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Nova Frontiers Limited
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Our ref KFAQ-AA-8103
Contact Ali Asghar
Partner (DA)

28 April 2026

Dear Sir,

Proposed Shareholder Restructuring of Nova Frontiers Limited – Share Swap Ratio Letter

1. Introduction

With reference to our engagement letter KFAQ-AA-6030 and addendum II KFAQ-AA-8031 whereby KPMG Taseer Hadi & Co. ("KPMG") was engaged to calculate the share swap ratio between Nova Frontiers Limited ("Nova" or "the Client") and Gatron (Industries) Limited ("Gatron") in accordance with the Guidelines for M&A issued by the Securities and Exchange Commission Pakistan ("SECP") on October 11, 2023, hereinafter referred to as the ("Guidelines for M&A").

2. Our Scope

We understand that Nova Frontiers Limited seeks to restructure its existing pattern of shareholding. In this respect a scheme of arrangement is being framed under which the current shareholding structure of the Client will be reorganized (the "Transaction"). For this purpose, a swap ratio will be determined following the valuation of both Nova and Gatron as at 31st December 2025 (the "Valuation Date"). We have used the audited financial statements of Nova and Gatron as at 31st December 2025 along with Gatron's financial projections for the period from 01st January 2026 till 31st June 2031. Furthermore, we were provided with additional relevant information and explanations, as and when required, to carry out the valuation.

3. About The Company

Gatron (Industries) Limited

Gatron was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange Limited since 1992. The principal business of the Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Company also produces Pet Preforms.

The Company also wholly owns the following subsidiary companies:

- Gatro Power (Private) Limited
- Global Synthetics Limited



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- G-Pac Energy (Private) Limited

Nova Frontiers Limited

Nova was incorporated as a Public Limited Company (unlisted) on September 02, 2022. The principal line of business of the Company is to invest its own capital in shares, bonds, stocks, units of mutual funds or any other securities or its related instruments subject to the compliance with applicable laws.

4. Share Capital

S.No.	Companies	Number of shares Issued	Par Value (PKR)	Issued Share Capital
1	Nova Frontiers Limited	13,585,683	10	135,856,830
2	Gatron (Industries) Limited	108,728,960	10	1,087,289,600

5. Pattern Of Shareholding

Shareholding pattern of **Gatron (Industries) Limited** as at 31st December 2025 is as follows:

S No.	Shareholders	Shareholding %
1	Directors, Chief Executive Officer, their Spouse(s) and Minor Children, if any.	24.81%
2	Associated Companies, Undertakings and Related Parties	32.32%
3	NIT and ICP	0.00%
4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	12.01%
5	Insurance Companies	0.00%
6	General Public – Local	30.02%
7	General Public – Foreign	0.85%
8	Others	0.00%
Total		100.00%

Shareholding pattern of **Nova Frontiers Limited** as at 31st December 2025 is as follows:

S No.	Shareholders	Shareholding %
1	Euro Bond	37.68%
2	Venture Asia	30.55%
3	Ghani & Tayub (Private) Limited	17.63%
4	Directors	3.96%
5	Public	10.18%
Total		100.00%



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6. Valuation

According to the Guidelines for M&A, which state that in order to determine the fair value of shares, multiple valuation methodologies may be applied. Furthermore, it states that since no two valuations are identical, ideally and where possible, the fair value of shares shall be determined by averaging the fair value arrived at through any three of the methods mentioned below.

1. The Net Worth Method or Net Asset Valuation Method
2. The Market Value Method
3. Future Earning Capacity or Discounted Cash Flow Method
4. The Comparable Transaction Method

Furthermore, it states that in all cases, the rationale for selecting a particular method or methods must be clearly elaborated.

In line with the Guidelines for M&A, KPMG conducted valuation exercise using the following approaches:

1. Income Based Approach (Discounted Cash Flow ("DCF") Method) for Gatron.
2. Market Value ("MV") Method for Gatron.
3. Net Asset Valuation ("NAV") Method for Gatron and Nova.

It is important to note that the rationale for using the above-mentioned methodologies is driven by the operational differences between Gatron and Nova. Specifically, Gatron operates in the Synthetic & Rayon sector, while Nova primarily earns through investments in bonds, stocks, and mutual fund units. Details of the rationale are provided below in accordance with the respective approaches used to calculate the valuation on an individual basis and the average valuation for the ultimate purpose of determining the Swap Ratio.

Our valuation is based on the understanding that the Client's and Gatron's management has brought to our attention all relevant financial and non-financial matters that could impact the valuation. Additionally, it is important to emphasize that the assumptions and forecasts used for the DCF valuation of Gatron were provided by the management of Gatron. While KPMG conducted a reasonable assessment of these forecasts and assumptions, we have not independently verified the financial statements or any related information.

Gatron (Industries) Limited

The Net Asset Valuation (NAV) method estimates the value of an entity based on its net asset base. NAV is computed by deducting the fair value of total liabilities from the fair value of total assets as of the Valuation Date. This approach is relevant for assessing the underlying asset backing of the business and serves as a supporting valuation methodology in ensuring that the share swap ratio is fair, reasonable, and reflective of the respective financial positions of the



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entities involved. In Gatron's case, the book values were derived from its audited financial statements, while fixed assets were independently fair valued as of the Valuation Date based on documentation provided by management. The net asset valuation is presented in the table below.

The Discounted Cash Flow (DCF) method estimates the value of an entity based on the present value of its expected future cash flows. It involves projecting future cash flows and discounting them to their present value using an appropriate discount rate, thereby reflecting the time value of money. This method is particularly relevant for operating companies as it captures their intrinsic earning potential and ability to generate sustainable returns over time, providing a forward-looking basis for valuation and determination of the share swap ratio. In Gatron's case, the DCF valuation was conducted by projecting the Company's future cash flows and discounting them to present value as at the Valuation Date. The resulting DCF valuation is presented in the table below.

The Market Value approach estimates the value of a entity or its equity based on observable prices in the financial markets. It reflects the price at which shares are actively traded on a recognised stock exchange and is therefore grounded in actual market behaviour, provided that trading is sufficiently liquid and the quoted prices are considered representative of fair value. This method is widely used as it incorporates real-time investor sentiment and market-based information into the valuation framework. For the purpose of this valuation, the share price has been determined using the 28-day volume-weighted average price (VWAP) per share, computed over the 28 trading days including and preceding the Valuation Date, based on trading activity on the Pakistan Stock Exchange (PSX), in accordance with SECP guidelines.

To determine the swap ratio, we calculated the Gatron's share price by averaging the values derived from the DCF approach, the Market Value approach and the NAV approach.

Company Name	Gatron (Industries) Limited
Net Assets under Fair Valuation	144.48
Market Value	119.43
Income Based Approach (DCF)	120.33
Average Price per Share	128.08

Nova Frontiers Limited

For the valuation of Nova, the Net Asset Valuation (NAV) approach has been adopted as the primary methodology, given the nature of its operations. The Discounted Cash Flow (DCF) approach has limited applicability in the case of Nova, as Nova does not undertake independent operating activities generating sustainable operating cash flows, and its income is primarily derived from underlying investments in the form of dividends and interest, which are expected to be retained rather than distributed. Furthermore, as Nova is not a publicly listed entity, there is no observable market price available for its equity shares; therefore, the Market Value approach could not be applied.



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In view of the above, the valuation has been determined solely on the basis of the NAV method, which appropriately reflects the fair value of the underlying assets and liabilities as of the Valuation Date under the prevailing circumstances.

Company Name	Nova Frontiers Limited
Net Assets under Fair Valuation	1,041.83
Average Price per Share	1,041.83

Swap Ratio Computation

KPMG has calculated the swap ratios based on the valuation approaches discussed above, ensuring that the proposed share exchange is aligned with the financial position and intrinsic value of both Gatron and Nova, in accordance with SECP Guidelines for M&A.

Company Name	Gatron (Industries) Limited	Nova Frontiers Limited
Net Assets under Fair Valuation	144.48	1,041.83
Market Value	119.43	-
Income Based Approach (DCF)	120.33	-
Fair Value per Share	128.08	1,041.83
Number of shares	108,728,960	13,585,683
Share Swap Ratio	8.13	

Based on above, we recommend that **8.13 shares** of Gatron (Industries) Limited to be exchanged for **1 share** of Nova Frontiers Limited.

7. Caveats

- This letter is subject to the limitations set out herein and must be read in its entirety, together with all supporting documents and references mentioned herein, and not in isolation or in parts.
- This valuation and the resulting share swap ratio have been prepared solely for the purpose of the proposed share swap transaction between Nova Frontiers Limited and Gatron (Industries) Limited, in connection with the related Scheme, and should not be used for any other purpose.
- Our responsibility does not extend to updating, revising, or reissuing this letter after the date of issuance.
- The share swap ratio has been determined based on the valuation of the respective entities as at 31st December 2025. No procedures, analyses, or reviews have been performed for any period subsequent to the Valuation Date. Accordingly, we do not express any opinion or provide any assurance on events or circumstances occurring after the Valuation Date that



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may impact the valuation or the share swap ratio. We accept no responsibility or liability for any such subsequent developments.

- Valuation is not an exact science and requires the application of professional judgment and experience to available facts and circumstances. Accordingly, there is no single "correct" value but rather a range of reasonable values.
- The procedures performed in connection with this engagement do not constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements. Accordingly, no assurance is expressed or implied.
- We have relied upon financial and non-financial information provided by the Client's and Gatron's management and have not independently verified its accuracy or completeness. Responsibility for such information remains with management.
- Fair value adjustments to net assets have been incorporated based on valuation reports and supporting information provided by management.
- We have not performed audit procedures, due diligence, or independent verification of the financial statements or third-party valuation reports provided.
- We have not provided legal, regulatory, tax, or accounting advice in relation to this engagement and do not accept any responsibility in respect thereof.
- The valuation conclusion is based on information available as at the Valuation Date and should be interpreted accordingly.
- The valuation methodologies applied are generally aligned with the SECP Mergers and Amalgamations Guidelines dated 16 October 2023. However, certain factors influencing the share swap ratio may extend beyond the scope of our engagement.
- This report does not constitute an investment recommendation and should not be relied upon as such by any party.

Yours faithfully,

KPMG Taseer Hadi & Co