PIA Holding Company Ltd.

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

Divestment of Pakistan International Airlines Corporation Limited

As part of the ongoing process for privatization of PIACL, the bidding for divestment of 75 % of PIACL shares was held on December 23, 2025, in Islamabad, whereby the consortium led by Arif Habib Corporation Limited emerged as the successful bidder. Subsequently, the Share Purchase & Subscription Agreement (SPSA) and the Shareholders' Agreement (SHA) were signed by all the parties concerned on January 29, 2026, in Islamabad.

The said SPSA and SHA documents, were duly approved by the PIACL Board of Directors for execution, vide its 96th meeting held on January 22, 2026. The final drafts of the said transaction documents were ratified by PIAHCL Board of Directors in its 19th Meeting held on January 26, 2026.

In this regard, reference is made to a letter received from the Ministry of Defence dated January 09, 2026. Through this letter, the MoD has referred to a summary processed by the Privatization Division for the Cabinet Committee on Privatization (CCOP) dated December 29, 2025, wherein a set of steps have been delineated that are required to be taken by all stakeholders including PIAHCL, in order to fulfil all the required obligations, precedents and conditions provided in the bidding documents to consummate the transaction of divestment of PIACL with the successful bidder. The MoD has communicated the said set of requisite steps / actions to be taken by the relevant stakeholders including PIAHCL.

The above-referred summary of Privatization Division has been approved by the CCOP and the Federal Cabinet vide their decisions dated December 30, 2025 and December 31, 2025, respectively.

Further reference is made to a letter received from the Privatization Commission dated February 16, 2026, communicating the specific directions of the Government of Pakistan to PIAHCL, in connection with the said privatization transaction.

As per the communicated actions required to be taken by PIAHCL, the Company is required to obtain Shareholders' approval for the Transaction as per Section 183(3) of the Companies Act, 2017. Furthermore, this action is required to be taken by the Company in compliance with the condition precedent at clause 3.1.1 (g) of the SPSA signed between the parties including PIAHCL.

In compliance with S.R.O. 423 (I)/2018, dated April 03, 2018, issued by the Securities & Exchange Commission of Pakistan, the relevant information is being provided hereunder:

a) Description/Name of Asset: Divestment of 75% equity stake in Pakistan International Airlines Corporation Limited (PIACL)
b) As part of the financial restructuring of the national carrier, PIACL was transferred to PIAHCL by virtue of a Scheme of Arrangement between the two companies, duly sanctioned by the Securities & Exchange Commission of Pakistan, with effect from April 30, 2024.
c) Consequent upon the successful bidding process undertaken on December 23, 2025, the consortium led by Arif Habib Corporation Limited emerged as the successful bidder,

having submitted the highest offer of PKR 135 billion for a 75 percent controlling stake in PIACL.

d) According to the set terms of this transaction, 7.5% (PKR 10.125 billion) of the bid amount will be received by the Government of Pakistan through PIAHCL, whereas the remaining 92.5% (PKR 124.875 billion) of the bid amount will be invested in PIACL in form of new equity via 'Rights Issue' in two tranches i.e. two-third as upfront payment (PKR 83.25 billion) and one-third as the second tranche (PKR 41.625 billion) to be invested within 12 months of Financial Close.

e) The transaction is being carried out under the given statutory framework of the Privatization Commission Ordinance, 2000.

Section 133 of the Companies Act, 2017, provides the relevant statutory provisions for calling EOGM.

No Director of the Company has any interest in this transaction, whether directly or indirectly, except for the executive director(s), their employment within the Company. The Directors are also interested to the extent of remuneration and benefits as per the policy of the Company.

In view of the above, and in order to give effect to the said privatization transaction in light of the approval of the Federal Government and to divest 75 % shareholding of the Company in its major subsidiary viz Pakistan International Airlines Corporation Limited (PIACL), members are requested to consider and approve this transaction by means of passing the following resolution with or without modification:

Whereas, PIA Holding Company Limited ("the Company") is the sole and beneficial owner of 100% of the issued and paid-up share capital of Pakistan International Airlines Corporation Limited ("PIACL").

Whereas, pursuant to the bidding process conducted by the Privatization Commission of Pakistan on December 23, 2025, for the divestment of 75% of the equity stake in PIACL through transfer of shares and issuance of shares by way of rights issue (together with a call option to acquire the remaining 25% equity stake of the Company in PIACL at a later date) (the "Transaction"), the consortium comprising of Arif Habib Corporation Limited, Fatima Fertilizer Company Limited, The Lake City Holdings (Private) Limited, City Schools (Private) Limited and AKD Group Holdings (Private) Limited was declared as the successful bidder. The successful bidder then incorporated a special purpose vehicle (i.e., PIA Equity Limited) to acquire the equity stake in PIACL.

Whereas, the Transaction was approved by the competent authorities of the Government of Pakistan, including the Board of the Privatization Commission, the Cabinet Committee on Privatization, and the Federal Cabinet, following which: (i) the Transaction Documents (execution versions approved by the Board of the Company vide its meeting held on January 26, 2026) were executed; and (ii) directions were issued to the Company to take all necessary actions which are required to consummate the Transaction vide letter dated February 16, 2026.

Whereas, one of the conditions precedent to closing of the Transaction under the SPSA is for the Company to procure the relevant approval from its shareholders in accordance with Section 183(3) of the Companies Act, 2017 (the "Act"), which pertains to approval of the members of a company for sale or disposal of the subsidiary of such company.

Whereas, a board meeting was duly convened to: (i) consider, approve and recommend the sale/disposal of 75% equity stake of the Company in PIACL in accordance with the terms of the Transaction Documents to the members of the Company; and (ii) convene an extraordinary general meeting for the members of the Company for the purpose of seeking their approval as required under Section 183(3) of the Act.

NOW THEREFORE IT BE AND IS HEREBY

RESOLVED THAT, pursuant to Section 183(3) of the Act, the members hereby approve the divestment of seventy-five percent (75%) of the issued and paid-up share capital of PIACL held by the Company through a combination of: (i) transfer of shares owned by the Company; and (ii) dilution of Company's shareholding as a result of subscription of shares in PIACL by PIA Equity Limited, strictly in accordance with the terms and conditions of the Transaction Documents.

RESOLVED THAT, the members hereby approve the potential future sale and transfer of the remaining 25% shareholding of the Company in PIACL, in the event that PIA Equity Limited exercises the call option in accordance with Clause 15.2 of the SPSA. Upon valid exercise of such call option in terms of the SPSA and subject to satisfaction of the applicable conditions set out therein, the Company shall be authorized and obligated to transfer such residual shareholding in PIACL to PIA Equity Limited in accordance with the SPSA.

FURTHER RESOLVED THAT, Chief Executive Officer and Company Secretary of the Company be and are hereby authorized singly to *inter alia*, finalize, execute and deliver any agreements, documents, instruments or other documents which may be required for the consummation of the Transaction and take all such further actions and do all such acts and things as may be necessary or incidental to give effect to these resolutions and the consummation of the Transaction.