

Condensed interim financial information for
the three months ended March 31, 2024



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-month period ended March 31, 2024.

Business Performance Review:

Sales for the three-month period ending March 31, 2024, stand at PKR 54.4 billion, reflecting a growth of 9.7% compared to the same period last year. The increase in revenue was driven by our accretive and growth pillars. It was further complemented by a favorable portfolio mix. Operating profit decreased, as we increased our investment behind brands to strengthen our market presence.

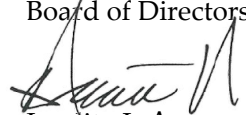
The financial performance for the three-month period is summarized below:


	Jan – Mar 2024 PKR Million	Jan – Mar 2023 PKR Million	Change
Sales	54,395	49,592	9.69%
Gross Profit	19,743	18,318	7.78%
% of sales	36.30%	36.94%	
Operating Profit	9,728	10,872	-10.52%
% of sales	17.88%	21.92%	
Net Profit after tax	5,068	5,662	-10.49%
% of sales	9.32%	11.42%	
Earnings per share	111.75	124.85	-10.49%

Future Outlook:

We foresee that high commodity and input costs will persist for the rest of the year. The Company maintains a cautious outlook about the coming year and will take necessary measures to manage the challenging environment while continuing to delight our consumers with quality products.

For and on behalf of the
Board of Directors


Josecito Jr Avanceña
Chief Executive Officer


Syed Yawar Ali
Chairman

Lahore

Dated: April 26, 2024

Nestlé Pakistan Limited
Statement of Financial Position

As at March 31, 2024

	Mar 2024	Dec 2023		Mar 2024	Dec 2023
<i>Note</i>	--- (Pak Rupees in '000) ---		<i>Note</i>	--- (Pak Rupees in '000) ---	
EQUITY AND LIABILITIES			ASSETS		
<u><i>Share capital and reserves</i></u>			<u><i>Non-current assets</i></u>		
Authorized capital 75,000,000 (2023: 75,000,000) ordinary shares of PKR 10 each	750,000	750,000	Property, plant and equipment	28,298,270	28,697,131
Issued, subscribed and paid up capital	453,496	453,496	Capital work-in-progress	3,205,079	3,091,540
Share premium - capital reserve	249,527	249,527	Intangible assets	-	-
General reserve - revenue reserve	280,000	280,000	Deferred taxation	2,423,100	2,000,463
Cash flow hedge reserve - revenue reserve	-	-	Long-term loans	254,920	270,633
Accumulated profits - revenue reserve	14,672,718	9,605,034		34,181,369	34,059,767
	15,655,741	10,588,057			
<u><i>Non-current liabilities</i></u>					
Long-term finances - secured	7,905,050	7,922,288			
Lease liabilities	1,521,084	1,602,346			
Deferred taxation	-	-			
Retirement benefits	3,231,120	3,108,871			
	12,657,254	12,633,505			
<u><i>Current liabilities</i></u>			<u><i>Current assets</i></u>		
Current portion of long-term liabilities	190,273	124,596	Stores and spares	4,501,816	4,011,709
Short-term borrowings - secured	2,900,000	5,500,000	Stock-in-trade	37,589,806	33,438,484
Running finance under mark-up arrangements - secured	3,147,484	3,038,001	Trade debts	5,008,799	2,232,611
Trade and other payables	58,666,671	56,858,675	Current portion of long-term loans	138,541	149,709
Contract liabilities	893,942	708,464	Sales tax refundable	16,714,035	17,168,509
Interest and mark-up accrued	303,587	469,982	Advances, deposits, prepayments and other receivables	5,082,633	5,729,408
Customer security deposits	248,634	241,973	Cash and bank balances	1,375,078	1,099,714
Income tax payable	2,323,579	121,746		70,410,708	63,830,144
Unclaimed dividend	90,081	90,081			
Unpaid dividend	7,514,831	7,514,831			
	76,279,082	74,668,349			
	104,592,077	97,889,911		104,592,077	97,889,911
Contingencies and commitments					

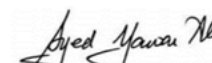
The annexed notes 1 to 11 form an integral part of these financial statements.



KOMAL ALTAF
Chief Financial Officer



JOSELITO JR AVANCENA
Chief Executive Officer



SYED YAWAR ALI
Chairman / Director

Nestlé Pakistan Limited

Statement of Profit or Loss

For the three month period ended March 31, 2024 (un-audited)

	Mar 2024	Mar 2023
	--- (Pak Rupees in '000) ---	
Revenue from contracts with customers - net	54,394,903	49,591,628
Cost of goods sold	(34,651,575)	(31,273,750)
Gross profit	19,743,328	18,317,878
Distribution and selling expenses	(8,501,509)	(5,936,994)
Administration expenses	(1,513,342)	(1,508,931)
Operating profit	9,728,477	10,871,953
Finance cost	(762,372)	(613,283)
Other expenses	(762,121)	(2,050,099)
	(1,524,493)	(2,663,382)
Other income	272,416	87,649
Profit before taxation	8,476,400	8,296,220
Taxation	(3,408,716)	(2,634,331)
Profit after taxation	5,067,684	5,661,889
Earnings per share basic and diluted (Rupees)	111.75	124.85

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, 2024 (un-audited)

	Mar 2024	Mar 2023
	--- (Pak Rupees in '000) ---	
Profit after taxation	5,067,684	5,661,889
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>		
Remeasurement (loss) / gain on cash flow hedges - effective portion	-	(4,628)
Related tax	-	2,339
	-	(2,289)
Total comprehensive income for the year	5,067,684	5,659,600

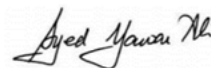
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KOMAL ALTAF
Chief Financial Officer



JOSELITO JR AVANCENA
Chief Executive Officer



SYED YAWAR ALI
Chairman / Director

Nestlé Pakistan Limited

Statement of Changes in Equity

For the three month period ended March 31, 2024 (un-audited)

	Share Capital	Capital reserves	Revenue reserves			Total
		Share premium	General reserve	Cashflow hedge reserve	Accumulated profits	
----- (Rupees in '000) -----						
Balance as at January 01, 2023 (audited)	453,496	249,527	280,000	2,289	4,784,934	5,770,246
<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
Balance as at March 31, 2023 (un-audited)	453,496	249,527	280,000	-	10,446,823	11,429,846
<i>Total comprehensive income for the nine months ended December 31, 2023</i>						
Profit after taxation	-	-	-	-	10,830,910	10,830,910
Other comprehensive income	-	-	-	-	526,344	526,344
	-	-	-	-	11,357,254	11,357,254
<i>Transaction with owners directly recognized in equity</i>						
Final dividend for the year ended December 31, 2022 (Rs. 95 per share)	-	-	-	-	(4,308,212)	(4,308,212)
Interim dividend for the six-month period ended June 30, 2023 (Rs. 121 per share)	-	-	-	-	(5,487,302)	(5,487,302)
Interim dividend for the nine-month period ended September 30, 2023 (Rs. 53 per share)	-	-	-	-	(2,403,529)	(2,403,529)
Balance as at December 31, 2023 (audited)	453,496	249,527	280,000	-	9,605,034	10,588,057
<i>Total comprehensive income for the three months ended March 31, 2024</i>						
Profit after taxation	-	-	-	-	5,067,684	5,067,684
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	5,067,684	5,067,684
Balance as at March 31, 2024 (un-audited)	453,496	249,527	280,000	-	14,672,718	15,655,741

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 Cash Flows

For the three month period ended March 31, 2024 (un-audited)

	Mar 2024	Mar 2023
	--- (Pak Rupees in '000) ---	
<u>Cash flow from operating activities</u>		
Profit before taxation	8,476,400	8,296,220
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	971,118	960,062
Impairment charge - net	-	-
(Gain)/ Loss on disposal of property, plant and equipment - owned	(6,048)	1,390
Gain on disposal of property, plant and equipment - leased	-	-
Provision for Workers' Profit Participation Fund	433,260	425,783
Provision for Workers' Welfare Fund	200,143	220,617
Increase / (decrease) in provision for stores and spares	(103,194)	109,558
Increase / (decrease) in provision for stock in trade	79,191	(11,321)
Exchange (gain) / loss unrealized	(193,311)	1,071,544
Provision for defined benefits plans	255,059	208,295
Finance cost	762,372	613,283
Profit before working capital changes	10,874,990	11,895,431
<i>Effect on cash flow due to working capital changes:</i>		
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	(386,913)	(189,127)
Stock-in-trade	(4,230,513)	(8,449,680)
Trade debts	(2,776,188)	(643,813)
Advances, deposits, prepayments and other receivables	1,101,249	(674,339)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	2,836,257	470,203
Contract liabilities	185,478	(110,685)
Cash generated from operations	7,604,360	2,297,990
(Increase) / decrease in long term loans - net	26,881	(66,581)
Increase in customer security deposits	6,661	2,951
Contributions by the Company - net	(132,810)	(121,530)
Workers' Profit Participation Fund paid	(1,485,591)	(1,168,682)
Finance cost paid	(872,303)	(580,511)
Income taxes paid	(1,629,520)	(1,827,840)
Net cash generated from operating activities	3,517,678	(1,464,203)

Nestlé Pakistan Limited

Statement of Cash Flows (continued)

For the three month period ended March 31, 2024 (un-audited)

	Mar 2024	Mar 2023
	--- (Pak Rupees in '000) ---	
<u>Cash flow from investing activities</u>		
Purchase of property, plant and equipment	(687,387)	(326,177)
Sale proceeds from disposal of property, plant and equipment	7,639	3,524
Net cash used in investing activities	(679,748)	(322,653)
<u>Cash flow from financing activities</u>		
Long-term loans obtained	-	1,445,595
Short-term borrowings obtained	1,400,000	-
Short-term borrowings repaid	(4,000,000)	-
Lease rentals paid	(72,049)	(63,720)
Dividends paid	-	(1,966)
Net cash used in financing activities	(2,672,049)	1,379,909
Net increase in cash and cash equivalents	165,881	(406,947)
Cash and cash equivalents at beginning of the period	(1,938,287)	(3,213,893)
Cash and cash equivalents at end of the period	(1,772,406)	(3,620,840)

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, 2024 (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 Mar 31, 2024 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, 2023. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2023, 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 Mar 31, 2023.

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, 2023.

Nestlé Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the three month period ended March 31, 2024 (un-audited)

3. Summary of 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, 2023, 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 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments
IFRS 16	Lease Liability in a Sale and Leaseback – Amendments
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments

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) Mar 31, 2024	(Audited) Dec 31, 2023
	----- (Rupees in '000) -----	
4. Property, plant and equipment		
Opening balance - net book value	28,697,131	29,386,433
Additions during the period / year		
Land and building(on freehold land)	27,113	211,732
Plant and machinery	453,114	2,016,792
Furniture and fixtures	2,010	56,565
Vehicles	-	6,918
IT equipment	91,611	581,166
Right-of-use assets	-	427,379
	573,848	3,300,552
	29,270,979	32,686,985
Book value of property, plant and equipment		
disposed off during the period / year	(1,591)	(51,641)
Depreciation charged during the period / year	(971,118)	(3,894,705)
Impairment (charged)/ reversed during the period / year	-	(43,508)
Closing balance - Net book value	28,298,270	28,697,131

5. Contingencies and commitments

5.1 There has been no significant change in the status of the contingencies reported in the annual audited financial statements for the year ended December 31, 2023.

	(Un-audited) Mar 31, 2024	(Audited) Dec 31, 2023
	----- (Rupees in '000) -----	
5.2 Guarantees		
Outstanding guarantees	630,832	720,895
5.3 Commitments		
5.3.1 Letters of credit		
Outstanding letters of credit	9,340,609	9,890,632
5.3.2 Commitments in respect of capital expenditure	530,906	325,031

Nestlé Pakistan Limited
Notes to the Condensed Interim Financial Statements

For the three month period ended March 31, 2024 (un-audited)

	(Un-audited) Mar 31, 2024	(Audited) Dec 31, 2023
6. Cash and cash equivalents		
Cash and bank balances	1,375,078	1,099,714
Short term running finance under mark-up arrangements - secured	<u>(3,147,484)</u>	<u>(3,038,001)</u>
	<u>(1,772,406)</u>	<u>(1,938,287)</u>

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) Mar 31, 2024	(Un-audited) Mar 31, 2023
	----- (Rupees in '000) -----	
Associated companies		
License fee	2,071,813	1,514,501
Long term loan including interest	7.1 1,470,957	1,453,515
Purchase of goods, services, assets and rent expense	4,973,282	6,809,790
Sale of goods	111,675	215,061
Insurance premium	325,993	270,444
Insurance claims	18,732	4,322
Other related parties		
Contribution paid to staff retirement benefits plan	407,081	316,180
Remuneration to key management personnel	2,160,400	1,439,331

- 7.1** This loan has been obtained from Nestle Treasury Centre Middle East and Africa Ltd., under Foreign Currency Trade Financing from Abroad (FTFA) - Import Loans, to meet capital expenditure requirement of the company. The term of loan is 3 years with the principal repayment to take place in a single lump sum instalment in March 2026. Mark-up is payable quarterly at USD Term SOFR 3 months rate + 350 bps.

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

Nestlé Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the three month period ended March 31, 2024 (un-audited)

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

8.1 Segment analysis for the three-month period ended March 31, 2024 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Revenue from contracts with customers	43,524,302	10,644,406	226,195	54,394,903
Depreciation and amortization	676,251	294,867	-	971,118
Operating profit / (loss) before tax and unallocated expenses	8,984,184	691,172	53,121	9,728,477
Unallocated corporate expenses:				
Finance cost				(762,372)
Other operating expenses				(762,121)
Other income				272,416
Taxation				(3,408,716)
Profit after taxation				<u>5,067,684</u>

Nestlé Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the three month period ended March 31, 2024 (un-audited)

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

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
----- (Rupees in '000) -----				
Revenue from contracts with customers	38,799,142	10,467,083	325,402	49,591,628
Depreciation and amortization	649,766	311,643	-	961,409
Operating profit / (loss) before tax and unallocated expenses	9,107,833	1,674,120	90,001	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				5,661,889

There is no inter segment revenue between operating segments.

8.2 Reportable segment assets and liabilities

As at March 31, 2024

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
----- (Rupees in '000) -----				
Segment assets	79,185,268	23,330,950	307,320	102,823,538
Unallocated assets				1,768,539
Total assets				104,592,077
Segment liabilities	40,239,758	10,732,179	214,427	51,186,365
Unallocated liabilities				53,405,712
Total liabilities				104,592,077

As at December 31, 2023 (audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
----- (Rupees in '000) -----				
Segment assets	73,006,322	23,014,611	348,922	96,369,855
Unallocated assets				1,520,056
Total assets				97,889,911
Segment liabilities	38,126,515	11,608,001	218,020	49,952,536
Unallocated liabilities				47,937,375
Total liabilities				97,889,911

Nestlé Pakistan Limited
Notes to the Condensed Interim Financial Statements
For the three month period ended March 31, 2024 (un-audited)

(Un-audited) (Un-audited)
Mar 31, 2024 Mar 31, 2023

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

8.3 Geographical segments

Sales are made by the Company in the following countries:

Pakistan	53,351,733	48,279,312
Afghanistan	499,085	653,179
United States of America	252,461	275,752
Other countries	291,624	383,385
	<u>54,394,903</u>	<u>49,591,628</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, 2023.

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, 2023.

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 26, 2024 by the Board of Directors.



KOMAL ALTAF

Chief Financial Officer



JOSELITO JR AVANCENA

Chief Executive Officer



SYED YAWAR ALI

Chairman