Chairman's Review

For the year ended June 30, 2026

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the audited annual financial statements of your Company for the year ended June 30, 2026.

The global economic environment remained challenging during the year, shaped by heightened trade protectionism, geopolitical tensions and volatile energy and freight markets. Higher tariffs and other protective measures, particularly in the steel sector, disrupted established trade flows, increased price volatility and intensified competition across international markets. Middle East conflicts added further uncertainty by affecting energy markets and key shipping routes. Against this backdrop, global steel demand remained subdued, with only modest growth expected in 2026.

Pakistan's economy continued to consolidate the stabilization achieved in the preceding year, supported by implementation of reforms under the IMF programme, improved foreign exchange reserves and greater macroeconomic discipline. Inflation moderated significantly from earlier peaks and financing conditions eased, while the exchange rate remained comparatively stable. Economic activity also showed signs of gradual improvement. More recently, Pakistan's sovereign credit profile has benefited from improved reform implementation and institutional stability. Nevertheless, the economy remains exposed to external energy-price shocks, global trade volatility and the need for sustained structural reforms.

In this environment, your Company delivered a strong performance in the year. For the year ended June 30, 2026, the Company recorded net sales of Rs. 29.1 billion, profit after tax of Rs. 1.603 billion and earnings per share of Rs. 12.16, compared with net sales of Rs. 25.1 billion, profit after tax of Rs. 1.104 billion and earnings per share of Rs. 8.37 in the preceding year. The improvement reflects higher domestic volumes, disciplined cost management, stronger margins and increased dividend income from subsidiaries and investments.

The Board of Directors has recommended a final cash dividend of Rs. 5.00 (50%) per ordinary share of Rs. 10 each in addition to the interim cash dividend of Rs.2.0 per share (20%), announced and paid, making a total of Rs. 7.0 per share (70%) for the year ended June 30, 2026 (FY2025: Rs. 4.00 per share), subject to approval by shareholders at the Annual General Meeting.

Together, International Industries Limited and its major subsidiary, International Steels Limited (ISL), recorded consolidated turnover of approximately Rs. 122.4 billion during the year and contributed approximately Rs. 26.32 billion to the national exchequer. ISL reported gross turnover of Rs. 93.3 billion, profit after tax of Rs. 3.67 billion and earnings per share of Rs. 8.44, compared with gross turnover of Rs. 62.3 billion, profit after tax of Rs. 1.56 billion and earnings per share of Rs. 3.58 in the preceding year.

Changes to the Board and Management

The present Board of Directors was elected on September 26, 2025 for a term of three years. During the year, Mr. Shoaib Mir resigned from the Board and the resulting casual vacancy was filled by Mr. Asim Rafiq, a nominee of National Investment Trust Limited (NIT). Subsequently, Mr. Asim Rafiq resigned and, in August 2026, Mr. Muhammad Asad, Managing Director of NIT, was appointed to fill the casual vacancy for the remaining term of the Board. The Board places on record its appreciation for the valuable contributions of Mr. Shoaib Mir and Mr. Asim Rafiq and wishes them well in their future endeavours.

Mr. Yousuf H. Mirza was re-appointed as the Chief Executive Officer of your Company w.e.f. September 30, 2025.

Board Performance and Governance

The Board discharged its responsibilities diligently throughout the year, providing strategic oversight, monitoring business and management performance and maintaining a strong focus on risk management, governance and long-term value creation. Directors, including the independent directors, actively contributed to deliberations and supported informed and collaborative decision-making.

As Chairman, I remain committed to fostering a culture of openness, constructive challenge and accountability and to ensuring that the Board receives timely, relevant and comprehensive information to enable effective oversight and decision-making.

The Company maintains a robust internal control framework supported by an independent Internal Audit function and a risk-based audit approach. The Board Audit Committee reviews audit findings and the status of agreed corrective actions on a quarterly basis and evaluates key business risks before they are considered by the Board.

Annual self-evaluation exercises were conducted for the Board, the Board Audit Committee and the Human Resource & Remuneration Committee, providing a structured basis for identifying opportunities for continued improvement in governance effectiveness, strategic oversight, risk management and organizational development.

The Board Audit Committee, Human Resource & Remuneration Committee and Sustainability Committee are chaired by independent directors Mr. Haider Rashid, Mr. Mansoor Khan and Mr. Asif Jooma, respectively, while I chair the Strategy Committee. These committees play an important role in supporting the Board's oversight responsibilities. The Board met regularly during the year, including quarterly reviews of the Company's financial and operating performance.

Future Outlook

Your Company remains committed to sustainable growth, diversification and disciplined investment. During the year, IIL decided to explore opportunities in Pakistan's mining sector through CFS Minerals (Pvt) Ltd., a joint venture with Cherat Cement Company Limited and Shirazi Investments (Pvt) Limited. IIL holds a 33.33% interest in the venture, with potential investment exposure of up to Rs. 500 million, subject to the approved business plan and investment requirements.

The Company is also renewing its focus on polymer pipes and fittings, including the relaunch of uPVC products for infrastructure and housing applications, while continuing to develop PPRC, HDPE and other polymer segments.

The outlook for FY2027 is cautiously optimistic. A gradual improvement in domestic economic activity and infrastructure investment should support demand; however, the operating environment will remain exposed to Middle East conflicts, energy and freight volatility, global steel overcapacity and increasing trade protectionism. The World Steel Association expects global steel demand to grow only modestly in 2026 before strengthening in 2027, underscoring the importance of market diversification, cost competitiveness and disciplined capital allocation.

Your Board and management remain focused on strengthening the Company's resilience and competitiveness through prudent financial management, operational excellence, innovation, sustainability and selective strategic investments. With an established domestic market position, diversified product portfolio and re-focused international presence, IIL is well positioned to pursue emerging opportunities while delivering sustainable long-term value to shareholders.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders, customers, employees, bankers, suppliers and business partners for their continued trust, commitment and support.

Kamal A. Chinoy
Chairman

Karachi: August 20, 2026