



ARCHROMA PAKISTAN LIMITED

CORPORATE BRIEFING SESSION

26 DECEMBER 2024



Safety Moment

// Did you know Archroma 12 “Life Saving Rules” ?



Archroma follows the principles of 12 “Life Saving Rules” as the backbone of our approach to safe ways of working.

1. NO drugs whilst working – NO alcohol at work – NO smoking outside designated areas
2. Work with a valid permit when required
3. Proof that atmosphere is safe before entering in a confined space
4. Lock out, tag out and try out before work on machines or equipment begins
5. Obtain authorization before line breaking
6. Obtain authorization before overriding or disabling critical safety equipment



7. Protect yourself against a fall when working at height
8. Lifting & hoisting: Do not enter the danger zone where objects can fall
9. Comply with management of change when required
10. Follow your journey management plan
11. Wear seatbelt whenever available in any kind of transport
12. Drive responsibly and comply with local law

They engage each one of us on various levels to ensure rapid and maximum success, and they define clear rules.

JOIN US ON THIS JOURNEY FOR ONE SIMPLE REASON - BECAUSE YOU CARE.



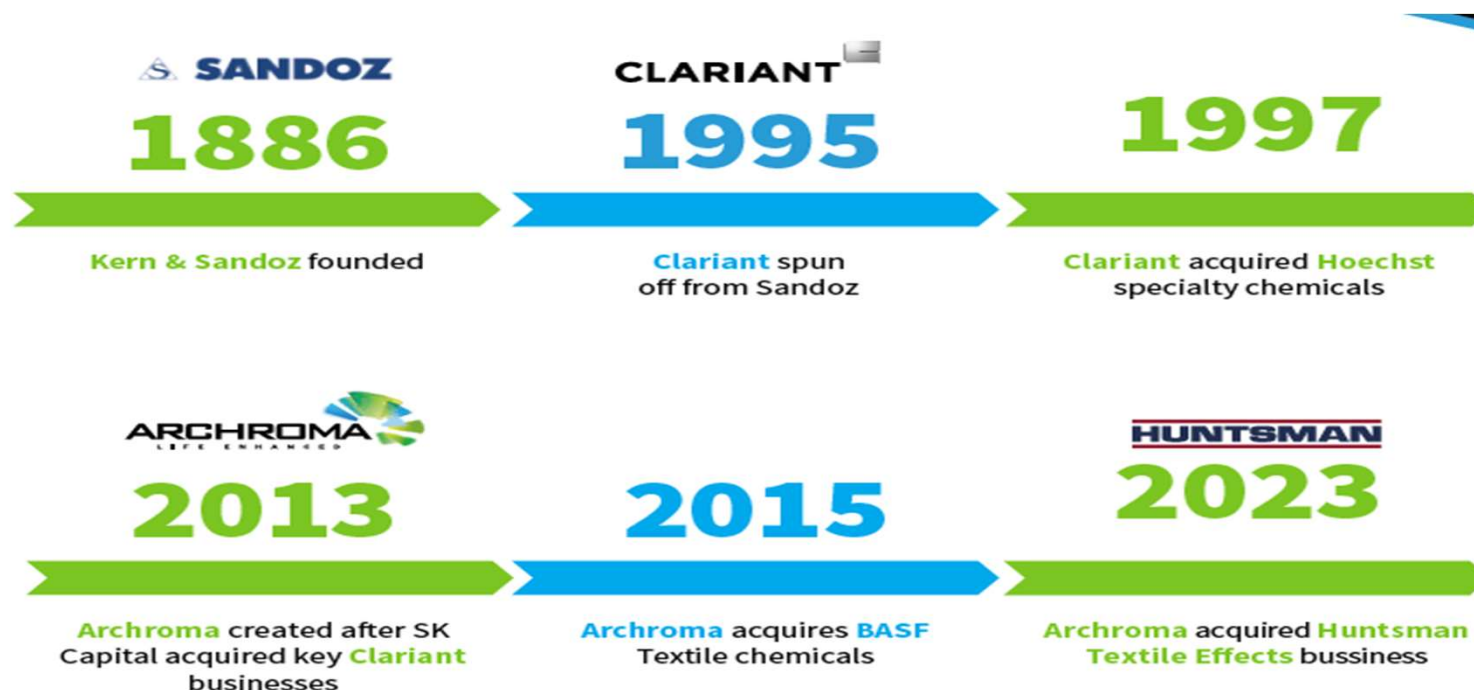
Executive Summary

- **Company's Profile**
- **Corporate Social Responsibility**
- **Strategic & operational developments**
- **Financial Outline**
- **Key Ratios**
- **Future Outlook**
- **Questions & Answers**

COMPANY'S PROFILE

OUR HISTORY

Archroma's heritage dates back to 1886, when textile dye-maker Kern & Sandoz was founded in Basel. More than a century later, in 1995, the company spun off Clariant, which acquired the specialty chemicals business of Hoechst in 1997. Clariant then sold its textile chemicals, paper specialties, and emulsion businesses in September 2013.



Our Profile

Archroma is a global, diversified provider of specialty chemicals serving the Brand & Performance Textiles, Packaging & Paper and Coatings, Adhesives & Sealants markets. Headquartered and registered in Pratteln, Switzerland, the company operates with a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 90 locations. Archroma works with 4,000 employees in 41 countries with 30 production sites.

Principal Business Activities

We are engaged in manufacturing, sales and indenting business of Specialty Chemicals including Dyestuffs and Coating, Adhesives & Sealants.

A strong emerging market Leader

Our diversified product portfolio in textiles promises innovative solutions for mills and brands. Coatings, Adhesives & Sealants, some of which are more than a century old, are a vivid combination of heritage with new technology. Packaging & Paper chemicals are environment friendly and highly adaptable for every user. Home care and HI&I (Household, industrial & institutional cleaning) chemicals are latest pride additions to our product-lines.

Archroma Pakistan Limited
Corporate Briefing Session



Acquisition and Merger

After the closing of the global acquisition of Huntsman Textile Effects business and local acquisition of Huntsman Textile Effects Pakistan (Private) Limited now Archroma Chemicals Pakistan (Private) Limited by the Company's Holding Company i.e. Archroma Textiles GmbH, the Company initiated the process to merge Archroma Chemicals Pakistan (Private) Limited, i.e. formerly, Huntsman Textile Effects Pakistan (Private) Limited within and into the Company.

The Board of Directors of the Company in their meeting held on 27 April 2023 approved the Scheme of Arrangement, which was subsequently also approved by the members in the Extra Ordinary General Meeting held on 23 June 2023 and later on sanctioned by the Honorable High Court of Sindh on 31 October 2023.

The entire undertaking, comprising of all Assets, Liabilities and Obligations of Archroma Chemicals Pakistan (Private) Limited, i.e. Formerly Huntsman Textile Effects Pakistan (Private) Limited is now merged with the Company starting from 1 October 2023.

As consideration for the above, the Company issued 445,460 shares on the basis of a swap ratio of approximately 0.0455 Company's shares for every one share to the shareholders of Archroma Chemicals Pakistan (Private) Limited, i.e. formerly Huntsman Textile Effects Pakistan (Private) Limited.



/ Quality & Sustainability commitment

The “Archroma Way” **SAFE**, **EFFICIENT**, **ENHANCED**. It's our nature



Quality Certification

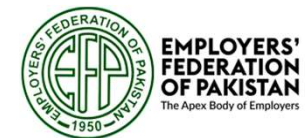
- ISO 9001:2015
- ISO 14001:2015
- OHSAS 18001:2007

Friendlier products

- Aqueous dispersion
- Solvent free
- No toxic components
- Low emission

Recognized Leadership

- **Top 25 Best Performing Companies Award – 2022 by Pakistan Stock Exchange** / 19th time
- **38th Corporate Excellence Award 2022** by Management Association of Pakistan / 13th time
- **Best Corporate Report Awards 2023**, Certificate of Merit / 4th time
- **Compliant Taxpayers Award 2024** by **Federal Board of Revenue (FBR)**
- **Employer of the Year award 2022** by Employers Federation of Pakistan / 8th time
- **Occupational Safety, Health & Wellness Award 2022.**
- The Archroma group was recently awarded the **Platinum Sustainability Gold** by **EcoVadis**
- Archroma Pakistan was selected amongst top 10 companies with **best practices on women empowerment.**
- Archroma Pakistan Conferred with **Gold Award in Sustainability Partner Category** by **Interloop**



Businesses

A global leader in specialty chemicals across the textile, paper and emulsions sectors

The markets segments that we serve

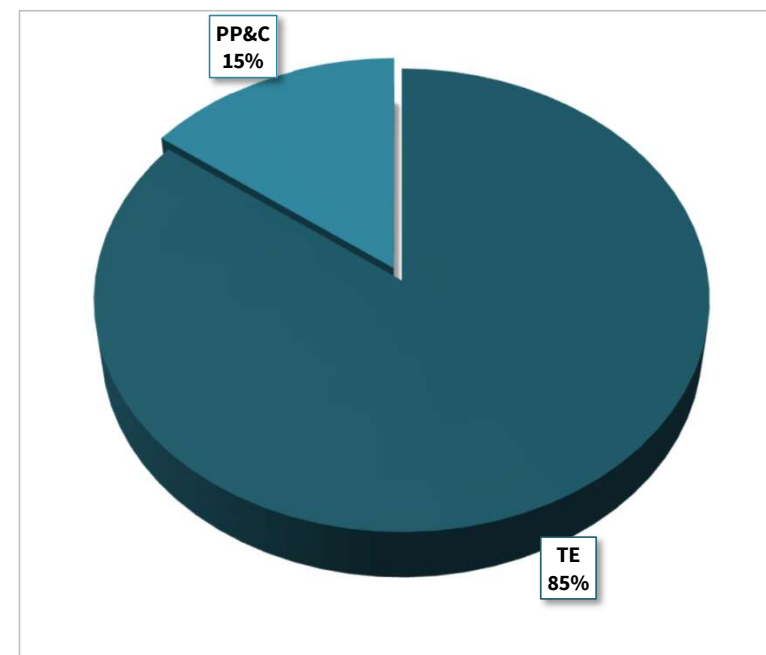
/Textile Effects(TE)

From fiber to finish, Archroma's Textile Effects division plays a key role throughout the entire textile supply chain, with special chemicals for pretreatment, dyeing, printing and finishing of textiles. Our R&D-enabled systems and solutions enhance the properties of apparel and other textiles in applications as diverse as high fashion, home textiles and special technical textiles.

/Packaging Technologies(PT)

Archroma's Packaging Technology division provides expertise in the management of whiteness, coloration, coatings and strength for all kinds of applications such as packaging & paper, paint, adhesive and construction. By combining our focused product range with the application services of our experts around the globe, we enhance both the optical and functional properties of innumerable end products.

**Sales For the Year Ended
30 September 2024: MPKR 28,533**



Business Overview

Archroma's major consumption markets i.e. Textiles' and Construction Industry's demand & Consumer sales remained slow for both domestic as well as foreign markets during the Financial Year under review. This was mainly due to macro-economic and fiscal challenges; the country experienced highest ever inflation, energy & commodity prices triggered after Russia-Ukraine conflict and Middle East crises.

Despite the increasingly challenging environment, as stated above, and less than 50% production capacity utilization for the Textiles' Industry, your Company managed to achieve net sales of PKR 24,773 million for the financial year ended 30 September 2024 versus PKR 30,012 million in comparison to the previous year. The sales of Textile Effects was reported lower by 20% at PKR 21,203 million vs PKR 26,543 last year, whereas sales of Packaging Technologies was higher by 3% and reported at PKR 3,570 million vs 3,469 million last year.

In view of the above market scenario, focus of the Company, especially during the second half of the financial year under review, remained on reducing the networking capital and bank borrowings.

Gross Margins for all the business segments of the Company remained severely under pressure due to the challenging cost pass through situation on the back of lower market demand and increasing costs of imported raw materials during the financial year under review. Moreover, increasing selling & administration costs, exceptionally high borrowing costs and further increase in taxation rates for Registered and Corporate businesses severely impacted the bottom-line results of the Company for the financial year under review and resulted in a loss of PKR 546 million as against profit of PKR 1,244 million achieved last year in comparison.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

- ❑ Sustainable Effluent Treatment plant, Jamshoro @ **zero liquid discharge**
- ❑ **Providing clean drinking water** to neighborhood of Jamshoro factory.
- ❑ To date training in Textile Wet Processing to around 9000 students from technical institutes & universities.
- ❑ Monetary donations to social, medical and educational institutions.
- ❑ Memorandum of Understanding with universities
- ❑ Tree Plantation Campaigns
- ❑ Poster Competition



STRATEGIC & OPERATIONAL DEVELOPMENTS

Production Plant & Capacity

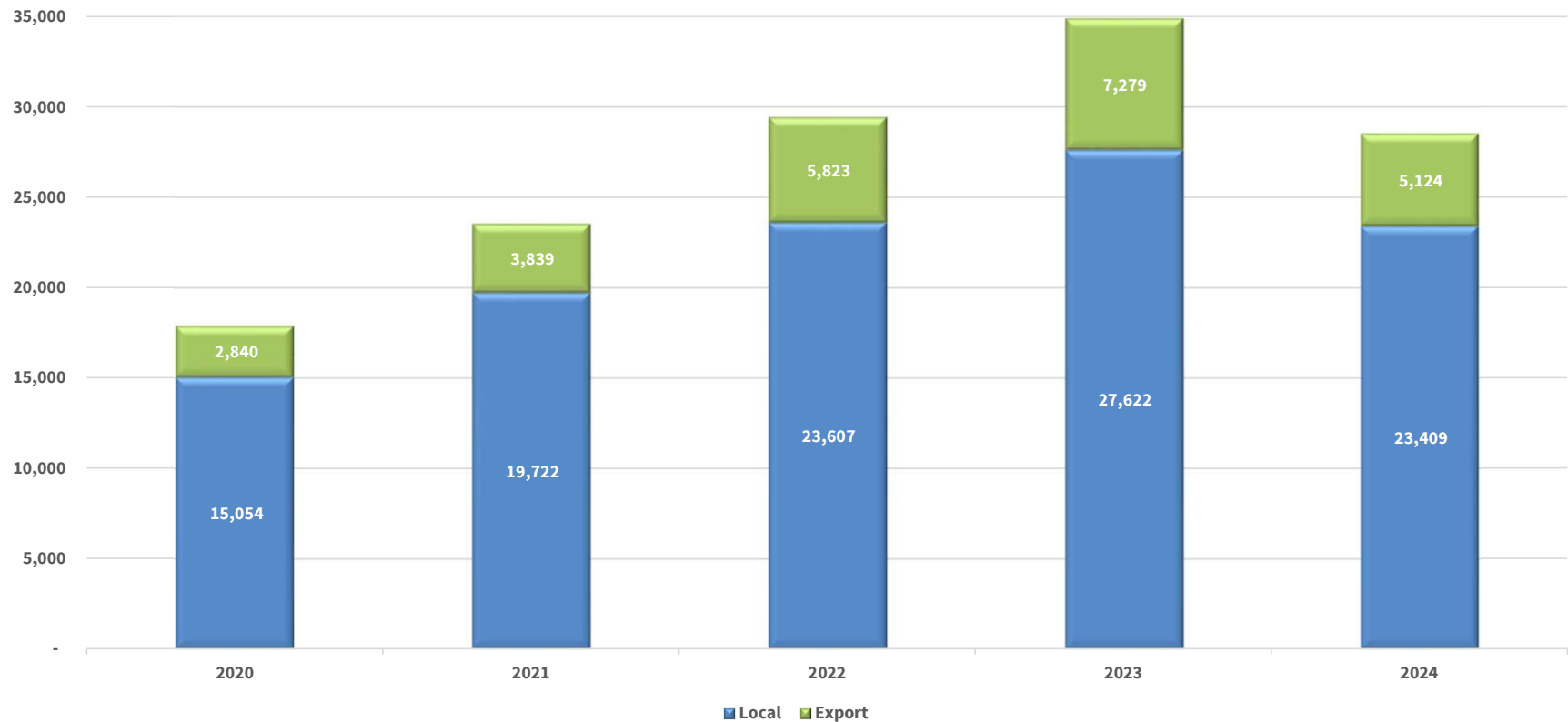
Segment	Jamshoro Tons/Annum	Karachi Tons/Annum	Total Tons/Annum
Dyes/OBAs	12,000	-	12,000
Chemicals	16,000	8,280	24,280
Pigments	800	720	1,520
Binders / Emulsions	36,500	15,720	52,220
Indigo	18,000	-	18,000
Total	83,300	24,720	108,020



FINANCIAL OUTLINE

Sales for the Year Ended 30 September 2024

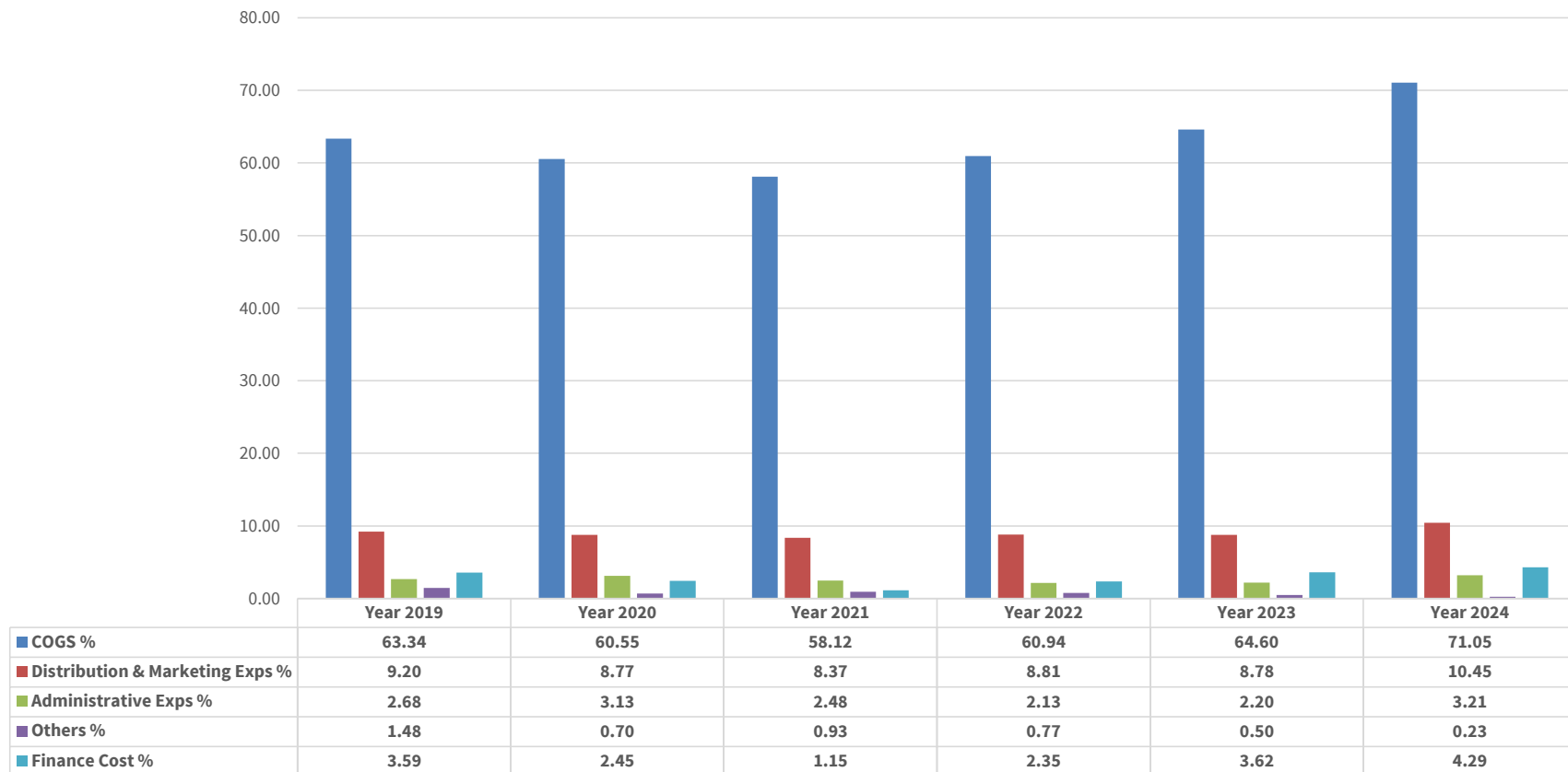
(MPKR)



Financial Highlights for the Year Ended 30 September 2024

	Sep-24	Sep-23	Increase / (Decrease)
	Rs in 000'	Rs in 000'	%
Local sales	23,409,301	27,621,579	-15
Export sales	5,124,095	7,278,521	-30
Total Sales	28,533,396	34,900,100	-18
COGS	20,271,622	22,544,957	-10
Gross Profit	4,501,501	7,467,776	-40
Finance Cost	1,224,306	1,262,275	-3
Taxation - Net	33,674	996,602	-97
(Loss)/ Profit for the year	(546,452)	1,244,382	-56
(Loss)/ Earning per share	(15.81)	36.47	-57

Manufacturing & Operational Expenses



KEY RATIOS

Liquidity Ratios

Year Ended 30 September 2024	2024	2023	2022
Current Ratio (Times)	1.2	1.2	1.3
Quick Ratio (Times)	0.7	0.7	0.8
Days Sales Outstanding (Days)	73	113	70
Days Inventory Outstanding (Days)	85	109	81

Profitability Ratios

Year Ended 30 September 2024	2024	2023	2022
Operating Profit Margin %	2.17	11.7	15.2
Gross Profit Margin %	18.2	24.9	28.7
Return on Assets %	(3.2)	6.1	15.2
Return on Equity %	(14.5)	28.7	49.9

Other Ratios

Year Ended 30 September 2024	2024	2023	2022
Mark-up Cover Ratio (Times)	0.4	5.7	24.0
Debt to Capital Ratio	53.1	52.0	38.0
Dividend Payout Ratio %	-	-	81.45

FUTURE OUTLOOK

Future Outlook

The Global energy and commodities' prices, Raw Materials' supply chain and availability situation continues to remain complex due to the ongoing Middle East situation. Consequently, balance of trade and forex reserves' situation in Pakistan is anticipated to remain under pressure and can create more challenges for the business in the coming months. However, the financing arrangements recently finalized with IMF and debt rescheduling programs currently under discussions with certain neighboring countries and lending agencies along with stricter implementation of certain corrective fiscal measures' in progress are expected to positively contribute towards improvement in the overall macro-economic situation of Pakistan, which in turn is also anticipated to support business development for Textiles and Construction Industries of the Country.

Management is confident that with the stringent measures in place to further control the Company's net working capital situation and strong projects' pipeline to increase its market penetration and share through portfolio expansion and business development post Huntsman Textile Effects' acquisition. The Company is anticipated to return back to the profitable growth track in the upcoming financial year.

QUESTIONS & ANSWERS



