National Bank of Fujairah, UAE for the purchase of land from Ms. Bakers Circle Middle East Co. in JAFZA, UAE mentioned in the Bank offer Letter with the sanctioned Limit of AED 2,240,000. It carries a mark-up at the NBF prime rate, being the 1-month EIBOR plus 5% per annum, subject to a minimum of 8% per annum.

This facility is secured against registered mortgage / assignment of lease over the property on Plot No: MO0240, JAFZA, UAE in favour of bank for a minimum value of AED 2,240,000 and assignment of insurance policy over the Mortgaged Property. (Plot MO0240, JAFZA,UAE). This loan is to be repaid in 84 equal monthly instalments commencing from October 2022.

Note 27

Creditors, Accrued and Other Liabilities

	Note	2025	2024
		--- Rupees in Thousands ---	
Trade creditors		6,105,153	6,201,294
Accrued expenses		751,501	471,355
Payable to provident fund		142,089	53,986
Employee share portion - vehicle		134,980	113,488
Withholding tax		289,563	536,578
Accrued markup		16,190	19,269
Payable to related parties	27.1	1,450,513	850,200
Other payable		70,155	193,443
		<u>8,960,144</u>	<u>8,439,613</u>

27.1 Payable to related parties

Arkan Integrated Development L.L.C - Commission payable	121,746	105,684
Innovative Travels (Private) Limited	1,320	1,320
Avanceon Arabia for Information-Tech Company	1,327,447	743,196
	<u>1,450,513</u>	<u>850,200</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 28

Contract Liabilities

	2025	2024
	--- Rupees in Thousands ---	
Advances from customers	69,331	306,326
Billings in excess of earnings	1,384,068	1,850,392
	<u>1,453,399</u>	<u>2,156,718</u>

28.1 Movement of contract liabilities is as follows:

Opening balance	2,156,718	1,947,834
Addition during the year	6,136,964	6,528,977
Recognized as revenue during the year	(6,830,762)	(6,960,352)
Foreign exchange movement	(9,521)	640,259
Closing balance	<u>1,453,399</u>	<u>2,156,718</u>

28.2 The advance from customer represents the obligation to transfer goods to customers for which the Group has received consideration in advance. The billings in excess of earnings represent project solutions and services fee invoiced in advance. This amount pertaining to project solutions and services is transferred to revenue over time.

Note 29

Short Term Borrowings

		2025	2024
	Note	--- Rupees in Thousands ---	
Banking companies and other financial institutions (secured) - Local	29.1	286,120	342,621
Banking companies and other financial institutions (secured) - Foreign	29.2	2,357,805	970,811
Islamic mode of financing (secured) - Local		99,918	99,865
Director's loan	29.3	285,406	90,000
		<u>3,029,249</u>	<u>1,503,297</u>

29.1 Terms and conditions of borrowings

Purpose

The Holding Company has obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 1,950 million (2024: Rs. 1,180 million) to meet the working capital requirements, export invoice finance, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

Markup

Mark-up on these facilities is charged using 1 to 3 months KIBOR + spread of up to 3% (2024: Relevant months KIBOR + spread of up to 2.25%) per annum, payable on quarterly basis in arrears.

Securities

These facilities are secured by way of joint pari passu charge and ranking hypothecation charge over present and future current assets of the Holding Company, lien over the title of imported goods, mortgage over the CEO's residential property and personal guarantees of sponsor directors.

29.2 Foreign Loan

Purpose

The Foreign Subsidiary Companies have obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,759 million (2024: Rs. 2,514 million) to meet the working capital requirements, export invoice finance, retirement of local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

Markup

Mark-up on these facilities is charged using 4.5% per annum over the prevailing 3-month EIBOR, subject to a minimum rate of 9% per annum (2024: 3 to 6 months EIBOR+ spread of 2% to 7%) per annum, payable on quarterly basis in arrears.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 29, Short Term Borrowings- Continued...

Securities

The total facilities are secured through a combination of measures, including a pledge over certain fixed deposits, the assignment of receivables, post dated cheques a property all-risk insurance policy over fixed assets and hypothecation charges over stock-in-trade. Additional securities include the personal guarantee of a sponsor director, cross-corporate guarantees among Group entities duly supported by Board Resolutions, the subordination of the director's loan, if any, and current account balances in favor of the financing institutions. Repayment terms are governed by the respective loan agreements and include periodic principal repayments subject to compliance with the covenants.

- 29.3** This represents unsecured loan obtained from director of the Company amounting to Rs. 285.41 million (2024: Rs. 90 million) for acquisition of land (refer to Note 6.11.1). This loan is interest free and is repayable on demand.

Note 30

Unclaimed Dividend

	Note	2025	2024
		--- Rupees in Thousands ---	
Opening balance		163,298	167,918
Declared during the year		-	754,587
Paid during the year		(20,757)	(759,207)
Closing Balance	30.1	<u>142,541</u>	<u>163,298</u>

- 30.1** This includes dividend payable to the Chief Executive, Mr. Bakhtiar Hameed Wain amounting to Rs. 137.010 million (2024: Rs. 143.15 million)

Note 31

Contingencies and Commitments

31.1 Holding Company [AVN]

Contingencies:

- (a) Additional Commissioner, Enforcement, PRA has issued order dated January 25, 2021 u/s 24(2) of the Punjab Sales Tax on Services Act, 2012 for tax period 2019-20 and raised a demand of Rs. 43.480 million. AVN has filed an appeal to the Commissioner Inland Revenue (CIR - A) PRA. The proceedings are pending as of the reporting date and no recovery notice has been received so far. Based on the legal advisor's opinion indicating a favorable outcome, no provision has been recorded in these consolidated financial statements.
- (b) For the period 2018 to 2024, AVN received a notice from the Punjab Revenue Authority (PRA) issued by an Enforcement Officer under Section 57(2) of the PRA Act, 2012, requesting the submission of information relating to payments made for technical services or royalty to non-resident persons. AVN has furnished the requested information and supporting documentation to PRA. As the notice is informational in nature and no demand or penalty has been raised, the management believes that the matter does not have any financial implications for the Group and is expected to be resolved in accordance with the Group's expectation.
- (c) The Assistant Commissioner Inland Revenue of the Federal Board of Revenue issued a notice under Rule 44(4) dated January 21, 2020 for the tax year 2019, seeking reconciliation of total payments made and tax withheld by the taxpayer. AVN submitted a detailed response along with the relevant supporting documentation. Subsequently, a notice under Section 161(1A) of the Income Tax Ordinance, 2001 dated February 13, 2020 was issued, to which AVN duly responded. Thereafter, the Tax Officer passed an order under Section 161(1A) dated November 28, 2025, creating a tax demand of Rs. 6.023 million. Being aggrieved, AVN filed an appeal before the Commissioner Inland Revenue (Appeals), who upheld the order of the assessing officer. AVN has further filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner Inland Revenue (Appeals), which is currently pending adjudication. Based on the opinion of the Group's tax consultants, the management expects a favorable outcome; accordingly, no provision has been recorded in these consolidated financial statements.
- (d) A notice was issued by the Sindh Revenue Board (SRB) regarding a difference of Rs. 51.392 million between sales reported in AVN's unconsolidated financial statements and the amounts declared in SRB returns for the financial years 2019, 2020, and 2021. AVN submitted a detailed reply along with a reconciliation vide letter No. 886 dated January 25, 2023. No order has been passed by SRB to date. Based on the management's assessment, the Group expects a favorable outcome of the matter; accordingly, no provision has been recorded in these consolidated financial statements.

AVN

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 31 , Contingencies and Commitments- Continued...

- (e) The Additional Commissioner Inland Revenue of the Federal Board of Revenue issued a notice under Section 122(9) of the Income Tax Ordinance, 2001 dated April 17, 2024 for the tax year 2018, seeking clarification and supporting documentation. AVN submitted a detailed response along with the required documentary evidence; however, the Additional Commissioner subsequently passed an order dated June 30, 2024, raising a tax demand of Rs. 90.44 million. Being aggrieved by the order, AVCN filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). After hearing the arguments of both parties, the ATIR remanded the matter to the tax authorities, observing that the assessment order suffered from material defects and was not sustainable. Subsequently, a reassessment notice dated December 3, 2025 was issued requiring AVN to participate in the proceedings and submit its response. AVN has duly complied with the requirements within the prescribed time; however, the reassessment order remains pending with the Additional Commissioner Inland Revenue. Based on the opinion of the Group's tax advisors, the management expects a favorable outcome and, accordingly, no provision has been recorded in these consolidated financial statements in respect of this matter.
- (f) AVN received a notice from the Federal Board of Revenue issued by the Deputy Commissioner Inland Revenue, allowing AVN to submit a response along with supporting documentation prior to the imposition of any default surcharge under Section 205 or penalty under Section 182 of the Income Tax Ordinance, 2001. In response, AVN submitted a detailed explanation with all relevant documents, which reflected no default surcharge and a refund entitlement of Rs. 23.536 million. The matter is currently under review; however, the management expects the final outcome to be consistent with the Group's computations, and accordingly, no provision has been recorded in these consolidated financial statements.
- (g) AVN has instituted a suit for declaration and permanent injunction against WAPDA and others before the Civil Court, Lahore, in respect of an alleged electricity theft recovery. The Court has restrained recovery pending final adjudication. The case file was destroyed in a fire incident at Aiwan-e-Adal (Civil Courts), Lahore, and an application for reconstruction is currently pending; proceedings shall resume upon reconstruction of the record. The next date of hearing is 31 March 2026. Based on legal advice, management expects a favorable outcome. The estimated maximum financial exposure ranges from Rs. 1.302 million to Rs. 12.878 million. Based on the opinion of the Group's legal advisors, the management expects a favorable outcome and, accordingly, no provision has been recorded in these consolidated financial statements in respect of this matter.

Commitments:

- (a) Bank guarantees have been issued amounting to Rs. 208.400 million (2024: Rs. 352.173 million) against the performance of various contracts.
- (b) Letters of credit outstanding as at the reporting date amounts to Rs. 218.997 million (2024: Rs. 121.588 million) which relates to import acceptance bills.
- (c) Capital Commitments outstanding as at the reporting date amounts to Rs. 603.570 million (2024: Rs. 758.760 million).

31.2 Subsidiaries:

Contingencies:

Octopus Digital Limited:

During the year 2025, ODL received a notice under Section 205/137(1) for Tax Year 2024 from the Deputy Commissioner Inland Revenue for alleged failure to pay tax with the return, proposing a default surcharge of Rs. 1.560 million. ODL submitted a detailed reply along with its computation of the default surcharge amounting to Rs. 0.434 million. The matter is currently under consideration by the tax authorities, and based on the opinion of the Group's legal counsel, the management expects that the final outcome will be in line with the Group's computation; accordingly, no further provision has been recognized in these consolidated financial statements.

Commitments:

This represents ongoing business obligations that fall within the normal course of operations. Except for the items listed below, there are no other known commitments in the financial statements of the subsidiary as of the reporting date:

Avanceon Automation and Control (AVAC)

	2025	2024
	--- Rupees in Thousands ---	
Bank guarantees	1,911,001	1,698,959
Letter of credit	-	90,062
Post dated cheques	363,130	395,405
	<u>2,274,131</u>	<u>2,184,426</u>

Avanceon FZE

Bank guarantees	399,768	554,119
Letter of credit	217,390	308,691
Post dated cheques	109,045	-
	<u>726,203</u>	<u>862,810</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 32

Revenue from Contracts with Customers

	2025	2024
	--- Rupees in Thousands ---	
Revenue from contracts with customers - net	15,885,492	16,156,098
32.1 Country wise breakup of revenue is:		
Pakistan	2,015,225	2,793,865
United Arab Emirates	6,390,264	5,628,288
Qatar	5,672,893	4,808,690
Kingdom of Saudi Arabia	1,807,110	2,925,255
	<u>15,885,492</u>	<u>16,156,098</u>
32.2 Nature		
Services	13,423,820	15,190,849
Sale of goods	1,257,180	143,257
Project revenue	1,204,492	821,992
	<u>15,885,492</u>	<u>16,156,098</u>
32.3 Timing of revenue recognition		
At point in time	1,257,180	143,257
Over the time	14,628,312	16,012,841
	<u>15,885,492</u>	<u>16,156,098</u>
32.4 The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2025 is as follows:		
Remaining performance obligations (unsatisfied or partially unsatisfied)	<u>15,474,940</u>	<u>14,888,813</u>
32.5 Revenue from the sale of goods is recognized at a point in time upon the transfer of control to the customer. Revenue from services and project solutions is primarily recognized over time, based on the satisfaction of performance obligations.		
32.6 Contract Balances		
Trade receivables	9,079,918	7,131,935
Contract assets	7,773,616	9,319,803
Contract liabilities	1,453,399	2,156,718

Note 33

Cost of Revenue

		2025	2024
		--- Rupees in Thousands ---	
Materials consumed		6,640,193	6,820,097
Salaries, wages, allowances and other benefits	33.1	1,163,159	990,177
Employees' share option expense		38,302	83,915
Telephone and postage		58,255	46,699
Utilities		5,805	6,744
Travelling and conveyance relating to engineering services		452,790	450,427
Management fee		4,637	4,586
Installation charges		3,018,573	3,185,611
Entertainment relating to engineering services		22,359	19,997
Repairs and maintenance		17,071	12,097
Printing and stationery		1,741	1,563
Import cost		80,375	51,813
Insurance		25,040	18,001
Rent, rates and taxes		47,488	25,693
Training		114	859
Fees and subscription		17,576	29,623
Depreciation on property and equipment	6.3 & 6.12	85,052	97,035
Other expenses		31,163	29,620
Amortisation of intangibles assets	7.2	10,380	21,294
		<u>11,720,073</u>	<u>11,895,851</u>

33.1 This includes Rs. 52.88 million (2024: Rs. 48.666 million) in respect of post employment benefits by the Group.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 34

Administrative and Selling Expense

	Note	2025	2024
		--- Rupees in Thousands ---	
Salaries, wages, allowances and other benefits	34.1	1,526,415	1,351,932
Director's remuneration		274,888	222,008
Employees' share option expense		153,212	203,733
Telephone and postage		53,793	40,474
Utilities		5,805	6,744
Late delivery charges		1,795	10
Entertainment		13,262	11,137
Repairs and maintenance		32,173	20,133
Sales promotion expense		3,611	5,629
Printing, stationery and periodicals		1,894	1,646
Travelling and conveyance and maintenance		148,805	151,597
Back office support		13,909	13,757
Rent, rates and taxes		40,308	30,220
Training		683	335
Insurance		47,597	48,678
Legal and professional charges		25,528	52,163
Auditors' remuneration	34.2	16,830	20,686
Fees and subscription		123,035	119,390
Corporate expense		1,773	2,805
Depreciation on property and equipment	6.3 & 6.12	121,659	97,035
Amortisation of intangible assets	7.2	37,462	21,294
Other expenses		87,354	67,923
		<u>2,731,791</u>	<u>2,489,329</u>

34.1 This includes Rs. 64.36 million (2024: Rs. 34.617 million) in respect of post employment benefits by the Group.

34.2 Auditors' remuneration

Group Auditor:

Statutory audit	4,600	4,100
Half yearly review fee	1,400	1,333
Review of Code of Corporate governance	350	250
Other charges and out of pocket expenses	127	500
	<u>6,477</u>	<u>6,183</u>

Component Auditors:

Statutory audit	10,353	14,503
	<u>16,830</u>	<u>20,686</u>

Note 35

Other Operating Expenses

	Note	2025	2024
		--- Rupees in Thousands ---	
Donations	35.1	10,225	11,333
Allowance for expected credit losses / written off - contract assets		250,134	27,325
Allowance for credit losses / written off - trade debts		176,052	-
Exchange loss		29,808	103,564
Balances written off		-	56,964
Markup on current accounts		-	942
Others		7,358	2,921
		<u>473,577</u>	<u>203,049</u>

35.1 No donation to a single party exceeds 10% of the Holding Company's total amount of donation or Rs. 1 million during the year (2024: Aziz Jehan Begum Trust: Rs. 2.073 million).

35.1.1 None of the director or their spouse have any interest in the donees.

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Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 36

Other Operating Income

	2025	2024
	--- Rupees in Thousands ---	
Profit on bank deposits	3,983	9,751
Reversal of expected credit loss - contract assets	83,178	77,095
Reversal of expected credit loss - trade debts	101,584	-
Gain on disposal of property and equipment	12,770	8,220
Gain on short term investments	38	-
Liabilities written back	118,490	-
Other income	29,491	99,102
	<u>349,534</u>	<u>194,168</u>

Note 37

Finance Cost

	2025	2024
	--- Rupees in Thousands ---	
Mark-up / interest on:		
Long term loan	10,952	11,796
Short term borrowings	198,883	123,739
Diminishing musharaka / lease liability	42,367	50,589
Others	2,687	245
	<u>254,889</u>	<u>186,369</u>
Bank charges	252,193	237,598
Guarantee commission	5,785	23,925
	<u>512,867</u>	<u>447,892</u>

Note 38

Levy

	2025	2024
	--- Rupees in Thousands ---	
Current	91,508	79,136
Prior year adjustment	(25,048)	(43,529)
	<u>66,460</u>	<u>35,607</u>

38.1 This represents portion of minimum tax paid which is over and above the normal tax liability under different provisions of the Income Tax Ordinance, 2001, Further, it includes final tax liability under different provisions of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21 / IAS 37.

38.2 The Group has adjusted excess tax liabilities relating to tax year 2019 and periods prior to it. There are no outstanding tax liabilities / tax audit notices or contingencies pertaining to those tax years. Accordingly, based on self- assessment, the said liabilities have been adjusted.

38.3 Reconciliation of Levy and Income Tax Under IAS-12

Current tax liability as per applicable tax laws	(202,476)	(219,246)
Portion of current tax liability representing income tax as per IAS -12	110,968	140,110
Portion of current tax liability representing levy as per IFRIC 21 / IAS 37	91,508	79,136
Difference	<u>-</u>	<u>-</u>

Note 39

Taxation

		2025	2024
	Note	--- Rupees in Thousands ---	
Current		110,968	140,110
Prior year adjustments	39.2	(11,909)	(744,744)
Deferred tax		-	1,232
		<u>99,059</u>	<u>(603,402)</u>

39.1 Reconciliation between accounting profit and tax expense for the current year is not presented as the provision for current income tax for the year is based on the local laws of the Group companies.

39.2 This includes the reversal of excess provision of tax amounting to Rs. 706 million related to Octopus Digital Inc (ODI). ODI has applied for voluntary winding up and has obtained clearance from Department of Revenue which certified that all taxes and charges owned to the common wealth of Pennsylvania, have been paid. Therefore, the Group has written back this excess provision recorded in previous year. Further, voluntary winding up of ODI was approved subsequent to reporting date.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 40

Earning per Share- Basic and Diluted

		2025	2024
40.1 Basic earnings per share			
Net profit for the year	Rupees	647,439,329	2,008,811,000
Weighted average number of ordinary shares	Numbers	419,319,344	392,834,595
Earnings per share		1.54	5.11
40.2 Diluted earnings per share			
Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has granted share options to employees as explained in Note 19.			
Net profit for the year		647,439,329	2,008,811,000
Weighted average number of ordinary shares		419,319,344	392,834,595
Adjustment for share options		4,260,060	8,862,000
Weighted average number of ordinary shares for diluted earnings per share		423,579,404	401,696,595
Diluted earnings per share (Rupees)		1.53	5.00

40.1.1 Share options issued by the Group have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

Note 41

Changes in Liabilities Arising from Financing Activities

Note	As at December 31, 2024	Non-cash changes	Cashflows (Net)	As at December 31, 2025	
--- Rupees in Thousands ---					
Long term diminishing musharaka	23	170,591	110,162	(78,266)	202,487
Long term lease	24	163,860	13,445	(53,767)	123,538
Issuance of shares		-	(73,861)	73,861	-
Long term loans	26	121,347	-	(59,976)	61,372
Short term borrowings	29	1,503,297	-	1,525,952	3,029,249
Unpaid dividend	30	163,298	(6,697)	(14,060)	142,541
		<u>2,122,393</u>	<u>43,050</u>	<u>1,393,744</u>	<u>3,559,187</u>
Note	As at December 31, 2023	Non-cash changes	Cashflows (Net)	As at December 31, 2024	
--- Rupees in Thousands ---					
Long term diminishing musharaka	23	198,528	-	(27,937)	170,591
Long term lease	24	170,621	11,483	(18,244)	163,860
Issuance of shares		-	(10,071)	10,071	-
Long term loans	26	148,642	-	(27,295)	121,347
Short term borrowings	29	1,219,616	-	283,681	1,503,297
Unclaimed dividend	30	167,918	754,587	(759,207)	163,298
		<u>1,905,325</u>	<u>755,999</u>	<u>(538,931)</u>	<u>2,122,393</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 42

Transactions and Balances with Related Parties

Related parties comprise of the associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. The Group enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances as at the reporting date are unsecured and interest free. There have been no guarantees provided or received for any related party's receivable or payable balances. Significant balances and transactions with related parties are as follows:

Transactions during the year			2025	2024
--- Rupees in Thousands ---				
Name of related party	Relationship	Nature of transaction		
Arkan Integrated Development L.L.C	Associated Company	Commission expense	68,562	101,041
		Back office support	18,478	18,386
		Payment made to Arkan	71,305	-
Avanceon Arabia Joint Venture for Information technology Company	Joint Venture	Payment made by AAIT on behalf of the Group	73,293	24,584
		Back office support	-	141,131
		Collection from AAIT	8,873	-
		Installation charges	14,217	108,589
		Fee for technical services	10,165	-
		Payment to employee by the Group on behalf of AAIT	86,126	15,737
		Funds transfer by AAIT to the Group	10,139	86,418
		Payment to supplier on behalf of AAIT	490,995	90,493
		Payment to employee by AAIT on behalf of the Group	95,627	7,207
Contribution to staff Provident fund		Investment by the Group	-	89,232
		Transfer of profit by the Group to AAIT	85,366	403,255
Contribution to staff Provident fund		Expense charged	133,764	35,480
		Payment made	110,314	-
Outstanding balance as at the year end:				
Name of related party	Relationship	Nature of transaction		
Arkan Integrated Development L.L.C	Associated Company	Creditors, accrued and other liabilities	121,746	106,012
		Unclaimed Dividend	-	14,890
Avanceon Arabia Joint Venture for Information technology Company	Joint Venture	Creditors, accrued and other liabilities	1,327,447	337,675
Contribution to staff Provident fund		Creditors, accrued and other liabilities	142,089	53,986

42.1 There were no transactions with key management personnel other than those undertaken as per terms of their employment.

42.2 Following are the related parties with whom the Group has entered into transactions or have arrangements / agreements in place:

Sr. No.	Name	Basis or association	Aggregate % of Shareholding
1	Innovative Travels	Common Directorship	Nil
2	Bakhtiar Hameed Wain	Chief Executive Officer	58%
3	Arkan Integrated Development L.L.C	Associate	3%
4	Avanceon Arabia Joint Venture for Information Technology Company	Joint Venture	60%
5	Contribution to staff Provident fund	Common Trustees	Nil

Note 43

Provident Fund

	2025	2024
	--- Rupees in Thousands ---	
	(Un-audited)	(Un-audited)
Size of the fund / trust	371,660	327,611
Cost of investment made	250,273	170,212
Fair value of investment	243,573	192,413
	----- (Percentage) -----	
Percentage of investment made	66%	59%

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 43, Provident Fund - Continued.

Break up of investments - based upon fair value

	2025	2024
	---%age of size of fund---	
Government securities	163,500	113,249
Scheduled banks	29,900	1,889
Other mutual funds	11,589	24,559
Listed securities	38,584	43,394
	<u>243,573</u>	<u>183,091</u>
	67%	62%
	12%	1%
	5%	13%
	16%	24%

Break up of investment

Government securities	67%	62%
Scheduled banks	12%	1%
Other mutual funds	5%	13%
Listed securities	16%	24%

43.1 All investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

43.2 These figures are presented in the financial statements on the basis of unaudited financial statements of the Fund.

Note 44

Operating Segments

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) i.e. the Chief Executive Officer of the Holding Company. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs. CODM considers the business from the perspective of nature of products and business segments. Systems, engineering and export segments are also viewed in the geographic perspective by segregation of sales made to Middle Eastern countries.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets (stock in trade, trade debts and contract assets). Unallocated items comprise mainly of group corporate assets and liabilities. The Group management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

44.1 Analysis of Revenue

AMS	Core Business		Specialized Business	Engineering and back office	Middle east	Elimination	Total
	Core Business	Manufacturing and Assembling					

Segment Profit or Loss 2025

Revenue from external customers	2,087,622	1,410,462	635,096	678,549	1,068,076	12,482,961	(2,477,274)	15,885,492
Cost of revenue	(1,200,314)	(996,130)	(480,971)	(532,442)	(662,281)	(9,905,255)	2,057,321	(11,720,073)
Gross profit	<u>887,308</u>	<u>414,332</u>	<u>154,125</u>	<u>146,107</u>	<u>405,795</u>	<u>2,577,706</u>	<u>(419,953)</u>	<u>4,165,419</u>

Segment Assets

Stock in trade	11,700	39,848	19,311	8,314	-	159,555	-	238,728
Trade debts	1,072,085	998,839	819,733	1,078,638	1,149,752	8,077,194	(4,116,322)	9,079,918
Contract assets	243,277	116,536	126,004	154,801	-	7,132,998	-	7,773,616
Segment total assets	<u>1,326,662</u>	<u>1,155,223</u>	<u>965,048</u>	<u>1,241,753</u>	<u>1,149,752</u>	<u>15,369,747</u>	<u>(4,116,322)</u>	<u>17,092,262</u>

Segment Profit And Loss Account 2024

Revenue from external customers	2,388,036	1,260,789	1,083,190	1,416,686	967,145	12,055,207	(3,014,955)	16,156,098
Cost of revenue	(1,266,144)	(832,454)	(801,106)	(1,017,753)	(542,281)	(9,718,290)	2,282,677	(11,895,851)
Gross profit	<u>1,121,892</u>	<u>428,335</u>	<u>282,084</u>	<u>398,933</u>	<u>424,864</u>	<u>2,336,917</u>	<u>(732,278)</u>	<u>4,260,247</u>

Segment Assets

Stock in trade	12,303	53,161	25,313	10,474	-	72,368	-	173,619
Trade debts	830,855	981,833	771,701	928,507	892,716	7,556,757	(4,830,434)	7,131,935
Contract assets	305,397	126,667	141,007	165,463	-	8,527,359	-	9,315,803
Segment total assets	<u>1,148,455</u>	<u>1,211,661</u>	<u>938,021</u>	<u>1,108,444</u>	<u>892,716</u>	<u>16,156,484</u>	<u>(4,830,434)</u>	<u>16,675,357</u>

44.2 For management purposes the Chief Operating Decision Maker (Board of Directors), views the activities of the Group organized into business units based on the nature of products and expertise required by with four groups containing eight reportable operating segments.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 44, Operating Segments - Continued...

44.2.1 After Market Support (AMS)

AMS segment is the provision of services as technical supports and service level agreements (SLAs) and related spares.

44.2.2 Core Business

Application Based Solutions (ABS)

ABS sales include the supply of patented systems, power products, software, Variable Speed Drives (VSDs) and Variable Frequency Drives (VFDs) procured mainly from Honeywell Systems and Rockwell Automation. Avanceon Limited acts as a sole distributor of Honeywell Systems and Rockwell Automation in Pakistan.

Systems

Systems sales are embedded solutions of multiple Original Equipment Manufacturers (OEM) equipment, comprising Honeywell, Kobold, Samson and Weg products, along with engineering services to implement them. These solution sales fall in the domain of System Integration (SI) as defined globally.

Products

Products segment includes sales of motors, analyzers and other specialized products of OEMs. Major suppliers of products are Amatek Inc., Hyper wave solutions and Kobold Messings.

44.2.3 Specialized Business

Energy Management Systems (EMS)

EMS segment is turnkey project implementation for optimizing energy usage of plants leading to efficiency of operations and cost savings.

High End Solutions (HES)

High End Solutions focuses on specialized areas i.e. Manufacturing Execution Systems, Plant Information Management Systems, and Advanced Process Control.

44.2.4 Engineering services

Engineering services business includes revenues from:

Man-hours charged to Avanceon FZE and Avanceon Automation and Control WLL for in-house engineering and development of Human Machine Interfaces (HMI), logic design, and development of engineering control mechanisms; and secondment of Avanceon Limited's engineers to Avanceon FZE and Avanceon Automation and Control WLL project sites for installation, commissioning and post implementation support of systems.

44.2.5 Middle East

Middle East segment consists of core business, specialized business, and engineering services (as stated above) to UAE, Qatar, Pakistan and European Union countries.

		2025	2024
	Note	---	Rupees in Thousands ---
44.3 Reconciliation of segment profit and loss			
Reportable segments gross profit is reconciled to profit after tax as follows:			
Gross profit for reportable segments	44.1	4,165,419	4,260,247
Administrative and selling expenses	34	(2,731,791)	(2,489,329)
Other operating expenses	35	(473,577)	(203,049)
Other operating income	36	349,534	194,168
		(2,855,834)	(2,498,210)
Finance costs		(512,867)	(447,892)
Share of profit from JV	8	23,661	179,514
Profit before levy and taxation		820,380	1,493,659
Levy and taxation		(66,460)	567,795
Profit for the year		753,920	2,061,454

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 44, Operating Segments - Continued...

44.4 Reconciliation of segment assets

Reportable segments assets are reconciled to total assets as follows:

Assets	Note	2025	2024
		--- Rupees in Thousands ---	
Segment assets for reportable segments	44.1	17,092,262	16,625,357
Tangible (property and equipment) and intangible assets	6 & 7	7,119,448	6,739,810
Other assets		516,298	494,571
		24,728,008	23,859,738
Unallocated portion of current assets			
Advances, deposits, prepayments and other receivables	14	4,518,985	3,445,266
Short term investments	15	1,363	100,772
Cash and bank balances	16	1,085,222	756,748
		5,605,570	4,302,786
Total assets as per statement of financial position		30,333,578	28,162,524

Segment assets include the operating assets used by each segment and consist of stocks, trade debts and contract assets. All other assets and liabilities are not allocated to operating segments as such information is not presented separately for each segment for the purposes of management decision making.

All expenses and income other than revenue and cost of revenue are not allocated to segments, as this is driven by the central treasury function, which manages the cash position of the Group.

Note 45

Financial Risk Management

The Board of Directors have the overall responsibility for the establishment and oversight of the Group risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks; the Group's objectives; policies and processes for measuring and managing risk.

The Group's risk management policies are established to identify and analyze the risks faced by it, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group activities.

45.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk of the Group arises from trade debts, contract assets, loans, trade deposits, other receivables and deposits with banks. To reduce exposure to credit risk, the Group has developed a formal approval process. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors and makes provision against those balances (if required). The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at reporting date, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2025	2024
		--- Rupees in Thousands ---	
Long term investments	8	406,604	379,669
Long term deposits and loans	9	76,889	82,605
Trade debts	12	9,079,918	7,131,935
Contract assets	13	7,773,616	9,319,803
Deposits and other receivables	14	2,861,547	2,226,576
Short term investments	15	1,363	100,772
Bank balances	16	1,083,252	756,294
		21,783,189	19,997,654

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Notes to and Forming Part of the Consolidated Financial Statements

Note 45, Financial Risk Management - Continued...

The credit quality of receivables can be assessed with reference to Group credit control policy and their historical performance with negligible default rate. The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Short Term	Rating Long Term	Rating Agency	Balances at banks	
				2025	2024
--- Rupees in Thousands ---					
Faysal Bank limited	A1+	AA	PACRA	8,537	11,722
Habib Bank limited	A1+	AAA	VIS	1,216	1,569
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	355	542
National Bank of Pakistan	A1+	AAA	VIS	70	70
MCB Bank Limited	A1	A+	PACRA	172	174
United Bank Limited	A1+	AAA	VIS	431,142	34,495
JS Bank Limited	A1+	AA	PACRA	3,720	7,260
Standard Chartered Bank Limited	A1+	AAA	PACRA	170,113	6,264
Bank of Singapore Limited	F1+	AA-	Fitch	-	-
Habib Bank AG Zurich	A-1+	AA+	JCR-VIS	41,531	116,279
National Bank of Fujairah	A-2	BBB+	S&P	32,933	129,489
Qatar International Islamic Bank	F1	A	Fitch	322,270	99,868
Doha Bank	F1	A	Fitch	15,171	27,508
Mashreq Bank	F1	A	Fitch	4,119	729
Commercial Bank of Qatar	F1	A	Fitch	-	30,293
Qatar Islamic Bank	A1+	AA-	Capital Intelligence	-	146,836
Bank Alibad Limited	F2	A-	Fitch	51,860	143,196
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	13	-
Bank Al Habib Limited	A1+	AAA	PACRA	29	-
				1,083,251	756,294

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 faced by the Group is minimal.

45.2 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities as at December 31, 2025:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
----- Rupees in Thousands -----						
Diminishing musharaka	202,487	253,109	74,876	112,314	65,919	-
Lease liability	123,538	123,538	564	564	122,410	-
Long term loan	61,371	72,323	24,194	22,234	25,894	-
Creditors, accrued and other liabilities	8,393,512	8,393,512	8,393,512	-	-	-
Short term borrowings	3,029,249	3,423,051	3,423,051	-	-	-
Unpaid dividend	142,541	142,541	142,541	-	-	-
	11,952,698	12,408,074	12,058,738	135,112	214,223	-

Contractual maturities of financial liabilities as at December 31, 2024:

Description	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Years	2-5 Years	Above 5 Years
----- Rupees in Thousands -----						
Diminishing musharaka	170,591	213,239	58,209	87,314	67,716	-
Lease liability	163,860	163,860	48,586	48,586	66,688	-
Long term loan	121,347	128,951	30,747	32,284	65,920	-
Creditors, accrued and other liabilities	7,735,561	7,735,561	7,735,561	-	-	-
Short term borrowings	1,503,297	1,728,792	1,728,792	-	-	-
Unpaid dividend	163,298	163,298	163,298	-	-	-
	9,857,954	10,133,700	9,765,193	168,184	200,324	-

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 45, Financial Risk Management - Continued...

45.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) 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 where receivables and payables exist due to transactions entered into foreign currencies. The Group is exposed to foreign currency risk on trade debts, payables and revenues which are entered in a currency other than Pak Rupees. As at the reporting date, the Group's exposure to currency risk was as follows:

	2025	2024
	--- Rupees in Thousands ---	
Trade debts	7,921,014	5,792,779
Cash and bank balances	938,027	728,689
Trade creditors	(12,427,567)	(5,507,850)
Letter of credits	(436,387)	(121,588)
Post dated cheques	(254,085)	(395,405)
Bank guarantees	(2,310,769)	(2,253,078)
	<u>(6,569,767)</u>	<u>(1,256,453)</u>

The following significant exchange rates were applied during the year:

December 31, 2025	USD	EUR	AED	SAR	QAR
Average rate	281.31	309.00	76.84	74.97	77.36
Reporting	280.55	328.85	76.40	74.80	76.99
December 31, 2024	USD	EUR	AED	SAR	QAR
Average rate	280.38	301.13	76.79	74.67	76.92
Reporting	278.35	289.14	76.15	74.02	76.23

Sensitivity analysis

If the functional currency, as at the reporting date, had weakened / strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 0.065 million (2024: Rs. 0.018 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not entirely reflect the exposure during the year.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from bank borrowings, deposits in profit and loss / saving accounts. The Group mitigates its interest rate risk by investing available cash in bank deposits where applicable, generating more return compared to the finance cost.

As at the reporting date the interest rate profile of the Group's interest bearing financial instruments was as under:

	2025	2024
	--- Rupees in Thousands ---	
Floating rate instruments		
Financial Assets		
Other receivable from related parties	-	14,506
Bank balances	938,027	728,689
	<u>938,027</u>	<u>743,195</u>
Fixed rate instruments		
Financial Assets		
Short term investment	786	100,233

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 45, Financial Risk Management - Continued...

Financial liabilities - floating rates

	2025	2024
	--- Rupees in Thousands ---	
Payable to related parties	1,450,513	850,200
Long term diminishing musharaka	202,487	170,591
Long term loan	61,371	121,347
Lease liability	123,538	163,860
Short term borrowings	3,029,249	1,503,297
	<u>4,867,158</u>	<u>2,809,295</u>

Cash flow sensitivity analysis for variable rate instruments

As at December 31, 2025, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 39.291 million (2024: Rs. 20.661 million), mainly as a result of interest exposure on variable rate instruments. The Group also has certain financial instruments at fixed rate expects no impact on profit or loss of the Group.

(c) Price Risk

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 individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Group is exposed to price risk in respect of certain investments amounting to Rs. 0.577 million (2024: Rs. 0.539 million). A change of 1% in the value of investments at fair value through profit or loss would have increased / decreased profitability of the Group by Rs. 0.001 million (2024: Rs. 0.001 million) on the basis that all other variables remain constant.

45.4 Financial instruments by categories

Financial assets as at December 31, 2025

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	--- Rupees in Thousands ---			
Long term investments	-	406,604	-	406,604
Long term deposits and loans	-	76,889	-	76,889
Trade debts	-	9,079,918	-	9,079,918
Contract assets	-	7,773,616	-	7,773,616
Deposits and other receivables	-	2,861,547	-	2,861,547
Short term investments	577	786	-	1,363
Cash and bank balances	-	1,085,222	-	1,085,222
	<u>577</u>	<u>21,284,582</u>	<u>-</u>	<u>21,285,159</u>

Financial assets as at December 31, 2024

	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	--- Rupees in Thousands ---			
Long term investments	-	379,669	-	379,669
Long term deposits and loans	-	82,605	-	82,605
Trade debts	-	7,131,935	-	7,131,935
Contract assets	-	9,319,803	-	9,319,803
Deposits and other receivables	-	2,226,576	-	2,226,576
Short term investments	539	100,233	-	100,772
Cash and bank balances	-	756,748	-	756,748
	<u>539</u>	<u>19,997,569</u>	<u>-</u>	<u>19,998,108</u>

Financial liabilities as at Dec 31,

At amortized cost

	Note	2025	2024
		--- Rupees in Thousands ---	
Long term diminishing musharaka	23	202,487	170,591
Lease liability	24	123,538	163,860
Long term loan	26	36,229	121,347
Creditors, accrued and other liabilities	27	8,393,512	7,735,561
Unclaimed dividend	30	142,541	163,298
Short term borrowings	29	3,029,249	1,503,297
		<u>11,927,556</u>	<u>9,857,954</u>

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 45, Financial Risk Management - Continued...

45.5 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates. Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management believes that the fair values of financial assets and financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

- Level 1 Quoted market prices
- Level 2 Valuation techniques (market observable)
- Level 3 Valuation techniques (non market observable)

There is no financial instrument which is remeasured at fair value except for short term investments held in mutual funds at level 1.

Note 46

Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in these financial statements for remuneration, allowances including all benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2025				
	Chief Executive Officer	Executive Directors	Non Executive Directors	Executive	Total
	--- Rupees in Thousands ---				
Managerial remuneration and bonus	158,181	65,893	-	1,080,716	1,304,790
House rent	30,974	10,725	-	327,007	368,706
Utilities	18,065	5,249	-	110,641	133,955
Contribution to provident fund	46,792	1,745	-	89,076	137,613
Others	20,770	1,890	-	46,605	69,265
	<u>274,782</u>	<u>85,502</u>	<u>-</u>	<u>1,654,045</u>	<u>2,014,329</u>
Number of persons	2	4	6	258	270
	2024				
	Chief Executive Officer	Executive Directors	Non Executive Directors	Executive	Total
	--- Rupees in Thousands ---				
Managerial remuneration and bonus	131,340	26,089	-	775,693	933,122
House rent	30,946	3,500	-	188,927	223,373
Utilities	18,786	1,894	-	114,744	135,424
Contribution to provident fund	11,193	2,325	-	69,956	83,474
Others	2,797	239	-	31,152	34,188
	<u>195,062</u>	<u>34,047</u>	<u>-</u>	<u>1,180,472</u>	<u>1,409,581</u>
Number of persons	2	5	6	114	127

46.1 An Executive is defined as an employee, other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

46.2 The Group also provides the director and certain executives with company maintained cars.

46.3 No remuneration or meeting fee has been paid to any director and Chief Executive Officer of the Company except meeting fee paid to Independent Director.

Note 47

Capital Management

While managing capital, the objectives of the Group are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Group ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus assets without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 47, Capital Management - Continued..

In line with the industry norms, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital employed is calculated as equity, as shown in the statement of financial position, plus net debt.

As at the reporting date, the gearing ratio of the Group was worked out as under:

	2025	2024
	--- Rupees in Thousands ---	
Total borrowings	3,293,108	1,795,235
Cash and bank balances	(1,085,222)	(756,748)
Net debt	2,207,886	1,038,487
Equity	15,615,142	14,661,553
Total capital employed	17,823,028	15,700,040
Gearing ratio	12.39%	6.61%

Note 48

Number of Employees

	2025	2024
	Numbers	Numbers
Number of contractual employees as at December 31,	579	474
Average number of contractual employees during the year	527	465

Note 49

Shariah Screening Disclosures

	Note	2025	2024
		--- Rupees in Thousands ---	
Statement of financial position – Assets			
Shariah Compliant			
Short term investments		1,363	100,772
Long term investments	8	406,604	379,669
Cash and bank balances	16	8,533	8,930
Statement of financial position – Liabilities			
Long term diminishing musharaka	23	202,487	170,591
Short-term borrowings	29	385,324	189,865
Accrued markup	27	16,190	19,269
Statement of profit or loss			
Revenue		15,885,492	16,156,098
Unrealised gain on short term investments		-	-
Profit earned from deposits		3,983	9,751
Gain on disposal of assets		12,770	8,220
Exchange gain		-	-
Mark-up on short and long term financing		29,575	28,324
Interest paid on any conventional loan and advance		486,371	412,591
Markup income on intercompany current accounts		-	-
Others		332,781	331,563

Relationship with shariah compliant banks

The Company has relationships with following shariah compliant banks during the year along with transactions with them:

Names of the Company's shariah compliant financial institutions

Faysal Bank Limited
 United Bank Limited
 Dubai Islamic bank Limited
 Meezan Bank Limited
 MCB Islamic Limited
 First Habib Modaraba
 Qatar International Islamic Bank

Relationship

Cash and bank balances
 Diminishing musharaka
 Cash and bank balances
 Cash and bank balances
 Short term borrowings & diminishing musharaka
 Diminishing musharaka
 Cash and bank balances

Avanceon Limited

Notes to and Forming Part of the Consolidated Financial Statements

Note 50

Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Holding Company on – April 30, 2026—

Note 51

Subsequent Events

The Board of Directors of the Holding Company has proposed a final cash dividend of Rs. 1 per share (2024: Nil) for the year ended December 31, 2025 at their meeting held on April 30, 2026 for the approval of members at the Annual General Meeting to be held on May 23, 2026. These consolidated financial statements do not include the effect of these appropriations which will be accounted for in the period in which they are approved.

Note 52

General

Corresponding figures are re-arranged / reclassified, wherever necessary to facilitate comparison. Following material reclassifications / re-arrangement have been made in these consolidated financial statements for better presentation:

Nature	From	To	Amount
			---- Rupees in Thousands ----
Intangible assets <i>me</i>	Intellectual property (Note 7)	Software (Note 7)	147,435


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Avanceon Limited

EVENT CALENDAR OF THE COMPANY

FOLLOWS THE PERIOD OF 01 JANUARY 2025 TO 31 DECEMBER 2025

Financials:

Financial Results announced as per the following schedule:

Corporate Briefing Session	23rd April 2025
Annual General Meeting	30th April 2025
1st Quarter ended 31 March 2025	30th April 2025
Half year ended 30 June 2025	29th August 2025
3rd Quarter ended 30 September 2025	29th August 2025
Financial year ending 31 December 2025	30th April 2026



ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کو 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے آڈٹ شدہ اسٹیٹڈ آلون اور کنسولیدیشن مالی بیانات کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔ مالی بیانات اور ان کے ساتھ منسلک نوٹس، جو انتظامیہ نے تیار کیے ہیں، کمپنی کی مالی حیثیت، آپریشن کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔ حسابات کی مناسب کتابیں رکھی گئی ہیں اور مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں، اور اندازے معقول اور محتاط فیصلے پر مبنی ہیں۔

ڈائریکٹرز کی یہ رپورٹ آوانسیون لمیٹڈ ('کمپنی') کی 23 ویں سالانہ جنرل میٹنگ میں ارکان کے سامنے پیش کی جائے گی، جو ہفتہ 23 مئی 2026 کو دوپہر 2:00 بجے نشاط ہوٹل، گرینڈ امپیریل ہال، A-9، تیسری منزل، گلبرگ III، میاں محمود علی قصوری روڈ، لاہور میں منعقد ہوگی۔

پاکستان کا مختصر میکرو اکنامک جائزہ - مالی سال 2025

مالی سال 2025 میں پاکستان کی معیشت میکرو اکنامک استحکام اور بتدریج بحالی کے مرحلے میں رہی۔ یہ سال مہنگائی میں کمی، مرکزی بینک کی جانب سے مانیٹری نرمی، زر مبادلہ کی شرح میں نسبتاً استحکام، خارجی حسابات میں بہتری اور محتاط صنعتی بحالی کی خصوصیات سے مالا مال رہا۔

مالی سال 2025 کے لیے پاکستان کی جی ڈی پی نمو 2.6 فیصد تخمینہ کی گئی، جو مالی سال 2024 کے مقابلے میں اعتدال پسند بحالی کی عکاسی کرتی ہے۔ مہنگائی تاریخی طور پر بلند سطح سے گھٹ کر مالی سال 2025 میں ایک ہندسی اعداد میں آ گئی، جو کنٹرول شدہ مانیٹری پالیسی، بہتر سپلائی کے حالات اور عالمی اجناس کی قیمتوں میں کمی کی وجہ سے ممکن ہوئی۔

اسٹیٹ بینک آف پاکستان نے مالی سال 2025 کے دوران پالیسی ریٹس میں نمایاں کمی کی، جس سے مہنگائی کے دباؤ میں کمی آئی اور کاروباری اعتماد میں اضافہ ہوا۔ زیادہ غیر ملکی ترسیلات زر، درآمدات میں کنٹرول اور آئی ایم ایف کی حمایت یافتہ استحکامی اقدامات نے کرنٹ اکاؤنٹ کو بہتر کیا۔

مالی اور مانیٹری ماحول - مالی سال 2025

پالیسی ریٹس میں کمی کے نتیجے میں مالیاتی لاگت میں عقلیت پسندی آئی اور لیکویڈٹی میں بہتری ہوئی۔ نتیجتاً صنعتی توسیع اور سرمایہ خرچ کے لیے حقیقی معنوں میں قرض لینے کے اخراجات کم ہو گئے۔

آئی ایم ایف پروگرام کے تحت حکومت کی توجہ استحکامی اقدامات پر مرکوز رہی، جن میں سرکاری شعبے کی گورننس میں ساختیاتی اصلاحات، محصولات میں اضافہ، توانائی سبسڈیز کی عقلیت پسندی، ٹیکس کی بنیاد کو وسیع کرنا اور مالی خسارے میں کمی شامل ہیں۔

پاکستان میں سسٹم انٹیگریٹرز اور انڈسٹریل آٹومیشن انڈسٹری کے رجحانات

مالی سال 2025 میں پاکستان کی انڈسٹریل آٹومیشن اور سسٹم انٹیگریشن انڈسٹری بتدریج ارتقاء پذیر رہی، جو مختلف صنعتی شعبوں میں آپریشنل کارکردگی، توانائی کی اصلاح اور ڈیجیٹل تبدیلی کی بڑھتی ہوئی مانگ سے چلائی گئی، جن میں آئل اینڈ گیس، واٹر ٹریٹمنٹ اور ایف ایم سی جی مینوفیکچرنگ آوانسیوں کی اہم کشش رہے۔

پاکستانی صنعتی گروپوں نے تیزی سے کلاؤڈ مانیٹرنگ، ریموٹ آپریشنز، صنعتی نظاموں کے لیے سائبر سیکیورٹی، اے آئی پر مبنی تجزیاتی نظام اور سمارٹ مینوفیکچرنگ پلیٹ فارمز کو تلاش کیا۔

اگرچہ انڈسٹری 4.0 کا اختیار ترقی یافتہ مارکیٹوں کے مقابلے میں ابتدائی مرحلے میں ہے، مالی سال 2025 میں بڑے صنعتی گروپوں نے ڈیجیٹل تبدیلی کے اقدامات کو تیز کیا۔ آوانسیوں کی ذیلی کمپنی اگٹوپس ڈیجیٹل لمیٹڈ کے ساتھ انڈسٹری 4.0 میں توجہ آنے والے سالوں میں بہت زیادہ صلاحیت رکھتی ہے۔

2026 اور اس کے بعد کا نقطہ نظر

پاکستان کے طویل مدتی نقطہ نظر سے متوسط مدت میں معتدل اقتصادی بہتری کی نشاندہی ہوتی ہے، بشرطیکہ پاکستان میکرو اکنامک اصلاحات جاری رکھے، آئی ایم ایف پروگرام کی نظم و ضبط برقرار رکھے اور سیاسی و پالیسی استحکام کو بہتر بنائے۔ تاہم، ہم انڈسٹریل آٹومیشن اور سسٹم انٹیگریشن شعبے کے بارے میں پرامید ہیں جس سے ڈیجیٹل تبدیلی، انفراسٹرکچر/رنیل اسٹیٹ اور ائل اینڈ گیس شعبے میں ریٹیل فیول آٹومیشن فائدہ اٹھانے کی توقع ہے۔

مينا خطے کا مختصر میکرو اکنامک جائزہ - مالی سال 2025

2025 میں مشرق وسطیٰ اور شمالی افریقہ (مينا) کا خطہ معتدل اقتصادی بحالی اور لچک کے سال سے گزرا، جسے بنیادی طور پر عالمی مہنگائی میں کمی، انفراسٹرکچر اخراجات، سیاحت کی ترقی اور خلیج تعاون کونسل (جی سی سی) معیشتوں میں جاری اقتصادی تنوع کے اقدامات نے سہارا دیا۔ تاہم، 2026 میں شروع ہونے والی جغرافیائی سیاسی کشیدگی علاقائی نقطہ نظر کو متاثر کر سکتی ہے۔

مينا میں اہم میکرو اکنامک رجحانات

2025 کے دوران تیل کی قیمتیں گزشتہ سالوں میں محسوس کی گئی اتار چڑھاؤ کے مقابلے میں نسبتاً مستحکم رہیں، جو عام طور پر تیل برآمد کرنے والی معیشتوں کے لیے مالیاتی محصولات کی حمایت کرتی تھیں۔ تیل کی قیمتوں نے حکومتی مالیات کو مضبوط کرنے، خودمختار سرمایہ کاری پروگراموں کی حمایت کرنے، انفراسٹرکچر اخراجات کو برقرار رکھنے اور جی سی سی معیشتوں میں لیکویڈٹی بہتر کرنے میں مدد کی۔

جی سی سی بھر میں مرکزی بینکوں نے امریکی ڈالر سے کرنسی کی پیگنگ کی وجہ سے عالمی مانیٹری رجحانات، خاص طور پر امریکی شرح سود میں تحریکات کی پیروی کی۔ 2025 کے دوران شرح سود میں نرمی کی توقعات نے مارکیٹ کے جذبات کو بہتر کیا، لیکویڈٹی کے حالات بتدریج بہتر ہوئے اور نجی شعبے کی قرض لینے کی شرائط نسبتاً زیادہ معاون ہو گئیں۔

ایران کی جغرافیائی سیاسی کشمکش کے درمیان مينا خطے کا نقطہ نظر

مينا خطے کا متوسط مدتی نقطہ نظر محتاطی کے ساتھ مثبت رہتا ہے لیکن ایران کی کشمکش اور وسیع تر علاقائی سلامتی کے ماحول کے گرد جاری جغرافیائی سیاسی کشیدگی کی وجہ سے نمایاں طور پر زیادہ غیر یقینی ہو گیا ہے۔

اگرچہ جی سی سی معیشتیں مضبوط مالیاتی بفرز، خودمختار دولت کے ذخائر اور طویل مدتی تنوع پروگراموں کی مالک ہیں، کشمکش نے توانائی سلامتی، سرمایہ کار اعتماد، شپنگ اور لاجسٹکس، مہنگائی کے دباؤ، سیاحتی بہاؤ اور علاقائی سرمایہ کاری کے فیصلوں سے متعلق خطرات بڑھا دیے ہیں۔

تاہم، ایسا لگتا ہے کہ جون 2026 تک اس کشمکش کا حل نکل آئے گا۔ ایک بار ایسا ہو جانے پر، خطے کے بنیادی اصول اور کاروبار کے مواقع بڑھیں گے۔

جی سی سی معیشتیں نسبتاً لچک دار رہنے کا امکان

بڑھتی ہوئی کشیدگی کے باوجود، جی سی سی معیشتیں بڑے غیر ملکی ذخائر، انفراسٹرکچر کی قیادت میں ترقی کی حکمت عملیوں اور مسلسل ریاستی حمایت یافتہ سرمایہ کاری کی وجہ سے دیگر علاقائی معیشتوں کے مقابلے میں زیادہ لچک دار رہنے کی توقع ہے۔

سعودی وژن 2030، متحدہ عرب امارات کی صنعتی حکمت عملیوں، قطر نیشنل وژن 2030 اور علاقائی سمارٹ انفراسٹرکچر سرمایہ کاری کے تحت میگا پروجیکٹس اور تنوع پروگراموں کے جاری رہنے کی توقع ہے، اگرچہ پروجیکٹ کی ٹائم لائنز اور سرمایہ کی تعیناتی زیادہ انتخابی اور محتاط ہو سکتی ہے۔

جی سی سی کی اقتصادی کارکردگی مالی سال 2025

سعودی عرب نے میگا انفراسٹرکچر پروجیکٹس، صنعتی لوکلائزیشن، سمارٹ شہروں اور سیاحت کی توسیع کے ذریعے اپنے وژن 2030 تنوع ایجنڈے کو آگے بڑھانا جاری رکھا۔ غیر تیل شعبے تعمیرات، تفریح اور مہمان نوازی میں ترقی کے اہم محرک رہے۔ بڑے پیمانے پر حکومتی حمایت یافتہ پروجیکٹس انجینئرنگ، آٹومیشن، ٹیکنالوجی اور سسٹم انٹیگریشن کاروباروں کے لیے خاطر خواہ مواقع پیدا کرتے رہے۔

متحدہ عرب امارات بنیادی طور پر ٹیکنالوجی سرمایہ کاری، رئیل اسٹیٹ سرگرمیوں اور صنعتی ترقی کے اقدامات کی حمایت سے 2025 کے دوران مضبوط ترین علاقائی معیشتوں میں سے ایک رہا۔ دبئی اور ابوظہبی ڈیجیٹل تبدیلی، اے آئی اختیار، انڈسٹریل آٹومیشن اور سمارٹ انفراسٹرکچر پروجیکٹس کے لیے علاقائی مراکز کے طور پر خود کو پوزیشن کرتے رہے۔ تاہم، مالی سال 2025 میں 9 فیصد کارپوریٹ ٹیکس کے نفاذ نے یو اے ای میں منافع کم کیا۔

قطر نے ایل این جی توسیع پروجیکٹس، انفراسٹرکچر جدید کاری، صنعتی ترقی، یوٹیلٹیز کی توسیع اور توانائی شعبے کی سرمایہ کاری کی بدولت 2025 کے دوران مستحکم اقتصادی کارکردگی برقرار رکھی۔ انجینئرنگ اور آٹومیشن شعبوں میں مواقع پیدا کرتے ہوئے صنعتی جدید کاری اور توانائی کی منتقلی کے پروجیکٹس جاری رہے۔

آپریٹنگ نتائج (اسٹینڈ آلون)

اسٹینڈ آلون آپریٹنگ نتائج نے مستحکم محصولات کا مظاہرہ کیا جبکہ چند پروجیکٹس کی وجہ سے مجموعی مارجن گری۔ ٹیکس سے پہلے منافع (PBT) اور ٹیکس کے بعد منافع (PAT) میں بالترتیب 78 فیصد اور 89 فیصد کی کمی ریکارڈ کی گئی۔ یہ بنیادی طور پر ایک بڑے پروجیکٹ پر ریکارڈ کیے گئے نمایاں ECL کے ذریعے دیگر اخراجات میں اضافے کی وجہ سے ہوا۔

پاکستان مارکیٹ میں آپریشنز مضبوط رہے، جن میں مستقل آرڈر نسل، ریٹیل فیول سسٹمز میں نئی مارکیٹوں کی ترقی، مضبوط لیکویڈیٹی مینجمنٹ اور کافی بینکنگ سہولیات کی برقراری نمایاں تھیں۔ سال 2026 آرڈرز سے محصولات میں ایک امید افزا تبدیلی دکھاتا ہے، پہلی سہ ماہی میں پہلے سے 15 ملین امریکی ڈالر کے آرڈرز محفوظ ہو چکے ہیں۔

(روپے ہزار میں)	2025	2024	فرق	% فرق
محصولات	3,101,473	3,102,844	(1,371)	%0
ٹیکس سے پہلے منافع	126,424	573,245	(446,821)	%78-
ٹیکس کے بعد منافع	60,181	539,096	(478,915)	%89-

آپریٹنگ نتائج (کنسولیدیشن)

محصولات، ٹیکس سے پہلے اور بعد کے منافع کے لیے گروپ کی کارکردگی ذیل میں فراہم کی گئی ہے۔ مجموعی کارکردگی مالی سال 2024 سے تقریباً یکساں رہی، محصولات میں 2 فیصد کمی کے ساتھ، PAT بنیادی طور پر آپریٹنگ اخراجات میں اضافے، کے ایس اے میں ہمارے جوائنٹ وینچر سے منافع کے حصے میں کمی اور ٹیکسیشن کی وجہ سے دبا ہوا رہا۔ تاہم، قطر مارکیٹ نے محصولات اور مجموعی مارجن دونوں میں زبردست بہتری دکھائی۔

(روپے ہزار میں)	2025	2024	فرق	% فرق
محصولات	15,885,492	16,156,098	(270,606)	-2%
ٹیکس سے پہلے منافع	820,378	1,493,659	(673,281)	-45%
ٹیکس کے بعد منافع	654,859	2,061,454	(1,406,595)	-68%

بعد از تخصیص

موجودہ سال 2025 کے دوران بورڈ آف ڈائریکٹرز نے 1 روپے فی حصہ یعنی 10 فیصد کا حتمی نقد ڈیویڈنڈ تجویز کیا۔ بورڈ موجودہ سال میں کم منافع کے باوجود اپنے حصص یافتگان سے وعدوں اور ادائیگیوں کو پورا کرنے کے لیے پرعزم ہے۔ آنے والے سال کاروباری ترقی کے لیے بہترین مواقع پیش کرتے ہیں جو حصص یافتگان کی دولت کی زیادہ سے زیادہ بڑھوتری کا باعث بنے گا۔

فی حصص آمدنی (EPS)

کمپنی کی فی حصص آمدنی (EPS) نے گزشتہ پانچ سالوں میں مثبت رجحان برقرار رکھا ہے، تاہم موجودہ سال 0.14 روپے پر رپورٹ ہوئی۔ کارکردگی تمام کاروباری حصوں اور خطوں میں مستقل رہی؛ موجودہ سال کی EPS 2024 کے مقابلے میں کم ہے، بنیادی طور پر چند بڑے پروجیکٹس میں مجموعی مارجن میں کمی اور دیگر اخراجات میں اضافے کی وجہ سے، جو یک بار کے لین دین ہیں۔ انتظامیہ 2026 اور آنے والے سالوں میں کارکردگی کی بحالی اور بہتری کے بارے میں پراعتماد ہے۔

اسٹینڈ آؤن: ٹیکس کے بعد بنیادی EPS 0.14 روپے ہے (2024: 1.37 روپے)

کنسولیدیشن: ٹیکس کے بعد بنیادی EPS 1.51 روپے ہے (2024: 5.11 روپے)

مالی کارکردگی (کنسولیدیشن)

محصولات: کمپنی نے موجودہ مالی سال 2025 میں مستقل مالی کارکردگی فراہم کی جس میں محصولات 15.9 ارب روپے (تقریباً 57 ملین امریکی ڈالر) رہے۔ 2024 کے مقابلے میں محصولات میں معمولی کمی کچھ پروجیکٹس کے اگلے سال میں پھسل جانے کی وجہ سے ہوئی۔

مجموعی منافع: ہمیں یہ بتاتے ہوئے خوشی ہے کہ موجودہ سال کا مجموعی مارجن 26 فیصد پر مستقل رہا، پچھلے 6 سالوں کی اوسط 25 فیصد کے ساتھ یہ استقامت بنیادی طور پر قطر خطے اور آکٹوپس کاروبار میں اعلیٰ مارجن پروجیکٹس کی عملدرآمد کی وجہ سے ہے۔

گروپ سطح پر لین آپریشنل ماڈل کے ساتھ، مارجن استحکام/بہتری اور حصص یافتگان کے لیے قدر کی زیادہ سے زیادہ بڑھوتری میں تعاون دیتے ہوئے، انتظامیہ مزید یہ اجاگر کرنا چاہتی ہے کہ کے ایس اے میں زامل گروپ کے ساتھ ہمارا جوائنٹ وینچر موجودہ سال دباؤ میں رہا، تاہم انتظامیہ آنے والے سالوں میں طویل مدتی باہمی فوائد فراہم کرنے کے بارے میں پراعتماد ہے۔

ٹیکسیشن کے بعد منافع

موجودہ سال کے لیے گروپ کا ٹیکس کے بعد منافع (PAT) 655 ملین روپے رپورٹ ہوا، جو 2024 کے مقابلے میں نمایاں کمی کی عکاسی کرتا ہے۔ تاہم، یہ بنیادی طور پر مجموعی مارجن میں معمولی کمی اور کے ایس اے میں ہمارے جوائنٹ وینچر سے منافع کے کم حصے کی وجہ سے ہے۔ انتظامیہ تقریباً 100 ملین امریکی ڈالر کے موجودہ کل آرڈرز کی بنیاد پر آنے والے سالوں میں ترقی کو برقرار رکھنے کے بارے میں پراعتماد ہے۔

مقررہ لاگت

مقررہ لاگت بہتر کارکردگی کی فراہمی کے لیے کنٹرول کا ایک اہم عنصر ہے۔ موجودہ سال میں مقررہ لاگت میں 9 فیصد اضافہ تمام علاقوں میں مہنگائی کے دباؤ اور رہائشی اخراجات کے عوامل کو مدنظر رکھتے ہوئے کنٹرول شدہ حدود میں ہے۔

اسٹاک لیکویڈیٹی

موجودہ سال 2025 میں آوانسیون کے اسٹاک نے کم حجم کا رجحان دکھایا اور قیمت بھی کمی رہی۔ کمپنی کاروبار کی بنیاد پر سال 2026 کے لیے نئے ریٹیل اور کارپوریٹ سرمایہ کاروں کو راغب کرنے کی توقع رکھتی ہے۔ 10 فیصد ڈیویڈنڈ کی ادائیگی سے سرمایہ کار اعتماد بڑھنے کی توقع ہے۔ ہم جون 2026 کے وسط میں ایک تجزیہ کار بریفنگ کی میزبانی کرنے کا ارادہ رکھتے ہیں۔

سرمائے کی ساخت

آوانسیون گروپ نے ہمیشہ کم گئیرنگ تناسب برقرار رکھا ہے، جو اس کی مالی طاقت اور محتاط لیکویڈیٹی مینجمنٹ کو واضح کرتا ہے۔ کوئی طویل مدتی قرض نہیں ہے، جو اے ای میں دفتری زمین کی خریداری کے لیے سہولت کے علاوہ۔ کمپنی پاکستان میں اپنی بینکنگ سہولیات — مختصر مدتی، طویل مدتی اور پروجیکٹ فنانسنگ کو وسعت دینے کے لیے فعال طور پر مصروف ہے۔

ورکنگ کیپیٹل مینجمنٹ

مالی سال 2025 کے دوران مالیاتی لاگت میں 16 فیصد اضافہ ہوا جو بنیادی طور پر مشرق وسطیٰ میں ورکنگ کیپیٹل میں اضافے کی وجہ سے ہے جو موجودہ سال میں 1.5 ارب روپے سے بڑھ کر 3 ارب روپے ہو گئی۔ کمپنی اپنے وصولیوں کی مستقل نگرانی اور وقت پر وصولی سے ورکنگ کیپیٹل کو احتیاط سے برقرار رکھتی ہے۔

مستقبل کے امکانات

بورڈ اور انتظامیہ کا اسٹریٹجک وژن ہماری مستقل ترقی کے لیے ایک واضح راستہ ہے۔ سال 2026 اس بنیاد پر زیادہ امید افزا نظر آتا ہے کہ ہمارے پاس آرڈرز کا بیک لاگ 70 ملین امریکی ڈالر سے زیادہ ہے (ہماری تاریخ میں سب سے زیادہ) اور پہلی سہ ماہی کا آرڈر 25 ملین امریکی ڈالر محفوظ ہو چکا ہے۔ یہ اعداد و شمار ہمارے 'روڈ ٹو 100' اقدام کی مضبوط بنیاد ہیں — 2028 تک سالانہ محصولات میں 100 ملین امریکی ڈالر حاصل کرنے کا ہمارا پختہ ہدف۔

سماج کی خدمت

ہم فعال اور ذمہ دار کارپوریٹ شہری ہونے کے اپنے عزم پر ثابت قدم ہیں۔ ہماری کارپوریٹ سماجی ذمہ داری (CSR) کے اقدامات کے تحت، کمپنی نچلی سطح کے ملازمین کے بچوں کے تعلیمی اخراجات مکمل طور پر برداشت کرتی ہے، تاکہ سماجی و اقتصادی حیثیت سے قطع نظر معیاری تعلیم تک رسائی ممکن ہو سکے۔

صحت، حفاظت اور ماحول

آوانسیون میں، تمام آپریشنل مقامات اور دفاتر پر صحت، حفاظت اور ماحولیاتی ذمہ داری کے اعلیٰ ترین معیارات کو برقرار رکھنا ایک بنیادی ترجیح ہے۔ کمپنی ISO 14001:2004 کے تحت سند یافتہ ہے، جو بین الاقوامی سطح پر تسلیم شدہ ماحولیاتی مینجمنٹ طریقوں سے اپنی وابستگی کی عکاسی کرتی ہے۔

ای ایس جی (ماحولیاتی سماجی حکمرانی)

کمپنی ای ایس جی پر فعال طور پر کام کر رہی ہے، متعلقہ ماحولیاتی، سماجی اور حکمرانی کے معاہدات سالانہ رپورٹ کے ESG سیکشن میں شامل ہیں۔

آخری AGM میں اٹھائے گئے مسائل

31 دسمبر 2024 کو ختم ہونے والے سال کے لیے سالانہ جنرل میٹنگ کے دوران کوئی اہم مسائل نہیں اٹھائے گئے۔

ایجنڈا نمبر 1: 29 اپریل 2024 کو منعقدہ سالانہ جنرل میٹنگ کی کارروائی کی منظوری۔

ایجنڈا نمبر 2: 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے کمپنی کے اسٹینڈ آؤن اور کنسولیدیشنڈ آڈٹ شدہ مالی بیانات ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین کی جائزہ رپورٹ کے ساتھ موصول کرنا، غور کرنا اور منظور کرنا۔

ایجنڈا نمبر 3: کمپنی کے آڈیٹرز کی تقرری اور ان کی معاوضے کا تعین۔ M/s Crowe Hussain Chaudhury Co & چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2025 کو ختم ہونے والے سال کے لیے آڈیٹرز کے طور پر دوبارہ تقرر کی سفارش کی گئی ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی کے بورڈ آف ڈائریکٹرز میں تین غیر ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹرز شامل ہیں۔ ایگزیکٹو ڈائریکٹرز کو کمپنی کی HR پالیسیوں اور تنخواہ کے طے شدہ پیمانوں کے مطابق مقررہ تنخواہ اور مراعات دی جاتی ہیں۔

کارپوریٹ گورننس کے طریقے

اوانسیون لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کے اصولوں سے وابستہ ہے اور پاکستان اسٹاک ایکسچینج (PSX) کے لسٹنگ ریگولیشنز میں شامل کارپوریٹ گورننس کوڈ کی ضروریات کی تعمیل کرتا ہے۔

بورڈ آف ڈائریکٹرز کی ترکیب

نمبر	ڈائریکٹر کا نام	حیثیت
1	خالد ایچ وین	غیر ایگزیکٹو ڈائریکٹر (غیر آزاد)
2	بختیار ایچ وین	ایگزیکٹو ڈائریکٹر
3	عامر وین	غیر ایگزیکٹو ڈائریکٹر (غیر آزاد)
4	تنویر کرامت	غیر ایگزیکٹو ڈائریکٹر (غیر آزاد)
5	محمد شاہد میر	ایگزیکٹو ڈائریکٹر
6	فاریہ رحمان صلاح الدین	آزاد خاتون ڈائریکٹر
7	سلینا سعیدہ رشید خان	آزاد خاتون ڈائریکٹر

آڈٹ کمیٹی کی ترکیب

نمبر	ارکان کا نام	عہدہ	حیثیت
1	فاریہ رحمان صلاح الدین	چینرمین	آزاد ڈائریکٹر
2	خالد حامد وین	رکن	غیر ایگزیکٹو ڈائریکٹر
3	عامر وین	رکن	غیر ایگزیکٹو ڈائریکٹر

HR اور معاوضہ کمیٹی کی ترکیب

نمبر	ارکان کا نام	عہدہ	حیثیت
1	فاریہ رحمان صلاح الدین	چینرمین	آزاد ڈائریکٹر
2	خالد حامد وین	رکن	غیر ایگزیکٹو ڈائریکٹر
3	سلینا سعدیہ رشید خان	رکن	آزاد ڈائریکٹر

بورڈ کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز نے چار بورڈ اجلاس منعقد کیے (سب پاکستان میں)، جن میں تمام قابل احترام ارکان نے شرکت کی۔

سیگمنٹل کاروباری کارکردگی

فخر کا ایک لمحہ: ہم اعلان کرتے ہیں کہ آوانسیون کو کنٹرول انجینئرنگ کی 2026 سسٹم انٹیگریٹر جانٹس کی فہرست میں عالمی سطح پر نمبر 17 پر رکھا گیا ہے۔ یہ رینکنگ انہیں دنیا کے سرکردہ انڈسٹریل اٹومیشن اور ڈیجیٹل تبدیلی فراہم کنندگان میں شامل کرتی ہے۔

پاکستان میں آوانسیون کی بنیادی طاقت کنٹرول/اٹومیشن انجینئرنگ میں ہے جو اس کی مارکیٹ لیڈرشپ کو مضبوط کرتی ہے۔ آوانسیون کی پاکستان میں پروسیس کنٹرول انڈسٹری میں 60 فیصد سے زیادہ کا متاثر کن حصہ ہے۔

ملازمین کے ریٹائرمنٹ فوائد

فنڈ کے حجم کا %	2024 سرمایہ کاری (روپے ہزار)	فنڈ کے حجم کا %	2025 سرمایہ کاری (روپے ہزار)
52%	100,114	67%	163,500
10%	20,163	12%	29,900
4%	8,122	5%	11,589
33%	64,138	16%	38,585
100%	192,536	100%	243,573

کمپنی کے قانونی آڈیٹرز

موجودہ آڈیٹرز M/s. Crowe Hussain Chaudhury & Co. چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہونے کی بناء پر، دوبارہ تقرری کے لیے پیش ہیں۔ کمپنی کی آڈٹ کمیٹی نے 31 دسمبر 2026 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔

مواصلات

حصص یافتگان کے ساتھ مواصلات کو اعلیٰ ترجیح دی جاتی ہے۔ سہ ماہی، نیم سالانہ اور سالانہ نتائج اور رپورٹس سمیت مالی نتائج کمپنیز ایکٹ 2017 میں مقررہ وقت کے اندر انہیں تقسیم کیے جاتے ہیں۔

اعتراف

بورڈ کمپنی کے ملازمین کی مسلسل لگن اور کوششوں سے خوش ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



مسٹر بختيار ايج وين

ڈائریکٹر، چیف ایگزیکٹو آفیسر



مسٹر محمد شاہد میر

ڈائریکٹر 30 اپریل 2025

لاہور:

نوٹس برائے تیسواں سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ ایسیون لمیٹڈ "کمپنی" کا تیسواں سالانہ اجلاس عام مورخہ 23 مئی 2026ء بروز ہفتہ سہ پہر 02:00 بجے بمقام دی نشاط ہوٹل، گرینڈ امپیریل ہال، 9-A، تیسری منزل، گلبرگ III، میاں محمود علی قسوری روڈ، لاہور سے مندرجہ ذیل کاروباری امور کو انجام دینے کیلئے منعقد ہوگا۔

الف۔ عمومی کاروباری امور:-

1۔ تفصیلات کی منظوری (Minutes of the Meeting) جو کہ بائیسواں سالانہ اجلاس عام مورخہ 30 اپریل 2025ء کو منعقد ہوا تھا۔

۲۔ 31 دسمبر 2025ء کو ختم ہونے والے کمپنی کے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے، چیئرمین کا جائزہ، ڈائریکٹران اور آڈیٹرز کی رپورٹس وصول کرنا اور پرغور کرنا اور انہیں اختیار کرنا۔

کمپنیز ایکٹ 2017ء کے سیکشن (6) 223 اور S.R.O No. 389(I)/2023 مورخہ 21 مارچ 2023ء کے تحت، کمپنی کے مالیاتی گوشوارے کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جنہیں درج ذیل ویب لنک سے ڈاؤن لوڈ کیا جاسکتا ہے۔

<https://www.avanceon.ae/investor-information/>

۳۔ کمپنی کے آڈیٹرز کو مقرر کرنا اور اس کا معاوضہ طے کرنا۔ حصص یافتگان کو اطلاع دی جاتی ہے کہ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے ریٹائر ہونے والے آڈیٹرز کو حسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کا نام آئندہ مالی سال 31 دسمبر 2026ء کیلئے کمپنی کے آڈیٹرز کی تقرری کیلئے تجویز کیا ہے۔

۴۔ مالیاتی سال 31 دسمبر 2025ء کیلئے نقد ڈیویڈنڈ بحساب -1/ روپے (یعنی 10%) فی حص کی ادائیگی پرغور و خصوص اور منظوری جیسا کہ کمپنی کے بورڈ آف ڈائریکٹران نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے۔

۵۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکل نمبر 01 / 2026 مورخہ 08 جنوری 2026ء کے مطابق، کمپنیوں کو اجازت ہے کہ وہ سالانہ اجلاس عام میں ڈائریکٹرز کا انتخاب کر سکتے ہیں، بشرطیکہ یہ انتخابات اجلاس عام کی تاریخ کے بعد تیس (30) دن کے اندر ہونا ہوں۔ اس کے مطابق، کمپنیز ایکٹ 2017ء کے سیکشن 159 اور مینورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن کے مطابق 29 مئی 2026ء سے شروع ہونے والی اگلی 03 (تین) سالہ مدت کیلئے کمپنی کے ساتھ (07) ڈائریکٹران کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹران کے نام مندرجہ ذیل ہیں۔

1- جناب بختیار حمید دوانی 2- جناب خالد حمید دوانی 3- جناب عامر وانیں 4- جناب تنویر کرامت 5- جناب محمد شاہد میر 6- محترمہ فارین رحمن صلاح الدین 7- محترمہ سلیمہ سعدیہ رشید خان

ب۔ خصوصی کاروباری امور:-

۶۔ قرار پایا جاتا ہے کہ کمپنی کا موجودہ آٹھوراہہ ڈیویڈنڈ -5,000,000,000/ روپے سے بڑھا کر -7,500,000,000/ روپے کر دیا جائے اور کمپنی کے مینورنڈم آف ایسوسی ایشن کی شق نمبر ۷ کو مندرجہ ذیل طریقے سے پڑھنے کی ترمیم کی جاتی ہے۔

(۷) کمپنی کا آٹھوراہہ ڈیویڈنڈ -7,500,000,000/ روپے ہے جو کہ 750,000,000 حصص بحساب -10/ روپے فی حص ہے اس اختیار کیساتھ (بمطابق متعلقہ شرائط کمپنیز ایکٹ 2017ء) اس کیپٹل کو بڑھایا جاسکتا ہے کم کیا جاسکتا ہے اور مختلف کلاسوں میں تقسیم کیا جاسکتا ہے۔

ب) کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق نمبر 5 کو مندرجہ ذیل طریقے سے پڑھنے کی ترمیم کی جاتی ہے۔

(5) کمپنی کا آٹھوراہہ ڈیویڈنڈ -7,500,000,000/ روپے ہے جو کہ 750,000,000 حصص بحساب -10/ روپے فی حص ہے۔ اس اختیار کے ساتھ (بمطابق شق نمبر 85 اور 98 کمپنیز ایکٹ 2017ء) اس کیپٹل کو بڑھایا جاسکتا ہے۔ ضم کیا جاسکتا ہے۔ تقسیم کیا جاسکتا ہے۔ منسوخ کیا جاسکتا ہے بصورت دیگر دوبارہ منضم کیا جاسکتا ہے۔

۷۔ قرار پایا جاتا ہے کہ، کمپنی کے بورڈ آف ڈائریکٹران اس امر کی منظوری دیتے ہیں کہ، **Avanceon Automation & Control W.L.L.**، قطر (کمپنی کی 49% ملکیتی مگر 100% کنٹرولنگ حقوق کے ساتھ ذیلی کمپنی ہے) سے قابل وصول، طویل مدتی بلا سود رقم، مبلغ 1,615,196,365 پاکستانی روپے (20,956,388 قطری ریال) کو بطور سرمایہ کاری ایکویٹی۔ کیپیٹل کنٹریبیوشن ریزرو میں تبدیل کیا جاتا ہے، جسے، ذیلی کمپنی میں سرمایہ کاری کے طور پر درجہ بند کیا جاتا ہے، اور یہ تمام اقدامات کمپنیز ایکٹ 2017ء کے سیکشن 199(1) اور پاکستان میں نافذ العمل دیگر متعلقہ قوانین و ضوابط کے مطابق ہوں گے۔

مزید قرار پایا جاتا ہے کہ، کمپنی کے چیف ایگزیکٹو آفیسر اور/یا چیف فنانشل آفیسر اور/یا کمپنی سیکریٹری کو، مشترکہ طور پر اور/یا علیحدہ علیحدہ، اس امر کا اختیار حاصل ہوگا کہ وہ مجوزہ قراردادوں پر عملدرآمد کے لیے کسی بھی دستاویز/دستاویزات پر دستخط کریں اور تمام ضروری اقدامات بروئے کار لائیں۔

ج۔ کوئی بھی اضافی امور جو کہ جیرمین کی اجازت سے ہوں گے۔

لاہور مورخہ 02 مئی 2026ء

بحکم بورڈ:- فیصل ندیم شیخ (کمپنی سیکرٹری)

ویب لنک برائے آن لائن میٹنگ بذریعہ "ZOOM"

ممبران کو کمپنی کے زیر انتظام ویڈیو کانفرنس کی سہولت کے ذریعے AGM میں شرکت کے لیے حوصلہ افزائی کی جاتی ہے، نیچے دیے گئے لنک پر عمل کریں:

https://us06web.zoom.us/webinar/register/WN_sqbUIp5ZSgm3JaJLEN8mRw

شہیزہ ہولڈرز AGM کے ایجنڈا آئٹمز کے لیے اپنے تبصرے اور سوالات فراہم کردہ ای میل ایڈریس agm@avanceon.ae پر کر سکتے ہیں۔

AGM میں شرکت کیلئے درج ذیل لنک سے رہنمائی حاصل کر سکتے ہیں <http://www.avanceon.ae/investor-relations/>

کمپنیز ایکٹ 2017ء کے سیکشن (6)223 کے تحت، آڈٹ شدہ مالیاتی گوشوارے کو ای میل کے ذریعے بھیجنے کی اجازت دی گئی ہے۔ کمپنی کی سالانہ رپورٹ اور سالانہ اجلاس عام کے نوٹس ان حصص یافتگان کو ای میل کے ذریعے بھیجی جائے گی جن کے ای میل CDC اور شہیزہ رجسٹر کے ریکارڈز میں موجود ہیں۔ حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے ای میل کو مدکورہ بالا لنک یا ای میل یا پوسٹل ایڈریس پر بھیجیں۔ سالانہ رپورٹ کمپنی کی ویب سائٹ <https://www.avanceon.ae> پر بھی لوڈ کی گئی ہے اور حصص یافتگان تک آسانی سے قابل رسائی ہے۔

حاشیات:-

حصص یافتگان کے اجلاس میں شرکت کیلئے۔

- ۱۔ کمپنی کے حصص کی منتقلی کی کتب مورخہ 16 مئی 2026ء سے 23 مئی 2026ء (بشمول دونوں دن) بند رہیں گی جس دوران تدوین کیلئے کسی بھی حصص کی منتقلی کی وہ درخواستیں جو درست حالت میں کمپنی کے شیئرز رجسٹرار کے دفتر فیکو شیئرز رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، 8 ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، مورخہ 15 مئی 2026ء کو دفتری اوقات ختم ہونے سے قبل موصول ہوگی۔ ان کو ڈیوڈنڈ اور سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے استحقاق کے تعین کیلئے بروقت شمار کیا جائے گا۔
- ۲۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ جسکی سکیورٹی گروپ اکاؤنٹ میں جمع ہے انکی رجسٹریشن کی تفصیل قوانین کے مطابق لف ہوں، اجلاس میں شرکت کیلئے شناخت کی تصدیق اپنا شناختی کارڈ یا پاسپورٹ سے کروائیں۔
- ۳۔ حصص یافتگان جو کہ CDC میں رجسٹر ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنا آئی ڈی نمبر اور اکاؤنٹ نمبر جو کہ CDC میں ہے، مہیا کریں۔
- ۴۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹران اپنے نمبر کی قرارداد/مختار نامہ بمعہ نامزد کیے گئے شخص کے دستخط نمونہ پیش کریں۔

پراکسی کی تقرری کیلئے:-

- ۱۔ سالانہ اجلاس عام میں شمولیت، بولنے اور حق رائے دہی استعمال کرنے کے مستحق ہر حصص یافتگان کو یہ حق حاصل ہے کہ وہ شرکت بولنے اور حق رائے دہی استعمال کرنے کیلئے اپنی جگہ کسی پراکسی (نمائندہ) کو مقرر کرے اور ایسے پراکسی کو اجلاس میں شرکت، بولنے اور حق رائے دہی استعمال کرنے کی نسبت سے وہی اختیارات حاصل ہونگے جو کہ بذات خود کمپنی کے حصص یافتگان کو حاصل ہوتے ہیں۔ پراکسی مقرر کرنے کیلئے ہر لحاظ سے درست اور باقاعدہ مہر شدہ اور دستخط شدہ پراکسی فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس میں موصول ہونا ضروری ہے۔ پراکسی کا بذات خود کمپنی کے حصص یافتگان میں سے ہونا ضروری نہیں۔
- ۲۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ افراد جسکی سکیورٹی گروپ اکاؤنٹ میں ہوں اور انکی رجسٹریشن کی تفصیلات قوانین کے مطابق جمع کروائی گئی ہوں، پراکسی فارم مکمل اور صحیح طور پر تصدیق شدہ ہونا ہوگا۔
- ۳۔ پراکسی فارم پر دو اشخاص گواہ ہونے چاہئیں جنکے نام، پتہ جات، شناختی کارڈ نمبر پراکسی فارم پر لکھے ہوں۔
- ۴۔ حصص یافتگان اور پراکسی کے درست شناختی کارڈ یا فائدہ مند مالکان کے پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کریں۔
- ۵۔ پراکسی اپنا شناختی کارڈ یا پاسپورٹ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔
- ۶۔ کارپوریٹ شناخت کی صورت میں مختار عام بورڈ آف ڈائریکٹران کارپوریٹ نامزد کیے گئے شخص کے دستخط نمونہ جات کے ساتھ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

قومی ٹیکس نمبر/کمپیوٹرائزڈ قومی شناختی کارڈ نمبر کی کاپی جمع کروانا۔ الیکٹرونک ڈیوڈنڈ کے لیے:-

- ۱۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایت کے مطابق، حصص یافتگان جنکے کمپیوٹرائزڈ قومی شناختی کارڈ کمپنی کو موصول نہیں ہوئے ہیں، ان کی موصولی تک ڈیوڈنڈ الیکٹرونک اعتبار سے جمع نہیں ہوں گے۔
- ۲۔ اسی مناسبت سے، وہ حصص یافتگان جنہوں نے ابھی تک اپنے درست کمپیوٹرائزڈ قومی شناختی کارڈ یا قومی ٹیکس نمبر سرٹیفکیٹ کی کاپی جمع نہیں کی ہے، ایک بار پھر درخواست کی جاتی ہے کہ وہ اسے فوری طور پر کمپنی کے سی ڈی سی شیئرز رجسٹرار کے دفتر فیکو شیئرز رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، 8 ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، کو فراہم کریں۔ کارپوریٹ اداروں سے گزارش ہے کہ وہ اپنے مجاز نمائندے کی قومی انکم ٹیکس نمبر اور فولیو نمبر کی کاپی فراہم کریں۔

الیکٹرونک طریقے کے ذریعے سے ڈیوڈنڈ کی ادائیگی:-

- ۱۔ کمپنیز ایکٹ 2017ء کی دفعہ 242 کے تحت ایک لسنڈ کمپنی کو حصص یافتگان کے مستحق بینک اکاؤنٹ میں صرف الیکٹرونک طریقے کے ذریعے ڈیوڈنڈ ادا کرنا ہوگا۔ حصص یافتگان کی سہولت کے لیے کمپنی کا ای ڈیوڈنڈ لازمی فارم کمپنی کی ویب سائٹ یعنی <https://www.avanceon.ae> پر دستیاب ہے۔ سی ڈی سی اکاؤنٹ ہولڈر کو اپنی معلومات براہ راست اپنے بروکر (شریک) / اسٹرنل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو ارسال کر دیں۔
- ۲۔ براہ کرم نوٹ کریں کہ کمپنیز ایکٹ کی دفعہ (3) 243 کے تحت، اگر کمپنی حصص یافتگان کے ذریعے مطلوبہ معلومات فراہم نہیں کرتے تو کمپنی ڈیوڈنڈ کی ادائیگی روکنے کا حق رکھتی ہے۔

انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کی تعمیل میں دیے گئے پہلے شیڈول کے حصہ 3 کے ڈویژن 1 کے ساتھ پڑھے گئے ڈیوڈنڈ انکم پر دو ہولڈنگ ٹیکس بالترتیب 15% فائلر اور 30% نان فائلر کے حساب سے حصص یافتگان کے لئے کاٹا جائے گا۔ فائلر ایک ایسا ٹیکس دہندہ ہوتا ہے جس کا نام ایف بی آر کے ذریعے وقتاً فوقتاً جاری کردہ اکیٹیو ٹیکس دہندگان کی فہرست (ATL) میں ظاہر ہوتا ہے اور

نان فائلر، فائلر کے علاوہ کوئی دوسرا فرد ہے۔ کمپنی کو فائلر کے لئے 15% ٹیکس روکنے کے قابل بنانے کے لئے، تمام حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ ایف بی آر کی ویب سائٹ پر تازہ ترین دستیاب (ATL) میں اپنے نام ظاہر کروائیں، بصورت دیگر ان کے کیش ڈیویڈنڈ پر ٹیکس نان فائلرز کے لئے 30% کاٹ لیا جائے گا۔ ڈیویڈنڈ انکم سے وہ ہولڈنگ ٹیکس میں چھوٹ صرف اس صورت میں ہوگی جب شیئرز رجسٹر کے بند ہونے کے ایک دن پہلے تک کمپنی کے شیئرز رجسٹرار کو درست ٹیکس اسٹیٹی سرٹیفکیٹ کی ایک کاپی دستیاب کر دی جائے۔

ایف بی آر نے واضح کیا ہے کہ مشترکہ اکاؤنٹ کی صورت میں، ہر ہولڈر کو انفرادی طور پر برتاؤ کیا جائے گا، کیونکہ فائلر یا نان فائلر پر ٹیکس ہر مشترکہ ہولڈر کی شیئرز ہولڈنگ کی بنیاد پر وصول کیا جائے گا، جو کہ حصص یافتگان نے کمپنی کے شیئرز رجسٹرار کو مندرجہ ذیل تحریری طور پر مطلع کیا ہوا۔ بصورت دیگر یہ سمجھا جائے گا کہ مشترکہ حصص یافتگان کے حصص برابر ہیں۔

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder	Joint Shareholder (s)
			Name & CNIC No. Shareholding proportion (No. of Shares)	Name & CNIC No. Shareholding proportion (No. of Shares)

سی ڈی سی اکاؤنٹ میں فزیکل شیئرز کی تبدیلی :-

ایس ای سی پی نے اپنے نمبر 2016-CSD/ED/Misc-639-640 مورسہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کو مشورہ دیا ہے کہ وہ ایکٹ کے سیکشن 72 کی دفعات پر عمل کریں، جس کے تحت تمام کمپنیوں کو ایکٹ کی منظوری کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو بک انٹری فارم میں تبدیل کرنے کی ضرورت ہے۔ اس کے مطابق، فزیکل فوئو/شیئرز سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کریں۔ شیئرز ہولڈرز سی ڈی سی اکاؤنٹ کھولنے اور بعد ازاں فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے میں مدد کے لیے پی ایس ایکس ممبر، سی ڈی سی پارٹنیشن، یا سی ڈی سی انویسٹر اکاؤنٹ سروس پرووائیڈر سے رابطہ کر سکتے ہیں۔ بک انٹری فارم میں حصص کو برقرار رکھنے کے بہت سے فوائد ہیں۔ سی ڈی سی کے ساتھ حصص کی محفوظ تھمیل، ڈپلیکیٹ حصص کے اجراء کے لیے درکار سی کارروائیوں سے اجتناب وغیرہ۔ فزیکل کنونشن فارم میں شیئرز بک میں اندراج کے لیے کمپنی کے شیئرز ہولڈرز کمپنی کے شیئرز رجسٹر سے رابطہ کر سکتے ہیں، یعنی فیکو شیئرز رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ۔

بیانات زیر دفعہ (3) 134 کمپنیز ایکٹ 2017ء :-

یہ بیانات ان حقائق کی نشاندہی کرتے ہیں جو کہ تیسواں سالانہ اجلاس عام 23 مئی 2026ء میں ’اہم کاروباری امور‘ کی منظوری کیلئے پیش کیا جائے گا۔

کارروائی کی چھٹیں شق :-

بورڈ آف ڈائریکٹران کی اجلاس جو کہ 30 اپریل 2026ء کو منعقد ہوا تھا جس میں یہ قرار پایا کہ کمپنی کا موجودہ آئین اور ڈیپٹل -/5,000,000,000 روپے (جو کہ 500,000,000 بحساب 10/- روپے فی حص) سے بڑھا کر -/7,500,000,000 روپے (جو کہ 750,000,000 بحساب -/10 روپے فی حص) کر دیا جائے۔ آئین اور ڈیپٹل میں یہ اضافہ اس غرض سے منظور کیا گیا ہے کہ مستقبل میں حصص کے اجراء میں ممکنہ اضافے کو پیش نظر رکھا جاسکے، کیونکہ کمپنی کا موجودہ آئین اور ڈیپٹل 85.50 فیصد پہلے ہی جاری شدہ، ادا شدہ اور سبسکرائب شدہ ہے۔

کمپنی کے ڈائریکٹران کا اس آئین اور ڈیپٹل کے اضافے میں کوئی ذاتی مفاد (براہ راست یا بلاواسطہ) سوائے ان کے اپنے حصص کی حد تک نہیں ہے۔

کارروائی کی ساتویں شق :-

ایونسیون گروپ کے ہولڈنگ اسٹریکچر کو منظم بنانے اور ریاست قطر میں جاری و آئندہ منصوبہ جات کی کارکردگی اور معیار کو بہتر بنانے کے پیش نظر، کمپنی کے ڈائریکٹران نے فیصلہ کیا ہے کہ Avanceon Automation & Control W.L.L. (جو کہ کمپنی کی 49% حصص داری کے ساتھ 100% کنٹرولنگ حقوق رکھنے والی ذیلی کمپنی ہے) سے قابل وصول، طویل مدتی بلا سود رقم کو بطور سرمایہ کاری ایکویٹی۔ کمپنی کنٹرولنگ شیئرز میں سرمایہ کاری کے طور پر درجہ بند کیا جائے گا۔

تجزیہ	ضابطہ قانون	ضابطہ قانون نمبر
	تمام قسم کی سرمایہ کاری کے بیانات	3(1)a
	منسلک کمپنی یا منسلک انڈیکنگ کے بارے	3(1)a(A)
Avanceon Automation & Control W.L.L. (Qatar)	منسلک کمپنی یا منسلک انڈیکنگ کا نام،	(i)
49% ذیلی کمپنی 100% کنٹرول کیساتھ	کمپنی سے تعلق کی بنیاد	(ii)
2023: Rs. 4.36 m	گذشتہ 03 سالوں کی فی حص آمدنی:	(iii)
2024: Rs. 1.66 m		
2025: Rs. 3.33 m		
	تازہ ترین آڈٹ شدہ مالیاتی گوشوارے پر مشتمل	(iv)
	فی شیئر بریک آپ ویلیو تازہ ترین دستیاب آڈٹ شدہ مالی بیانات مورخہ 31 دسمبر 2025 کے مطابق،	
	بریک اپ قیمت فی حص آمدنی	
	مالیاتی صورتحال بشمول تازہ ترین مالیاتی	(v)
	گوشوارے اور منافع اور نقصان کے گوشوارے	
	میں بیان کردہ اہم نکات کی بنیاد پر	
	14.41m روپے بنتی ہے۔	

Main items of Statement of Financial Position:	Rs. in '000'
Non-current Assets	67,484
Current Assets	10,077,054
Total Equity	2,881,939
Non-current Liabilities	110,175
Current Liabilities	7,152,423

	متعلقہ کمپنی یا اس سے منسلک اور سے کے پراجیکٹ قابل اطلاق نہیں ہے	(vi)
	کے سلسلے میں سرمایہ کاری کی معلومات، جس نے	
	ابھی کام شروع نہیں کیا	
	عمومی معلومات	3(1)a(B)
	زیادہ سے زیادہ کی جانے والی سرمایہ کاری	(i)
	مقتصد، سرمایہ کاری کرنے والی کمپنی اور اس کے	(ii)
	اراکین کو مذکورہ سرمایہ کاری سے ممکنہ فائدہ اور	
	سرمایہ کاری کی مدت	
	سرمایہ کاری میں استعمال ہونے والی انوشمنٹ کے	(iii)
	ذرائع اور	
	اگر سرمایہ کیلئے قرض لینے کا ارادہ ہے تو	
	(i) قرض کے ذریعے سرمایہ کاری کی وضاحت	
	(ii) ایسی سرمایہ کاری کے حصول کیلئے فراہم کردہ	
	جہانتوں، اثاثوں کو گروپی رکھنے کی تفصیل	
	(iii) سرمایہ کاری کے تجزیہ کا فائدہ	
	مجوزہ سرمایہ کاری کے متعلق کمپنی یا اس سے منسلک	(iv)
	ادارے سے اگر کوئی معاہدہ ہے تو اس کی	
	نمایاں خصوصیات	
	منسلک کمپنی یا منسلک ادارے یا زیر غور لین دین	(v)
	میں ڈائریکٹرز، سرمایہ کار، اکثریتی شیئر ہولڈر اور ان	
	رشتہ داروں کا براہ راست یا بالواسطہ کوئی مفاد نہیں ہے	
	کے رشتہ داروں کا براہ راست یا بالواسطہ اگر	
	کوئی مفاد ہے	

- (vi) اگر منسلک کمپنی یا ادارے میں کوئی سرمایہ کاری پہلے کوئی نہیں سے کی جا چکی ہے تو ایسی سرمایہ کاری کی کارکردگی کی مکمل تفصیل وضاحت بشمول کسی خرابی کی معلومات اور اکیٹن کیلئے لین دین کو سمجھنے کیلئے دیگر ضروری تفصیلات کوئی نہیں
- (vii) اکیوٹی سرمایہ کاری کی صورت میں زیادہ سے زیادہ قیمت جس پر حصص حاصل کی جائیں گے
- 3(1)(b) (i) زیادہ سے زیادہ قیمت جس پر حصص حاصل کی جائیں گے
- (ii) لسٹڈ حصص کی صورت میں اگر قیمت فروخت مارکیٹ قیمت سے زائد ہے اور ان لسٹڈ حصص کی صورت میں مناسب قیمت، اور ان کا جواز حاصل کی جانے والی حصص کی زیادہ سے زیادہ تعداد
- (iii) متعلقہ کمپنی کے لیے ریاست قطر میں مروجہ مالیتی اکائیوں کے مطابق سرمایہ کاری کی رقم کے مساوی۔
- (iv) مجوزہ سرمایہ کاری سے پہلے اور بعد میں موجودہ حصص **سرمایہ کاری سے قبل**:
- 200 حصص، فی حصص 76,990 پاکستانی روپے کے حساب سے؛ 49% حصص داری کے ساتھ 100% کنٹرولنگ حقوق رکھنے والی ذیلی کمپنی۔
- **سرمایہ کاری کے بعد**:
- مزید 1,615,196,365 پاکستانی روپے کو بطور سرمایہ شراکت اکیوٹی سرمایہ کاری میں تبدیل کیا جائے گا؛ 49% حصص داری کے ساتھ 100% کنٹرولنگ حقوق برقرار رہیں گے۔
- (v) اگر سرمایہ کاری نان لیسنڈ سیکورٹیز میں مجوزہ ہے تو موجودہ اور پچھلے 12 ہفتوں کی ویڈیو اور میڈیا اوسط مارکیٹ قیمت
- (vi) مناسب قیمت، جو کہ ریگولیشن 5 کے ذیلی نان لسٹڈ کمپنی ہے اس لئے کوئی مناسب قیمت دستیاب نہیں ہے اس کا تعین حصص کی بریک اپ قیمت ریگولیشن (i) کے تحت ہوا اگر سرمایہ کاری نان لیسنڈ سیکورٹیز میں مجوزہ ہے تو کے ذریعے سے لگایا جاسکتا ہے
- (vii) اگر سرمایہ کاری قرضوں، ایڈوانسز اور ضمانتوں کی صورت میں ہے تو ضابطہ 3 کے ذیلی ضابطہ (1) کی شق (a) کے تحت مندرجہ ذیل معلومات بھی فراہم کریں
- 3(1)(c) قابل اطلاق نہیں
- 3(3) معقول مستعدی ڈائریکٹرز تصدیق کرتے ہیں کہ معقول مستعدی سے کام کیا گیا ہے
- 4 ممبران کیلئے دی جانے والی دیگر تفصیلات
- 4(1) اگر منسلک کمپنی یا منسلک ادارے یا اس کے ڈائریکٹرز یا اسپانسر میں سے کوئی بھی سرمایہ کاری کرنے والی کمپنی کارکن ہو تو منسلک کمپنی یا منسلک ادارے یا اس کے ڈائریکٹرز یا اسپانسر کے مفاد کی معلومات جنرل میٹنگ (جو کہ پینتھرا ایکٹ کی شق 199 کے تحت بلائی جائے گی) کے نوٹس میں
- بجٹیا رحید و انیسون لمیٹڈ (سرمایہ کاری کرنے والی کمپنی) میں 57.71% حصص کے مالک ہیں۔

4(2) اگر کسی سرمایہ کاری کا فیصلہ، جو Companies Act, 2017 کی دفعہ 199 کے تحت منظور شدہ قرارداد کے مطابق کیا گیا ہو، مکمل طور پر اراکین کی منظوری کے مطابق اگلی جنرل میٹنگ تک نافذ نہ ہو سکے، تو اس فیصلے کی صورتحال اراکین کو ایک بیان کے ذریعے واضح کی جائے گی جس میں درج ذیل تفصیلات شامل ہوں گی، یعنی:

(a) کل منظور شدہ سرمایہ کاری؛

(b) اب تک کی گئی سرمایہ کاری کی رقم؛

(c) سرمایہ کاری کی مقررہ مدت کے مطابق

عملدرآمد میں تاخیر یا انحراف کی وجوہات، اگر سرمایہ

کاری کسی مخصوص مدت میں مکمل کی جانی تھی؛ اور

(d) قرارداد کی منظوری کے بعد سے متعلقہ کمپنی یا

متعلقہ ادارے کے مالیاتی گوشواروں میں ہونے

والی کوئی بھی اہم تبدیلی۔

(3)(4) منسلک کمپنی یا منسلک ادارے کی تازہ آؤنڈ مالی گوشوارے بشمول تازہ ترین عبوری مالی گوشوارے اس کمپنی کے رجسٹرڈ آفس میں دستیاب ہیں اور جانچ کیلئے ممبران کی میٹنگ بھی دستیاب ہونگے کوئی ہیں) کمپنیز ایکٹ کے سیکشن 199 کے تحت سرمایہ کاری کیلئے خصوصی قرارداد کی منظوری کیلئے بلائے جانے والے عام اجلاس میں اراکین کو معائنہ کیلئے مہیا کی جائیں گی۔

کمپنیز ایکٹ 2017ء کی دفعہ 134(3) کی شرائط کے مطابق، مذکورہ دستاویزات بشمول یہ ایجنڈا اور قراردادیں کمپنی کے رجسٹرڈ دفتر میں دستیاب ہیں اور دفتری اوقات کے دوران معائنہ کے لیے پیش کی جا سکتی ہیں۔

DIVIDEND MANDATE FORM

To:

The Registrar
FAMCO Share Registration Services (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery Block-6,
P.E.C.H.S, Shakra-e-Faisal
Karachi

Broker's Name
OR
Central Depository Company
(where shares are held in the
Investor Account Services)

1. I hereby authorize Avanceon Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

<i>i) Shareholder's Detail</i>	
Name of the shareholder	
Folio No. /CDC Participants ID A/c. No.	
CNIC No.*	
Passport No, (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	

<i>(ii) Shareholder's Bank Detail</i>	
Title of the Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

2. It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the above addresses as soon as these occur.

Signature of the Shareholder

Note: The shareholder who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form after duly filled in to Share Registrar concerned. The Shareholders who hold shares in Central Depository Company are requested to submit the above mentioned Dividend Mandate Form after duly filled in to their Participants/Investor Account Services of the Central Depository Company Limited.

*Please attach attested photocopy of CNIC

**Please attach attested photocopy of the Passport

Form of Proxy
23rd Annual General Meeting of Avanceon Limited

I/We _____
 of _____
 being a member of Avanceon Limited and holder of _____ ordinary shares as
 per share Register Folio (Number of Shares) No. _____ and / or CDC
 Participant ID No. _____ and Sub
 Account No. _____ hereby appoint _____ of
 _____ or
 failing him _____ of _____ as
 my/our proxy to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the company to
 be held on the **23rd day of May 2026** and at any adjournment thereof.

Signed this _____ day of _____ 2026

Witnesses:

- 1) **Signature:** _____
 Name : _____
 Address : _____

 CNIC or: _____
 Passport : _____

Signature on Rs. 5/- Revenue Stamp

Signature
 Signature should agree with the
 specimen registered with the company

- 2) **Signature:** _____
 Name : _____
 Address : _____

 3) CNIC or: _____
 Passport : _____

Note:

Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



پراکسی فارم نوٹس برائے چیئسمان سالانہ اجلاس عام

میں / ہم _____
 ساکن _____ بطور اونسیون لمیٹڈ
 رکن و حامل _____ عام حصص برطابق شیئر رجسٹرڈ
 فولیو نمبر _____ اور پاسی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور
 ذیلی کھاتہ نمبر _____ ساکن _____ یا بصورت دیگر
 _____ ساکن _____ کو اپنی جگہ مورخہ 23 مئی 2026ء
 منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط بتاریخ _____ 2026ء

گواہان:-

1 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

2 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

دستخط
 براہ کرم پانچ روپے
 ماہیت کے ریونیوٹکٹ
 چسپاں کریں

دستخط کھیتی میں درج نمونہ کے
 مطابق ہونے چاہئیں

نوٹ: پراکسی کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کھیتی کو موصول ہوں۔ نیاہت دار کا کھیتی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے اہتماس ہے کہ وہ اپنے کپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کھیتی میں جمع کروائیں۔



A photograph of an industrial facility, possibly a refinery or chemical plant, at night. The scene is dominated by a large, multi-story structure with a complex network of pipes, walkways, and scaffolding. A prominent feature is a tall, cylindrical tower with several levels of platforms and ladders. The lighting is dramatic, with a mix of cool blue tones and warmer yellow/orange highlights from the facility's lights. The sky is dark and cloudy. The overall atmosphere is industrial and futuristic.

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