PARWAAZ پرواز

DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2026

Overview

On behalf of the Board of Directors, I am pleased to present the reviewed condensed interim financial statements of Parwaaz Financial Services Limited ("PFSL" or "the Company") for the half year ended June 30, 2026. These interim financial statements have been subjected to a limited scope review by the Company's external auditors.

PFSL, a wholly owned subsidiary of Karandaaz Pakistan, remains committed to promoting financial inclusion by providing sustainable financing solutions to small and medium enterprises (SMEs) across Pakistan, with a strategic focus on agriculture, industrial value chains, renewable energy, healthcare, education and digital lending.

During the period under review, the Company reported a net profit of Rs. 48 million (June 2025: Rs. 4 million), primarily driven by improved asset quality, reversal of expected credit losses, disciplined treasury management and lower finance costs.

Financial Performance

The Company's financial performance for the half year ended June 30, 2026 is summarised below:

Description	Half Year Ended June 30, 2026 (PKR million)	Half Year Ended June 30, 2025 (PKR million)
Interest income on financing	257	203
Income from investments and management fees	72	230
Total income	**329**	**433**
Profit Before Taxation	72	9
Taxation	24	5
Profit After Taxation	**48**	**4**
Earnings Per Share – Basic & Diluted (PKR)	0.32	0.03

Total income declined to Rs. 329 million (2025: Rs. 433 million), reflecting the Company's deliberate shift towards a higher-yield, quality-focused financing portfolio. While this strategic repositioning resulted in lower financing volumes, it contributed to improved portfolio quality. During the period, the Company recorded a net impairment reversal of Rs. 62 million compared to a charge of Rs. 19 million in the corresponding period last year. This improvement reflects the positive impact of measures undertaken to strengthen portfolio quality and enhance credit risk management.

The Company's gross financing portfolio stood at Rs. 3,487 million as at June 30, 2026 (December 31, 2025: Rs. 4,097 million). The reduction reflects a deliberate focus on portfolio quality, disciplined credit underwriting and the strategic deployment of available liquidity to support the Company's digital lending strategy and optimise treasury returns.

Economic Review and Future Outlook

Pakistan's economy recorded an estimated growth of 3.7% during FY2026, supported by improvements across the services, industrial and agricultural sectors. Inflationary pressures re-emerged following higher global oil prices arising from geopolitical tensions in the Middle East, prompting the State Bank of Pakistan to increase the policy rate by 100 basis points to 11.5% in April 2026. Despite these challenges, the country's fiscal and external positions improved, supported by continued implementation of the IMF programme and stronger foreign exchange reserves.

Looking ahead, the Company remains focused on sustainable and profitable growth through disciplined underwriting, continued expansion of its digital lending portfolio, efficient treasury management and prudent risk management practices, while maintaining a strong emphasis on asset quality.

Risk Management and Corporate Governance

The Company continues to maintain a robust risk management and internal control framework to effectively manage credit, market, liquidity and operational risks. The Board, supported by its Audit, Risk Management, Human Resources and Information Technology Committees, remains committed to maintaining high standards of corporate governance and regulatory compliance.

Acknowledgement

The Board extends its sincere appreciation to the Company's shareholders, customers, regulators, lenders and business partners for their continued confidence and support. The Board also acknowledges the dedication, professionalism and commitment of the management and employees in achieving the Company's objectives.

On behalf of the Board

Parwaaz Financial Services Limited

Chairman of the Board

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Parwaaz Financial Services Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Parwaaz Financial Services Limited ("the Company") as at 30 June 2026 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The condensed interim financial statements of the Company as at and for the six-months period ended 30 June 2025 and the annual financial statements as at and for the year ended 31 December 2025 were reviewed and audited by another auditor who expressed an unmodified conclusion and unmodified opinion on those interim and annual financial statements on 23 October 2025 and 29 April 2026, respectively.

The engagement partner on the review resulting in this independent auditor's report is Fahad Bin Waheed.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 27 August 2026

UDIN: RR202610089ivlKHtZqo

Parwaaz Financial Services Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at June 30, 2026

ASSETS	Note	Un-audited June 30, 2026 (Rupees)	Audited December 31, 2025 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	5	27,589,757	33,481,791
Right of use asset		14,543,404	17,552,380
Intangible assets		22,276,964	28,872,478
Long term financing - net	6	1,031,762,535	1,086,448,285
Long term advances and deposits	7	15,648,465	22,076,172
Deferred tax asset		29,412,260	41,050,807
		1,141,233,385	1,229,481,913
CURRENT ASSETS			
Advances, prepayments and other receivables	8	123,827,273	110,132,308
Short term financing - net	9	1,653,331,562	2,134,605,577
Short term investments	10	521,851,687	53,168,752
Current portion of long term financing - net	6	650,801,612	658,553,054
Taxation - net		20,934,679	22,553,704
Cash and bank balances	11	459,222,044	281,451,569
		3,429,968,857	3,260,464,964
TOTAL ASSETS		4,571,202,242	4,489,946,877
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (300,000,000 ordinary shares of Rs. 10 each)	12	3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital (150,000,000 ordinary shares of Rs. 10 each)	12	1,500,000,000	1,500,000,000
Capital reserve - net of tax		67,386,742	67,386,742
Unappropriated profit		222,726,818	174,872,155
		1,790,113,560	1,742,258,897
NON-CURRENT LIABILITIES			
Subordinated loan	13	1,463,035,403	1,485,677,374
Long term borrowings	14	1,014,309,872	1,011,941,333
Lease liability		9,561,229	8,671,470
		2,486,906,504	2,506,290,177
CURRENT LIABILITIES			
Accrued and other liabilities	15	108,646,744	103,208,437
Payable to the Parent entity	16	177,898,973	131,491,344
Current portion of lease liability		7,636,461	6,698,022
		294,182,178	241,397,803
TOTAL EQUITY AND LIABILITIES		4,571,202,242	4,489,946,877
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

Parwaaz Financial Services Limited

Condensed Interim Statement of Profit or Loss (Un-Audited)

For the six months ended June 30, 2026

	Note	**Six months ended June 30, 2026 (Rupees)**	Six months ended June 30, 2025 (Rupees)
Interest income	18	**299,418,295**	419,155,059
Interest expense	19	**(141,946,132)**	(242,591,910)
Net interest income		**157,472,163**	176,563,149
Management fee and commission income	20	**29,781,894**	14,230,130
Revenue		**187,254,057**	190,793,279
Net impairment reversal / (loss) on financial instruments		**62,179,615**	(18,585,065)
Administrative expenses	21	**(177,755,106)**	(163,161,900)
Profit before taxation		**71,678,566**	9,046,314
Taxation	22	**(23,823,903)**	(4,924,297)
Profit for the period		**47,854,663**	4,122,017
Earnings per share			
- Basic earnings per share	24.1	**0.32**	0.03
- Diluted earnings per share	24.2	**0.32**	0.03

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Parwaaz Financial Services Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the six months ended June 30, 2026

	Six months ended June 30, 2026 (Rupees)	Six months ended June 30, 2025 (Rupees)
Profit for the period	**47,854,663**	4,122,017
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**47,854,663**	4,122,017

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

Chief Executive Officer | Director | Chief Financial Officer

Parwaaz Financial Services Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the six months ended June 30, 2026

		Revenue reserve	Capital reserve	
	Issued, subscribed and paid-up capital	Unappropriated profit	Equity portion of subordinated loan - net of tax	Total shareholders equity
	(Rupees)			
Balance as at January 01, 2025 (Audited)	**1,500,000,000**	**251,662,918**	**67,386,742**	**1,819,049,660**
Profit for the period	-	4,122,017	-	4,122,017
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	4,122,017	-	4,122,017
Balance as at June 30, 2025 (Un-audited)	**1,500,000,000**	**255,784,935**	**67,386,742**	**1,823,171,677**
Balance as at January 01, 2026 (Audited)	**1,500,000,000**	**174,872,155**	**67,386,742**	**1,742,258,897**
Profit for the period	-	47,854,663	-	47,854,663
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	47,854,663	-	47,854,663
Balance as at June 30, 2026 (Un-audited)	**1,500,000,000**	**222,726,818**	**67,386,742**	**1,790,113,560**

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Parwaaz Financial Services Limited

Condensed Interim Statement of Cash Flows (Un-Audited)

For the six months ended June 30, 2026

	Note	Six months ended June 30, 2026 (Rupees)	Six months ended June 30, 2025 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**71,678,566**	9,046,314
Adjustments for:			
Interest income	18	**(299,418,295)**	(203,258,715)
Interest expense	19	**141,946,132**	242,591,910
Management fee and commission income	20	**(29,781,894)**	(215,896,344)
Net impairment loss / (reversal) on financial instruments		**(62,179,615)**	18,585,065
Amortization on intangibles		**6,595,514**	7,362,631
Depreciation on right of use asset		**3,008,976**	3,008,976
Depreciation on property and equipment		**5,892,034**	6,352,254
		(233,937,148)	(141,254,223)
Change in operating assets and liabilities			
(Increase) / decrease in long term financing		**64,182,490**	(348,925,005)
(Increase) / decrease in short term financing		**545,491,859**	(346,915,226)
Decrease in long term advances		**6,427,707**	-
Increase in advances, prepayments and other receivables		**(14,184,914)**	(441,920,372)
Increase in payable to the Parent entity		**46,407,629**	109,094,699
Increase in accrued and other liabilities		**5,438,307**	4,388,034
		653,763,078	(1,024,277,870)
Cash generated from / (used in) operating activities		**491,504,496**	(1,156,485,779)
Interest received on financing		**277,021,134**	190,892,349
Interest received on term deposit receipts and savings accounts		**37,950,054**	613,032,687
Taxes paid		**(10,566,331)**	(25,242,604)
		304,404,857	778,682,432
Net cash generated from / (used in) operating activities		**795,909,353**	(377,803,347)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		**-**	(451,990)
Acquisition of intangibles		**-**	(9,193,072)
Proceeds from short term investments - net		**34,132,709**	20,112,904,634
Net cash generated from investing activities		**34,132,709**	20,103,259,572
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of interest on subordinated loan		**(101,701,224)**	(128,997,535)
Payment of interest on Green Bond		**(58,690,145)**	(4,414,523)
Payment of short-term borrowings		**-**	(20,417,747,270)
Receipt of long term borrowings		**-**	996,386,003
Net cash used in financing activities		**(160,391,369)**	(19,554,773,325)
Net increase in cash and cash equivalents		**669,650,693**	170,682,900
Cash and cash equivalents at beginning of the period		**311,423,038**	253,559,533
Cash and cash equivalents at end of the period	25	**981,073,731**	424,242,433

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.

Kamran

Chief Executive Officer **Director** **Chief Financial Officer**

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

Parwaaz Financial Services Limited ("the Company") was incorporated on December 23, 2020 under the Companies Act, 2017 as a company limited by shares. The Company obtained license to carry out investment finance services as a Non-banking Finance Company ("NBFC") under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules") and Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the NBFC Regulations") on June 22, 2021. The Company became listed on September 12, 2025 after listing its Green Bonds on the Pakistan Stock Exchange pursuant to Chapter 5C of Pakistan Stock Exchange Rule Book, i.e. "Privately Placed Debt Securities' Listing Regulations".

The objective of the Company is to provide financing primarily to Small and Medium Enterprises (SMEs) within Pakistan. The Company also intends to provide business development services to SMEs.

The registered office of the Company is situated at 4th Floor 34 S, Main boulevard Gulberg 2, Lahore, Punjab.

Karandaaz Pakistan ("the Parent") is the holding company and ultimate parent entity of the Company.

The Company has complied with insurance coverage requirement as required by NBFC Rules 2003. In accordance with Section 09 of the NBFC Rules, the Company has obtained sufficient insurance coverage from an insurance company rated minimum A- by a credit rating agency registered with the Securities and Exchange Commission of Pakistan against any losses that may be incurred as a result of employee's fraud or gross negligence.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long-term rating of A+ and short-term rating of A1 to the Company on September 26, 2025.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim 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 for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 are notified under the Companies Act, 2017;

- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and notified entities Regulations, 2008 (here-in-after mentioned as 'the NBFC rules and NBFC regulations");

- Directives issued by the Securities and Exchange Commission of Pakistan ("SECP"); and

- Provisions of directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984.

Where the requirements of the Companies Act, 2017, the NBFC rules and NBFC regulations and the directives issued by the SECP differ with the requirements of IAS 34 and IFAS, the requirements of the Companies Act, 2017, the NBFC Rules and NBFC Regulations, or the requirements of the said directives shall prevail.

2.2 Basis of presentation and measurement

These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and, therefore, should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2025.

These condensed interim financial statements have been prepared under the historical cost convention, except as otherwise stated. These condensed interim financial statements are presented in Pakistani Rupees (Rupees), which is the functional currency of the Company.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended December 31, 2025, whereas the comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows have been extracted from the unaudited condensed interim financial statements for the six-month period ended June 30, 2025.

Islamic financing include purchase of assets by the Company from its customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arrising under these arrangements are not reflected in the financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

2.3 Standards, amendments and interpretations to approved accounting standards that are effective in current period

The SECP, through S.R.O. 742(I)/2025 dated April 16, 2025, has made IFRS 7, 'Financial Instruments: Disclosures' applicable to Non-Banking Finance Companies engaged in investment finance services, discounting services and housing finance services, for annual reporting periods beginning on or after January 01, 2026. As IFRS 7 is a disclosure standard, its first-time adoption has not affected the recognition or measurement of the Company's financial assets and financial liabilities. There has been no significant change in the nature and extent of risks arising from financial instruments, or in the Company's objectives, policies and processes for managing those risks, since December 31, 2025. Except as described above, the Company expects that amendments to existing accounting and reporting standards are not expected to have a material effect on the Company's financial statements upon initial application.

2.4 Standards, amendments and interpretations to approved accounting standards that are not yet effective

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2027, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements apart from those which have been disclosed in the annual audited financial statements of the Company for the year ended December 31, 2025.

Kamran

3 Use of estimates and judgments

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgements, estimates and assumptions made by the management in applying the Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the annual audited financial statements for the year ended December 31, 2025.

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2025.

4.2 The financial risk management objectives and policies are consistent with those disclosed in the Company's annual financial statements for the year ended December 31, 2025.

4.3 Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts recognised for income tax expense in one interim period may be adjusted in a subsequent interim period of the same financial year if the estimate of the annual income tax rate changes.

		Un-audited June 30, 2026	Audited December 31, 2025
5 Property and equipment	**Note**	------------ Rupees ------------	
Property and equipment	5.1 & 5.2	27,589,757	33,481,791

	Un-audited				
	Six-month period ended June 30, 2026				
	Computer equipment	**Office equipment**	**Furniture and fixtures**	**Motor vehicle**	**Total**
5.1 Property & Equipment	-------------------Rupees-------------------				
Net carrying value basis					
Opening net book value as at January 01, 2026	1,484,520	1,664,533	23,936,145	6,396,593	33,481,791
Depreciation charge for the period	(842,549)	(262,158)	(3,833,125)	(954,202)	(5,892,034)
Closing net book value as at June 30, 2026	641,971	1,402,375	20,103,020	5,442,391	27,589,757
Gross carrying value basis					
Cost	9,843,525	2,542,471	38,579,072	9,540,004	60,505,072
Accumulated depreciation	(9,201,554)	(1,140,096)	(18,476,052)	(4,097,613)	(32,915,315)
Net book value	641,971	1,402,375	20,103,020	5,442,391	27,589,757
Depreciation rate per annum	33%	20%	20%	20%	

	Audited				
	Year ended December 31, 2025				
	Computer equipment	Office equipment	Furniture and fixtures	Motor vehicle	Total
	-------------------Rupees-------------------				
Net carrying value basis					
Opening net book value as at January 01, 2025	3,599,367	2,037,455	31,568,826	8,304,998	45,510,646
Additions (at cost) during the year	306,232	109,605	36,153	-	451,990
Depreciation charge for the year	(2,421,079)	(482,527)	(7,668,834)	(1,908,405)	(12,480,845)
Closing net book value as at December 31, 2025	1,484,520	1,664,533	23,936,145	6,396,593	33,481,791
Gross carrying value basis					
Cost	9,843,525	2,542,471	38,579,072	9,540,004	60,505,072
Accumulated depreciation	(8,359,005)	(877,938)	(14,642,927)	(3,143,411)	(27,023,281)
Net book value	1,484,520	1,664,533	23,936,145	6,396,593	33,481,791
Depreciation rate per annum	33%	20%	20%	20%	

5.2 Depreciation expense for the period on entity's owned property & equipment has been charged to administrative expenses as referred in Note 21.

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		Note	Un-audited June 30, 2026	Audited December 31, 2025
			------------------ Rupees ------------------	
6	**Long term financing - net**			
	Long term financing - gross	6.1	**1,698,025,347**	1,762,207,837
	Accrued interest on long term financing		**23,011,605**	25,476,509
			1,721,036,952	1,787,684,346
	Less:			
	Current maturity		**(650,801,612)**	(658,553,054)
	Accrued interest on long term financing disclosed separately		**(23,011,605)**	(25,476,509)
			(673,813,217)	(684,029,563)
	Provision for expected credit loss			
	Stage 1 & 2 ECL		**(15,461,200)**	(17,206,498)
	Stage 3 ECL		**-**	-
	Total Provision		**(15,461,200)**	(17,206,498)
	Net long term financing		**1,031,762,535**	1,086,448,285

6.1 This represents term finance facilities provided on a markup basis, with rates ranging from 12.63% to 17.79% per annum (December 31, 2025: 12.63% to 18.18%). These loans are repayable over 3 to 7 years from the disbursement date and are secured through personal guarantees of directors, mortgages, or charges over plant and machinery. Additionally, it covers musharikah finance facilities offered to customers at a profit rate of 12.63% to 16.29% per annum (December 31, 2025: 12.63% to 15.18%). These facilities have a repayment term of 3.5 to 5 years and are secured by assets covered under the musharikah agreement.

		Note	Un-Audited June 30, 2026	Audited December 31, 2025
			------------------ Rupees ------------------	
7	**Long term advances and deposits**			
	Employee loans	7.1	**24,904,540**	30,908,468
	Less: Current portion		**(13,032,950)**	(12,609,171)
			11,871,590	18,299,297
	Security deposits		**3,776,875**	3,776,875
			15,648,465	22,076,172

7.1 This amount represents below market loans provided to employees carrying markup rate of 4% (December 31, 2025: 4%) and includes loans to executives amounting to Rs. 24,693,990 (December 31, 2025: Rs. 30,318,283). These have been recorded at fair value on initial recognition and are being measured at amortised cost over the period of the loan.

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			------------------ Rupees ------------------	
8	**Advances, prepayments and other receivables**			
	Accrued interest on financing		**79,264,772**	99,040,540
	Less: Provision for expected credit loss on accrued interest on financing		**(20,337,730)**	(16,554,206)
	Accrued interest on financing - net		**58,927,042**	82,486,334
	Current portion of employee loans		**13,032,950**	12,609,171
	Accrued interest on savings accounts		**7,203,014**	4,594,905
	Prepayments		**16,348,557**	4,577,911
	Deferred employee benefit		**1,990,489**	-
	Advances to employees		**9,477,919**	1,375,315
	Receivable from parent entity	8.1	**4,476,267**	3,013,088
	Other receivables		**12,371,035**	1,475,584
			123,827,273	110,132,308

8.1 This amount represents receivable from the Parent entity in respect of management fee for managing its portfolio under the agency agreement and expenses incurred on its behalf.

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	Note	Un-audited June 30, 2026	Audited December 31, 2025
		---------- Rupees ----------	
9 Short term financing - net			
Short term financing - gross	9.1	**1,789,383,397**	2,334,875,256
Accrued interest on short term financing		**56,253,167**	73,564,031
		1,845,636,564	2,408,439,287
Less:			
Accrued interest on short term financing disclosed separately		**(56,253,167)**	(73,564,031)
Provision for expected credit loss			
Stage 1 & 2 ECL		**(24,276,835)**	(21,808,600)
Stage 3 ECL		**(111,775,000)**	(178,461,079)
Total Provision		**(136,051,835)**	(200,269,679)
Net short term financing		**1,653,331,562**	2,134,605,577

9.1 This represents short term finance facilities provided on markup basis. The markup on these loans ranges from 12.26% to 36% (December 31, 2025: 12.04% to 36%) per annum. These are secured against personal guarantees of directors, mortgagors, charge over plant and machinery and/or post dated cheques.

	Note	Un-audited June 30, 2026	Audited December 31, 2025
10 Short term investments		---------- Rupees ----------	
Amortised cost			
Treasury Bills	10.1	**521,851,687**	53,168,752

10.1 The redemption value of these Treasury Bills amounts to Rs. 527,050,057 (December 31, 2025: Rs. 54,500,000.These carry effective markup rate ranging from 11.65% to 12.31% (December 31, 2025: 10.90% to 19.19%) per annum. These instruments have maturity falling in the months of July 2026 and August 2026.

	Note	Un-audited June 30, 2026	Audited December 31, 2025
11 Cash and bank balances		---------- Rupees ----------	
Cash at bank:			
Savings accounts	11.1	**459,221,818**	281,430,610
Cash in hand		**226**	20,959
		459,222,044	281,451,569

11.1 The rate of markup on these accounts ranges from 1% to 10.30% (December 31, 2025: 1% to 11.50%) per annum.

12 Share capital and reserves

12.1 Authorised share capital

Un-audited June 30, 2026	Audited December 31, 2025	Un-audited June 30, 2026	Audited December 31, 2025
(Number of shares)		---------- Rupees ----------	
300,000,000	300,000,000	**3,000,000,000**	3,000,000,000

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12.2 Issued, subscribed and paid up share capital

	Un-audited June 30, 2026	Audited December 31, 2025	Un-audited June 30, 2026	Audited December 31, 2025
	(Number of shares)		---------- Rupees ----------	
Ordinary shares of Rs.10 each, fully paid in cash	150,000,000	150,000,000	1,500,000,000	1,500,000,000

12.3 Movement in ordinary shares

There was no movement in ordinary shares during the period.

12.4 Karandaaz Pakistan holds 149,999,996 shares representing 99.99% shares of the Company.

12.5 All ordinary shares rank equally with regard to the company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

13 Subordinated loan	Note	Un-audited June 30, 2026	Audited December 31, 2025
		---------- Rupees ----------	
Subordinated loan from the Parent	13.1	1,463,035,403	1,485,677,374

13.1 This represents the liability component of a subordinated loan classified as a compound financial instrument, obtained pursuant to an agreement dated November 28, 2022 between the Parent and the Company, following approval from the SECP. The loan has a tenure of five years and carries mark-up at a rate of 3-month KIBOR less 2% per annum, payable quarterly. The loan is subordinated to the other indebtedness of the Company.

14 Long term borrowings	Note	Un-audited June 30, 2026	Audited December 31, 2025
		---------- Rupees ----------	
Long term borrowings - Green Bonds		1,014,309,872	1,011,941,333

14.1 During 2025, the Company issued Green Bonds amounting to Rs. 1,000,000,000 (1,000 Term Finance Certificates at a par value of Rs. 1,000,000 each) through a private placement to nine institutional investors. The Green Bonds were listed on the Pakistan Stock Exchange on September 12, 2025. These instruments, rated AA- by PACRA, were issued to provide financing for eligible green projects relating to renewable energy, clean agriculture and transportation initiatives. The Green Bonds have a tenor of three years from the date of issue and carry a profit rate equal to three-month KIBOR plus 1% per annum, payable quarterly in arrears within five days of the respective due dates. The principal is repayable in four equal quarterly instalments during the final year of the facility together with the related profit. Markup accrued but unpaid as at June 30, 2026 amounted to Rs. 17,923,872, (December 31, 2025: Rs. 15,555,330).

14.2 The Green Bonds are secured by a registered hypothecation charge over the Company's present and future book debts, receivables, loans and advances with a margin of 25%. In addition, the Parent entity has provided a debt service reserve support arrangement in favour of Pak Oman Investment Company Limited, acting as the Investment Agent for the benefit of the TFC holders, under the Letter of Lien and Right of Set-Off dated March 19, 2025. Pursuant to this arrangement, the Parent has created a lien and right of set-off over amounts maintained in a Debt Service Reserve Account (DSRA) held with Bank Alfalah Limited. The DSRA is maintained in the name of the Parent.

14.3 As at June 30, 2026, proceeds amounting to Rs. 896,009,235 (December 31, 2025: Rs. 952,044,543) have been utilized to finance eligible renewable energy and solar projects, while unutilized proceeds amount to Rs. 103,990,765 (December 31, 2025: Rs. 47,955,457). The unutilized proceeds are maintained with Bank Alfalah Limited, which has a credit rating of AA+/AAA.

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15	Accrued and other liabilities	Note	Un-audited June 30, 2026	Audited December 31, 2025
			---------- Rupees ----------	
	Provident fund payable	15.1	**75,286,532**	61,414,593
	Payable to suppliers		**17,732,658**	13,369,063
	Accrued liabilities		**6,460,353**	19,655,697
	Tax deducted at source		**4,941,146**	6,146,334
	Payable to employees		**1,204,416**	1,223,695
	Other payables		**3,021,639**	1,399,055
			108,646,744	103,208,437

15.1 As of the reporting date, the Company is in the process of establishing a recognized provident fund. Accordingly, provident fund contributions held by the Company and markup accrued thereon shall be transferred to the provident fund once the due process is complete.

16	Payable to the Parent entity	Note	Un-audited June 30, 2026	Audited December 31, 2025
			---------- Rupees ----------	
	Undisbursed funds and loan recoveries pending remittance		**120,559,877**	91,147,384
	Markup collected pending remittance to the Parent		**57,339,096**	40,343,960
			177,898,973	131,491,344

16.1 During the period, the Company received aggregate funding of Rs. 1,012,850,000 (December 31, 2025: Rs. 1,994,205,261) from the Parent for onward lending to identified borrowers under the agency agreement. As the Company acts solely as an agent, it neither controls the underlying financing portfolio nor bears the associated credit risks and rewards. Accordingly, financing advanced to identified borrowers on behalf of the Parent is not recognised in these condensed interim financial statements. The amount payable to the Parent represents undisbursed funds received from the Parent, loan recoveries and markup collected from identified borrowers pending remittance to the Parent.

17 Contingencies and commitments

17.1 There are no known contingencies at the reporting date.

17.2 The Company has commitments in respect of contractual obligations amounting to Rs. 4,740,000 as at June 30, 2026 (December 31, 2025: Rs. 7,821,600).

18	Interest income	Note	Un-audited Six months ended June 30, 2026	Un-audited Six months ended June 30, 2025
			---------- Rupees ----------	
	Interest income on financing			
	Long-term financing	18.1	**105,199,277**	71,178,271
	Short-term financing	18.2	**138,588,901**	125,001,520
	Diminishing musharakah financing	18.3	**13,457,188**	7,078,924
			257,245,366	203,258,715
	Interest income on treasury bills and bank deposits			
	Treasury bills		**10,935,426**	193,120,769
	Savings accounts		**31,237,503**	22,775,575
			42,172,929	215,896,344
	Total interest income		**299,418,295**	419,155,059

18.1 This represents markup on financing on long term basis bearing markup as mentioned in note 6 to these condensed interim financial statements.

18.2 This represents markup on financing on short term basis bearing markup as mentioned in note 9 to these condensed interim financial statements.

18.3 This represents income from diminishing musharakah on long term basis bearing markup.

			Un-audited	Un-audited
			Six months ended June 30, 2026	Six months ended June 30, 2025
19	Interest expense	Note	Rupees	
	Subordinated loan	19.1	79,059,253	86,005,542
	Long-term borrowings	19.2	61,058,679	20,259,643
	Lease liability		1,828,200	2,273,292
	Short-term borrowings	19.3	-	134,053,433
			141,946,132	242,591,910

19.1 This represents markup on subordinated loan from the Parent as mentioned in note 13 to these condensed interim financial statements.

19.2 This represents markup on long term borrowings bearing markup as mentioned in note14 to these condensed interim financial statements.

19.3 This represents markup on short-term borrowings obtained from Allied Bank Limited, carrying markup at 3-month KIBOR less 2%. The borrowings were utilized for investment in Pakistan Investment Bonds (PIBs) and Treasury Bills (T-bills) and were fully settled in January 2025.

			Un-audited	Un-audited
			Six months ended June 30, 2026	Six months ended June 30, 2025
20	Management fee and commission income	Note	Rupees	
	Management fee from the Parent		14,449,289	4,344,431
	Processing fee on financing		1,962,497	5,035,796
	Income from cost sharing arrangement- Palladium	20.1	11,699,820	4,643,500
	Other income		1,670,288	206,403
			29,781,894	14,230,130

20.1 This amount represents grant income from Palladium International Limited that supports companies in green initiatives such as renewable energy, clean agriculture, and transportation, under its Mobilist Product Platform Programme. As per the agreement, Palladium reimburses 50% of the Parwaaz Green Action Bond's technical assistance costs through a cost-sharing arrangement.

			Un-audited	Un-audited
			Six months ended June 30, 2026	Six months ended June 30, 2025
21	Administrative expenses	Note	Rupees	
	Salaries, wages and benefits		113,534,496	107,276,196
	Legal and professional fees		9,205,816	5,975,742
	Auditors' remuneration		1,822,500	1,360,000
	Travel, lodging and per diems		11,449,891	9,546,247
	Short term lease expense		3,565,500	3,521,355
	Utilities		2,479,588	2,419,851
	Depreciation on property and equipment	5.1	5,892,034	6,352,254
	Depreciation on right of use asset		3,008,976	3,008,976
	Amortization on intangibles		6,595,514	7,362,631
	Printing and stationery		463,154	399,872
	Marketing/branding		567,945	758,152
	Fees and subscription		12,466,897	10,891,570
	Vehicle operations and maintenance		477,953	250,229
	Insurance expense		200,151	249,419
	Office expenses		3,404,861	1,530,229
	Directors' fees		2,549,050	2,187,500
	Bank charges		70,780	71,677
			177,755,106	163,161,900
22	Taxation			
	Income tax:			
	- Current period		12,185,356	29,688,255
	- Deferred taxation		11,638,547	(24,763,958)
			23,823,903	4,924,297

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23 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)

- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

As at June 30, 2026, none of the assets and liabilities are carried at fair value. In the opinion of the management, the fair values of all financial assets and financial liabilities are not significantly different from their carrying amounts, as these are either short term in nature or, in the case of long-term financing and long-term borrowings, are subject to frequent repricing.

		Note	**Un-Audited Six months ended June 30, 2026 (Rupees)**	Un-Audited Six months ended June 30, 2025 (Rupees)
24	**Earnings per share**			
24.1	**Basic earnings per share**			
	Profit for the period		**47,854,663**	4,122,017
	Weighted average number of ordinary shares	12	**150,000,000**	150,000,000
	Basic earnings per share		**0.32**	0.03
24.2	**Diluted earnings per share**			
	Profit for the period		**47,854,663**	4,122,017
	Weighted average number of ordinary shares	12	**150,000,000**	150,000,000
	Diluted earnings per share		**0.32**	0.03
25	**Cash and cash equivalents**			
	Cash and bank balances	11	**459,222,044**	167,101,600
	Short term investments	25.1	**521,851,687**	257,140,833
			981,073,731	424,242,433

25.1 This represents short term investments with original maturities of less than 3 months.

26 *Related party transactions*

The Company's related parties comprise of its directors, associated undertakings, parent company and key management personnel. Remuneration of CEO and key management personnel has been disclosed in note 27. Other significant transactions with related parties and the balances with them are as follows:

Relationship with the Company	Nature of transactions	Un-audited Six months ended June 30, 2026	Un-audited Six months ended June 30, 2025
		---------- Rupees ----------	
1) Parent	Management fee charged by the Company	**14,449,289**	4,344,431
	Interest expense on subordinated loan	**79,059,253**	86,005,542
	Agency agreement transactions		
	Funding received from the Parent	**1,012,850,000**	1,191,235,997
	Principal recoveries on behalf of the Parent	**1,404,537,405**	649,099,685
	Financing disbursed on behalf of the Parent	**2,277,765,925**	1,210,662,704
	Principal recoveries remitted to the Parent	**110,208,986**	520,807,594
	Markup remitted to the Parent	**88,985,944**	56,931,482
	Markup recoveries on behalf of the Parent	**105,981,080**	45,314,838
	Expenses incurred on behalf of the Parent	**3,304,443**	1,414,396
2) Directors	Meeting fee paid to the directors	**2,549,050**	2,187,500
3) Group entities	Fee for renewal of exemption Certification of CCP - Pakistan Microfinance Company Limited (PMICL)	**100,000**	-

All transactions with related parties have been carried out at mutually agreed terms and conditions.

	Un-audited June 30, 2026	Audited December 31, 2025
	---------- Rupees ----------	
Period end balances		
Payable to the Parent entity	**177,898,973**	131,491,344
Accrued markup on subordinated loan	**-**	34,292,055
Liability portion of subordinated loan	**1,463,035,403**	1,451,385,319
Capital Reserve (equity portion of subordinated loan - net of tax)	**67,386,742**	67,386,742
Receivable from the Parent entity	**4,594,596**	2,445,354
CCP exemption renewal fee receivable - PMICL	**200,000**	100,000

27 Remuneration of Directors, Chief Executive and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the directors, chief executive and executives of the Company is as follows:

		Un-audited			
		Six months ended June 30, 2026			
	Note	Directors	Chief Executive Officer	Executives	Total
		---------- Rupees ----------			
Managerial remuneration		-	16,320,000	76,917,436	93,237,436
Company's contribution to provident fund		-	3,264,000	13,120,787	16,384,787
Meeting fee paid to the directors		2,537,500			2,537,500
Reimbursements	27.1	-	1,274,010	8,461,111	9,735,121
		2,537,500	20,858,010	98,499,334	121,894,844

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		Un-audited			
		Six months ended June 30, 2025			
		Directors	Chief Executive Officer	Executives	Total
	Note	Rupees			
Managerial remuneration		-	16,320,506	72,963,803	89,284,309
Company's contribution to provident fund		-	3,264,100	12,417,760	15,681,860
Meeting fee paid to the directors		2,187,500	-		2,187,500
Reimbursements	27.1	-	926,322	6,750,730	7,677,052
		2,187,500	20,510,928	92,132,293	114,830,721

27.1 This includes communication and fuel reimbursements allowed to employees as per the Company's policy.

28 Events after the reporting period

There are no reportable events after the reporting period.

29 Authorization of financial statements

These condensed interim financial statements were authorized for issue on 17th AUG 2026, 2026 by the Board of Directors of the Company.

Chief Executive Officer **Director** **Chief Financial Officer**