

FFL/HO/CS/
January 27, 2023



fauji foods

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road,
Karachi.

Financial Results for the Year Ended December 31, 2022

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on **January 26, 2023 at 01:30 p.m., adjourned and re-held on January 27, 2023 at 12:00 noon** at Lahore recommended the following:

- | | | |
|-------|---|------|
| (i) | CASH DIVIDEND: | Nil. |
| (ii) | BONUS SHARES: | Nil. |
| (iii) | RIGHT SHARES: | Nil. |
| (iv) | ANY OTHER ENTITLEMENT/CORPORATE ACTION: | Nil. |
| (v) | ANY OTHER PRICE-SENSITIVE INFORMATION: | Nil. |

The financial results of the Company and overview are attached.

The Annual General Meeting (AGM) of the Company will be held on **Tuesday, March 21, 2023 at 11:00 a.m. at Lahore.**

The Share Transfer Books of the Company will be closed from **March 15, 2023 to March 21, 2023** (both days inclusive) for holding the AGM.

The Annual Report of the Company will be transmitted through PUCARS at least 21 days before holding of AGM.

Yours Sincerely,

Brig Hamid Mahmood Dar (Retd)
Company Secretary

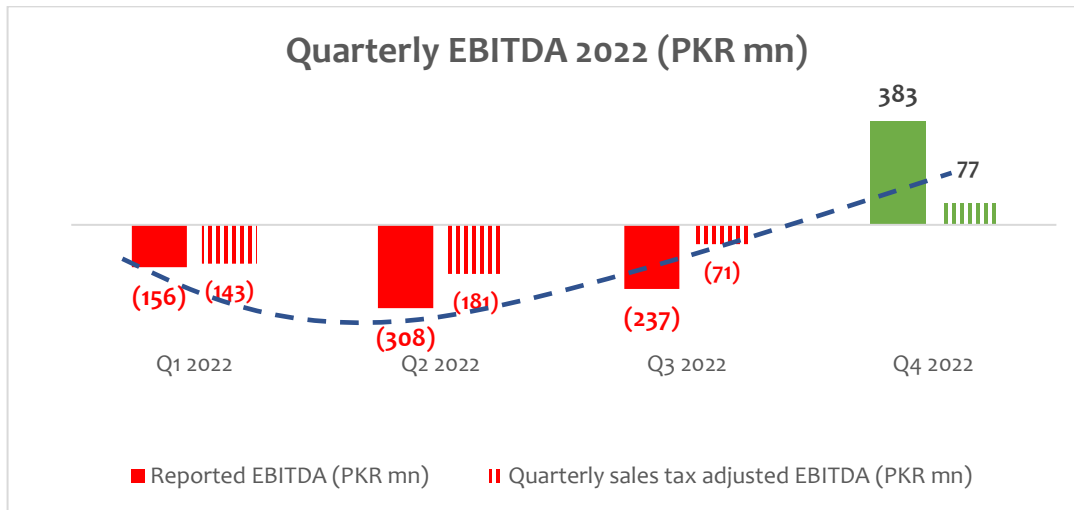
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Brief Commentary FFL 2022 Results

FFL achieved 44% growth in net revenue for the year 2022. This was driven by 66% increase in Nurpur UHT milk volume, doubling the institutional sales and distribution increase of 57%. This growth was a result of increased marketing investment, distribution automation, and leveraging group synergies.

Inflationary pressure on the back of devaluation, floods, and macro-economic uncertainty resulted in a 50% increase in raw milk price and other major cost components. That in turn, eroded the margins by circa 7% in Q2.

Management responded by a) increasing prices and b) deploying cost saving initiatives. Consequently, the margins were fully restored in Q4. The volume growth, complimented by pricing and efficiency initiatives, delivered a Q4 EBITDA of PKR 383mn (PKR 77mn excluding one-time sales tax reversal), a 262% growth over Q3.



The loss after tax was PKR 2.17 Bn. The interest cost of PKR 1.26 bn constitutes 58% of the loss. The sponsors have committed to inject equity of PKR 11.71 billion via Other than Rights Share. This will eliminate the debt overhang and rid the business of the interest cost that is a drag on company's performance.

Looking ahead the management expects the growth momentum to carry on in '23. Key efficiency initiatives of cheaper energy mix (solar and bio fuel), localized packaging and optimized processes are expected to yield savings of approximately PKR 1 bn in 2023. The Q1 equity injection shall eliminate the debt of PKR 8 bn, removing the burden of interest cost on the business. All these factors make for a strong start to 2023. We remain confident that going forward, we will build upon the current positive trajectory.

FAUJI FOODS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Quarter 4</u>	
	<u>2022</u>	<u>2021</u>
	Rupees	Rupees
Revenue from contracts with customers - net	4,279,506,021	1,904,072,141
Cost of revenue	<u>(3,591,062,107)</u>	<u>(1,794,520,475)</u>
Gross profit	688,443,914	109,551,666
Marketing and distribution expenses	(309,136,113)	(270,771,343)
Administrative expenses	<u>(125,500,773)</u>	<u>(92,149,808)</u>
Profit / (Loss) from operations	253,807,028	(253,369,485)
Other income	61,633,397	8,858,788
Other expenses	(133,328,146)	(523,991)
Finance cost	<u>(350,486,698)</u>	<u>(198,216,144)</u>
Loss before taxation	(168,374,419)	(443,250,832)
Income tax expense	(56,236,359)	381,080,921
Loss for the year	<u>(224,610,778)</u>	<u>(62,169,911)</u>
Loss per share - basic and diluted	<u>(0.14)</u>	<u>(0.04)</u>



Chief Financial Officer

FAUJI FOODS LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - net	26	12,350,702,418	8,586,396,344
Cost of revenue	27	(11,380,034,184)	(7,663,661,981)
Gross profit		970,668,234	922,734,363
Marketing and distribution expenses	28	(1,338,285,748)	(1,019,059,263)
Administrative expenses	29	(448,145,750)	(360,822,937)
Loss from operations		(815,763,264)	(457,147,837)
Other income	30	199,400,052	76,233,076
Other expenses	31	(133,328,146)	(523,991)
Finance cost	32	(1,259,766,520)	(1,155,050,524)
Loss before taxation		(2,009,457,878)	(1,536,489,276)
Income tax expense	33	(159,052,640)	283,547,018
Loss for the year		(2,168,510,518)	(1,252,942,258)
Loss per share - basic and diluted	34	(1.37)	(0.79)

The annexed notes from 1 to 46 form an integral part of these financial statements.



[Handwritten Signature]

Chief Financial Officer