

Condensed interim financial information for
the six months ended June 30, 2023



Nestlé

Good Food, Good Life



Good food, Good life

NESTLÉ PAKISTAN LIMITED DIRECTORS' REVIEW

The Directors of Nestlé Pakistan Limited (the "Company") are pleased to submit the half-year report, along with the condensed interim financial statements of the Company for the six month period ended June 30, 2023.

Business Performance Review:

During the period under review, sales increased by 26.1% compared to the same period of the prior fiscal year, increasing from PKR 80,442 million to PKR 101,430 million. The increase in revenue can be attributed to broad growth across our product portfolio, complemented by a favorable portfolio mix, demand-generating activities, and pricing management initiatives.

Our operating profit also improved through the localization of raw and packaging materials, an increase in exports, a favorable product mix, and tighter control on fixed costs.

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

	Jan – Jun 2023	Jan – Jun 2022	Change
	PKR Million	PKR Million	
Sales	101,430	80,442	26.1%
Gross Profit	34,399	26,163	31.5%
% of sales	33.9%	32.5%	
Operating Profit	21,385	15,595	37.1%
% of sales	21.1%	19.4%	
Net Profit after tax	10,985	7,695	42.8%
% of sales	10.8%	9.6%	
Earnings per share	242	170	42.8%

Future Outlook:

While the Pakistani rupee has shown some signs of recovery, we anticipate that external challenges such as high inflation, increased commodity prices, higher taxation, and limited foreign exchange availability for imports will continue to persist for the rest of the year. These factors may adversely impact consumption as a result of significant pressure on consumers' disposable income.

Despite these challenges, we are maintaining a cautiously optimistic view of the year ahead. The Company's efforts will focus on accelerating our exports to remain resilient and contribute to the national economy, while continuing to delight our consumers with quality products.

For and on behalf of the
Board of Directors

Joselito Jr Avanceña
Chief Executive Officer
Nestlé Pakistan

Director
Nestlé Pakistan

Dated: July 31, 2023



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**Building a better
working world**

NESTLE PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2023**

EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF NESTLE PAKISTAN LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Nestle Pakistan Limited as at 30 June 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 30 June 2023 and 30 June 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2023.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.



EY Ford Rhodes
Chartered Accountants
Lahore: 05 September 2023
UDIN: RR202310191EUBrGOA3X

Nestlé Pakistan Limited

Condensed Interim Statement of Financial Position

As at June 30, 2023


	(Un-audited) Jun 30, 2023	(Audited) Dec 31, 2022		(Un-audited) Jun 30, 2023	(Audited) Dec 31, 2022
	--- (Pak Rupees in '000) ---			--- (Pak Rupees in '000) ---	
	Note			Note	
EQUITY AND LIABILITIES					
<u>Share capital and reserves</u>					
Authorized capital	750,000	750,000		28,982,231	29,386,433
75,000,000 (2022: 75,000,000) ordinary shares of PKR 10 each				1,809,050	2,612,423
Issued, subscribed and paid up capital	453,496	453,496		615,198	-
Share premium - capital reserve	249,527	249,527		281,641	-
General reserve - revenue reserve	280,000	280,000		31,688,120	209,395
Cash flow hedge reserve - revenue reserve	-	2,289			32,208,251
Accumulated profits - revenue reserve	11,462,649	4,784,934			
	12,445,672	5,770,246			
<u>Non-current liabilities</u>					
Long-term finances - secured	7,961,405	6,500,000			
Lease liabilities	1,296,830	1,378,203			
Deferred taxation	-	2,290			
Retirement benefits	3,610,689	3,387,912			
	12,868,924	11,268,405			
<u>Current liabilities</u>					
Current portion of long-term liabilities	9,122,923	9,087,234		3,467,477	3,291,671
Short-term borrowings - secured	519,260	519,260		35,555,389	27,094,551
Running finance under mark-up arrangements - secured	132,727	3,756,401		2,702,302	1,989,358
Trade and other payables	48,516,944	43,739,673		136,356	130,572
Contract liabilities	732,183	766,154		12,821,736	11,771,112
Interest and mark-up accrued	460,383	297,289		9,413,779	6,623,728
Customer security deposits - interest free	231,131	224,225		2,254,298	542,508
Income tax payable	4,235,370	2,100,895		66,351,337	51,443,500
Unclaimed dividend	85,790	87,756			
Unpaid dividend	8,688,150	6,034,213			
	72,724,861	66,613,100		98,039,457	83,651,751
	98,039,457	83,651,751		98,039,457	83,651,751
Contingencies and commitments					

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

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KOMAL ALTAF
Chief Financial Officer


JOSELITO JR AVANCENA
Chief Executive Officer


SYED YAWAR ALI
Chairman / Director


Nestlé Pakistan Limited

Condensed Interim Statement of Profit or Loss


For the six-month period ended June 30, 2023 (un-audited)

	Six-month period ended		Three-month period ended	
	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
	--- (Pak Rupees in '000) ---		--- (Pak Rupees in '000) ---	
Revenue from contracts with customers - net	101,430,179	80,442,598	51,838,551	42,661,176
Cost of goods sold	(67,031,169)	(54,279,279)	(34,030,910)	(29,163,126)
Gross profit	34,399,010	26,163,319	17,807,641	13,498,050
Distribution and selling expenses	(9,892,459)	(8,224,103)	(5,681,974)	(4,348,393)
Administration expenses	(3,120,909)	(2,344,093)	(1,611,978)	(1,053,649)
Operating profit	21,385,642	15,595,123	10,513,689	8,096,008
Finance cost	(1,366,106)	(1,238,928)	(752,823)	(640,333)
Other expenses	(2,527,290)	(1,498,543)	(477,191)	(874,097)
	(3,893,396)	(2,737,471)	(1,230,014)	(1,514,430)
Other income	94,078	144,203	6,429	117,278
Profit before taxation	17,586,324	13,001,855	9,290,104	6,698,856
Taxation	(6,600,397)	(5,306,745)	(3,966,066)	(3,456,101)
Profit after taxation	10,985,927	7,695,110	5,324,038	3,242,755
Earnings per share basic and diluted (Rupees)	242.25	169.68	117.40	71.51

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


KOMAL ALTAF
 Chief Financial Officer


JOSELITO JR AVANCENA
 Chief Executive Officer


SYED YAWAR ALI
 Chairman / Director

Nestlé Pakistan Limited

Condensed Interim Statement of Comprehensive Income

For the six-month period ended June 30, 2023 (un-audited)

	Six-month period ended		Three-month period ended	
	Jun 30, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
	--- (Pak Rupees in '000) ---		--- (Pak Rupees in '000) ---	
Profit after taxation	10,985,927	7,695,110	5,324,038	3,242,755
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>				
Remeasurement (loss) / gain on cash flow hedges - effective portion	(4,628)	3,243	-	(7,090)
Related tax	2,339	(925)	-	2,028
	(2,289)	2,318	-	(5,062)
Total comprehensive income for the period	10,983,638	7,697,428	5,324,038	3,237,693

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



KOMAL ALTAF
Chief Financial Officer



JOSELITO JR AVANCENA
Chief Executive Officer



SYED YAWAR ALI
Chairman / Director

Nestlé Pakistan Limited

Condensed Interim Statement of Changes in Equity

For the six-month period ended June 30, 2023 (un-audited)

	Share Capital	Capital reserves	Revenue reserves			Total
		Share premium	General reserve	Cashflow hedge reserve	Accumulated profits	
----- (Rupees in '000) -----						
Balance as at January 01, 2022 (audited)	453,496	249,527	280,000	(2,537)	4,422,786	5,403,272
<i>Total comprehensive income for the six month period ended June 30, 2022</i>						
Profit after taxation	-	-	-	-	7,695,110	7,695,110
Other comprehensive income	-	-	-	2,318	-	2,318
	-	-	-	2,318	7,695,110	7,697,428
<i>Transaction with owners directly recognized in equity</i>						
Final dividend for the year ended December 31, 2021 (Rs. 90 per share)	-	-	-	-	(4,081,464)	(4,081,464)
Balance as at June 30, 2022 (un-audited)	453,496	249,527	280,000	(219)	8,036,432	9,019,236
<i>Total comprehensive income for the six-month period ended December 31, 2022</i>						
Profit after taxation	-	-	-	-	7,354,606	7,354,606
Other comprehensive income	-	-	-	2,508	277,800	280,308
	-	-	-	2,508	7,632,406	7,634,914
<i>Transaction with owners directly recognized in equity</i>						
Interim dividend for the six-month period ended June 30, 2022 (Rs. 155 per share)	-	-	-	-	(7,029,188)	(7,029,188)
Interim dividend for the nine-month period ended September 30, 2022 (Rs. 85 per share)	-	-	-	-	(3,854,716)	(3,854,716)
Balance as at December 31, 2022 (audited)	453,496	249,527	280,000	2,289	4,784,934	5,770,246
<i>Total comprehensive income for the six-month period ended June 30, 2023</i>						
Profit after taxation	-	-	-	-	10,985,927	10,985,927
Other comprehensive income	-	-	-	(2,289)	-	(2,289)
	-	-	-	(2,289)	10,985,927	10,983,638
<i>Transaction with owners directly recognized in equity</i>						
Final dividend for the year ended December 31, 2022 (Rs. 95 per share)	-	-	-	-	(4,308,212)	(4,308,212)
Balance as at June 30, 2023 (un-audited)	453,496	249,527	280,000	-	11,462,649	12,445,672

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



KOMAL ALTAF
Chief Financial Officer



JOSELITO JR AVANCENA
Chief Executive Officer



SYED YAWAR ALI
Chairman

Nestlé Pakistan Limited

Condensed Interim Statement of Cash Flows

For the six-month period ended June 30, 2023 (un-audited)

	Jun 30, 2023	Jun 30, 2022
	--- (Pak Rupees in '000) ---	
<u>Cash flow from operating activities</u>		
Profit before taxation	17,586,324	13,001,855
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	1,911,593	1,870,952
Impairment charge - net	-	120,628
Gain on disposal of property, plant and equipment - owned	(7,165)	(18,503)
Loss on disposal of property, plant and equipment - leased	-	20,967
Provision for Workers' Profit Participation Fund	898,043	665,497
Provision for Workers' Welfare Fund	381,764	307,641
Increase in provision for stores and spares	109,558	107,397
Increase in provision for stock in trade	230,985	328,315
Reversal of allowance for expected credit losses	-	(4,444)
Exchange loss unrealized	936,362	74,344
Provision for defined benefits plans	482,778	541,447
Finance cost	1,366,106	1,238,928
Profit before working capital changes	23,896,348	18,255,024
<i>Effect on cash flow due to working capital changes:</i>		
<i>Increase in current assets:</i>		
Stores and spares	(285,364)	(509,525)
Stock-in-trade	(8,691,823)	(4,118,789)
Trade debts	(712,944)	(1,312,981)
Advances, deposits, prepayments and other receivables	(3,840,675)	(728,025)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	3,718,818	1,169,441
Contract liabilities	(33,971)	(384,805)
	(9,845,959)	(5,884,684)
Cash generated from operations	14,050,389	12,370,340
Increase in long term loans - net	(78,030)	(63,592)
Increase in customer security deposits - interest free	6,906	14,290
Contributions by the Company - net	(260,001)	(233,716)
Workers' Profit Participation Fund paid	(1,156,357)	(965,626)
Workers' Welfare Fund paid	(5,987)	-
Finance cost paid	(1,112,632)	(1,353,298)
Income taxes paid	(5,081,071)	(3,050,289)
Net cash generated from operating activities	6,363,217	6,718,109

Nestlé Pakistan Limited

Condensed Interim Statement of Cash Flows (continued)

For the six-month period ended June 30, 2023 (un-audited)

	Jun 30, 2023	Jun 30, 2022
	--- (Pak Rupees in '000) ---	
<i>Cash flow from investing activities</i>		
Purchase of property, plant and equipment	(725,192)	(582,129)
Sale proceeds from disposal of property, plant and equipment	28,339	23,185
Net cash used in investing activities	(696,853)	(558,944)
<i>Cash flow from financing activities</i>		
Long-term loans obtained	1,461,405	3,500,000
Long-term loans repaid	-	(1,081,975)
Short-term borrowings obtained	-	519,260
Short-term borrowings repaid	-	(3,500,000)
Short term borrowings - net (less than 90 days)	-	2,500,000
Lease rentals paid	(136,064)	(38,845)
Dividends paid	(1,656,241)	(6,092,170)
Net cash used in financing activities	(330,900)	(4,193,730)
Net increase / (decrease) in cash and cash equivalents	5,335,464	1,965,436
Cash and cash equivalents at beginning of the period	(3,213,893)	(3,482,609)
Cash and cash equivalents at end of the period	6 2,121,571	(1,517,173)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

KOMAL ALTAF
Chief Financial Officer

JOSELITO JR AVANCENA
Chief Executive Officer

SYED YAWAR ALI
Chairman / Director

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2023 (un-audited)

1. Legal status and nature of business

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

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

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

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

2. Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company as at June 30, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows together with the notes forming part thereof.

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

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

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

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

These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended December 31, 2022. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2022, whereas comparatives for condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes are extracted from condensed interim financial statements of the Company for the six-month period ended June 30, 2022.

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2023 (un-audited)

2.2 Judgements and estimates

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

3. Summary of significant accounting policies

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2022, except as mentioned in note 3.2.
- 3.2** The Company adopted following new amendments to the approved accounting standards which became effective during the period, however these are not considered to be relevant or have any significant effect on the financial statements:

New Standards, Interpretations and Amendments

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

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

(Un-audited) (Audited)
Jun 30, 2023 Dec 31, 2022
----- (Rupees in '000) -----

4. Property, plant and equipment

Opening balance - net book value	29,386,433	29,274,553
Additions during the period / year		
Land and building(on freehold land)	135,402	286,909
Plant and machinery	1,076,487	2,071,460
Furniture and fixtures	44,450	86,805
Vehicles	6,918	6,542
IT equipment	265,307	341,604
Right-of-use assets	-	1,356,641
	1,528,564	4,149,961
	30,914,997	33,424,514
Book value of property, plant and equipment disposed off during the period / year	(21,174)	(238,694)
Depreciation charged during the period / year	(1,911,593)	(3,841,930)
Impairment reversed during the period / year	-	42,543
Closing balance - Net book value	28,982,230	29,386,433

5. Contingencies and commitments

- 5.1** There has been no significant change in the status of the contingencies reported in the annual audited financial statements for the year ended December 31, 2022.

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2023 (un-audited)

	(Un-audited) Jun 30, 2023	(Audited) Dec 31, 2022
	----- (Rupees in '000) -----	
5.2 Guarantees		
Outstanding guarantees	<u>630,973</u>	<u>749,844</u>
5.3 Commitments		
5.3.1 Letters of credit		
Outstanding letters of credit	<u>8,217,860</u>	<u>6,468,633</u>
5.3.2 Commitments in respect of capital expenditure	<u>592,446</u>	<u>606,943</u>
5.3.3 Commitments in respect of forward foreign currency contracts:		
- USD	-	181,170
- EUR	-	-
- CNY	-	54,965
	<u>-</u>	<u>236,135</u>
6. Cash and cash equivalents		
Cash and bank balances	2,254,298	542,508
Short term running finance under mark-up arrangements - secured	<u>(132,727)</u>	<u>(3,756,401)</u>
	<u>2,121,571</u>	<u>(3,213,893)</u>

7. Transactions with related parties

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

	(Un-audited) Jun 30, 2023	(Un-audited) Jun 30, 2022
	----- (Rupees in '000) -----	
<i>Associated companies</i>		
License fee	3,274,932	2,720,769
Dividends	3,511,624	3,326,802
Long term loan including interest	7.1 1,497,459	-
Purchase of goods, services, assets and rent expense	13,928,361	12,228,917
Sale of goods	278,016	23,722
Insurance premium	270,444	240,939
Insurance claims	28,565	17,199
<i>Other related parties</i>		
Contribution paid to staff retirement benefits plan	785,183	426,148
Remuneration to key management personnel	3,513,812	2,661,518

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

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

8. Segment reporting

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

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

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2023 (un-audited)

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

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

- i) **Dairy and nutrition products**
Milk based products and cereals
- ii) **Powdered and liquid beverages**
Juices, drinking water and powdered drinks
- iii) **Other products**
Confectionery and other products

8.1 Segment analysis for the six-month period ended June 30, 2023 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
----- (Rupees in '000) -----				
Revenue from contracts with customers	78,867,124	22,493,543	69,512	101,430,179
Depreciation and amortization	1,303,567	608,026	-	1,911,593
Operating profit / (loss) before tax and unallocated expenses	18,303,867	3,069,124	12,651	21,385,642
Unallocated corporate expenses:				
Finance cost				(1,366,106)
Other operating expenses				(2,527,290)
Other income				94,078
Taxation				(6,600,397)
Profit after taxation				<u>10,985,927</u>

Segment analysis for the six-month period ended June 30, 2022 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
----- (Rupees in '000) -----				
Revenue from contracts with customers	60,262,905	20,162,524	17,169	80,442,598
Depreciation and amortization	1,315,712	555,240	-	1,870,952
Operating profit / (loss) before tax and unallocated expenses	12,646,758	2,946,018	2,347	15,595,123
Unallocated corporate expenses:				
Finance cost				(1,238,928)
Other operating expenses				(1,498,543)
Other income				144,203
Taxation				(5,306,745)
Profit after taxation				<u>7,695,110</u>

There is no inter segment revenue between operating segments.

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2023 (un-audited)

8.2 Reportable segment assets and liabilities

As at June 30, 2023

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
----- (Rupees in '000) -----				
Segment assets	72,117,116	23,013,987	236,059	95,367,162
Unallocated assets				2,672,295
Total assets				<u>98,039,457</u>
Segment liabilities	33,339,632	10,575,527	88,561	44,003,721
Unallocated liabilities				54,035,736
Total liabilities				<u>98,039,457</u>

As at December 31, 2022 (audited)

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

(Un-audited) (Un-audited)
Jun 30, 2023 Jun 30, 2022

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

8.3 Geographical segments

Sales are made by the Company in the following countries:

Pakistan	99,083,310	79,113,711
Afghanistan	1,013,062	700,048
United States of America	607,354	309,523
Other countries	726,453	319,316
	<u>101,430,179</u>	<u>80,442,598</u>

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

9. Financial risk management

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

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

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six-month period ended June 30, 2023 (un-audited)

10. Dividend

The Board of Directors in their meeting held on July 31, 2023 have proposed an interim cash dividend for the six-month period ended June 30, 2023 of Rs. 121 (June 30, 2022: Rs. 155) per share, amounting to Rs. 5,487.30 million (June 30, 2022: Rs. 7,029.19 million). These condensed interim financial statements do not reflect this dividend.

11. General

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

12. Date of authorization for issue

These un-audited condensed interim financial statements were authorized for issue on July 31, 2023 by the Board of Directors.



KOMAL AL'FAI
Chief Financial Officer



JOSELITO JR AVANCENA
Chief Executive Officer



SYED YAWAR ALI
Chairman