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PACE ALIGNED ...

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AGREED-UPON PROCEDURES REPORT ON THE HALF YEARLY PROGRESS REPORT OF PAK-QATAR FAMILY TAKAFUL LIMITED AS AT JUNE 30, 2026 UNDER CLAUSE 16(ii) OF THE PUBLIC OFFERING REGULATIONS, 2017

To the Board of Directors (the Board)

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our agreed-upon procedures report is solely to assist management and the Board of the Company in complying with the requirement of Clause 16(ii) of the Public Offering Regulations, 2017, (the Regulations) to submit to Pakistan Stock Exchange Limited (PSX) a half yearly progress report reviewed by the auditor, stating the implementation status of the commitments made in paragraph 4.3 of the prospectus and the break-up of utilisation of the proceeds raised from the issue.

This report is intended solely for the Company and PSX, and should not be used by, or distributed to, any other parties. Through issuance of this report, we do not assume any obligation or responsibility to any third party who may receive or have sight of this report.

Responsibilities of the Engaging Party (the Company)

Management has confirmed that the agreed-upon procedures are appropriate for the purpose of the engagement. Management is responsible for the preparation of the half yearly progress report as at June 30, 2026 on the basis of the books and records of the Company, and for the utilisation of the IPO proceeds in accordance with paragraph 4.3 of the Prospectus, in compliance with the requirements of Clause 16(ii) of the Regulations. Management is also responsible for compliance with applicable legal and regulatory requirements, and for designing and implementing such internal controls as it determines are necessary to enable the preparation of the progress report that is free from material misstatement. Furthermore, management is responsible for providing us with all information relevant to the agreed-upon procedures, any additional information requested by us, and unrestricted access to personnel from whom we considered it necessary to obtain information.

Our responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical requirements of 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. As the statutory auditors of the Company, we have also complied with the independence requirements of the Code.

The firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the management of the Company through our engagement letter:

S. No.	Procedures	Findings
(1)	Obtained management's half yearly progress report of the Company as at June 30, 2026 (Annexure A) and compared its contents with the disclosure requirements of Regulation 16(ii)(a) and (b) of the Regulations.	The half yearly progress report contains (a) the implementation status of the commitments in the format prescribed under Regulation 16(ii)(a), and (b) a detailed break-up of the utilisation of the proceeds raised from the Issue and its reconciliation.
(2)	Compared the commitments and the allocation of proceeds under each category stated in the progress report with paragraph 4.3 of the Prospectus.	The categories of commitment and the allocation of proceeds stated in the progress report agree with paragraph 4.3 of the Prospectus.
(3)	Obtained the break-up of payments made under each category of utilisation and verified them with the supporting invoices, agreements, payment vouchers and bank statements.	The payments in the break-up agree with the supporting invoices, agreements, payment vouchers and bank statements.
(4)	Obtained the list of employees hired during the period in view of the Company's commitment in the Prospectus to expand its workforce through the hiring of a Digital Sales Team and Additional Sales Team (Corporate & Retail).	The departments and designations of the employees in the list agree with the hiring areas mentioned in the Prospectus.
(5)	Reconciled the category-wise utilisation of IPO proceeds up to June 30, 2026, stated in the half yearly progress report.	The category-wise utilisation of IPO proceeds up to June 30, 2026, stated in the half yearly progress report, reconciles with the books and records of the Company.

Yousuf Adil
Chartered Accountants

Karachi.

PAK-QATAR FAMILY TAKAFUL

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PAK-QATAR FAMILY TAKAFUL LIMITED

HALF YEARLY PROGRESS REPORT ON UTILISATION OF PROCEEDS OF INITIAL PUBLIC OFFERING

AS AT JUNE 30, 2026

Brief Introduction

Pak-Qatar Family Takaful Limited (PQFTL) issued 50,000,000 ordinary shares (face value of Rs. 10 each) through an Initial Public Offering (IPO) at a strike price of Rs. 14 per share. PQFTL was officially listed on the Pakistan Stock Exchange (PSX) on December 31, 2025. This report presents the implementation status of the projects and commitments outlined in Note 4.3 of the Prospectus, together with the utilisation of IPO proceeds as at June 30, 2026, in accordance with Regulation 16(ii) of the Public Offering Regulations, 2017.

(a) Half yearly implementation status of the projects / commitments as outlined in Note 4.3 of the Prospectus

Commitment made in the Prospectus	Start date (disclosed in the Prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any
Software's / Intangibles (Development and Upgradation)				
1) PQFS - Customer App	01-Feb-26	31-Oct-26	The project is currently in progress to upgrade the PQFS Customer App from the existing APEX-based technology to a modern technology platform. The upgrade is aimed at enhancing application security, improving user experience and increasing operational efficiency. Designated software personnel or a third party vendor will be hired in the second half of 2026.	N/A – The project is progressing within the disclosed implementation timeline.
2) Banca System Support Services	1-Jan-26	30-June-27	The Banca system migration has been completed and the system is currently operational and managed in-house with the help of vendor support. Post-migration support and related activities are ongoing to ensure continued operational stability, system maintenance and smooth transition.	N/A – The project is progressing within the disclosed timeline.

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Commitment made in the Prospectus	Start date (disclosed in the Prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any
3) Partner Portals (PoS) Support	01-Jan-26	Recurring	In Progress / Ongoing: Partner Portal (Point of Sale) support services are currently ongoing, with the portal fully operational and supporting policy issuance, customer onboarding, premium collection and related agent-level activities. Ongoing support, maintenance and enhancements are being carried out to ensure system availability, improve processing efficiency, enhance user experience, and support automation and system integration.	N/A – The support services are recurring in nature and continue as part of ongoing system maintenance and enhancement activities.
4) PQ Digital Wallet	1-Jun-26	31-Mar-27	The PQ Digital Wallet initiative has been initiated to enhance digital collection and payout capabilities through multiple payment channels, including SWITCH, Raast and Virtual Accounts. The project is currently in the planning / preparation phase and is targeted to commence from July 2026.	N/A
5) Sales Force Management	1-Mar-27	30-Sep-28	Scheduled for a later phase.	N/A
6) Claim Integration for BPM and AI	1-May-27	30-June-28	Scheduled for a later phase.	N/A
7) Elevate - Agent App	1-Jul-27	30-June-28	Scheduled for a later phase.	N/A
8) In-house CRM	1-Feb-28	31-Dec-28	Scheduled for a later phase.	N/A
Hardware & Infrastructure				
1) Co-Location for Disaster Recovery	1-Feb-26	Recurring	Completed / Ongoing Support: The Co-Location Disaster Recovery (DR) site has been successfully implemented and is operational. The associated monthly recurring support / co-location services are ongoing to ensure continued availability, maintenance and operational readiness of the DR environment.	N/A – The support services are recurring in nature and continue as part of ongoing system maintenance and enhancement activities.

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Commitment made in the Prospectus	Start date (disclosed in the Prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any
2) Upgradation of Document Management System	1-Jul-28	30-Jun-29	Scheduled for a later phase.	N/A
Marketing				
1) Digital Marketing	1-Jan-26	Recurring	PQFTL intends to deploy an aggressive, multi-channel growth strategy for its products. Funds will be directed toward an integrated marketing campaign, including performance-based digital media, Google Ads, SEM, SEO, and social media retargeting. Over the next five years, approximately 322 million impressions have been targeted. During the period from January 1, 2026 to June 30, 2026, approximately 10.5 million impressions were generated. These campaigns commenced at regular intervals during 2026 and digital marketing efforts will continue to be scaled in line with the overall growth strategy.	N/A – The marketing campaigns are recurring in nature and continue as part of long term strategy.
2) Integrated Marketing Campaigns	1-Jan-26	Recurring	PQFTL intends to achieve approximately 243,000 leads over the next five years. During the period from January 1, 2026 to June 30, 2026, approximately 4,711 leads were generated. From H2 2026 onwards, campaigns will be optimized based on performance. All campaigns will be managed through the Company's own advertising account, enabling close monitoring of performance, assessment of campaign effectiveness and optimization of spending.	N/A – The marketing campaigns are recurring in nature and continue as part of long term strategy.

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Commitment made in the Prospectus	Start date (disclosed in the Prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any
Hiring				
1) Hiring of Digital Sales Team	1-Feb-26	Recurring	PQFTL intends to build a high-performing digital sales team to enhance business growth, strengthen customer engagement, ensure secure digital interactions, and drive overall profitability. During the period from January 1, 2026 to June 30, 2026, [three (03) / four (04)] new resources were hired for the project, one at Manager level. Further recruitment and team development initiatives will be undertaken in line with business requirements and the growth strategy.	N/A – Hiring is recurring in nature and continues as part of long term strategy.
2) Additional Sales Team Hiring	1-Feb-26	Recurring	PQFTL intends to capitalize on the untapped potential in key urban centers, including Multan, Faisalabad, Sialkot, Gujrat, and Peshawar, to expand its corporate sales footprint across these regions. Furthermore, to support the long-term growth and expansion of the Retail Sales function, ninety-seven (97) new resources were hired during the period from January 1, 2026 to June 30, 2026. Further expansion and resource deployment will be undertaken in line with business requirements and the targeted growth strategy.	N/A – Hiring is recurring in nature and continues as part of long term strategy.

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Commitment made in the Prospectus	Start date (disclosed in the Prospectus)	Completion date (disclosed in the Prospectus)	Current status	Rationale for delay, if any
Branches Transformation				
1) Renovation, Boards, Branding, Relocation	1-Feb-26	Over the next 3 to 5 years, PQFTL plans to rationalize its branch network	PQFTL aims to renovate 8–10 branches annually as part of a strategic initiative to enhance brand presence and customer experience across Pakistan. Each renovation will encompass up-gradation of branding, relocation of underperforming or low-footfall branches, and new fixtures and fittings. During the period from January 1, 2026 to June 30, 2026, 1 new branch was opened in DHA, Karachi, and 4 branches and 3 corporate offices were renovated.	N/A
Transfer to Waqf Fund				
1) Cede Transfer to Waqf – Lifetime Kafalat Plan	1-Jun-26	31-Dec-26	Will be transferred by the end of Year 2026.	N/A

(b) Break-up of utilisation of the proceeds raised from the IPO

	PKR
IPO proceeds at par value	500,000,000
Share premium component	401,000,000
Total proceeds from IPO	**901,000,000**
Less: Commitments made in the Prospectus (see table below)	(700,000,000)
Additional amount raised	**201,000,000**
Less: Share issuance cost	(48,940,726)
Balance in share premium	**152,059,274**

Break-up of expenditures incurred till June 30, 2026

Particulars	Cost as per Prospectus (PKR)	Percentage (%)	Utilized up to June 30, 2026 (PKR)	Percentage utilized (%)
Software's / Intangibles (Development and Upgradation)	170,168,000	24.30%	45,921,895	26.99%
Hardware & Infrastructure	35,000,000	5.00%	9,875,250	28.22%

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Particulars	Cost as per Prospectus (PKR)	Percentage (%)	Utilized up to June 30, 2026 (PKR)	Percentage utilized (%)
Marketing	122,102,000	17.50%	1,643,680	1.35%
Hiring	210,628,569	30.10%	30,086,843	14.28%
Branches Transformation (Renovation, Branding, Relocation)	112,101,431	16.00%	24,350,795	21.72%
Transfer to Waqf Fund	50,000,000	7.10%	-	0.00%
Total	**700,000,000**	**100%**	**111,878,463**	**15.98%**

Chief Executive Officer

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Chief Financial Officer

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