

Condensed interim financial information for  
the three months ended March 31, 2023



**Nestlé**

Good Food, Good Life



Good food, Good life

## NESTLÉ PAKISTAN LIMITED DIRECTORS' REVIEW

The Directors of Nestlé Pakistan Limited (the "Company") are pleased to submit the first-quarter report, along with the condensed interim financial statements of the Company for the three months period ended March 31, 2023.

### Business Performance Review:

Sales for the three-month period ending March 31, 2023, stand at PKR 49.5 billion, reflecting a growth of 31.3% compared to the same period last year. The increase in revenue was boosted by our accretive and growth pillars. It was further complemented by a favorable portfolio mix and pricing management initiatives. Operating profit improved, as a result of sales growth, favorable product mix, and tighter control on fixed costs.

The financial performance for the three months period is summarized below:

|                      | Jan – Mar 2023<br>PKR Million | Jan – Mar 2022<br>PKR Million | Change |
|----------------------|-------------------------------|-------------------------------|--------|
| Sales                | 49,592                        | 37,781                        | +31.3% |
| Gross Profit         | 16,591                        | 12,665                        | +31.0% |
| % of sales           | 33.5%                         | 33.5%                         |        |
| Operating Profit     | 10,872                        | 7,499                         | +45.0% |
| % of sales           | 21.9%                         | 19.8%                         |        |
| Net Profit after tax | 5,662                         | 4,452                         | +27.2% |
| % of sales           | 11.4%                         | 11.8%                         |        |
| Earnings per share   | 124.84                        | 98.18                         | +27.2% |

### Future Outlook:

Growth was achieved despite external challenges of high inflation that resulted in record high commodity prices, increased taxation, a depreciating currency, and limited foreign exchange availability to pay for imports along with the lasting impacts of the devastating flooding in 2022.

We foresee that the current challenges will persist for the rest of the year. However, the Company maintains a cautious outlook about the performance in the coming year, taking all necessary measures to manage the above-mentioned issues and continuing to delight our consumers with quality products.

For and on behalf of the  
Board of Directors

Joselito Jr Avanceña  
Chief Executive Officer

Lahore

Dated: April 27, 2023


**Nestlé Pakistan Limited**  
**Condensed Interim Statement of Financial Position**  
*As at March 31, 2023*

|   | Note | (Un-audited)<br>Mar 31, 2023 | (Audited)<br>Dec 31, 2022 |
|---|------|------------------------------|---------------------------|
| ----- (Rupees in '000) -----  |      |                              |                           |
| <b>Non-current assets</b>   |      |                              |                           |
| Property, plant and equipment   | 4    | 29,469,440                   | 29,386,433                |
| Capital work-in-progress  |      | 1,890,618                    | 2,612,423                 |
| Long-term loans   |      | 269,440                      | 209,395                   |
| Deferred taxation   |      | 948,540                      | -                         |
|   |      | <u>32,578,038</u>            | <u>32,208,251</u>         |
| <b>Current assets</b>   |      |                              |                           |
| Stores and spares   |      | 3,371,240                    | 3,291,671                 |
| Stock-in-trade  |      | 35,555,552                   | 27,094,551                |
| Trade debts   |      | 2,633,171                    | 1,989,358                 |
| Current portion of long-term loans  |      | 137,108                      | 130,572                   |
| Advances, deposits, prepayments and other receivables                     |      | 6,546,280                    | 6,623,728                 |
| Sales tax refundable - net  |      | 12,522,899                   | 11,771,112                |
| Cash and bank balances  |      | 1,350,463                    | 542,508                   |
|   |      | <u>62,116,713</u>            | <u>51,443,500</u>         |
| <b>Current liabilities</b>  |      |                              |                           |
| Current portion of long-term liabilities                                  |      | 9,123,080                    | 9,087,234                 |
| Short-term borrowings - secured   |      | 519,260                      | 519,260                   |
| Running finance under mark-up arrangements - secured                      |      | 4,971,303                    | 3,756,401                 |
| Customer security deposits - interest free                                |      | 227,176                      | 224,225                   |
| Unclaimed dividend  |      | 85,790                       | 87,756                    |
| Unpaid dividend   |      | 6,034,213                    | 6,034,213                 |
| Trade and other payables  |      | 44,763,767                   | 43,739,673                |
| Contract liabilities  |      | 655,469                      | 766,154                   |
| Income tax payable  |      | 3,855,877                    | 2,100,895                 |
| Interest and mark-up accrued  |      | 284,555                      | 297,289                   |
|   |      | <u>70,520,490</u>            | <u>66,613,100</u>         |
| <b>Net working capital</b>  |      | <u>(8,403,777)</u>           | <u>(15,169,600)</u>       |
| <b>Total capital employed</b>   |      | <u>24,174,261</u>            | <u>17,038,651</u>         |
| <b>Long term and deferred liabilities</b>                                 |      |                              |                           |
| Long term finances - secured  |      | 7,945,595                    | 6,500,000                 |
| Lease liabilities   |      | 1,324,143                    | 1,378,203                 |
| Deferred taxation   |      | -                            | 2,290                     |
| Retirement benefits   |      | 3,474,677                    | 3,387,912                 |
|   |      | <u>12,744,415</u>            | <u>11,268,405</u>         |
| <b>Contingencies and commitments</b>                                      | 5    |                              |                           |
| <b>Net assets</b>   |      | <u><u>11,429,846</u></u>     | <u><u>5,770,246</u></u>   |
| <b>Financed by:</b>   |      |                              |                           |
| <b>Share capital and reserves</b>   |      |                              |                           |
| Authorized capital  |      |                              |                           |
| 75,000,000 (December 31, 2022: 75,000,000) ordinary shares of Rs. 10 each |      | <u>750,000</u>               | <u>750,000</u>            |
| Issued, subscribed and paid up capital                                    |      | 453,496                      | 453,496                   |
| Share premium - capital reserve   |      | 249,527                      | 249,527                   |
| General reserve - revenue reserve   |      | 280,000                      | 280,000                   |
| Cash flow hedge reserve   |      | -                            | 2,289                     |
| Accumulated profits - revenue reserve                                     |      | 10,446,823                   | 4,784,934                 |
|   |      | <u><u>11,429,846</u></u>     | <u><u>5,770,246</u></u>   |

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

  
**KOMAL ALTAF**  
Chief Financial Officer

  
**JOSELITO JR AVANCENA**  
Chief Executive Officer

  
**SYED YAWAR ALI**  
Chairman

# Nestlé Pakistan Limited

## Statement of Profit or Loss

For the three month period ended March 31, 2023 (un-audited)

|   | <b>Three month period ended</b>     |                     |
|---|-------------------------------------|---------------------|
|   | <b>Mar 31, 2023</b>                 | <b>Mar 31, 2022</b> |
|   | <b>--- (Pak Rupees in '000) ---</b> |                     |
| Revenue from contracts with customers- net    | <b>49,591,628</b>                   | 37,781,422          |
| Cost of goods sold                            | <b>(33,000,259)</b>                 | (25,116,153)        |
| <b>Gross profit</b>                           | <b>16,591,369</b>                   | 12,665,269          |
| Distribution and selling expenses             | <b>(4,210,485)</b>                  | (3,875,710)         |
| Administration expenses                       | <b>(1,508,931)</b>                  | (1,290,444)         |
| <b>Operating profit</b>                       | <b>10,871,953</b>                   | 7,499,115           |
| Finance cost                                  | <b>(613,283)</b>                    | (598,595)           |
| Other expenses                                | <b>(2,050,099)</b>                  | (624,446)           |
|   | <b>(2,663,382)</b>                  | (1,223,041)         |
| Other income                                  | <b>87,649</b>                       | 26,925              |
| <b>Profit before taxation</b>                 | <b>8,296,220</b>                    | 6,302,999           |
| Taxation                                      | <b>(2,634,331)</b>                  | (1,850,644)         |
| <b>Profit after taxation</b>                  | <b>5,661,889</b>                    | 4,452,355           |
| Earnings per share basic and diluted (Rupees) | <b>124.85</b>                       | 98.18               |

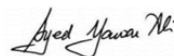
The annexed notes 1 to 11 form an integral part of these financial statements.



**KOMAL ALTAF**  
Chief Financial Officer



**JOSELITO JR AVANCENA**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman / Director

# Nestlé Pakistan Limited

## Statement of Comprehensive Income

For the three month period ended March 31, 2023 (un-audited)

|   | Three month period ended     |                  |
|---|------------------------------|------------------|
|   | Mar 31, 2023                 | Mar 31, 2022     |
|   | --- (Pak Rupees in '000) --- |                  |
| <b>Profit after taxation</b>  | <b>5,661,889</b>             | <b>4,452,355</b> |
| Other comprehensive income  |                              |                  |
| <i>Items that may be reclassified<br/>subsequently to profit or loss (net of tax)</i> |                              |                  |
| Remeasurement gain / (loss) on<br>cash flow hedges - effective portion                | (4,628)                      | 10,333           |
| Related tax   | 2,339                        | (2,953)          |
|   | (2,289)                      | 7,380            |
| <b>Total comprehensive income for the<br/>period</b>                                  | <b>5,659,600</b>             | <b>4,459,735</b> |

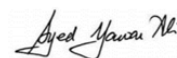
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**KOMAL ALTAF**  
Chief Financial Officer



**JOSELITO JR AVANCENA**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman / Director

# Nestlé Pakistan Limited

## Condensed Interim Statement of Changes in Equity

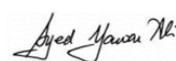
For the three month period ended March 31, 2023 (un-audited)

|  | Share Capital  | Capital reserves | Revenue reserves |                        |                    | Total             |
|--|----------------|------------------|------------------|------------------------|--------------------|-------------------|
|  |                | Share premium    | General reserve  | Cashflow hedge reserve | Accumulated profit |                   |
| ----- (Rupees in '000) -----   |                |                  |                  |                        |                    |                   |
| <b>Balance as at January 01, 2022 (audited)</b>  | <b>453,496</b> | <b>249,527</b>   | <b>280,000</b>   | <b>(2,537)</b>         | <b>4,422,786</b>   | <b>5,403,272</b>  |
| <i>Total comprehensive income for the three months ended March 31, 2022</i>            |                |                  |                  |                        |                    |                   |
| Profit after taxation  | -              | -                | -                | -                      | 4,452,355          | 4,452,355         |
| Other comprehensive income   | -              | -                | -                | 7,380                  | -                  | 7,380             |
|  | -              | -                | -                | 7,380                  | 4,452,355          | 4,459,735         |
| <b>Balance as at March 31, 2022 (un-audited)</b>                                       | <b>453,496</b> | <b>249,527</b>   | <b>280,000</b>   | <b>4,843</b>           | <b>8,875,141</b>   | <b>9,863,007</b>  |
| <i>Total comprehensive income for the nine months ended September 31, 2022</i>         |                |                  |                  |                        |                    |                   |
| Profit after taxation  | -              | -                | -                | -                      | 10,597,361         | 10,597,361        |
| Other comprehensive income   | -              | -                | -                | (2,554)                | 277,800            | 275,246           |
|  | -              | -                | -                | (2,554)                | 10,875,161         | 10,872,607        |
| <i>Transaction with owners directly recognized in equity</i>                           |                |                  |                  |                        |                    |                   |
| Final dividend for the year ended December 31, 2021 (Rs. 90 per share)                 | -              | -                | -                | -                      | (4,081,464)        | (4,081,464)       |
| Interim dividend for the six month period ended June 30, 2022 (Rs. 155 per share)      | -              | -                | -                | -                      | (7,029,188)        | (7,029,188)       |
| Interim dividend for the nine month period ended September 30, 2022 (Rs. 85 per share) | -              | -                | -                | -                      | (3,854,716)        | (3,854,716)       |
| <b>Balance as at December 31, 2022 (audited)</b>                                       | <b>453,496</b> | <b>249,527</b>   | <b>280,000</b>   | <b>2,289</b>           | <b>4,784,934</b>   | <b>5,770,246</b>  |
| <i>Total comprehensive income for the three months ended March 31, 2023</i>            |                |                  |                  |                        |                    |                   |
| Profit after taxation  | -              | -                | -                | -                      | 5,661,889          | 5,661,889         |
| Other comprehensive income   | -              | -                | -                | (2,289)                | -                  | (2,289)           |
|  | -              | -                | -                | (2,289)                | 5,661,889          | 5,659,600         |
| <b>Balance as at March 31, 2023 (un-audited)</b>                                       | <b>453,496</b> | <b>249,527</b>   | <b>280,000</b>   | <b>-</b>               | <b>10,446,823</b>  | <b>11,429,846</b> |

The annexed notes 1 to 11 form an integral part of these financial statements.

  
**KOMAL ALTAF**  
 Chief Financial Officer

  
**JOSELITO JR AVANCENA**  
 Chief Executive Officer

  
**SYED YAWAR ALI**  
 Chairman

# Nestlé Pakistan Limited

## Statement of Cash Flows

For the three month period ended March 31, 2023 (un-audited)

Mar 31, 2023    Mar 31, 2022  
--- (Pak Rupees in '000) ---

### Cash flow from operating activities

|   |                  |                |
|---|------------------|----------------|
| Profit before taxation  | 8,296,220        | 6,302,999      |
| <i>Adjustment for non-cash charges and other items:</i>             |                  |                |
| Depreciation on property, plant and equipment                       | 960,062          | 936,564        |
| Impairment (reversal) / charge - net                                | -                | -              |
| Gain/ (loss) on disposal of property, plant and equipment - owned   | 1,390            | (13,441)       |
| Gain on termination of lease  | -                | 20,967         |
| Provision for Workers' Profit Participation Fund                    | 425,783          | 323,008        |
| Provision for Workers' Welfare Fund                                 | 220,617          | 158,975        |
| Increase in provision for stores and spares                         | 109,558          | 93,577         |
| Decrease in provision for stock in trade                            | (11,321)         | 115,961        |
| Reversal of allowance for expected credit losses                    | -                | (4,444)        |
| Exchange loss realized  | 329,364          | 42,506         |
| Exchange loss unrealized  | 1,071,544        | 94,997         |
| Provision for defined benefits plans                                | 208,295          | 190,063        |
| Finance cost  | 613,283          | 598,595        |
| Profit before working capital changes                               | 12,224,795       | 8,860,327      |
| <i>Effect on cash flow due to working capital changes:</i>          |                  |                |
| <i>(Increase) / decrease in current assets:</i>                     |                  |                |
| Stores and spares   | (189,127)        | (197,798)      |
| Stock-in-trade  | (8,449,680)      | (5,910,859)    |
| Trade debts   | (643,813)        | (743,524)      |
| Advances, deposits, prepayments and other receivables               | (674,339)        | (1,041,257)    |
| <i>Increase in current liabilities:</i>                             |                  |                |
| Trade and other payables  | 140,839          | 2,558,455      |
| Contract liabilities  | (110,685)        | (334,967)      |
|   | (9,926,805)      | (5,669,950)    |
| Cash generated from operations                                      | 2,297,990        | 3,190,377      |
| (Increase) / decrease in long term loans - net                      | (66,581)         | (31,545)       |
| Increase / (decrease) in customer security deposits - interest free | 2,951            | 205,622        |
| Contributions by the Company - net                                  | (121,530)        | (111,415)      |
| Workers' Profit Participation Fund paid                             | (1,168,682)      | (965,860)      |
| Finance cost paid   | (580,511)        | (639,517)      |
| Income taxes paid   | (879,300)        | (811,340)      |
| <b>Net cash generated from operating activities</b>                 | <b>(515,663)</b> | <b>836,322</b> |

# Nestlé Pakistan Limited

## Statement of Cash Flows (continued)

For the three month period ended March 31, 2023 (un-audited)

Mar 31, 2023    Mar 31, 2022

--- (Pak Rupees in '000) ---

### Cash flow from investing activities

|  |                  |                  |
|--|------------------|------------------|
| Fixed capital expenditure                                    | (326,177)        | (289,044)        |
| Sale proceeds from disposal of property, plant and equipment | 3,524            | 14,840           |
| <b>Net cash used in investing activities</b>                 | <b>(322,653)</b> | <b>(274,204)</b> |

### Cash flow from financing activities

|   |                    |                    |
|---|--------------------|--------------------|
| Long-term loans obtained                                      | 1,445,595          | -                  |
| Long-term loans repaid  | -                  | (1,048,007)        |
| Short-term borrowings obtained                                | -                  | -                  |
| Short-term borrowings repaid                                  | -                  | (3,500,000)        |
| Short term borrowings - net (less than 90 days)               | -                  | 7,500,000          |
| Lease rentals paid  | (63,720)           | (107,194)          |
| Dividends paid  | (1,966)            | (2,011,437)        |
| <b>Net cash used in financing activities</b>                  | <b>1,379,909</b>   | <b>833,362</b>     |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>541,593</b>     | <b>1,395,480</b>   |
| <b>Cash and cash equivalents at beginning of the period</b>   | <b>(3,213,893)</b> | <b>(3,482,609)</b> |
| <b>Cash and cash equivalents at end of the period</b>         | <b>(2,672,300)</b> | <b>(2,087,129)</b> |

The annexed notes 1 to 11 form an integral part of these financial statements.

**KOMAL ALTAF**  
Chief Financial Officer

**JOSELITO JR AVANCENA**  
Chief Executive Officer

**SYED YAWAR ALI**  
Chairman / Director



# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the three month period ended March 31, 2023 (un-audited)

### 1. Legal status and nature of business

Nestlé Pakistan Limited ("the Company") is a public limited company incorporated in Pakistan - under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) - and its shares are quoted on Pakistan Stock Exchange. The Company is a subsidiary of Société des Produits Nestlé S.A. (SPN), the Holding Company, which in turn is a wholly owned subsidiary of Nestlé S.A., the Ultimate Parent Company, incorporated in Switzerland.

The Company is principally engaged in manufacturing, processing and sale of dairy, nutrition, beverages and food products including imported products. Registered office (which is also the Head Office) of the Company is situated at Packages Mall, Shahrah-e-Roomi, PO Amer Sidhu, Lahore, previously it was situated at Babar Ali Foundation Building, 308 Upper Mall, Lahore.

The geographical locations and addresses of the Company's manufacturing facilities are as under:

| Manufacturing Facilities | Address  |
|--------------------------|--|
| Sheikhupura factory      | 29-km Lahore – Sheikhupura Road, Sheikhupura, Pakistan                     |
| Kabirwala factory        | 10-km, Khanewal Road, Kabirwala, District Khanewal, Pakistan               |
| Port Qasim factory       | Plot No. A23, North Western Industrial Area, Port Qasim Karachi, Pakistan  |
| Islamabad factory        | Plot No. 32 Street No 3 Sector I-10/3 Industrial Area Islamabad, Pakistan. |

### 2. Basis of preparation

#### 2.1 Statement of compliance

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company as at March 31, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows together with the notes forming part thereof.

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- Provisions of and directives issued under Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended December 31, 2022. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2022, whereas comparatives for condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes are extracted from condensed interim financial statements of the Company for the three month period ended March 31, 2022.

#### 2.2 Judgements and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to and disclosed in the financial statements as at and for the year ended December 31, 2022.

# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the three month period ended March 31, 2023 (un-audited)

### 3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2022, except as mentioned in note 3.2.

3.2 The Company adopted following new amendments to the approved accounting standards which became effective during the period, however these are not considered to be relevant or have any significant effect on the financial statements:

#### New Standards, Interpretations and Amendments

|                                     |   |
|-------------------------------------|---|
| IAS 8                               | Definition of Accounting Estimates (Amendments)               |
| IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies - (Amendments)              |
| IAS 12                              | Deferred Tax related to Assets and Liabilities arising from a |

### 3.3 Standards, interpretation and amendments to published approved accounting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| Standard or Interpretation |   | Effective date<br>(annual periods<br>beginning on or<br>after) |
|----------------------------|---|--|
| IFRS 16                    | Lease Liability in a Sale and Leaseback —<br>(Amendments)   | January 01, 2024   |
| IAS 1                      | Classification of liabilities as current or non-current —<br>(Amendments)                               | January 01, 2024   |
| IFRS 10 and<br>IAS 28      | Sale or Contribution of Assets between an Investor and<br>its associate or Joint Venture — (Amendments) | Not yet finalized  |

The Company expects that such improvements to the standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2024.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| Standards |  | Effective date<br>(annual periods<br>beginning on or<br>after) |
|-----------|--|--|
| IFRS 1    | First-time Adoption of International Financial Reporting<br>Standard | July 01, 2009  |
| IFRS 17   | Insurance Contracts  | January 01, 2023   |

**Nestlé Pakistan Limited**  
**Notes to the Condensed Interim Financial Statements**  
*For the three month period ended March 31, 2023 (un-audited)*

The Company expects that above mentioned standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

|  | (Un-audited)<br>Mar 31, 2023 | (Audited)<br>Dec 31, 2022 |
|--|------------------------------|---------------------------|
|  | ----- (Rupees in '000) ----- |                           |
| <b>4. Property, plant and equipment</b>  |                              |                           |
| Opening balance - net book value   | 29,386,433                   | 29,274,553                |
| Additions during the period / year   | <u>1,049,330</u>             | <u>4,149,962</u>          |
|  | <b>30,435,763</b>            | <b>33,424,515</b>         |
| Book value of property, plant and equipment<br>disposed off during the period / year | (4,914)                      | (238,694)                 |
| Depreciation charged during the period / year  | (961,409)                    | (3,841,930)               |
| Impairment reversed during the period / year   | -                            | 42,543                    |
| Closing balance - Net book value   | <u><u>29,469,440</u></u>     | <u><u>29,386,433</u></u>  |
| <b>5. Contingencies and commitments</b>  |                              |                           |
|  | (Un-audited)<br>Mar 31, 2023 | (Audited)<br>Dec 31, 2022 |
|  | ----- (Rupees in '000) ----- |                           |
| <b>5.1 Guarantees</b>  |                              |                           |
| Outstanding guarantees   | <u><u>665,694</u></u>        | <u><u>749,844</u></u>     |
| <b>5.2 Commitments</b>   |                              |                           |
| <b>5.2.1 Letters of credit</b>   |                              |                           |
| Outstanding letters of credit  | <u><u>4,557,829</u></u>      | <u><u>6,468,633</u></u>   |
| <b>5.2.2 Commitments in respect of capital expenditure</b>                           | <u><u>300,352</u></u>        | <u><u>606,943</u></u>     |
| <b>5.2.3 Commitments in respect of forward foreign currency contracts:</b>           |                              |                           |
| - USD  | -                            | 181,170                   |
| - EUR  | -                            | -                         |
| - CNY  | -                            | 54,965                    |
|  | <u><u>-</u></u>              | <u><u>236,135</u></u>     |
| <b>6. Cash and cash equivalents</b>  |                              |                           |
| Cash and bank balances   | 1,350,463                    | 542,508                   |
| Short term running finance under mark-up<br>arrangements - secured                   | <u><u>(4,971,303)</u></u>    | <u><u>(3,756,401)</u></u> |
|  | <u><u>(3,620,840)</u></u>    | <u><u>(3,213,893)</u></u> |

**Nestlé Pakistan Limited**  
**Notes to the Condensed Interim Financial Statements**

*For the three month period ended March 31, 2023 (un-audited)*

**7. Transactions with related parties**

The related parties comprise of holding company, associated companies, other related companies, key management personnel and employees retirement benefit funds. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

|  | (Un-audited)<br>Mar 31, 2023 | (Un-audited)<br>Mar 31, 2022 |
|--|------------------------------|------------------------------|
|  | ---- (Rupees in '000) ----   |                              |
| <b>Associated companies</b>                          |                              |                              |
| License fee  | 1,514,501                    | 1,171,910                    |
| Long term loan including interest                    | 1,453,515                    | -                            |
| Purchase of goods, services, assets and rent expense | 6,809,790                    | 4,724,523                    |
| Sale of goods  | 215,061                      | 17,099                       |
| Insurance premium                                    | 270,444                      | 240,939                      |
| Insurance claims                                     | 4,322                        | 14,922                       |
| <b>Other related parties</b>                         |                              |                              |
| Contribution paid to staff retirement benefits plan  | 316,180                      | 203,020                      |
| Remuneration to key management personnel             | 1,439,331                    | 1,162,925                    |

All transactions with related parties have been carried out on mutually agreed terms and conditions.

**8. Segment reporting**

Segment information is presented in respect of the Company's business. The chief decision maker allocates resources and monitors performance based on business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Company's operations comprise of the following main business segments and product categories:

**i) Dairy and nutrition products**

Milk based products and cereals

**ii) Powdered and liquid beverages**

Juices, drinking water and powdered drinks

**iii) Other products**

Confectionery and other products

**Nestlé Pakistan Limited**  
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*For the three month period ended March 31, 2023 (un-audited)*

**8.1 Segment analysis for the three month period ended March 31, 2023 (un-audited)**

|   | <b>Dairy and<br/>nutrition<br/>products</b> | <b>Powdered<br/>and liquid<br/>beverages</b> | <b>Other<br/>products</b> | <b>Total</b>     |
|---|---|--|---------------------------|------------------|
|   | ----- (Rupees in '000) -----                |  |                           |                  |
| Revenue from contracts with customers                         | 39,069,268                                  | 10,467,083                                   | 55,277                    | 49,591,628       |
| Depreciation and amortization                                 | 649,766                                     | 311,643                                      | -                         | 961,409          |
| Operating profit / (loss) before tax and unallocated expenses | 9,182,552                                   | 1,674,120                                    | 15,282                    | 10,871,953       |
| Unallocated corporate expenses:                               |   |  |                           |                  |
| Finance cost  |   |  |                           | (613,283)        |
| Other operating expenses                                      |   |  |                           | (2,050,099)      |
| Other income  |   |  |                           | 87,649           |
| Taxation  |   |  |                           | (2,634,331)      |
| Profit after taxation   |   |  |                           | <u>5,661,889</u> |

**Segment analysis for the three month period ended March 31, 2022 (un-audited)**

|   | <b>Dairy and<br/>nutrition<br/>products</b> | <b>Powdered<br/>and liquid<br/>beverages</b> | <b>Other<br/>products</b> | <b>Total</b>     |
|---|---|--|---------------------------|------------------|
|   | ----- (Rupees in '000) -----                |  |                           |                  |
| Revenue from contracts with customers                         | 29,641,281                                  | 8,140,141                                    | -                         | 37,781,422       |
| Depreciation and amortization                                 | (685,548)                                   | (251,016)                                    | -                         | (936,564)        |
| Operating profit / (loss) before tax and unallocated expenses | 6,647,082                                   | 852,033                                      | -                         | 7,499,115        |
| Unallocated corporate expenses:                               |   |  |                           |                  |
| Finance cost  |   |  |                           | (598,595)        |
| Other operating expenses                                      |   |  |                           | (624,446)        |
| Other income  |   |  |                           | 26,925           |
| Taxation  |   |  |                           | (1,850,644)      |
| Profit after taxation   |   |  |                           | <u>4,452,355</u> |

There is no inter segment revenue between operating segments.

**Nestlé Pakistan Limited**  
**Notes to the Condensed Interim Financial Statements**  
*For the three month period ended March 31, 2023 (un-audited)*

**8.2 Reportable segment assets and liabilities**

**As at March 31, 2023**

|                              | <b>Dairy and<br/>nutrition<br/>products</b> | <b>Powdered<br/>and liquid<br/>beverages</b> | <b>Other<br/>products</b> | <b>Total</b>      |
|------------------------------|---|--|---------------------------|-------------------|
| ----- (Rupees in '000) ----- |   |  |                           |                   |
| Segment assets               | 69,963,210                                  | 22,059,156                                   | 236,274                   | 92,258,640        |
| Unallocated assets           |   |  |                           | 2,436,111         |
| Total assets                 |   |  |                           | <u>94,694,751</u> |
| Segment liabilities          | 37,242,913                                  | 10,354,692                                   | 84,023                    | 47,681,629        |
| Unallocated liabilities      |   |  |                           | 47,013,122        |
| Total liabilities            |   |  |                           | <u>94,694,751</u> |

**As at December 31, 2022 (audited)**

|                              | <b>Dairy and<br/>nutrition<br/>products</b> | <b>Powdered<br/>and liquid<br/>beverages</b> | <b>Other<br/>products</b> | <b>Total</b>      |
|------------------------------|---|--|---------------------------|-------------------|
| ----- (Rupees in '000) ----- |   |  |                           |                   |
| Segment assets               | 61,906,942                                  | 20,789,138                                   | 72,106                    | 82,768,186        |
| Unallocated assets           |   |  |                           | 883,565           |
| Total assets                 |   |  |                           | <u>83,651,751</u> |
| Segment liabilities          | 29,521,173                                  | 9,428,143                                    | 35,781                    | 38,985,096        |
| Unallocated liabilities      |   |  |                           | 44,666,654        |
| Total liabilities            |   |  |                           | <u>83,651,751</u> |

**(Un-audited)**                      (Un-audited)  
**Mar 31, 2023**                      Mar 31, 2022

----- (Rupees in '000) -----

**8.3 Geographical segments**

Sales are made by the Company in the following countries:

|                          |                          |                   |
|--------------------------|--------------------------|-------------------|
| Pakistan                 | <b>48,234,987</b>        | 37,183,007        |
| Afghanistan              | <b>693,351</b>           | 311,237           |
| United States of America | <b>228,680</b>           | 152,518           |
| Other countries          | <b>434,611</b>           | 134,659           |
|                          | <u><b>49,591,628</b></u> | <u>37,781,422</u> |

The Company manages and operates manufacturing facilities and sales offices in Pakistan only.

**9. Financial risk management**

The Company's financial risk management objective and policies are consistent with those disclosed in the audited financial statements of the Company for the year ended December 31, 2022.

There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2022.

**Nestlé Pakistan Limited**  
**Notes to the Condensed Interim Financial Statements**  
*For the three month period ended March 31, 2023 (un-audited)*

**10. General**

These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupee.

**11. Date of authorization for issue**

These un-audited condensed interim financial statements were authorized for issue on April 27, 2023 by the Board of Directors.



**KOMAL ALTAF**  
Chief Financial Officer



**JOSELITO JR AVANCENA**  
Chief Executive Officer



**SYED YAWAK ALI**  
Chairman