



دل بے  
پاکستان

# Be a force for good

Winning with people and teams



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# OUR PURPOSE

Unlocking the power of food and beverages to enhance quality of life for everyone, today and for generations to come.

# OUR APPROACH

Creating Shared Value is at the core of how we operate. Aligning long term business success with meaningful impact for people, communities and the planet, we focus on the areas where we can drive change and support the regeneration of the ecosystems our business depends on.



Help

**50** MILLION  
children live healthier lives



Help to improve

**30** MILLION  
livelihoods in communities directly  
connected to our business activities



Strive for

**ZERO**  
environmental impact in our operations





# DIRECTORS' REPORT

## To the Shareholders

The Directors of Nestlé Pakistan Limited (the "Company") are pleased to present the Annual Report along with the audited financial statements of the Company for the year ended December 31, 2025.

### Financial Performance:

The Company delivered a solid performance in 2025, recording a 3.03% growth in revenue versus the prior year, driven by a particularly strong double-digit growth of 14.3% in the second half of the year. This positive progression reflects the business recovery across a majority of the Company's portfolio post implementation of the 18% sales tax in July 2024, which had negatively impacted sales. An improved topline, supported by favorable product mix, reduced energy costs, tighter overheads controls and value chain optimization initiatives led to an improvement in gross and operating profit margins as a percentage of sales. We have not only improved margins but also continued to increase investment behind our core brands to fuel profitable growth. Improved profitability coupled with effective working capital management helped us to generate free cashflows, which was utilized to fully settle all high cost bank loans, resulting in lower finance costs, which collectively resulted in a 16.5% increase in net profit compared to last year.

Guided by our motto Good Food, Good Life, and inspired by our Purpose to unlock the power of food and beverages to enhance the quality of life today and for generations to come, we continued to rise with resilience, maintaining a sharp focus on consumer needs, driving innovation and renovation across our portfolio, all the while relentlessly focusing on eliminating waste and creating a positive impact on the environment through our ESG initiatives.

### Summary of Financial Performance:

PKR Million	2025	2024	Change
Net sales - PKR million	199,069	193,206	+3.03%
Gross profit margin	36.3%	35.9%	+31 bps
Operating profit margin	16.1%	15.3%	+80 bps
Net profit after tax	8.7%	7.7%	+100 bps
Net profit after tax - PKR million	17,244	14,808	+16.5%
Earnings per share - PKR	380	327	+16.5%

### Dividends:

In view of the financial performance of the Company, the Board of Directors has recommended to pay final cash dividend of Rs. 256 per share, in addition to the interim cash dividend of Rs. 301 per share previously paid, bringing the total dividend for the year to Rs. 557 per share for 2025 as compared to Rs. 166 per share in 2024.

### Investment Projects:

In 2025, the Company invested PKR 5.02 billion, including continued investment behind green energy and projects focused on sustainability. Highlights are as under:

Description	PKR Million
Sheikhupura Factory	2,505
Kabirwala Factory	1,038
Islamabad Factory	18
Port Qasim Factory	212
Others	1,251

### Corporate & Financial Reporting Framework:

The Company upholds the highest standards of corporate governance. The Directors are pleased to state that the Company is in full compliance with the Code of Corporate Governance mandated by SECP and the stock exchange listing regulations. The Company's Statement of Compliance with Code of Corporate Governance is set out as below:

The Directors confirm that:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in the preparation of the financial statements; and any departure thereof has been adequately disclosed and explained;
- The Company's system of internal control is sound in design and has been effectively implemented and monitored;



- f) There are no significant doubts about the Company's ability to continue as a going concern;
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations; and
- h) Statements regarding the following are annexed or disclosed in the notes to the accounts:
  - (i) Key financial data for the last six years
  - (ii) Pattern of shareholding
  - (iii) Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary
  - (iv) Number of Board meetings held during the year and attendance by each director

## Remuneration Policy of Non-Executive Directors and Disclosure of Remuneration of Directors

The fees payable to the Non-Executive and Independent Directors for attending meetings of the Board and its Committees, are determined by the Board. Comprehensive details of the remuneration, including other benefits, paid during the year 2025, to the Chief Executive Officer, Executive and Non-Executive Directors of the Company, are disclosed in Note 42 to the financial statements.

## External Auditors:

Messrs. Ernst & Young, Chartered Accountants have completed their assignment for the year 2025 and retire at the conclusion of the 48th Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

## Holding Company and Principal Activity:

Société des Produits Nestlé SA (SPN), a Company incorporated in Switzerland (the holding company), holds 27,936,173 ordinary shares representing 61.6% equity interest in the Company. The principal activity of the Company is manufacturing, processing, and sale of food & beverages products, including imported products. No change has occurred during the financial year relating to the nature of the business of the Company.

## Human Resources Management & Employee Relations:

At Nestlé Pakistan, we are driven by a purpose to empower our people, foster inclusivity, and create a high-performing

culture with a winning mindset. 2025 has been a testament to this commitment, as we continued to enhance our focus on workforce development, inclusion, employee engagement and wellness. Our initiatives have been designed to inspire growth and unlock potential across all levels of the organization.

We championed youth development through the Nestlé Needs YOUth initiative, engaging over 55,000 young individuals through traineeships, employment opportunities, digital engagement, and academic partnerships. The NESTERNSHIP (Internship) program received more than 15,000 applications, resulting in over 80 interns selected to participate in core functions, while the LEAD Management Trainee Program attracted over 15,000 applications and selected nine Management Trainees who will be given cross-functional exposure before getting into permanent roles.

Inclusion-related actions were a focus this year, emphasizing accessibility and representation. We accelerated our partnerships with external organizations for persons with disabilities and continued workplace accessibility measures. Awareness activities, including the observance of the International Day of Persons with Disabilities, were conducted and a significant number of employees were trained on sign language. In addition, engagement efforts were driven by the Male Champions of Change network to support inclusive cultural practices across teams.

Nestlé Pakistan is committed to promoting gender pay equity and ensuring fair and non-discriminatory remuneration practices. The Company conducts an annual Gender Equal Pay (GEP) analysis, which controls objective factors including grade, function, performance, and age to assess whether gender has any impact on employee compensation.

The 2025 GEP analysis confirmed that there is no gender pay gap, with no evidence of gender-based pay differentials. Our 2025 findings have demonstrated the absence of gender bias, with the results as follows\*:

Gender Equal Pay	
Male : Female	1.01:1

Employee engagement activities thrived throughout the year, featuring Independence Day celebrations, Ramadan Iftars, the Pensioners' Dinner, and family-focused initiatives such as Bring Your Parents to Work Day and Bring Your Kids to Work Day. These initiatives fostered consistent participation and connection across the organization.

Health and well-being remained a priority, with initiatives addressing physical, mental, and family health needs through programs like HER Health Matters, HIS Health Matters, Mental

Health Connect, and New Mom and Dad Connect. Preventive care was supported through on-site health camps, enabling early screening and health awareness.

Learning, coaching, and development activities continued in line with the Nestlé Coaching Mindset and our Career Growth Model. Key initiatives included refreshed Nestlé Leadership Framework workshops, the launch of the GROW (Digital learning platform), and leadership development programs covering art of giving feedback, coaching, people manager development, strengths-based coaching, NESLEARN initiatives, and Leadership with Purpose Training program (in collaboration with LUMS).

Employee benefits were updated in response to employee feedback and economic conditions. Changes included the introduction of interest-free Solar Loan Assistance, an increase in Rental Assistance, consolidation of leave policies, and enhancements to Medical OPD and IPD benefits. HR Roadshows were conducted nationwide to enhance employee awareness.

As we look ahead, we will continue to thrive as a united and empowered community, with a focus on talent development and employee well-being at the heart of everything we do. Together, we aspire to uphold our shared values, celebrate our achievements, and make the year ahead even more remarkable. At Nestlé, we remain committed to building a high performing culture and a workplace where talent is developed and everyone feels included and respected.

## Creating Shared Value (CSV) and Community Work:

Nestlé Pakistan embraces the philosophy of Creating Shared Value (CSV), which emphasizes that to generate value for shareholders, a company must also create value for society. Nestlé's global CSV focus areas are deeply rooted in its purpose to "Unlock the power of food and beverages enhance the quality of life for everyone, now and for future generations". The Company is dedicated to being a force for good throughout its value chain by creating shared value for communities and fulfilling its sustainability commitments. This approach not only adds value to the business but also supports the socioeconomic development of the communities.

As a signatory to the UN Global Compact for Ethical Business, Nestlé Pakistan is committed to fostering mutual growth and sustainability with its stakeholders and communities. The Company ensures the delivery of quality products to consumers and maintains a fair and diverse work environment for employees. Nestlé also implements responsible sourcing models with partners and raw material providers, supports underprivileged communities, and collaborates with

small farmers. Additionally, the Company enhances the sustainability and environmental friendliness of its operations while embedding ethical and transparent business practices throughout its value chain.

This past year, the Company delivered value and contributed to the United Nations Sustainable Development Goals (SDGs) through its focus areas - helping to protect, renew, and restore natural resources, contributing to nutritious and sustainable diets and strengthening communities.

The key CSV initiatives of 2025 include:

- Recognition at the 1st OICCI Climate Excellence Awards, as the Company won the top Climate Champion Award, held during the two-day 3rd Pakistan Climate Conference 2025.
- Ranked first in Renewable Energy & Low-Carbon Transitions Category as well as received the Best Pavilion Award at the 28th Sustainable Development Conference (SDC) & Sustainability Investment Expo (SIE), recognizing our industry leadership in Pakistan in sustainability initiatives.
- Championed flood relief efforts during the catastrophic floods of 2025 to support vulnerable communities affected by floods, including:
  - o Nestlé Pakistan's quick response in partnering with National Disaster Management Authority (NDMA) and Provincial Disaster Management Authorities (PDMAs), to provide 300,000 liters of safe water and 50,000 liters of milk to flood-affected communities in Punjab, KPK and Gilgit Baltistan.
  - o Matching employees' contribution through Nestlé Cares on a 1:1 basis by the Company. As a result, an additional 63,000 liters of clean drinking water was donated to the Pakistan Red Crescent Society.
- Continuation of Market Sustainability Roadmap as part of our global commitment to become a Net Zero company by 2050, the Company initiated a 100,000-tree urban forest plantation drive in Islamabad, organized in partnership with the Capital Development Authority.
- We have increased the capacity of our solar power plants to 9.58 MW across our manufacturing sites.
- At farm level, 135 solar systems and 25 biogas plants have been installed with Company's support, and 11,000 high-yield cows imported to reduce methane intensity.
- To restore soil health and enhance biodiversity, we are implementing regenerative practices across 125 farms to regenerate soil health, protect biodiversity and conserve water.
- We have supported farmers in adopting drip irrigation across 299 acres and installing smart soil moisture sensors on 722 acres, reducing water wastage and improving crop resilience.

- Continued support for programs involving dairy farmers for skill enhancement related to dairy and livestock sector.
- In communities, we provide free access to clean drinking water to 100,000 people daily.
- 100% of water used by the Waters business of the Company was regenerated through local stewardship projects, reinforcing our commitment to sustainable farming through the Waters Pledge.
- Through the Clean Gilgit-Baltistan project, we facilitated the waste management of over 4,500 tons of plastic and packaging waste in 2025.
- Through the Nestlé Pakistan for Healthier Kids (N4HK) Program, we reached over 40,000 children in 2025 across rural, semi-urban, and urban areas, and trained more than 450 teachers on nutrition awareness across 110 schools to promote healthier lifestyles.
- Through the Benazir Income Support (BISP) beneficiaries Program, we trained 3,800 women across 31 districts as Rural Sales Agents in sales, basic business management, and record keeping, along with preferential product margins in 2025.
- To further strengthen financial inclusion, we partnered with Akhuwat Pakistan, the country's largest interest-free microfinance institution. Under this partnership, PKR 4 million has been allocated as a revolving loan fund. So far, 371 Rural Sales Agents have availed PKR 10.8 million in microloans to expand their businesses.

## Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this Balance Sheet relates and the date of the Directors' Report.

## Principal Risks & Uncertainty:

- Supply chain disruptions arising from Pakistan's heightened vulnerability to climate-related events, including floods and other extreme weather conditions
- Rising input costs, driven by persistent inflationary pressures
- Tariff-related challenges, border closures and geo-political tensions, impacting exports
- Macro-economic instability which might affect consumer demand and heighten price sensitivity
- Tax legislative changes which might affect input costs, consumer demand and ease of doing business

## Future Outlook:

The Company maintains a relatively stable outlook for 2026 in terms of business performance, ensuring appropriate investment behind core brands to further strengthen its market leadership position in key product categories, focusing on achieving operational excellence, developing future ready high performing teams and advancing our sustainability agenda to serve as a force for good.

## Acknowledgments:

We extend appreciation to our valued consumers who trust our products and continue to provide sustained support in ensuring the progress of the Company. Our core strength is derived from our people who have demonstrated remarkable resilience in the face of challenges to ensure timely supply and availability of our products.

Nestlé Pakistan through its 'Dil Hai Pakistan' campaign presents a heartfelt tribute to the diverse voices, stories, and traditions that make Pakistan unique and underscores its long-standing commitment to the people of Pakistan by unlocking the power of food to enhance quality of life for everyone.

### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



**Joselito Jr. Avanceña**  
Chief Executive Officer



**Syed Yawar Ali**  
Chairman

Dated: February 19, 2026

## ما بعد واقعات:

متعلقہ مالی سال کے اختتام اور ڈائریکٹرز رپورٹ کی تاریخ تک دیگر ایسی کوئی بھی مادی تبدیلی یا واقعہ رونما نہیں ہوا جو کمپنی کی مالی حالت پر اثر انداز ہو۔

## بنیادی خطرہ اور عدم یقینی:

- پاکستان کے ماحول سے متعلقہ واقعات بشمول سیلاب اور دیگر انتہائی موسمی حالات کے خطرے میں اضافہ سے سپلائی چین میں رکاوٹیں
- افراط زر میں مسلسل اضافہ کے دباؤ کی بدولت لاگتی اخراجات میں بڑھوتری
- برآمدات کو متاثر کرنے والے ٹیرف سے متعلقہ چیلنجز، سرحدوں کی بندش اور مخفی افغانی سیاسی تناؤ
- میکرو اکنامک عدم یقینی جو کہ صارف کی طلب اور بلند قیمت کی حسیات پر اثر انداز ہو سکتی ہے
- ان پٹ لاگت، صارفین کی طلب اور کاروباری آسانی کو متاثر کرنے والے لیکس قانون سازی میں تبدیلیاں

## مستقبل کا نقطہ نظر:

کمپنی کاروباری کارکردگی کے لحاظ سے سال 2026 کیلئے نسبتاً مستحکم آؤٹ لک بھر قرار رکھتی ہے، بھاری مصنوعات کی کنگری میں اپنی قائدانہ مارکیٹ پوزیشن کو مزید مضبوط بنانے کیلئے آپریشنل ایکسی لینس کے حصول پر توجہ مرکوز رکھتے ہوئے بنیادی برانڈز میں مناسب سرمایہ کاری یقینی بناتی ہے۔ تاکہ مستقبل کیلئے اعلیٰ کارکردگی کا مظاہرہ کرنے والی ٹیموں کی تیاری اور پائیدار ترقی کے اچھنڈے کو تقویت ملے۔

## اظہار تشکر:

ہم اس موقع پر اپنے معزز صارفین کے انتہائی مشکور ہیں جنہوں نے ہماری پراڈکٹس پر اپنے اعتماد کی مہر ثبت کرتے ہوئے کمپنی کی ترقی یقینی بنائی۔ ہم اپنے ملازمین کے بھی شکر گزار ہیں جو صحیح معنوں میں ہماری طاقت ہیں اور اس کا مظاہرہ انہوں نے ایک بار پھر اس سال ہماری مصنوعات کی بروقت سپلائی اور دستیابی یقینی بنا کر کیا۔

ٹیسٹل پاکستان اپنی "دل ہے پاکستان" مہم کے ذریعے ان مختلف آوازوں، کہانیوں اور روایات کو خراج تحسین پیش کرتی ہے جو پاکستان کو منفرد بناتی ہیں اور ہر ایک کے معیار زندگی میں بہتری کیلئے عوام کی غذائی ضروریات پوری کرنے کے سفر میں اپنی دیرینہ دانشمندی کا اظہار کرتی ہیں۔

برائے اور حکم پور ڈاؤن ڈائریکٹرز

Ayed Yawar Ali

سید یار علی  
چیئر مین

Aana M

حوزہ نیچرل جوینر ایسٹیا

چیف ایگزیکٹو آفیسر

19 فروری 2026

قابل تجدید توانائی اور کم کاربن ٹرانزیشنز کی کنگری میں اول نمبر کے ساتھ ساتھ اسٹاکس سوسائٹی Sustainable Development Conference (SDC) and Sustainability Investment Expo (SIE) میں بہترین پولیٹین کا ایوارڈ حاصل کیا، جو پاکستان میں پائیداری کے اقدامات میں ہمارے قائدانہ کردار کا اعتراف ہے

2025 کے تباہ کن سیلاب کے دوران سیلاب سے متاثرہ کمزور طبقات کی امداد کیلئے درج ذیل کاوشیں عمل میں لائی گئیں:

- ٹیسٹل پاکستان کا نیشنل ڈیزاسٹر مینجمنٹ اتھارٹی اور صوبائی ڈیزاسٹر مینجمنٹ اتھارٹیز کے ساتھ شراکت سے پنجاب، خیبر پختونخوا اور گلگت بلتستان میں سیلاب سے متاثرہ کمیونٹیز کو 300,000 لیٹر صاف پانی اور 50,000 لیٹر دودھ فراہمی کے ذریعے فوری مدد مل
- ٹیسٹل کیئر کے ذریعے 1:1 کی بنیاد پر کمپنی ملازمین کا بھر پور تعاون، جس کے نتیجے میں پاکستان ریڈ کریسنٹ سوسائٹی کو اضافہ 63,000 پیسے کا صاف پانی بطور عطیہ دیا گیا
- 2050 تک نیٹ زیرو کمپنی کے بین الاقوامی ہدف کے حصول کیلئے ہمارے Market Sustainability Roadmap کا تسلسل، کمپنی نے اسلام آباد میں 100,000 درختوں پر مشتمل اربن فوریسٹ کیلئے شہر کاری مہم شروع کی۔ اس مہم کا اہتمام کمپنیل ڈویلپمنٹ اتھارٹی کے اشتراک سے کیا گیا۔

ہم نے اپنی مینوفیکچرنگ سائٹس پر اپنے سولر پلانٹس کی استعداد میں 9.58 میگا واٹ تک اضافہ کیا

فارم کی سطح پر کمپنی کے تعاون سے 135 سولر سسٹم اور 25 بانجی گیس پلانٹس نصب کیے گئے اور مینجمنٹ کی شدت میں کمی کیلئے 11,000 زیادہ دودھ کی پیداواری حالت گائیں درآمد کی گئیں

مٹی میں موجود اجزاء کی بحالی اور حیاتیاتی تنوع میں اضافہ کیلئے 125 فارمز میں مٹی میں اجزاء کی بحالی، حیاتیاتی تنوع کے تحفظ اور پانی کی بچت کیلئے نئے طریقوں پر عملدرآمد یقینی بنایا گیا۔

1299 ہیکڑ قلعے پر ڈیپ اریگیشن کی تنصیب اور 1722 ہیکڑ زمین میں سمارٹ سوئل موچر پیمنٹس لگائے گئے، جس سے کسانوں کیلئے پانی کے استعمال میں بچت اور فصل کی طاقت میں بہتری ممکن ہوئی

ڈیری فارمز کی ڈیری اور لائونگ سیکٹرز سے متعلق صلاحیتوں میں اضافہ کے پروگراموں کا تسلسل

کمیونٹیز میں روزانہ 100,000 لوگوں کو پینے کے صاف پانی کی مفت فراہمی

کمپنی کے واٹر ٹرنس کے ذریعے زیر استعمال آنے والے 100 فیصد پانی کو مقامی اسٹیورڈ شپ منصوبوں کے ذریعے regenerate کیا گیا، جس سے waters pledge کے ذریعے کاشتکاری کے ہمارے عزم کو تقویت ملی

کلین گلگت بلتستان پراجیکٹ کے تحت سال 2025 کے دوران 4,500 ٹن پلاسٹک اور پیننگ کو ڈاکٹ ٹلف کیا گیا

Nestle for Healthier Kids (N4HK) پروگرام کے تحت سال 2025 میں دبئی، نیم دبئی اور شہری علاقوں میں 40,000 بچوں تک رسائی ممکن بنائی گئی اور صحت مند طرز زندگی کے فروغ کیلئے 110 سکولوں میں 450 اساتذہ کو غذائی شعور فراہم کیا گیا

بے نظیر انکم سپورٹ پروگرام (BISP) کے اشتراک سے 31 اضلاع میں تقریباً 3,800 خواتین کو بطور رول سٹاز ایجنٹس، بنیادی کاروباری مینجمنٹ اور ریکارڈ کیپنگ، بھرتی جیٹی مصنوعات کے مارجن تربیت دی گئی

مالیاتی شمولیت میں مزید استحکام کیلئے کمپنی نے ملک کے سب سے بڑے سود سے پاک مائیکرو فنانس ادارہ اخوت پاکستان کے ساتھ شراکت داری کی۔ اس شراکت داری کے تحت revolving loan کے طور پر 4 بلین روپے مختص کیے گئے۔ اب تک 371 دبئی ہیلو ایجنٹس اپنے کاروبار میں وسعت کیلئے مائیکرو لوز کی مدد میں 10.8 بلین روپے حاصل کر چکے ہیں۔

## ہولڈنگ کمپنی اور بنیادی کاروبار:

توجہ مرکوز رکھی گئی۔ سائٹ پر ہیلتھ کیہپس کے ذریعے حفاظتی اقدامات عمل میں لائے گئے، جس سے سکریننگ اور صحت سے متعلق آگاہی ممکن ہوئی۔

Societe des Produits Nestle SA (SPN) سوئٹزر لینڈ میں قائم گنی ایک کمپنی (دی ہولڈنگ کمپنی) ہے۔ جس کے پاس 27,936,173 عوامی شیئرز ہیں جو کمپنی میں 61.6 فیصد ایکویٹی اسٹریٹ کے عکاس ہیں۔ کمپنی کا بنیادی کاروبار میڈیسیکل پروڈکٹس، پراسیسیگ اور کھانے کی پروڈکٹس بشمول درآمدی پروڈکٹس کی فروخت ہے۔ مالی سال کے دوران کمپنی کی کاروباری نوعیت میں کمی کی تبدیلی رونما نہیں ہوئی۔

## ہیومن ریسورس مینجمنٹ اینڈ ایمپلائمنٹ ریلیشنز:

نیٹیلے کو چنگ مانڈیٹ اور ہمارے نیر کیہپس کے مطابق ڈال کے مطابق لرننگ، کوچنگ اور ڈیولپمنٹ کی سرگرمیاں جاری رہیں۔ کلیدی اقدامات میں نئی نیٹیلے لیڈرشپ فریم ورک اور کوشاں (ڈیولپمنٹ لرننگ پروگرام) کی لا چنگ، اور آراء دینے کے طریقہ کار، کوچنگ، ہنریل منیجر ڈیولپمنٹ، strength-based کوچنگ پر مشتمل لیڈرشپ ڈیولپمنٹ پروگرامز، NESLEARN پروگرامز اور Leadership with Purpose Training Program (لمر کے تعاون سے) شامل ہیں۔

نیٹیلے پاکستان اپنے لوگوں کی خود بخوبی، شمولیت اور کام کیلئے ایک ایسا ماحول جہاں ہر کسی کو ترقی کے مواقع میسر آئیں، کے مقصد پر کار بند ہے۔ سال 2025 میں افرادی قوت کے ہنر میں نکھار، شمولیت، فلاح و بہبود اور ایمپلائمنٹ گنجشٹ پر توجہ اس عزم کی ترجمانی ہے۔ ہمارے اقدامات تمام ادارہ جاتی سطحوں پر ترقی کے فروغ اور مکملہ واقعوں کے استعمال کیلئے ترتیب دیئے جاتے ہیں۔

ملازمین کی آراء اور معاشی حالات کے تناظر میں ملازمین کی مراعات اپ ڈیٹ کی گئیں۔ ان تبدیلیوں میں بلا سوسولہ مقررہ معاوضت، کرایہ داری معاوضت میں اضافہ، چھٹیوں کی پالیسی میں استحکام، میڈیکل اوپنی ڈی اور آئی ڈی مراعات میں اضافہ شامل ہے۔ ملازمین میں آگاہی پھیلائے کیلئے ملک بھر میں ایچ آر ڈیٹو شو معقد کیے گئے۔

ہم نے Nestle Needs YOUth پروگرام کے ذریعے پوچھ ڈیولپمنٹ کو فروغ دیا۔ 55000 سے زائد نوجوانوں کو ٹرینیٹس، روزگار کے مواقع، ڈیولپمنٹ اور تعلیمی شراکت داریوں کے ذریعے شامل کیا۔ دی نیٹیلے نیٹ (انٹرنل) پروگرام میں 15,000 سے زائد درخواستیں موصول ہوئیں، جس کے نتیجے میں 80 سے زائد نوجوانوں کو بنیادی امور کیلئے منتخب کیا گیا۔ جبکہ LEAD نیٹیلے ٹرینیٹ پروگرام میں 15,000 سے زائد درخواستیں موصول ہوئیں، جن میں سے نو نیٹیلے ٹرینیٹ کا انتخاب کیا گیا اور انہیں مستقل فرائض کی انجام دہی سے پہلے cross functional تجربے سے روشناس کروایا گیا۔

مستقبل کی جانب بڑھتے ہوئے ہم ایک متحد اور با اختیار کیونٹی کے طور پر ترقی کی منازل طے کرتے رہیں گے، جس میں ٹیلنٹ ڈیولپمنٹ اور ملازمین کی فلاح و بہبود توجہ کا مرکز رہے گی۔ ہم لراپنی مشترکہ اقدامات کو برقرار رکھنے، اپنی کامیابیوں کا جشن منانے اور مستقبل کے ہر سال کو مزید قابل ذکر بنانے کی خواہش رکھتے ہیں۔ نیٹیلے میں ہم بہترین کارکردگی پر توجہ دے رہے ہیں اور ایسی کام کی جگہ کی تشکیل کیلئے ہر عزم میں ہیں جہاں ٹیلنٹ کو فروغ ملے اور ہر فرد اپنے آپ کو شامل اور معزز تصور کرے۔

## کریننگ شیئر ڈیولپمنٹ (CSV) اور کیونٹی ورک:

نیٹیلے پاکستان طبقات کیلئے کریننگ شیئر ڈیولپمنٹ (CSV) کے تصور پر یقین رکھتا ہے۔ جو کسی بھی کمپنی کو اپنے شیئر ہولڈرز کیلئے قدر پیدا کرنے کیلئے اسے طبقات کیلئے قدر پیدا کرنے پر زور دیتا ہے۔ نیٹیلے گروپ کے CSV توجہ کے شعبہ جات اس کے ہر فرد کیلئے آج اور آئندہ نسلوں کیلئے خوراک کی طاقت کے سہارے معیار زندگی کی بہتری کے مقصد سے مضبوط انداز میں استوار ہے۔ کمپنی طبقات کیلئے کریننگ شیئر ڈیولپمنٹ (CSV) کے ذریعے اپنی ڈیولپمنٹ میں اچھائی کی ایک اُمید بننے اور پائیداری کے اپنے وعدوں کی تکمیل کیلئے انتہائی پر عزم ہے۔ یہ ناصرف کاروبار کی قدر میں اضافہ بلکہ طبقات کی سماجی و اقتصادی ترقی کیلئے معاون ہے۔

اس سال کے دوران شمولیت پر مبنی سرگرمیاں زیر توجہ رہیں، جن میں رسائی اور نمائندگی پر زیادہ زور دیا گیا۔ ہم معذور افراد کیلئے بیرونی اداروں کے ساتھ شراکت داری میں اضافہ کیا اور کام کے مقام پر رسائی کے اقدامات جاری رکھے۔ عالمی یوم معذروں کے انعقاد کے ذریعے آگاہی کا سفر جاری رہا اور کثیر تعداد میں ملازمین کو اشاروں کی زبان بولنے کی تربیت دی گئی۔ اس کے علاوہ، ٹیوشن شمولیتی ثقافتی روایات کو فروغ دینے کیلئے میل چیمپین آف چیمپین نیٹ ورک کے تحت مختلف سرگرمیاں انجام دی گئیں۔

نیٹیلے پاکستان یو این گلوبل کیپیٹ فارا تھیکل برنس میں شریک ہونے کے ناطے نیٹیلے ہولڈرز اور طبقات کی ترقی اور پائیداری کیلئے پر عزم ہے۔ کمپنی صارفین کو معیاری مصنوعات کی فراہمی اور ملازمین کے لئے منصفانہ اور متنوع کام کے ماحول کی دستیابی یقینی بناتی ہے۔ اس کے علاوہ نیٹیلے شراکت داروں اور خاں مال دہندگان کے ساتھ ذمہ دارانہ سوسائٹی ماڈل پر عملدرآمد، پسماندہ طبقات کی معاونت اور چھوٹے کسانوں کے ساتھ شراکت داری بھی یقینی بناتا ہے۔ اس کے ساتھ ساتھ کمپنی اپنی ڈیولپمنٹ میں اخلاقی اور شفاف کاروباری مشقوں کے ساتھ امور میں پائیداری اور ماحول دوستی میں اضافہ کیلئے اقدامات عمل میں لاری ہے۔

نیٹیلے پاکستان تنخواہ میں صنفی مساوات کے فروغ اور منصفانہ اور غیر امتیازی معاوضہ کے طریقے یقینی بنانے کیلئے پر عزم ہے۔ کمپنی سالانہ بنیادوں پر Gender Equal Pay (GEP) کا تجزیہ کرتی ہے، جو گریڈ، ذمہ داری، کارکردگی اور عمر جیسے معیاری عوامل پر مشتمل ہے اور اس کے ذریعے اس بات کا اندازہ لگا جاتا ہے کہ آیا ایمپلائمنٹ کے معاوضہ پر صنف کوئی اثر مرتب کرتی ہے۔

اس گزشتہ سال ہم نے قدر میں اضافہ ممکن بنایا اور قدرتی وسائل کی حفاظت، تجدید اور سماجی میں مدد، غذائیت سے بھرپور اور فرحت بخش خوراک کی فراہمی اور طبقات کی مضبوطی جیسے تمام شعبوں پر توجہ مرکوز کرتے ہوئے اقوام متحدہ کے پائیدار ترقی کے اہداف (SDGs) میں اپنا کردار ادا کیا۔

سال 2025 کے GEP تجزیہ نے اس بات کی تصدیق کی ہے کہ صنفی بنیاد پر تنخواہ میں کوئی فرق نہیں، اور صنف کی بنیاد پر تنخواہ میں فرق کا کوئی ثبوت موجود نہیں ہے۔ ہمارے سال 2025 کے نتائج صنفی تعصب کی عدم موجودگی کے عکاس ہیں۔ نتائج حسب ذیل ہیں\*:

سال 2025 میں اہم CSV سرگرمیاں درج ذیل ہیں:

- دو روزہ تیسری پاکستان کلائمٹ کانفرنس 2025 کے دوران پہلے OICCI کلائمٹ ایکسی لینس ایوارڈ میں ناپ کلائمٹ چیمپین ایوارڈ کے ذریعے خدمات کا اعتراف

صنفی مساوی معاوضہ	
مرد: خاتون	1:1.01

یوم آزادی کی تقریبات، رمضان افطار، پنشنز کیلئے معاشی، والدین اور بچوں کو کام کی جگہ پر لانے کے دنوں پر مبنی فیملی ایونٹس کے ذریعے ملازمین کو گنج کیا گیا۔ ان اقدامات نے ادارہ میں مسلسل شمولیت اور بہترین ہم آہنگی کو فروغ دیا۔

New HER Health Matters, HIS Health Matters, Mental Health Connect Mom and Dad Connect جیسے پروگراموں کے ذریعے جسمانی، ذہنی اور خاندانی صحت کی ضروریات پر خصوصی

\* 2024 کے لیے ایس ای پی پر نمبر 10 کے تحت صنفی معاوضہ کے فرق کا پیمانہ

# ڈائریکٹران کی رپورٹ

نیٹیل پاکستان لمیٹڈ (دی "کمپنی") کے ڈائریکٹران کیلئے یہ بات باعث خوشی ہے کہ وہ 31 ستمبر 2025 کو ختم ہونے والے سال کی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے پیش کر رہے ہیں۔

## مالیاتی کارکردگی:

کمپنی نے سال 2025 کے دوران مستحکم کارکردگی کا مظاہرہ کیا، گزشتہ سال کے مقابلہ میں آمدنی میں 3.03 فیصد اضافہ ریکارڈ ہوا، جو کہ خاص طور پر سال کی دوسری ششماہی میں 14.3 فیصد کی دوہرے ہندسے کی شرح نمو کی مرہون منت رہا۔ یہ مثبت پیش رفت جولائی 2024 میں بلز پر منفی اثرات مرتب کرنے والے 18 فیصد سٹریٹجکس کے نفاذ کے باوجود کمپنی کے بیشتر شعبہ جات میں کاروباری بحالی کی عکاس ہے۔ ایک بہتر ٹاپ لائن، سازگار پروڈکٹس، توانائی کی کم لاگت، سخت اور ہیرڈ کسٹمرز اور یلوچین آچائزیشن کے اقدامات کی وجہ سے مجموعی اور آپریٹنگ منافع کے مارجن میں سٹریٹجک شرح کے طور پر بہتری ہوئی۔ ہم نے ناصرف مارجن میں بہتری ممکن بنائی بلکہ منافع بخش ترقی کے فروغ کیلئے اپنے بنیادی برانڈز میں سرمایہ کاری میں اضافہ بھی جاری رکھا۔ موثر ورکنگ کیپٹل مینجمنٹ کے ساتھ بہتر منافع نے فری کیش فلوز تشکیل کرنے میں معاونت فراہم کی، جو کہ زیادہ لاگت والے پیکیج قرضوں کو مکمل طور پر چکانے میں استعمال ہوا۔ نتیجے میں مالیاتی اخراجات کم ہوئے اور گزشتہ سال کے مقابلہ میں مجموعی طور پر خالص منافع میں 16.5 فیصد اضافہ ہوا۔

نیٹیل Good Food, Good Life کے ویژن پر کاربند کمپنی ہے اور ہمارا مقصد خوراک کی بیش قیمت طاقت کے ذریعے موجودہ دور آنے والی نسلوں کے معیار زندگی میں نمایاں بہتری لانا ہے اور یہ ہماری ہر کاروباری سرگرمی کا مرکزی جزو ہے۔ ہم عادت قدیمی کے ساتھ آگے بڑھتے رہے اور صارف دوست مصنوعات کی تیاری میں جدت اور تزئین و آرائش پر توجہ برقرار رکھی۔ اس سب کے ساتھ ساتھ ہم مثبت اثرات پر توجہ مرکوز کرتے ہوئے ماحول پر مثبت اثرات مرتب کر رہے تھے۔

## مالی کارکردگی کا خلاصہ:

روپے (ملین)	2024	2025	فرق
خالص سٹیز	193,206	199,069	+3.03%
مجموعی منافع کا مارجن	35.9%	36.3%	+31bps
آپریٹنگ منافع کا مارجن	15.3%	16.1%	+80bps
خالص منافع ٹیکس کے بعد (فیصد)	7.7%	8.7%	+100bps
خالص منافع ٹیکس کے بعد - ملین روپے	14,808	17,244	+16.5%
آمدن فی شیئر	327	380	+16.5%

## ڈیویڈنڈز:

کمپنی کی مالیاتی کارکردگی دیکھتے ہوئے بورڈ آف ڈائریکٹرز نے 256 روپے فی شیئر حتمی منافع منقسمہ تجویز کیا ہے اس کے علاوہ عبوری نقد منافع منقسمہ 301 روپے فی شیئر پہلے ادا کیا جا چکا ہے جس کے بعد سال 2025 کا مجموعی منقسمہ 557 روپے فی شیئر ہے جو کہ سال 2024 میں 166 روپے فی شیئر تھا۔

## سرمایہ کاری کے منصوبے:

نیٹیل پاکستان نے سال 2025 کے دوران سرمایہ کاری کیلئے 5.02 ارب روپے مختص کیے، جبکہ گرین انرجی اور پائیداری کے منصوبوں پر توجہ مرکوز رہی۔ سرمایہ کاری کی تفصیلات حسب ذیل ہیں:

پراجیکٹ کی تفصیل	سرمایہ کاری (ملین روپے)
شینو پورہ فیکٹری	2,505
کبیر والا فیکٹری	1,038
اسلام آباد فیکٹری	18
پورٹ قاسم فیکٹری	212
دیگر	1,251

## کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک:

کمپنی کارپوریٹ گورننس کے بہترین معیارات پر عمل پیرا ہے۔ ڈائریکٹرز کو یہ بیان کرتے ہوئے انتہائی خوش محسوس ہو رہی ہے کہ کمپنی ایس۔ ای۔ سی۔ پی کے قواعد کو مد نظر رکھتے ہوئے کوڈ آف کارپوریٹ گورننس کی دفعات اور اسٹاک ایکچینج لسٹنگ کے قواعد و ضوابط پر مکمل عمل درآمد یقینی بنا رہی ہے۔ کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا بیان یہ درج ذیل ہے۔

ڈائریکٹرز نے تصدیق کی ہے کہ

- الف۔ کمپنی مینجمنٹ کی جانب سے تیار کیے جانے والے مالی گوشواروں میں امور کی انجام دہی، اپنے امور کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کے بارے میں درست انداز میں مقرر رکھا گیا ہے
- ب۔ کمپنی کی اکاؤنٹس بکس کی تفصیلات کو درست انداز میں مقرر رکھا گیا ہے
- ج۔ فنانشل اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ حکمت عملیوں کو متواتر لایا گیا ہے اور اکاؤنٹنگ تخمینہ معقول اور دانشمندانہ فیصلہ پر مبنی ہے
- د۔ فنانشل اسٹیٹمنٹ کی تیاری میں پاکستان میں لاگو اینڈ نیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور گینیز ایکٹ 2017 کی ضروریات کی مکمل پیروی کی گئی ہے اور اس کے انحراف کو مناسب انداز میں ظاہر بیان کیا گیا ہے
- ح۔ اندرونی کنٹرول کا ڈھانچہ مضبوط ہے اور یہ موثر انداز میں نافذ العمل اور زیر نگرانی ہے
- ف۔ کمپنی کے جاری رہنے کی صلاحیت پر کوئی واضح شکوک نہیں ہیں
- ک۔ لسٹنگ ریگولیشنز میں اندراج کے مطابق کارپوریٹ گورننس کے قواعد سے کوئی مادی انحراف نہیں کیا گیا
- ع۔ درج ذیل سے متعلق اسٹیٹمنٹ اکاؤنٹس کے نوٹس سے منسلک اور واضح ہیں:

- i۔ پچھلے چھ سال کے اہم مالیاتی اعداد و شمار
- ii۔ شیئر ہولڈنگ کا پٹرن
- iii۔ ڈائریکٹرز ہی ای او بی ایف اور کمپنی سیکرٹری کی جانب سے کمپنی کے شیئرز میں بڑے ہولڈنگ سال میں ہونے والی بورڈ میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری
- iv۔ سال میں ہونے والی بورڈ میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری

## نان ایگزیکٹو ڈائریکٹرز کیلئے مشاہرے کی پالیسی اور ڈائریکٹرز کے مشاہرے کو واضح کرنا:

کمپنی کی بورڈ اور کمپنی مینٹنگز میں شرکت کیلئے نان ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹرز کے مشاہرے کا تعین بورڈ کی طرف سے کیا جاتا ہے۔ سال 2025 میں کمپنی کے چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز کو ادا کیے گئے مشاہرے کی تفصیلات بشمول دیگر مراعات مالی گوشواروں کے نوٹ 42 میں بیان کی گئی ہیں۔

## بیرونی آڈیٹرز:

میسرز انٹرنیشنل اینڈ بیگ فورڈ رے چارڈز ڈاکوٹینٹس نے سال 2025 کے اپنے امور کی انجام دہی مکمل کر لی ہے اور اتالیبیوں سالانہ اجلاس عام کے اختتام پر ریٹائر ہونے کے بعد اہل ہونے کی وجہ سے انہوں نے اپنی دوبارہ تفریح کی پیشکش کی ہے۔

# ANNEXURE TO DIRECTORS' REPORT

## On Corporate Governance

### Board of Directors' Meetings

During the year the Board of Directors had the following meetings:

Number of Board Meetings held for the financial year 2025 = 4

 Date of Meeting  Time  Nestlé Pakistan Limited, Packages Mall, Shahrah-e-Roomi, Lahore	 Date of Meeting  Time  Nestlé Pakistan Limited, Packages Mall, Shahrah-e-Roomi, Lahore
 13-Feb-25  11:00 A.M	 24-Apr-25  11:00 A.M
 Date of Meeting  Time  Nestlé Pakistan Limited, Packages Mall, Shahrah-e-Roomi, Lahore	 Date of Meeting  Time  Nestlé Pakistan Limited, Packages Mall, Shahrah-e-Roomi, Lahore
 24-Jul-25  11:00 A.M	 24-Oct-25  10:00 A.M

Detail of the attendance of Directors at Board Meetings is summarized below:

Name of Director	Date of appointment	No. of Meetings Attended
Mr. Joselito Jr Avanceña	19.07.2025	4
Mr. Syed Yawar Ali	19.07.2025	4
Mr. Syed Babar Ali	19.07.2025	4
Mr. Syed Hyder Ali	19.07.2025	2
Mr. Maqsood Anjum	19.07.2025	4
Mr. Faisal Nadeem	19.07.2025	4
Mr. Angelo Giardini	19.07.2025	4
Mr. David A. Carpenter	19.07.2025	4
Mr. Omar Saeed	19.07.2025	3
Ms. Romana Abdullah	19.07.2025	4

### Role and Responsibilities of the Chairman and the Chief Executive

The roles of the Chairman and the Chief Executive are segregated and they have distinct responsibilities. The Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned to him by the Board. In particular, the Chairman coordinates the activities of the Board and presides over the meetings of the Board of Directors and Shareholders.

The Managing Director is the Chief Executive Officer of the Company and is responsible for the day-to-day operations and conduct of its business in accordance with the powers vested in him by law, the Articles of Association of the Company and authority delegated to him through the Board of Directors' resolutions from time to time. The Managing Director recommends policy and strategic directions and annual business plans for the Board of Directors' approval. The Managing Director is also responsible for exercising the overall control, discretion, administration, and supervision for sound and efficient management and conduct of the business of the Company.

### Audit Committee

The Audit Committee comprises of three members including the Chairman of the Committee, who is an Independent Director. Two members are Non-Executive Directors. The terms of reference of the Committee, which is in line with the Code of Corporate Governance, has been presented and approved by the Board of Directors.

The Audit Committee held four meetings in 2025. The Chief Financial Officer, Internal Auditors as well as External Auditors were invited to the meetings.

### Human Resources and Remuneration Committee

The Company has established this Committee in accordance with requirements of the Code of Corporate Governance. All issues of remuneration are fully disclosed, deliberated, and decided at the meetings of the Directors.

### Strategic Planning

The Company's strategic direction was reviewed at the meeting of the Directors. A process has been put in place whereby long-term Market Business Strategies and Annual Operational Plans established by the Management are regularly reviewed by the Directors in line with the Company's overall business objectives. Part of the process involves setting of the measurable Key Performance Indicators (KPIs).

# REVIEW REPORT BY THE CHAIRMAN

**I am honored to present this report to the Shareholders of Nestlé Pakistan Limited, outlining the performance of the Board of Directors and the effectiveness of its oversight in advancing the Company's strategic objectives.**

The Company continues to operate within a robust and mature governance framework that ensures the prudent, ethical, and effective management of its business affairs. This governance structure remains central to safeguarding the Company's long-term success and its commitment to the highest standards of corporate stewardship.

In yet another year marked by significant challenges, the Company has demonstrated resilience, adaptability, and a steadfast commitment to its strategic priorities. I extend my sincere appreciation to our valued stakeholders for their continued trust, and I commend the dedication and professionalism of our employees, whose steadfast commitment remains the foundation of our sustained progress.

Throughout the year, the Board Committees discharged their responsibilities with commendable diligence and professionalism. Following a comprehensive review, the Board affirms that the Annual Report and Financial Statements are, in its considered opinion, fair, balanced, and understandable.

In accordance with best governance practices, the Board conducted its annual self-assessment, encompassing all critical aspects of its performance. The evaluation covered Strategic Planning, Board Composition, Committee Operations, Adherence to Board Procedures, Quality of Board Interactions, Compensation of the Board and CEO, Information Flow, and the Effectiveness of both the Board and the Chief Executive Officer.

Directors received agendas and complete supporting documentation well in advance of all Board and Committee meetings, enabling informed and timely deliberations. Meetings were held with appropriate frequency to ensure that the Board effectively discharged its fiduciary and oversight responsibilities. Non-Executive and Independent Directors remained fully engaged throughout the year, contributing meaningfully to deliberations and playing an integral role in key decision-making processes.



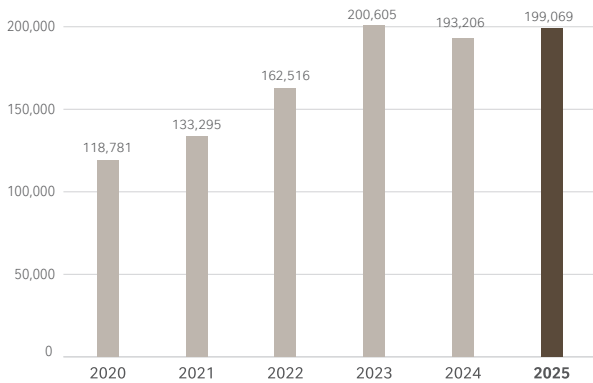
**Syed Yawar Ali**

Chairman

# COMPANY PERFORMANCE 2025

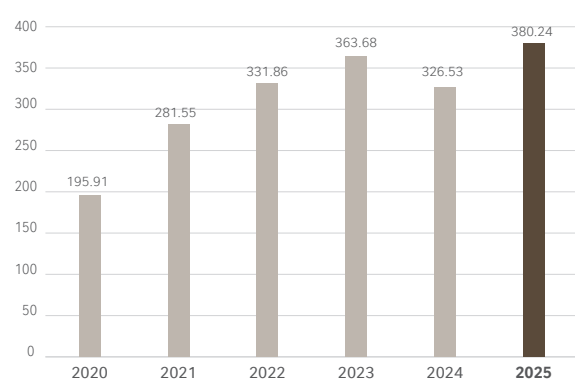
## SALES

Rupees in million



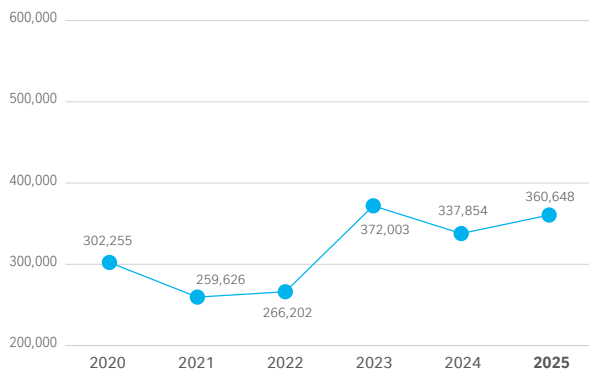
## EARNING PER SHARE

Rupees



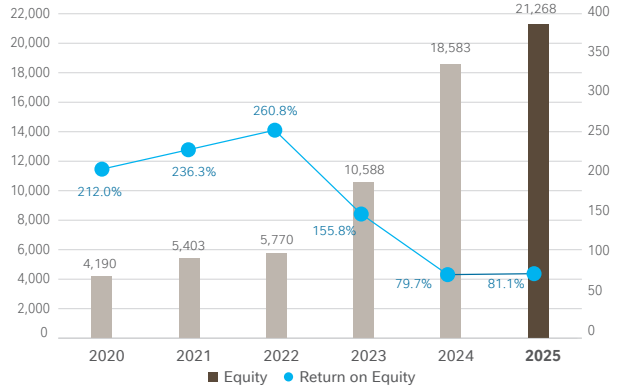
## MARKET CAPITALIZATION

Rupees in million



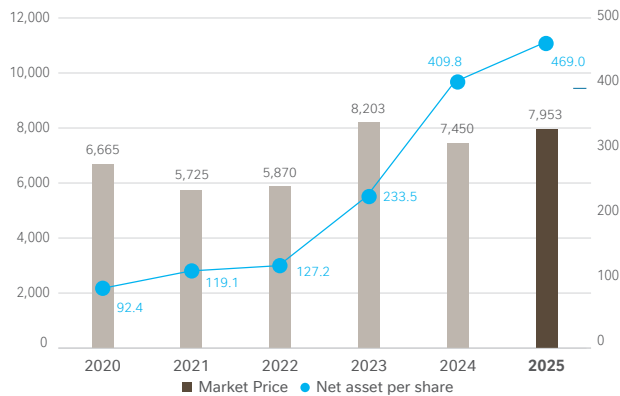
## RETURN ON EQUITY

Rupees in million



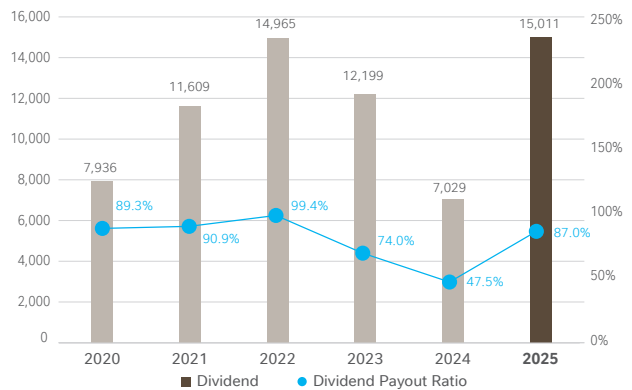
## MARKET PRICE PER SHARE VS. NET ASSETS PER SHARE

Rupees



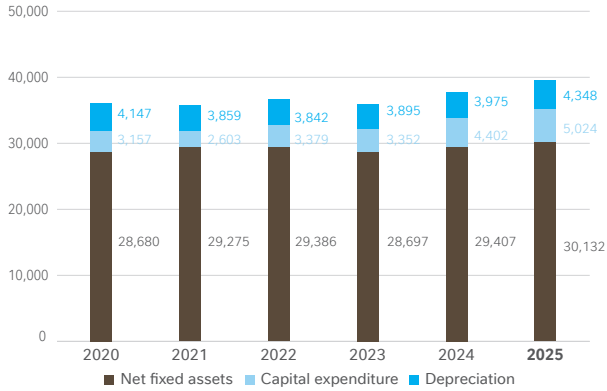
## DIVIDEND PAYOUT RATIO

Rupees in million



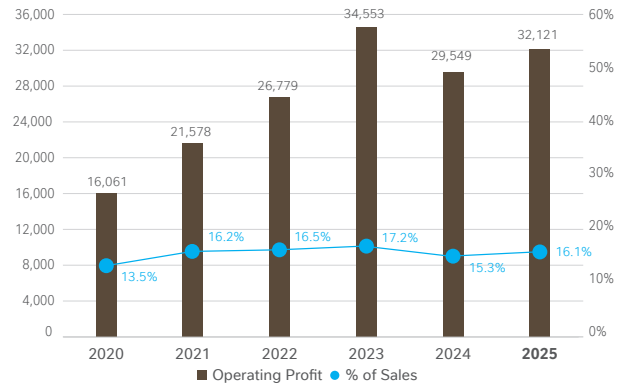
## NET FIXED ASSETS, FIXED CAPITAL EXPENDITURE AND DEPRECIATION

Rupees in million



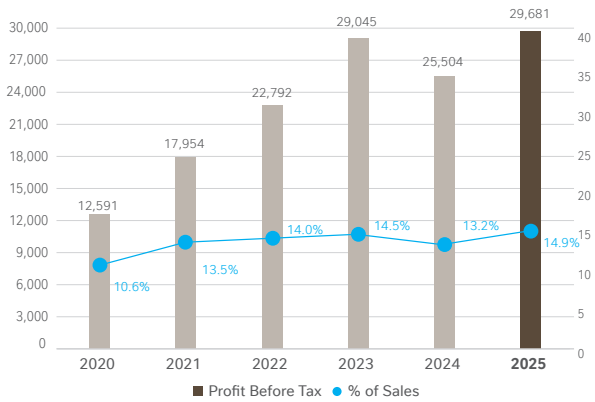
## OPERATING PROFIT

Rupees in million



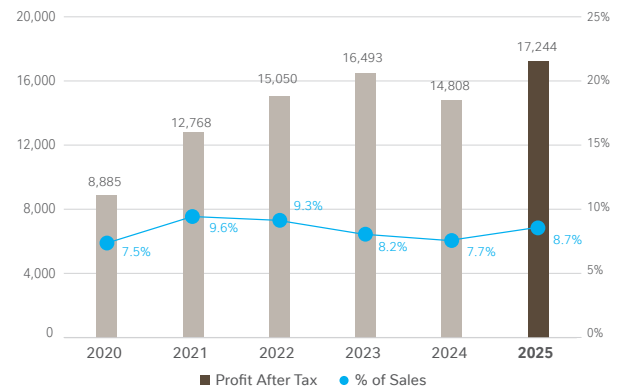
## PROFIT BEFORE TAX

Rupees in million



## PROFIT AFTER TAX

Rupees in million



# STATEMENT OF WEALTH CREATION AND ITS DISTRIBUTION

(PKR in 000)	2025		2024	
<b>Wealth Generated / Value Added:</b>				
Net turnover including sales tax	262,176,893		241,582,205	
Purchased materials and services	(151,855,509)		(154,132,406)	
Value Added	110,321,384		87,449,799	
Other Income	1,165,439		615,611	
Wealth Created	111,486,823	100%	88,065,410	100%
<b>Wealth Distribution:</b>				
<b>To Employees:</b>				
Salaries, benefits and other costs**	20,921,713	18.8%	20,709,683	23.5%
<b>To Government:</b>				
Income tax, sales tax, excise & custom duty, WWF, WPPF	70,339,456	63.1%	53,474,142	60.7%
<b>To Society and Development Initiatives:</b>				
Donations and CSR Projects	34,509	0.0%	18,038	0.0%
*Dairy Development (Non-business returns)	261,817	0.2%	270,159	0.3%
<b>To Providers of Capital:</b>				
Dividend to Shareholders	15,010,718	13.5%	7,029,186	8.0%
Mark-up / interest expenses on borrowed funds	570,217	0.5%	2,589,499	2.9%
<b>To Company:</b>				
Depreciation and amortisation	4,348,393	3.9%	3,974,702	4.5%
	111,486,823	100.0%	88,065,410	100.0%

\* This represents contribution of the Company towards development of the society and dairy sector in Pakistan.

\*\* Includes reclassification of medical delegates.

# KEY FINANCIAL DATA

## Six Years at a Glance

(Rupees in million)	2025	2024	2023	2022	2021	2020
<b>Operating performance</b>						
- Sales	199,069	193,206	200,605	162,516	133,295	118,781
- Gross profit	72,257	69,524	70,760	49,630	40,492	34,765
- Operating profit	32,121	29,549	34,553	26,779	21,578	16,061
- Profit before tax	29,681	25,504	29,045	22,792	17,954	12,591
- Profit after tax	17,244	14,808	16,493	15,050	12,768	8,885
<b>Balance Sheet</b>						
- Net assets	21,268	18,583	10,588	5,770	5,403	4,190
- Reserves	20,815	18,130	10,135	5,317	4,950	3,737
- Operating fixed assets	30,132	29,407	28,697	29,386	29,275	28,680
- Net working capital	7,961	6,208	10,714	6,082	9,193	8,464
- Long term liabilities*	8,766	11,015	12,758	20,356	16,864	20,302
<b>Investor information for six years</b>						
- Gross profit ratio	36.3%	36.0%	35.3%	30.5%	30.4%	29.3%
- Operating profit ratio	16.1%	15.3%	17.2%	16.5%	16.2%	13.5%
- Profit before tax ratio	14.9%	13.2%	14.5%	14.0%	13.5%	10.6%
- Profit after tax ratio	8.7%	7.7%	8.2%	9.3%	9.6%	7.5%
- Inventory turnover ratio	4.9 : 1	4.1 : 1	4.3 : 1	4.9 : 1	5.3 : 1	4.8 : 1
- Total assets turnover ratio	2.2 : 1	2.1 : 1	2.2 : 1	2.2 : 1	2.1 : 1	1.9 : 1
- Price earning ratio	20.9	22.8	22.6	17.7	20.3	34.0
- Return on capital employed	130%	132%	153%	125%	101%	88%
- Market value per share	7,953	7,450	8,203	5,870	5,725	6,665
- Debt equity ratio	6 : 94	22 : 78	61 : 39	77 : 23	81 : 19	85 : 15
- Current ratio	0.8 : 1	0.8 : 1	0.9 : 1	0.8 : 1	0.8 : 1	0.7 : 1
- Interest cover ratio	53.1 : 1	10.8 : 1	12.1 : 1	10.8 : 1	10.8 : 1	5.5 : 1

\* Long-term liabilities include current portion classified under current liabilities.

# PATTERN OF SHAREHOLDING

As at December 31, 2025

No. of Shareholders	Shareholdings			Total Shares Held
	From		To	
1558	1	to	100	25,482
215	101	to	500	53,999
80	501	to	1000	59,516
89	1001	to	5000	190,697
18	5001	to	10000	132,545
3	10001	to	15000	34,585
1	15001	to	20000	16,949
5	20001	to	25000	115,780
1	30001	to	35000	31,800
1	35001	to	40000	38,137
2	40001	to	45000	86,304
1	65001	to	70000	66,707
1	70001	to	80000	77,088
1	80001	to	85000	84,745
1	95001	to	100000	98,000
1	130001	to	135000	132,678
1	155001	to	160000	157,461
1	180001	to	185000	180,195
1	210001	to	215000	210,865
1	220001	to	225000	224,720
1	370001	to	375000	375,000
1	430001	to	435000	430,551
1	495001	to	500000	497,067
1	535001	to	540000	538,235
1	770001	to	775000	771,476
1	830001	to	835000	830,467
1	1220001	to	1290000	1,240,821
1	1290001	to	1295000	1,294,334
1	1330001	to	1335000	1,335,000
1	3645001	to	3650000	3,649,248
1	4000000	to	4450000	4,432,959
1	26780000	to	28000000	27,936,173
<b>1994</b>				<b>45,349,584</b>

# CLASSIFICATION OF SHARES BY CATEGORIES

As at December 31, 2025

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
SYED HYDER ALI	1	1,240,821	2.74
SYED YAWAR ALI	1	23,220	0.05
MR. DAVID ALEXANDER CARPENTER	1	1	0.00
MAIMOONA FAISAL	1	125	0.00
SYED BABAR ALI	1	100	0.00
PERWIN BABAR ALI	1	210,865	0.46
SYEDA NIGHAT ALI	1	60	0.00
OMAR SAEED	1	20	0.00
ROMANA ABDULLAH	1	20	0.00
<b>Associated companies, undertakings and related parties</b>	<b>9</b>	<b>36,995,222</b>	<b>81.58</b>
<b>Executives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Public Sector Companies</b>	<b>2</b>	<b>10,616</b>	<b>0.02</b>
<b>NIT and ICP</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Banks Development Financial Institutions, Non-Banking</b>			
<b>Financial Institutions</b>	<b>2</b>	<b>515,296</b>	<b>1.14</b>
<b>Insurance Companies</b>	<b>3</b>	<b>6,305</b>	<b>0.01</b>
<b>Modarabas and Mutual Funds</b>	<b>4</b>	<b>103,866</b>	<b>0.23</b>
<b>General Public</b>			
a. Local	1,770	6,129,908	13.52
b. Foreign	104	1,976	0.00
<b>Foreign Companies</b>	<b>5</b>	<b>23,923</b>	<b>0.05</b>
<b>Others</b>	<b>86</b>	<b>87,240</b>	<b>0.19</b>
<b>Totals</b>	<b>1,994</b>	<b>45,349,584</b>	<b>100.00</b>

Shareholders holding 10% or above	Shares Held	Percentage
M/S. SOCIÉTÉ DES PRODUITS NESTLÉ S.A.	27,936,173	61.60
IGI INVESTMENTS (PVT) LIMITED	4,432,959	9.78
PACKAGES LIMITED	3,649,248	8.05

# KEY SHAREHOLDING AND SHARES TRADED

As at December 31, 2025

S.No.	Folio #	Name of shareholder	Number of shares	Per %
<b>Associated companies, undertakings and related parties</b>				
		SOCIÉTÉ DES PRODUITS NESTLÉ S.A.	27,936,173	61.60
		IGI INVESTMENTS (PVT) LIMITED	4,432,959	9.78
		PACKAGES LIMITED	3,649,248	8.05
		GURMANI FOUNDATION	538,235	1.19
		NATIONAL MANAGEMENT FOUNDATION	224,720	0.50
		BABAR ALI FOUNDATION	180,195	0.40
		MOHSIN TRUST	12,025	0.03
		INDUSTRIAL TECHNICAL & EDUCATIONAL INSTITUTE	21,666	0.05
		IGI FINEX SECURITIES LIMITED	1	0.00
			<b>9</b>	<b>36,995,222</b>
				<b>81.58</b>
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>				
		SYED BABAR ALI	100	0.00
		SYED HYDER ALI	1,240,821	2.76
		MAIMOONA FAISAL	125	0.00
		SYED YAWAR ALI	23,220	0.05
		OMAR SAEED	20	0.00
		ROMANA ABDULLAH	20	0.00
		DAVID ALEXANDER CARPENTER	1	0.00
		PERWIN BABAR ALI (W/O SYED BABAR ALI)	210,865	0.46
		SYEDA NIGHAT ALI (W/O SYED YAWAR ALI)	60	0.00
			<b>9</b>	<b>1,475,232</b>
				<b>3.28</b>
<b>Executives</b>				
			0	-
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions and Public Sector Companies</b>				
		ZARAI TARAQIATI BANK LIMITED	430,551	0.95
		MCB BANK LIMITED - TREASURY	84,745	0.19
		EMPLOYEES OLD AGE BENEFITS INSTITUTION	10,560	0.02
		NATIONAL BANK OF PAKISTAN	56	0.00
			<b>4</b>	<b>525,912</b>
				<b>1.16</b>
<b>Modarabas and Mutual Funds</b>				
		CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	98,000	0.22
		CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	2,626	0.01
		CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,482	0.00
		CDC - TRUSTEE AKD INDEX TRACKER FUND	758	0.00
			<b>4</b>	<b>103,866</b>
				<b>0.23</b>

Details of Sale / Purchase of Nestlé Pakistan's shares by Directors, Company Secretary, Executives, and their spouses during the year 2025 and the following Gift-In/ Gift-Out transactions of Nestlé Pakistan's shares held by the respective Directors, and respective spouse(s) during the year 2025

Name	Nature of Transaction	Number of Shares	Date
Maimoona Faisal	Buy	11	20/10/2025
Maimoona Faisal	Buy	32	20/10/2025
Maimoona Faisal	Buy	7	21/10/2025
Maimoona Faisal	Buy	50	22/10/2025
Maimoona Faisal	Buy	3	21/11/2025
Maimoona Faisal	Buy	22	24/11/2025

# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance)

### Regulations, 2019 (“Regulations” or “CCoG”) For the Year ended December 31, 2025

**Nestlé Pakistan Limited (“Company”) has complied with the requirements of the Regulations in the following manner:**

1. The total number of Directors is 10 as per the following:

- i. Male: **09**
- ii. Female: **01**

2. The composition of the Board is as follows:

#### **Independent Directors:**

- i. Mr. David A. Carpenter
- ii. Mr. Omar Saeed
- iii. Ms. Romana Abdullah

#### **Executive Directors:**

- i. Mr. Joselito Jr Avanceña
- ii. Mr. Maqsood Ahmad Anjum .
- iii. Mr. Faisal Nadeem

#### **Non-Executive Directors:**

- i. Mr. Syed Yawar Ali
- ii. Mr. Syed Babar Ali
- iii. Mr. Syed Hyder Ali
- iv. Mr. Angelo Giardini

#### **Female Directors:**

- i. Ms. Romana Abdullah

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies for the Company. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (“Act”) and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board;

8. The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and these Regulations;

9. The Directors of the Company have attended the Directors’ Training program who were required as per the applicable CCoG prescribed timelines;

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial Statements before approval of the Board;

12. The Board has formed the following committees comprising of members given below:

#### **BOARD AUDIT COMMITTEE:**

<b>Name of the Committee Member</b>	<b>Designation</b>
Mr. Omar Saeed	Chairman / Independent Director
Mr. Syed Babar Ali	Member / Non-Executive Director
Mr. Syed Hyder Ali	Member / Non-Executive Director
Mr. Mudassar Ashraf	Secretary / Head of Internal Audit

## HUMAN RESOURCES AND REMUNERATION COMMITTEE

Name of the Committee Member	Designation
Ms. Romana Abdullah	Chairperson / Independent Director
Mr. Joselito Jr Avanceña	Member / Executive Director
Mr. Syed Hyder Ali	Member / Non-Executive Director
Ms. Hajra Omer	Secretary / Head of Human Resources

13. The 'Terms of Reference' of the aforesaid Committees have been formed, documented and advised to the Committee for Compliance. The functions of the Nomination Committee and Risk Management Committee are being performed by the Board itself, the HR & Remuneration Committee, and the Board Audit Committee (as applicable). Therefore, separate committees for Nomination and Risk Management are not required.

14. The frequency of meetings of the Committee were as follows:

- |   |           |
|---|-----------|
| i. Audit Committee:                             | <b>04</b> |
| ii. Human Resources and Remuneration Committee: | <b>02</b> |

15. The Board has set up an effective Internal Audit Function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

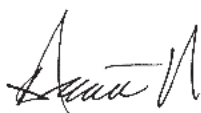
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with

Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any of the Directors of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement, and the Auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CoCG-2019), requires that "each listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors", further the CoCG-2019 Regulations' apply to the listed companies based on "comply or explain approach". The Company's total number of directors results in a fractional number (3.33) and the fraction had not been rounded up to one therefore, the Board currently has 3 Independent Directors. The Company considers that the existing composition of the Board of Directors is in compliance with CoCG regulations, and the existing composition of the Board of Directors brings in the relevant experience and valuable contributions to the Board.



**Joselito Jr Avanceña**  
Chief Executive Officer



**Syed Yawar Ali**  
Chairman

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Nestlé Pakistan Limited

## REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of Nestlé Pakistan Limited (the Company) for the year ended 31 December 2025 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2025.



### **EY Ford Rhodes**

Chartered Accountants  
Engagement Partner: Omer Chughtai  
Lahore: 19 March 2026

UDIN: CR202510120FYNyJ6Zrw

# BOARD OF DIRECTORS

As on December 31, 2025



**Mr. Syed Yawar Ali**

Chairman  
Non-Executive Director



**Mr. Joselito Jr Avanceña**

Director & Chief Executive Officer



**Mr. Syed Babar Ali**

Non-Executive Director



**Mr. Syed Hyder Ali**

Non-Executive Director



**Mr. Maqsood Ahmad Anjum**

Director & Chief Financial Officer



**Mr. Angelo Giardini**

Director



**Mr. Faisal Nadeem**

Director



**Mr. Omar Saeed**

Independent Director



**Mr. David A. Carpenter**

Independent Director



**Ms. Romana Abdullah**

Independent Director

## Officers

**Mr. Joselito Jr Avanceña**

Chief Executive Officer

**Mr. Maqsood Ahmad Anjum**

Chief Financial Officer

**Mr. Ali Sadozai**

Company Secretary

**Mr. Mudassar Ashraf**

Head of Internal Audit

## Audit Committee

**Mr. Omar Saeed**

Chairman / Independent Director

**Mr. Syed Hyder Ali**

Non-Executive Director / Member

**Mr. Syed Babar Ali**

Non-Executive Director / Member

**Mr. Mudassar Ashraf**

Head of Internal Audit / Secretary

## Human Resources & Remuneration Committee

**Ms. Romana Abdullah**

Chairperson / Independent Director

**Mr. Syed Hyder Ali**

Non-Executive Director / Member

**Mr. Joselito Jr Avanceña**

Executive Director / Member

**Ms. Hajra Omer**

Head of Human Resources / Secretary

# COMPANY DIRECTORY

## Registered and Corporate Office

Packages Mall,  
Shahrah-e-Roomi,  
PO Amer Sidhu  
Lahore - 54760, Pakistan.  
PABX: (042) 111 637 853  
Fax: (042) 35789303-4

## Resident Corporate Office

Tenancy # 2, 4th Floor,  
Corporate Office Block  
Dolmen City, Pakistan.  
Plot No. HC-3 Block 4 Clifton  
Karachi, Pakistan.  
Phone: (021)-35291571-5

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Share Registrar / Transfer Agent

Central Depository Company Share  
Registrar Services Limited (CDCSRSL)  
CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi, Pakistan. - 74400  
Phone: 0800-23275  
PABX: (021) 111-111-500  
Fax: (021) 34326053  
Email: info@cdcsrsl.com  
Website: www.cdcsrsl.com

## Legal Advisors

Chima & Ibrahim.  
Advocates  
Corporate Counsel

## Bankers

- Habib Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- MCB Bank Limited
- Citi Bank N.A
- Habib Metropolitan Bank Limited
- JS Bank Limited
- Meezan Bank Ltd.

## Factories

### SHEIKHUPURA

29-km Lahore - Sheikhpura Road,  
Sheikhpura, Pakistan.  
Phone: (056) 3406615-29

### KABIRWALA

07-KM, Khanewal Road, Kabirwala,  
District Khanewal, Pakistan.  
Phone (065) 2559226  
Fax: (065) 241143

### ISLAMABAD

Plot No. 32, Street No. 3, Sector I-10/3,  
Industrial Area Islamabad, Pakistan.  
Phone: (051) 4445991-3

### KARACHI

Plot No. A23, North Western  
Industrial Area, Port Qasim Karachi,  
Pakistan.  
Phone: (021) 38402086

## Regional Sales Offices

### South Zone

#### QUETTA

Ground Floor, Serena Bazar  
Serena Hotel, Zarghoon Road  
Quetta, Pakistan.  
Phone: (081)-2834887, (081)-2821543,  
(081)-2823946

### HYDERABAD

Fortune Arcade, Plot No.79, Block-H,  
Commercial Premises No.2, Main  
Jamshoro Road, Hyderabad, Sindh,  
Pakistan.  
Phone: (022)-2100725 -8

### Centre Zone

#### GUJRANWALA

Jinnah Space South Campus Opp Wapda  
Town GT Road Gujranwala, Pakistan.  
Phone: (0300-6420019)

#### FAISALABAD

6/C, Al Fahad Plaza, Koh-e-Noor City,  
Jaranwala Road, Faisalabad, Pakistan.  
Phone: (041)-8719131-2

#### MULTAN

Office No. 507, 5th Floor, United Mall,  
Abdali Road, Multan Cantt, Pakistan.  
Phone: (061)-4540560

### North Zone

#### ISLAMABAD

Plot 102, Street 7, Chambeli Road,  
Industrial Area, I-10/3, Islamabad,  
Pakistan.  
Phone: (051)-4104400

#### PESHAWAR

Office No. 302, Block A, 2nd Floor, JB  
Towers, University Road, Peshawar,  
Pakistan.  
Phone: (091)-5703017

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **48th Annual General Meeting of Nestlé Pakistan Limited ("Company")**; will be held at **11:00 am on Friday, April 17, 2026, at Company's Head Office, Packages Mall, Shahrah-e-Roomi, PO Amer Sidhu, Lahore, to transact the following business:**

Members are encouraged to attend the AGM through video conference facility managed by the Company (please see the notes section for details).

## Ordinary Business:

- 1- To confirm minutes of the 47th Annual General Meeting of the Company held on April 22, 2025.
- 2- To receive, consider, and adopt the Audited Accounts of the Company for the year ended December 31, 2025, together with the Directors' and Auditors' reports thereon.
- 3- To appoint Auditors for the term ending at the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s. EY Ford Rhodes, Chartered Accountants being eligible have offered themselves for re-appointment.
- 4- To approve payment of Final Cash Dividend of Rs. 256 per share i.e., 2560% to those who are Shareholders as at the close of business on April 10, 2026, in addition to the 3010% Interim Cash Dividend (i.e. Rs. 301 per share) already paid during the year 2025, as recommended by the Directors.

## Any Other Business:

- 4- To transact any other business with the permission of the Chair.

**BY ORDER OF THE BOARD**



**Ali Sadozai**

Company Secretary

Dated: March 24, 2026

## NOTES:

- i) In accordance with Section 223 of the Companies Act, 2017 and pursuant to SECP's SRO 389(I)/2023, the financial statements of the Company can be accessed through following QR Code and Weblink:



SCAN ME

<https://www.nestle.pk/investors/financialreports>

## Closure of Share Transfer Books:

- ii) Share Transfer Books of Nestlé Pakistan Limited ("Company") shall remain closed from April 10, 2026 to April 17, 2026 (both days inclusive) and no transfer will be registered during that time. Share transfer deeds received in order with the Share Registrar of the Company, i.e. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on April 09, 2026 will be treated in time for entitlement of payment of Final Cash Dividend.
- iii) A member entitled to attend and vote at the Annual General Meeting ("Meeting") is entitled to appoint another member as a proxy to attend and vote on his/ her behalf. In case of a corporate entity, being a member, may appoint as its proxy any of its official or any other person whether a member of the Company or not through Board Resolution/ Power of Attorney.
- iv) The instrument appointing a proxy duly stamped/ signed and witnessed and must be received at the Registered Office of the Company at Nestlé Pakistan Limited, Packages Mall, Shahrah-e-Roomi, Amer Sidhu, Lahore, or email scanned copies of the same at not later than forty-eight (48) hours before the Meeting.
- v) Shareholders whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to e-mail copy of the CNIC along with their account number in CDS and participants' ID number for verification. In case of appointment of proxy by such account holders it must be accompanied with participants' ID number and Account/Sub-account number along with attested photocopies of CNIC or the Passport of the beneficial owner. Representatives of Corporate Members

should e-mail the usual documents required for such purposes through the e-mail address, through which they are appointed as Proxy of the respective Shareholder.

- vi) Members should quote their Folio. / CDS Account number in all correspondence with the Company and at the time of attending the Annual General Meeting. The proxy shall produce his/her valid original CNIC or original passport at the time of the AGM.
- vii) Shareholders are requested to notify the change of address, Zakat Declaration and Tax Exemption Status with its valid certificate, if any, immediately to our Share Registrar.
- viii) In case of joint holders, only one member whose name will appear as main title shareholder in our list of shareholders, will be allowed to attend the General Meeting.
- ix) There was no investment made by the Company in its Associated Companies/ Undertaking during the year 2024, hence no update is required to be made as part of the Annual Report which is required under Regulations 4 and 6 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2019.

## SPECIAL NOTES TO THE SHAREHOLDERS:

### x) WITHHOLDING OF PAYMENT OF DIVIDEND - SUBMISSION OF COPIES OF CNIC/NTN (URGENT & MANDATORY):

As per SECP directives the dividend of members whose valid CNICs/NTNs, are not available with the Share Registrar could be withheld. Members are therefore advised to submit a photocopy of their valid CNICs/NTNs immediately, if already not provided, to the Share Registrar, M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400 without any further delay.

### xi) DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER SECTION 150 OF INCOME TAX ORDINANCE 2001:

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies.

The current withholding tax rates are as under:

- (a) For Filers of Income Tax Returns: 15%
- (b) For Non-Filers of Income Tax Returns: 30%

To enable the Company to make tax deduction on the amount of Cash Dividend at the rate 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are Filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their Cash Dividend will be deducted at the rate 30%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share Registrar and Share Transfer Agent, CDCSRSL.

The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio Numbers.

As per FBR's clarification, the valid Tax Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar; otherwise, tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on "Filer/ Non-Filer" status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to the Company's Share Registrar and Share Transfer Agent in writing as follows:

FOLIO / CDC ACCOUNT NO.	TOTAL SHARES	PRINCIPAL SHAREHOLDER		JOINT SHAREHOLDER(S)	
		NAME AND CNIC NO.	SHAREHOLDING PROPORTION (NO. OF SHARES)	NAME AND CNIC NO.	SHAREHOLDING PROPORTION (NO. OF SHARES)

**xii) PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE: (MANDATORY)**

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company including Nestlé Pakistan Limited to pay cash dividend to its shareholders ONLY through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested to fill in ELECTRONIC CREDIT MANDATE FORM (Form) available at Company's website and send form duly signed along with a copy of CNIC to the Share Registrar (CDCSRSL) of the Company in case of physical shares. In case of shares held in CDC then ELECTRONIC CREDIT MANDATE FORM (Form) must be submitted directly to shareholder's broker/participant/ CDC account services.

**ELECTRONIC CREDIT MANDATE FORM:**

Folio Number	
Name of Shareholder	
Title of Bank Account	
Name of Bank	
Name of Bank Branch and Address	
International Bank Account Number (IBAN)	
Cellular and Landline Number of Shareholder	
E-mail Address	
CNIC / NTN number (Attach copy)	
Signature of Shareholder	

In case of non-receipt of IBAN detail, the Company will be constrained to withhold payment of dividend under Companies (Distribution of Dividends) Regulations, 2017.

**xiii) UNCLAIMED DIVIDENDS AND SHARES (IMPORTANT & MANDATORY)**

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/uncollected / unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact Nestlé Share Registrar, CDCSRSL to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 (2) of the Companies Act, 2017, after having completed the stipulated procedure, of three (3) years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to SECP.

**xiv) TRANSMISSION OF ANNUAL REPORT:**

The Audited Financial Statements of the Company for the year ended December 31, 2025, have been made available on the Company’s website (<https://www.nestle.pk/>) in addition to the Annual and Quarterly financial statements for the previous years.

Additionally, the Annual Report of the Company for the year ended December 31, 2025, has been e-mailed to the respective shareholders with valid e-mail IDs registered with the Share Registrar of the Company (CDSRSL), and dispatched Notice of the AGM with a QR Code to access the same to those without updated email IDs.

However, if a shareholder, requests for a hard copy of the Annual Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request. For convenience of shareholders, a “Standard Request Form for provision of Annual Audited Accounts” has also been made available at the Company’s website.

**xv) CONVERSION OF PHYSICAL SHARES IN TO CDC ACCOUNT:**

The Shareholders having physical shareholding are encouraged to place their physical shares into scripless form as defined in Section 72(2) of the Act i.e., “Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.” (i.e., May 31, 2017).

The Shareholders having physical shareholding may open CDC sub-account with any of the broker or investor account directly with CDC to place their physical share into scripless form, this will facilitate them in many forms including safe custody, and trade in shares anytime they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

**xvi) PARTICIPATION IN AGM**

Shareholders must update their valid e-mail addresses with the Share Registrar, CDCSRSL latest by March 31, 2026 Detailed procedure to attend the Annual General Meeting shall be communicated through e-mail directly to the shareholders with r valid e-mail IDs, and the same shall be placed at the Company’s website.

Shareholders who have updated their e-mail addresses with the Company or its Share Registrar (CDCSRSL) and wish to attend the AGM must send verification information from their registered email address to investor.relations@pk.nestle.com latest by April 6, 2026.

Shareholders interested in attending the AGM virtually through Videocon facility are hereby advised to get themselves registered with the Company by providing following information through email at investor.relations@pk.nestle.com along with the valid copy of their CNIC.

S. NO.	NAME OF THE SHAREHOLDER	CNIC NUMBER	FOLIO NUMBER	CELL NUMBER	REGISTERED E-MAIL ADDRESS

In case of appointment of a proxy, please communicate the above information for the individual who has been appointed as a proxy of the Shareholder to participate and vote on behalf of the respective shareholder along with the duly signed proxy form.

In accordance with Section 132(2) of the Companies Act, 2017, if the companies receive consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city.

**xvii) Restriction on Distribution of Gifts to Members:**

The SECP, vide Circular No. 2 of 2018 dated February 9, 2018, and S.R.O. 452(I)/2025 dated March 17, 2025, has strictly prohibited companies from offering or distributing gifts, incentives, or any similar benefits (including but not limited to tokens, coupons, meals, or takeaway packages) to Members at or in connection with general meetings. In accordance with Section 185 of the Companies Act, 2017, any non-compliance with these directives constitutes a punishable offence, and companies found in violation may be subject to enforcement actions and penalties.

# ABOUT NESTLÉ PAKISTAN

**We are the Good food,  
Good life company.**

Nestlé Pakistan is the leading food and beverage company in Pakistan, reaching out to the remotest areas, offering products and services for all stages of life, every moment of the day. We are headquartered in Lahore, with four production facilities across the country. We started our operations in Pakistan in 1988 under a joint venture with Milk Pak Ltd, whose management we took over in 1992. For the last several years, Nestlé Pakistan has been consistently placed among the top companies of the Pakistan Stock Exchange.







# MANAGEMENT COMMITTEE

## Standing - From Left to Right

<b>Asad Ahmed</b>	Head of Supply Chain
<b>Sheikh Waqar Ahmad</b>	Head of Corporate Affairs & Sustainability
<b>Shakeel Ahmad</b>	Head of Sales
<b>Abdullah Jawaid Ahmad</b>	Business Executive Officer, Dairy

<b>Mohammad Ali Sadozai</b>	General Counsel & Company Secretary
<b>Gibran Ahmed</b>	Business Executive Officer, Coffee & Juices*

\*Effective 1<sup>st</sup> March 2026



**Samra Maqbool**  
Business Executive Officer, Nestlé Waters

**Sitting - From Left to Right**

<b>Fuad Ghazanfar</b>	Head of Communications & Marketing Services
<b>Faisal Nadeem</b>	Head of Technical
<b>Nausheen Jaffery</b>	Business Executive Officer Nestlé Professional
<b>Joselito Jr Avanceña</b>	Chief Executive Officer & Managing Director

<b>Maqsood Ahmad Anjum</b>	Chief Financial Officer
<b>Hajra Omer</b>	Head of Human Resources
<b>Muhammad Fahad</b>	Business Executive Officer, Coffee & Juices
<b>Babar Hussain Khan</b>	Business Executive Officer, Infant Nutrition

# HUMAN RESOURCES

**At Nestlé Pakistan, our people remain at the core of our purpose and performance. In 2025, we continued to strengthen a workplace culture grounded in well-being, belonging, inclusion, and continuous growth. Through intentional investments in youth development, learning, benefits, health and engagement, we focused on creating an environment where individuals feel supported, empowered, and connected - enabling them to thrive while contributing meaningfully to the organization's success.**

## Shaping Tomorrow: Strengthening Youth Engagement

In 2025, we deepened our commitment to the Nestlé Needs YOUth initiative, engaging 55,000+ young individuals through traineeships, job opportunities, digital engagements, and academic collaborations.

The Nesternship program attracted 15,000+ applications, with 80+ top students selected for internships across key functions, providing hands-on exposure, practical learning, and early career development.

Our flagship LEAD Management Trainee Program reaffirmed our commitment to building a diverse pipeline of future leaders. With over 15,000 applicants, more than 200 speed interviews were conducted to select nine Management Trainees. This year-long program immerses participants across multiple functions, equipping them with critical business understanding, cross-functional exposure, and versatile leadership skills.

## Fostering Diversity, Inclusion & Advocacy

As part of our ambition to build a future-ready and inclusive workforce, we intensified efforts to attract, develop, and support individuals with disabilities through accessible workplaces and partnerships with leading NGOs. We continued to mark the International Day of Persons with Disabilities by sharing stories of resilience that inspire our internal talent, strengthen empathy, and drive innovation.

Inclusion is a shared responsibility at Nestlé. Through visible advocacy and everyday allyship, our Male Champions of Change, in collaboration with the Diversity Lead, advanced inclusive dialogue across teams, amplified underrepresented voices, shared best practices, and spotlighted stories of influence - reinforcing a culture where every voice is heard and valued.

## The Year of Belonging: Building Connection Through Purpose

In 2025, Nestlé set the tone by launching a sustained, market-wide approach to employee engagement across sites and functions.

Moments of pride and belonging were strengthened through a reimagined Independence Day, Ramadan Iftars, and the Pensioners' Dinner. Well-being and teamwork remained central through expanded sports tournaments, including football and table tennis. Family-focused initiatives such as Bring Your Parents to Work Day and Bring Your Kids to Work Day celebrated the families behind our people - ensuring engagement remained a year-round rhythm across One Nestlé.

## Investing in Health & Well-Being

In 2025, Nestlé further embedded well-being into its workplace culture through targeted health and wellness initiatives. Key programs included HER Health Matters/HIS Health Matters, aimed at promoting women and men's health awareness and preventive care; Mental Health Connect, encouraging open dialogue and psychological well-being; and New Mom and Dad Connect, delivered in collaboration with the Market Maternity Champion to support colleagues through pregnancy, parenthood, and return-to-work transitions.

Additionally, on-site and partner-led health camps enabled early screening and preventive care. Together, these initiatives reinforced ownership of personal well-being and contributed to a healthier, more resilient workforce.

## Career Coaching, Mentoring & Learning for the Future

Career coaching and mentoring continued to support long-term growth through meaningful conversations grounded in

Nestlé's Coaching Mindset and Career Growth Model, fostering confidence, clarity, and capability across teams.

Learning and development remained central to our people strategy. Key initiatives included the Refreshed Nestlé Leadership Framework workshops using simplified Leap Cards, the launch of GROW LXP - a digital learning platform activating a culture of lifelong learning - and leadership programs such as 360 Feedback Coaching Certification, People Manager Developmental Assessment Center cohorts, GALLUP CliftonStrengths coaching, NESLEARN Mind, Heart & Body initiatives, Nestlé Leadership with Purpose by LUMS, and the First-Time People Leaders cohort. These programs strengthened leadership capability, psychological safety, and readiness for an evolving business environment.

## Continuing to Elevate Employee Benefits

Listening to employee feedback and remaining mindful of macroeconomic realities, Nestlé continued to enhance its benefits offerings in 2025. New and improved initiatives included interest-free Solar Loan Assistance to support sustainability and quality of life, and an approximately 40% increase in Rental Assistance to reflect rising living costs.

The Leave Policy was revamped by consolidating all leave types under one policy, increasing Leave Fare Assistance from one basic to one gross salary, and discontinuing casual leave encashment to promote work-life balance. HR Roadshows, informed by Nestlé & I insights, were conducted across Pakistan to strengthen transparency and address employee queries.

Additional enhancements included improved Medical OPD and IPD benefits to offset medical inflation and remain market competitive.



**55,000**  
YOUth Engaged



**80+**  
Internships Offered



**25+**  
International Assignments



**31.4%**  
Females in Leadership (A-H)



**36.5%**  
Females in Management



**16.2%**  
Females in the workforce

# SUPPLY CHAIN

2025 was a year that redefined resilience for Nestlé Pakistan's Supply Chain. Amid political unrest, security incidents, the war in May, nationwide floods, and infrastructure challenges, our operations teams maintained continuity and set new benchmarks for the organization. This year stands as a testament to unwavering commitment, operational excellence, and innovation.

## Delivering Supply in the Face of Adversity

Despite external pressures, the team ensured uninterrupted product availability, achieving a Zone-leading Customer Order Fulfilment (COF) rate of 99.5%. Agility, robust contingency planning and close coordination with partners kept supply lines open during the most challenging periods. When traditional routes were blocked, alternate routes and modes of transport were explored to ensure goods reached customers and consumers.

During the devastating floods, Nestlé Pakistan was among the first companies to mobilize relief efforts, supporting affected communities while ensuring continuity of essential supplies.

## Procurement and Working Capital Excellence

Procurement delivered substantial value through disciplined cost management and strategic sourcing. Negotiations with oil marketing companies unlocked annualized savings that significantly reduced fuel costs while enhancing supply security. The initiative and its achievements were recognized through the Zone AOA Procurement Leadership Award, with benefits extended to distributors and marketing.

Savings totaling PKR 7.7 billion were delivered for the year, while Purchase Price Variance (PPV) for raw and packaging materials, inclusive of fresh milk, was contained at 3.5%. Localization and supplier diversification advanced, with localization rising from 82% to 90% and sourcing flexibility from 74% to 88%, further strengthening resilience.

In parallel, a comprehensive working capital reduction initiative, driven primarily by inventory optimization of raw and packaging materials, resulted in significant improvement in financial flexibility. We achieved a reduction of PKR 4.9 billion in Q2 and PKR 3.9 billion in Q3, representing 31% and 28% reductions versus last year, respectively. Supplier diversification, localization, and the adoption of Vendor Managed Inventory (VMI) further strengthened resilience and reduced exposure to external shocks.

## Operational Excellence and Innovation

Nestlé Pakistan achieved the highest Demand Planning Accuracy (DPA) for the immediate prior month (M-1) across the entire Nestlé Group, with sell-out forecasting accuracy at 92.5%. M-1 indicates the accuracy of the forecast for the month just ended, showing how closely our predicted demand matched actual sales. Additionally, an in-house Marketing ROI tool democratized advanced analytics for brands, and market mix modeling with scenario planning enabled faster, data-backed investment decisions.

## Safety and Road Innovations

Safety remained a top priority. The team pioneered the use of detachable AI cameras across the transportation fleet, enabling real-time monitoring of safety compliance in a highly variable environment, strengthening transparency and accountability. Industry road safety forums, organized with transport partners and regulators, aligned standards and rolled out defensive driving training. These measures contributed to a 43% reduction in road incidents vs. 2024 and 100% compliance in drivers reporting at factories.

## Logistics Performance and Cost Optimization

Despite a challenging environment, logistics performance improved materially. On-Time Delivery (OTD) rose by 171 bps to 90.7%, and Vehicle Capacity Utilization (VCU) increased by 220 bps to 95.7%, driven by route optimization, vehicle upsizing, and efficient load management. The teams delivered PKR 231 million in variable distribution cost savings. The adoption of synchronized payment and dispatch windows, along with continued investment in logistics technology, further elevated service levels and efficiency.

## Sustainability and People

Sustainability remained a core focus, with a reduction of 7,251 tons of CO<sub>2</sub> achieved through fleet optimization and logistics efficiency. Supplier localization and process improvements supported a more sustainable supply chain. Investments in talent development, cross-functional collaboration, and a culture of recognition ensured that people remain the organization's greatest asset.

## Looking Ahead

Nestlé Pakistan will deepen customer centricity, ensuring key SKUs sustain over +95% availability online and on shelf. Continued emphasis on value, efficiency, sustainability, and capability building will drive sustainable growth and long-term stakeholder value.

# TECHNICAL

## Safety

### Respect for the employees and stakeholders

In 2025, Nestlé Pakistan made substantial progress in reinforcing its safety culture, underscoring our unwavering commitment to a zero-harm workplace. Through caring leadership and strategic initiatives, we advanced our vision of embedding safety into every facet of operations. Key achievements included deployment of digital and Artificial Intelligence-driven solutions to enhance site and office safety, complemented by behavior-based coaching programs; integration of structured safety routines within shop floor operations, ensuring consistent adherence to safe work practices; and enhancement of the safety tagging system programs for both permanent employees and contractors, enabling proactive identification and elimination of unsafe conditions. Introduction of the Behavior-Based Compliance (BBC) portal, equipped with advanced functionalities and mobile application access, empowered every employee to actively participate in creating a safer work environment.

Nestlé Pakistan advanced its safety culture through impactful cultural change initiatives and targeted campaigns. A key highlight was the “Connecting Hearts and Minds” program, which featured compelling videos on Life Saving Rules (LSR) to inspire behavioral change and strengthen safety awareness on the shop floor. Complementing this effort, we conducted specialized campaigns and drills focused on critical safety areas, including Forklift Safety - promoting safe material handling practices, Defensive Driving - reinforcing road safety for employees, and Fire Safety Drills - ensuring preparedness and effective emergency response.

In 2025, Nestlé Pakistan strengthened its commitment to health, safety, and environmental excellence by achieving multi-site international certifications across our operations. These included ISO 45001 - Occupational Health & Safety Management Systems and ISO 14001 - Environmental Management Systems. The certifications span our Factories, Head Office, Supply Chain, Agricultural Services, and Sales Offices, ensuring robust compliance with global standards. Furthermore, all four Nestlé Pakistan factories successfully maintained their Alliance for Water Stewardship (AWS) certification, reaffirming our dedication to sustainable water management and stewardship practices.

Recognizing the ongoing challenge of road safety, Nestlé Pakistan introduced a pioneering initiative in 2025: an Artificial Intelligence-based portable camera system installed in spot-hired transport for finished goods. This first-of-its-kind solution enhances monitoring and ensures safer transportation

practices. Looking ahead, our priorities for the coming year will focus on competence-building and risk mitigation, including comprehensive risk assessments, ergonomics evaluations and machine safety enhancements, reinforcement of Life Saving Rules (LSR), emphasis on high-risk tagging driving a mindset shift through behavioral modification.

We remain committed to leveraging digital technologies and Artificial Intelligence to further strengthen safety performance and embed a zero-harm culture across all operations.

## Quality

### Innovation for Safer and Sustainable Consumer Experiences

We remain dedicated to providing the best consumer experience by delivering high-quality products and services. Our goal is to strengthen trust and preference among consumers through expertise and innovation. This commitment is reflected across our value chain, driven by a strong quality culture. We believe that knowledge, skills, and the right behaviors are essential to sustain and enhance our commitment to quality. Competency development continues to be a priority for our teams, suppliers, and co-manufacturers.

To ensure excellence, we actively collaborate with farmers and suppliers of raw and packaging materials. In 2025, we reinforced engagement through targeted programs addressing emerging food safety challenges and guiding partners to eliminate critical defects.

Our dedication to quality and food safety is evident in our robust systems and certifications. We maintained compliance with FSSC 22000 (Food Safety Management Systems), ISO 9001 (Quality Management Systems), and ISO 17025 (Competence of Testing and Calibration Laboratories). Additionally, we uphold Halal certification from Islamic Food and Nutrition Council of America (IFANCA). All factories and milk collection centers were continuously monitored and verified by local food regulatory authorities, ensuring adherence to the highest standards of quality.

## Sheikhupura Factory

In 2025, Sheikhupura Factory continued to lead the way in operational excellence and innovation. Our foremost priority remained strengthening the safety culture, with advanced analytics and Artificial Intelligence-driven tools enabling real-time hazard prediction and behavior monitoring. These initiatives have empowered employees to take ownership of safety by ensuring a secure and collaborative workplace.

Operationally, we delivered one of the best-in-class reliability and agility, achieving an exceptional 99.8% Customer Order Fulfillment while further reducing unplanned stoppages. Strategic optimization of our manufacturing footprint enhanced productivity and supported cost competitiveness, reinforcing our commitment to Total Delivered Cost efficiency.

Digitalization remained at the heart of our transformation. Guided by the vision of “Digitally Driven, Perfectly Delivered” we expanded the deployment of Digital Manufacturing Operations and Digital Capability Building Tool ‘POKA’ driving data-led decision-making and seamless execution across the shop floor.

Our sustainability agenda gained momentum with initiatives focused on energy efficiency, water stewardship and waste reduction aligning with Nestlé’s global commitments. At the same time, we strengthened community engagement through impactful programs and partnerships, reinforcing our role as responsible corporate citizens.

People continued to be the cornerstone of our success. We invested in capability-building programs, leadership development and operator-centric training to equip teams with world-class skills. Our unwavering focus on diversity, equity & inclusion has made Sheikhpura Factory a benchmark for creating opportunities for female professionals and differently abled individuals, fostering an inclusive and high-performing culture.

## Kabirwala Factory

In 2025, Kabirwala Factory contributed to Nestlé Pakistan’s growth objectives by reinforcing its commitment to operational excellence—driving efficiencies through resilience, continuous improvement, and advancing the Net Zero emissions journey.

Our focus on what matters most begins with a strong safety culture—prioritizing people’s skills through Life-Saving Rules. This unwavering commitment to safety remains the cornerstone of our workplace culture.

Quality is fundamental to our mission, and we uphold rigorous standards to ensure every product meets consumer expectations. Our commitment to excellence is reinforced by consistent excellent ratings in Laboratory Proficiency Tests since 1999 and sustained accreditation from the Pakistan National Accreditation Council. To further strengthen compliance and support our export business, we have

obtained Halal certification from Islamic Food and Nutrition Council of America (IFANCA) & International Halal Certification (IHC), as well as earning certifications from Bureau Veritas and SGS. In addition, we continued to secure certifications from national regulatory authorities, including the Punjab Food Authority (PFA) and the Pakistan Standards and Quality Control Authority (PSQCA), ensuring ongoing compliance with stringent food safety regulations.

The implementation of digital solutions has significantly enhanced operational efficiency and accelerated early decision-making. Together, these initiatives have been pivotal in sustaining high asset intensity and advancing our mission to reduce waste.

At Kabirwala Factory, sustainability is more than a priority—it is our passion. Through bold energy-saving initiatives and mastery of efficient processes, we have transformed commitment into measurable impact. Our biomass boiler is a game-changer, driving progress on the Net Zero roadmap. With water-saving breakthroughs and a relentless drive to lower carbon emissions, we are paving the way towards a greener future.

Together, by leveraging our collective strengths, we remain committed to achieving operational excellence and upholding Nestlé’s values in every aspect of our operations.

## Port Qasim Factory

2025 was a year of transformation for Port Qasim Factory, marked by resilience, innovation, and a relentless pursuit of excellence across our operations. We began with a strong commitment to safety, achieving six NEBOSH certifications that strengthened team capability. Comprehensive programs on fire safety, first aid, ammonia handling, Life Saving Rules, and digital tools ensured safety remained a priority for every employee. Our zero Recordable Injury Rate journey continued for the fourth consecutive year, underscoring our proactive risk management culture.

This year tested our agility during the flood crisis, war situation, and provincial protests, yet we maintained productivity and delivery without compromise. Cost optimization was another cornerstone, we localized critical parts, reduced external dependency, and reinforced supply resilience. Recognition as Best in Class for bottle damage reduction further strengthened consumer trust.

Digital transformation accelerated with the launch of the Digital Tagging application, enabling easy improvements. The rollout of Digital Manufacturing Operations - Manufacturing Monitoring Scheme (MMS) simplified data recording, while Aquassay mandatory modules went live for water treatment monitoring — a market first achievement that positions Port Qasim Factory at the forefront of smart manufacturing.

Our sustainability efforts have delivered tangible impact. The key highlights were installation of a 172 kW solar project and water saving initiatives. These were aligned with Nestlé's global commitment to environmental stewardship. Beyond operations, we planted mangroves in our watershed, organized plantation drives, and conducted awareness sessions with neighboring factories to raise environmental consciousness.

Transformation begins with people, and 2025 reflected that belief. We redesigned our admin layout to create an inspiring workplace that fosters collaboration and innovation. Development programs empowered teams through cross-functional training and cross-site exposure. Operators were relocated and trained in new roles, while First Line Managers gained broader experience. Drives for maintenance excellence, and dynamic engagement activities kept teams motivated throughout the year.

2025 was not only a year of achievements but a true year of transformation. With the right mindset, teamwork, and innovation, Port Qasim Factory turned challenges into opportunities and set new benchmarks for excellence.

## Islamabad Factory

Islamabad Factory continued its journey towards excellence in safety by focusing on employees' capability building and reinforcing the implementation of Life Saving Rules. The factory has undertaken substantial improvements in safety by design, including the complete revamping of the firefighting system

and prioritizing pedestrian safety during vehicle movement. Our efforts fostered a workplace environment where employees are empowered to prioritize not only their own safety but also that of their colleagues.

Islamabad Factory remains resolute for delivering quality products through real-time quality assurance. To embed quality as an integral part of our process, we have initiated a research-based project that utilizes Artificial Intelligence to identify foreign bodies, further enhancing our commitment to product quality.

Islamabad Factory is on a steadfast journey towards excellence, achieving 100% Customer Order Fulfillment despite the challenges posed by unrest in the capital city, enhancing the reliability and agility of our manufacturing processes while optimizing Total Delivered Cost.

The factory also continued its digitalization drive, aiming to create "Every Day, A Perfect Day" for our operators by deploying Digital Manufacturing Operations, Digital Tagging Application and Key Standard Routines of Total Performance Management, ensuring more agile and reliable operations.

# AGRICULTURE SERVICES

**Agriculture Services is one of Nestlé Pakistan's integral pillars, contributing towards improvement in socioeconomic conditions and livelihood of farmers. Nestlé provides innovative solutions in dairy and agriculture to farmers through its trained team of professionals.**

Nestlé is committed towards a net zero carbon journey and is continuously exploring opportunities for the socio-economic benefits of farmers and minimizing the climate change impact. We have been promoting alternate energy sources, particularly amongst dairy farmers. During 2025, Nestlé installed 27 solar systems at dairy farms to introduce renewable energy to reduce Greenhouse Gas (GHG) emissions and energy costs.

Nestlé, together with its partners, developed a low-cost soil moisture sensor that helps farmers to decide on when to irrigate their crops. Our initial field estimates have shown considerable water saving in irrigation with crop yield improvement. Till the end of 2025, we maintained 17 farms with soil moisture sensors at various locations in our agriculture value chain. These are not only helping farmers in saving irrigation but also serving as a lighthouse of an efficient irrigation system.

While reducing the impact of greenhouse gases, we also explored ways for carbon sequestration. This is an important element in our aim to achieve net zero in the food value chain. We have extended regenerative agriculture practices on 75 farms which have helped farmers in getting better yield with fewer GHG emissions. To further strengthen our knowledge, Nestlé Pakistan have Memorandum of Understandings (MOUs) with the University of Agriculture Faisalabad, Mian Nawaz Sharif University of Agriculture, Multan and University of Veterinary & Animal Sciences, Lahore to conduct various

studies on regenerative agriculture practices and cow breed improvement.

Nestlé Pakistan is also helping farmers in improving crop yield and productivity. One of our major initiatives is supporting the import of high efficiency cows. Till date Nestlé Pakistan has helped farmers import more than 11,000 cows, which reduced GHG emissions while increasing productivity of the herd and income of local farmers.

To further bring efficiencies in the farm ecosystems, we have also supported 6 farmers for Total Mix Ration (TMR) wagon for animal feed preparation.

We continue to source fruit from Punjab, and we are collaborating closely with farmers from Gilgit-Baltistan, Khyber Pakhtunkhwa and Balochistan to source high quality fruit including apples and peaches. This year we have particularly introduced fruit bins to peach farmers to minimize fruit waste during transit. These initiatives are not only helping to improve the income of local farmers but also helping the country save precious foreign exchange.

## Planting Trees

In 2025, Nestlé Pakistan successfully planted a total of 36,000 indigenous trees in the vicinity of our operational sites.

## PLANS FOR 2026



**Increase Efficiencies**



**Leveraging Digitalization & Artificial Intelligence**



**Renewable Energy Sources**



**Waste Reduction at Source**



**Water and Energy Conservation**



**Research & Development**

# SALES

**In 2025, the business navigated a challenging macroeconomic landscape marked by intensified taxation and evolving consumer and trade dynamics. Despite these headwinds, the sales team delivered a resilient performance by reinforcing distributor capabilities, progressing digitization, and strengthening consumer and shopper engagement. These efforts enabled us to sustain and expand total numeric reach, underpinning our commitment to operational excellence and sustainable growth.**

## Winning With Shoppers

Our “Power Plays 2025” program accelerated shopper engagement and strengthened trade visibility through innovative, shopper-centric strategies. Expanded Picture of Success deployments, breakthrough visibility initiatives, and nationwide town-storming activations across 50 semi-urban towns and 100 villages significantly enhanced our presence in priority channels. Complemented by 360° tourist activations and high-impact promotional campaigns, these initiatives delivered stronger shopper conversion and execution excellence.

## Winning With Customers

We further strengthened our position as a preferred partner in modern trade through an expanded innovation pipeline and improved execution rigor. Innovative and effective Ramadan programs, category-focused joint initiatives, and enhanced collaboration in logistics, planning, and forecasting reinforced customer confidence. The adoption of advanced trade

promotion and demand planning tools improved accuracy, efficiency, and value delivery. Staggering growth of 47% from eCommerce shows our agility to leverage evolving platform opportunities.

## Focus on Rural Pakistan

Rural markets remained a strategic priority. Despite affordability pressures, we expanded availability and visibility through optimized distribution routes and digital performance tracking. Under our Creating Shared Value philosophy, we supported rural consumers and community uplift through targeted promotions, Benazir Income Support Program-linked community program, and Nutrition, Health & Wellness outreach. We expanded our rural coverage to 750+ new villages by onboarding 300+ Rural Women Sales Agents, empowering livelihoods and strengthening community engagement.

# CONSUMER COMMUNICATIONS & MARKETING SERVICES

## Consumer Marketing Insights

The Consumer & Marketplace Insights (CMI) team empowers brands by providing insights and monitoring market trends to help them stay relevant in the competitive landscape. We identify strategic opportunities through data and analytics to optimize marketing spends, track Return on Investment (ROI), and foster innovation.

The Consumer Insights & Analytics division is continuously leveraging technology to enable real-time consumer interactions at scale. This transformation enables efficient gathering of insights and a prompt response to consumer needs. The team remains committed to automating and aggregating various data sources, ensuring that relevant stakeholders have decentralized access to critical information. This approach not only aids in timely decision-making but also enhances collaboration across teams, ultimately driving better business performance.

## Media & Partnerships

Media stepped up as a strategic growth engine, redefining how brands connect with consumers in an increasingly competitive and fragmented media landscape. By shifting toward business-led media planning, the function strengthened the link between media choices and commercial outcomes. It ensured that investments worked harder and had a greater impact by investing in Fewer Brands, with Bigger Budgets and Better Executions.

The year marked a step-change in capability, with the rollout of tools that centralized data and accelerated data-based media planning across all touchpoints. Greater adoption of AI-powered formats, development of new platforms, and a strong focus on innovation led to impactful, high-quality executions that helped brands stand out and build stronger consumer connections. Anchored by a near real automated marketing mix modelling program, Media delivered more effective and efficient strategies, reinforcing its role as a key driver of brand strength and sustainable business growth.

## Digital Acceleration

In 2025, we accelerated our digital progress using advanced marketing technology (MarTech). By collecting more direct consumer data (1PD), we were able to scale precision targeting and personalize our services. The launch of the Nestlé Goodnes platform (<https://www.nestlegoodnes.com/pk>) marked a significant milestone, creating an always-on digital asset that elevated brand value by offering families valuable recipes and personalized meal planning tools. WhatsApp became our primary channel for real-time, personalized engagement. Collectively, these initiatives deepened consumer relationships, unlocked media efficiencies, and supported business performance.

## Consumer Engagement Services

Consumer Engagement Services (CES) remains pivotal in building trust for Nestlé and its brands by delivering responsive, consumer-centric support. In 2025, CES continued to provide omni-channel access through NAATA, our unified consumer care platform, handling thousands of interactions and serving consumers 24/7, 365 days a year.

Each interaction is an opportunity to build trust, resolve concerns, and strengthen connections with our most valued asset - our consumers. By listening closely and responding swiftly, CES helps Nestlé deliver on its promise of quality and care, turning feedback into meaningful improvements for our products and services.

CES works closely with quality assurance teams to ensure every concern is evaluated and feedback is shared, empowering consumers with guidance on safe product use and storage. With engagement across more than 80 digital and social media channels, CES responds to consumer comments and queries, ensuring Nestlé remains connected with its consumers across platforms and every voice shapes the future of our brands, building trust and love.

# NUTRITION, HEALTH & WELLNESS (NHW)

Nestlé Pakistan’s journey in Nutrition, Health & Wellness (NHW) is deeply anchored in the legacy of nourishing generations. Today, this commitment is reflected in every aspect of product development, communication, and consumer engagement across Pakistan.

NHW principles at Nestlé Pakistan are translated into actions that respect national dietary habits, cultural preferences, and public health priorities. The company continuously renovates and innovates its portfolio, focusing on reducing nutrients of concern, fortifying products with essential micronutrients, and ensuring compliance with both local and global standards.

A cornerstone of NHW implementation is the 60/40+ approach, which ensures products are preferred by consumers for taste while delivering positive nutritional contributions. This framework supports responsible decision-making by integrating consumer preferences with rigorous nutrition standards.

Through a science-led, consumer-centric NHW approach, Nestlé Pakistan continues to strengthen its portfolio, build trust, and contribute positively to the nutrition and well-being of communities across the country.

**NIDO NUTRITION SYSTEM**

Provides right nutrition for the right age

**TODDLERS**  
1-3 YEARS

**PRESCHOOL**  
3-5 YEARS

**SCHOOL AGE**  
5-10 YEARS

**STORAGE ADVICE**  
To keep the product fresh and safe from air, move the contents of the pack into an air-tight container. Use within 3 weeks of opening the pack.

**LET'S TALK**  
Nestlé NAATA 24/7  
Toll Free For Landline Only: 0800-62282 (0800-NAATA)  
Email: NAATA@pk.nestle.com  
Website: www.nestle.pk  
f NESTLÉ NIDO School Age  
03000-Nestlé (03000-637853)  
Manufactured by: Nestlé Pakistan Limited, Packages Mall, Shahrāh-e-Roomi, Lahore - 54760, Pakistan, under license of Société des Produits Nestlé S.A. Vevey - Switzerland. Trademark Owners. ® Reg. Trademark of Société des Produits Nestlé S.A. Vevey - Switzerland.

**Recommended Servings 2x a Day**  
200ml each

**12.5mm**

**Congratulations your child has started going to school**  
Time for new discoveries, like the first bike ride, learning to express emotions freely and spending more time with his school friends. That's why it's important to support him by nourishing each milestone.

**NIDO Nido School Age Nutrition** is formulated with selected nutrients to support kids going to school.

**LEARNING**  
Vitamin B1, B2 & B6 contribute to NORMAL BRAIN FUNCTION. Iron SUPPORTS NORMAL COGNITIVE DEVELOPMENT.

**GROWTH**  
Protein and Calcium SUPPORT NORMAL MAINTENANCE OF MUSCLES and BONES.

**IMMUNITY**  
Iron, Zinc, Vitamin A & C to contribute to the NORMAL FUNCTION OF IMMUNE SYSTEM.

# FINANCE & CONTROL AND INFORMATION TECHNOLOGY

**Our vision is to be a credible business partner, providing business insights & data analytics support to drive decision making and accelerate profitable growth. We drive value through sustained sales growth, continuously enhancing operational efficiency, and disciplined, return-focused capital deployment.**

## Value Creation Through Business Partnering

The Finance & Control (F&C) function continued to play a pivotal role in navigating a turbulent socio-political environment amid cost volatility and changing consumer demands while accelerating efficiency, strengthening internal controls, and embedding digital enablement across the value chain. We supported profitable growth by actively steering pricing and portfolio choices, aligning investments behind priority brands and segments, and executing targeted initiatives to address value dilutors to drive margin improvements. A strong focus was placed on driving a leaner working capital and strong cash flow management, ensuring resilience and financial flexibility for the business.

## Winning Through Achieving Efficiencies

Efficiency remained a core pillar of the Finance agenda. In close collaboration with Technical, Supply Chain, and Commercial teams, Finance helped drive end-to-end value chain efficiencies, including trade and marketing investments.

Key value-enhancing initiatives, such as value manufacturing excellence, disciplined cost management and continuous review of structural costs delivered measurable financial benefits. Additionally, continued leverage of shared services and process simplification further reduced costs and improved consistency and scalability of Finance operations.

## Governance, Controls and Risk Management

A strong control environment remained a cornerstone of F&C activities in 2025. We continued to reinforce rock solid financial reporting, balance sheet integrity, and compliance with internal policies and external regulations. Continuous internal control self assessments, timely closure of audit findings,

and systematic review of standard operating procedures supported a robust governance framework. The Enterprise Risk Management (ERM) process was actively executed, with regular identification, assessment, and mitigation of key internal and external risks. Cybersecurity awareness and IT compliance were further strengthened through mandatory trainings and reinforced controls, safeguarding the company's digital and financial assets.

## Digital Transformation and Operational Excellence

In 2025, we advanced our digital transformation journey with the deployment of SAP Connected Core, creating a unified, standardized and real-time operating environment across Finance, Supply Chain and Commercial functions. This has strengthened process reliability, enhanced data quality and accelerated decision making. The implementation of e-invoicing further digitalized our financial operations by improving compliance, reducing manual processing and ensuring faster, more accurate invoicing for customers and suppliers. Our Journey to Cloud progressed steadily, with key business applications migrated to secure, scalable and cost-efficient platforms that reinforce operational resilience.

We maintained strong governance and security standards, achieving an MSCI Cyber Security score above 92% and successfully completing the ISMS ISO 27001 2022 Surveillance Audit. These achievements reinforce our commitment to safeguarding company systems, data and assets in line with global best practices.

Our commitment to workplace safety remained paramount. Smart Eye Monitoring at Head Office strengthened proactive risk detection, while VR-based Safety Training introduced immersive learning to enhance safety awareness across employees. Additionally, teams continued to leverage GenAI tools, including NesGPT and Microsoft Copilot, driving automation, advanced insights and enhanced productivity across the organization.

# EXPORTS

## Serving Beyond Borders

### From Pakistan to the World: A Journey of Resilience and Excellence

Since 2020, Nestlé Pakistan Exports have been on an accelerated growth trajectory. In 2025, our exports business reached new heights. This year, we expanded our geographical footprint to 24 countries, driven by robust strategies to unlock potential in new markets while building strong partnerships.

#### Gulfood Expo

Learning from previous experience, Nestlé Pakistan participated in 2025 Gulfood Expo, a premier global food and beverage trade event. This participation allowed us to showcase our iconic brands, connect with international stakeholders, and open doors to new opportunities, enabling reach to eight new geographies.

#### FoodAG Expo

Another key milestone in 2025 was the Exports team's participation in the FoodAG Expo for the first time. It is Pakistan's leading platform for agricultural and food innovation. This engagement enabled us to connect with potential partners and explore emerging trends, strengthening our presence in the agri-food sector. Through meaningful interactions and lead generation at the event, we are paving the way for business expansion into new markets in the coming months.

#### Resilience Amid Market Dynamics

In 2025, global economic conditions posed challenges for our export business. Inflationary pressures and tariffs in the U.S and regulatory changes in the U.K. affected business. Afghanistan also faced law and order issues, forex volatility, and competitive activity, further compounded by the closure of borders and suspension of bilateral trade with Pakistan since October, limiting access to Central Asian markets as well.

Despite these headwinds, Nestlé Pakistan remains focused on resilience and growth through strategic initiatives, market diversification, and strong stakeholder engagement, positioning us to overcome challenges and capture new opportunities in the months ahead.

#### Key Achievements in 2025

Key achievements this year include securing further major customer chains such as Tesco in UK and Woolworths in Australia, strengthening global presence. Impactful consumer activations, including digital campaigns and branding at critical touchpoints—winning at the “moment of truth”—played a vital role in enhancing brand equity and driving engagement across competitive international markets.

Nestlé Pakistan Exports team takes pride in making a difference in the country and we remain deeply committed to enhancing consumer satisfaction through our high-quality products in even more countries. With strong collaborations, efficient distribution networks, and innovative activations, our exports business is well-positioned to achieve even greater milestones in the years ahead.

# HOUSE OF NESTLÉ MILKPAK



## NESTLÉ MILKPAK UHT Milk

With over three and a half decades of dairy expertise in Pakistan, NESTLÉ MILKPAK UHT Milk ensures to capture the smooth, rich, and creamy experience of milk that you love. Guaranteed by Nestlé's trusted quality systems, NESTLÉ MILKPAK UHT Milk provides wholesome nourishment to you and your family. Whether it is a glass of milk for your children, a creamy cup of tea with your loved ones, or a delicious dessert for your family, NESTLÉ MILKPAK UHT Milk makes you fall in love with the taste of dairy goodness.

## NESTLÉ MILKPAK Hi-Calcium Low Fat Milk

NESTLÉ MILKPAK High Calcium Low Fat UHT milk includes Calcium, Vitamin D, and other essential nutrients and minerals that allow you to have stronger bones to keep moving forward in life. Just two glasses a day of NESTLÉ MILKPAK High Calcium Low Fat Milk helps meet 64% of an adult's daily requirement for calcium & Vit D, with less than 1% fat.

## NESTLÉ MILKPAK Dairy Cream

NESTLÉ MILKPAK Dairy Cream is Pakistan's leading dairy cream brand as it merges strong cultural heritage with contemporary consumption. This rich, smooth dairy cream is a versatile culinary partner for the homemaker and elevates anything it is added to - be it desserts, savory, beverages, or even just a plain bread / paratha.

## NESTLÉ MILKPAK Whipping Cream

NESTLÉ MILKPAK Whipping Cream is a perfect 100% dairy-based solution to deliciously decorate and layer desserts. It gives the perfect texture to create flawless swirls.

## NESTLÉ MILKPAK Yogurt

NESTLÉ MILKPAK YOGURT is your perfect cooking partner in the kitchen. With NESTLÉ MILKPAK YOGURT, we bring the authentic taste of traditional yogurt that you are accustomed to. Its thick texture and richness offer versatility, quality, and a great taste that balances the spices in cooked food while delivering a signature mouth-watering taste for you and your loved ones, every time you cook.

## NESTLÉ MILKPAK Dairy Butter

NESTLÉ MILKPAK Dairy Butter, filled with 100% dairy goodness, makes breakfast special with its rich & creamy taste and easy spread-ability. It is available in both salted and unsalted variants to complement all your consumption needs.

# CHILLED DAIRY



## NESTLÉ SWEET 'n' Tasty Yogurt

NESTLÉ SWEET 'n' TASTY YOGURT is your go-to health partner that makes everyday experiences more exciting through its rich and creamy taste of pure dairy goodness with the added benefit of calcium and protein.

## NESTLÉ Unsweetened Yogurt

NESTLÉ Unsweetened Yogurt is a great option for meal accompaniment. It enhances the overall experience with its smooth, creamy texture and dairy taste.

## NESTLÉ Podina & Zeera Raita

NESTLÉ Raita, with Zeera and Podina, offers unique mouth-watering flavors, guaranteed hygiene and convenience, transforming every meal into a culinary delight.

## NESTLÉ Laban

NESTLÉ LABAN is a rich drinking yogurt in 3 delicious flavors - sweet, peach and chaunsa. With real fruit & yogurt, it is the perfect solution to stay cool while giving you a refreshing, creamy and dairy taste with every gulp.

# TEA CREAMING



NESTLÉ EVERYDAY, with over 30 years of heritage, is Pakistan's beloved tea creaming partner. It delivers an exceptional cup of tea, every time, with its expertise that you love. With its ideal balance of rich creamy notes and velvety mouthfeel, it keeps you coming back for more.

With its expertise in tea creaming, NESTLÉ EVERYDAY has recently introduced Instant Tea Mix range. This range is ready to be consumed by simply mixing in hot water. The carefully curated selection of our five indulgent flavors - Kashmiri, Karak, Cardamom, Masala and Vanilla - is inspired by the tea preferences across the nation and is crafted to ensure perfect taste, aroma and color, instantly.

# CHILDREN HEALTH & GROWTH SOLUTIONS



## NESTLÉ NIDO

At NESTLÉ NIDO, we are inspired by mother's love in everything we do. In line with our belief of supporting every mother's love to nurture a healthy future for her child, we are committed to ensuring high quality standards for our products.

NESTLÉ NIDO 1+ and NESTLÉ NIDO 3+ are growing-up formulas that provide protection and support learning of children between the ages of 1 and 5 years. These formulas contain a blend of essential vitamins and minerals such as Iron, Zinc, Vitamin A & C with probiotic 'L. Rhamnosus', which supports the healthy development of a toddler's immune system, respiratory system, and gut defenses.

Backed by Nestlé's global experience of over 150 years in child nutrition, Nestlé has developed NESTLÉ NIDO School Age Nutrition to meet specific needs of school-going children between 5-12 years of age. A special combination of macro and micronutrients in NESTLÉ NIDO School Age Nutrition helps children in their learning and growth journey.



## NESTLÉ BUNYAD

NESTLÉ BUNYAD believes that no child deserves to be left behind because of nutritional deficiencies. Nine out of ten children in Pakistan have insufficient iron in their diet (School Age Children Health & Nutrition Survey 2020) resulting in iron deficiency which could lead to tiredness and lack of concentration among children. Such deficiencies can hold them back, especially during their formative years. NESTLÉ BUNYAD is working on a long-term mission to fight iron deficiency and strengthen Pakistani children for a better life.

Starting from 2022, NESTLÉ BUNYAD has strengthened its promise of iron fortification since the launch of IRON+, a proprietary iron source developed in collaboration with Nestlé Research Center Switzerland and Massey University New Zealand, which is 3 times more absorbent in human body than any other iron. NESTLÉ BUNYAD with IRON+ is striving to provide 'Behtar Zindagi ki Mazboot Bunyad.'

Additionally, NESTLÉ BUNYAD has launched BUNYAD CEREAL which is an instant porridge-based drink that ensures satiety for kids to have a fuller tummy for longer.

# NESTLÉ BEVERAGES



## NESTLÉ FRUITA VITALS

NESTLÉ FRUITA VITALS continues to strengthen its position as a premium fruit beverage brand in Pakistan, offering consumers a vibrant range crafted from carefully selected fruits. Known for its rich taste and refreshing appeal, NESTLÉ FRUITA VITALS delivers a revitalizing experience that combines quality, flavour, and vitality in every sip.

NESTLÉ FRUITA VITALS Sparkling further expands the brand's refreshment platform by launching two new flavors: Pomegranate and Lime Lemon, combining the lively fizz of sparkling beverages with the delicious taste of fruit juice. The range offers a refreshing twist that pairs well with meals, bringing together fruit flavour and sparkling excitement in a modern beverage experience.



## NESTLÉ NESFRUTA

NESTLÉ NESFRUTA continues to connect with young consumers through its vibrant flavour and accessible refreshment.

With its energetic personality, NESTLÉ NESFRUTA offers a refreshing drink option for consumers who want to enjoy flavorful refreshment without stretching their budgets. The brand remains a popular choice among youth who are always looking for small moments of enjoyment in their daily routines.



## NESTLÉ MILO

NESTLÉ MILO is a unique drink known for its signature choco-malty taste and balanced nutrition. Enriched with the goodness of malt, milk, cocoa, and essential vitamins and minerals, it provides the energy and nourishment kids need. Rooted in the belief that sports is a great teacher, NESTLÉ MILO champions the idea that the values learned on the field—grit, discipline, and teamwork—help children succeed in life. With this purpose, MILO continues to invest in grassroots sports across Pakistan, inspiring young athletes to pursue their passion.

In 2025, MILO engaged children nationwide on an unprecedented scale, energizing communities and promoting healthy sports. Building on this remarkable momentum, the brand is committed to reaching and inspiring even more children in 2026, ensuring that every year opens new doors for kids to experience the power of sports and wholesome goodness.

# NESCAFÉ

## NESCAFÉ SOLUBLE

NESCAFÉ gives you a daily ritual that switches your energy on, an instant spark that wakes your senses and sets your mindset for whatever the day throws at you. Our bold blend of Robusta and Arabica coffee delivers great taste, hassle-free preparation, and a boost you can rely on anytime; morning kick-off, midday uplift, or late night push to keep creating your world.



## NESCAFÉ CHILLED RTD

Our chilled on-the-go cold coffees are the ideal pick-me-up during the day. Now available in three new, exciting flavors; Latte, Mocha & Cappuccino. Whether you need that kick to get through your busy day or just want to chill and enjoy a treat with friends on-the-go, this chilled RTD coffee portfolio offers both on-the-go convenience and stimulating indulgence. Just grab, gulp and go - it's that simple!

# NESTLÉ WATERS



## CHAMPIONING WATER FOR HEALTHIER GENERATIONS

NESTLÉ PURE LIFE was introduced in Pakistan in 1998. Staying true to its mission, the brand remains committed to ensuring access to clean and safe water for healthier generations.

Healthy hydration contributes to the well-being of our body and functioning of our vital organs. Drinking water enhances body performance and helps us stay hydrated in our daily routine. NESTLÉ PURE LIFE achieves this through offering various pack sizes suitable for different occasions.

Our latest communication launched in 2025 focuses on promoting healthy hydration under the tagline “Nothing is More Important than A Healthy Future”.

Our waters business aims to lead the regeneration of the water cycle to help create a positive water impact everywhere it operates by 2025. Along with this, we are also driving water stewardship by enabling farmers to save water using drip irrigation techniques in collaboration with key public and private partners including Pakistan Agriculture Research Council (PARC), Sustainable Development Policy Institute (SDPI) and Lahore University of Management Sciences (LUMS). In addition to this, all our retail bottles are recyclable by design.

NESTLÉ PURE LIFE also takes ownership in driving product innovations in the category. Recognizing the vital role electrolytes play in fundamental bodily functions like muscle movement and ensuring effective hydration of body cells, NESTLÉ PURE LIFE ACTIVE was introduced in convenient 500ml bottle and 18.9-liter format for in-home consumption, available in Lahore, Islamabad and some areas of Karachi.

NESTLÉ PURE LIFE Sparkling Water is the perfect companion for mealtime and social moments. This zero-calorie, carbonated beverage is the ultimate choice for health-conscious individuals seeking a refreshing alternative to sugary drinks. Infused with fizz, it delivers a refreshing taste that uplifts every sip. Whether at home, dining out, or enjoying outdoors, NESTLÉ PURE LIFE Sparkling Water elevates every moment.

# NESTLÉ BREAKFAST CEREALS



Nestlé Breakfast Cereals offer a variety of delicious whole grain breakfast cereals to suit people of all ages and lifestyles. They are a tasty and nutritious way for you and your family to start your day! Like you care for them, at Nestlé Breakfast Cereals we care for our grains. That's why we've made whole grain the number one ingredient in all of our breakfast cereals with the green banner. The bold, bright green banner with the whole grain tick on our cereal packs shows our commitment to making it as easy as possible for you and your family to get whole grain every morning. To add even more fun to breakfast, we launched engaging consumer promotions including coloring books and pencils, frisbee with our 450g boxes along with multiple bursts of digital airing! Our portfolio:



## KOKO KRUNCH: Chocolatey Delight, Every Bite

KOKO KRUNCH is the ultimate chocolate breakfast cereal that combines the irresistible taste of cocoa with the wholesome benefits of whole grains. Each bite delivers a satisfying crunch that kids love while providing key nutrients to support their growth and development. KOKO KRUNCH makes mornings more exciting and keeps families coming back for its iconic chocolatey goodness.

## MILO Cereals: Fuel for Active Minds and Bodies

MILO Cereals are packed with the goodness of whole grains, malt, and cocoa, providing a delicious and energy-rich breakfast option. Designed to fuel active lifestyles, they are fortified with essential vitamins, minerals, and iron to help kick-start the day with energy and focus. Loved by kids and trusted by parents, MILO Cereals are the perfect companion for growing champions.



## GOLD CORNFLAKES: Classic Simplicity, Pure Nutrition

GOLD CORNFLAKES are a timeless breakfast staple, made from the finest quality corn to ensure a light, crispy texture in every spoonful. Naturally fortified with essential vitamins and minerals, they offer a simple yet nourishing start to the day. Whether paired with milk or enjoyed as a healthy snack, GOLD CORNFLAKES remain a trusted choice for balanced mornings.

# NUTRITION



## CERELAC

NESTLÉ CERELAC, with its longstanding heritage in Pakistan, has established itself as a trusted brand among both households and healthcare professionals. For generations, it has remained the preferred choice for mothers transitioning their infants to solid foods at six months of age, in conjunction with continued breastfeeding. The CERELAC product portfolio is carefully structured to meet the evolving nutritional needs of infants, with offerings tailored by age.

Produced from high-quality rice or wheat, NESTLÉ CERELAC is fortified with essential vitamins and minerals, including iron, calcium, and vitamin D, all of which are integral to the cognitive and physical development of infants. Annually, we deliver over half a billion fortified servings at an accessible price point, empowering countless mothers to provide optimal nutrition for their children. NESTLÉ CERELAC is committed to nurturing infants, supporting their optimal growth, and laying the foundation for a joyful, healthy life through science-based nutrition and a steadfast focus on developmental needs.

In alignment with evolving consumer expectations and the brand's mission, "Together, Passionately Nourishing Babies to Blossom," NESTLÉ CERELAC has undertaken significant initiatives to enhance its portfolio. In 2025, CERELAC portfolio underwent a comprehensive revamp under Project Heart, featuring a refreshed visual identity with cleaner, bolder packaging, an integrated marketing campaign, and sustained year-round communication through television and digital platforms. Furthermore, the launch of CERELAC Wheat with No Added Sucrose has provided consumers with expanded options, reaffirming our dedication to innovation and meeting the nutritional needs of infants and their families.



Breastmilk is best.

## LACTOGROW

NESTLÉ LACTOGROW remains committed to fostering both the physical and cognitive development of children, recognizing the importance of a well-rounded approach to early childhood growth. Drawing upon over a century of expertise in nutrition and parenting, the brand continues to empower parents in their efforts to nurture active, healthy children.

NESTLÉ LACTOGROW is formulated with ActivGro, our proprietary blend of essential nutrients designed to support comprehensive growth and development. ActivGro includes L. Reuteri, Alpha-Linolenic Acid (ALA), iron, calcium, magnesium, and zinc - nutrients that collectively contribute to physical development, immunity, and the stimulation of cognitive functions.

Recognizing that the years from 1 to 3 are critical for both physical and mental advancement, Nestlé LACTOGROW now places an even greater emphasis on holistic development. LACTOGROW's nutritional solutions not only support body and mind activation but also encourage emotional, social, and intellectual growth, reflecting dedication to the overall well-being of the child.

In circumstances where breastfeeding is not possible, NESTLÉ LACTOGROW provides essential nourishment and developmental support, ensuring that every child's early years are marked by health, happiness, and the opportunity to thrive. Through these efforts, NESTLÉ LACTOGROW reaffirms its role in helping children discover and shape their world.



Breastmilk is best.

## NANGROW

NESTLÉ NANGROW is a scientifically advanced formulation, featuring the innovative addition of 2'-FL HMO to support immunity and Optipro to promote adequate growth and development. The premium formula also contains DHA and ARA, which contribute to brain and eye development.

Building on over 150 years of Nestlé's scientific leadership in children's nutrition, NANGROW's legacy is rooted in continuous innovation and commitment to quality. In 2025, Pakistan's first 5 HMO formulation, Nestlé NANGROW SUPREMEPRO with 5 HMOs, was launched to further enhance the portfolio with advanced immune-supporting benefits. Additionally, Nestlé Pakistan also proudly introduced locally produced infant formula specialties, PRE-NAN and NAN AR, reflecting the brand's commitment to helping address the unique nutritional needs of children in Pakistan in times of legitimate need.

Despite strong headwinds, Nestlé NANGROW continued to deliver substantial growth in 2025. With strong focus on quality and continued scientific advancement, the brand will drive ongoing success in the years ahead.

# NESTLÉ PROFESSIONAL



Nestlé Professional Pakistan is dedicated to being a reliable and inspiring partner for our Out-of-Home customers. Our mission is to leverage our expertise to deliver efficient and innovative food and beverage solutions that empower our business partners to succeed, encapsulated in our motto of 'Making More Possible.'

We prioritize understanding customer and consumer preferences, continuously investing in research and innovation to improve product performance. Our commitment extends to addressing the latest nutritional and sustainability challenges, ensuring that we provide valuable solutions to chefs, operators, restaurants, and entrepreneurs in the Out-of-Home sector.

We serve both commercial and institutional channels, providing specialized food and beverage solutions tailored to our partners' diverse needs. Our goal is to support their businesses daily, helping them thrive in a competitive landscape.

The product portfolio is divided into two categories:

## BRANDED FOOD:

### 1. Dessert Solutions

Nestlé Professional has a range of culinary creams such as MILKPAK CREAM in 29.5% and 40% fat composition variants, alongside DOCELLO DESSERT MAGIC, SHAKE & SUNDAE MIX, and KHEER MIX, all catering to diverse Out of Home needs and keeping us at the center of the plate in Pakistan.

### 2. Meal Complements & Chilled Dairy

Nestlé Professional offers chilled dairy solutions including bulk butter, unsweetened NESTLÉ MILKPAK YOGURT and Raitas, NESTLÉ EASYWHIP cream for cakes and KITKAT spread which are tailor-made for our Out-of-Home customers.

## BRANDED BEVERAGES:

### 1. Hot Beverage Solutions

We offer a diverse range of hot beverages to complement various menus, including flavorful options like NESCAFÉ Cappuccino, NESCAFÉ Latte, NESCAFÉ Espresso, and NESCAFÉ Long Black. Our selection also features popular teas such as NESTEA Karak Chai, NESTEA Cardamom Chai, and NESTEA Kashmiri Chai along with newly introduced NESTEA Chai Latte and NESTLÉ Hot Milo ensuring a complete array of sought-after hot drinks.

The selection continues with Nestlé Roast and Ground Coffee beans, offering a distinct flavor and aroma in every cup. Baristas can create masterpieces using NESCAFÉ EXCELLENTE (100% Arabica beans), catering to a variety of taste preferences.

### 2. Cold Beverage Solutions

Nestlé Professional offers a range in multiple exciting flavors like mango, lemon, orange, peach, lychee, and mint margarita available in powdered format. These can be enjoyed in liquid form, prepared with machines, or blended into slush for a refreshing treat.

# FINANCIAL STATEMENTS

For the year ended December 31, 2025

# INDEPENDENT AUDITOR'S REPORT

To the Members of Nestlé Pakistan Limited

## Report on the Audit of the Financial Statements as at 31 December 2025

### Opinion

We have audited the annexed financial statements of Nestlé Pakistan Limited (the Company), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Revenue Recognition</b></p> <p>During the year ended 31 December 2025, the Company recognized net revenue of Rs. 199.1 billion from sale of goods as disclosed in Note 27 and according to the accounting policy described in Note 2.4.9 to the financial statements (2024: Rs. 193.2 billion).</p> <p>The Company generates revenue from a wide range of products which are sold through different sales channels.</p> <p>The Company also offers various discounts/allowances and incurs trade-spend from time to time on several product categories for the various types of customers.</p>	<p>Our audit procedures amongst others included the following:</p> <p>Understood the Company's sales processes for various sales types, including the processes for agreeing trade spend deductions and the design and implementation of relevant internal controls;</p> <p>Understood the Company's revenue recognition policies and procedures to assess compliance with International Financial Reporting Standards ("IFRS") as applicable in Pakistan;</p> <p>Performed substantive analytical procedures using dis-aggregated data in order to gain assurance over the revenue recognized and focused our testing on outliers and unusual trends;</p>

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>Due to the above factors requiring significant auditor attention on occurrence and considering the significance of revenue as a key performance indicator for users of financial statements, we have considered revenue recognition as a key audit matter.</p>	<p>Performed analytical review of sales by various product and customer categories in order to identify any inconsistencies with key performance indicators, operational activities of the Company and overall external economic environment;</p> <p>Understood the significance of trade spend deductions, the diversity of arrangements by cluster of customers, the process flow by nature of arrangement and the timing for accounting for estimates considering any conditionality inherent in the trade spend arrangements;</p> <p>Performed trend analysis and correlation between revenue total trade spend and assessed the reasonableness in the context of local environment along with relating the same to movement in receivables and cash;</p> <p>Performed procedures to identify and review underlying documentation of any manual adjustments at year end impacting revenue and total trade spend estimates to identify significant or unusual items;</p> <p>Tested supporting evidence in relation to a sample of sales transactions including but not limited to dispatch documentation, correspondence / acknowledgment by customers and performing other tests of details;</p> <p>Ensured that revenue items are correctly classified with reference to guidance in International Financial Reporting Standard 15 (“IFRS 15”);</p> <p>Performed procedures around the cut off of revenue;</p> <p>Reviewed credit notes and other transactions subsequent to the year end to identify whether any events causing reversal of revenue occur after year end including transactions related to trade spend to address the completeness and reasonableness of accruals as at year end; and</p> <p>We considered the accuracy and the adequacy of the disclosure provided in Note 27 to the financial statements in relation to the relevant accounting standards.</p>

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2025, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

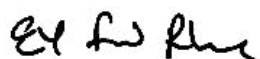
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company’s business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor’s report is Omer Chughtai.



EY Ford Rhodes  
Chartered Accountants  
Lahore: 19 March 2026  
UDIN: AR2025101209zH2NZfVL

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital			
75,000,000 (2024: 75,000,000) ordinary shares of PKR 10 each		750,000	750,000
Issued, subscribed and paid up capital	3	453,496	453,496
Share premium – capital reserve	4	249,527	249,527
General reserve – revenue reserve		280,000	280,000
Accumulated profits – revenue reserve		20,285,092	17,600,015
		21,268,115	18,583,038
<b>Non-current liabilities</b>			
Long-term finances – secured	5	–	1,420,350
Lease liabilities	6	1,326,275	1,434,907
Long-term employee benefits	7	5,532,046	5,030,182
		6,858,321	7,885,439
<b>Current liabilities</b>			
Current portion of long-term liabilities	8	1,907,694	3,129,449
Short-term borrowings – secured	9	–	200,000
Running finance under mark-up arrangements – secured	10	–	660,550
Trade and other payables	11	60,335,267	51,542,606
Contract liabilities	12	850,973	1,019,490
Income tax payable		2,126,681	–
Interest and mark-up accrued	13	956	183,410
Customer security deposits	14	440,742	334,804
Unclaimed dividend		104,647	90,081
		65,766,960	57,160,390
Contingencies and commitments	15		
		93,893,396	83,628,867

The annexed notes 1 to 50 form an integral part of these financial statements.

(Rupees in 000)	Note	2025	2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	30,131,584	29,407,234
Capital work-in-progress	17	2,526,967	2,754,932
Intangible assets	18	95,541	15,775
Deferred taxation	19	4,658,016	3,370,938
Long-term loans	20	583,462	256,939
		37,995,570	35,805,818
<b>Current assets</b>			
Current portion of long-term loans	20	172,020	143,475
Stores and spares	21	4,355,163	4,446,312
Stock-in-trade	22	24,818,457	26,549,290
Trade debts	23	3,177,030	2,121,563
Sales tax recoverable		5,923,212	8,329,946
Income tax recoverable		-	711,833
Advances, deposits, prepayments and other receivables	24	3,954,754	3,198,229
Short-term investments	25	9,588,794	-
Cash and bank balances	26	3,908,396	2,322,401
		55,897,826	47,823,049
		93,893,396	83,628,867



MAQSOOD AHMAD ANJUM  
Chief Financial Officer



JOSELITO JR AVANCENA  
Chief Executive Officer



SYED YAWAR ALI  
Chairman / Director

# STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
Revenue from contracts with customers – net	27	199,069,166	193,205,756
Cost of goods sold	28	(126,812,049)	(123,681,762)
<b>Gross profit</b>		72,257,117	69,523,994
Distribution and selling expenses	29	(33,610,875)	(32,973,536)
Administration expenses	30	(6,524,932)	(7,001,233)
<b>Operating profit</b>		32,121,310	29,549,225
Finance cost	31	(570,217)	(2,589,499)
Other expenses	32	(3,035,404)	(2,071,201)
		(3,605,621)	(4,660,700)
Other income	33	1,165,439	615,611
<b>Profit before final tax, minimum tax differential and income tax</b>		29,681,128	25,504,136
Final tax	34	–	(24,785)
Minimum tax differential	34	–	(199,104)
<b>Profit before income tax</b>		29,681,128	25,280,247
Income tax	34	(12,437,207)	(10,472,276)
<b>Profit after taxation</b>		17,243,921	14,807,971
Earnings per share basic and diluted (Rupees)	35	380.24	326.53

The annexed notes 1 to 50 form an integral part of these financial statements.



MAQSOOD AHMAD ANJUM  
Chief Financial Officer



JOSELITO JR AVANCENA  
Chief Executive Officer



SYED YAWAR ALI  
Chairman / Director

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

(Rupees in 000)	2025	2024
<b>Profit after taxation</b>	17,243,921	14,807,971
Other comprehensive income		
<b>Items that may be reclassified subsequently to profit or loss (net of tax)</b>	-	-
<b>Items that will not be reclassified subsequently to profit or loss (net of tax)</b>		
Remeasurement gain on net long-term employee benefit liability	636,163	304,501
Related tax	(184,289)	(88,305)
	451,874	216,196
Other comprehensive income for the year	451,874	216,196
<b>Total comprehensive income for the year</b>	<b>17,695,795</b>	<b>15,024,167</b>

The annexed notes 1 to 50 form an integral part of these financial statements.



MAQSOOD AHMAD ANJUM  
Chief Financial Officer



JOSELITO JR AVANCENA  
Chief Executive Officer



SYED YAWAR ALI  
Chairman / Director

# STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(Rupees in 000)	Share capital	Capital reserves	Revenue reserves		Total
		Share premium	General reserve	Accumulated profits	
<b>Balance as at January 01, 2024</b>	453,496	249,527	280,000	9,605,034	10,588,057
Total comprehensive income for the year ended December 31, 2024					
Profit after taxation	-	-	-	14,807,971	14,807,971
Other comprehensive income	-	-	-	216,196	216,196
	-	-	-	15,024,167	15,024,167
Transaction with owners directly recognized in equity					
Final dividend for the year ended December 31, 2023 (Rs. 19 per share)	-	-	-	(861,642)	(861,642)
Interim dividend for the six-month period ended June 30, 2024 (Rs. 111 per share)	-	-	-	(5,033,804)	(5,033,804)
Interim dividend for the nine-month period ended September 30, 2024 (Rs. 25 per share)	-	-	-	(1,133,740)	(1,133,740)
<b>Balance as at December 31, 2024</b>	453,496	249,527	280,000	17,600,015	18,583,038
Total comprehensive income for the year ended December 31, 2025					
Profit after taxation	-	-	-	17,243,921	17,243,921
Other comprehensive income	-	-	-	451,874	451,874
	-	-	-	17,695,795	17,695,795
Transaction with owners directly recognized in equity					
Final dividend for the year ended December 31, 2024 (Rs. 30 per share)	-	-	-	(1,360,488)	(1,360,488)
Interim dividend for the six-month period ended June 30, 2025 (Rs. 223 per share)	-	-	-	(10,112,961)	(10,112,961)
Interim dividend for the nine-month period ended September 30, 2025 (Rs. 78 per share)	-	-	-	(3,537,269)	(3,537,269)
<b>Balance as at December 31, 2025</b>	453,496	249,527	280,000	20,285,092	21,268,115

The annexed notes 1 to 50 form an integral part of these financial statements.



MAQSOOD AHMAD ANJUM  
Chief Financial Officer



JOSELITO JR AVANCENA  
Chief Executive Officer



SYED YAWAR ALI  
Chairman / Director

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>Cash flow from operating activities</b>			
Profit before taxation		29,681,128	25,280,247
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation of property, plant and equipment	16.4	4,348,393	3,974,702
Amortization of intangible assets	18	18,835	544
Impairment charge / (reversal) – net	32 & 33	427,093	(20,277)
Gain on disposal of property, plant and equipment – owned	33	(227,489)	(70,544)
(Gain) / loss on termination of lease	33 & 32	(20,546)	50
Provision for Workers' Profit Participation Fund	32	1,521,167	1,303,641
Provision for Workers' Welfare Fund	32	741,176	576,254
Increase in provision for stores and spares	21.1	215,654	475,477
Reversal of provision for stock in trade – net	22.1	(311,476)	(519,036)
Allowance for expected credit losses	33	–	(1,570)
Exchange gain unrealized	32	(169,562)	(47,071)
Final tax and minimum tax differential	34	–	223,889
Provision for defined benefits plans	7.10	1,908,614	2,893,104
Finance cost	31	570,217	2,589,499
<b>Profit before working capital changes</b>		<b>38,703,204</b>	<b>36,658,909</b>
<b>Effect on cash flow due to working capital changes:</b>			
(Increase) / decrease in current assets:			
Stores and spares		(124,505)	(910,080)
Stock-in-trade		2,042,309	7,408,230
Trade debts		(1,055,467)	112,618
Advances, deposits, prepayments and other receivables		(756,525)	2,531,179
Sales tax recoverable		2,406,734	8,838,563
Increase / (decrease) in current liabilities:			
Trade and other payables		8,616,327	(5,081,846)
Contract liabilities		(168,517)	311,026
		10,960,356	13,209,690
<b>Cash generated from operations</b>		<b>49,663,560</b>	<b>49,868,599</b>
(Increase) / decrease in long term loans – net			
		(355,068)	19,928
Increase in customer security deposits – interest free		105,939	92,831
Contributions by the Company – net		(954,877)	(667,292)
Workers' Profit Participation Fund paid	11.3	(1,297,349)	(1,420,562)
Workers' Welfare Fund paid	11.4	(594,785)	(648,422)
Finance cost paid		(752,671)	(2,876,071)
Final tax and minimum tax differential paid		–	(223,889)
Income taxes paid		(10,885,771)	(12,764,635)
<b>Net cash generated from operating activities</b>		<b>34,928,978</b>	<b>31,380,487</b>

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(5,024,366)	(4,402,187)
Purchase of short-term investments		(9,588,794)	-
Sale proceeds from disposal of property, plant and equipment	16.6	324,847	91,704
<b>Net cash used in investing activities</b>		<b>(14,288,313)</b>	<b>(4,310,483)</b>
<b>Cash flow from financing activities</b>			
Long-term loans repaid		(3,000,000)	(3,500,000)
Short-term borrowings obtained		1,800,000	17,300,000
Short-term borrowings repaid		(2,000,000)	(22,600,000)
Principal portion of lease liabilities paid		(197,968)	(125,849)
Dividends paid		(14,996,152)	(14,544,017)
<b>Net cash used in financing activities</b>		<b>(18,394,120)</b>	<b>(23,469,866)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,246,545</b>	<b>3,600,138</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,661,851</b>	<b>(1,938,287)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>38</b>	<b>3,908,396</b>	<b>1,661,851</b>

The annexed notes 1 to 50 form an integral part of these financial statements.



MAQSOOD AHMAD ANJUM  
Chief Financial Officer



JOSELITO JR AVANCENA  
Chief Executive Officer



SYED YAWAR ALI  
Chairman / Director

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 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.

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

<b>Manufacturing Facilities</b>	<b>Address</b>
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 and summary of significant accounting policies

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") as notified under the Companies Act 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee benefits on the basis mentioned in note 2.4.1.

### 2.3 Significant estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates that have a significant risk and result in material adjustments to the Company's financial statements or where judgments, that had the significant effect on the amounts that have been recognized in the period, were exercised in application of accounting policies are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 2.3.1 Judgements

### Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease options that include extension and termination options. The Company applies judgements in evaluating whether it is reasonably certain whether to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement period, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects the ability to exercise or not to exercise the option to renew or to terminate.

## 2.3.2 Significant estimates and assumptions

Company applies the estimates in following areas to determine the amounts in financial statements:

- Defined benefit plans 2.4.1
- Discounts, allowances and promotional rebates 2.4.9

Other areas, where estimates are involved to determine the amounts, are mentioned in their respective notes.

## 2.4 Material accounting policy information

The material accounting policies adopted in preparation of these financial statements are set out below and have been applied consistently to all periods presented in these financial statements.

### 2.4.1 Retirement benefits

#### 2.4.1.1 Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When calculation results in potential assets for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan.

Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. The Company determines net interest expense / (income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds, as set by Pakistan Society of Actuaries, and interpolated linearly as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

## 2.4.1.2 Defined contribution plan

The Company operates a recognized provident fund for all its regular employees, excluding expatriates. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 12% (2024: 12%) of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan is recognized as an expense in the statement of profit or loss as and when incurred.

## 2.4.1.3 Long Service Award

With effect from January 01, 2024, the Company's net obligation in respect of long-term service award, as described in note 7.4, is also calculated separately for each plan by estimating the present value of amount of future benefits that employees have earned in current and prior periods. The above mentioned accounting policy and method of measurement of the defined employee benefits is also applicable for the long-term service award, except for recognition of remeasurement gain/ losses in the statement of profit or loss.

## 2.4.2 Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short term leases of 12 months or less and leases of low value items, which are expensed in the statement of profit or loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate (IBR) applicable in the market for such leases. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 2.4.3 Provisions and contingencies

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

## 2.4.4 Fixed capital expenditure and depreciation/amortization

### 2.4.4.1 Property, plant and equipment

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified accumulated impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, labor, applicable manufacturing overheads and borrowing costs on qualifying assets.

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful life at the rates given in note 16.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

### 2.4.4.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditure and advances connected with specific assets incurred and made during installation and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

## 2.4.5 Stores and spares

Useable stores and spares except for in-transit, are valued principally at moving average method, while items considered obsolete are carried at nil value. Provision is made against slow moving or obsolete stores and spares on a systematic basis.

### 2.4.5.1 Allowance for write-down of stores and spares to net realizable value

Provision for stores and spares is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis. Net realizable value calculations are estimated based on last recently-held transactions and values expected to be recovered for sale in normal course of business less an estimate for selling costs.

## 2.4.6 Stock-in-trade

Inventories are valued as per below mentioned valuation basis:

### 2.4.6.1 Raw and packing material

Value in relation to raw and packing materials except for in-transit is arrived at using FIFO basis. Provision for unusable raw and packing material is made on an estimated basis, wherever required.

### 2.4.6.2 Finished goods and work-in-process

Value of finished goods and work in process both manufactured and purchased, is determined on weighted average basis, except for in-transit goods. In-transit goods and materials are valued at cost comprising invoice value plus other charges thereon. Cost in relation to work-in-process and finished goods includes an appropriate portion of production overheads. Finished goods are valued at cost or net realizable value, whichever is lower.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 2.4.6.3 Allowance for write-down of stock-in-trade to net realizable value

Provision for stock-in-trade is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis. Net realizable value calculations are estimated based on last recently-held transactions and values expected to be recovered for sale in normal course of business less an estimate for selling costs.

## 2.4.7 Trade Receivables

Trade receivables are stated at invoice value less any provisions for specific credit losses with objective evidence of impairment. Further, the Company also determines the need for any expected credit loss provisions at each reporting date in terms of the requirements of IFRS 9.

## 2.4.8 Sales tax refundable

Sales tax refundable primarily includes input sales tax related to zero rated taxable supplies for prior years for which refunds have been lodged with the Federal Board of Revenue. These arise in the usual trade cycle of the Company and are settled accordingly. Management has classified the sales tax refundable as current asset as this refund is part of the normal operating cycle of the Company.

## 2.4.9 Revenue recognition

Sales represent amounts received and receivable from third parties for goods supplied to the customers and are recognized at point in time when a customer obtains control of the goods under the contract, usually when the product is delivered to the customers. The Company has a range of credit terms which are typically short term or in advance, in line with market practice and without any financing component.

Revenue is measured based on the consideration specified in a contract with a customer, net of returns, amounts collected on behalf of third parties (sales taxes etc.), pricing allowances, other trade discounts, volume rebates and couponing, price promotions to customers / consumers and any other consideration payable to customers (referred as trade spend). The level of discounts, allowances and promotional rebates are recognized, on estimated basis using historical experience and the specific terms of the arrangement, as a deduction from revenue at the time that the related sales are recognized or when such incentives are offered to the customer / consumer.

## 2.4.10 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

### 2.4.10.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income and the decisions of appellate authorities on certain cases issued in past. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### 2.4.10.2 Deferred

Deferred tax is provided using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 2.5 Standards, interpretations and amendments to published approved accounting standards

The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended standards and interpretations effective for annual period beginning on January 01, 2025, as listed below:

### 2.5.1 New Standards, interpretations and amendments effective in the reporting period

IAS 21                      Lack of exchangeability – (Amendments)

The adoption of above new amendments applied for the first time in the period did not have any material impact on the financial statements of the Company. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 2.5.2 Standards, interpretations and amendments to 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 (annual periods beginning on or after)
IFRS 9 and IFRS 7	Classification and Measurement of Financial IFRS 7 Instruments — (Amendments)	January 01, 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity – (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
IAS 7	Adjustments resulting from adoption of IFRS 18 Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 01, 2027
IAS 21	Translation to a Hyperinflationary Presentation Currency	January 01, 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments)	Not yet finalized

The above amendments are not expected to have any material impact on the Company's 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, 2025.

The Company is currently working to identify all impacts IFRS 18 will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Company's financial statements are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

- Foreign exchange differences will be classified in the category where the related income and expense form the item giving rise to the foreign exchange difference.
- New disclosure will be added:
  - (a) management-defined performance measures (where applicable);
  - (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and
  - (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.
- Expenses will be reclassified from selling and distribution to cost of sales that are related to the handling of goods.
- Other expenses / income will be reclassified under operating expenses / income.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements, other than those related to adoption of IFRS 18 already mentioned above.

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.

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 First time adoption of International Financial Reporting Standards	July 01, 2009

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

### 3 Issued, subscribed and paid up capital

2025 (Number of shares)	2024		2025 (Rupees in 000)	2024
		Ordinary shares of PKR 10 each as		
29,787,058	29,787,058	fully paid in cash	297,870	297,870
		Ordinary shares of PKR 10 each as		
15,476,867	15,476,867	fully paid bonus shares	154,769	154,769
		Ordinary shares of PKR 10 each issued		
		other than cash (under schemes of		
85,659	85,659	arrangement for amalgamation)	857	857
45,349,584	45,349,584		453,496	453,496

- 3.1** As at December 31, 2025, Société des Produits Nestlé SA (SPN), Switzerland ("the Holding Company"), holds 27,936,173 (2024: 27,936,173) ordinary shares representing 61.60% (2024: 61.60%). In addition, 9,059,049 (2024: 9,028,281) ordinary shares are held by the following related parties as at December 31, 2025:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

Name of related party	2025	2024
	(Number of shares)	
IGI Investments (Pvt.) Limited	4,432,959	4,423,666
Percentage of equity held 9.78% (2024: 9.76%)		
Packages Limited	3,649,248	3,649,248
Percentage of equity held 8.05% (2024: 8.05%)		
Gurmani Foundation	538,235	538,235
Percentage of equity held 1.19% (2024: 1.19%)		
National Management Foundation	224,720	224,720
Percentage of equity held 0.50% (2024: 0.50%)		
Babar Ali Foundation	180,195	170,745
Percentage of equity held 0.40% (2024: 0.38%)		
Industrial Technical and Educational Institution	21,666	21,666
Percentage of equity held 0.05% (2024: 0.05%)		
Mohsin Trust	12,025	–
Percentage of equity held 0.03% (2024: 0.0%)		
IGI Finex Securities Limited	1	1
Percentage of equity held 0.0% (2024: 0.0%)		
	9,059,049	9,028,281

**3.2** The holders of voting ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

## 4 Share premium

This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

(Rupees in 000)	Note	2025	2024
<b>5 Long-term finances – secured</b>			
Long-term finances utilized under mark-up arrangements:			
Term Loan I	5.1	–	3,000,000
Term Loan II	5.2	1,434,375	1,420,350
		1,434,375	4,420,350
Interest and mark-up accrued		956	163,683
Amortised cost		1,435,331	4,584,033
Less: current maturity	8	(1,434,375)	(3,000,000)
Less: interest and mark-up accrued shown under current liabilities	13	(956)	(163,683)
		–	1,420,350

**5.1** The loan was obtained from Meezan Bank Limited under diminishing musharakah arrangement with the principal repayment to take place in a single lump sum instalment after 3 years in August 2025. Mark-up was payable semi annually at a flat rate of 15.00% per annum, which was subsequently revised to 11.00% per annum from November 2024. This loan was secured by first joint pari passu hypothecation charge over fixed assets, amounting to PKR 6,000 million respectively, and current assets, amounting to PKR 4,500 million of the Company excluding land and building. This loan was entirely repaid early in January, 2025.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

- 5.2** This Financing IntraGroup (FIG) loan amounting to USD 5.1 million has been obtained from Nestle Treasury Center Middle East and Africa under Foreign Currency Trade Financing from abroad (FTFA) – import loans with the principal repayment to take place in a single lump sum instalment after 3 years in March 2026. Mark-up is payable quarterly at SOFR + 350 Basis Point. SOFR rate will reset first day of each period.

(Rupees in 000)	Note	2025	2024
<b>6 Lease liabilities</b>			
Present value of minimum lease payments		1,799,594	1,564,356
Less: current maturity	8	(473,319)	(129,449)
		1,326,275	1,434,907

- 6.1** The incremental borrowing rate used as the discounting factor ranges from 10.00% to 20.3% (2024: 10.00% to 20.3%). Lease Payments (LP) and their Present Value (PV) are as follow:

(Rupees in 000)	31-Dec-25		
	LP	Future Finance Charges	PV of LP
Due not later than 1 year	503,213	(29,893)	473,320
Due later than 1 year but not later than 5 years	1,452,755	(335,692)	1,117,063
Due later than 5 years	456,568	(247,357)	209,211
	2,412,536	(612,942)	1,799,594

(Rupees in 000)	31-Dec-24		
	LP	Future Finance Charges	PV of LP
Due not later than 1 year	323,877	(41,791)	282,086
Due later than 1 year but not later than 5 years	1,299,833	(469,298)	830,535
Due later than 5 years	797,541	(345,806)	451,735
	2,421,251	(856,895)	1,564,356

- 6.2** Set out below are the carrying amounts of lease liabilities and the movement during the year:

(Rupees in 000)	2025	2024
Opening balance	1,564,356	1,726,942
Lease liabilities acquired during the year	516,532	–
Markup on lease liabilities	209,092	213,605
Reassessment of leases	–	(13,757)
Termination of leases	(83,326)	(22,980)
	2,206,654	1,903,810
Less: lease rentals paid	(407,060)	(335,454)
Closing balance	1,799,594	1,564,356

- 6.3** The Company had entered into lease agreements with Packages Real Estate Limited (Related Party) and Babar Ali Foundation (Related Party). The closing lease liability amounts to PKR 1,061.58 million (2024: 1,121.27 million) and PKR 49.08 million (2024: 57.11 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>7 Long-term employee benefits</b>			
Gratuity fund	7.1 & 7.3	1,864,704	1,904,373
Pension fund	7.2 & 7.3	1,250,548	1,420,437
Long Service Award (LSA)	7.4	2,416,794	1,705,372
		5,532,046	5,030,182

**7.1** Gratuity plan comprises of two types i.e. A and B. Type A members are those who have joined the plan and have not opted to become members of Type B. Type B members are those who joined the Type A and opted to become members of Type B.

- Type A represents old Plan, which is only available to employees having joining date before December 31, 2020, that entitles an eligible employee to receive a lump sum amount equal to last drawn basic salary multiplied by number of completed years of service with the Company, at the time of cessation of employment. An eligible employee means the employee who has successfully completed one year of service with the Company. In case if the employee leaves the employment before successful completion of 10 years of service than he / she shall be entitled to 50% of gratuity amount.
- Type B represents cash plan that entitles the members to have their gratuity balance calculated from their date of joining till December 31, 2020 based on Type A formula. Thereafter, the gratuity balance so calculated is locked and profit is credited to employees' account, annually based on performance of gratuity fund. The locked balance of gratuity together with interest thereon will be paid to employee at the time of separation from the company. Besides this, cash plan member is also entitled to a monthly cash allowance of 7.8% of basic salary.

**7.2** Pension plan comprise of two types i.e. A and B. Type A members are those members who have joined the plan and who have not become members of Type B. Type B members are those members who fulfil the criteria and opted to become member of Type B.

- Type A members are required to make a contribution of 5% of pensionable salary whereas the Company makes contribution based on actuarial recommendations. The annual benefit amount of a Type A member shall be 2.75% of his / her pensionable salary at the time of retirement multiplied by number of years of pensionable service subject to a maximum of 82.5% of pensionable salary.
- Type B member can make a contribution of 3% or 5% of his / her pensionable salary and the Company will make a contribution equal to employee contribution +2%. In case of those members who are transferred from Type A to Type B, such members are required to make a contribution of 5% of pensionable salary and the Company will make a contribution of 11.4%. Type B member shall be entitled to 30% of employer benefit after successful completion of three years of pensionable service and thereafter additional 10% for each successful year till 10th year when they are entitled to 100% of the benefit.

**7.3** Gratuity and pension plans are administered through separate funds that are legally separated from the Company. The Trust of the funds comprises of seven and five employees acting as Trustees for pension and gratuity fund respectively, out of which one Trustee is the Chairman. The Trustees of the funds are required by law to act in the best interests of the plan and are responsible for making all the investments and disbursements out of the funds.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. As at reporting date, an actuarial valuation has been performed by M/s Nauman Associates (Actuarial experts) for valuation of defined benefit obligation. The disclosure made in notes 7.1 to 7.17 are based on the information included in the actuarial report.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

These defined benefit plans are funded by the Company. The funding requirements are evaluated by the management using the funds' actuarial measurement framework set out in the funding policies of the plans. The funding of each plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from time to time. The investments out of provident fund and pension fund are governed by and are compliant in all material aspects with the requirements of section 218 of the Companies Act 2017.

The Company is responsible to manage the deficit in the defined benefit obligation towards fair value of the plan assets. The Company has devised an effective periodic contribution plan to maintain sufficient level of plan assets to meet its obligations. Further, the Company also performs regular maturity analysis of the defined benefit obligation and manage its contributions accordingly.

- 7.4** Long term service award comprise of two types i.e. A and B. Type A is available to both management and non-management staff. Type B is a plan only for non-management staff.
- Type A represents old scheme, which was available to both management and non management employees until December 31, 2024. From January 01, 2025, this plan will only be available for non-management staff. The scheme provides different grammage of 24 karat gold coins and shields to employees according to their service years starting from completion of minimum 10 years of service with the Company. The weight of gold coins varies (15–30 gram) on addition of every 5 years (upto 30 year) to the minimum service requirement.
  - Type B represents new scheme, which will only be available for management staff from January 01, 2025, that entitles an eligible employee to receive a lump sum amount from PKR 400,000 up to PKR 850,000, based on number of completed years of service with the Company as per the approved Company policy. An eligible employee means the employee who has successfully completed minimum of 10 years of service (up to 30 years) with the Company in accordance with the approved Company policy.

(Rupees in 000)	Gratuity		Pension		LSA	
	2025	2024	2025	2024	2025	2024
<b>7.5 Present value of funded obligations</b>						
Amounts recognized in statement of financial position are as follows:						
Present value of						
defined benefit obligation (PVDBO)	5,262,889	4,878,375	8,873,218	7,868,923	2,416,794	1,705,372
Fair value of plan assets	(3,398,185)	(2,974,002)	(7,622,670)	(6,448,486)	-	-
Net retirement benefit obligation	1,864,704	1,904,373	1,250,548	1,420,437	2,416,794	1,705,372
<b>7.6 Movement in net obligation</b>						
Net liability as at January 01	1,904,373	1,969,228	1,420,437	1,139,643	1,705,372	-
Charge to statement of profit or loss	525,731	601,036	520,273	497,410	862,610	1,794,658
Charge to other comprehensive income	(284,427)	(407,261)	(353,914)	102,760	-	-
Contribution made by employees	-	-	201,459	189,666	-	-
Contribution made by Company	(280,973)	(258,630)	(537,707)	(509,042)	(151,188)	(89,286)
Net liability as at December 31	1,864,704	1,904,373	1,250,548	1,420,437	2,416,794	1,705,372

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Gratuity		Pension		LSA	
	2025	2024	2025	2024	2025	2024
<b>7.7 Movement in the liability for funded defined benefit obligations</b>						
Liability for defined benefit obligations						
as at January 01	4,878,375	4,532,691	7,868,923	6,652,103	1,705,372	-
Benefits paid by the plan	(545,317)	(604,112)	(712,810)	(1,220,992)	(151,188)	(89,286)
Current service cost	310,001	305,416	581,795	534,597	143,020	134,603
Past service (credit) / cost	-	-	-	(5,240)	-	1,209,594
Interest cost	552,686	676,902	901,502	966,657	195,574	226,892
Gains curtailment/settlement (gain)/loss	-	-	(1,871)	12,167	-	-
Remeasurements on obligation:						
Actuarial losses / (gains) due to:						
- Changes in financial assumptions	(4,446)	(22,212)	163,116	669,019	(418,398)	420,974
- Changes in demographic assumptions	-	-	-	-	-	(86,317)
- Experience adjustments	71,590	(10,310)	72,563	260,612	942,414	(111,088)
	67,144	(32,522)	235,679	929,631	524,016	223,570
Liability for defined benefit obligations as at December 31	5,262,889	4,878,375	8,873,218	7,868,923	2,416,794	1,705,372
<b>7.8 Movement in fair value of plan assets</b>						
Fair value of plan assets as at January 01	2,974,002	2,563,463	6,448,486	5,512,460	-	-
Contributions paid into the plan	280,973	258,629	537,707	509,042	-	-
Benefits paid by the plan	(545,317)	(604,112)	(712,810)	(1,220,992)	-	-
Interest income on plan assets	341,020	382,516	763,313	825,038	-	-
Return on plan assets, excluding interest income	351,571	374,739	589,593	826,871	-	-
Other administrative expenses by fund	(4,064)	(1,233)	(3,619)	(3,933)	-	-
Fair value of plan assets as at December 31	3,398,185	2,974,002	7,622,670	6,448,486	-	-
<b>7.9 Plan assets consist of the following:</b>						
In terms of amount:						
- Equity instruments	6,796	711,287	7,623	1,461,368	-	-
- Debt instruments	1,573,360	1,518,697	3,559,787	3,007,758	-	-
- Cash at bank and other deposits	1,818,029	744,018	4,055,260	1,979,360	-	-
	3,398,185	2,974,002	7,622,670	6,448,486	-	-
<b>7.9.1 Plan assets</b>						
Plan assets comprise:						
Equity instruments by sector						
Mutual funds	6,796	711,287	7,623	1,461,368	-	-
Debt instruments						
Government bonds	1,573,360	1,518,697	3,559,787	3,007,758	-	-
Cash and other deposits						
Balance in saving bank accounts	267,603	109,515	1,325,298	646,874	-	-
Treasury bills	1,529,326	625,868	2,697,176	1,316,483	-	-
Others	21,100	8,635	32,786	16,003	-	-
	1,818,029	744,018	4,055,260	1,979,360	-	-
	3,398,185	2,974,002	7,622,670	6,448,486	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

The Trustees ensure that the investment positions are managed within an Asset–Liability Matching (ALM) framework to ensure alignment with the obligations under the defined benefit plans. Risk analysis of each category is done to analyze the impacts of the interest rate risk and longevity risk.

(Rupees in 000)	Gratuity		Pension		LSA	
	2025	2024	2025	2024	2025	2024
<b>7.10 Statement of profit or loss includes the following in respect of retirement benefits:</b>						
Interest cost	552,686	725,231	901,502	1,064,336	195,574	226,892
Current service cost	310,001	305,416	581,795	534,597	143,020	134,603
Past service (credit) / cost	–	–	–	(5,240)	–	1,209,594
Interest income on plan assets	(341,020)	(410,154)	(763,313)	(881,994)	–	–
Contributions made by the employees	–	–	(201,459)	(189,666)	–	–
Net interest income on expected contributions and benefits paid	–	(20,690)	–	(40,723)	–	–
Plan amendment/ curtailment gain	–	–	(1,871)	12,167	–	–
Gains and losses arising on PVDBO	–	–	–	–	524,016	223,569
Other administrative expense by Fund	4,064	1,233	3,619	3,933	–	–
	525,731	601,036	520,273	497,410	862,610	1,794,658
<b>7.11 Charge for the year has been allocated as follows:</b>						
Cost of goods sold	225,750	267,754	211,166	221,589	647,984	799,496
Distribution and selling expenses	190,948	227,878	183,753	188,590	187,840	680,432
Administration expenses	109,033	105,404	125,354	87,231	26,786	314,730
	525,731	601,036	520,273	497,410	862,610	1,794,658
<b>7.12 Actuarial losses and (gains) recognized directly in other comprehensive income</b>						
Cumulative amount as at January 01	456,491	863,752	437,577	334,817	–	–
Remeasurements on obligation						
Actuarial (gains) / losses due to:						
– Changes in financial assumptions	(4,446)	(22,212)	163,116	669,019	–	–
– Changes in demographic assumptions	–	–	–	–	–	–
– Experience adjustments	71,590	(10,310)	72,563	260,612	–	–
	67,144	(32,522)	235,679	929,631	–	–
Remeasurements on fair value of plan assets	(351,571)	(374,739)	(589,593)	(826,871)	–	–
(Gains) / losses recognized during the year	(284,427)	(407,261)	(353,914)	102,760	–	–
Cumulative amount as at December 31	172,064	456,491	83,663	437,577	–	–
(Rupees in 000)	<b>2025</b>	2024	2023	2022	2021	
<b>7.13 Historical information for Gratuity plan</b>						
Present value of defined benefit obligation	5,262,889	4,878,375	4,532,691	3,903,315	3,408,390	
Fair value of plan assets	(3,398,185)	(2,974,002)	(2,563,463)	(2,216,216)	(1,973,324)	
Deficit in the plan	1,864,704	1,904,373	1,969,228	1,687,099	1,435,066	
Experience adjustments arising on plan liabilities	71,590	(10,310)	132,058	36,372	(70,053)	
Actuarial (gain) / losses arising on plan assets	(351,571)	(374,739)	109,688	(26,910)	(9,738)	

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	2025	2024	2023	2022	2021
<b>7.14 Historical information for Pension plan</b>					
Present value of defined benefit obligation	8,873,218	7,868,923	6,652,103	6,323,811	6,093,029
Fair value of plan assets	(7,622,670)	(6,448,486)	(5,512,460)	(4,622,998)	(4,151,998)
Deficit in the plan	1,250,548	1,420,437	1,139,643	1,700,813	1,941,031
Experience adjustments arising on plan liabilities	72,563	260,612	(283,380)	25,211	(171,007)
Actuarial (gain) / losses arising on plan assets	(589,593)	(826,871)	206,839	(42,708)	(40,574)

(Rupees in 000)	2025			2024		
	Gratuity fund	Pension fund	LSA	Gratuity fund	Pension fund	LSA
<b>7.15 Significant actuarial assumptions used for valuation of these plans are as follows:</b>						
Discount rate used for profit and loss charge	12.00%	12.00%	12.00%	16.00%	16.00%	16.75%
Discount rate used for year-end obligation	11.25%	11.25%	11.25%	12.00%	12.00%	12.00%
Expected rate of salary increase	11.25%	11.25%	-	12.00%	12.00%	-
Expected rate of return on plan assets	11.25%	11.25%	-	12.00%	12.00%	-
Gold price increase used for year end obligation	-	-	6.5%	-	-	10.6%
Mortality rate	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005
	Setback 1 year	Setback 1 year	Setback 1 year	Setback 1 year	Setback 1 year	Setback 1 year

## 7.16 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 50 bps (for LSA by 100 bps) with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

(Rupees in 000)	Impact on present value of defined benefit obligation as at December 31, 2025		
	Change	Increase	Decrease
<b>Gratuity</b>			
Discount rate	50 bps	(252,406)	271,463
Future salary increase	50 bps	273,262	(256,388)
Expected mortality rates	1 year	(1,747)	1,879
<b>Pension</b>			
Discount rate	50 bps	(210,192)	226,604
Future salary increase	50 bps	105,016	(100,162)
Indexation Rate	50 bps	134,542	(124,597)
Expected mortality rates	1 year	46,256	(47,075)
<b>Long Service Award</b>			
Discount rate	100 bps	(115,916)	128,060
Gold price	100 bps	116,168	(106,570)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

**7.17** Weighted average duration of the defined benefit obligation is 10 years for gratuity, 5 years for pension and 6 years for LSA.

(Rupees in 000)	Note	2025	2024
<b>8 Current portion of long term liabilities</b>			
Current maturity of long term finances	5	1,434,375	3,000,000
Current maturity of lease liabilities	6	473,319	129,449
		1,907,694	3,129,449
<b>9 Short-term borrowings – secured</b>			
Export refinance facility	9.1	–	200,000
		–	200,000
Interest and mark-up accrued		–	7,389
Amortized cost		–	207,389
Less: interest and mark-up accrued	13	–	(7,389)
		–	200,000

**9.1** The Company had obtained export refinance facility from Habib Bank Ltd. having an aggregate limit of PKR 200 million (2024: PKR 200 million respectively). The mark-up on this facility ranged from 8.00% to 14.50% (2024:14.50% to 19.00%) per annum. The deal was secured by a hypothecation charge over fixed assets, excluding land and building, amounting to PKR 19,328 million, 12,065 million and current assets amounting to PKR 4,000 million, PKR 6,100 million of the Company.

(Rupees in 000)	Note	2025	2024
<b>10 Running finance under mark-up arrangements – secured</b>			
Running finance under mark-up arrangements – secured		–	660,550
Interest and mark-up accrued		–	12,338
Amortized cost		–	672,888
Less: interest and mark-up accrued	13	–	(12,338)
		–	660,550

The Company has obtained short-term running finances from various banks under mark-up arrangements having an aggregate limit of PKR 47,845 million (2024: PKR 47,845 million). The mark-up on these facilities ranges from 11.24% to 12.47% (2024: 14.76% to 22.37%) per annum. These facilities are secured by a first joint pari passu hypothecation charge amounting to PKR 28,293 million (2024: PKR 28,293 million) over fixed assets and PKR 21,700 million (2024: PKR 21,700 million) over current assets of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>11 Trade and other payables</b>			
Trade creditors:			
Related parties		11,093,916	9,357,896
Others		14,662,472	13,193,493
		25,756,388	22,551,389
Accrued and other liabilities	11.1	29,854,934	24,450,935
General licensing fee payable	11.2	1,118,077	1,955,029
Workers' Profit Participation Fund payable	11.3	1,521,058	1,297,240
Workers' Welfare Fund payable	11.4	741,176	594,785
Withholding taxes payable		1,312,023	677,650
Others		31,611	15,578
		60,335,267	51,542,606

**11.1** This includes provisions held for contingencies and uncertainties in respect of various tax related interpretational issues where the Company maintains a differing position with the Tax authorities. Due to these uncertainties, the Company has made provisions without prejudice of defending its legal position in the various appellate forums / courts of law.

**11.2** Licensing fee is payable to Société Des Produits Nestlé S.A. the "Holding Company" having its registered office at Avenue Nestlé 1800 Vevey, Switzerland. During the year, gross licensing fee amounting to PKR 7,843.99 million (2024: PKR 14,039.05 million) has been paid.

(Rupees in 000)	Note	2025	2024
<b>11.3 Workers' Profit Participation Fund payable</b>			
Balance as at January 01		1,297,240	1,414,161
Provision for the year	32	1,521,167	1,303,641
		2,818,407	2,717,802
Payments made during the year – net		(1,297,349)	(1,420,562)
Balance as at December 31		1,521,058	1,297,240
<b>11.4 Workers' Welfare Fund payable</b>			
Balance as at January 01		594,785	666,953
Provision for the year	32	741,176	576,254
		1,335,961	1,243,207
Payments made during the year – net		(594,785)	(648,422)
Balance as at December 31		741,176	594,785

(Rupees in 000)	2025	2024
<b>12 Contract liabilities</b>		
Advances from customers in respect of revenue recognized at a point in time	850,973	1,019,490

**12.1** This represents advance received from customers for future sale of goods. The balance of contract liability as at December 31, 2025, is expected to be recognized as revenue within one year.

**12.2** The contract liabilities outstanding as at December 31, 2024, amounting to PKR 1,019.49 million (2023: PKR 708.46 million) have been recognized as revenue during the year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>13 Interest and mark-up accrued</b>			
Long-term finances – secured	5	956	163,683
Short-term borrowings – secured	9	–	7,389
Running finance under mark-up arrangements – secured	10	–	12,338
		956	183,410

## 14 Customer security deposits

This represents security deposits obtained from customers and have been kept in a separate bank account. These deposits are payable on the completion / termination of contract. These customer deposits are short term in nature.

## 15 Contingencies and commitments

**15.1** By way of the decision of the Honorable Supreme Court of Pakistan in suo moto case no. 26 of 2018, the Company is subject to a potential water charge of PKR 1/-per liter on water extraction. The Company is contesting this decision of the Honorable Supreme Court of Pakistan and has filed a review petition. Keeping in view subsequent developments and follow up court hearings and orders, and on the representations of various affected companies, the Supreme Court vide its order dated June 10, 2019, ordered, as an interim measure, the collection of charge of PKR 0.25/- per liter of water produced based on the sales tax data/return of each company, on the basis whereof bills were to be issued by authorities (nationwide), till the framing of legislation by all the federal and provincial authorities. During the year, the Company has recognized an expense of PKR 148.87 million (2024: PKR 124.16 million) in line with the Honorable Supreme Court's interim order. However, the remaining potential charge, amount of which cannot be quantified because the matter is subjudice, is considered as a contingency.

(Rupees in 000)	2025	2024
<b>15.2 Guarantees</b>		
Outstanding guarantees	806,025	630,732
<b>15.3 Commitments</b>		
<b>15.3.1</b> Outstanding letters of credit	9,398,720	8,755,356
<b>15.3.2</b> Commitments in respect of capital expenditure	330,955	667,920

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 16 Property, plant and equipment

	Assets (including right-of-use assets)						Total
	Land and building (on-freehold land)	Plant and machinery	Furniture and fixtures	Vehicles	IT equipment	Right-of-use assets (Note 16.3)	
(Rupees in 000)							
<b>Cost</b>							
Balance as at January 01, 2025	11,284,036	55,930,495	772,266	207,273	2,634,339	1,777,376	72,605,785
Additions during the year	861,247	3,725,505	15,886	170,227	370,576	516,532	5,659,973
Disposals	(102,263)	(615,150)	(14,818)	(37,516)	(326,668)	-	(1,096,415)
Terminations	-	-	-	-	-	(107,583)	(107,583)
<b>Balance as at December 31, 2025</b>	<b>12,043,020</b>	<b>59,040,850</b>	<b>773,334</b>	<b>339,984</b>	<b>2,678,247</b>	<b>2,186,325</b>	<b>77,061,760</b>
Balance as at January 01, 2024	10,519,930	52,847,829	798,581	209,967	2,390,820	1,920,487	68,687,614
Additions during the year	772,074	3,571,517	20,962	25,457	352,742	-	4,742,752
Reassessment	-	-	-	-	-	(13,757)	(13,757)
Disposals	(7,968)	(488,851)	(47,277)	(28,151)	(109,223)	-	(681,470)
Terminations	-	-	-	-	-	(129,354)	(129,354)
Balance as at December 31, 2024	11,284,036	55,930,495	772,266	207,273	2,634,339	1,777,376	72,605,785
<b>Depreciation and impairment losses</b>							
Balance as at January 01, 2025	3,693,197	36,307,237	634,268	169,346	1,886,272	508,231	43,198,551
Depreciation for the year	324,128	3,301,355	47,335	24,963	365,434	285,178	4,348,393
Net impairment charged during the year (Note 32.2)	1,680	404,357	21,056	-	-	-	427,093
Disposals	(31,588)	(591,223)	(13,282)	(37,516)	(325,449)	-	(999,058)
Terminations	-	-	-	-	-	(44,803)	(44,803)
<b>Balance as at December 31, 2025</b>	<b>3,987,417</b>	<b>39,421,726</b>	<b>689,377</b>	<b>156,793</b>	<b>1,926,257</b>	<b>748,606</b>	<b>46,930,176</b>
Balance as at January 01, 2024	3,395,369	33,764,143	628,654	183,463	1,650,100	368,754	39,990,483
Depreciation for the year	301,945	3,015,645	52,546	14,033	344,732	245,801	3,974,702
Disposals	(4,117)	(472,551)	(46,932)	(28,150)	(108,560)	-	(660,311)
Terminations	-	-	-	-	-	(106,324)	(106,324)
Balance as at December 31, 2024	3,693,197	36,307,237	634,268	169,346	1,886,272	508,231	43,198,551
<b>Net book value as at December 31, 2025</b>	<b>8,055,603</b>	<b>19,619,124</b>	<b>83,957</b>	<b>183,191</b>	<b>751,990</b>	<b>1,437,719</b>	<b>30,131,584</b>
Net book value as at December 31, 2024	7,590,839	19,623,258	137,998	37,927	748,067	1,269,145	29,407,234
Rate of depreciation in %	1.1-10	1.7-33.3	20-33.3	20	10-50	2.5-50	

**16.1** Plant and machinery includes trade assets having cost and net book value of PKR 3,227.08 million and PKR 1,039 million respectively respectively (2024: PKR 2,997.65 million and PKR 1,017 million) that are located at customers' premises.

**16.2** There are fully depreciated assets, having cost of Rs. 17,275 million (2024: Rs.16,957 million) that are still in use as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 16.3 Property, plant and equipment contains the following in respect of right-of-use assets:

	Building on lease hold land	Plant and machinery	Furniture and fixtures	Total
<b>Cost</b>				
Balance as at January 01, 2025	1,763,874	8,005	5,497	1,777,376
Additions during the year	516,532	-	-	516,532
Reassessment	-	-	-	-
Transfer	-	-	-	-
Terminations	(107,583)	-	-	(107,583)
<b>Balance as at December 31, 2025</b>	<b>2,172,823</b>	<b>8,005</b>	<b>5,497</b>	<b>2,186,325</b>
Balance as at January 01, 2024	1,906,985	8,005	5,497	1,920,487
Additions during the year	-	-	-	-
Reassessment	(13,757)	-	-	(13,757)
Transfer	-	-	-	-
Terminations	(129,354)	-	-	(129,354)
<b>Balance as at December 31, 2024</b>	<b>1,763,874</b>	<b>8,005</b>	<b>5,497</b>	<b>1,777,376</b>
<b>Depreciation</b>				
Balance as at January 01, 2025	494,729	8,005	5,497	508,231
Depreciation for the year	285,178	-	-	285,178
Transfer	-	-	-	-
Depreciation on terminations	(44,803)	-	-	(44,803)
<b>Balance as at December 31, 2025</b>	<b>735,104</b>	<b>8,005</b>	<b>5,497</b>	<b>748,606</b>
Balance as at January 01, 2024	355,466	7,791	5,497	368,754
Depreciation for the year	245,587	214	-	245,801
Transfer	-	-	-	-
Depreciation on terminations	(106,324)	-	-	(106,324)
<b>Balance as at December 31, 2024</b>	<b>494,729</b>	<b>8,005</b>	<b>5,497</b>	<b>508,231</b>
Net book value as at				
<b>December 31, 2025</b>	<b>1,437,719</b>	<b>-</b>	<b>-</b>	<b>1,437,719</b>
Net book value as at				
December 31, 2024	1,269,145	-	-	1,269,145

(Rupees in 000)	Note	2025	2024
<b>16.4</b> Depreciation charge for the year has been allocated as follows:			
Cost of goods sold	28	3,243,121	3,062,527
Distribution and selling expenses	29	602,097	528,344
Administration expenses	30	503,175	383,831
		4,348,393	3,974,702

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 16.5 Particulars of immovable property i.e. land and buildings:

Description of asset	Purpose	Location / Address within Pakistan	Area
Land and building	Manufacturing facility	Sheikhupura Factory	66.16 Acre
Land and building	Manufacturing facility	Kabirwala Factory	85.58 Acre
Land and building	Manufacturing facility	Port Qasim Factory	5 Acre
Land and building	Manufacturing facility	Islamabad Factory	8.72 Kanal
Land and building	Milk collection center	Bhawana, District Chiniot	1 Acre
Land and building	Milk collection center	Renala, District Okara	1 Acre
Land and building	Milk collection center	Pindi Bhattian, District Hafiz Abad	17.9 Kanal
Land and building	Milk collection center	Ludden, District Vehari	7.8 Kanal
Land and building	Milk collection center	Kalowal, District Chiniot	1 Kanal
Land	General purpose	Korangi Industrial Area, Karachi	1.6 Kanal

## 16.6 Detail of property, plant and equipment sold during the year is as follows:

Description	Cost	Book value	Sale proceeds	(Loss)/ gain	Mode of disposal	Particulars of purchasers	Relationship with the company
(Rupees in 000)							
<b>Land &amp; Buildings</b>							
Land plot no 33/8	3,876	2,752	42,202	39,450	Negotiation	Third party	None
Land plot no 33/7	4,316	3,065	92,626	89,561	Negotiation	Third party	None
<b>Plant and Machinery</b>							
HOD metallic racks	14,354	2,293	6,632	4,339	Negotiation	Third party	None
Dryer oil free rotroy air compressor ZR 200-10	1,619	555	12	(543)	Negotiation	Third party	None
Solar system for 1 ton chiller off grid	5,280	1,467	1,539	72	Negotiation	Third party	None
Temperature bath jofra	2,255	752	82	(670)	Negotiation	Third party	None
Orion dual star PH/ISE benchtop meter PH	1,102	855	36	(819)	Negotiation	Third party	None
Maggi pack inspection system	2,000	1,140	73	(1,067)	Negotiation	Third party	None
Diesel generator 100 kva (FG wilson)	2,845	1,183	118	(1,065)	Negotiation	Third party	None
Partial roof replacement of warehouses	1,411	1,260	122	(1,138)	Negotiation	Third party	None

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

Description	Cost	Book value	Sale proceeds	(Loss)/ gain	Mode of disposal	Particulars of purchasers	Relationship with the company
(Rupees in 000)							
Upgrading building for NDC	2,021	1,718	166	(1,552)	Negotiation	Third party	None
Shed for car/bike parking at gate no. 4	2,169	1,808	-	(1,808)	Negotiation	Third party	None
Beltex peb butterfly canopy	4,392	2,225	217	(2,008)	Negotiation	Third party	None
Peb butterfly canopy over loading deck	7,707	3,982	389	(3,593)	Negotiation	Third party	None
More mandi building	15,589	5,032	6,703	1,671	Negotiation	Third party	None
Upgrading link DC building	26,673	22,672	2,196	(20,476)	Negotiation	Third party	None
Upgrading DC's building roof (corrugate sheets)	28,963	24,425	2,371	(22,054)	Negotiation	Third party	None
Assets with book value less than PKR 500,000	969,843	20,173	169,363	149,190			
<b>2025</b>	<b>1,096,415</b>	<b>97,357</b>	<b>324,847</b>	<b>227,490</b>			
2024	681,470	21,160	91,704	70,544			

	2025	2024
(Rupees in 000)		
<b>17 Capital work-in-progress</b>		
Civil works	283,995	196,217
Plant and machinery	1,623,124	2,204,913
Others	619,848	922,452
	2,526,967	3,323,582
Less: Provision for impairment loss	-	(568,650)
	2,526,967	2,754,932
<b>17.1 Movement in capital work-in-progress</b>		
Balance as at January 01	2,754,932	3,091,540
Additions to capital work-in-progress during the year	5,024,366	4,402,187
Transfers to property, plant and equipment during the year	(5,252,331)	(4,738,795)
Balance as at December 31	2,526,967	2,754,932
<b>17.2 Provision for impairment loss on capital work-in-progress</b>		
Balance as at January 01	568,650	588,927
Capitalised / reversed during the year	(568,650)	(20,277)
Balance as at December 31	-	568,650

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>18 Intangible assets</b>			
<b>Cost</b>			
Balance as at January 01		288,974	272,655
Additions during the year		98,602	16,319
Balance as at December 31		387,576	288,974
<b>Amortization</b>			
Balance as at January 01		273,199	272,655
Charge for the year	29	18,836	544
Accumulated amortization as at December 31		292,035	273,199
Net book value as at December 31		95,541	15,775
<b>Amortization rate</b>		20%	20%

Intangibles represents fully amortized software amounting to PKR 272.66 million (2024: PKR 272.66 million).

(Rupees in 000)	Note	2025	2024
<b>19 Deferred taxation</b>			
<b>Deferred tax assets on deductible temporary differences</b>			
Allowance for write-down of stores and spares to net realizable value		-	(953,670)
Allowance for write-down of stock-in-trade to net realizable value		-	(18,994)
Allowance for expected credit losses		(17,085)	(16,792)
Lease liability recognized under IFRS 16		(699,927)	(597,601)
Other provisions		(8,444,551)	(6,505,139)
		(9,161,563)	(8,092,196)
<b>Deferred tax liability on taxable temporary differences</b>			
Accelerated tax depreciation including right-of-use assets		4,502,165	4,720,216
Accelerated tax amortization		1,382	1,042
		(4,658,016)	(3,370,938)
<b>19.1 Movement in deferred tax liability / (asset) is as follows:</b>			
Balance as at January 01		(3,370,938)	(2,000,463)
Charge to statement of profit or loss	34	(1,287,078)	(1,370,475)
Balance as at December 31		(4,658,016)	(3,370,938)
<b>20 Long-term loans</b>			
To employees – considered good		755,482	400,414
Less: current portion shown under current assets		(172,020)	(143,475)
		583,462	256,939

**20.1** These represent long-term interest free loans to employees for the purchase of cars and motor cycles and solar panels as per the Company policy and are repayable within a period of 5 years and 3 years respectively. Loans are secured by crossed cheques from employees of the full loan amount in the name of the Company without mentioning any date as part of collateral. The effect of discounting as per the requirements of IFRS 9 is considered immaterial.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**20.2** No loan has been given to the Chief Executive Officer or any other Director of the Company.

**20.3** The amount of loans to employees and the period in which these will become due are as follows:

(Rupees in 000)	Note	2025	2024
Less than one year		172,020	143,475
More than one year but not more than 3 years		159,009	106,826
More than 3 years		424,453	150,113
		755,482	400,414
<b>21 Stores and spares</b>			
Stores		335,756	431,245
Spares including in transit amounting to PKR 7.25 million (2024: PKR 69.24 million)		5,915,548	5,695,554
		6,251,304	6,126,799
Less: Allowance for write down of stores and spares to net realizable value	21.1	(1,896,141)	(1,680,487)
		4,355,163	4,446,312
<b>21.1 Allowance for write-down of stores and spares to net realizable value</b>			
Balance as at January 01		1,680,487	1,205,010
Provision charged during the year		215,654	475,477
Balance as at December 31		1,896,141	1,680,487
<b>22 Stock-in-trade</b>			
Raw and packing materials including in transit amounting to PKR 3,414.18 million (2024: PKR 2,033.92 million)		13,419,348	13,719,515
Work-in-process		4,304,400	6,022,401
Finished goods		6,131,425	5,944,943
Goods purchased for resale including in transit amounting to PKR 247.82 million (2024: PKR 258.56 million)		1,508,911	1,719,534
		25,364,084	27,406,393
Less: Allowance for write-down of stock-in-trade to net realizable value	22.1	(545,627)	(857,103)
		24,818,457	26,549,290
<b>22.1 Allowance for write-down of stock-in-trade to net realizable value</b>			
Balance as at January 01		857,103	1,376,139
Provision during the year		545,627	857,103
Written off / adjusted during the year		(857,103)	(1,376,139)
		(311,476)	(519,036)
Balance as at December 31		545,627	857,103

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>23 Trade debts</b>			
Considered good – unsecured		3,168,239	2,113,592
Considered doubtful – unsecured		43,808	45,378
Less: allowance for expected credit losses	23.1	(43,808)	(45,378)
		3,168,239	2,113,592
Related parties – considered good	23.2	8,791	7,971
		3,177,030	2,121,563
<b>23.1 Allowance for expected credit losses</b>			
Balance as at January 01		45,378	43,808
Provision charged during the year		–	1,570
Provision reversed during the year		–	–
Provision written off during the year		(1,570)	–
Balance as at December 31		43,808	45,378
<b>23.2 Trade debts include the following amounts due from the given related parties:</b>			
Packages Convertors Limited		2,093	–
Lahore University of Management Sciences		820	4,804
Bulleh Shah Packaging (Pvt.) Limited		3,224	735
Systems Limited		2,654	2,432
		8,791	7,971

The maximum aggregate amount of receivable due from related parties at the end of any month during the year was PKR 8.79 million (2024: PKR 14.30 million).

**23.3** Aging of overdue balances for related parties is as follows:

(Rupees in 000)	Total balance	Balance not yet due	Balance overdue	Below 30 days	31 Days & above
<b>2025</b>					
Lahore University of Management Sciences	820	820	–	–	–
Systems Limited	2,654	–	2,654	2,654	–
Packages Convertors Limited	2,093	2,093	–	–	–
Bulleh Shah Packaging (Pvt.) Limited	3,224	–	3,224	1,618	1,606
<b>Total</b>	8,791	2,913	5,878	4,272	1,606
2024	7,971	6,368	1,603	1,603	–

(Rupees in 000)	Note	2025	2024
<b>24 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers – unsecured – considered good	24.1	953,711	750,670
Due from related parties – unsecured – considered good	24.2	1,152,670	1,105,770
Cash margin held against imports		67,446	386,858
Deposits and prepayments		760,162	548,749
Other receivables		1,020,765	406,182
		3,954,754	3,198,229

**24.1** These arise from normal course of business of the Company and are interest free.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**24.2** Due from related parties (including foreign affiliates on the basis of a common Holding Company) include the following amounts, mainly on account of advances for purchases and shared services:

(Rupees in 000)	2025	2024
<b>Party name</b>		
Nestrade S.A.	518,765	276,302
Tetra Pak Pakistan Limited	240,589	489,062
Nestlé Philippines Inc.	107,363	130,505
Nestlé Operational Services Worldwide S.A.	83,693	25,693
Wyeth Philippines, Inc.	62,043	31,088
Nestle Caribbean Inc.	32,538	5,828
Société des Produits Nestlé S.A.	26,433	13,977
PT Nestle Indonesia	21,499	569
Nestle Bangladesh Plc	14,338	24,448
Nestlé Middle East FZE	13,171	2,671
Nestlé South Africa	9,314	11,178
Nestle Regional Service Centre	6,790	146
Nestrade S.A. Malaysia Branch	5,382	4,469
Nestle Nigeria Plc	4,006	3,387
Nestlé Australia Ltd	1,924	3,699
Nestlé Manufacturing (Malaysia)	1,658	1,240
Nestle Singapore (Pte) Ltd	1,442	908
Nestlé UAE L.L.C.	1,043	977
Nestlé Gabon	679	679
Nestle Cameroun	–	23,784
Nestlé Pakistan Ltd	–	16,992
Nestle Purina Petcare	–	16,201
Nestle Waters Management	–	12,859
Nestle Central And West Africa	–	7,943
Quality Coffee Products Ltd	–	681
Nestle Japan Ltd.	–	484
	1,152,670	1,105,770

**24.2.1** The maximum aggregate amount of receivable due from related parties at the end of any month during the year was PKR 1,152.67 million (2024: PKR 1,105.77 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**24.2.2** Aging of overdue balances for related parties is as follows:

(Rupees in 000)	Total balance	Balance not yet due	Balance overdue	Below 30 days	31 Days & above
Nestrade S.A.	518,765	64,394	454,371	8,684	445,687
Nestlé Philippines Inc.	107,364	37,346	70,018	65,752	4,266
Nestlé Operational Services Worldwide S.A.	83,693	38,243	45,450	-	45,450
Wyeth Philippines, Inc.	62,043	30,638	31,405	31,405	-
Nestle Caribbean Inc.	32,538	22,058	10,480	1,956	8,524
Société des Produits Nestlé S.A.	26,433	21,295	5,138	-	5,138
PT Nestle Indonesia	21,499	10,855	10,644	8,573	2,071
Nestle Bangladesh Plc	14,337	-	14,337	1,311	13,026
Nestlé Middle East FZE	13,171	11,685	1,486	1,486	-
Nestle Regional Service Centre	6,790	3,882	2,908	-	2,908
Nestrade S.A. Malaysia Branch	5,381	3,671	1,710	1,067	643
Nestle Nigeria Plc	4,006	2,166	1,840	-	1,840
Nestlé Manufacturing (Malaysia)	1,658	1,036	622	-	622
Nestlé Gabon	679	-	679	-	679
<b>2025</b>	<b>898,357</b>	<b>247,269</b>	<b>651,088</b>	<b>120,234</b>	<b>530,854</b>
<b>2024</b>	<b>474,354</b>	<b>48,104</b>	<b>426,250</b>	<b>236,086</b>	<b>190,164</b>

(Rupees in 000)	Note	<b>2025</b>	2024
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## 25 Short-term investments

Treasury Bills	25.1	9,588,794	-
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**25.1** These represent investments in Treasury bills. They carry profit rate ranging from 10.35% to 10.86% with maturities up to March 2026.

(Rupees in 000)	Note	<b>2025</b>	2024
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## 26 Cash and bank balances

Cash in bank			
– Local currency – current accounts		999,346	553,053
– Local currency – saving accounts	26.1	1,285,664	504,796
– Foreign currency – current accounts (USD)	26.2	1,612,344	1,253,872
		3,897,354	2,311,721
Cash in hand		11,042	10,680
		3,908,396	2,322,401

**26.1** The balance in saving accounts carry rate of return ranging from 4.00% to 9.00% (2024: 6.50% to 20.51%) per annum.

**26.2** Cash at bank in USD denominated account as at reporting date was US\$ 5,729,663 (2024: US\$ 4,503,434).

**26.3** The security deposits obtained from customers have been kept in saving accounts maintained by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>27 Revenue from contracts with customers</b>			
Own manufactured			
– Local		250,107,221	232,169,894
– Export		4,940,851	7,099,150
		255,048,072	239,269,044
Goods purchased for resale		7,128,821	2,313,161
Less :			
– Sales tax		(42,162,456)	(27,977,522)
– Discounts, incentives and allowances		(20,945,271)	(20,398,927)
		199,069,166	193,205,756
<b>28 Cost of goods sold</b>			
Raw and packing material consumed and other variable expenses	28.1	96,025,507	94,189,529
Salaries, wages, amenities and training	28.2	9,328,007	8,880,467
Energy and power		6,585,774	7,095,206
Repairs, maintenance and vehicle running		4,845,354	4,916,004
Depreciation of property, plant and equipment	16.4	3,243,121	3,062,527
Communication and technology		556,596	573,051
Quality assurance and environmental expenses		481,830	608,680
Rent, rates, taxes and insurance		288,241	308,917
Legal and professional		14,922	21,496
Other expenses		305,627	239,504
		121,674,979	119,895,381
Decrease in work in process		1,718,001	1,119,987
Cost of goods manufactured		123,392,980	121,015,368
(Increase) / decrease in finished goods		(186,482)	1,211,530
Cost of goods sold – own manufactured		123,206,498	122,226,898
Cost of goods sold – purchased for resale		3,605,551	1,454,864
		126,812,049	123,681,762

**28.1** This includes current year provisions of PKR 266.72 million (2024: PKR 2.02 billion) as referred to in Note 11.1.

**28.2** This includes PKR 225.75 million (2024: 267.75 million) in respect of gratuity, PKR 211.17 million (2024: PKR 221.59 million) in respect of pension, PKR 647.98 million (2024:PKR 799.50 million) in respect of LSA and PKR 260.31 million (2024: PKR 225.07 million) in respect of provident fund.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>29 Distribution and selling expenses</b>			
Marketing and promotion		9,211,763	8,945,454
Freight outward and handling charges		6,210,894	5,942,552
Salaries, wages, amenities and training	29.1	7,694,259	7,923,916
General licensing fee (including related taxes)		8,711,492	8,139,182
Depreciation of property, plant and equipment	16.4	602,097	528,344
Communication and technology		101,026	105,293
Repairs, maintenance and vehicle running		501,175	714,484
Utilities and other office expenses		179,060	207,396
Legal and professional		33,281	73,714
Rent, rates, taxes and insurance		45,489	30,373
Amortization of intangible assets	18	18,836	544
Other expenses		301,503	362,284
		33,610,875	32,973,536

**29.1** This includes PKR 190.95 million (2024: PKR 227.88 million) in respect of gratuity, PKR 183.75 million (2024: PKR 188.59 million) in respect of pension, PKR 187.84 million (2024: 680.43 million ) in respect of LSA and PKR 211.07 million (2024: PKR 191.55 million) in respect of provident fund.

(Rupees in 000)	Note	2025	2024
<b>30 Administration expenses</b>			
Salaries, wages, amenities and training	30.1	3,899,447	3,905,300
Depreciation of property, plant and equipment	16.4	503,175	383,831
Legal and professional	30.2	107,791	331,175
Communication and technology		1,587,234	1,639,477
Utilities and other office expenses		222,598	309,807
Repairs, maintenance and vehicle expenses		138,427	377,087
Rent, rates, taxes and insurance		21,562	25,950
Other expenses		44,698	28,606
		6,524,932	7,001,233

**30.1** This includes PKR 109.03 million (2024: PKR 105.40 million) in respect of gratuity, PKR 125.35 million (2024: PKR 87.23 million) in respect of pension, PKR 26.79 million (2024: 314.73 million) in respect of LSA and PKR 94.13 million (2024: PKR 88.60 million) in respect of provident fund.

(Rupees in 000)	2025	2024
<b>30.2 Legal and professional charges include the following in respect of auditor's services for:</b>		
Statutory audit fee including half year review	8,734	7,500
Other certificates	4,375	3,250
Out of pocket expenses	825	750
	13,934	11,500

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>31 Finance cost</b>			
Mark-up on long-term financing – secured		115,360	920,068
Mark-up on short-term borrowings – secured		111,498	925,875
Mark-up on short-term running finance – secured		50,016	425,441
Mark-up on lease liabilities		209,092	213,605
Bank charges		84,251	104,510
		570,217	2,589,499
<b>32 Other expenses</b>			
Workers’ profit participation fund	11.3	1,521,167	1,303,641
Workers’ welfare fund	11.4	741,176	576,254
Exchange loss realized		311,459	171,648
Donations and gifts	32.1	34,509	18,038
Allowance for expected credit losses		–	1,570
Loss on termination of lease		–	50
Impairment of property, plant and equipment	32.2	427,093	–
		3,035,404	2,071,201
<b>32.1 Donations</b>			
Party wise breakup of donations where any director or his / her spouse has interest in the donee, is as follows:			
Lahore University of Management Sciences (LUMS), Defense Housing Authority, Lahore		4,000	4,000
(Syed Babar Ali, Director is also Pro Chancellor of LUMS) (Syed Hyder Ali, Director is also a member of Executive Committee of LUMS)		4,000	4,000

## 32.2 Impairment of property, plant and machinery

The Company charged impairment on a UHT milk related plant and machinery due to a sharp decline in sales quantity after sales tax implementation from July 01, 2024 and impairment of civil work related to distribution center in water segment due to shift from in-house distribution model to third-party distribution.

(Rupees in 000)	2025	2024
Segment-wise break-up of this impairment is as follows:		
– Dairy and Nutrition Products	399,867	–
– Powdered and Liquid Beverages	27,226	–
	427,093	–

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Note	2025	2024
<b>33 Other income</b>			
Income from financial assets:			
Return on bank accounts		500,942	173,032
Income from non – financial assets:			
Sale of scrap		246,900	304,687
Gain on disposal of property, plant and equipment	16.6	227,489	70,544
Gain on termination of lease		20,546	–
Exchange gain unrealized		169,562	47,071
Reversal of impairment	33.1	–	20,277
		1,165,439	615,611

**33.1** This pertained to reversal of impairment charged on capital work-in-progress.

(Rupees in 000)	Note	2025	2024
<b>34 Final tax, minimum tax differential and income tax</b>			
<b>34.1 Final tax</b>	34.1.1	–	24,785

**34.1.1** This represents final tax under the section 154 of the Income Tax Ordinance, 2001 (the Ordinance), being a levy under the requirements of IFRIC 21 / IAS 37.

(Rupees in 000)	Note	2025	2024
<b>34.2 Minimum tax differential</b>	34.2.1	–	199,104

**34.2.1** This represents minimum tax differential under the section 153(3) of the Ordinance, being a levy under the requirements of IFRIC 21 / IAS 37.

(Rupees in 000)	Note	2025	2024
<b>34.3 Income tax</b>			
Current tax			
For the year		14,480,855	12,160,254
Prior year		(756,570)	(317,503)
		13,724,285	11,842,751
Deferred tax	19.1	(1,287,078)	(1,370,475)
		12,437,207	10,472,276

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

%	Note	2025	2024
<b>34.4 Average effective tax rate charged to statement of profit or loss</b>			
<b>Numerical reconciliation between the average effective tax rate and the applicable tax rate:</b>			
Applicable tax rate		29.00	29.00
Tax effect of amounts that are:			
– Tax impact related to prior year including super tax	34.4.1	3.75	1.83
– Tax impact of rate change		(0.20)	0.06
– Tax impact due to current year super tax	34.4.1	9.78	9.90
– Tax impact of final tax regime		0.00	0.00
– Others		(0.43)	0.63
		12.90	12.42
Average effective tax rate based on profit before income tax		41.90	41.42
– Impact of levies under the requirements of IFRIC 21 / IAS 37		0.00	(0.36)
Average effective tax rate charged to statement of profit or loss		41.90	41.06

**34.4.1** The company is subject to super tax according to Division IIB, Part I of First Schedule of Income Tax Ordinance, 2001. Super tax rate for the year is 10% (2024: 10%).

**34.5** Reconciliation between total income tax chargeable under the Ordinance and its categorization as 'Income Tax' under IAS 12 and 'Levy' in terms of requirements of IFRIC 21 / IAS 37.

(Rupees in 000)	Note	2025	2024
Income Tax liability for the year as per applicable tax laws		12,437,207	10,696,165
Portion of Income Tax liability as per tax laws, representing:			
Income Tax under IAS 12	34.3	12,437,207	10,472,276
Levy in terms of requirements of IFRIC 21 / IAS 37		–	223,889
		12,437,207	10,696,165
Difference		–	–

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025	2024
<b>35 Earnings per share</b>			
<b>35.1 Basic earnings per share</b>			
Profit after taxation available for distribution to ordinary shareholders	Pak Rupees in '000'	17,243,921	14,807,971
Weighted average number of ordinary shares	Number in '000'	45,350	45,350
Basic earnings per share	Rupees	380.24	326.53

## 35.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share as the Company has not issued instruments that cause dilution.

## 36 Provident Fund

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act 2017 and the rules formulated for this purpose.

## 37 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. Amounts due from and to related parties are shown under receivables and payables and remuneration to key management personnel is disclosed in note 42. Other significant transactions with related parties are disclosed in note 37.1.

(Rupees in 000)	Note	2025	2024
<b>37.1 Transactions during the year</b>			
<b>Associated undertakings</b>			
General licensing fee		7,571,463	7,024,352
Dividends		12,235,239	5,729,491
Long term loan including interest		113,836	125,447
Purchase of assets, goods, services and reimbursable expenses		17,947,459	20,202,313
Sale of goods		821,767	560,213
Insurance premium paid		374,069	325,993
Insurance claims received		44,609	29,695
Donations	32.1	4,000	4,000
<b>Other related parties</b>			
Contribution to staff retirement benefit plans		1,354,329	1,778,130

**37.2** All transactions with related parties have been carried out on mutually agreed terms and conditions except for donations.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**37.3** Following is a list of foreign associated undertakings with whom the Company has entered into transactions during the year. All foreign affiliates (except for Nestlé S.A. “the Holding Company”) are related to the Company due to common holding of the Holding Company.

<b>Name</b>	<b>Country of Operations</b>
Nestlé S.A.	Switzerland
Nestrad S.A.	Switzerland
Sofinol S.A.	Switzerland
Nestec S.A.	Switzerland
Nestle Philippines Inc.	Philippines
Nestle Vietnam Ltd.	Vietnam
Nestle Australia Ltd.	Australia
Nestle Egypt S.A.E.	Egypt
Nestle Dubai Manufacturing Llc	UAE
Nestle Middle East Manufacturing	UAE
Nestlé Operational Services	Switzerland
Nestle Singapore (Pte) Ltd	Singapore
Nestle Waters Management & Issy Les Moulineaux	France
Nestle Manufacturing (Malaysia)	Malaysia
Nestle Business Services AOA, Inc.	Philippines
Nestle Nederland B.V.	Nederlands
Nestle R&D Centre (Pte) Ltd	Singapore
PT Nestle Indonesia	Indonesia
Nestlé France	France
Nestle Brasil Ltda.	Brasil
Nestle Regional Service Centre	Malaysia
Nestle Asean (Malaysia) Sdn. Bhd.	Malaysia
Nestle USA Inc	USA
Nestle Central And West Africa	Ghana
Nestle Lanka Limited	Sri Lanka
Nestle (Thai) Ltd.	Thailand
Nestle Suisse S.A.	Switzerland
Nestle Bangladesh Limited	Bangladesh
Nestle Afghanistan Limited	Afghanistan
Cereal Partners (Malaysia) Sdn Bhd	Malaysia
Cereal Partners Poland	Poland
Nestle Cameroun	Cameroun
Nestle Burkina Faso S.A.	Burkina Faso
Wyeth Philippines, Inc.	Philippines
Nestle Gabon	Central Africa
Nestle Senegal	Senegal

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**37.4** Following is a list of local associated undertakings with whom the Company has entered into transactions during the year:

Name	Basis of Association
<b>Associated undertakings</b>	
Babar Ali Foundation	Common directorship
Bulleh Shah Packaging Private Limited	Common directorship
Pakistan Dairy Association	Common directorship
Packages Convertors Limited	Common directorship
Packages Limited	Common directorship
Packages Real Estate (Pvt) Ltd	Common directorship
Syed Maratib Ali Religious and Charitable Trust Society	Common directorship
Tetra Pak Pakistan Limited	Common directorship
Lahore University of Management Sciences	Common directorship
Aitchison College Lahore	Common directorship
Systems Limited	Common directorship
The Pakistan Business Council	Common directorship
Swiss Business Council	Common directorship
Overseas Investors Chamber of Commerce and Industries	Common directorship
World Wide Fund for Nature	Common directorship
<b>Other related parties</b>	
Nestlé Pakistan Limited Employees' Gratuity Fund	Retirement benefit plan
Nestlé Pakistan Limited Employees' Pension Fund	Retirement benefit plan
Nestlé Pakistan Limited Employees' Provident Fund	Retirement benefit plan

(Rupees in 000)	Note	2025	2024
<b>38 Cash and cash equivalents</b>			
Cash and bank balances	26	3,908,396	2,322,401
Running finance under mark-up arrangements – secured	10	–	(660,550)
		3,908,396	1,661,851

		2025	2024
<b>39 Number of employees</b>			
Average number of employees during the year	Number	3,347	3,576
Number of employees as at December 31	Number	3,299	3,394

## 40 Capacity and production of industrial units

(Kgs in 000)	Capacity		Production	
	2025	2024	2025	2024
Sheikhupura & Kabirwala factory (liquid & non-liquid products)	1,131,501	1,275,939	571,604	555,806
Port Qasim & Islamabad factory (liquid products)	593,545	593,545	234,463	234,031
Total	1,725,046	1,869,484	806,067	789,837

**40.1** Utilization of capacity is in line with seasonal impact of products and demand conditions arising from overall economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 41 Segment reporting

Segment information is presented in respect of how the Company's 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**
- ii) **Powdered and Liquid Beverages – juices, drinking water and powdered drinks**
- iii) **Other Products – confectionery, cereals and other products**

### 41.1 Segment analysis and reconciliation for the year ended and as at December 31

(Rupees in 000)	Dairy and Nutrition Products		Powdered and Liquid Beverages		Other Products		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenue from contracts with customers	155,913,386	152,506,474	42,369,172	39,958,333	786,608	740,949	199,069,166	193,205,756
Depreciation and amortization	2,967,832	2,786,373	1,340,087	1,171,425	59,310	16,904	4,367,229	3,974,702
Operating profit before tax and unallocated expenses	28,178,325	26,755,183	3,840,631	2,725,333	102,354	68,709	32,121,310	29,549,225
Unallocated corporate expenses:								
Finance cost							(570,217)	(2,589,499)
Other expenses							(3,035,404)	(2,071,201)
Other income							1,165,439	615,611
Final tax							-	(24,785)
Minimum tax differential							-	(199,104)
Taxation							(12,437,207)	(10,472,276)
Profit after taxation							17,243,921	14,807,971
Segment assets	60,517,670	59,512,110	19,072,712	20,384,963	35,776	163,161	79,626,158	80,060,234
Unallocated assets							14,267,238	3,568,633
Total assets							93,893,396	83,628,867
Segment equity and liabilities	28,530,299	24,469,811	7,768,784	8,468,878	79,566	108,695	36,378,649	33,047,384
Unallocated equity and liabilities							57,514,747	50,581,483
Total equity and liabilities							93,893,396	83,628,867

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	2025	2024
<b>41.2 Geographical segments</b>		
Sales are made by the Company in the following countries:		
Pakistan	194,319,612	186,465,276
Afghanistan	1,496,992	3,121,169
United States of America	1,102,965	1,791,875
Other foreign countries	2,149,597	1,827,436
	199,069,166	193,205,756

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

(Rupees in 000)	2025	2024
<b>41.2.1 Export sales to foreign related parties</b>		
<b>Country</b>	<b>Party Name</b>	
Philippines	Nestle Philippines Inc.	471,792
Bangladesh	Nestle Bangladesh Limited	36,540
Philippines	Wyeth Philippines, Inc.	208,388
		345,177
		38,426
		61,462

## 42 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in these financial statements during the year for remuneration, including certain benefits, to the chief executive officer, executive directors, non-executive directors and executives of the Company are as follows:

(Rupees in 000)	Chairman		Chief Executive Officer		Executive Directors		Executives	
	2025	2024	2025	2024	2025	2024	2025	2024
Managerial remuneration / fee	10,050	9,528	137,084	127,251	57,974	71,889	4,153,641	3,736,163
Bonus	-	-	17,885	16,372	20,291	14,099	820,079	716,709
Retirement benefits	-	-	-	-	11,621	8,682	686,268	623,911
Housing	-	-	26,880	25,200	-	4,450	101,453	96,103
Reimbursable expenses	1,075	1,673	133,115	130,386	32,676	56,545	2,924,778	2,822,991
	11,125	11,201	314,964	299,209	122,562	155,665	8,686,219	7,995,877
Number of persons	1	1	1	1	2	2	983	921

**42.1** The chairman and chief executive of the Company are provided with use of Company maintained vehicles.

**42.2** The aggregate amount charged in these financial statements in respect of contribution to provident fund of key management personnel is PKR 333.34 million (2024: PKR 295.77 million).

**42.3** A meeting fee amounting to PKR 8,600,000 (2024: PKR 8,000,000) was paid to 5 (2024: 6) directors during the year.

**42.4** Remuneration to key management personnel includes PKR 125.925 million (2024: PKR 103.4 million) in respect of share based payments made by the Holding Company and charged back to the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 43 Financial risk management

### Financial risk factors

The Company's activities expose it to a variety of financial risks, market risks (including currency risks, other price risks and interest rate risks), credit risks and liquidity risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks. The Company applies credit limits to its customers and obtains advances from them.

### 43.1 Market risk

#### 43.1.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to various currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Company's major exposure to currency risk is as follows:

Particulars	Currency	2025	2024
<b>Assets</b>			
Foreign currency bank accounts	USD	5,729,663	4,502,234
Cash in hand	USD	29,915	29,915
	EUR	6,985	6,985
Receivables	USD	1,583,663	3,376,263
	EUR	1,399,330	982,849
	PHP	537,015	-
	CHF	419,579	193,634
	EGP	267,311	-
	TRY	2,340	2,151
	AUD	-	15,628
<b>Liabilities</b>			
Net (payables) / advances	USD	(34,195,234)	(33,085,963)
	CNY	(4,696,106)	(1,122,082)
	CHF	(4,281,017)	(3,989,984)
	SGD	(3,392,477)	(3,523,739)
	PHP	(359,778)	(2,183,998)
	SAR	(60,641)	(60,641)
	GBP	(115,305)	(30,211)
	TRY	(16,494)	(16,494)
	AUD	(1)	(33,695)
	AED	-	(78,120)
	LKR	-	(19,071,389)
	EUR	453,649	906,554
	VND	-	(496,115,642)
	PKR ('000)	(9,286,753)	(8,444,700)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

43.1.1.1 The following significant exchange rates were applied during the year:

(Rupees per currency unit)	2025		2024	
	Average Rate	Reporting date rate	Average Rate	Reporting date rate
US Dollar	279.88	281.25	280.20	278.50
Swiss Franc	331.41	354.62	320.98	308.19
Euro	310.05	330.13	300.40	289.97
Great Britain Pound	364.21	378.68	354.54	349.74
Chinese Renminbi	39.19	40.23	38.84	38.15
Saudi Riyal	74.56	75.00	74.65	74.13
U.A.E Dirham	76.05	76.28	76.29	75.82
Australian Dollar	180.65	188.06	182.87	173.24
Turkish Lira	7.22	6.56	7.94	7.88
Sri Lankan Rupee	1.01	1.07	0.98	0.95
Vietnamese Don	0.01	0.01	0.01	0.01
Philippine peso	4.93	4.93	4.96	4.93
Singapore Dollar	211.83	218.74	209.09	204.91

## Currency rate sensitivity analysis

If the functional currency, at reporting date, had increased by 20% (2024: 20%) against the foreign currencies with all other variables held constant, the impact on profit before taxation would have been as follows:

(Rupees in 000)		2025	2024
<b>Effect on profit and loss:</b>			
US Dollar	USD	(1,510,425)	(1,402,390)
Swiss Franc	CHF	(273,870)	(234,003)
Singapore Dollar	SGD	(148,417)	(144,408)
Chinese Renminbi	CNY	(37,783)	(8,562)
Great Britain Pound	GBP	(8,733)	(2,113)
Saudi Riyal	SAR	(910)	(899)
Turkish Lira	TRY	(19)	(23)
Australian Dollar	AUD	(1)	(626)
U.A.E Dirham	AED	-	(1,185)
Sri Lankan Rupee	LKR	-	(3,627)
Vietnamese Don	VND	-	(1,085)
Euro	EUR	122,807	109,981
		(1,857,351)	(1,688,940)

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 43.1.2 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## 43.1.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is:

(Rupees in 000)	2025	2024
<b>Variable rate instruments</b>		
Liabilities		
Long-term finances	(1,434,375)	(1,420,350)
Running finance under mark-up arrangements – secured	–	(660,550)
Lease liabilities	(1,799,594)	(1,564,356)
Assets		
Short term investments	9,588,794	–
Bank balances – saving accounts	1,285,664	504,796
	7,640,489	(3,140,460)

## Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

## Cash flow sensitivity analysis for variable rate instruments

If interest rates on loans from borrowings from banks, at the year end date, fluctuate by 500 (2024: 500) bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the year and 2024 would have been affected as follows:

(Rupees in 000)	2025	2024
Effect on profit and loss of an increase	382,024	(157,023)
Effect on profit and loss of a decrease	(382,024)	157,023

The effect may be higher / lower, mainly as a result of higher / lower mark-up income on floating rate loans / investments.

The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the year and assets / liabilities of the Company.

## 43.1.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to analyze assets carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset either directly (that is, as prices) or indirectly (that is derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts of financial assets and financial liabilities. None of them are currently measured at fair value since their carrying amount is a reasonable approximation of their fair value except for foreign exchange forward contracts.

	Carrying Amount		
	Financial assets	Financial liabilities	Total
(Rupees in 000)			
<b>December 31, 2025</b>			
<b>Financial assets – measured at fair value</b>	–	–	–
<b>Financial assets – not measured at fair value</b>			
Trade debts	3,177,030	–	3,177,030
Long term loans	755,482	–	755,482
Advances, deposits, prepayments and other receivables	2,240,881	–	2,240,881
Cash and bank balances	3,908,396	–	3,908,396
	10,081,789	–	10,081,789
<b>Financial liabilities – measured at fair value</b>	–	–	–
<b>Financial liabilities – not measured at fair value</b>			
Long term finances – secured	–	1,434,375	1,434,375
Short term borrowings – secured	–	–	–
Running finance under mark-up arrangements – secured	–	–	–
Customer security deposits	–	440,742	440,742
Trade and other payables	–	56,729,399	56,729,399
Unclaimed dividend	–	104,647	104,647
Interest and mark-up accrued	–	956	956
	–	58,710,119	58,710,119

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Rupees in 000)	Carrying Amount		
	Financial assets	Financial liabilities	Total
<b>December 31, 2024</b>			
<b>Financial assets – measured at fair value</b>	–	–	–
<b>Financial assets – not measured at fair value</b>			
Trade debts	2,121,563	–	2,121,563
Long term loans	400,414	–	400,414
Advances, deposits, prepayments and other receivables	1,898,810	–	1,898,810
Cash and bank balances	2,322,401	–	2,322,401
	6,743,188	–	6,743,188
<b>Financial liabilities – measured at fair value</b>	–	–	–
<b>Financial liabilities – not measured at fair value</b>			
Long term finances – secured	–	4,420,350	4,420,350
Short term borrowings – secured	–	200,000	200,000
Running finance under mark-up arrangements – secured	–	660,550	660,550
Customer security deposits	–	334,804	334,804
Trade and other payables	–	48,957,353	48,957,353
Unclaimed dividend	–	90,081	90,081
Interest and mark-up accrued	–	183,410	183,410
	–	54,846,548	54,846,548

## Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date and is measured in accordance with IFRS 13.

### 43.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its long term loans, trade debts, advances, deposits and other receivables and balances at banks. The Company manages its credit risk by the following methods:

- Monitoring of debts on a continuous basis
- Application of credit limits to its customers
- Obtaining adequate deposits / collateral where needed

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

(Rupees in 000)	2025	2024
<b>Particulars</b>		
Trade debts	3,177,030	2,121,563
Advances, deposits and other receivables	2,233,480	1,898,810
Long term loans	755,482	400,414
Bank balances	3,897,354	2,311,721
	10,063,346	6,732,508
<b>43.2.1 Trade debts</b>		
The aging of trade debts at the reporting date is:		
Not yet due	3,109,945	2,091,179
Past due 0 – 30 days	44,928	26,589
Past due 31 – 60 days	5,674	1,239
Past due 61 – 90 days	6,203	1,640
Past due 90+ days	10,280	916
	3,177,030	2,121,563

The Company uses an allowance matrix to measure “Expected Credit Losses” (ECL) of trade debtors. Overdue balances at the reporting date are immaterial and impact of application of ECL model, if any, is reflected in the allowance for expected credit losses recognized.

The Company does not believe it is exposed to major concentration of credit risk as its exposure is spread over several institutions and customers. However to manage any possible exposure the Company applies approved credit limits to its customers.

## 43.2.2 Loans to employees

The Company obtains crossed cheques from employees of the full loan amount in the name of the Company without mentioning any date as part of collateral. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with loans to employees is trivial and therefore no impairment charge has been accounted for.

## 43.2.3 Advances and other receivables

Advances and other receivables mainly comprise of cash margin withheld by banks against imports and other deposits. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

## 43.2.4 Bank balances

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties. The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Rating 2025			Rating 2024		
	Short Term	Long Term	Agency	Short Term	Long Term	Agency
Citi Bank N.A	P-1	AA3	Moody's	F1	A+	Fitch
Habib Bank Limited	A-1+	AA+	VIS	A-1+	AAA	VIS
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	A-1+	AA+	PACRA
JS Bank Limited	A-1+	AA	PACRA	A-1+	AA	PACRA
MCB Bank Limited	A-1+	AAA	PACRA	A-1+	AAA	PACRA
Meezan Bank Limited	A-1+	AAA	VIS	A-1+	AAA	VIS
Standard Chartered Bank Limited	A-1+	AAA	PACRA	A-1+	AAA	PACRA

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

### 43.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

#### 43.3.1 The following are the contractual maturity analysis of financial liabilities as at December 31, 2025

(Rupees in 000)	Carrying value	Contractual cash flows	On Demand	Less than 6 months	6 to 12 months	1 year to 5 years	More than 5 years	Total
<b>Financial liability</b>								
Long-term finances	1,434,375	1,435,331	-	956	1,434,375	-	-	1,435,331
Lease liabilities	1,799,594	2,412,536	-	251,607	251,606	1,452,755	456,568	2,412,536
Short-term borrowings – secured	-	-	-	-	-	-	-	-
Running finance under mark-up arrangements – secured	-	-	-	-	-	-	-	-
Customer security deposits	440,742	440,742	-	440,742	-	-	-	440,742
Unclaimed dividend	104,647	104,647	104,647	-	-	-	-	104,647
Trade and other payables	56,729,399	56,729,399	56,729,399	-	-	-	-	56,729,399
	60,508,757	61,122,655	56,834,046	693,304	1,685,981	1,452,755	456,568	61,122,654

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

**43.3.2** The following are the contractual maturity analysis of financial liabilities as at December 31, 2024

(Rupees in 000)	Carrying value	Contractual cash flows	On Demand	Less than 6 months	6 to 12 months	1 year to 5 years	More than 5 years	Total
<b>Financial liability</b>								
Long-term finances	4,420,350	4,584,033	-	163,683	3,000,000	1,420,350	-	4,584,033
Lease liabilities	1,564,356	2,421,251	-	161,938	161,939	1,299,833	797,541	2,421,251
Short-term borrowings – secured	200,000	207,389	-	207,389	-	-	-	207,389
Running finance under mark-up arrangements – secured	660,550	672,888	672,888	-	-	-	-	672,888
Customer security deposits	334,804	334,804	-	334,804	-	-	-	334,804
Unclaimed dividend	90,081	90,081	90,081	-	-	-	-	90,081
Trade and other payables	48,957,353	48,957,353	48,957,353	-	-	-	-	48,957,353
	56,227,494	57,267,799	49,720,322	867,814	3,161,939	2,720,183	797,541	57,267,799

## 44 Reconciliation of movement of liabilities to cash flows arising from financing activities

(Rupees in 000)	2025					
	Liabilities					Total
	Long-term finances	Short-term borrowings	Lease liabilities	Interest and mark-up accrued	Unclaimed / unpaid dividend	
<b>Balance as at January 01, 2025</b>	4,420,350	200,000	1,564,356	183,410	90,081	6,458,197
<b>Cash flows</b>						
Finance cost paid	-	-	(209,092)	(752,671)	-	(752,671)
Long-term finances repaid – net	(3,000,000)	-	-	-	-	(3,000,000)
Repayment of lease liabilities	-	-	(197,968)	-	-	(197,968)
Short-term borrowings repaid – net	-	(200,000)	-	-	-	(200,000)
Dividends paid	-	-	-	-	(14,996,152)	(14,996,152)
<b>Changes from financing cash flows</b>	(3,000,000)	(200,000)	(197,968)	(752,671)	(14,996,152)	(19,146,791)
<b>Non-cash changes</b>						
Dividend approved	-	-	-	-	15,010,718	15,010,718
Exchange gain / (loss)	14,025	-	-	-	-	14,025
Finance cost	-	-	209,092	570,217	-	570,217
Addition to lease liabilities	-	-	516,532	-	-	516,532
Termination to lease liabilities	-	-	(83,326)	-	-	(83,326)
Non-cash changes	14,025	-	433,206	570,217	15,010,718	16,028,166
<b>Balance as at December 31, 2025</b>	1,434,375	-	1,799,594	956	104,647	3,339,572

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

	2024					
	Liabilities					Total
	Long-term finances	Short-term borrowings	Lease liabilities	Interest and mark-up accrued	Unclaimed / unpaid dividend	
(Rupees in 000)						
<b>Balance as at January 01, 2024</b>	7,922,288	5,500,000	1,726,942	469,982	7,604,912	23,224,124
<b>Cash flows</b>						
Finance cost paid	-	-	-	(2,662,466)	-	(2,662,466)
Long-term finances obtained – net	(3,500,000)	-	-	-	-	(3,500,000)
Repayment of lease liabilities	-	-	(339,454)	-	-	(339,454)
Short-term borrowings repaid – net	-	(5,300,000)	-	-	-	(5,300,000)
Dividends paid	-	-	-	-	(14,544,017)	(14,544,017)
<b>Changes from financing cash flows</b>	(3,500,000)	(5,300,000)	(339,454)	(2,662,466)	(14,544,017)	(26,345,937)
<b>Non-cash changes</b>						
Dividend approved	-	-	-	-	7,029,186	7,029,186
Exchange gain / (loss)	(1,938)	-	-	-	-	(1,938)
Finance cost	-	-	213,605	2,375,894	-	2,589,499
Reassessment of lease liabilities	-	-	(13,757)	-	-	(13,757)
Termination to lease liabilities	-	-	(22,980)	-	-	(22,980)
Non-cash changes	(1,938)	-	176,868	2,375,894	7,029,186	9,580,010
<b>Balance as at December 31, 2024</b>	4,420,350	200,000	1,564,356	183,410	90,081	6,458,197

#### 45 Disclosure requirement for companies not engaged in shariah non-permissible business activities

Following information has been disclosed as required under amended Part I Clause VII of Fourth Schedule to the Companies Act, 2017 as amended via S.R.O.1278(I)/2024 dated August 15, 2024:

Description	Explanation	Note	2025	2024
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Loan to employees (including current portion)	Shariah compliant	20	755,482	400,414
Advances, deposits and prepayments	Shariah compliant	24	3,940,188	3,198,229
Short-term investments	Shariah compliant	25	-	-
Bank balances	Shariah compliant	26	55,690	-
			4,751,360	3,598,643

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

Description	Explanation	Note	2025	2024
<b>Liabilities</b>				
Long term borrowings – secured (including current portion)	Shariah compliant	5 & 5.1	–	3,000,000
Short term borrowings – secured	Shariah compliant	10	–	386,636
Interest and mark-up accrued	Shariah compliant	12	–	130,761
			–	3,517,397
<b>Statement of Profit or Loss</b>				
Revenue from contracts with customers – net	Shariah compliant	26	199,069,166	193,205,757
<b>Sources and detailed breakup of other income</b>				
Income on loans, deposits and investments	Non – shariah Shariah compliant		500,942 –	173,032 –
			500,942	173,032
Gain on re-measurement of foreign currency balances	Non – shariah Shariah compliant		169,562 –	47,071 –
			169,562	47,071
Gain on sale of property, plant and equipment & scrap sales	Non – shariah Shariah compliant		– 494,935	– 375,231
			494,935	375,231
Other income / (loss)	Non – shariah Shariah compliant		– –	– 20,277
			–	20,277
			1,165,439	615,611

## Relationship with Shariah-compliant financial institutions

The Company has relationships with banks, having Islamic window of operations, in respect of bank balances amounting to Rs. 55.69 million (2024: Rs. Nil) and availed borrowing facilities amounting to Rs. Nil (2024: Rs. 3,386.64 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

## 46 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- i) To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii) To provide an adequate return to shareholders

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of debt to equity ratio, calculated on the basis of total debt to equity.

The debt to equity ratio as at December 31:

(Rupees in 000)	2025	2024
Total borrowings	1,434,375	5,280,900
Total equity	21,268,115	18,583,038
Total debt and equity	22,702,490	23,863,938
Debt to equity ratio	6:94	22:78

There were no major changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

## 47 Corresponding figures

Corresponding figures have been rearranged or classified whenever necessary for the purpose of comparison and better presentation. However, no significant reclassification have been made during the year except as given below:

Description	From	To	2024
Sales tax recoverable	Tax refunds due from Government	Sales tax refundable	8,329,946
Income tax recoverable	Tax refunds due from Government	Income tax recoverable	711,833

The above balances had no minimal impact as at January 01, 2024. Hence, a third balance sheet has not been presented

#### 48 Subsequent event

The Board of Directors in their meeting held on February 19, 2026, have proposed a final cash dividend for the year ended December 31, 2025, of PKR 256 per share (2024: PKR 30 per share), amounting to PKR 11,609.50 million (2024: PKR 1,360.49 million) for approval of the members at the Annual General Meeting to be held on April 19, 2026. These financial statements do not reflect this dividend.

#### 49 General

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest of thousands of rupee unless otherwise stated in these financial statements.

#### 50 Date of authorization for issue

These financial statements were authorized for issue on February 19, 2026, by the Board of Directors of the Company.



MAQSOOD AHMAD ANJUM  
Chief Financial Officer



JOSELITO JR AVANCENA  
Chief Executive Officer



SYED YAWAR ALI  
Chairman / Director

# FORM OF PROXY

Nestlé Pakistan Ltd.

I/We, \_\_\_\_\_, of \_\_\_\_\_, being a member of Nestlé Pakistan Ltd., holder of \_\_\_\_\_ Ordinary Share(s) as per registered Folio No. \_\_\_\_\_ hereby appoint Mr. / Ms. \_\_\_\_\_ Folio No. \_\_\_\_\_ of \_\_\_\_\_ or failing him Mr. / Ms. \_\_\_\_\_ Folio No. \_\_\_\_\_ of \_\_\_\_\_, who is also a member of Nestlé Pakistan Ltd., as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at 48<sup>th</sup> Annual General Meeting of the Company to be held on April 17, 2026 at 11:00 am and at any adjournment thereof.

Signed under my / our hand this \_\_\_\_\_ day of \_\_\_\_\_, 2026.



Signature should agree with the specimen signature registered with the company

Signed in the presence of:

\_\_\_\_\_  
Signature of Witness No. 1

\_\_\_\_\_  
Signature of Witness No. 2

Name: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

## NOTES:

1. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorised. Any person can be appointed as proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at Nestlé Pakistan Limited, Packages Mall, Shakra-e-Roomi, PO Amer Sidhu, Lahore-54760, not later than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

The Company Secretary

**Nestlé Pakistan Ltd.**

Packages Mall, Shahrah-e-Roomi, PO Amer Sidhu, Lahore,

Phone No. +92 42 111 637 853

Fax No. +92 42 3578 9303

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# پراکسی فارم

نیشنل پاکستان لمیٹڈ

میں / ہم \_\_\_\_\_  
برائے \_\_\_\_\_  
نیشنل پاکستان لمیٹڈ کے ممبر (ممبران) کی حیثیت سے \_\_\_\_\_  
عمومی شیئرز کی تحویل رکھتا ہوں / رکھتے ہیں \_\_\_\_\_  
لہذا بذریعہ ہذا \_\_\_\_\_ کے / کی جناب / محترمہ \_\_\_\_\_  
کو بحوالہ فولیو / CDC کاؤنٹ نمبر یا ان کی جگہ \_\_\_\_\_  
کے / کی جناب / محترمہ \_\_\_\_\_ بحوالہ فولیو / CDC کاؤنٹ نمبر \_\_\_\_\_ کمپنی کے (48) اڑتالیسواں سالانہ اجلاس عام میں اپنی جگہ شرکت، رائے اور  
ووٹ دینے کے لئے اپنا پراکسی تقرر کرتا / کرتی ہوں / کرتے ہیں۔ یہ اجلاس 17 اپریل 2026 کو صبح 11:00 بجے یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہوگا۔  
میں / ہم بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ کو اپنے دستخط / مہر کے ساتھ اس امر کی تصدیق کرتا / کرتی ہوں / کرتے ہیں۔  
مذکورہ بالا کے دستخط \_\_\_\_\_

ان کی موجودگی میں \_\_\_\_\_ .1  
\_\_\_\_\_ .2

پانچ روپے کی  
ریونیٹیو مہر پر دستخط

فولیو / CDC کاؤنٹ نمبر

\_\_\_\_\_

یہ دستخط کمپنی کے پاس رجسٹرڈ نمونہ  
دستخط کے جیسے ہونے چاہئیں

اہم نکات:

- 1۔ باضابطہ، مکمل شدہ اور دستخط کردہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس بمقام نیشنل پاکستان لمیٹڈ، جیکبز مال، شاہراہ رومی، آمر سدھو، لاہور میں اجلاس کے وقت سے 48 گھنٹے قبل پہنچ جانا چاہیے۔
- 2۔ کمپنی کا نمبر نہ ہونے کی صورت میں کسی بھی فرد کو بطور پراکسی مقرر کیا جاسکتا، کارپوریشن جو ممبر کے علاوہ دوسرے فرد کو پراکسی نامزد کر سکتی ہے۔
- 3۔ CDC شیئرز ہولڈر یا ان کے پراکسی کی صورت میں اجلاس کے وقت اپنا درست سی این آئی سی یا درست پاسپورٹ بمع CDC پارٹنیشن آئی ڈی اور کاؤنٹ نمبر اپنی شناخت کے لئے پیش کرنا ہوگا۔
- 4۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمع نمونہ دستخط، پراکسی فارم کے ساتھ کمپنی کو پیش کئے جائیں (اگر وہ پہلے پیش نہ کئے گئے ہوں)۔

The Company Secretary

**Nestlé Pakistan Ltd.**

Packages Mall, Shahrah-e-Roomi, PO Amer Sidhu, Lahore,

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