

GAMMON PAKISTAN LIMITED
Quarterly Progress Report
Q1 - Ended September 30, 2026

In compliance with Clause 5.11.3(b) of the Rule Book of the Pakistan Stock Exchange Limited

1. Introduction

The Board of Directors of the Company hereby presents the Progress Report for the first quarter ended September 30, 2026, for dissemination to the shareholders. This report provides an update on the Company's continued efforts towards the resumption of sustainable business operations during the quarter under review.

2. Status of Operations

During the quarter under review, the Company did not secure or undertake any new construction project and, accordingly, no operating revenue was generated from contract activities. Management continued to pursue business opportunities in both the public and private sectors (where financially feasible), liaison with prospective clients, and exploration of potential collaborations. Despite these sustained efforts, prevailing market conditions, elevated input costs, cautious client spending, and limited availability of commercially viable projects did not result in the award of any new business during the quarter.

3. Operating Environment

The overall business environment for the construction and infrastructure sector remained challenging throughout the quarter. The State Bank of Pakistan maintained the policy rate at 11.5 percent in its Monetary Policy Committee meetings held in July and September 2026, citing the need to guide inflation towards the medium-term target range of 5 - 7 percent. Headline inflation stood at 9.2 percent in July, rose to 11.1 percent in August, and eased to 10.3 percent in September 2026 on a year-on-year basis. These movements were influenced by food and energy price pressures, higher global commodity prices linked to regional geopolitical developments, and the pass-through of energy costs.

Although the Federal Public Sector Development Programme (PSDP) for FY 2026-27 was allocated approximately Rs. 1 trillion (as part of a larger national development outlay), the practical impact of these allocations continues to materialise gradually. Project awards in the construction sector remained constrained by fiscal priorities favouring completion of ongoing schemes, higher financing costs, and delayed decision-making by both public and private sector clients. These factors collectively continued to influence investment decisions and limit the flow of new viable opportunities for contractors.

4. Business Development Activities

Notwithstanding the prevailing market conditions, the Company remained focused on business development throughout the quarter. Management maintained regular liaison with government departments, public sector organisations and private sector clients, and continued to evaluate potential projects with emphasis on commercial viability, financial

prudence and effective risk management. Efforts also continued towards resolving outstanding contractual matters and strengthening the Company's position for participation in future opportunities as market conditions improve.

5. Financial Discipline and Recoveries

The Company continued to exercise strict financial discipline during the quarter. Administrative and operating expenditures were carefully controlled to preserve liquidity and optimise available resources. Management also persisted in its efforts for recovery of outstanding receivables, retention monies and contractual claims relating to completed projects, with the objective of strengthening the Company's financial position and supporting future business operations.

6. Outlook

While the Company did not secure any new business during the quarter, the Board remains optimistic regarding the medium-term prospects of the construction sector. The planned development spending under the national budget, together with continued investment in infrastructure, transport and logistics, is expected to gradually improve opportunities for contractors. The Company remains committed to pursuing commercially viable projects, maintaining financial discipline, and positioning itself to capitalise on emerging opportunities as market activity gains momentum.

7. Conclusion

The absence of new project awards during the quarter primarily reflects the prevailing market and economic conditions rather than any reduction in the Company's business development efforts. The Board remains confident that the Company's continued focus on prudent financial management, recovery of outstanding claims, and active pursuit of suitable business opportunities will strengthen its operational and financial position and support the resumption of sustainable business activity as economic conditions improve.

Yours sincerely,

For and on behalf of
Gammon Pakistan Limited



Ghulam Murtaza Khurshid
Chief Financial Officer