Corporate Briefing Session 2026

Fazal Cloth Mills Limited

Financial results for the year ended June 30, 2026

November 21, 2026 at 02.00 PM

[59/3 Abdali Road Multan and via video link

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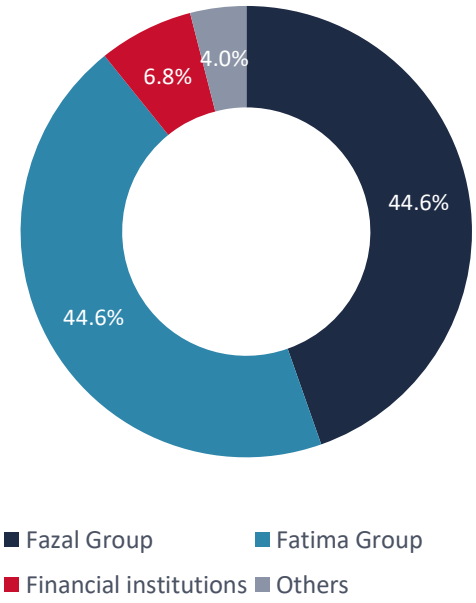
Company Brief

Company Profile

A listed, composite spinning and weaving business since 1966

- Incorporated in Pakistan in 1966 as a public limited company; shares quoted on the Pakistan Stock Exchange.
- Principally engaged in the manufacture and sale of yarn and fabric, reported in two segments: Spinning and Weaving.
- Three manufacturing facilities at Muzaffargarh (Fazal Nagar, Jhang Road), Multan (Qadirpur Rawan Bypass, Khanewal Road) and Khanpur Bagga Sher.
- Head Office: 59/3, Abdali Road, Multan. Registered Office: 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt.
- Nine-member Board; Chief Executive Officer: Mr. Rehman Naseem. External Auditors: ShineWing Hameed Chaudhri & Co.

Shareholding structure (%)



Source: Annual Report 2026. Shareholding percentages are approximate.

Associated Companies and Strategic Investments

Holdings as at June 30, 2026 (unchanged from 2025)

Company	Nature of business	Instrument	Holding 2026	Holding 2025
Fatima Energy Limited	Power generation	Ordinary shares - unquoted	19.00%	19.00%
		Preference shares - unquoted	36.86%	36.86%
Fatima Transmission Company Limited	Operation & maintenance of transmission lines	Preference shares - unquoted	30.71%	30.71%
Fatima Fertilizer Company Limited	Fertilizer manufacturing	Ordinary shares - quoted (FVOCI)	3.00%	3.00%
Multan Real Estate (Private) Limited	Real estate (dormant)	Ordinary shares - unquoted	17.04%	17.04%

Rs 415m
Dividend income from associates in FY26
FY25: Rs 484m

Rs 2,751m
Fair value gain on FVOCI investments (OCI)
FY25: Rs 2,609m

Source: Annual Report 2026, note 8 and statement of other comprehensive income.

Key Financial Performance & Ratios (4-Year Trend)

FAZAL CLOTH MILLS LIMITED

Strong Earnings Rebound, Margin Expansion & Balance Sheet De-leveraging in FY2026

NET SALES (FY26)
Rs. 96,023 M
+6.7% YoY

PROFIT AFTER TAX
Rs. 1,573 M
+311.0% YoY

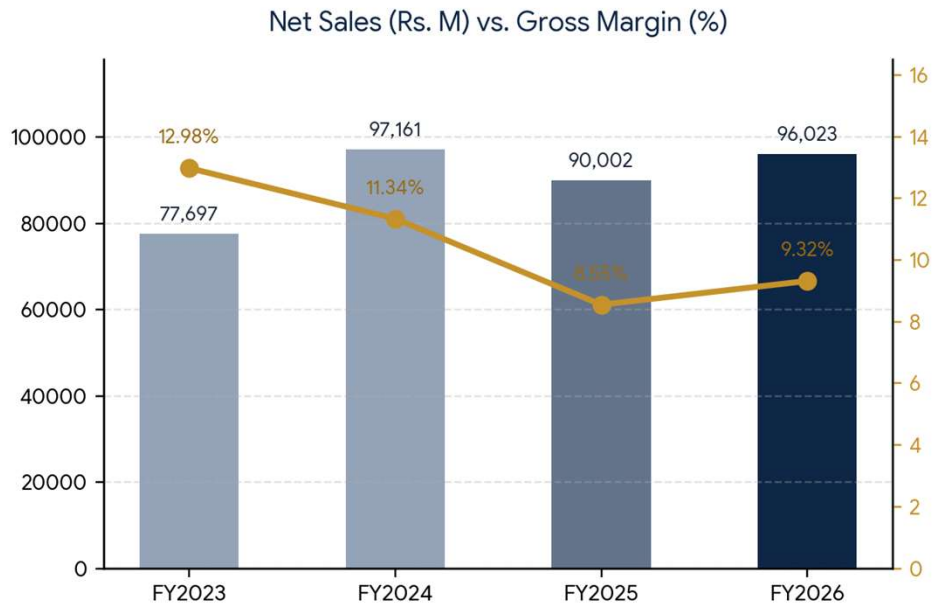
EARNINGS PER SHARE
Rs. 52.44
Cash Div: 150%

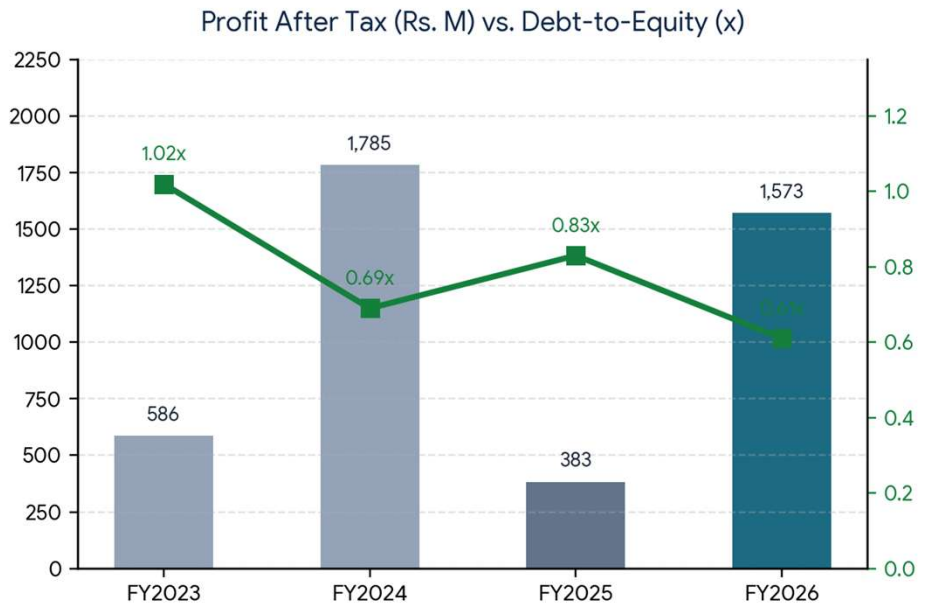
DEBT-TO-EQUITY
0.61x
Improved from 0.83x

Key Financial Metric	FY2023	FY2024	FY2025	FY2026	YoY (FY26 vs FY25)
Net Sales (Rs. in million)	77,697	97,161	90,002	**96,023**	+6.7%
Gross Profit (Rs. in million)	10,086	11,017	7,697	**8,948**	+16.2%
Gross Profit Margin (%)	12.98%	11.34%	8.55%	**9.32%**	+77 bps
Operating Profit (Rs. in million)	8,973	9,677	6,896 (est.)	**8,151**	+18.2%
Profit After Tax (PAT) (Rs. in million)	586	1,785	383	**1,573**	+311.0%
Net Profit Margin (%)	0.75%	1.84%	0.43%	**1.64%**	+121 bps
Earnings Per Share (EPS) (Rs.)	19.53	59.51	12.76	**52.44**	+311.0%
Cash Dividend Per Share (Rs.)	Nil	Nil	Nil	**15.00 (150%)**	Resumed
Shareholders' Equity (Rs. in billion)	44.65	53.60 (est.)	56.44	**75.68**	+34.1%
Breakup Value / Share (incl. surplus, Rs.)	1,488	1,785	1,881	**2,522.58**	+34.1%
Return on Equity (ROE) (%)	1.31%	3.33%	0.68%	**2.08%**	+140 bps
Return on Assets (ROA) (%)	0.54%	1.79%	0.33%	**1.18%**	+85 bps
Debt-to-Equity Ratio (Times)	1.02x	0.69x	0.83x	**0.61x**	-0.22x (Improved)
Interest Cover Ratio (Times)	1.31x	1.34x	1.30x	**1.59x**	+0.29x (Improved)

4-Year Performance Trends & Strategic Highlights

Visualizing Revenue Resilience, Profitability Recovery & De-leveraging





KEY PERFORMANCE TAKEAWAYS (FY2026)

- Top-Line & Margin Recovery: Net sales grew 6.7% YoY to Rs. 96,023M, while Gross Margin expanded +77 bps to 9.32% and Operating Profit rose 18.2% to Rs. 8,151M.
- 4x Earnings Surge: Profit After Tax jumped 311.0% YoY to Rs. 1,573M (EPS: Rs. 52.44), lifting Net Profit Margin by +121 bps to 1.64%.
- De-leveraging & Dividend Resumption: Debt-to-Equity improved from 0.83x to 0.61x (Interest Cover up to 1.59x), enabling a 150% cash dividend (Rs. 15.00/share).

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Operations

Operations at a Glance

Production at or near full capacity across both segments

275,724
Spindles installed

2025: 276,300

10,572
Rotors & MVS spindles

Unchanged

224
Air-jet looms

Unchanged

100.5%
Spinning capacity utilisation

2025: 97.9%

5,620
Employees at June 30, 2026

2025: 6,048

46.6 MW
Solar generation capacity

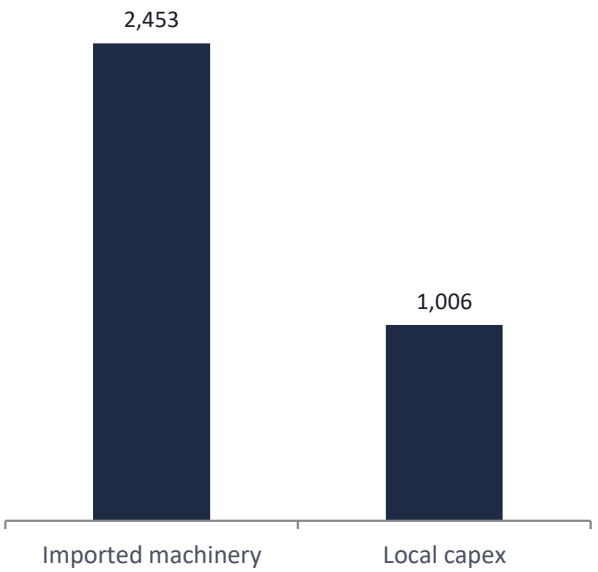
Solar share of power 9.6% (FY25: 4.6%)

Source: Annual Report 2026 (Directors' Report; notes 45 and 49).

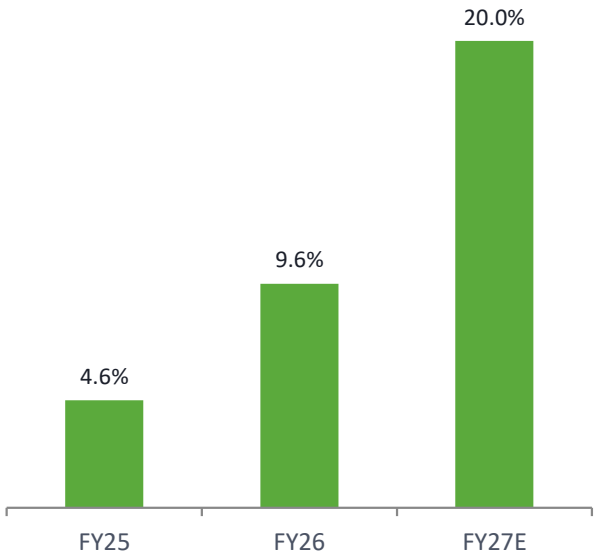
Investing for Efficiency and Sustainability

Capex up 41.5% to Rs 3,459m, focused on BMR and solar power

FY26 capex (Rs million)



Solar share of power consumed (%)



- Capex focused on expanding solar generation and modernising (BMR) facilities at Muzaffargarh and Multan.
- Rs 10,847m of new long-term financing: Rs 2,847m for BMR and solar, Rs 8,000m to re-profile shorter-tenor debt onto longer, cheaper terms.
- Power and fuel cost fell 4.5% on efficiency gains and solar ramp-up.

Source: Annual Report 2026 and FY26 financial statements; FY27E solar share is a management estimate.

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Financial Results FY2026

FY2026 at a Glance

Profitability restored: profit after tax up more than fourfold

Rs 96.0bn
Net sales
+6.7% vs FY25

Rs 8.9bn
Gross profit
+16.2% | margin 9.3%

Rs 10.4bn
EBITDA
Margin 10.8% (FY25: 10.2%)

Rs 1,573m
Profit after tax
+311% (FY25: Rs 383m)

Rs 52.44
Earnings per share
FY25: Rs 12.76

Rs 15.00
Final cash dividend per share (150%)
First since 2022

Rs 75.7bn
Shareholders' equity
+34.1% vs FY25

0.61x
Debt to equity
FY25: 0.83x

FY25 figures are restated (retrospective restatement of deferred taxation). Source: Annual Report 2026.

Statement of Profit or Loss

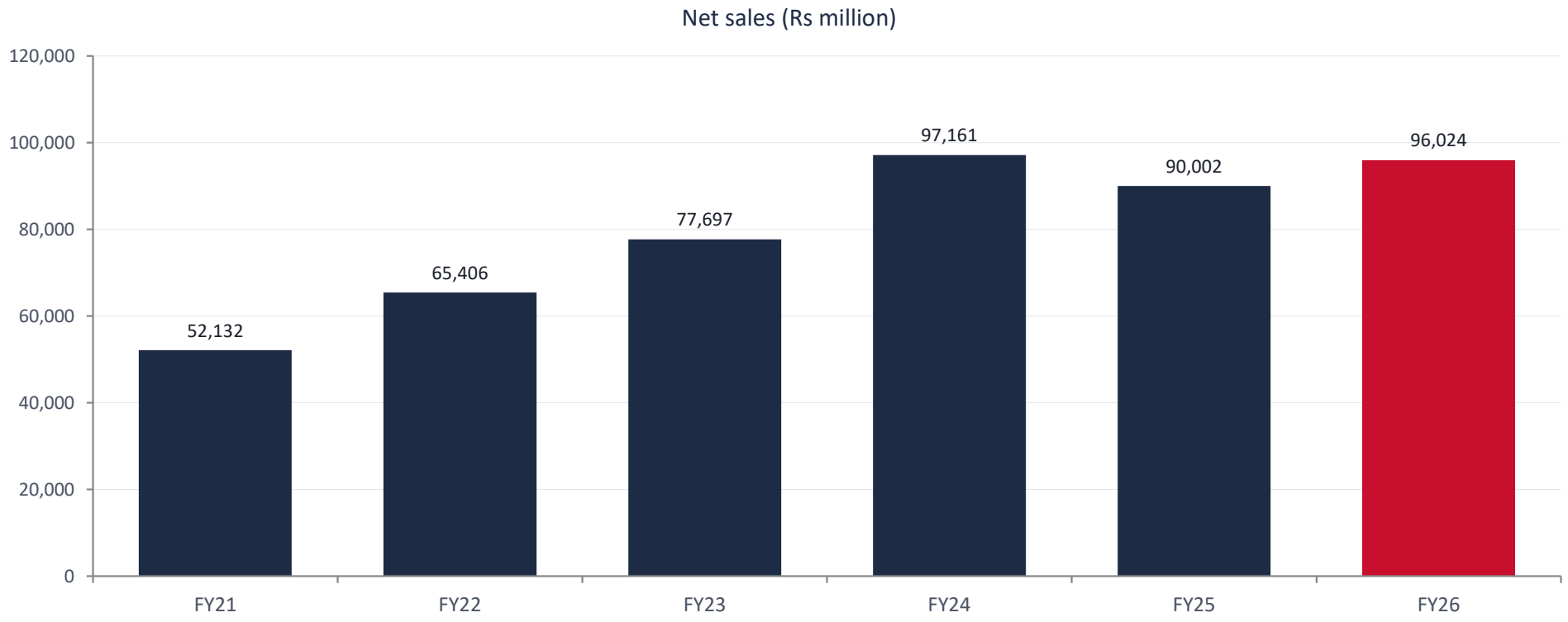
Year ended June 30, 2026 (Rs million)

Rs million	FY2026	FY2025 (Restated)	Change	% of sales FY26
Sales - net	96,024	90,002	6.7%	100.0%
Cost of sales	(87,078)	(82,306)	5.8%	(90.7%)
Gross profit	**8,946**	**7,697**	**16.2%**	**9.3%**
Selling & distribution expenses	(516)	(517)	(0.1%)	(0.5%)
Administrative expenses	(932)	(900)	3.5%	(1.0%)
Other income	1,004	920	9.2%	1.0%
Other expenses	(351)	(304)	15.4%	(0.4%)
Profit from operations (EBIT)	**8,151**	**6,895**	**18.2%**	**8.5%**
Depreciation & amortisation	2,250	2,294	(1.9%)	2.3%
EBITDA	**10,401**	**9,189**	**13.2%**	**10.8%**
Finance cost	(5,111)	(5,290)	(3.4%)	(5.3%)
Profit before levies and income tax	**3,040**	**1,606**	**89.3%**	**3.2%**
Levies and income tax	(1,467)	(1,223)	20.0%	(1.5%)
Profit after taxation	**1,573**	**383**	**311.0%**	**1.6%**
Earnings per share (Rs)	52.44	12.76	311.0%	

- Sales grew faster than cost of sales (6.7% vs 5.8%), lifting gross margin by 0.8 pp.
- Lower raw material cost (-5.6%) as cotton and fibre prices eased.
- Finance cost fell 3.4% on lower interest rates and debt re-profiling; it absorbed 63% of operating profit (FY25: 77%).
- Other income rose on higher unrealised gains on short-term investments and TFC/TDR income.

Six-Year Sales Trend

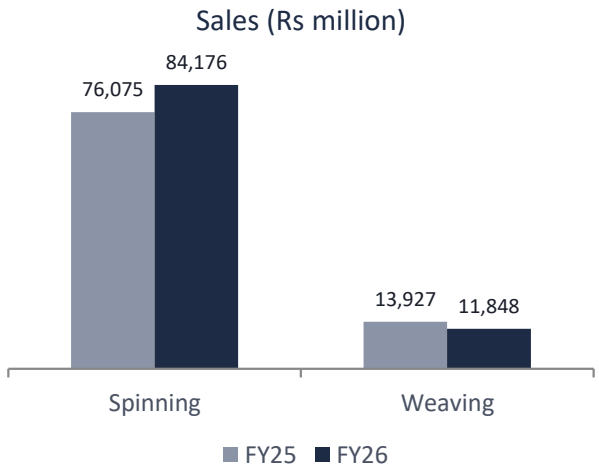
Net sales at a five-year CAGR of 13.0%

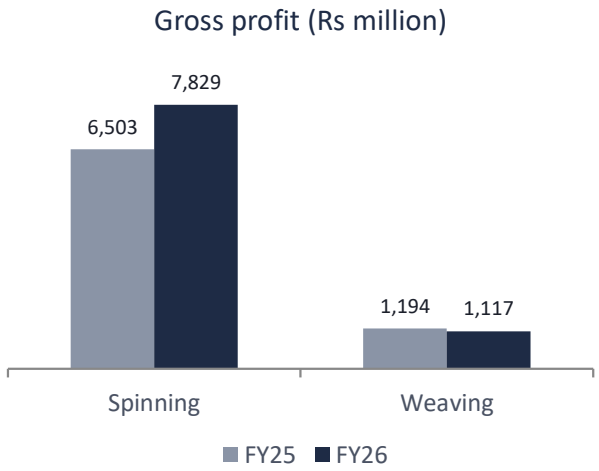


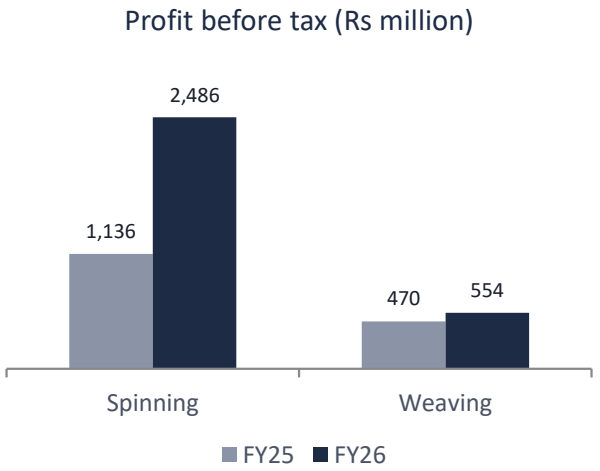
Source: Annual Report 2026, six-year summary.

Segment Performance

Spinning drove the profit recovery; weaving held margins on lower volumes



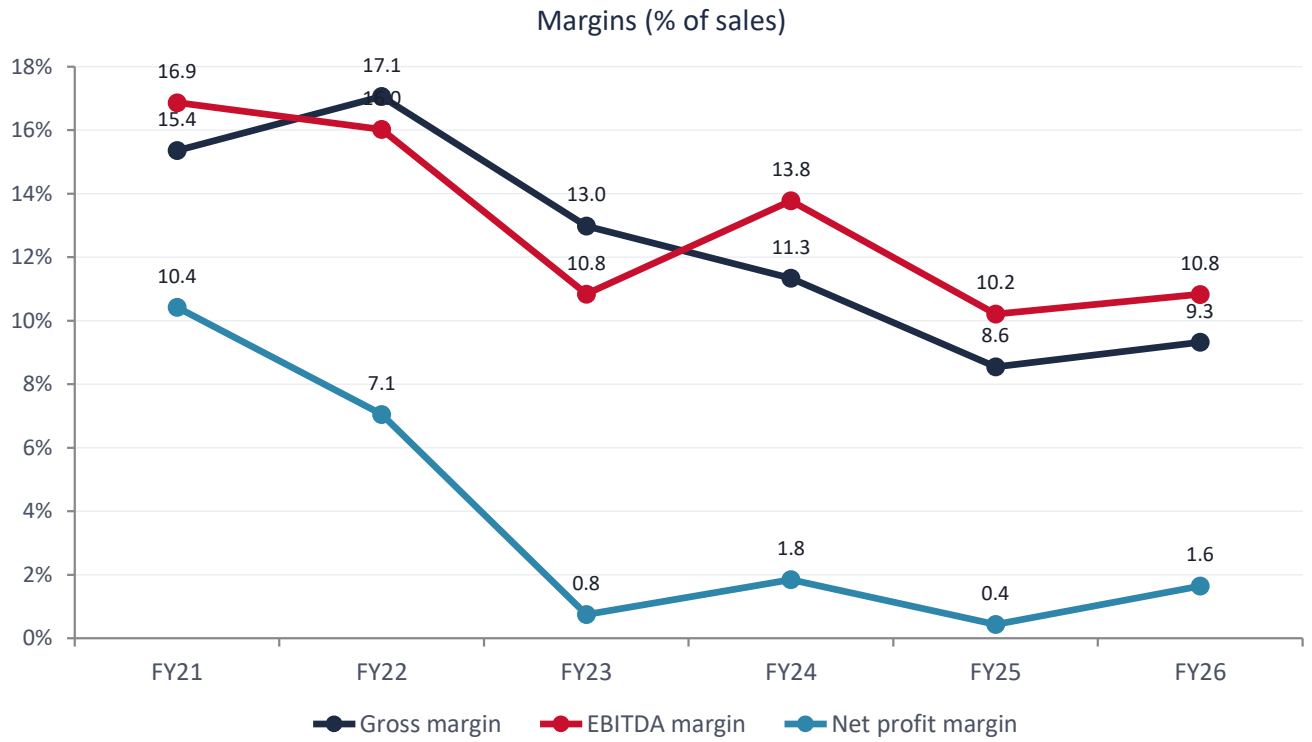




Margins	Spinning FY26	Spinning FY25	Weaving FY26	Weaving FY25
Gross profit / sales	9.3%	8.6%	9.4%	8.6%
EBITDA / sales	11.1%	10.6%	9.0%	8.1%
Profit before tax / sales	3.0%	1.5%	4.7%	3.4%

Margin Trend

All margins improved in FY26 but remain below FY21-FY22 levels

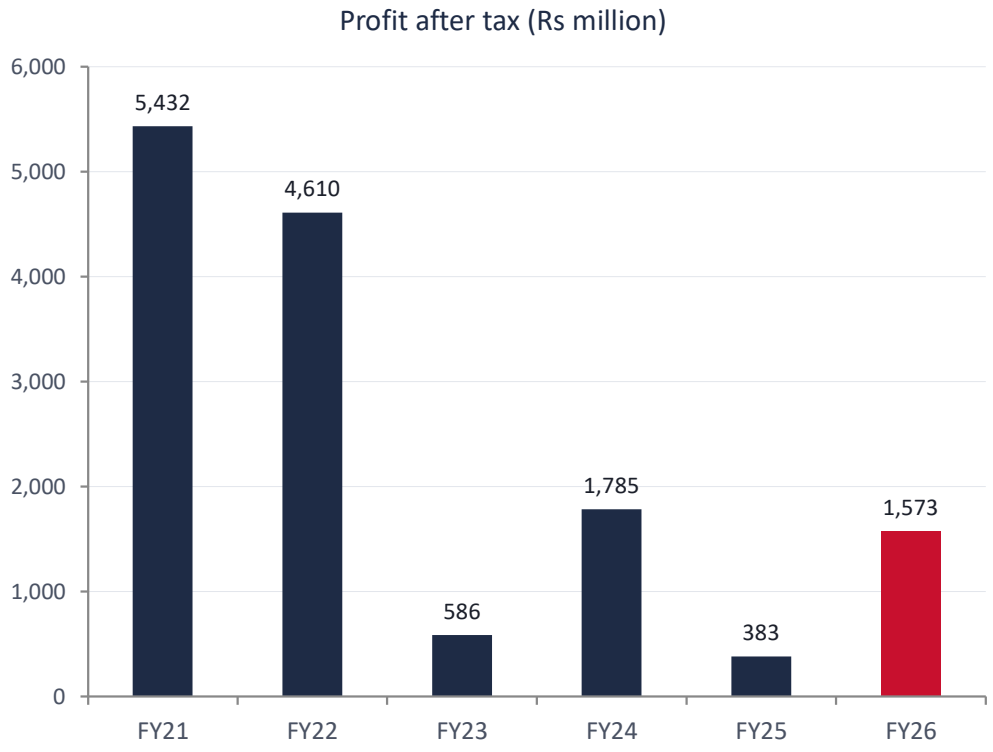


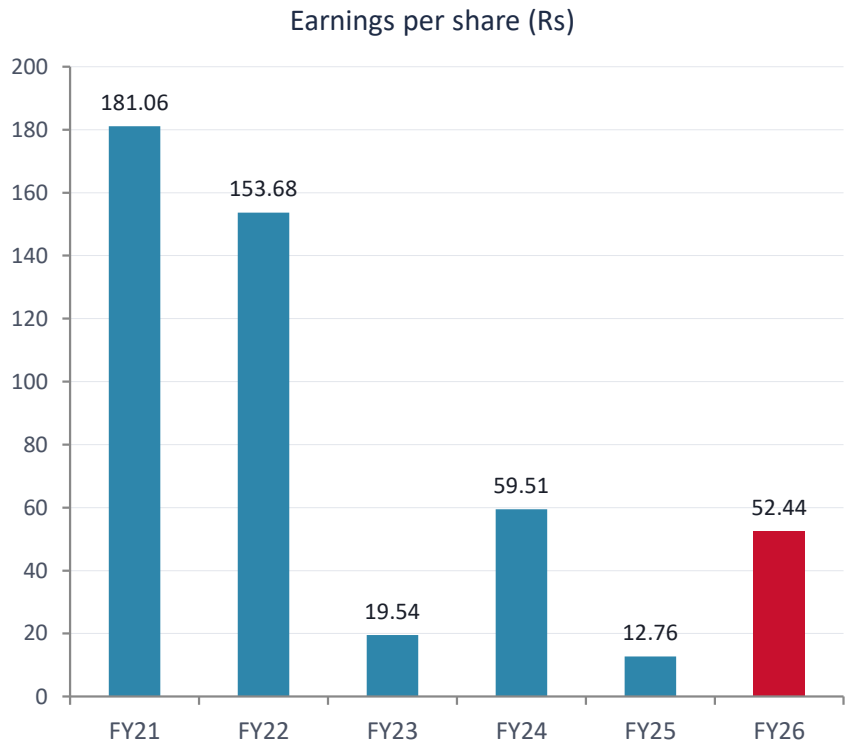
Return ratios	FY26	FY25
Return on equity	2.08%	0.68%
Return on assets	1.18%	0.33%
Return on capital employed	8.08%	9.03%
Operating profit margin	8.49%	7.66%

Source: Annual Report 2026, key financial ratios.

Profit After Tax and Earnings per Share

Six-year trend





FY25 restated. FY24 and earlier as per the six-year summary in the Annual Report 2026.

Statement of Financial Position

As at June 30, 2026 (Rs million)

Rs million	June 30, 2026	June 30, 2025 (Restated)	Change
Non-current assets	81,146	62,441	30.0%
Current assets	52,275	53,013	(1.4%)
Total assets	**133,421**	**115,454**	**15.6%**
Shareholders' equity	75,677	56,437	34.1%
Non-current liabilities	25,190	19,795	27.3%
Current liabilities	32,553	39,222	(17.0%)
Total equity and liabilities	**133,421**	**115,454**	**15.6%**

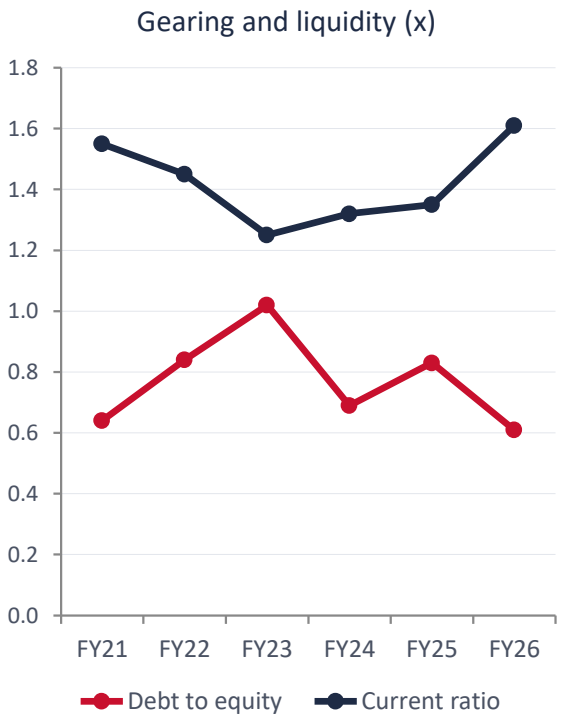
- Property, plant and equipment rose by Rs 16.0bn, including a Rs 14.9bn revaluation surplus recognised at June 30, 2026 and BMR / solar additions.
- Short-term borrowings fell by Rs 7.2bn through debt re-profiling, improving the current ratio to 1.61x.
- Equity now funds 56.7% of total assets, the highest in six years.
- Stock-in-trade fell 12.2% to Rs 29.6bn; trade debts rose 24.2% to Rs 15.2bn.

FY25 restated for the retrospective restatement of deferred taxation. Source: Annual Report 2026.

Key Financial Ratios

Stronger liquidity and lower gearing

Ratio	FY2026	FY2025	Trend
Current ratio (times)	1.61	1.35	Improved
Debt to equity (times)	0.61	0.83	Improved
Interest coverage (times)	1.59	1.30	Improved
Total liabilities to total assets	43.3%	51.1%	Improved
Inventory holding period (days)	132.5	127.3	Longer
Receivable collection period (days)	52.3	49.4	Longer
Payables payment period (days)	53.2	38.7	Longer
Cash conversion cycle (days)	131.6	137.9	Improved
Break-up value per share incl. revaluation (Rs)	2,522.58	1,881.00	Improved
Market value per share at year end (Rs)	256.52	209.02	Improved
Price earnings ratio (times)	4.90	16.37	-



Cash Flow and Capital Allocation

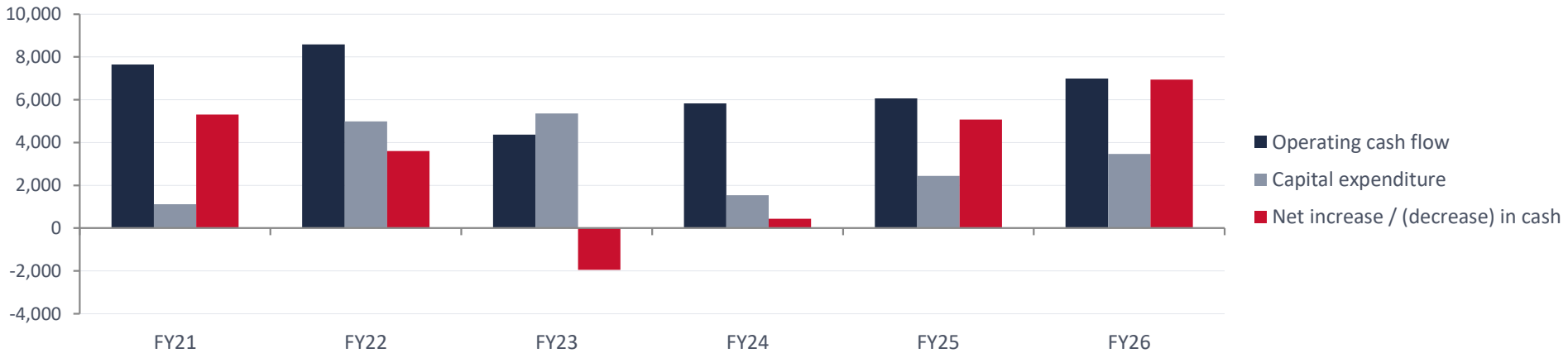
Strongest net cash inflow in ten years

Rs 6,993m
Operating cash flow
Third-highest in ten years

Rs 3,459m
Capital expenditure
BMR and solar programme

Rs 10,847m
New long-term financing
incl. Rs 8,000m re-profiling

Rs 6,936m
Net increase in cash
FY25: Rs 5,076m



Rs million. Source: FY26 statement of cash flows and ten-year cash flow summary.

04

Future Outlook

Future Outlook

Building on FY26 momentum while managing cost pressures

Opportunities

- Expansion into new international markets and growing direct exports (+35% in FY26).
- Product diversification and value-added yarn and fabric.
- Solar expansion to ~20% of power consumed in FY27, lowering energy cost and emissions.
- Lower finance cost from debt re-profiling and a lower interest-rate environment.
- Stable exchange rate and export incentives supporting steady growth in FY2027.

Challenges

- High energy tariffs.
- Volatile cotton and raw material prices.
- Strong regional competition, particularly from India, China, Vietnam and Turkey.
- Substantial tax obligations.
- Rising buyer requirements on traceability, sustainability and ESG reporting (IFRS S1/S2).

Questions & Answers

Thank you

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