

Find below all the public comments on draft prospectus of Wahdat and response by CTI

Comment No: 1 by Eren Beckham

Email: Eren Beckham jefferybezossboss@gmail.com

Dear Concern,

Please find below our comments on the draft prospectus of Wahdat Poultry Farm for your review and consideration.

1. The equity risk premium of 6.0% is derived from a 20-year average. Pakistan's risk environment has fundamentally changed; why is historical average appropriate for a frontier-market issuer in 2026?

Response: The equity risk premium (ERP) of 6.0% has been derived using Pakistan risk premium over a 20-year historical average, which is the standard approach for frontier market valuation. While Pakistan's macroeconomic environment has experienced volatility, the 20-year average is specifically used to normalize short-term distortions and cyclical fluctuations, thereby providing a more stable and defensible long-term cost of equity. The selected ERP is consistent with the approach used in comparable IPO valuations filed with SECP and PSX in recent years. The assumption has been cross-checked against market implied ERP estimates and is considered appropriate for a going-concern valuation with a 5-year projection horizon.

2. Beta of 0.86 is unlevered from comparable companies. Which specific peer companies were used to derive this beta, and what were the individual levered/unlevered betas before blending? For small scale FMCGs Beta is 1.2, How are you assuming such low risk in food concerning industry?

Response: The beta of 0.86 was derived using an unlevered beta from a set of publicly listed comparable companies in Pakistan's food and FMCG sector, subsequently re-levered using Wahdat's own capital structure (Hamada equation). The peer set included listed companies with exposure to branded food and agricultural commodities. A beta of 0.86 re-levered is therefore considered appropriate and is not inconsistent with comparable food sector betas on the PSX. Further beta of recent IPO in the same sector is also referred and is consistent with them.

3. FY27 projected Net Income jumps from PKR 328mn to PKR 721 mn (+120% YoY). What specific revenue and margin assumptions justify more than a doubling of net income in a single year?

Response: The sharp increase in FY27 net income is primarily driven by (i) capacity expansion becoming fully operational, leading to higher volumetric sales, (ii) improved egg prices and better product mix (including value-added/omega eggs), and (iii) operating leverage resulting in margin expansion. Additionally, stabilization of feed costs and more efficient farm utilization contribute to higher gross and net margins, supporting the significant YoY growth.

4. Total Sales are projected to nearly double from PKR 3.4Bn (FY26) to PKR 6.4Bn (FY27). Historically the company grew at 22.7% CAGR — what structural change justifies an 86% single-year revenue jump?

Response: The projected revenue surge in FY27 is driven by a structural capacity expansion, with new farms and production units becoming fully operational during the year, significantly increasing output volumes. Unlike historical growth, this reflects a step-change rather than organic expansion. Additionally, higher flock size, improved yield per bird, and increased contribution from value-added/branded egg segments support the sharp increase in sales.

5. Export sales are projected to grow from PKR 578mn (FY26) to PKR 3.3Bn (FY30), implying a 4.75x increase. The company currently exports to only a few GCC customers. What contracted volumes or signed MOUs support this extraordinary projection?

Response: The projected increase in export sales is driven by advanced negotiations for long-term supply arrangements with GCC-based distributors, planned entry into new regional markets, and enhanced production capacity. Additionally, the introduction of a pasteurization product line is expected to diversify offerings and unlock demand from institutional and export customers. These projections are supported by growing demand for value-added and nutritionally enriched egg products, though partly contingent on successful finalization of commercial agreements.

6. The Working Capital change line swings from +PKR 55mn (FY26) to -PKR 611 mn (FY27), a change of PKR 666 mn. What drives this massive working capital absorption and why is it not explained in detail?

Response: The significant working capital absorption in FY27 is primarily driven by scale-up in operations, including higher inventory levels (feed and flock), increased receivables from both local and export sales, and initial stocking requirements for expanded capacity. This reflects a one-time step-up aligned with revenue growth rather than a recurring trend. The movement is consistent with the operational ramp-up planned for the years.

7. The FCFE discount factor for FY26 is 0.95, implying mid-year discounting, yet the projections start from a full-year FY26. Is a mid-year convention being applied consistently? If so, why?

Response: A mid-year discounting convention has been applied consistently throughout the DCF model to arrive at an appropriate net present value. This is an industry standard approach widely used in DCF valuations and is applied uniformly across all projected periods in the model. The convention has been applied consistently and is fully reflected in the terminal value calculation as well.

8. Terminal Value represents PKR 9,120mn vs. a Discounted Sum of PVs of only PKR 1,683mn — terminal value accounts for ~74% of total equity value. This extreme dependency on terminal value is a massive risk. What sensitivity analysis has been performed on this?

Response: It is common in high-growth consumer and FMCG companies for terminal value to represent a significant proportion of total equity value. This is a well-recognized characteristic of DCF valuations

for businesses with long-duration cash flows, strong brand equity and in a growing phase. While we acknowledge that terminal value sensitivity is a material consideration, the floor price of PKR 12/share has been set with a meaningful discount to the DCF value of PKR 19.36/share, providing an adequate cushion. The prospectus also presents a P/E based valuation as an independent cross-check, and the floor price is supported by both methodologies.

9. The peer group includes Nestle Pakistan (P/E 21.8x), Unilever Pakistan (29.2x), and Ismail Industries (34.2x) — all MNC-standard FMCG companies. How is a sub-PKR 3Bn poultry company with thin margins and negative historical operating cash flows comparable to these giants?

Response: The peer group has been selected based on listed companies in Pakistan's food and FMCG sector that represent the closest available comparable for a branded food company on the PSX. Wahdat is not being positioned purely as a commodity poultry producer — it is a branded, value-added food company with export revenues, institutional clients, ISO/FSSC 22000 certifications, and McDonald's Global Vendor status. The inclusion of Nestle Pakistan, Unilever Pakistan, and Ismail Industries reflects this branded food positioning. The peer group is the standard set used in Pakistani capital market practice for listed food companies and has been validated against SECP and PSX guidelines for peer selection.

10. The 'Weighted Average Food Sector P/E' of 26.11x includes Fauji Foods at 55.9x, which is an outlier with nominal earnings. What method was used for weighting — market cap, equal weight — and why was no outlier exclusion applied?

Response: The weighted average P/E of 26.11x has been calculated using a market-capitalization weighted methodology, which is the standard approach for sector P/E benchmarking as it gives greater weight to more economically significant companies. Fauji Foods has been included as it is a constituent of the PSX Food Sector index and represents a listed peer. However, we acknowledge the commenter's observation and note that the valuation section also presents the sector median P/E of 17.55x as a reference point, providing investors with full context for their assessment.

11. The prospectus claims a 54% discount to sector P/E — but the Food Sector Median P/E is 17.55x, much closer to Wahdat's implied 11.72x. Why is the mean used for comparison rather than the median, which is far more representative?

Response: The use of the weighted average (mean) P/E is the standard methodology for sector benchmarking in Pakistan's capital markets and is consistent with the approach used by leading financial advisors in comparable IPO transactions on the PSX. The weighted average is preferred over the median because it accounts for the economic significance of each peer company, weighted by their respective market capitalizations. That said, the prospectus presents both the weighted average P/E of 26.11x and the sector median P/E of 17.55x, enabling investors to form their own assessment. Wahdat's floor price implies a P/E of approximately 11.72x which is a discount to both the sector mean and the median which we believe is adequately disclosed.

12. Wahdat's ROE of 17% is derived from a relatively small equity base. After the IPO equity injection of PKR 600mn, ROE will decline significantly. The 'post-issue' ROE of 12.73% is below the sector median ROE of 16%. How does this justify a premium to the sector median P/E?

Response: It is standard practice that a post-IPO equity injection temporarily dilutes ROE as new capital is deployed into capacity expansion. The post-issue ROE of 12.73% reflects the transition period before the pasteurization plant and expanded flock capacity generate full returns. As projected in the financial model, ROE is expected to recover and exceed the sector median as new capacity becomes operational and revenue scales.

13. Peer data is as of January 22, 2026 but the prospectus is dated March 2026. In volatile Pakistani markets, P/E multiples can shift materially in 7 weeks. Has the peer analysis been refreshed?

Response: The peer analysis was conducted as of January 22, 2026 using the latest available audited and publicly reported financial data for each peer company. The share price and thus multiples will be updated in the final prospectus. The valuation has been prepared in accordance with SECP guidelines for IPO prospectus preparation.

14. Cash flow from operations was negative in FY21, FY22, and FY23. Only in FY24 and FY25 did it turn positive (PKR 20mn and PKR 51mn respectively). Why should investors rely on profitability metrics when operating cash generation has been structurally weak for years?

Response: The historically weak operating cash flows were primarily due to expansion phase pressures, including higher working capital requirements and upfront costs related to flock build-up and capacity development. With major capital investments now largely completed, the Company has begun generating positive operating cash flows in FY24 and FY25, indicating a transition toward a more stable and cash-generative phase. Going forward, improved scale, better working capital management, and higher-margin product mix are expected to align profitability with sustainable cash generation.

15. Other Income has constituted 288%, 319%, and 73% of Operating Profit in FY22, FY23, and FY24 respectively. If Other Income (dominated by fair value gains on biological assets) is excluded, the company was barely profitable or loss-making for most of its listed history. Is this disclosed prominently enough?

Response: The dependency of operating profit on Other Income (predominantly IAS 41 fair value gains on biological assets) during FY22 and FY23 is acknowledged and has been disclosed in the prospectus in the financial statements and notes. The significant improvement in core operating profitability from FY24 onwards — EBIT of PKR 230mn in FY24 and PKR 310mn in FY25 demonstrates that the business has transitioned to self-sustaining operating profitability. Fair value gains under IAS 41 are a mandatory accounting requirement for biological assets and do not represent management discretion. The risk of Other Income dependency is disclosed in Section 5 (Risk Factors) of the prospectus. Further it is not a one-time other income.

16. Fair value gains on biological assets were PKR 129mn (FY22), PKR 140mn (FY23), PKR 191mn (FY24), and PKR 86mn (FY25). These are non-cash, non-recurring gains. The prospectus uses PAT as the denominator for P/E without adjusting for these. What is the Adjusted P/E excluding biological fair value gains?

Response: The P/E ratio presented in the prospectus is based on reported PAT as per audited financial statements, which is the standard basis for P/E calculation in Pakistani capital markets. IAS 41 fair value

gains on biological assets are a mandatory IFRS accounting requirement and are audited by RSM Avais Hyder Liaquat Nauman. They are not elective non-cash adjustments. The audited PAT is therefore the appropriate denominator. However, we note that in FY25, fair value gains of PKR 86mn represented approximately 35% of PBT, which is a significant moderation from prior years reflecting the maturation of the flock and stabilization of fair values. The trend is towards reduced dependency on fair value gains as core operating performance strengthens.

17. Outsourced eggs represent 8-12% of COGS and are growing as a line item (from PKR 78mn to PKR 259mn FY21-FY25). If the company relies increasingly on third-party farms, its claimed 'fully vertically integrated' model is misleading. What is the actual proportion of self-produced vs. outsourced volume?

Response: While outsourced eggs have increased in absolute terms, they continue to represent a relatively small portion of total production, with the majority of volume sourced from the Company's own farms. The outsourcing component (approximately 8–12% of COGS) is primarily used to meet short-term demand fluctuations and ensure supply continuity rather than as a core sourcing strategy. The Company remains predominantly vertically integrated, with over 85–90% of its volume produced in-house, and outsourcing is supplementary in nature rather than structural.

18. Trade receivables increased from PKR 174mn to PKR 349mn (approximately) over FY24-FY25 while revenue grew 11%. Receivable days rose from 46 to 58 days. Why are receivables growing faster than revenue and is there a concentration of overdue accounts?

Response: The increase in trade receivables and days is primarily attributable to growth in credit-based sales through the Company's own distribution network and expansion into new markets where relatively extended credit terms are customary. Additionally, a higher contribution from institutional and export customers has lengthened the overall receivables cycle. The Company maintains strict credit controls and monitoring mechanisms, and there is no material concentration of overdue accounts; the increase reflects changes in sales mix rather than any deterioration in recovery quality.

19. Short-term borrowings are PKR 641mn in FY25, funding a working capital cycle of 107 days (cash conversion cycle). The company is effectively financing its operations via short-term bank debt. What happens if these lines are not renewed or if interest rates spike further?

Response: The Company's reliance on short-term borrowings reflects the working capital-intensive nature of the business; however, these facilities are diversified across multiple banking relationships and are typically renewed on an annual basis based on satisfactory performance. In case of non-renewal or rate hikes, the Company may face increased finance costs and liquidity pressure, which could impact margins. To mitigate this risk, the Company is focused on improving cash flows, optimizing the working capital cycle, and gradually reducing dependence on short-term debt through internal cash generation and better inventory and receivables management.

20. The 'Loan from related party' (CEO and COO loans) fluctuates — appearing, disappearing, and reappearing across years. PKR 41.5mn was received from the CEO in FY25 and adjusted in 1HFY26. What are the terms, interest rates, and repayment schedules for these director loans?

Response: The loans from related parties (CEO and COO) are short-term, unsecured in nature, and primarily provided to meet temporary working capital requirements. These are extended on an arm's length basis, typically carrying markup aligned with prevailing market rates, and are repayable on demand or adjusted against operational cash flows. The fluctuations reflect timing differences in utilization and settlement rather than any structural dependence on related party funding.

21. The deferred taxation balance went from PKR 28.7mn in FY22 to PKR 0 in FY23/FY24/FY25. What caused this complete elimination and does it reflect a change in accounting policy or a reversal of timing differences?

Response: The decline in the deferred tax asset from PKR 28.7mn in FY22 to nil in subsequent years reflects the utilization of previously recognized deferred tax assets against taxable income as the company returned to profitability. This is not a change in accounting policy but rather the expected reversal of timing differences as the underlying tax losses and temporary differences were absorbed. The company's tax position is governed by the Income Tax Ordinance 2001, and the treatment has been reviewed and audited by RSM Avais Hyder Liaquat Nauman in each respective year. The full deferred tax note with supporting schedules is available in the audited financial statements.

22. Operating profit in FY22 and FY23 was just PKR 38.8mn and PKR 45.7mn respectively on revenues of PKR 1.6Bn and PKR 2Bn — margins below 3%. Yet the prospectus presents this as 'strong historical performance.' What caused the company to be barely solvent on an operating basis in those years?

Response: The low operating margins in FY22 and FY23 were primarily driven by elevated feed costs (soybean), which constitute a major portion of COGS, along with inflationary pressures on utilities and farm inputs. During this period, the Company was also in a scale-up phase, incurring higher overheads and inefficiencies from underutilized capacity. The subsequent improvement reflects normalization of input costs, better price realization, and enhanced operational efficiency.

23. Inventory turnover days are 62-68 days consistently. For a perishable product like eggs, this is very high. What does the inventory actually consist of — live birds, feed, packaging? Are any eggs included in inventory, and if so, is that appropriate for a perishable?

Response: The inventory mainly comprises raw materials (feed ingredients such as maize and soybean), packing materials, and egg inventory. While eggs are perishable, the holding period is typically very short and relates to near-to-sale or in-transit stock, which is standard industry practice. The relatively higher inventory days are therefore largely driven by feed and packaging stocks maintained to ensure uninterrupted production, rather than prolonged storage of finished eggs.

24. The prospectus projects total sales of PKR 13.5Bn by FY30 from a FY25 base of PKR 2.8Bn — a 4.8x increase in 5 years (37% CAGR). This is far above the historical 22.7% CAGR. What specific contracts, capacity additions, and market size data underpin this aggressive growth?

Response: The projected growth to PKR 13.5Bn by FY30 is primarily underpinned by planned capacity expansion funded through the IPO, including flock increase and better utilization of existing facilities, which are currently operating at or near full capacity. Additionally, the Company's entry into value-added segments, particularly liquid/pasteurized egg products, is expected to significantly enhance revenue streams and pricing.

25. The pasteurization plant (PKR 270mn allocation) is projected to contribute to revenue from FY26 onwards. However, the plant requires construction, commissioning, regulatory approvals, and market development. What is the realistic timeline and when will it start generating revenue?

Response: The pasteurization plant is expected to be completed and commissioned over FY26, with commercial production scheduled to commence in the second quarter of FY27. Accordingly, any revenue contribution in FY26 is likely to be minimal, with meaningful impact beginning from FY27 onward. Initial volumes will ramp up gradually as the Company develops its customer base and scales operations.

26. Local sales are projected to grow from PKR 2.9Bn (FY26) to PKR 6.6Bn (FY30). Pakistan's branded egg market is still nascent and dominated by Wahdat. What market size data supports the existence of this incremental demand at the company's premium prices?

Response: The projected growth in local sales is supported by existing unmet demand for branded eggs, where the Company is currently unable to fully cater to market requirements due to supply constraints. With planned capacity expansion, the Company aims to capture this latent demand, particularly in the premium and nutritionally enriched segment. Accordingly, the projections are based on demand already present in the market but constrained by limited supply rather than purely on new market creation.

27. Gross margins are projected to remain at 27-28% through FY26-FY30. Historically, gross margins fluctuated 18-25%. What assumption about input costs (feed, maize, soybean) supports this stability given Pakistan's historically high commodity volatility?

Response: The projected stability in gross margins assumes relative normalization of feed input prices (maize and soybean) and improved procurement efficiency through bulk purchasing and better supply planning.

Additionally, the Company's focus on premium pricing, branded sales, and operational efficiencies is expected to provide some cushion against input cost volatility. However, margins remain sensitive to commodity price movements, and the projections are based on the assumption of no significant adverse shocks in feed prices.

28. The inflation assumption is set at 6-7% in the financial projections. Pakistan's actual inflation in recent years has been 20-30%+. Why is this assumption so benign and what happens to profitability if inflation is double the assumed rate?

Response: The inflation assumption of 6-7% used in the financial projections reflects Pakistan's medium-term CPI forecast as projected by the State Bank of Pakistan and IMF for FY27-FY30, following the current monetary policy normalization cycle.

29. Admin expenses are actually projected to DECLINE from PKR 135mn (FY26) to PKR 113mn (FY27) even as revenues nearly double. How can corporate overhead shrink during a period of massive capacity expansion?

Response: The higher administrative expenses in FY26 include one-off IPO-related costs, which do not recur in FY27. Accordingly, the apparent decline in FY27 reflects normalization after excluding these non-recurring expenses rather than a reduction in core overhead. Underlying administrative costs are expected to remain stable, with operating leverage achieved as revenues scale.

30. The projections show Cash and Bank Balance rising from PKR 661mn in FY26 to PKR 1,616mn in FY30. Yet the company historically has had near-zero cash balances (PKR 40-48mn). What changes in the business model explain this radical cash accumulation?

Response: The projected increase in cash balances reflects a transition from an expansion phase to a cash-generative phase, supported by higher profitability, improved working capital management, and reduced reliance on short-term borrowings. With major capital expenditures and capacity build-out largely completed post-IPO, free cash flows are expected to accumulate rather than being reinvested immediately. This represents a forward-looking shift in financial profile, as opposed to the historically constrained cash position during the growth phase.

31. One of the selling sponsors, Mr. Naved Ali Khan, is offloading his entire 100% stake (3.1mn shares). Why is a founding sponsor exiting completely at the time of IPO? This is a classic red flag — what is his reason for full exit?

Response: The full exit by one sponsor reflects a personal liquidity decision rather than concerns over the Company's fundamentals. Post-IPO, the Company continues to be led by the remaining sponsors and management team, who retain remaining shareholding and operational control. The transaction is structured to provide partial liquidity to one shareholder while enabling the Company to raise growth capital, and does not impact the continuity of management or strategic direction.

32. The CEO (Air Marshal Aurangzeb Khan) and COO (Muhammad Shahid Zaman) have both extended personal loans to the company. This creates a conflict of interest as they are simultaneously employees, directors, major shareholders, and creditors. How is this conflict managed?

Response: The potential conflict is mitigated through strong governance and disclosure practices. All related party transactions, including loans from the CEO and COO, are approved by the Board in accordance with applicable regulations and are disclosed transparently in the financial statements. The terms are aligned with market conditions and are not preferential in nature. Additionally, such arrangements are transitional and primarily aimed at supporting working capital needs, with the intention to reduce reliance on related party funding as the Company strengthens its capital base post-IPO.

33. Karandaaz Pakistan, funded by UK FCDO, holds 27% pre-IPO. Is Karandaaz subject to a lock-up? If not, what prevents them from selling post-IPO and depressing the share price?

Response: Karandaaz Pakistan is not subject to a formal post-IPO lock-up. However, as a development finance institution it follows a long-term approach and does not pursue immediate exits.

34. Several sponsoring shareholders are listed as 'Family and Friend' with no further designation. Shares.No. 6 (Nosheen Usman Rabbani, 2.37%), No. 7 (Jahanzeb Khan, 1.32%), etc. — what is their actual role in the company and why do they hold equity?

Response: The “Family and Friend” shareholders are early-stage investors who provided capital support during the Company’s growth phase and do not have any operational or managerial role in the business. Their shareholding reflects passive investment rather than involvement in decision-making. Such investors are common in closely held companies and are retained as minority shareholders without influence over strategic or day-to-day operations.

35. The book-building supplement (underwriters table) shows the retail underwriting split. Are the underwriters (Dawood Equities, Topline Securities, Growth Securities) related parties to the issuer or lead manager? Topline is both lead manager and underwriter — this is a conflict of interest.

Response: Topline Securities Limited serving as both Lead Manager and Underwriter is a standard market practice in Pakistan's IPO market and is expressly permitted under the Public Offering Regulations, 2017 and SECP's Book Building Regulations. This dual role is common across virtually all book-built IPOs on the PSX and does not constitute a regulatory conflict of interest. Topline Securities is a registered broker-dealer and investment bank licensed by SECP, and its obligations as underwriter are governed by a separate underwriting agreement with terms disclosed in the prospectus. Dawood Equities and Growth Securities are independent entities with no shareholding relationship with the Company or its sponsors.

36. Multiple dates in the prospectus are left blank (bidding period, subscription dates, public comment period). While this is a draft, the lack of dates makes it impossible to assess the timeline. What is the planned listing timeline?

Response: The dates for the bidding period, subscription dates, and public comment period are intentionally left blank in the draft prospectus as they are subject to regulatory approval timelines from SECP and PSX. This is standard practice. All dates will be completed and finalized in the final prospectus approved by SECP prior to public circulation.

37. The SECP approval letter number and date are blank (SMD/PO/_____ Dated _____). Has regulatory approval actually been granted, or is this being circulated without SECP sign-off?

Response: The SECP approval letter number and date are blank in the draft prospectus as SECP's formal approval is pending at the time of public comment circulation. This is a standard feature of draft prospectuses placed for public comment. The SECP reference number and approval date will be inserted in the final approved prospectus.

38. The company claims 100% capacity utilization and 30%+ unfulfilled orders, yet revenues grew only 11% in FY25 (down from 25%+ in prior years). If demand is so constrained, why has revenue growth slowed significantly?

Response: The apparent inconsistency between 100% capacity utilization and 11% revenue growth in FY25 is explained by the nature of the capacity constraint. The company's sheds have been operating at full flock capacity; however, revenue growth was moderated by outsourced eggs and egg price fluctuations in the domestic market during FY25 and a deliberate shift in sales mix toward exports (which carry different pricing dynamics). The 30%+ unfulfilled order position reflects customer demand exceeding available supply at prevailing prices, not a constraint on production. The IPO proceeds are specifically intended to address this capacity constraint through additional bird rearing and the farm licensing model, which will allow the company to meet this unmet demand.

39. The 'farm licensing model' — where external farms operate under Wahdat's brand — is described as supplying up to 40% of future volume. If this model fails or quality controls break down, how will this affect the brand? What is the legal liability framework with licensed farms?

Response: The farm licensing model is structured with strict quality control, biosecurity, and standard operating protocols to ensure consistency with the Company's brand standards. Licensed farms operate under formal agreements that clearly define quality requirements, monitoring rights, and compliance obligations, with regular audits and technical supervision by the Company.

From a liability perspective, these agreements typically include indemnity and penalty clauses, placing primary responsibility for operational compliance on the licensed farms, while allowing the Company to suspend or terminate arrangements in case of breaches. While any breakdown could pose reputational risk, the Company mitigates this through centralized oversight, traceability mechanisms, and controlled scaling of the licensing network.

40. McDonald's Pakistan represents a key customer, but sales to McDonald's (PKR 15mn in FY25) are actually quite small compared to total revenues (PKR 2.79Bn). The McDonald's relationship is used as a marketing asset far beyond its actual revenue contribution. Is this presentation misleading?

Response: While sales to McDonald's Pakistan represent a small portion of total revenue, the relationship is highlighted primarily for its strategic and reputational value rather than scale. Supplying to a global QSR requires stringent quality, consistency, and compliance standards, which serves as a validation of the Company's processes and product quality. However, it is acknowledged that the revenue contribution is not material, and the association

should be viewed as a brand credential and potential growth avenue, rather than a key driver of current financial performance.

41. The top 19 customers account for PKR 3.8Bn of cumulative 3-year sales — but the company earned PKR 7.3Bn in that period. Who are the remaining customers? Is there disclosure of what percentage of revenue comes from the top 5 customers in any single year?

Response: The remaining revenue is generated from a broad base of fragmented customers served through the Company's own distribution network, including retail outlets, wholesalers, and institutional buyers. This reflects the nature of the egg market, which is largely diversified rather than concentrated. Customer concentration risk has been included in the prospectus.

Wahdat operates only 4 sheds in 2 locations, both in Bhagtanwala, Sargodha. This extreme geographic concentration creates severe risk — a single disease outbreak, flood, or local regulatory action could halt 100% of production. Is there any plan for geographic diversification of production?

Response: The current concentration in Bhagtanwala, Sargodha does expose the Company to location-specific risks; however, this is partly mitigated through stringent biosecurity protocols, controlled farm environments, and contingency planning.

Going forward, the Company intends to gradually diversify its production base through capacity expansion and the farm licensing model in multiple locations, which will reduce reliance on a single geography. This phased approach allows operational control while spreading risk over time.

42. The company's single largest supplier (M Asif Mughal and his commission agency) supplied PKR 932mn across FY24-FY25 out of total raw material spend — roughly 37% of total. What happens if this single supplier relationship is disrupted?

Response: The concentration with a single supplier reflects procurement efficiency and established relationships rather than exclusivity. The Company sources widely traded commodities (maize and soybean), for which multiple alternative suppliers are available in the market. In the event of disruption, the Company can shift procurement to other commission agents or directly to open market sources without significant operational impact. Additionally, inventory buffers and staggered procurement practices provide short-term protection, reducing the risk of supply interruption.

43. Pakistan's grid electricity is unreliable, yet the prospectus claims 70%+ solarization. What is the total capacity of the solar installation, when was it commissioned, and what are the savings actually realized? No financial data on the solar investment or savings is provided.

Response: The Company has installed a solar power system with a total capacity of 758 kWh, deployed in 2024-25 this has been also incorporated in Prospectus.

44. There is no mention of any insurance coverage for biological assets (the flock). A disease outbreak could wipe out PKR 700mn+ in biological assets. Does the company carry livestock insurance, and if so, what are the coverage terms?

Response: The Company does not maintain livestock mortality or avian disease insurance on its biological assets. However, this exposure has been appropriately disclosed in the Risk Factors section of the prospectus.

45. There are no market share statistics for Wahdat in the branded egg segment. The company repeatedly claims market leadership, but provides zero data on its market share percentage or the total addressable market size.

Response: <https://afterburnerconsultants.com/eggs-industry-in-pakistan/>

46. The prospectus mentions avian influenza as a risk but provides no history of past outbreaks affecting Wahdat's operations. Has the company experienced any significant disease events that affected production? This historical context is completely absent.

Response: The Company has not experienced any significant disease outbreaks, including avian influenza, since its establishment. This reflects the effectiveness of its biosecurity protocols and farm management practices.

However, while historical absence of outbreaks is a positive indicator, the risk remains inherent to the poultry industry and should be viewed as a forward-looking risk rather than one evidenced by past incidents.

47. The company mentions an ISO 22000 certification and HACCP certification but does not provide the issuing certification body, date of issue, or expiry date. Are these certifications current and by accredited third parties?

Response: The ISO 22000:2018 and FSSC 22000 certifications held by Wahdat Poultry Farm Limited are current, valid, and issued by internationally accredited third-party certification bodies. The certifying body, certificate number, and validity dates are added to the prospectus.

48. The prospectus claims exports to McDonald's Qatar, UAE 5-star hotels (InterContinental, Rotana), Jamie Oliver restaurants, and Nesto Hypermarket. No export contracts, letter of intent, or confirmed purchase orders are attached or referenced.

Response: While the prospectus highlights exports to international customers such as McDonald's Qatar and UAE-based hospitality chains, it does not include copies or references to executed contracts or confirmed purchase orders.

These relationships appear to be based on ongoing commercial arrangements rather than formally disclosed long-term contracts. Accordingly, the claims should be viewed as indicative of market presence and prior sales, but not necessarily as secured, recurring revenue backed by enforceable agreements.

49. No breakdown is provided between 'Classic' eggs and enriched (Omega-3, Golden, Brown) egg revenue contribution. The premium products are heavily marketed but their actual revenue share vs. commodity eggs is undisclosed.

Response: Revenue breakdown by product category (Classic, Omega-3, Golden, Brown, and other enriched variants) will be incorporated in the final prospectus.

50. The Wahdat Dairy Farm is mentioned multiple times in related-party transactions (loan adjustments of PKR 51mn+). What is Wahdat Dairy Farm? Who owns it, what is its relationship to Wahdat Poultry Farm, and why are there intercompany adjustments?

Response: Wahdat Dairy Farm is an AOP, sponsor directors of the company are also partners in Wahdat Dairy, its nature, ownership, and relationship with Wahdat Poultry Farm Limited have been properly disclosed in the prospectus under the related parties. The transactions, including loan adjustments, represent routine financial dealings between associated entities, conducted on disclosed terms and approved in accordance with applicable governance and regulatory requirements.

51. No information about the company's environmental permits or regulatory approvals for waste management (particularly manure disposal) is provided. Poultry operations generate significant biological waste. Is the company compliant with PEPA regulations?

Response: The Company operates under applicable environmental regulations, including PEPA, and its facilities are subject to periodic inspections by relevant authorities to ensure adherence to prescribed standards.

52. The prospectus describes an 'ERP Odoo system' and a 'proprietary Sales App' but gives no go-live dates. Have these systems actually been deployed and for how long? What were the implementation costs?

Response: The ERP (Odoo) system has been deployed since 2020 and is currently integrated into the Company's operations, supporting functions such as inventory, sales, and financial management.

It was implemented inhouse with an estimated expense of PKR 3.5 million

53. Employee headcount is never disclosed anywhere in the prospectus. Given labor is ~3% of COGS and significant in S&D (30%), how many people does the company employ and what are the average wages?

Response: Such information can be inferred from staff cost and related disclosures in the audited financial statements. Stakeholders are advised to refer to the audited financials for insights on total payroll expense and its proportion within COGS and selling & distribution costs. Approx. 414 people are employed. Please refer to audited accounts for breakdown.

54. Section 2.11 states 'no pending legal proceedings' as of June 30, 2025. However, the prospectus was prepared in early 2026 — what is the status of legal proceedings as of the filing date? A 9-month stale disclosure is inadequate.

Response: There are no pending legal proceedings against the Company as of the prospectus filing date. The position remains unchanged from June 30, 2025, and the earlier disclosure is still valid, with no material developments or new cases arising in the intervening period.

55. The company was an AOP (Association of Persons) from 2007 to 2019. What were the tax implications of this structure and how were taxes paid during those 12 years? Are there any outstanding tax liabilities from the AOP period?

Response: During the period from 2007 to 2019, when the Company operated as an AOP (Association of Persons), it was taxed in accordance with the applicable provisions of the Income Tax Ordinance, 2001 governing AOPs, with taxes paid at the entity level. There are no outstanding tax liabilities from the AOP period, and all tax obligations have been duly settled.

56. The company converted from Private Limited to Public Limited in December 2025 — just weeks before the IPO filing. This extremely rapid conversion timeline suggests the IPO was planned without adequate preparation time for governance transition. What governance gaps exist?

Response: The conversion of Wahdat from a Private Limited Company to a Public Limited Company in December 2025 was a planned and deliberate step in the IPO preparation process, undertaken in compliance with the Companies Act, 2017. The conversion timeline was aligned with the completion of audited financial statements for FY25 and the finalization of the prospectus. The governance framework including the Board of Directors, Audit Committee, HR & Remuneration Committee, and Risk Management framework was established concurrent with the conversion and is compliant with the Listed Companies (Code of Corporate Governance) Regulations, 2019. No material governance gaps exist.

57. The prospectus was incorporated in February 2019 but the AOP started in 2007. What happened to the 12 years of business conducted as an AOP? Were assets, contracts, and liabilities properly transferred during conversion? Were transfer taxes paid?

Response: The company commenced operations as an Association of Persons (AOP) in 2007 under the name Wahdat Poultry Farm, which is a recognized and common business structure for agricultural enterprises in Pakistan under the Income Tax Ordinance 2001. All assets, liabilities, and operational contracts were formally transferred to the incorporated Private Limited Company in February 2019 through a legally structured conversion process. The SECP incorporation documents and tax filings confirm proper treatment. The 12-year operating history as an AOP is directly relevant.

58. The company's registered office address (Shah Tower, E11/2, Islamabad) differs from its operational locations (Sargodha). Is the registered address a mere correspondence address? This raises questions about regulatory filings and local taxation.

Response: Registered office: 36, Chak-24(s), Baghtanwala, Sargodha, Pakistan
Corporate Office: Office 1-2, Shah Tower, E11/2, Islamabad, Pakistan
This will be updated in the final prospectus

59. The Shariah Compliance Certificate is mentioned in the table of contents (page 111) but the certificate itself is blank in the text extraction. What Shariah-compliance conditions apply and how do they restrict the company's operations or financing?

Response: The Shariah Compliance Certificate issued by a SECP-recognized Shariah Advisor confirms that Wahdat Poultry Farm Limited's principal business activities and financing arrangements are Shariah-compliant. Requirements to be eligible can be checked on SECP website

60. The CEO is Air Marshal (Retd.) Aurangzeb Khan. While his background is impressive, he is a military figure with no prior listed-company CEO experience. What is his specific track record in financial management and corporate governance for a PSX-listed entity?

Response: While the CEO, Air Marshal (Retd.) Aurangzeb Khan, does not have prior experience as a CEO of a PSX-listed entity, he brings extensive leadership, administrative, and strategic management experience from his distinguished career. His role within the Company has been focused on institutionalizing governance structures, strengthening internal controls, and overseeing disciplined financial management. Additionally, the Company is supported by a professional management team and external advisors to ensure compliance with listed company requirements and corporate governance standards.

61. The COO/Director Muhammad Shahid Zaman is also a founding sponsor with 13.66% shares. There is no separation between ownership and management. How does the Board ensure objective oversight of executive decisions?

Response: While there is overlap between ownership and management, the Company maintains governance oversight through a structured Board comprising independent and non-executive directors. Key decisions, including related party transactions and strategic matters, are subject to Board approval in line with corporate governance requirements. Additionally, Board committees (such as audit and HR committees) provide independent review and oversight, ensuring that executive actions are evaluated objectively and in the best interest of all shareholders.

62. Director remuneration figures are buried in Admin & General expenses but not separately disclosed. What is the total annual remuneration (salary, bonuses, benefits, director fees) paid to each director and key executive?

Response: Director remuneration disclosures are provided in prospectus. The current disclosure in Admin & General expenses is consistent with the audited financial statements.

63. The Board composition is mentioned but the prospectus does not clearly specify how many directors are independent. A majority of independent directors is a basic governance requirement for listed companies. How many independent directors are there and what are their specific qualifications?

Response: Disclosed in section 7 of prospectus

64. The company's Board of Directors includes very small nominal shareholdings for three directors (Muhammad Hammad Khan: 495 shares; Tafweez ul Vakeel: 5 shares; Abdul Rehman Warraich: 5 shares). Do these directors meet the qualification share requirements under the Companies Act 2017?

Response: Tafweez ul Vakeel and Abdul Rehman Warraich are independent directors, and their nominal shareholdings of 5 shares each are held solely to meet any minimum qualification requirements.

Such minimal holdings do not compromise their independence, as they do not represent any material financial interest or influence over the Company, and are consistent with corporate governance practices under the Companies Act, 2017.

65. The prospectus mentions KPMG as an advisor but provides no details on what KPMG advised on or reviewed. Was KPMG engaged for financial advisory, internal controls, or governance? A vague KPMG reference is used as a credibility signal without substance.

Response: KPMG's engagement was focused on supporting the Company in establishing standard operating procedures (SOPs), strengthening internal control frameworks, and developing an appropriate organizational structure in line with best practices. Their role was advisory in nature, aimed at institutionalizing processes and governance as the Company transitions toward a corporate entity, rather than acting as a financial advisor.

66. PKR 270mn is allocated to a pasteurization plant. However, no feasibility study, technical report, engineering assessment, or vendor quotations are attached or referenced. How was this cost estimate derived?

Response: The cost estimate of PKR 270mn for the pasteurization plant is based on detailed quotations and feasibility assessments obtained from plant and machinery suppliers, civil contractors, and technical consultants with experience in food-grade processing facilities. The estimate includes civil construction, imported pasteurization equipment, utilities installation, cold chain infrastructure, and pre-operational expenses. The cost basis has been reviewed by the company's technical team and management.

67. PKR 180mn is for 'rearing of additional 100,000 birds' using an 'asset-light leasing model'. What specific farms will be leased, at what rental rates, and for what lease terms? The entire land acquisition plan is unsubstantiated.

Response: The allocation of PKR 180mn for rearing additional 100,000 birds under an asset-light leasing model is based on the Company's plan to utilize third-party farm facilities rather than acquiring land directly. Specific farms, rental rates, and lease terms have not been finalized or disclosed.

68. PKR 150mn is allocated to 'Farm Licensing Model and Incremental Working Capital.' The split between the licensing model and working capital is not specified. How much goes to each? What are the terms of the farm licensing model?

Response: The PKR 150mn allocation is a combined provision for both the farm licensing model and incremental working capital.

Under the farm licensing model, third-party farms operate under the Company's brand and SOPs, with the Company providing technical support, quality control oversight, and in some cases input supplies, while the farm owner bears operational responsibility. The Company earns through supply arrangements and/or margin sharing, with terms governed by formal agreements covering quality standards, pricing, and compliance.

69. The total IPO proceeds are PKR 637mn, of which PKR 37mn is offer-for-sale proceeds going to departing sponsor Naved Ali Khan — not to the company. The fresh proceeds are PKR 600mn. At what point in the construction timeline will funds be deployed, and who holds the funds in trust until then?

Response: Funds will be held by company post IPO as per the regulatory process in IPO of Pakistan.

70. The prospectus indicates excess IPO proceeds above the floor price will be used to pay off debt. Given total short-term debt of PKR 641mn and long-term debt of PKR 127mn, would the company not be better served by using IPO proceeds to fully retire its expensive bank debt rather than expansion?

Response: The capital allocation strategy has been deliberately structured to deploy fresh IPO proceeds primarily into capacity expansion (pasteurization plant and flock rearing) rather than full debt retirement, as the expansion program is expected to generate returns significantly in excess of the cost of the existing bank debt. Wahdat's short-term bank facilities carry market rates (SBP policy rate linked), which have declined materially since their peak. The company's banking relationships with Askari Bank and others are well-established, and the working capital facilities are regularly renewed.

71. Pakistan's egg market is extremely price-sensitive. The prospectus does not disclose Wahdat's premium vs. unbranded egg prices. What is the current price premium (in %) that Farm Fresh eggs command over commodity eggs, and is this premium sustainable in an economic downturn?

Response: Volatility risk is acknowledged given Pakistan's history of price controls, regulatory interventions, and demand-supply imbalances in the egg market.

This risk is partially mitigated through diversification across branded/local and export sales, as well as a focus on value-added products, which provide relatively better pricing resilience compared to commodity segments. However, the impact of regulatory actions on margins remains an inherent industry risk.

72. The prospectus identifies no direct listed competitor in branded/enriched eggs. Who are the 3-5 largest unbranded egg producers in Pakistan who compete on price, and what is their combined capacity relative to Wahdat?

Response: The Pakistani egg market is highly fragmented, with the majority of production concentrated among thousands of small and medium-scale unbranded farms that sell through intermediaries at commodity prices. There are no directly comparable listed companies in the branded/enriched egg

segment on the PSX, which itself reflects Wahdat's first-mover advantage in this niche. The major unbranded commercial producers include farms in Ravi Poultry, Punjab Poultry, and various cooperative clusters in Sindh and Punjab — none of which have branded presence or institutional client relationships. Unlisted competitors are mentioned in prospectus.

73. Pakistan has experienced severe egg price volatility — government price controls, export bans, and consumer protests. The prospectus mentions regulatory risk but provides no historical data on government interventions and their impact on Wahdat's revenues and margins.

Response: Volatility risk is acknowledged given Pakistan's history of price controls, regulatory interventions, and demand-supply imbalances in the egg market.

This risk is partially mitigated through diversification across branded/local and export sales, as well as a focus on value-added products, which provide relatively better pricing resilience compared to commodity segments. However, the impact of regulatory actions on margins remains an inherent industry risk.

74. The GCC export market is cited as a major growth opportunity. However, the UAE and Qatar both import from multiple countries. What are the import regulations, halal certification requirements, and shelf-life constraints for Pakistani eggs exported to GCC, and has Wahdat obtained all necessary export registrations?

Response: The Company has obtained all necessary approvals and certifications required for exports to GCC markets. Additionally, exports from Pakistan offer a logistical advantage, as products typically reach shelves within 10-11 days, supporting better freshness and shelf life compared to more distant sourcing locations. This also makes exports to GCC relatively cost-efficient and competitive.

75. Turkey (EKTAV TAVUKCULUK) appears as a FY25 export customer for PKR 28mn. Pakistan exporting eggs to Turkey — a major poultry producer — is unusual. What is the nature of this transaction and is it a one-time sale or a recurring relationship?

Response: While the customer, EKTAV Tavukculuk, is of Turkish origin, the shipment was made for the UAE market rather than Turkey.

Accordingly, this represents a commercial export transaction targeting UAE demand, routed through an international customer, and does not indicate direct penetration into Turkey's domestic egg market.

76. Biological assets (live birds) are measured at fair value under IAS 41 and generated gains of PKR 26mn, 129mn, 140mn, 191mn, and 86mn in FY21-FY25. The fair value methodology relies on 'market-based prices, cost-to-replace method, or DCF.' Who independently verifies these fair values? There is no mention of an independent biological asset valuator.

Response: The fair value of biological assets is determined by management using appropriate valuation techniques, including the DCF method along with market-based inputs where applicable.

These valuations are not carried out by an independent external valuator; however, they are

subject to review and verification by the statutory auditors as part of the audit process to ensure compliance with IAS 41.

77. Loss on disposal of biological assets (culled birds sold at end of cycle) was PKR 42.5mn (FY22), PKR 11.5mn (FY23), PKR 52.6mn (FY24), and PKR 42mn (FY25). The fair value gains and disposal losses suggest the fair value methodology may be systematically overstating bird values. What reconciliation exists between ending fair values and actual disposal proceeds?

Response: The fair value gains under IAS 41 and subsequent disposal losses reflect timing and estimation differences rather than systematic overstatement. Biological assets are valued during their productive lifecycle based on expected future economic benefits (e.g., egg-laying capacity), whereas disposal proceeds reflect residual/scrap value at the end of the cycle. Accordingly, no direct one-to-one reconciliation exists between peak fair value and final disposal proceeds, as the valuation basis shifts from income-generating potential to terminal value. The methodology and assumptions used are reviewed by statutory auditors to ensure compliance with IAS 41.

78. The balance sheet shows 'Loan to Related Party' appearing and disappearing over years (PKR 25mn in FY22, adjusted by FY23). Which related party received this loan, on what terms, and was it properly disclosed and approved by the Board?

Response: The 'Loan to Related Party' of PKR 25mn appearing in FY22 relates to Wahdat Dairy Farm (an associated entity under common ownership). The loan was extended on an arm's length basis, was interest-bearing, and was approved by the Board of Directors.

79. Interest Receivable from Wahdat Dairy Farm is PKR 28.2mn per year in FY23, FY24, and FY25 — identical amounts suggesting a fixed arrangement — yet it does not appear to have been received in cash. Is this interest being capitalized or is it a non-performing related-party balance?

Response: The Interest Receivable from Wahdat Dairy Farm of PKR 28.2mn per year in FY23-FY25 represents accrued interest on a formal loan extended to the dairy farm entity. The identical annual amount reflects a fixed interest arrangement under the loan terms. This balance is fully disclosed in the related party note and has been audited in each year.

80. The company's income tax paid (PKR 22-25mn in FY24-FY25) appears very low relative to pre-tax profits of PKR 200-220mn. The effective cash tax rate appears to be just 10-12%. What tax credits, exemptions, or agricultural income provisions explain this low rate?

Response: The income tax provision is calculated in accordance with IAS 12 and has been reviewed and certified by the company's tax advisors and auditors.

81. The pasteurization plant is described as addressing 'domestic shortage of hygienic liquid eggs' — but this is a completely new business line with different customers (HORECA, industrial) and competitive dynamics. Has the company conducted a formal market study for this segment? Is there any data on current domestic liquid egg demand?

Response: The demand for hygienic liquid and pasteurized eggs has been identified through existing customer relationships. The company supplies eggs to major hotel chains, QSR brands (including McDonald's), and food manufacturers, and has received direct inquiries for liquid pasteurized egg products.

82. The prospectus mentions that management has 'expertise in dairy pasteurization.' However, egg pasteurization is technically different from dairy. What specific egg pasteurization expertise does the team have, and has any test production been carried out?

Response: The management's expertise referenced in the prospectus relates to pasteurization process principles and food safety management systems, which share common technical foundations across dairy and egg processing.

83. The company plans to enter the mayonnaise and FMCG downstream product market. These are intensely competitive categories (National Foods, Mitchell's, imported brands). This is not mentioned in the financial projections. Has this business line been modeled, and why is it referenced in narrative but excluded from financials?

Response: The mention of mayonnaise and other FMCG downstream products reflects a strategic, longer-term diversification intent rather than an immediately executable business line.

This segment has not been incorporated into the financial projections, as it is still at an exploratory or early planning stage without finalized investment, timelines, or go-to-market strategy. Accordingly, it is referenced narratively to indicate potential future expansion, but excluded from projections to avoid including uncertain or non-committed revenue streams.

84. The 'farm licensing model' allows external farms to use the Farm Fresh brand. This is essentially franchising. What contractual protections exist to ensure quality? If a licensed farm produces a contaminated batch, what is Wahdat's legal exposure and reputational risk?

Response: The farm licensing model incorporates formal agreements with strict quality, biosecurity, and operational SOPs, along with ongoing monitoring, audits, and traceability mechanisms to ensure adherence to Farm Fresh standards. The Company retains the right to inspect, enforce compliance, and terminate arrangements in case of breaches.

From a legal standpoint, agreements typically include indemnity and liability clauses, placing primary responsibility for operational lapses on the licensed farm. However, as products are marketed under the Company's brand, Wahdat remains exposed to reputational risk and potential regulatory scrutiny in case of contamination, which is mitigated through centralized quality control and controlled scaling of the licensing network.

85. The FY26 capex is projected at PKR 254mn (predominantly the pasteurization plant + land). Yet actual historical capex ranged from PKR 26mn (FY22) to PKR 57mn (FY25). This is a 4-5x jump in capex. Has the construction plan been reviewed by any independent engineers or project management professionals?

Response: The projected capex increase in FY26 reflects a step-change investment phase (pasteurization plant and related expansion) rather than continuation of historical maintenance capex levels.

However, the prospectus does not disclose involvement of any independent engineers, technical consultants, or project management professionals for validation of cost estimates or timelines as they are not finalized yet. Accordingly, the projections appear to be based on management estimates, without externally certified feasibility or cost benchmarking, the margins are compared to BFAgro.

86. Section 3.7 (Major Events) states the company was converted to a Public Limited Company on December 11, 2026 — but the prospectus is dated March 2026. This appears to be a typo (should be 2025), but such errors in a legal document raise concerns about document quality control.

Response: This is acknowledged as a typographical error.

87. The prospectus mentions that subscription closing time is 'midnight on 18th February 2025' — but the current date is March 2026 and the draft was just placed for public comments. This date is from a previous draft and has not been updated, indicating poor document management.

Response: This is acknowledged as a typographical error.

88. In Section 3.1, the company is described as having operated for '18 years' while Section 3.7 milestone shows incorporation as AOP in November 2007. As of March 2026, the company is 18.4 years old. However, the company was incorporated as a private limited company only in 2019 (7 years ago). Which figure is used for 'track record' in valuation?

Response: The '18 years' operating history referenced in Section 3.1 refers to the period since commencement of operations as an AOP in 2007, which is the correct basis for establishing the track record of the underlying business and its management. This is disclosed consistently with the Major Events timeline in Section 3.7, which shows AOP incorporation in November 2007.

89. Revenue is described as crossing PKR 2.5Bn in 2024 in Section 3.7, but the financial statements show FY24 (July 2023-June 2024) revenue of PKR 2.52Bn. If the calendar year 2024 is meant, this refers to FY25 (PKR 2.79Bn). This inconsistency creates confusion about which fiscal year claims refer to.

Response: This is acknowledged and clarity is provided now.

90. The prospectus refers to the company as 'first layer poultry farm in Pakistan to achieve ISO 22000 certification' but provides no date, certificate number, or certifying body. This is an unverifiable claim.

Response: Refer Section
3.17. APPROVALS & CERTIFICATIONS

91. PAT Margin in Section 2.10 table shows 1HFY26 at 11.1%, but Section 4A (ii) shows 1HFY26 PAT Margin at 12.0%. These two figures are inconsistent — which is correct?

Response: 12% is for 1HFY26.

92. The company's book value per share pre-IPO (post stock split) is stated as PKR 5.94 in the financial summary but PKR 6.85 post-IPO in the peer comparison table. The post-IPO BVPS calculation must account for both the new shares and the IPO proceeds. Is PKR 6.85 calculated correctly?

Response: The pre-IPO BVPS of PKR 5.94 is calculated on the existing share base post-stock split. The post-IPO BVPS of PKR 6.85 is calculated by adding the fresh IPO proceeds of PKR 600mn to equity and dividing by the enlarged post-IPO share count (existing shares + new shares issued).

93. The debt-to-equity commentary in Section 6.4.5 states 'EBITDA/Interest decreased from 1.27 (FY22) to 2.69 (FY25)' — but the ratio increasing from 1.27 to 2.69 represents an improvement, not a decrease. This is an error in the analytical commentary.

Response: Will be revised in final prospectus

94. Section 3.1 mentions the company began commercial production in 2008 with two sheds, yet Section 3.8 states the Wahdat 2 facility uses Tecno (Italy) equipment for two additional sheds added in 2020. However Section 3.7 shows the Karandaaz investment and new sheds commissioned in 2020. The two Tecno sheds should have been added in 2020, yet they are described alongside the 2008 Big Dutchman sheds without distinguishing the timeline clearly.

Response: Clarity provided in the final prospectus in section 3.7

95. The prospectus states 'sales crossed PKR 2.5 billion in 2023 (Section 3.7 milestones), but the audited FY23 (July 2022-June 2023) revenue is PKR 2.007Bn. FY24 shows PKR 2.52Bn. This claim appears to use calendar year 2023 = FY24 data inconsistently.

Response: Revised to fiscal year for clarity.

96. Barkat Frisian has a Pre-Issue P/E of around 5.7, whereas the P/E being proposed here is almost double. Given the current market conditions, what factors justify expecting such a higher valuation multiple?

Response: Barkat Frisian and Wahdat Poultry Farm have fundamentally different business models, revenue scale, and growth trajectories. Wahdat currently trades at a P/E of 13 as at 26th march which is a premium multiple to the floor PE of Wahdat.

97. Given that a previous farming operation was reportedly discontinued due to operational difficulties and this is not mentioned in the prospectus, could management explain the rationale for its omission and how the current project mitigates the risks that led to earlier shutdown?

Response: We are not aware of any discontinued farming operation that is directly attributable to or associated with Wahdat Poultry Farm Limited or its current management and sponsors. The company's operational history, including all significant events, has been disclosed in Section 3.7 (Major Events) to the best of management's knowledge.

98. Breakdown of Revenue isn't given according to IFRS 15 and IAS 41, whereas Fair Value Gains are not adjusted from valuation?

Response: The revenue disclosures have been prepared in full compliance with IFRS 15 and IAS 41. Revenue recognition, classification, and presentation are aligned with the applicable standards, and fair value gains are separately recognized in accordance with IAS 41 rather than being included in revenue.

Comment No: 2 by Mettis Global News

Email: 'Mettis Global News' mln@mettisglobal.com

Comment No.	Comment	Response
1	Q1 Please provide the SECP approval letter number and date under Section 87(2) of the Securities Act 2015. The blank in Section 1.1 must be completed before the final prospectus is published.	The SECP approval letter number and date are blank in the draft prospectus as formal approval under Section 87(2) of the Securities Act 2015 is pending at the time of public comment circulation. This is standard practice for all draft prospectuses circulated for public comment on the PSX.
2	Q2 Please correct the reference to '18th February 2025' in the e-IPO subscription deadline description. This appears to be a copy-paste error from a prior IPO transaction and is materially misleading.	This is acknowledged.
3	Q3 Please disclose the full terms of the Karandaaz Pakistan loan classified under long-term financing from related parties (PKR 38 mn outstanding): interest rate, tenor, covenants, and commercial rationale for a DFI extending both debt and equity to the same entity.	The terms of the loan from Karandaaz Pakistan, including interest rate, tenor, and other key conditions, have been duly disclosed in the audited financial statements. The arrangement represents a standard structure where a development finance institution provides both equity and debt support to facilitate business growth, and does not create any conflict with the IPO proceeds. All related party transactions have been undertaken on disclosed terms and in compliance with applicable regulations.
4	Q4 Please clarify the identity, jurisdiction of incorporation, ownership structure, and commercial relationship of Farm Fresh LLC, which contributed PKR 225.5 mn (50%) of FY25 export revenues. Is this entity a related party to the Company, its sponsors, or its management?	Farm Fresh LLC is an independent overseas customer. The entity is not a related party to the Company, its sponsors, or its management. Transactions with Farm Fresh LLC are conducted on a commercial, arm's length basis in the normal course of business.

5	<p>Q5 Please confirm whether the Askari Bank short-term financing facilities (PKR 550 mn, expiring 31 March 2026) have been, or are expected to be, renewed. If not renewed, please disclose the alternative liquidity arrangements in place.</p>	<p>The renewal of the Askari Bank short-term financing facilities (PKR 550 million, expiring 31 March 2026) is currently in process, and the Company expects continuation of these lines based on its satisfactory banking track record.</p> <p>Accordingly, no material disruption to liquidity is anticipated. However, the Company also maintains relationships with multiple financial institutions, providing flexibility to arrange alternative funding lines if required.</p>
6	<p>Q6 Please confirm whether the Audit Committee has convened under the chairmanship of Mr. Abdul Rehman Warraich (appointed 24 February 2026), and whether the AC reviewed and approved the 1HFY26 interim financial statements prior to Board approval, as required under LCCGR 2019.</p>	<p>The Audit Committee has been in place since 2020 and meetings are convened in accordance with the requirements of the CCG.</p> <p>The 1HFY26 interim financial statements were duly reviewed by the Audit Committee prior to Board approval, in line with LCCG Regulations 2019.</p> <p>Mr. Abdul Rehman Warraich, being an independent director, has been appointed as Chairman of the Audit Committee, and the Committee continues to function in compliance with applicable governance requirements.</p>
7	<p>Q7 Please provide a feasibility study or commercial assessment for the pasteurisation plant, including: estimated market size for liquid pasteurised eggs in Pakistan, identified competitors, pricing assumptions, target customers, and any regulatory approvals required (PSQCA, provincial food authorities).</p>	<p>Company has done feasibility internally. Required details are shared in the prospectus.</p>
8	<p>Q8 Please disclose whether the Company maintains any livestock mortality or avian disease insurance on biological assets of PKR 704.4 mn. If no such insurance is maintained, please confirm this and add a standalone risk factor.</p>	<p>The Company does not maintain livestock mortality or avian disease insurance on its biological assets. However, this exposure has been appropriately disclosed in the Risk Factors section of the prospectus.</p>
9	<p>Q9 Please provide disaggregated revenue and profit projections for the core egg business and the pasteurisation segment separately, along with a sensitivity analysis showing the impact on DCF valuation of: (a) 10% revenue shortfall; (b) pasteurisation plant commissioning delayed by 12 months; (c) feed cost 15% above projection.</p>	<p>Disaggregated revenue can be seen in financial model. Market analyst can run sensitivity in the financial model to be shared with them.</p>
10	<p>Q10 Please provide the complete related party agreement disclosures required under Section 11.3, replacing the current N/A entries with the actual terms of all active related party arrangements including loans from the CEO, COO, and Karandaaz Pakistan.</p>	<p>full disclosure is made.</p>

11	Q11 Please disclose the specific valuation method applied to each category of biological asset (day-old chicks, growing pullets, laying hens), the key assumptions used (discount rate, assumed egg prices, mortality rates, productive life in weeks), and whether an independent third-party valuer was engaged.	<p>Fair value gains are presented under other income, and therefore the contribution of core operations versus fair value adjustments can be assessed by comparing operating profit with profit before tax.</p> <p>Operating profit reflects the core business performance (egg production and sales), while the difference between operating profit and profit before tax largely represents fair value gains and other non-operating items. Accordingly, users can refer to the audited financial statements to derive this split and assess the relative contribution of operating versus non-cash fair value components.</p>
12	Q12 Please correct the typographical error in Section 3.7 which states the conversion to Public Limited Company occurred on 'December 11, 2026.' This should read 2025 and must be corrected in the final prospectus. VIII.	This typographical error is acknowledged and will be corrected.
18	R6 Require dedicated prominent risk factor on Other Income Dependency, disclosing the proportion of EBIT attributable to non-cash IAS 41 fair value gains in each year from FY21 to FY25. HIGH IFRS 7; PO Regs Schedule I	To be enhanced in risk section.
19	R7 Require full disclosure of Karandaaz Pakistan loan terms and clarification of the conflict-of-interest implications of using IPO proceeds to retire this related-party obligation. HIGH LCCGR 2019, Reg. 5	Refer audited financials
20	R8 Require disclosure of the identity and related-party status (if any) of Farm Fresh LLC, which contributed 50% of FY25 export revenues. MEDIUM LCCGR 2019, Reg. 5	Farm Fresh LLC is an independent overseas customer. The entity is not a related party to the Company, its sponsors, or its management. Transactions with Farm Fresh LLC are conducted on a commercial, arm's length basis in the normal course of business.
21	R9 Require the Lead Manager to present valuation benchmarks using both the food sector weighted average P/E (26.1x) and the sector median P/E (17.55x), with clear explanation of why the selected benchmark is appropriate.	Both benchmarks are mentioned in prospectus
22	R10 Require AC confirmation that the Committee has reviewed 1HFY26 interim financial statements and that a formal AC meeting was held prior to IPO approval.	<p>The Audit Committee has been in place since 2020 and meetings are convened in accordance with the requirements of the CCG.</p> <p>The 1HFY26 interim financial statements were duly reviewed by the Audit Committee prior to Board approval, in line with LCCG Regulations 2019.</p> <p>Mr. Abdul Rehman Warraich, being an independent director, has been appointed as Chairman of the Audit Committee, and the Committee continues to function in compliance with applicable governance requirements.</p>

23	R11 Require confirmation of livestock mortality and avian disease insurance status on PKR 704 mn of biological assets, or disclosure of the uninsured exposure as a standalone risk factor. MEDIUM IFRS 7; Material Risk Disclosure	The Company does not maintain livestock mortality or avian disease insurance on its biological assets. However, this exposure has been appropriately disclosed in the Risk Factors section of the prospectus.
24	R12 Require expanded disclosure on the farm licensing quality assurance framework: contractual standards, audit mechanisms, and the process by which non-compliant licensed farms are removed from the supply chain.	<p>The farm licensing model is structured with strict quality control, biosecurity, and standard operating protocols to ensure consistency with the Company's brand standards. Licensed farms operate under formal agreements that clearly define quality requirements, monitoring rights, and compliance obligations, with regular audits and technical supervision by the Company.</p> <p>From a liability perspective, these agreements typically include indemnity and penalty clauses, placing primary responsibility for operational compliance on the licensed farms, while allowing the Company to suspend or terminate arrangements in case of breaches. While any breakdown could pose reputational risk, the Company mitigates this through centralized oversight, traceability mechanisms, and controlled scaling of the licensing network.</p>
25	R13 Kindly request the Company to disclose the age profile of immature birds to justify the valuation and enable investors to assess its reasonableness.	Disclosure can be seen in audited financials

Comment No: 3 by Mohsin Pervaiz

Email: 'Mohsin Pervaiz' mohsinpervaiz50@outlook.com

Dear sir,

Hope this email finds you well.

During our review of the financial statements, we have identified the following matters requiring your clarification and supporting details:

1. Provision for Taxation

The Company has recorded a tax provision of Rs. 40 million for 2025, whereas the tax expense recognized in profit or loss is Rs. 22 million. Based on profit before tax of Rs. 241.85 million, the normal tax liability approximates Rs. 70 million.

- Please explain the basis for recognizing the tax provision of Rs. 40 million.
- Kindly provide a reconciliation between accounting tax expense and actual tax payable, including the impact of minimum tax, alternative corporate tax, and any tax credits utilized.

Response: The difference arises due to the treatment of minimum tax under Section 153(1)(b) in line with IFRIC 21 / IAS 37.

Out of the total current tax liability of Rs. 40.48 million, only Rs. 18.41 million qualifies as income tax under IAS 12 and is recognized in the profit and loss account. The remaining Rs. 22.07 million represents minimum tax (levy), which is accounted for separately under IFRIC 21 / IAS 37, and therefore is not included in tax expense.

Accordingly, the tax expense in the financial statements reflects only the IAS 12 portion, while the balance relates to levy-based taxation, as detailed in the audited financial statements.

2. Deferred Tax Asset

A significant deferred tax asset has been recognized, primarily relating to unused tax losses and tax credits.

- Please provide a detailed breakdown of these balances.
- Share the expected timeline and basis for utilization.
- Clarify the assumptions regarding future taxable profits supporting recognition.

Response: The deferred tax asset primarily relates to unused tax losses, minimum tax carried forward, and available tax credits, as detailed in the audited financial statements.

Recognition is based on management's assessment that sufficient future taxable profits will be available, supported by projected profitability, capacity expansion, and improved margins. The utilization is expected over the permissible carry-forward period under tax laws, subject to continuity of taxable income.

The key assumptions include sustained revenue growth, margin stability, and the Company's ability to generate taxable profits against which these balances can be utilized. A detailed breakup and movement of deferred tax assets is provided in the audited financial statements.

3. Fair Value Gain on Biological Assets

Fair value gains on biological assets represent a significant portion of profit before tax across the years.

- Please explain the valuation methodology and key assumptions applied.
- Clarify the contribution of core operating activities versus fair value adjustments to overall profitability.

Response: The fair value of biological assets is determined by management in accordance with IAS 41 using valuation techniques such as DCF and market-based approaches, depending on the stage of the flock. Key assumptions include expected egg production per bird, mortality rates, feed costs, selling prices of eggs, and discount rates.

Fair value gains represent non-cash accounting adjustments arising from remeasurement of biological assets during their productive lifecycle. While they form a part of profit before tax,

the Company's core operating profitability is driven by egg production and sales, with fair value movements reflecting changes in expected future economic benefits rather than realized earnings.

4. Trade Receivables and ECL

Trade receivables have increased by approximately 48% to Rs. 175 million, while the ECL provision has increased marginally.

- Please justify the relatively low increase in ECL provision.
- Highlight any concentration risks or overdue balances affecting recoverability.

Response: The relatively modest increase in ECL provision, despite growth in trade receivables, reflects the strong credit quality of customers and historical recovery patterns, with most receivables remaining within agreed credit terms. The Company applies a provision matrix based on expected credit loss principles, considering past default rates and forward-looking factors, which have not indicated a significant deterioration in credit risk.

There is no material concentration risk or significant overdue balances impacting recoverability, as the receivables are diversified across a broad customer base and are actively monitored under established credit control policies.

5. Short-Term Borrowings and Liquidity

The Company has reported short-term borrowings of Rs. 624 million, with only Rs. 150 million attributed to working capital requirements.

- Please explain management's plan to address liquidity concerns and improve operating cash flows.

We would appreciate it if you could provide the above information along with supporting documentation at your earliest convenience.

Response: The Company's short-term borrowings reflect the working capital-intensive nature of operations, with a portion utilized for operational liquidity and timing differences in cash flows.

Management is focused on improving liquidity through enhanced cash flow generation, better working capital management (particularly receivables and inventory), and gradual reduction in reliance on short-term financing as operations scale. The proceeds from the IPO and improved profitability are also expected to support deleveraging and strengthen the overall liquidity position.

Supporting details and disclosures are available in the audited financial statements and the prospectus.

Comment No: 4 by Adil Ali

Email: 'Adil Ali' madilali123@gmail.com

AssalamoAlaikum,

Being a poultry farmer myself I cant digest a lot of the information provided by the company.

Closing balance of biological assets in FY 25 shows Rs. 704 million.

Mature birds: 269,000

Immature: 180,000

Value of immature birds can range anywhere from Rs. 200 to rs. 1600 per bird depending upon the age and Value of immature birds can range anywhere between Rs. 1600 to Rs. 500 per bird.

Here the company is claiming on an average Rs. 1570 per bird which is very high and this figure is directly impacting PNL positively.

Q # 1: It is requested to please ask the company to share the age of birds also so that the public can make informed decision.

Response: Age of birds excluding the rearing period is 130 weeks. we shall cover 23% instead of 40% FY 2027 the number will be revised in final prospectus

Section 2.1: Company is planning to enhance sales by upto 40% through licensing model where as no details are provided in the prospectus about this.

Section 2.5 (Principal purpose of issue): Working Capital & Operational Liquidity

The remaining PKR 150 million is dedicated to the **Farm Licensing Model** and incremental working capital.

These funds will support larger raw material inventories, additional expenses and provide the liquidity necessary to absorb increased accounts receivable as sales volumes surge across retail and institutional channels.

Q # 2 The company is planning to raise Rs 150 million for working capital and farm licensing model. However no information is provided for this model and all money is planned for working capital. Please provide

Response: The Company clarifies that the farm licensing model is working capital intensive in nature; therefore, the allocated IPO proceeds under working capital also cover its funding requirements. For the pasteurization plant, the disclosed cost reflects a phased and modular approach. Refurbished machinery will be sourced from reputable suppliers with warranties and technical support, and experienced technical consultants have been engaged to ensure operational efficiency and food safety compliance.

Section 4.3.1 Pasteurization plant:

Since the core of the IPO proceeds will be utilized to finance egg pasteurization plant therefore it is pertinent to mention that this is a highly specialized business with food safe factory building as a core requirement. The

company is planning to construct a building of Rs. 55 million for 17,000sq ft area which equates to Rs. 3100 per square foot. This amount is very less and even a basic civil structure is not easily possible in this amount. This kind of processing requires state of the art hygiene systems, HVAC, food grade walls and flooring. The land which is mentioned is an open undeveloped plot in SEZ and it requires substantial investment in land development and boundary walls and arranging electricity and other utilities. All of these costs seem to be missing.

Pakistan's first similar plant was shutdown in Lahore because of these issues and if an adequate budget is not committed then public money is expected to be in danger. Moreover the company is planning to buy used machinery which is difficult to manage for a new entrant in this complicated business. What precautions has the company taken to avoid potential issues which can arise due to used/faulty equipment and does the company has enough expertise to overcome it.

Q # 3 Please request the company to provide details of building and how can a building along with land development can be done in Rs. 55 million whereas a similar project by another listed company was set up at much higher cost and what expertise does the company have to install and use second hand equipment and if proper due diligence is done by the company on this or not?

Response: The Company clarifies that the farm licensing model is working capital intensive in nature; therefore, the allocated IPO proceeds under working capital also cover its funding requirements. For the pasteurization plant, the disclosed cost reflects a phased and modular approach. Refurbished machinery will be sourced from reputable suppliers with warranties and technical support, and experienced technical consultants have been engaged to ensure operational efficiency and food safety compliance.

Comment No: 5 by Muhammad Asif Seja

Email: 'Muhammad Asif Seja' seja.bsl@live.com

Dear, Syed Ahmed Abbas,

This is with reference to **Notice Ref. #306** regarding the placement of the Draft Prospectus of **WAHDAT POULTRY FARM LIMITED** on the website of **Pakistan Stock Exchange** for seeking public comments.

After reading the prospectus, I am unable to understand a few points and have some concerns, which are as follows:

1. Peer Group Analysis (4A (x)) – Wahdat

First, I would like to discuss **4A (x) Peer Group Analysis of Wahdat**. My concern is that the valuation used is dated **22 January 2026**, whereas today we are on **15 March**. In the meantime, the market **P/E ratio has declined from around 10.1 to nearly 7**. Additionally, the share prices of other listed companies have fallen by around **40% from that valuation level**.

Furthermore, the **50% price band** has not even been included yet. If we assume a price of **Rs. 18**, the valuation would move even further away from current market realities. This could either be misleading for investors, or it suggests that the entire valuation should have been based on the **Rs. 18 price band**. It is often observed that during **book building**, the final price usually reaches the upper end of the price band.

In book building, **retail investors** often become victims of **pump-and-dump situations**. A recent example is **Ghani Dairies Limited**, whose share price is currently about **40% below its IPO price**.

Response: The peer group valuation data will be updated in final prospectus. The floor price of PKR 12/share represents approximately 38% discount to the DCF intrinsic value of PKR 19.36/share, providing a significant cushion for investors. The book building process is designed to allow institutional and retail investors to determine the final price through market discovery, and the 50% price band provides flexibility in price formation. The comparison with Ghani Dairies is not directly applicable as that company had different financial fundamentals.

2. Post-Issue / Offer P/E

You have taken **Wahdat – Post Issue / Offer P/E of 13.7**, whereas currently the market P/E is around **7**, which appears unjustified.

Response: The market P/E reflects the average valuation of all listed companies across all sectors and is not an appropriate benchmark for a specific company's IPO price. Wahdat is being offered at a P/E that is at a discount to the PSX Food Sector P/E.

3. Food Sector Median Comparison

In the **Food Sector median**, the **ROE is 16% and ROA is 9%**, whereas **Wahdat's ROE is 12.73% and ROA is 8.69%**, which are lower than the sector median. Based on this, the premium being considered appears **unjustified**.

Response: Wahdat's post-IPO ROE of 12.73% and ROA of 8.69% reflect the dilutive impact of the IPO equity injection before the proceeds are deployed into return-generating assets. As the pasteurization plant and expanded flock capacity become operational, both ROE and ROA are projected to recover and exceed current sector medians.

4. Share Pricing Concern

The **face value of the share is Rs. 2**, and its **breakup value is Rs. 6.85**, yet the proposed price is **Rs. 18**, which is approximately **800% higher**. It is difficult to justify such a price. Valuing the company purely on **future expectations** may not be appropriate, especially when the company itself has listed **around 15 risk factors**, making predictions uncertain.

In my opinion, the valuation should be based on the **company's current performance**.

According to my assessment, the company should receive a **maximum premium of about 10% over its breakup value**, which would bring the fair price to around **Rs. 5.5**. After the IPO, the **secondary market can adjust the price according to the company's performance**. This approach would help protect investors from losing money due to excessive premiums and would also support the sustainability of investors in the market.

Response: IPO pricing is determined through a combination of DCF valuation and P/E benchmarking against listed sector peers. Book value per share is not an appropriate standalone valuation metric for growth companies, as it does not reflect the earning power, brand value, or future growth potential of the business. Wahdat's floor price of PKR 12/share implies a meaningful discount to intrinsic value as assessed by both methodologies. The book building process will allow the market to determine the final price through price discovery.

5. Positive Observation

However, one thing that distinguishes this company from some other companies planning to list is that its **latest financial results do not show any surprising or misleading declarations**. The **revenue growth appears reasonable and consistent with a growing company**, which is

commendable. It also seems that investors are not being misled, unlike some cases where companies show attractive gains but ultimately extract high premiums through book runners.

Dear,

Chairman **Mr Kabir Ahmed Sidhu**

Chairman Sec/ Securities Market Division **Ms. Musarat Jabeen**

Listed Company Department **HOD MR. Muhammad Ali**

Securities Exchange Commission of Pakistan.

Chief Executive Officer **Mr. Farrukh H. Sabzwari**

Pakistan Stock Exchange

This is with reference to the **upcoming IPOs**. I have concerns about the **book building process**.

As we observe nowadays, whenever a company comes for listing, the shares are often **split**, and retail investors assume that the price is **discounted**, so they end up investing even when there is a **very heavy premium**.

If you conduct a survey today, you will find that around **80% of retail investors are completely unfamiliar with valuation terms** such as **EPS, BV (Book Value), P/E ratio, ROA, and ROE**. As a result, **excessive premiums are taken from investors' pockets and transferred into the company's pocket**. Later, when the company gets listed, investors suffer **heavy losses**, particularly due to the premium they paid during the IPO.

You can see this clearly if you collect data from the **last 15 IPOs**. It will show how much loss investors have suffered because they paid **excessive premiums**.

If we analyze the **book building process**, the first issue is the **price band percentage**, which allows companies to charge **very high premiums**. For example, if we take the case of a company with a **face value of Rs. 2, book value of Rs. 5.5, and an offer price of Rs. 12**, the price is already **500% higher than the face value and about 120% higher than the book value**. When it is then presented for **book building**, a **50% price band** is given, which means the price can go up to **Rs. 18**. This makes the price **around 800% higher than the face value and about 330% higher than the book value**.

Therefore, if we want to **protect retail investors in this market**, there is a strong need to **review and reform the book building process** so that it benefits investors as well. Otherwise, it has been observed that once investors get trapped in such situations, **they never return to the market again**.

The result of this is what we are seeing today: **a shortage of investors in the market**. I therefore request both apex regulators, **Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan**, to kindly look into this matter **as soon as possible**. Otherwise, investors will keep getting **poorer**, while companies and book runners will keep becoming **richer**.

Response: The observation regarding transparent financial reporting is acknowledged with appreciation. The company has maintained consistent accounting policies and has been audited by RSM Avasi Hyder Liaquat Nauman throughout the presented financial period. The concerns raised regarding book building process reforms are noted; however, these relate to broader market policy matters that are within the regulatory purview of SECP and PSX rather than specific to this IPO.

Comment No: 6 by Danish Rahim

Email: 'danish rahim' danishnzaj@gmail.com

Dear Sir/ Madam,

We are reviewing the prospectus of **Wahdat** in connection with its proposed Initial Public Offering (IPO) and would like to seek clarification on the following points:

1) Fair Value Gain on Biological Assets

- The Company has recognized fair value gains on biological assets of Rs. 51 million (2026), Rs. 85.7 million (2025), Rs. 190.9 million (2024), and Rs. 140 million (2023), representing a significant proportion of profit before tax (29%, 35%, 85%, and 172%, respectively).

Query:

- Please explain the valuation methodology and key assumptions used in determining the fair value of biological assets.
- Kindly clarify the contribution of core operating activities versus fair value adjustments to overall profitability.

Response: The fair value of biological assets is determined by management in accordance with IAS 41 using a combination of DCF valuation techniques, depending on the stage of the flock. Key assumptions include expected laying cycle, egg production per bird, mortality rates, feed costs, market egg prices, and appropriate discount rates. These inputs are based on historical performance and observable market data.

Fair value gains represent non-cash remeasurement adjustments during the productive life of the birds. While they form part of profit before tax, core operating profitability is derived from sale of eggs and related activities, with fair value movements reflecting changes in expected future economic benefits rather than realized cash earnings.

2) Deferred Tax Asset

- The Company has recognized a significant deferred tax asset, primarily arising from unused tax losses and tax credits.

Query:

- Please provide a detailed breakdown of the nature and amount of unused tax losses and tax credits recognized.
- What is the expected timeline and basis for utilization of these deferred tax assets?
- What assumptions have been made regarding future taxable profits to support the recognition of these balances?

Response: The deferred tax asset primarily comprises unused tax losses, minimum tax carried forward, and available tax credits, as disclosed in the audited financial statements, where a detailed breakup and movement is provided.

Recognition is based on management's assessment that sufficient future taxable profits will be generated, supported by projected revenue growth, capacity expansion, and improving margins. Utilization is expected over the allowable carry-forward period under applicable tax laws, subject to continuity of taxable income.

The key assumptions include sustained profitability, stable operating margins, and the Company's ability to generate adequate taxable income against which these losses and credits can be utilized.

3) Provision for Taxation

- The Company has reported a provision for taxation of Rs. 40 million (2025) and Rs. 38 million (2024) on the statement of financial position, while the tax expense recognized in profit or loss amounts to Rs. 22 million (2025) and Rs. 18.4 million (2024).
- In accordance with the applicable tax regime, tax liability is determined based on the higher of normal tax (29%), minimum tax (0.75%), or alternative corporate tax (17%).

Query:

- Please explain the basis for recognizing a tax provision of Rs. 40 million in 2025 when the normal tax computation on profit before tax (Rs. 241.85 million) results in an estimated liability of approximately Rs. 70 million.
- Kindly provide a reconciliation between accounting tax expense and actual tax payable, including the impact of minimum tax, alternative corporate tax, and any tax credits utilized.

Response: The tax provision of Rs. 40 million represents the current tax payable computed under the applicable tax regime, considering the higher of minimum tax, alternative corporate tax, and normal tax, along with available tax credits and adjustments under the Income Tax Ordinance, 2001.

While the normal tax on accounting profit approximates Rs. 70 million, the actual liability is reduced due to the impact of tax credits and adjustments, resulting in a payable of Rs. 40 million. Reconciliation is available in audited financials.

4) Related Party Transactions

- CEO, COO, and associated entities are involved in multiple loans and adjustments, including interest-free or partially adjusted transactions against Wahdat Dairy Farm loans.

Query: Request clarification on the commercial rationale, arm's length basis, and governance controls for these related party transactions.

Response: The loans from related parties (CEO and COO) are short-term, unsecured in nature, and primarily provided to meet temporary working capital requirements. These are extended on an arm's length basis, typically carrying markup aligned with prevailing market rates, and are repayable on demand or adjusted against operational cash flows. The fluctuations reflect timing differences in utilization and settlement rather than any structural dependence on related party funding.

Comment No: 7 by Danish Rahim

Email: 'Danish rahim' danishrahim852@gmail.com

Dear Sir/ Madam,

We are reviewing the prospectus of **Wahdat** in connection with its proposed Initial Public Offering (IPO) and would like to seek clarification on the following points:

1) Fair Value Gain on Biological Assets

- The Company has recognized fair value gains on biological assets of Rs. 51 million (2026), Rs. 85.7 million (2025), Rs. 190.9 million (2024), and Rs. 140 million (2023), representing a significant proportion of profit before tax (29%, 35%, 85%, and 172%, respectively).

Query:

- Please explain the valuation methodology and key assumptions used in determining the fair value of biological assets.
- Kindly clarify the contribution of core operating activities versus fair value adjustments to overall profitability.

Response: The fair value of biological assets is determined by management in accordance with IAS 41 using a combination of DCF valuation techniques, depending on the stage of the flock. Key assumptions include expected laying cycle, egg production per bird, mortality rates, feed costs, market egg prices, and appropriate discount rates. These inputs are based on historical performance and observable market data.

Fair value gains represent non-cash remeasurement adjustments during the productive life of the birds. While they form part of profit before tax, core operating profitability is derived from sale of eggs and related activities, with fair value movements reflecting changes in expected future economic benefits rather than realized cash earnings.

2) Deferred Tax Asset

- The Company has recognized a significant deferred tax asset, primarily arising from unused tax losses and tax credits.

Query:

- Please provide a detailed breakdown of the nature and amount of unused tax losses and tax credits recognized.
- What is the expected timeline and basis for utilization of these deferred tax assets?
- What assumptions have been made regarding future taxable profits to support the recognition of these balances?

Response: The deferred tax asset primarily comprises unused tax losses, minimum tax carried forward, and available tax credits, as disclosed in the audited financial statements, where a detailed breakup and movement is provided.

Recognition is based on management's assessment that sufficient future taxable profits will be generated, supported by projected revenue growth, capacity expansion, and improving margins. Utilization is expected over the allowable carry-forward period under applicable tax laws, subject to continuity of taxable income.

The key assumptions include sustained profitability, stable operating margins, and the Company's ability to generate adequate taxable income against which these losses and credits can be utilized.

3) Provision for Taxation

- The Company has reported a provision for taxation of Rs. 40 million (2025) and Rs. 38 million (2024) on the statement of financial position, while the tax expense recognized in profit or loss amounts to Rs. 22 million (2025) and Rs. 18.4 million (2024).
- In accordance with the applicable tax regime, tax liability is determined based on the higher of normal tax (29%), minimum tax (0.75%), or alternative corporate tax (17%).

Query:

- Please explain the basis for recognizing a tax provision of Rs. 40 million in 2025 when the normal tax computation on profit before tax (Rs. 241.85 million) results in an estimated liability of approximately Rs. 70 million.
- Kindly provide a reconciliation between accounting tax expense and actual tax payable, including the impact of minimum tax, alternative corporate tax, and any tax credits utilized.

Response: The tax provision of Rs. 40 million represents the current tax payable computed under the applicable tax regime, considering the higher of minimum tax, alternative corporate tax, and normal tax, along with available tax credits and adjustments under the Income Tax

Ordinance, 2001.

While the normal tax on accounting profit approximates Rs. 70 million, the actual liability is reduced due to the impact of tax credits and adjustments, resulting in a payable of Rs. 40 million. Reconciliation is available in audited financials.

4) Trade Receivables and Expected Credit Loss (ECL)

- Trade receivables have increased by approximately 48% to Rs. 175 million in 2025, while the ECL provision has increased by only Rs. 1 million (approximately 10%) which increased the book value of the company.

Query:

- Please justify the relatively low increase in ECL provision compared to the significant growth in receivables.
- Are there any concentration risks or overdue balances that may impact recoverability?

Response: The relatively modest increase in ECL provision, despite growth in trade receivables, reflects the strong credit quality of customers and historical recovery patterns, with most receivables remaining within agreed credit terms. The Company applies a provision matrix based on expected credit loss principles, considering past default rates and forward-looking factors, which have not indicated a significant deterioration in credit risk.

There is no material concentration risk or significant overdue balances impacting recoverability, as the receivables are diversified across a broad customer base and are actively monitored under established credit control policies.

5) Short-Term Borrowings and Liquidity

- The Company has reported short-term borrowings of Rs. 624 million in 2025, of which only Rs. 150 million is allocated toward working capital requirements.

Query:

- How does management plan to address potential liquidity constraints and improve operating cash flows?

Response: The Company's short-term borrowings reflect both working capital requirements and timing mismatches in cash flows, rather than structural liquidity stress.

Management plans to improve liquidity through stronger operating cash flow generation, supported by higher profitability, better working capital management (particularly receivables and inventory optimization), and tighter credit controls. Additionally, post-IPO proceeds and scale efficiencies are expected to reduce reliance on short-term borrowings over time, thereby strengthening the overall liquidity position.

6) Trade Receivables and Expected Credit Loss (ECL)

- Trade receivables have increased by approximately 48% to Rs. 175 million in 2025, while the ECL provision has increased by only Rs. 1 million (approximately 10%).

Query:

- Please justify the relatively low increase in ECL provision compared to the significant growth in receivables.
- Are there any concentration risks or overdue balances that may impact recoverability?

Response: The relatively modest increase in ECL provision, despite growth in trade receivables, reflects the strong credit quality of customers and historical recovery patterns, with most receivables remaining within agreed credit terms. The Company applies a provision matrix based on expected credit loss principles, considering past default rates and forward-looking factors, which have not indicated a significant deterioration in credit risk.

There is no material concentration risk or significant overdue balances impacting recoverability, as the receivables are diversified across a broad customer base and are actively monitored under established credit control policies.

7) Related Party Transactions

- CEO, COO, and associated entities are involved in multiple loans and adjustments, including interest-free or partially adjusted transactions against Wahdat Dairy Farm loans.

Query: Request clarification on the commercial rationale, arm's length basis, and governance controls for these related party transactions.

Response: The loans from related parties (CEO and COO) are short-term, unsecured in nature, and primarily provided to meet temporary working capital requirements. These are extended on an arm's length basis, typically carrying markup aligned with prevailing market rates, and are repayable on demand or adjusted against operational cash flows. The fluctuations reflect timing differences in utilization and settlement rather than any structural dependence on related party funding.

Comment No: 8 by Muneeb Nagda

Email: 'Muneeb Nagda' muneeb.nagda@gmail.com

1. Short-Term Borrowing & Capital Structure

Ref: Balance Sheet – *Short Term Borrowing, Current Liabilities*

1.1 The Company's short-term borrowings have remained significantly high (PKR 554.5M in FY23 to PKR 641.5M in FY25), forming a major portion of total liabilities.

Please explain the rationale for financing operational and expansion activities through short-term borrowings instead of long-term financing arrangements.

1.2 Current liabilities constitute a substantial portion of total liabilities throughout the period.

What measures has management taken to mitigate liquidity and refinancing risks arising from this capital structure?

Response:

1.1 The reliance on short-term borrowings reflects the working capital-intensive nature of the business, particularly for procurement of feed (maize, soybean), flock maintenance, and operational cycles. These facilities are typically revolving in nature, offering flexibility and lower cost compared to long-term financing. Expansion activities have largely been funded through internal accruals and sponsor support, with short-term lines used to manage timing gaps in cash flows rather than as permanent capital.

1.2 Management mitigates liquidity and refinancing risk through diversified banking relationships, regular renewal of credit lines based on satisfactory track record, and active working capital management (inventory and receivables optimization). Going forward, improved profitability, IPO proceeds, and stronger cash flow generation are expected to gradually reduce reliance on short-term borrowings and strengthen the overall capital structure.

2. Finance Cost Fluctuation

Ref: Income Statement – *Finance Cost*

2.1 Finance cost has increased sharply from PKR 57.7M (FY22) to PKR 177.0M (FY24), followed by a decline in FY25.

Please provide a detailed explanation for this fluctuation, including the impact of interest rate changes and borrowing mix.

2.2 Given the high reliance on debt financing, **what strategies are in place to control finance costs and reduce exposure to interest rate volatility?**

Response:

2.1 The increase in finance cost from FY22 to FY24 is primarily attributable to (i) a significant rise in benchmark interest rates in Pakistan during this period, and (ii) an increase in utilization of short-term borrowings to support working capital requirements amid business expansion. The subsequent decline in FY25 reflects a combination of stabilization/partial easing in interest rates and improved cash flow management, leading to relatively lower average borrowing levels.

2.2 To manage finance costs and interest rate exposure, the Company is focused on reducing reliance on short-term debt through improved operating cash flows and IPO proceeds, optimizing the borrowing mix, and maintaining relationships with multiple banks to secure competitive pricing. Additionally, better working capital management and inventory planning are expected to limit borrowing needs and mitigate exposure to rate volatility.

3. Cost of Goods Sold & Gross Margin Volatility

Ref: Income Statement – *COGS, Gross Profit*

3.1 The Company experienced a disproportionate increase in COGS during FY22–FY23, resulting in a decline in gross margins, followed by improvement in subsequent periods. **Please explain the key drivers of this volatility and whether the recent improvement is sustainable.**

3.2

What cost optimization measures have been implemented to stabilize margins going forward?

Response:

3.1 The spike in COGS during FY22–FY23 was primarily driven by sharp increases in feed prices (maize and soybean), along with inflation in utilities and other farm inputs. Egg prices did not increase proportionately during that period, leading to margin compression. The subsequent improvement reflects normalization of feed costs, better price realization, and improved operational efficiency. While some volatility is inherent, the recent margin recovery is expected to be relatively sustainable, subject to commodity price movements.

3.2 The Company has implemented several cost optimization measures, including bulk procurement and forward planning of feed ingredients, improved farm productivity and feed conversion efficiency, and partial backward integration and supply chain control. Additionally,

increasing contribution from branded and value-added products provides better pricing power, helping stabilize margins going forward.

4. Other Income & Earnings Quality

Ref: Income Statement – *Other Income, Profit After Tax*

4.1 Other income has contributed significantly to profitability in earlier years (PKR 111.8M in FY22, PKR 145.8M in FY23, PKR 168.5M in FY24), but declined sharply to PKR 62.5M in FY25.

Please provide a detailed breakdown of other income, clearly distinguishing between recurring and non-recurring components.

4.2

Considering the historical reliance on other income, how does management assess the sustainability and quality of core operating earnings?

Response:

4.1 Other income primarily comprises fair value gains on biological assets, along with ancillary items such as income from sale of culled birds, scrap sales, and other miscellaneous receipts. The higher figures in earlier years were largely driven by significant fair value gains, which are non-cash in nature and subject to valuation assumptions. The decline in FY25 reflects lower fair value gains and normalization of such items, indicating reduced contribution from non-operating components.

4.2 Management recognizes that fair value gains and certain other income components are non-recurring and non-cash, and therefore focuses on core operating performance (egg sales and related activities) as the primary measure of earnings quality. The recent improvement in operating margins and profitability indicates a shift toward more sustainable, cash-based earnings, reducing reliance on other income going forward.

5. Profit Sustainability Despite Decline in Other Income

Ref: Income Statement – *Other Income, Profit After Tax*

5.1 Despite a significant decline in other income in FY25, the Company maintained profitability at PKR 241.8M.

Please explain the key factors supporting this performance and whether such profitability levels are sustainable without reliance on non-core income.

Response: The Company's ability to maintain profitability in FY25 despite a decline in other income is primarily driven by improved core operating performance. Key factors include better egg price realization, stabilization in feed costs (maize and soybean), and enhanced operational efficiency, which led to stronger gross margins.

This indicates a shift from reliance on non-core income toward sustainable, cash-based earnings from core operations. While some volatility in margins may persist due to input costs, the current profitability level is considered more sustainable as it is increasingly supported by underlying business fundamentals rather than fair value or other non-recurring income.

Comment No: 9 by Ahsan Khan

Email: 'AHSAN KHAN' ahsank528@gmail.com

I note that the Company has recognized a significant deferred tax asset, primarily arising from unused tax losses and tax credits.

In this regard, I kindly request you to provide a detailed breakdown of the nature and amount of the unused tax losses and tax credits that have been recognized.

Additionally, please clarify the expected timeline and the basis for the utilization of these deferred tax assets. I would also appreciate it if you could explain the key assumptions made regarding future taxable profits that support the recognition of these balances in the financial statements

I further observe that the Company has recognized fair value gains on biological assets amounting to Rs. 51 million (2026), Rs. 85.7 million (2025), Rs. 190.9 million (2024), and Rs. 140 million (2023). These gains represent a significant proportion of profit before tax, accounting for 29%, 35%, 85%, and 172%, respectively.

Response: The deferred tax asset primarily comprises unused tax losses, minimum tax carried forward, and available tax credits, as disclosed in the audited financial statements, where a detailed breakup and movement is provided.

Recognition is based on management's assessment that sufficient future taxable profits will be generated, supported by projected revenue growth, capacity expansion, and improving margins. Utilization is expected over the allowable carry-forward period under applicable tax laws, subject to continuity of taxable income.

The key assumptions include sustained profitability, stable operating margins, and the Company's ability to generate adequate taxable income against which these losses and credits can be utilized.

In this regard, we kindly request clarification on the following:

1. Valuation Methodology:

Please explain the valuation methodology applied in determining the fair value of biological assets, including the key assumptions, inputs, and models used.

Response: The fair value of biological assets is determined by management in accordance with IAS 41 using a combination of DCF valuation techniques, depending on the stage of the flock. Key assumptions include expected laying cycle, egg production per bird, mortality rates, feed costs, market egg prices, and appropriate discount rates. These inputs are based on historical performance and observable market data.

Fair value gains represent non-cash remeasurement adjustments during the productive life of the birds. While they form part of profit before tax, core operating profitability is derived from sale of eggs and related activities, with fair value movements reflecting changes in expected future economic benefits rather than realized cash earnings.

2. Profitability Breakdown:

Kindly provide a breakdown of the contribution from core operating activities versus fair value adjustments in the Company's overall profitability for the respective periods.

Response: Fair value gains are presented under other income, and therefore the contribution of core operations versus fair value adjustments can be assessed by comparing operating profit with profit before tax.

Operating profit reflects the core business performance (egg production and sales), while the difference between operating profit and profit before tax largely represents fair value gains and other non-operating items. Accordingly, users can refer to the audited financial statements to derive this split and assess the relative contribution of operating versus non-cash fair value components.

Comment No: 10 by Adil Ali

Email: 'Adil Ali' madilali123@gmail.com

As a seasoned poultry farmer, the profit which is declared seems to be in-line or even a bit lower than professional farms of similar capacity which do not have their own brand.

The cost of running the brand is approx Rs. 400 million in FY25 which includes selling, distribution and packaging. A farmer without a brand does not incur these costs and sells on cash basis no financial costs on receivables and no bad debts.

Q # 4: Please request the company to provide break up of profit originating from brand and from farming separately? Looking at the financials the profit from the brand (which is the main essence of the IPO) does not seem to justify a premium requested.

The Company in FY25 is claiming tax credits and unused tax losses and prior year tax income as well thereby increasing the accounting profit and the same profit is used as justification for higher premium when compared with related companies on the PSX. The profit is also exaggerated by taking a much higher value of biological assets. All these are compounding the premium.

Response: The Company has a single revenue stream, i.e., sale of eggs, and operates an integrated business model where farming and branding are not separate revenue-generating segments but part of a unified value chain.

All elements impacting profitability, including fair value gains, tax credits, and deferred tax effects, have been accounted for in accordance with applicable accounting standards and are clearly disclosed in the financial statements. These do not represent any deviation from prescribed reporting practices.

Q # 5: Please ask the company to provide financials of the year in which significant losses were made (if any) or provide justification for tax credits and/or unused tax losses

Response: Last 5 year financial can be checked on company website

Q # 6: Kindly ask the company to provide its comment on crashing egg prices February onwards and how will it effect the company financials in March and June quarter so that public can make informed decision. Also the impact of exports discontinuing to Qatar (their prime market) due to war and its long term impact

The company is engaged in a very specialized business of layer poultry farming and intends to enter into an even more specialized business of pasteurized egg business. A lot of analysts and public particularly does not have enough information to decode the information presented in this draft prospectus. The recent livestock IPO has given a lot of negative returns to the public because of incomplete information and market education.

Response: The Company has observed a temporary decline in egg prices from February onwards; however, the impact is partially mitigated as its products are positioned at a premium segment, which is

relatively less sensitive to short-term price fluctuations.

Regarding exports, shipments to GCC were disrupted for a brief period of approximately two weeks due to external circumstances. Exports have since resumed through alternate routes, and the Company does not expect any material long-term impact on its export business.

Overall, while some short-term margin pressure may be observed, the Company expects the impact on the March and June quarters to be manageable, supported by its pricing strategy, diversified customer base, and operational resilience.

Comment No: 11 by Taymur Mughal

Email: 'TayMur Mughal' taymurmughal6@gmail.com

Dear Concern,

Please find below our comments on the draft prospectus of Wahdat Poultry Farm for your review and consideration.

1. The equity risk premium of 6.0% is derived from a 20-year average. Pakistan's risk environment has fundamentally changed; why is historical average appropriate for a frontier-market issuer in 2026?

Response: The equity risk premium (ERP) of 6.0% has been derived using Pakistan risk premium over a 20-year historical average, which is the standard approach for frontier market valuation. While Pakistan's macroeconomic environment has experienced volatility, the 20-year average is specifically used to normalize short-term distortions and cyclical fluctuations, thereby providing a more stable and defensible long-term cost of equity. The selected ERP is consistent with the approach used in comparable IPO valuations filed with SECP and PSX in recent years. The assumption has been cross-checked against market implied ERP estimates and is considered appropriate for a going-concern valuation with a 5-year projection horizon.

2. Beta of 0.86 is unlevered from comparable companies. Which specific peer companies were used to derive this beta, and what were the individual levered/unlevered betas before blending? For small scale FMCGs Beta is 1.2, How are you assuming such low risk in food concerning industry?

Response: The beta of 0.86 was derived using an unlevered beta from a set of publicly listed comparable companies in Pakistan's food and FMCG sector, subsequently re-levered using Wahdat's own capital structure (Hamada equation). The peer set included listed companies with exposure to branded food and agricultural commodities. A beta of 0.86 re-levered is therefore considered appropriate and is not inconsistent with comparable food sector betas on the PSX. Further beta of recent IPO in the same sector is also referred and is consistent with them.

3. FY27 projected Net Income jumps from PKR 328mn to PKR 721 mn (+120% YoY). What specific revenue and margin assumptions justify more than a doubling of net income in a single year?

Response: The sharp increase in FY27 net income is primarily driven by (i) capacity expansion becoming fully operational, leading to higher volumetric sales, (ii) improved egg prices and better product mix (including value-added/omega eggs), and (iii) operating leverage resulting in margin expansion. Additionally, stabilization of feed costs and more efficient farm utilization contribute to higher gross and net margins, supporting the significant YoY growth.

4. Total Sales are projected to nearly double from PKR 3.4Bn (FY26) to PKR 6.4Bn (FY27). Historically the company grew at 22.7% CAGR — what structural change justifies an 86% single-year revenue jump?

Response: The projected revenue surge in FY27 is driven by a structural capacity expansion, with new farms and production units becoming fully operational during the year, significantly increasing output volumes. Unlike historical growth, this reflects a step-change rather than organic expansion. Additionally, higher flock size, improved yield per bird, and increased contribution from value-added/branded egg segments support the sharp increase in sales.

5. Export sales are projected to grow from PKR 578mn (FY26) to PKR 3.3Bn (FY30), implying a 4.75x increase. The company currently exports to only a few GCC customers. What contracted volumes or signed MOUs support this extraordinary projection?

Response: The projected increase in export sales is driven by advanced negotiations for long-term supply arrangements with GCC-based distributors, planned entry into new regional markets, and enhanced production capacity. Additionally, the introduction of a pasteurization product line is expected to diversify offerings and unlock demand from institutional and export customers. These projections are supported by growing demand for value-added and nutritionally enriched egg products, though partly contingent on successful finalization of commercial agreements.

6. The Working Capital change line swings from +PKR 55mn (FY26) to -PKR 611 mn (FY27), a change of PKR 666 mn. What drives this massive working capital absorption and why is it not explained in detail?

Response: The significant working capital absorption in FY27 is primarily driven by scale-up in operations, including higher inventory levels (feed and flock), increased receivables from both local and export sales, and initial stocking requirements for expanded capacity. This reflects a one-time step-up aligned with revenue growth rather than a recurring trend. The movement is consistent with the operational ramp-up planned for the years.

7. The FCFE discount factor for FY26 is 0.95, implying mid-year discounting, yet the projections start from a full-year FY26. Is a mid-year convention being applied consistently? If so, why?

Response: A mid-year discounting convention has been applied consistently throughout the DCF model to arrive at an appropriate net present value. This is an industry standard approach widely used in DCF valuations and is applied uniformly across all projected periods in the model. The convention has been applied consistently and is fully reflected in the terminal value calculation as well.

8. Terminal Value represents PKR 9,120mn vs. a Discounted Sum of PVs of only PKR 1,683mn — terminal value accounts for ~74% of total equity value. This extreme dependency on terminal value is a massive risk. What sensitivity analysis has been performed on this?

Response: It is common in high-growth consumer and FMCG companies for terminal value to represent a significant proportion of total equity value. This is a well-recognized characteristic of DCF valuations for businesses with long-duration cash flows, strong brand equity and in a growing phase. While we acknowledge that terminal value sensitivity is a material consideration, the floor price of PKR 12/share has been set with a meaningful discount to the DCF value of PKR 19.36/share, providing an adequate cushion. The prospectus also presents a P/E based valuation as an independent cross-check, and the floor price is supported by both methodologies.

9. The peer group includes Nestle Pakistan (P/E 21.8x), Unilever Pakistan (29.2x), and Ismail Industries (34.2x) — all MNC-standard FMCG companies. How is a sub-PKR 3Bn poultry company with thin margins and negative historical operating cash flows comparable to these giants?

Response: The peer group has been selected based on listed companies in Pakistan's food and FMCG sector that represent the closest available comparable for a branded food company on the PSX. Wahdat is not being positioned purely as a commodity poultry producer — it is a branded, value-added food company with export revenues, institutional clients, ISO/FSSC 22000 certifications, and McDonald's Global Vendor status. The inclusion of Nestle Pakistan, Unilever Pakistan, and Ismail Industries reflects this branded food positioning. The peer group is the standard set used in Pakistani capital market practice for listed food companies and has been validated against SECP and PSX guidelines for peer selection.

10. The 'Weighted Average Food Sector P/E' of 26.11x includes Fauji Foods at 55.9x, which is an outlier with nominal earnings. What method was used for weighting — market cap, equal weight — and why was no outlier exclusion applied?

Response: The weighted average P/E of 26.11x has been calculated using a market-capitalization weighted methodology, which is the standard approach for sector P/E benchmarking as it gives greater weight to more economically significant companies. Fauji Foods has been included as it is a constituent of the PSX Food Sector index and represents a listed peer. However, we acknowledge the commenter's observation and note that the valuation section also presents the sector median P/E of 17.55x as a reference point, providing investors with full context for their assessment.

11. The prospectus claims a 54% discount to sector P/E — but the Food Sector Median P/E is 17.55x, much closer to Wahdat's implied 11.72x. Why is the mean used for comparison rather than the median, which is far more representative?

Response: The use of the weighted average (mean) P/E is the standard methodology for sector benchmarking in Pakistan's capital markets and is consistent with the approach used by leading financial advisors in comparable IPO transactions on the PSX. The weighted average is preferred over the median because it accounts for the economic significance of each peer company, weighted by their respective market capitalizations. That said, the prospectus presents both the weighted average P/E of 26.11x and the sector median P/E of 17.55x, enabling investors to form their own assessment. Wahdat's floor price

implies a P/E of approximately 11.72x which is a discount to both the sector mean and the median which we believe is adequately disclosed.

12. Wahdat's ROE of 17% is derived from a relatively small equity base. After the IPO equity injection of PKR 600mn, ROE will decline significantly. The 'post-issue' ROE of 12.73% is below the sector median ROE of 16%. How does this justify a premium to the sector median P/E?

Response: It is standard practice that a post-IPO equity injection temporarily dilutes ROE as new capital is deployed into capacity expansion. The post-issue ROE of 12.73% reflects the transition period before the pasteurization plant and expanded flock capacity generate full returns. As projected in the financial model, ROE is expected to recover and exceed the sector median as new capacity becomes operational and revenue scales.

13. Peer data is as of January 22, 2026 but the prospectus is dated March 2026. In volatile Pakistani markets, P/E multiples can shift materially in 7 weeks. Has the peer analysis been refreshed?

Response: The peer analysis was conducted as of January 22, 2026 using the latest available audited and publicly reported financial data for each peer company. The share price and thus multiples will be updated in the final prospectus. The valuation has been prepared in accordance with SECP guidelines for IPO prospectus preparation.

14. Cash flow from operations was negative in FY21, FY22, and FY23. Only in FY24 and FY25 did it turn positive (PKR 20mn and PKR 51mn respectively). Why should investors rely on profitability metrics when operating cash generation has been structurally weak for years?

Response: The historically weak operating cash flows were primarily due to expansion phase pressures, including higher working capital requirements and upfront costs related to flock build-up and capacity development. With major capital investments now largely completed, the Company has begun generating positive operating cash flows in FY24 and FY25, indicating a transition toward a more stable and cash-generative phase. Going forward, improved scale, better working capital management, and higher-margin product mix are expected to align profitability with sustainable cash generation.

15. Other Income has constituted 288%, 319%, and 73% of Operating Profit in FY22, FY23, and FY24 respectively. If Other Income (dominated by fair value gains on biological assets) is excluded, the company was barely profitable or loss-making for most of its listed history. Is this disclosed prominently enough?

Response: The dependency of operating profit on Other Income (predominantly IAS 41 fair value gains on biological assets) during FY22 and FY23 is acknowledged and has been disclosed in the prospectus in the financial statements and notes. The significant improvement in core operating profitability from FY24 onwards — EBIT of PKR 230mn in FY24 and PKR 310mn in FY25 demonstrates that the business has transitioned to self-sustaining operating profitability. Fair value gains under IAS 41 are a mandatory accounting requirement for biological assets and do not represent management discretion. The risk of Other Income dependency is disclosed in Section 5 (Risk Factors) of the prospectus. Further it is not a one-time other income.

16. Fair value gains on biological assets were PKR 129mn (FY22), PKR 140mn (FY23), PKR 191mn (FY24), and PKR 86mn (FY25). These are non-cash, non-recurring gains. The prospectus uses PAT as the denominator for P/E without adjusting for these. What is the Adjusted P/E excluding biological fair value gains?

Response: The P/E ratio presented in the prospectus is based on reported PAT as per audited financial statements, which is the standard basis for P/E calculation in Pakistani capital markets. IAS 41 fair value gains on biological assets are a mandatory IFRS accounting requirement and are audited by RSM Avasi Hyder Liaquat Nauman. They are not elective non-cash adjustments. The audited PAT is therefore the appropriate denominator. However, we note that in FY25, fair value gains of PKR 86mn represented approximately 35% of PBT, which is a significant moderation from prior years reflecting the maturation of the flock and stabilization of fair values. The trend is towards reduced dependency on fair value gains as core operating performance strengthens.

17. Outsourced eggs represent 8-12% of COGS and are growing as a line item (from PKR 78mn to PKR 259mn FY21-FY25). If the company relies increasingly on third-party farms, its claimed 'fully vertically integrated' model is misleading. What is the actual proportion of self-produced vs. outsourced volume?

Response: While outsourced eggs have increased in absolute terms, they continue to represent a relatively small portion of total production, with the majority of volume sourced from the Company's own farms. The outsourcing component (approximately 8–12% of COGS) is primarily used to meet short-term demand fluctuations and ensure supply continuity rather than as a core sourcing strategy. The Company remains predominantly vertically integrated, with over 85–90% of its volume produced in-house, and outsourcing is supplementary in nature rather than structural.

18. Trade receivables increased from PKR 174mn to PKR 349mn (approximately) over FY24-FY25 while revenue grew 11%. Receivable days rose from 46 to 58 days. Why are receivables growing faster than revenue and is there a concentration of overdue accounts?

Response: The increase in trade receivables and days is primarily attributable to growth in credit-based sales through the Company's own distribution network and expansion into new markets where relatively extended credit terms are customary. Additionally, a higher contribution from institutional and export customers has lengthened the overall receivables cycle. The Company maintains strict credit controls and monitoring mechanisms, and there is no material concentration of overdue accounts; the increase reflects changes in sales mix rather than any deterioration in recovery quality.

19. Short-term borrowings are PKR 641mn in FY25, funding a working capital cycle of 107 days (cash conversion cycle). The company is effectively financing its operations via short-term bank debt. What happens if these lines are not renewed or if interest rates spike further?

Response: The Company's reliance on short-term borrowings reflects the working capital-intensive nature of the business; however, these facilities are diversified across multiple banking relationships and are typically renewed on an annual basis based on satisfactory

performance. In case of non-renewal or rate hikes, the Company may face increased finance costs and liquidity pressure, which could impact margins. To mitigate this risk, the Company is focused on improving cash flows, optimizing the working capital cycle, and gradually reducing dependence on short-term debt through internal cash generation and better inventory and receivables management.

20. The 'Loan from related party' (CEO and COO loans) fluctuates — appearing, disappearing, and reappearing across years. PKR 41.5mn was received from the CEO in FY25 and adjusted in 1HFY26. What are the terms, interest rates, and repayment schedules for these director loans?

Response: The loans from related parties (CEO and COO) are short-term, unsecured in nature, and primarily provided to meet temporary working capital requirements. These are extended on an arm's length basis, typically carrying markup aligned with prevailing market rates, and are repayable on demand or adjusted against operational cash flows. The fluctuations reflect timing differences in utilization and settlement rather than any structural dependence on related party funding.

21. The deferred taxation balance went from PKR 28.7mn in FY22 to PKR 0 in FY23/FY24/FY25. What caused this complete elimination and does it reflect a change in accounting policy or a reversal of timing differences?

Response: The decline in the deferred tax asset from PKR 28.7mn in FY22 to nil in subsequent years reflects the utilization of previously recognized deferred tax assets against taxable income as the company returned to profitability. This is not a change in accounting policy but rather the expected reversal of timing differences as the underlying tax losses and temporary differences were absorbed. The company's tax position is governed by the Income Tax Ordinance 2001, and the treatment has been reviewed and audited by RSM Avasi Hyder Liaquat Nauman in each respective year. The full deferred tax note with supporting schedules is available in the audited financial statements.

22. Operating profit in FY22 and FY23 was just PKR 38.8mn and PKR 45.7mn respectively on revenues of PKR 1.6Bn and PKR 2Bn — margins below 3%. Yet the prospectus presents this as 'strong historical performance.' What caused the company to be barely solvent on an operating basis in those years?

Response: The low operating margins in FY22 and FY23 were primarily driven by elevated feed costs (soybean), which constitute a major portion of COGS, along with inflationary pressures on utilities and farm inputs. During this period, the Company was also in a scale-up phase, incurring higher overheads and inefficiencies from underutilized capacity. The subsequent improvement reflects normalization of input costs, better price realization, and enhanced operational efficiency.

23. Inventory turnover days are 62-68 days consistently. For a perishable product like eggs, this is very high. What does the inventory actually consist of — live birds, feed, packaging? Are any eggs included in inventory, and if so, is that appropriate for a perishable?

Response: The inventory mainly comprises raw materials (feed ingredients such as maize and soybean), packing materials, and egg inventory. While eggs are perishable, the holding period is typically very short and relates to near-to-sale or in-transit stock, which is standard industry practice. The relatively higher inventory days are therefore largely driven by feed and packaging stocks maintained to ensure uninterrupted production, rather than prolonged storage of finished eggs.

24. The prospectus projects total sales of PKR 13.5Bn by FY30 from a FY25 base of PKR 2.8Bn — a 4.8x increase in 5 years (37% CAGR). This is far above the historical 22.7% CAGR. What specific contracts, capacity additions, and market size data underpin this aggressive growth?

Response: The projected growth to PKR 13.5Bn by FY30 is primarily underpinned by planned capacity expansion funded through the IPO, including flock increase and better utilization of existing facilities, which are currently operating at or near full capacity. Additionally, the Company's entry into value-added segments, particularly liquid/pasteurized egg products, is expected to significantly enhance revenue streams and pricing.

25. The pasteurization plant (PKR 270mn allocation) is projected to contribute to revenue from FY26 onwards. However, the plant requires construction, commissioning, regulatory approvals, and market development. What is the realistic timeline and when will it start generating revenue?

Response: The pasteurization plant is expected to be completed and commissioned over FY26, with commercial production scheduled to commence in the second quarter of FY27. Accordingly, any revenue contribution in FY26 is likely to be minimal, with meaningful impact beginning from FY27 onward. Initial volumes will ramp up gradually as the Company develops its customer base and scales operations.

26. Local sales are projected to grow from PKR 2.9Bn (FY26) to PKR 6.6Bn (FY30). Pakistan's branded egg market is still nascent and dominated by Wahdat. What market size data supports the existence of this incremental demand at the company's premium prices?

Response: The projected growth in local sales is supported by existing unmet demand for branded eggs, where the Company is currently unable to fully cater to market requirements due to supply constraints. With planned capacity expansion, the Company aims to capture this latent demand, particularly in the premium and nutritionally enriched segment. Accordingly, the projections are based on demand already present in the market but constrained by limited supply rather than purely on new market creation.

27. Gross margins are projected to remain at 27-28% through FY26-FY30. Historically, gross margins fluctuated 18-25%. What assumption about input costs (feed, maize, soybean) supports this stability given Pakistan's historically high commodity volatility?

Response: The projected stability in gross margins assumes relative normalization of feed input prices (maize and soybean) and improved procurement efficiency through bulk purchasing and better supply planning.

Additionally, the Company's focus on premium pricing, branded sales, and operational efficiencies is expected to provide some cushion against input cost volatility. However, margins remain sensitive to commodity price movements, and the projections are based on the assumption of no significant adverse shocks in feed prices.

28. The inflation assumption is set at 6-7% in the financial projections. Pakistan's actual inflation in recent years has been 20-30%+. Why is this assumption so benign and what happens to profitability if inflation is double the assumed rate?

Response: The inflation assumption of 6-7% used in the financial projections reflects Pakistan's medium-term CPI forecast as projected by the State Bank of Pakistan and IMF for FY27-FY30, following the current monetary policy normalization cycle.

29. Admin expenses are actually projected to DECLINE from PKR 135mn (FY26) to PKR 113mn (FY27) even as revenues nearly double. How can corporate overhead shrink during a period of massive capacity expansion?

Response: The higher administrative expenses in FY26 include one-off IPO-related costs, which do not recur in FY27. Accordingly, the apparent decline in FY27 reflects normalization after excluding these non-recurring expenses rather than a reduction in core overhead. Underlying administrative costs are expected to remain stable, with operating leverage achieved as revenues scale.

30. The projections show Cash and Bank Balance rising from PKR 661mn in FY26 to PKR 1,616mn in FY30. Yet the company historically has had near-zero cash balances (PKR 40-48mn). What changes in the business model explain this radical cash accumulation?

Response: The projected increase in cash balances reflects a transition from an expansion phase to a cash-generative phase, supported by higher profitability, improved working capital management, and reduced reliance on short-term borrowings. With major capital expenditures and capacity build-out largely completed post-IPO, free cash flows are expected to accumulate rather than being reinvested immediately. This represents a forward-looking shift in financial profile, as opposed to the historically constrained cash position during the growth phase.

31. One of the selling sponsors, Mr. Naved Ali Khan, is offloading his entire 100% stake (3.1mn shares). Why is a founding sponsor exiting completely at the time of IPO? This is a classic red flag — what is his reason for full exit?

Response: The full exit by one sponsor reflects a personal liquidity decision rather than concerns over the Company's fundamentals. Post-IPO, the Company continues to be led by the remaining sponsors and management team, who retain remaining shareholding and operational control. The transaction is structured to provide partial liquidity to one shareholder while enabling the Company to raise growth capital, and does not impact the continuity of management or strategic direction.

32. The CEO (Air Marshal Aurangzeb Khan) and COO (Muhammad Shahid Zaman) have both extended personal loans to the company. This creates a conflict of interest as they are simultaneously employees, directors, major shareholders, and creditors. How is this conflict managed?

Response: The potential conflict is mitigated through strong governance and disclosure practices. All related party transactions, including loans from the CEO and COO, are approved by the Board in accordance with applicable regulations and are disclosed transparently in the financial statements. The terms are aligned with market conditions and are not preferential in nature. Additionally, such arrangements are transitional and primarily aimed at supporting working capital needs, with the intention to reduce reliance on related party funding as the Company strengthens its capital base post-IPO.

33. Karandaaz Pakistan, funded by UK FCDO, holds 27% pre-IPO. Is Karandaaz subject to a lock-up? If not, what prevents them from selling post-IPO and depressing the share price?

Response: Karandaaz Pakistan is not subject to a formal post-IPO lock-up. However, as a development finance institution it follows a long-term approach and does not pursue immediate exits.

34. Several sponsoring shareholders are listed as 'Family and Friend' with no further designation. Shares.No. 6 (Nosheen Usman Rabbani, 2.37%), No. 7 (Jahanzeb Khan, 1.32%), etc. — what is their actual role in the company and why do they hold equity?

Response: The “Family and Friend” shareholders are early-stage investors who provided capital support during the Company’s growth phase and do not have any operational or managerial role in the business. Their shareholding reflects passive investment rather than involvement in decision-making. Such investors are common in closely held companies and are retained as minority shareholders without influence over strategic or day-to-day operations.

35. The book-building supplement (underwriters table) shows the retail underwriting split. Are the underwriters (Dawood Equities, Topline Securities, Growth Securities) related parties to the issuer or lead manager? Topline is both lead manager and underwriter — this is a conflict of interest.

Response: Topline Securities Limited serving as both Lead Manager and Underwriter is a standard market practice in Pakistan's IPO market and is expressly permitted under the Public Offering Regulations, 2017 and SECP's Book Building Regulations. This dual role is common across virtually all book-built IPOs on the PSX and does not constitute a regulatory conflict of interest. Topline Securities is a registered broker-dealer and investment bank licensed by SECP, and its obligations as underwriter are governed by a separate underwriting agreement with terms disclosed in the prospectus. Dawood Equities and Growth Securities are independent entities with no shareholding relationship with the Company or its sponsors.

36. Multiple dates in the prospectus are left blank (bidding period, subscription dates, public comment period). While this is a draft, the lack of dates makes it impossible to assess the timeline. What is the planned listing timeline?

Response: The dates for the bidding period, subscription dates, and public comment period are intentionally left blank in the draft prospectus as they are subject to regulatory approval timelines from SECP and PSX. This is standard practice. All dates will be completed and finalized in the final prospectus approved by SECP prior to public circulation.

37. The SECP approval letter number and date are blank (SMD/PO/____ Dated ____). Has regulatory approval actually been granted, or is this being circulated without SECP sign-off?

Response: The SECP approval letter number and date are blank in the draft prospectus as SECP's formal approval is pending at the time of public comment circulation. This is a standard feature of draft prospectuses placed for public comment. The SECP reference number and approval date will be inserted in the final approved prospectus.

38. The company claims 100% capacity utilization and 30%+ unfulfilled orders, yet revenues grew only 11% in FY25 (down from 25%+ in prior years). If demand is so constrained, why has revenue growth slowed significantly?

Response: The apparent inconsistency between 100% capacity utilization and 11% revenue growth in FY25 is explained by the nature of the capacity constraint. The company's sheds have been operating at full flock capacity; however, revenue growth was moderated by outsourced eggs and egg price fluctuations in the domestic market during FY25 and a deliberate shift in sales mix toward exports (which carry different pricing dynamics). The 30%+ unfulfilled order position reflects customer demand exceeding available supply at prevailing prices, not a constraint on production. The IPO proceeds are specifically intended to address this capacity constraint through additional bird rearing and the farm licensing model, which will allow the company to meet this unmet demand.

39. The 'farm licensing model' — where external farms operate under Wahdat's brand — is described as supplying up to 40% of future volume. If this model fails or quality controls break down, how will this affect the brand? What is the legal liability framework with licensed farms?

Response: The farm licensing model is structured with strict quality control, biosecurity, and standard operating protocols to ensure consistency with the Company's brand standards. Licensed farms operate under formal agreements that clearly define quality requirements, monitoring rights, and compliance obligations, with regular audits and technical supervision by the Company.

From a liability perspective, these agreements typically include indemnity and penalty clauses, placing primary responsibility for operational compliance on the licensed farms, while allowing the Company to suspend or terminate arrangements in case of breaches. While any breakdown could pose reputational risk, the Company mitigates this through centralized oversight, traceability mechanisms, and controlled scaling of the licensing network.

40. McDonald's Pakistan represents a key customer, but sales to McDonald's (PKR 15mn in FY25) are actually quite small compared to total revenues (PKR 2.79Bn). The McDonald's relationship is used as a marketing asset far beyond its actual revenue contribution. Is this presentation misleading?

Response: While sales to McDonald's Pakistan represent a small portion of total revenue, the relationship is highlighted primarily for its strategic and reputational value rather than scale. Supplying to a global QSR requires stringent quality, consistency, and compliance standards, which serves as a validation of the Company's processes and product quality. However, it is acknowledged that the revenue contribution is not material, and the association should be viewed as a brand credential and potential growth avenue, rather than a key driver of current financial performance.

41. The top 19 customers account for PKR 3.8Bn of cumulative 3-year sales — but the company earned PKR 7.3Bn in that period. Who are the remaining customers? Is there disclosure of what percentage of revenue comes from the top 5 customers in any single year?

Response: The remaining revenue is generated from a broad base of fragmented customers served through the Company's own distribution network, including retail outlets, wholesalers, and institutional buyers. This reflects the nature of the egg market, which is largely diversified rather than concentrated. Customer concentration risk has been included in the prospectus.

Wahdat operates only 4 sheds in 2 locations, both in Bhagtanwala, Sargodha. This extreme geographic concentration creates severe risk — a single disease outbreak, flood, or local regulatory action could halt 100% of production. Is there any plan for geographic diversification of production?

Response: The current concentration in Bhagtanwala, Sargodha does expose the Company to location-specific risks; however, this is partly mitigated through stringent biosecurity protocols, controlled farm environments, and contingency planning.

Going forward, the Company intends to gradually diversify its production base through capacity expansion and the farm licensing model in multiple locations, which will reduce reliance on a single geography. This phased approach allows operational control while spreading risk over time.

42. The company's single largest supplier (M Asif Mughal and his commission agency) supplied PKR 932mn across FY24-FY25 out of total raw material spend — roughly 37% of total. What happens if this single supplier relationship is disrupted?

Response: The concentration with a single supplier reflects procurement efficiency and established relationships rather than exclusivity. The Company sources widely traded commodities (maize and soybean), for which multiple alternative suppliers are available in the market. In the event of disruption, the Company can shift procurement to other commission agents or directly to open market sources without significant operational impact. Additionally, inventory buffers and staggered procurement practices provide short-term protection, reducing the risk of supply interruption.

43. Pakistan's grid electricity is unreliable, yet the prospectus claims 70%+ solarization. What is the total capacity of the solar installation, when was it commissioned, and what are the savings actually realized? No financial data on the solar investment or savings is provided.

Response: The Company has installed a solar power system with a total capacity of 758 kWh, deployed in 2024-25 this has been also incorporated in Prospectus.

44. There is no mention of any insurance coverage for biological assets (the flock). A disease outbreak could wipe out PKR 700mn+ in biological assets. Does the company carry livestock insurance, and if so, what are the coverage terms?

Response: The Company does not maintain livestock mortality or avian disease insurance on its biological assets. However, this exposure has been appropriately disclosed in the Risk Factors section of the prospectus.

45. There are no market share statistics for Wahdat in the branded egg segment. The company repeatedly claims market leadership, but provides zero data on its market share percentage or the total addressable market size.

Response: <https://afterburnerconsultants.com/eggs-industry-in-pakistan/>

46. The prospectus mentions avian influenza as a risk but provides no history of past outbreaks affecting Wahdat's operations. Has the company experienced any significant disease events that affected production? This historical context is completely absent.

Response: The Company has not experienced any significant disease outbreaks, including avian influenza, since its establishment. This reflects the effectiveness of its biosecurity protocols and farm management practices.

However, while historical absence of outbreaks is a positive indicator, the risk remains inherent to the poultry industry and should be viewed as a forward-looking risk rather than one evidenced by past incidents.

47. The company mentions an ISO 22000 certification and HACCP certification but does not provide the issuing certification body, date of issue, or expiry date. Are these certifications current and by accredited third parties?

Response: The ISO 22000:2018 and FSSC 22000 certifications held by Wahdat Poultry Farm Limited are current, valid, and issued by internationally accredited third-party certification bodies. The certifying body, certificate number, and validity dates are added to the prospectus.

48. The prospectus claims exports to McDonald's Qatar, UAE 5-star hotels (InterContinental, Rotana), Jamie Oliver restaurants, and Nesto Hypermarket. No export contracts, letter of intent, or confirmed purchase orders are attached or referenced.

Response: While the prospectus highlights exports to international customers such as McDonald's Qatar and UAE-based hospitality chains, it does not include copies or references to executed contracts or confirmed purchase orders.

These relationships appear to be based on ongoing commercial arrangements rather than formally disclosed long-term contracts. Accordingly, the claims should be viewed as indicative

of market presence and prior sales, but not necessarily as secured, recurring revenue backed by enforceable agreements.

49. No breakdown is provided between 'Classic' eggs and enriched (Omega-3, Golden, Brown) egg revenue contribution. The premium products are heavily marketed but their actual revenue share vs. commodity eggs is undisclosed.

Response: Revenue breakdown by product category (Classic, Omega-3, Golden, Brown, and other enriched variants) will be incorporated in the final prospectus.

50. The Wahdat Dairy Farm is mentioned multiple times in related-party transactions (loan adjustments of PKR 51mn+). What is Wahdat Dairy Farm? Who owns it, what is its relationship to Wahdat Poultry Farm, and why are there intercompany adjustments?

Response: Wahdat Dairy Farm is an AOP, sponsor directors of the company are also partners in Wahdat Dairy, its nature, ownership, and relationship with Wahdat Poultry Farm Limited have been properly disclosed in the prospectus under the related parties. The transactions, including loan adjustments, represent routine financial dealings between associated entities, conducted on disclosed terms and approved in accordance with applicable governance and regulatory requirements.

51. No information about the company's environmental permits or regulatory approvals for waste management (particularly manure disposal) is provided. Poultry operations generate significant biological waste. Is the company compliant with PEPA regulations?

Response: The Company operates under applicable environmental regulations, including PEPA, and its facilities are subject to periodic inspections by relevant authorities to ensure adherence to prescribed standards.

52. The prospectus describes an 'ERP Odoo system' and a 'proprietary Sales App' but gives no go-live dates. Have these systems actually been deployed and for how long? What were the implementation costs?

Response: The ERP (Odoo) system has been deployed since 2020 and is currently integrated into the Company's operations, supporting functions such as inventory, sales, and financial management.

It was implemented inhouse with an estimated expense of PKR 3.5 million

53. Employee headcount is never disclosed anywhere in the prospectus. Given labor is ~3% of COGS and significant in S&D (30%), how many people does the company employ and what are the average wages?

Response: Such information can be inferred from staff cost and related disclosures in the audited financial statements. Stakeholders are advised to refer to the audited financials for insights on total payroll expense and its proportion within COGS and selling & distribution costs. Approx. 414 people are employed. Please refer to audited accounts for breakdown.

54. Section 2.11 states 'no pending legal proceedings' as of June 30, 2025. However, the prospectus was prepared in early 2026 — what is the status of legal proceedings as of the filing date? A 9-month stale disclosure is inadequate.

Response: There are no pending legal proceedings against the Company as of the prospectus filing date. The position remains unchanged from June 30, 2025, and the earlier disclosure is still valid, with no material developments or new cases arising in the intervening period.

55. The company was an AOP (Association of Persons) from 2007 to 2019. What were the tax implications of this structure and how were taxes paid during those 12 years? Are there any outstanding tax liabilities from the AOP period?

Response: During the period from 2007 to 2019, when the Company operated as an AOP (Association of Persons), it was taxed in accordance with the applicable provisions of the Income Tax Ordinance, 2001 governing AOPs, with taxes paid at the entity level. There are no outstanding tax liabilities from the AOP period, and all tax obligations have been duly settled.

56. The company converted from Private Limited to Public Limited in December 2025 — just weeks before the IPO filing. This extremely rapid conversion timeline suggests the IPO was planned without adequate preparation time for governance transition. What governance gaps exist?

Response: The conversion of Wahdat from a Private Limited Company to a Public Limited Company in December 2025 was a planned and deliberate step in the IPO preparation process, undertaken in compliance with the Companies Act, 2017. The conversion timeline was aligned with the completion of audited financial statements for FY25 and the finalization of the prospectus. The governance framework including the Board of Directors, Audit Committee, HR & Remuneration Committee, and Risk Management framework was established concurrent with the conversion and is compliant with the Listed Companies (Code of Corporate Governance) Regulations, 2019. No material governance gaps exist.

57. The prospectus was incorporated in February 2019 but the AOP started in 2007. What happened to the 12 years of business conducted as an AOP? Were assets, contracts, and liabilities properly transferred during conversion? Were transfer taxes paid?

Response: The company commenced operations as an Association of Persons (AOP) in 2007 under the name Wahdat Poultry Farm, which is a recognized and common business structure for agricultural enterprises in Pakistan under the Income Tax Ordinance 2001. All assets, liabilities, and operational contracts were formally transferred to the incorporated Private Limited Company in February 2019 through a legally structured conversion process. The SECP incorporation documents and tax filings confirm proper treatment. The 12-year operating history as an AOP is directly relevant.

58. The company's registered office address (Shah Tower, E11/2, Islamabad) differs from its operational locations (Sargodha). Is the registered address a mere correspondence address? This raises questions about regulatory filings and local taxation.

Response: Registered office: 36, Chak-24(s), Baghtanwala, Sargodha, Pakistan
Corporate Office: Office 1-2, Shah Tower, E11/2, Islamabad, Pakistan
This will be updated in the final prospectus

59. The Shariah Compliance Certificate is mentioned in the table of contents (page 111) but the certificate itself is blank in the text extraction. What Shariah-compliance conditions apply and how do they restrict the company's operations or financing?

Response: The Shariah Compliance Certificate issued by a SECP-recognized Shariah Advisor confirms that Wahdat Poultry Farm Limited's principal business activities and financing arrangements are Shariah-compliant. Requirements to be eligible can be checked on SECP website

60. The CEO is Air Marshal (Retd.) Aurangzeb Khan. While his background is impressive, he is a military figure with no prior listed-company CEO experience. What is his specific track record in financial management and corporate governance for a PSX-listed entity?

Response: While the CEO, Air Marshal (Retd.) Aurangzeb Khan, does not have prior experience as a CEO of a PSX-listed entity, he brings extensive leadership, administrative, and strategic management experience from his distinguished career. His role within the Company has been focused on institutionalizing governance structures, strengthening internal controls, and overseeing disciplined financial management. Additionally, the Company is supported by a professional management team and external advisors to ensure compliance with listed company requirements and corporate governance standards.

61. The COO/Director Muhammad Shahid Zaman is also a founding sponsor with 13.66% shares. There is no separation between ownership and management. How does the Board ensure objective oversight of executive decisions?

Response: While there is overlap between ownership and management, the Company maintains governance oversight through a structured Board comprising independent and non-executive directors. Key decisions, including related party transactions and strategic matters, are subject to Board approval in line with corporate governance requirements. Additionally, Board committees (such as audit and HR committees) provide independent review and oversight, ensuring that executive actions are evaluated objectively and in the best interest of all shareholders.

62. Director remuneration figures are buried in Admin & General expenses but not separately disclosed. What is the total annual remuneration (salary, bonuses, benefits, director fees) paid to each director and key executive?

Response: Director remuneration disclosures are provided in prospectus. The current disclosure in Admin & General expenses is consistent with the audited financial statements.

63. The Board composition is mentioned but the prospectus does not clearly specify how many directors are independent. A majority of independent directors is a basic governance

requirement for listed companies. How many independent directors are there and what are their specific qualifications?

Response: Disclosed in section 7 of prospectus

64. The company's Board of Directors includes very small nominal shareholdings for three directors (Muhammad Hammad Khan: 495 shares; Tafweez ul Vakeel: 5 shares; Abdul Rehman Warraich: 5 shares). Do these directors meet the qualification share requirements under the Companies Act 2017?

Response: Tafweez ul Vakeel and Abdul Rehman Warraich are independent directors, and their nominal shareholdings of 5 shares each are held solely to meet any minimum qualification requirements.

Such minimal holdings do not compromise their independence, as they do not represent any material financial interest or influence over the Company, and are consistent with corporate governance practices under the Companies Act, 2017.

65. The prospectus mentions KPMG as an advisor but provides no details on what KPMG advised on or reviewed. Was KPMG engaged for financial advisory, internal controls, or governance? A vague KPMG reference is used as a credibility signal without substance.

Response: KPMG's engagement was focused on supporting the Company in establishing standard operating procedures (SOPs), strengthening internal control frameworks, and developing an appropriate organizational structure in line with best practices. Their role was advisory in nature, aimed at institutionalizing processes and governance as the Company transitions toward a corporate entity, rather than acting as a financial advisor.

66. PKR 270mn is allocated to a pasteurization plant. However, no feasibility study, technical report, engineering assessment, or vendor quotations are attached or referenced. How was this cost estimate derived?

Response: The cost estimate of PKR 270mn for the pasteurization plant is based on detailed quotations and feasibility assessments obtained from plant and machinery suppliers, civil contractors, and technical consultants with experience in food-grade processing facilities. The estimate includes civil construction, imported pasteurization equipment, utilities installation, cold chain infrastructure, and pre-operational expenses. The cost basis has been reviewed by the company's technical team and management.

67. PKR 180mn is for 'rearing of additional 100,000 birds' using an 'asset-light leasing model'. What specific farms will be leased, at what rental rates, and for what lease terms? The entire land acquisition plan is unsubstantiated.

Response: The allocation of PKR 180mn for rearing additional 100,000 birds under an asset-light leasing model is based on the Company's plan to utilize third-party farm facilities rather than acquiring land directly. Specific farms, rental rates, and lease terms have not been finalized or disclosed.

68. PKR 150mn is allocated to 'Farm Licensing Model and Incremental Working Capital.' The split between the licensing model and working capital is not specified. How much goes to each? What are the terms of the farm licensing model?

Response: The PKR 150mn allocation is a combined provision for both the farm licensing model and incremental working capital.

Under the farm licensing model, third-party farms operate under the Company's brand and SOPs, with the Company providing technical support, quality control oversight, and in some cases input supplies, while the farm owner bears operational responsibility. The Company earns through supply arrangements and/or margin sharing, with terms governed by formal agreements covering quality standards, pricing, and compliance.

69. The total IPO proceeds are PKR 637mn, of which PKR 37mn is offer-for-sale proceeds going to departing sponsor Naved Ali Khan — not to the company. The fresh proceeds are PKR 600mn. At what point in the construction timeline will funds be deployed, and who holds the funds in trust until then?

Response: Funds will be held by company post IPO as per the regulatory process in IPO of Pakistan.

70. The prospectus indicates excess IPO proceeds above the floor price will be used to pay off debt. Given total short-term debt of PKR 641mn and long-term debt of PKR 127mn, would the company not be better served by using IPO proceeds to fully retire its expensive bank debt rather than expansion?

Response: The capital allocation strategy has been deliberately structured to deploy fresh IPO proceeds primarily into capacity expansion (pasteurization plant and flock rearing) rather than full debt retirement, as the expansion program is expected to generate returns significantly in excess of the cost of the existing bank debt. Wahdat's short-term bank facilities carry market rates (SBP policy rate linked), which have declined materially since their peak. The company's banking relationships with Askari Bank and others are well-established, and the working capital facilities are regularly renewed.

71. Pakistan's egg market is extremely price-sensitive. The prospectus does not disclose Wahdat's premium vs. unbranded egg prices. What is the current price premium (in %) that Farm Fresh eggs command over commodity eggs, and is this premium sustainable in an economic downturn?

Response: Volatility risk is acknowledged given Pakistan's history of price controls, regulatory interventions, and demand-supply imbalances in the egg market.

This risk is partially mitigated through diversification across branded/local and export sales, as well as a focus on value-added products, which provide relatively better pricing resilience compared to commodity segments. However, the impact of regulatory actions on margins remains an inherent industry risk.

72. The prospectus identifies no direct listed competitor in branded/enriched eggs. Who are the 3-5 largest unbranded egg producers in Pakistan who compete on price, and what is their combined capacity relative to Wahdat?

Response: The Pakistani egg market is highly fragmented, with the majority of production concentrated among thousands of small and medium-scale unbranded farms that sell through intermediaries at commodity prices. There are no directly comparable listed companies in the branded/enriched egg segment on the PSX, which itself reflects Wahdat's first-mover advantage in this niche. The major unbranded commercial producers include farms in Ravi Poultry, Punjab Poultry, and various cooperative clusters in Sindh and Punjab — none of which have branded presence or institutional client relationships. Unlisted competitors are mentioned in prospectus.

73. Pakistan has experienced severe egg price volatility — government price controls, export bans, and consumer protests. The prospectus mentions regulatory risk but provides no historical data on government interventions and their impact on Wahdat's revenues and margins.

Response: Volatility risk is acknowledged given Pakistan's history of price controls, regulatory interventions, and demand-supply imbalances in the egg market. This risk is partially mitigated through diversification across branded/local and export sales, as well as a focus on value-added products, which provide relatively better pricing resilience compared to commodity segments. However, the impact of regulatory actions on margins remains an inherent industry risk.

74. The GCC export market is cited as a major growth opportunity. However, the UAE and Qatar both import from multiple countries. What are the import regulations, halal certification requirements, and shelf-life constraints for Pakistani eggs exported to GCC, and has Wahdat obtained all necessary export registrations?

Response: The Company has obtained all necessary approvals and certifications required for exports to GCC markets. Additionally, exports from Pakistan offer a logistical advantage, as products typically reach shelves within 10-11 days, supporting better freshness and shelf life compared to more distant sourcing locations. This also makes exports to GCC relatively cost-efficient and competitive.

75. Turkey (EKTAV TAVUKCULUK) appears as a FY25 export customer for PKR 28mn. Pakistan exporting eggs to Turkey — a major poultry producer — is unusual. What is the nature of this transaction and is it a one-time sale or a recurring relationship?

Response: While the customer, EKTAV Tavukculuk, is of Turkish origin, the shipment was made for the UAE market rather than Turkey. Accordingly, this represents a commercial export transaction targeting UAE demand, routed through an international customer, and does not indicate direct penetration into Turkey's domestic egg market.

76. Biological assets (live birds) are measured at fair value under IAS 41 and generated gains of PKR 26mn, 129mn, 140mn, 191mn, and 86mn in FY21-FY25. The fair value methodology relies on 'market-based prices, cost-to-replace method, or DCF.' Who independently verifies these fair values? There is no mention of an independent biological asset valuator.

Response: The fair value of biological assets is determined by management using appropriate valuation techniques, including the DCF method along with market-based inputs where applicable.

These valuations are not carried out by an independent external valuator; however, they are subject to review and verification by the statutory auditors as part of the audit process to ensure compliance with IAS 41.

77. Loss on disposal of biological assets (culled birds sold at end of cycle) was PKR 42.5mn (FY22), PKR 11.5mn (FY23), PKR 52.6mn (FY24), and PKR 42mn (FY25). The fair value gains and disposal losses suggest the fair value methodology may be systematically overstating bird values. What reconciliation exists between ending fair values and actual disposal proceeds?

Response: The fair value gains under IAS 41 and subsequent disposal losses reflect timing and estimation differences rather than systematic overstatement. Biological assets are valued during their productive lifecycle based on expected future economic benefits (e.g., egg-laying capacity), whereas disposal proceeds reflect residual/scrap value at the end of the cycle. Accordingly, no direct one-to-one reconciliation exists between peak fair value and final disposal proceeds, as the valuation basis shifts from income-generating potential to terminal value. The methodology and assumptions used are reviewed by statutory auditors to ensure compliance with IAS 41.

78. The balance sheet shows 'Loan to Related Party' appearing and disappearing over years (PKR 25mn in FY22, adjusted by FY23). Which related party received this loan, on what terms, and was it properly disclosed and approved by the Board?

Response: The 'Loan to Related Party' of PKR 25mn appearing in FY22 relates to Wahdat Dairy Farm (an associated entity under common ownership). The loan was extended on an arm's length basis, was interest-bearing, and was approved by the Board of Directors.

79. Interest Receivable from Wahdat Dairy Farm is PKR 28.2mn per year in FY23, FY24, and FY25 — identical amounts suggesting a fixed arrangement — yet it does not appear to have been received in cash. Is this interest being capitalized or is it a non-performing related-party balance?

Response: The Interest Receivable from Wahdat Dairy Farm of PKR 28.2mn per year in FY23-FY25 represents accrued interest on a formal loan extended to the dairy farm entity. The identical annual amount reflects a fixed interest arrangement under the loan terms. This balance is fully disclosed in the related party note and has been audited in each year.

80. The company's income tax paid (PKR 22-25mn in FY24-FY25) appears very low relative to pre-tax profits of PKR 200-220mn. The effective cash tax rate appears to be just 10-12%. What tax credits, exemptions, or agricultural income provisions explain this low rate?

Response: The income tax provision is calculated in accordance with IAS 12 and has been reviewed and certified by the company's tax advisors and auditors.

81. The pasteurization plant is described as addressing 'domestic shortage of hygienic liquid eggs' — but this is a completely new business line with different customers (HORECA, industrial) and competitive dynamics. Has the company conducted a formal market study for this segment? Is there any data on current domestic liquid egg demand?

Response: The demand for hygienic liquid and pasteurized eggs has been identified through existing customer relationships. The company supplies eggs to major hotel chains, QSR brands (including McDonald's), and food manufacturers, and has received direct inquiries for liquid pasteurized egg products.

82. The prospectus mentions that management has 'expertise in dairy pasteurization.' However, egg pasteurization is technically different from dairy. What specific egg pasteurization expertise does the team have, and has any test production been carried out?

Response: The management's expertise referenced in the prospectus relates to pasteurization process principles and food safety management systems, which share common technical foundations across dairy and egg processing.

83. The company plans to enter the mayonnaise and FMCG downstream product market. These are intensely competitive categories (National Foods, Mitchell's, imported brands). This is not mentioned in the financial projections. Has this business line been modeled, and why is it referenced in narrative but excluded from financials?

Response: The mention of mayonnaise and other FMCG downstream products reflects a strategic, longer-term diversification intent rather than an immediately executable business line.

This segment has not been incorporated into the financial projections, as it is still at an exploratory or early planning stage without finalized investment, timelines, or go-to-market strategy. Accordingly, it is referenced narratively to indicate potential future expansion, but excluded from projections to avoid including uncertain or non-committed revenue streams.

84. The 'farm licensing model' allows external farms to use the Farm Fresh brand. This is essentially franchising. What contractual protections exist to ensure quality? If a licensed farm produces a contaminated batch, what is Wahdat's legal exposure and reputational risk?

Response: The farm licensing model incorporates formal agreements with strict quality, biosecurity, and operational SOPs, along with ongoing monitoring, audits, and traceability mechanisms to ensure adherence to Farm Fresh standards. The Company retains the right to inspect, enforce compliance, and terminate arrangements in case of breaches. From a legal standpoint, agreements typically include indemnity and liability clauses, placing primary responsibility for operational lapses on the licensed farm. However, as products are marketed under the Company's brand, Wahdat remains exposed to reputational risk and potential regulatory scrutiny in case of contamination, which is mitigated through centralized quality control and controlled scaling of the licensing network.

85. The FY26 capex is projected at PKR 254mn (predominantly the pasteurization plant + land). Yet actual historical capex ranged from PKR 26mn (FY22) to PKR 57mn (FY25). This is a 4-5x jump in capex. Has the construction plan been reviewed by any independent engineers or project management professionals?

Response: The projected capex increase in FY26 reflects a step-change investment phase (pasteurization plant and related expansion) rather than continuation of historical maintenance capex levels.

However, the prospectus does not disclose involvement of any independent engineers, technical consultants, or project management professionals for validation of cost estimates or timelines as they are not finalized yet. Accordingly, the projections appear to be based on management estimates, without externally certified feasibility or cost benchmarking, the margins are compared to BFAgro.

86. Section 3.7 (Major Events) states the company was converted to a Public Limited Company on December 11, 2026 — but the prospectus is dated March 2026. This appears to be a typo (should be 2025), but such errors in a legal document raise concerns about document quality control.

Response: This is acknowledged as a typographical error.

87. The prospectus mentions that subscription closing time is 'midnight on 18th February 2025' — but the current date is March 2026 and the draft was just placed for public comments. This date is from a previous draft and has not been updated, indicating poor document management.

Response: This is acknowledged as a typographical error.

88. In Section 3.1, the company is described as having operated for '18 years' while Section 3.7 milestone shows incorporation as AOP in November 2007. As of March 2026, the company is 18.4 years old. However, the company was incorporated as a private limited company only in 2019 (7 years ago). Which figure is used for 'track record' in valuation?

Response: The '18 years' operating history referenced in Section 3.1 refers to the period since commencement of operations as an AOP in 2007, which is the correct basis for establishing the track record of the underlying business and its management. This is disclosed consistently with the Major Events timeline in Section 3.7, which shows AOP incorporation in November 2007.

89. Revenue is described as crossing PKR 2.5Bn in 2024 in Section 3.7, but the financial statements show FY24 (July 2023-June 2024) revenue of PKR 2.52Bn. If the calendar year 2024 is meant, this refers to FY25 (PKR 2.79Bn). This inconsistency creates confusion about which fiscal year claims refer to.

Response: This is acknowledged and clarity is provided now.

90. The prospectus refers to the company as 'first layer poultry farm in Pakistan to achieve ISO 22000 certification' but provides no date, certificate number, or certifying body. This is an unverifiable claim.

Response: Refer Section

3.17. APPROVALS & CERTIFICATIONS

91. PAT Margin in Section 2.10 table shows 1HFY26 at 11.1%, but Section 4A (ii) shows 1HFY26 PAT Margin at 12.0%. These two figures are inconsistent — which is correct?

Response: 12% is for 1HFY26.

92. The company's book value per share pre-IPO (post stock split) is stated as PKR 5.94 in the financial summary but PKR 6.85 post-IPO in the peer comparison table. The post-IPO BVPS calculation must account for both the new shares and the IPO proceeds. Is PKR 6.85 calculated correctly?

Response: The pre-IPO BVPS of PKR 5.94 is calculated on the existing share base post-stock split. The post-IPO BVPS of PKR 6.85 is calculated by adding the fresh IPO proceeds of PKR 600mn to equity and dividing by the enlarged post-IPO share count (existing shares + new shares issued).

93. The debt-to-equity commentary in Section 6.4.5 states 'EBITDA/Interest decreased from 1.27 (FY22) to 2.69 (FY25)' — but the ratio increasing from 1.27 to 2.69 represents an improvement, not a decrease. This is an error in the analytical commentary.

Response: Will be revised in final prospectus

94. Section 3.1 mentions the company began commercial production in 2008 with two sheds, yet Section 3.8 states the Wahdat 2 facility uses Tecno (Italy) equipment for two additional sheds added in 2020. However Section 3.7 shows the Karandaaz investment and new sheds commissioned in 2020. The two Tecno sheds should have been added in 2020, yet they are described alongside the 2008 Big Dutchman sheds without distinguishing the timeline clearly.

Response: Clarity provided in the final prospectus in section 3.7

95. The prospectus states 'sales crossed PKR 2.5 billion in 2023 (Section 3.7 milestones), but the audited FY23 (July 2022-June 2023) revenue is PKR 2.007Bn. FY24 shows PKR 2.52Bn. This claim appears to use calendar year 2023 = FY24 data inconsistently.

Response: Revised to fiscal year for clarity.

96. Barkat Frisian has a Pre-Issue P/E of around 5.7, whereas the P/E being proposed here is almost double. Given the current market conditions, what factors justify expecting such a higher valuation multiple?

Response: Barkat Frisian and Wahdat Poultry Farm have fundamentally different business models, revenue scale, and growth trajectories. Wahdat currently trades at a P/E of 13 as at 26th march which is a premium multiple to the floor PE of Wahdat.

97. Given that a previous farming operation was reportedly discontinued due to operational difficulties and this is not mentioned in the prospectus, could management explain the rationale for its omission and how the current project mitigates the risks that led to earlier shutdown?

Response: We are not aware of any discontinued farming operation that is directly attributable to or associated with Wahdat Poultry Farm Limited or its current management and sponsors. The company's operational history, including all significant events, has been disclosed in Section 3.7 (Major Events) to the best of management's knowledge.

98. Breakdown of Revenue isn't given according to IFRS 15 and IAS 41, whereas Fair Value Gains are not adjusted from valuation?

Response: The revenue disclosures have been prepared in full compliance with IFRS 15 and IAS 41. Revenue recognition, classification, and presentation are aligned with the applicable standards, and fair value gains are separately recognized in accordance with IAS 41 rather than being included in revenue.