



AGP-Sec./ 415
May 22, 2026

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

SUBJECT: DISCLOSURE OF MATERIAL INFORMATION

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015 and Clause 5.6.1(a) of the Rule Book of the Pakistan Stock Exchange Limited, we hereby convey the following:

In continuation of the disclosure / notice issued on April 30, 2026 by AGP Limited (the "**Company**") regarding the evaluation of strategic growth opportunities, including potential acquisitions, investments and business combination, as well as operational synergies and value enhancement initiatives, the Board of Directors of the Company, in its meetings held on May 15, 2026, May 20, 2026, and subsequently on May 22, 2026, deliberated upon and approved a transformative corporate reorganization and integration initiative involving;

- (a) the Company;
- (b) OBS AGP (Private) Limited ("**OBS AGP**") (holding, *inter alia*, the Sandoz Portfolio), being a 65% owned subsidiary of the Company;
- (c) OBS Pakistan (Private) Limited ("**OBS Pakistan**") (holding, *inter alia*, the Viatrix Portfolio), being a 91.82% owned subsidiary of the Company;
- (d) OBS Pharma (Private) Limited ("**OBS Pharma**") (holding, *inter alia*, the Bayer Portfolio), being an associated concern of the Company; and
- (e) Aitkenstuart Pakistan (Private) Limited ("**Aitkenstuart**"), being the holding / parent company of the Company.

The Proposed Arrangement (as detailed below) envisages, *inter alia*, the strategic consolidation of subsidiaries and integration of OBS Pharma's commercial platforms with and into the Company, with the objective of creating a larger, more integrated healthcare and pharmaceutical platform with enhanced scale, operational efficiencies, portfolio depth, market reach and long-term growth potential.

The proposed merger of the subsidiaries and integration of OBS Pharma with and into the Company **will increase the combined platform's topline of the Company (being the merged entity) by approximately PKR 8.7 billion to PKR 37.5 billion, and profit after tax by approximately PKR 1.9 billion to in excess of PKR 5.6 billion (on a pro forma basis based on the audited statements of Profit or loss for year ended December 31st 2025).** The Proposed Arrangement is also **expected to**

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be accretive for the Company's existing shareholders by approximately 10.5%, based on the audited financial position as of December 31, 2025. Subject to completion and effectuation of the Proposed Arrangement and receipt of all applicable approvals, the combined platform is expected to further strengthen the Company's market presence, earnings profile, and strategic positioning within the pharmaceutical and healthcare sector. Further, the Proposed Arrangement is expected to diversify the Company's portfolio through expansion in Gynaecology and entry into Consumer Healthcare / Dermatology segments, while also strengthening manufacturing capabilities in specialized therapeutic categories including hormonal and psychotropic products. The merged entity is also expected to improve its market positioning and will be ranked amongst the top 10 pharmaceutical companies in Pakistan (from the existing 15th rank) based on IQVIA market data.

1. Details of the Proposed Arrangement:

The Proposed Arrangement broadly involves:

- (i) the merger of the entire undertaking of OBS AGP with and into the Company, against the issuance of 22,015,000 (Twenty Two Million Fifteen Thousand) ordinary shares of the Company (subject to (iv) below) to the shareholders of OBS AGP (other than the Company), in the ratio of 6.29 ordinary shares of the Company for every 1 (one) ordinary shares of OBS AGP held by such shareholders;
- (ii) the merger of the entire undertaking of OBS Pakistan with and into the Company, against the issuance of 2,736,000 (Two Million Seven Hundred Thirty Six Thousand) ordinary shares of the Company (subject to (iv) below) to the shareholders of OBS Pakistan (other than the Company), in the ratio of 0.76 ordinary shares of the Company for every 1 (one) ordinary shares of OBS Pakistan held by such shareholders;
- (iii) the demerger of OBS Pharma, and the merger of the substantive / business part thereof with and into the Company, as a consequence of which the shares of OBS Pharma held by its shareholders shall stand cancelled, against the issuance of (a) 91,394,854 (Ninety One Million Three Hundred Ninety Four Thousand Eight Hundred Fifty Four) ordinary shares of the Company (subject to (iv) below) to the shareholders of OBS Pharma, in the ratio of 4,805.45 ordinary shares of the Company for every 1 (one) ordinary shares of OBS Pharma held by its shareholders; and (b) nominal shares of OBS Pharma to its shareholders; and
- (iv) the demerger of Aitkenstuart, and the merger of a portion thereof with and into the Company, against the adjustment of 7,474,677 (Seven Million Four Hundred Seventy Four Thousand Six Hundred Seventy Seven) ordinary shares of the Company, out of the shares which would be allotted and issued to Aitkenstuart as a consequence of (i), (ii) and (iii) above (i.e. such number of lesser shares of the Company shall be issued in favour Aitkenstuart, at the time that the Company issues shares as a consequence of (i), (ii) and (iii) above),

along with ancillary and incidental matters thereto (collectively referred to as the "**Proposed Arrangement**").

The Proposed Arrangement is intended to be carried out, and implemented, in terms of a Scheme of Arrangement under Sections 279 to 283 and 285(8) of the Companies Act, 2017, to be entered into

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between the companies (the “Scheme”), the draft of which was approved by the Board of Directors of the Company.

2. Impact of the Proposed Arrangement on the Shareholders of the Company

The Board had set out an objective which advances that the Proposed Arrangement is value accretive for the shareholders of the Company, as the **Proposed Arrangement being undertaken at an implied trailing twelve-month Price-to-Earnings multiple, as of December 31, 2025, of approximately 10.4x as compared to the industry average of approximately 16.5x (prevailing implied trailing twelve-month Price-to-Earnings multiple of 13.9x)**. The Proposed Arrangement has the potential to significantly strengthen the Company’s strategic positioning by combining complementary capabilities, expanding product and distribution reach, optimizing resource allocation and unlocking long-term shareholder value through a unified operating structure and create further synergies.

The Proposed Arrangement is expected to eliminate the impact of inefficiencies due to an additional layer of a corporate structure by holding businesses at the subsidiary level (i.e. OBS AGP and OBS Pakistan). This will result in creation of a more simplified and efficient group structure by consolidating overlapping business operations and commercial functions into a unified platform, thereby enhancing transparency, improving capital allocation efficiency and streamlining decision-making and governance across the businesses.

The Proposed Arrangement will expand the Company’s manufacturing footprint from **three (3) manufacturing facilities to four (4) facilities**, while adding specialized manufacturing capabilities in new therapeutic and regulatory segments, including hormonal and psychotropic products, thereby enhancing the strategic depth of the Company’s production platform. The **new facility being added is situated in Quaid-e-Azam Industrial Estate in Lahore spanning over 3 Acres**, which is a dedicated hormonal and psychotropic facility.

Additionally, the combined platform is expected to benefit from enhanced portfolio rationalization, broader market coverage, cross-selling opportunities and improved distribution reach across multiple healthcare channels. The Addition of product portfolio includes **blockbuster brands namely Ciproxin®, Primolut N®, Gravibinan®, Travocort®, Travogen®, Skinoren®, Noctamid®, Testoviron®, Utrogestan, and others**.

The Board further noted that the integration of manufacturing, commercial, distribution and support functions across the combining entities is expected to generate operational and cost synergies over time through optimization of procurement, logistics, sales infrastructure, regulatory operations and administrative functions, thereby contributing towards long-term shareholder value creation.

The Board is of the view that the Proposed Arrangement is expected to position the Company to capitalize more effectively on future growth opportunities within Pakistan’s pharmaceutical and healthcare sector through a stronger integrated operating model, diversified revenue streams and enhanced scalability.

3. Process Followed for the Proposed Arrangement

The Board of Directors of the Company had constituted an independent Board Committee, namely the “Merger Committee”, comprising Independent and Non-Executive Directors, to evaluate the Proposed

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Arrangement, including the structure, valuation parameters, swap ratios / share adjustments, legal documentation, and overall impact on the Company and its shareholders.

The Merger Committee interacted with leading professional external advisors, including chartered accountants and legal counsel, for carrying out independent valuation exercises, recommendation of swap ratios / share adjustments, financial analyses, Scheme structuring and documentation, legal / regulatory review, and implementation support, and conducted multiple meetings with the management and advisors prior to making its recommendations to the Board. Further, in line with applicable corporate governance requirements and related party transaction principles, interested directors did not participate in the decision-making/voting process. Accordingly, the Board believes that the Proposed Arrangement represents a value accretive arrangement undertaken through an independent and arm's length process in the best interests of all shareholders.

The Scheme, and the Proposed Arrangement in terms thereof, is subject to finalization thereof, along with obtaining all requisite shareholders', creditors' and regulatory approvals, and the sanction of the Scheme by the High Court of Sindh at Karachi, as well as the fulfilment of related legal formalities, and further subject to any changes or modifications thereto as may be required or prescribed, or such amendments as may be considered necessary. Upon the sanction of the Scheme, the Proposed Arrangement (along with all matters) in accordance with the Scheme, will be treated as having effect from the start of business at 00:00 hours on January 1, 2026, or such other date as may be stated by the High Court.

The Scheme will be circulated to the PSX and the shareholders in due course, subject to the directions / order of the Honourable High Court of Sindh at Karachi, and in accordance with the applicable laws.

You may please inform the TREC holders accordingly.

Yours Sincerely,

Muhammad Asad Khan
Company Secretary



Cc:

Director / HOD

Surveillance, Supervision and Enforcement Department

Securities and Exchange Commission of Pakistan

NIC Building, 63 Jinnah Avenue

Blue Area, Islamabad

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