Annual Report FY26 Summary

Executive Overview and Corporate Mission

Operating under the guiding theme "Energy at Work," Pakistan State Oil (PSO) continued its role as the backbone of the national economy during FY26, advancing its strategic transition from a conventional oil marketing company into an integrated energy group. Despite acute geopolitical volatility in the Middle East and the temporary disruption of the Strait of Hormuz which carries nearly 80% of Pakistan's import supplies, PSO ensured an uninterrupted national fuel supply across all sectors.

Financial Performance and Balance Sheet Strength

For FY26, PSO recorded a gross revenue of PKR 3.25 trillion, delivering an unconsolidated profit after tax of PKR 15.07 billion (EPS: PKR 32.10) and a group consolidated profit after tax of PKR 25.49 billion (EPS: PKR 54.29). Gross profit rose to PKR 99.9 billion; excluding LNG, core gross profit grew by 20.5% to PKR 81.9 billion, demonstrating strong underlying momentum in core business lines. Based on these results, a final cash dividend of PKR 10 per share (100%) was recommended. Financial stability was further validated by VIS Credit Rating Company, which upgraded PSO's long-term rating to 'AAA', the highest rating achievable.

The company contributed PKR 901 billion to the national exchequer in taxes, duties, and levies. Through circular debt management, total trade receivables were reduced by PKR 22.7 billion to PKR 414.8 billion, contributing directly to a 24% reduction in finance costs.

Energy Security, Storage Capacity, and Supply Resilience

To safeguard national energy security under severe market pressure, PSO maintained a strategic buffer backed by a nationwide storage capacity of 1.23 million metric tonnes, which included the successful rehabilitation of 39,000 metric tonnes of critical storage capacity during the year. The company sourced a total of 6.61 million metric tonnes of liquid fuels through a disciplined, dual sourcing model, importing 3.18 million metric tonnes of petroleum products and uplifting 3.43 million metric tonnes from local domestic refineries.

During the Strait of Hormuz crisis, PSO activated alternative import sourcing from Oman, Fujairah, Yanbu, and the Far East to avoid stockouts. In addition, PSO safely imported 79 LNG cargoes (~4.76 million tonnes) without interruption under long-term Government-to-Government contracts with QatarEnergy.

Market Leadership and Core Business Lines

PSO extended its market dominance across white oil with a 42.7% market share, delivering ~3.0 million tonnes of motor gasoline (38.1% share) and ~2.9 million tonnes of high-speed diesel (42.5% share). In aviation fuels, PSO maintained near-total leadership with a 99.2% market share, generating US$363.5 million in foreign exchange earnings and earning Pakistan's first Joint Inspection Group (JIG) quality certification at Lahore, Sialkot, and Multan airports. In black oil, furnace oil market share expanded to 19.0%. The company's unregulated margin streams saw record expansion: Lubricants volumes grew 6% to 44,000 tonnes (28% market share); LPG (Pak Gas) recorded 58,085 MT in sales (its second-highest volume on record); and Chemicals achieved its highest-ever volume of 5,200 MT (+205% YoY).

Strategic Diversification and Digital Transformation

PSO accelerated growth across adjacent, non-regulated sectors. Its fintech subsidiary, Cerisma (Pvt.) Ltd., launched pilot operations under the PayVay brand after receiving State Bank approval, deploying Raast-enabled QR payment acceptance across the forecourt network. PSO Renewable Energy (PSORE) established an installed solar capacity of 2.25 MW across facilities and initiated entry into Battery Energy Storage Systems (BESS).

In refining, PSO maintains a 63.6% stake in Pakistan Refinery Limited (PRL), which signed the Government's Brownfield Refining Policy to double refining capacity to 100,000 barrels per day and eliminate furnace oil production. Midstream logistics were bolstered by renewing the SOCAR and FWO consortium agreement for the Faisalabad-to-Tarujabba White Oil Pipeline, with construction planned for FY27. Non-fuel retail expanded to over 302 locations with 37 new Shop Stop stores and 6 premium VIBE outlets, alongside an expanded network of 11 electric vehicle (EV) charging stations.

Operations, Health, Safety, and Sustainability

The company achieved zero fatalities across more than 53.87 million safe man-hours, maintaining a Lost Time Injury frequency and Total Recordable Incident Rate of 0.07. Safety management was modernized through the nationwide deployment of PSO's indigenous AI-enabled platform, HSE ProGen. Operations completed a brownfield migration to SAP S/4HANA, while terminal automation was advanced at Faisalabad.

Through the PSO CSR Trust, the company invested PKR 665 million (+33% YoY) in healthcare, education, community uplift, and flood relief initiatives, such as the Dadu Model Village. Sustainability oversight was integrated into corporate scorecards through a Board-approved 3-year ESG roadmap, establishing Scope 1 and Scope 2 emissions baselines in alignment with IFRS S1 and S2 standards.

External Challenges and Future Outlook

Looking ahead, PSO remains focused on navigating external challenges, including persistent circular debt, elevated interest rates (with the policy rate at 11.5%), and global oil price volatility. The company's strategic priorities include strengthening supply chain integration, advancing the White Oil Pipeline and PRL expansion projects, improving cash flows through the recovery of outstanding receivables, and expanding higher-margin, unregulated business streams, including lubricants, LPG, retail and fintech. In parallel, PSO will continue to explore growth opportunities in green energy and EV infrastructure, reinforcing its resilience, enhancing operational efficiency and sustaining its leadership position in Pakistan's evolving energy landscape.

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Sr. No.	Last Year SCI Main Headings	Response
01	**Sustain business growth by increasing market participation** in key products with a focus on growing Lubricants, LPG businesses, non-fuel retail network, and maintaining share in MoGas and Diesel	- During FY 2025–26, PSO navigated a challenging business environment shaped by geopolitical tensions in the Middle East, volatile global oil prices and an increasingly competitive local market. Despite these challenges, the Company was able to close the year with market shares of 38.1% in MoGas, 42.5% in Diesel and 99.2% in Aviation fuel. **Other Key Products:** - In lubricants, volumes grew 6% to 44,000 tonnes, securing a 28% market share. - Secured second highest annual LPG sales volume of 58,000 tonnes. - In non-fuel retail, PSO added 37 Shop Stop stores and 6 new premium Vibe outlets during the year
02	**The company aims to make capital investments** of PKR 13 billion in the coming year to enhance value for stakeholders by expanding existing portfolio	1. **Retail and Marketing Network Expansion:** PSO continued investing in expanding its nationwide retail and marketing network as per plan, adding 92 new retail outlets, taking its network to 3,688 stations. 2. **Digital Transformation, Automation and Process Optimisation:** PSO made significant progress in digital transformation through the successful migration to SAP S/4HANA, improving real-time analytics and business process integration. 3. **Infrastructure Upgrades, Asset Reliability and HSE:** PSO strengthened its storage and distribution infrastructure by rehabilitating approximately 39,000 metric tonnes of storage capacity. In HSE, PSO's indigenous digital HSE platform ProGen rolled out across the country. 4. **Business Diversification-Renewable Energy, Alternative Energy and Fintech:** PSO accelerated its diversification strategy through renewable energy, electric mobility and fintech initiatives. Its renewable energy business achieved an installed solar capacity of 2.25 MW, while its EV charging network expanded to 14 charging stations. Furthermore, our fintech subsidiary M/s Cerisma commenced pilot operations under its PayVay brand following State Bank of Pakistan approval, while Raast-enabled QR payment acceptance was introduced across participating retail outlets.
03	**Operational Excellence:** Ensure above 90% availability of operational storages.	**Operational Excellence:** Ensured greater than 90% availability of operational storages as per benchmark.
04	**Social Responsibility:** Support public charitable projects in the areas of education, healthcare, community building and disaster management especially where PSO operates.	**Social Responsibility:** PSO actively supported charitable organizations in the areas of healthcare, education, community development, disaster response and environmental sustainability, reaching vulnerable communities in every province. Rs. 665 Mn were spent in FY 2026 on various such initiatives.