

# Ferozsons Laboratories Limited

## Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)

For the half year and quarter ended 31 December 2023

	Half year ended		Quarter ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	----- Rupees -----		----- Rupees -----	
Revenue - net	<b>6,710,877,978</b>	4,605,813,022	<b>3,087,910,727</b>	2,319,318,366
Cost of sales	<b>(4,220,747,657)</b>	(2,662,423,694)	<b>(1,935,074,651)</b>	(1,369,606,860)
<b>Gross profit</b>	<b>2,490,130,321</b>	1,943,389,328	<b>1,152,836,076</b>	949,711,506
Administrative expenses	<b>(359,531,783)</b>	(316,289,741)	<b>(168,404,942)</b>	(164,027,497)
Selling and distribution expenses	<b>(1,551,919,488)</b>	(1,239,115,788)	<b>(770,773,965)</b>	(678,236,241)
Other expenses	<b>(136,561,384)</b>	(162,216,997)	<b>(110,764,104)</b>	(14,529,368)
Other income	<b>116,610,353</b>	91,752,520	<b>72,539,859</b>	47,130,084
<b>Profit from operations</b>	<b>558,728,019</b>	317,519,322	<b>175,432,924</b>	140,048,484
Finance cost	<b>(180,756,913)</b>	(50,356,872)	<b>(101,089,654)</b>	(29,979,535)
<b>Profit before taxation</b>	<b>377,971,106</b>	267,162,450	<b>74,343,270</b>	110,068,949
Taxation	<b>(120,917,563)</b>	(68,023,034)	<b>2,194,309</b>	(15,847,104)
<b>Profit after taxation</b>	<b>257,053,543</b>	199,139,416	<b>76,537,579</b>	94,221,845
Earnings per share - basic and diluted	<b>5.91</b>	4.58	<b>1.76</b>	2.17

# Ferozsons Laboratories Limited

## Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)

For the half year and quarter ended 31 December 2023

	Half year ended		Quarter ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Rupees		Rupees	
Revenue - <i>net</i>	<b>8,298,817,623</b>	5,239,835,058	<b>3,870,276,446</b>	2,672,838,237
Cost of sales	<b>(5,104,541,690)</b>	(3,126,461,953)	<b>(2,395,347,170)</b>	(1,636,537,383)
<b>Gross profit</b>	<b>3,194,275,933</b>	2,113,373,105	<b>1,474,929,276</b>	1,036,300,854
Administrative expenses	<b>(384,750,927)</b>	(346,337,389)	<b>(180,339,934)</b>	(174,752,914)
Selling and distribution expenses	<b>(1,917,066,589)</b>	(1,306,598,655)	<b>(952,602,260)</b>	(695,409,401)
Other expenses	<b>(174,469,433)</b>	(164,896,794)	<b>(134,280,383)</b>	(20,651,716)
Other income	<b>142,700,531</b>	137,331,371	<b>65,696,621</b>	62,688,592
<b>Profit from operations</b>	<b>860,689,515</b>	432,871,638	<b>273,403,320</b>	208,175,415
Finance cost	<b>(256,031,730)</b>	(93,617,914)	<b>(134,959,033)</b>	(58,947,856)
<b>Profit before taxation</b>	<b>604,657,785</b>	339,253,724	<b>138,444,287</b>	149,227,559
Taxation	<b>(211,558,684)</b>	(87,633,713)	<b>(26,813,830)</b>	(29,801,845)
<b>Profit after taxation</b>	<b>393,099,101</b>	251,620,011	<b>111,630,457</b>	119,425,714
<i>Attributable to:</i>				
Owners of the Group	<b>364,989,221</b>	240,910,552	<b>101,889,167</b>	114,575,809
Non-controlling interests	<b>28,109,880</b>	10,709,459	<b>9,741,290</b>	4,849,905
<b>Profit after taxation</b>	<b>393,099,101</b>	251,620,011	<b>111,630,457</b>	119,425,714
Earnings per share - <i>basic and diluted</i>	<b>8.40</b>	5.54	<b>2.34</b>	2.64

## Highlights of the Company's Individual and Consolidated Financial Results

A summary of operating results for the period is given below:

	Individual				Consolidated			
	6 Months 31-Dec-23	6 Months 31-Dec-22	3 Months 31-Dec-23	3 Months 31-Dec-22	6 Months 31-Dec-23	6 Months 31-Dec-22	3 Months 31-Dec-23	3 Months 31-Dec-22
	<b>(Rupees in thousand)</b>							
<b>Revenue - net</b>	<b>6,710,878</b>	4,605,813	<b>3,087,911</b>	2,319,318	<b>8,298,818</b>	5,239,835	<b>3,870,276</b>	2,672,838
<b>Gross profit</b>	<b>2,490,130</b>	1,943,389	<b>1,152,836</b>	949,712	<b>3,194,276</b>	2,113,373	<b>1,474,929</b>	1,036,301
<b>Profit before tax</b>	<b>377,971</b>	267,162	<b>74,343</b>	110,069	<b>604,658</b>	339,254	<b>138,444</b>	149,228
<b>Profit after tax</b>	<b>257,054</b>	199,139	<b>76,538</b>	94,222	<b>393,099</b>	251,620	<b>111,631</b>	119,426
<b>Earnings per share</b>	<b>5.91</b>	4.58	<b>1.76</b>	2.17	<b>8.40</b>	5.54	<b>2.34</b>	2.64

The Company's consolidated net sales closed at Rs. 8,299 million, depicting a growth of 58% over the same period last year. On a standalone basis, the Company's net sales closed at Rs. 6,711 million, with a growth of 46% over the same period last year.

In-market generic sales have increased by 27%, whereas institutional sales of generics and medical devices increased by 91%.

Due to significant increase in institutional sales, trade debts have been increased by 111% since the payment terms with government institutions are longer compared to private sales. Due to interim Government setup, majority of the receipts against these receivables have been delayed and management expects recoveries post formation of new Government. As per the requirement of IFRS 9 'Financial Instruments', expected credit loss ("ECL") provision amounting to Rs. 96 million has been booked against these receivables under 'other expenses' head in second quarter.

The gross profit ("GP") margin of the Company stands at 37% against 42% in the same period last year. The decrease in GP margin primarily reflects change in sales mix and increased input costs of products resulting from devaluation of Pakistani Rupee and inflationary pressures in overheads.

In line with increase in topline, selling and distribution expenses have increased by 25% and primarily reflects inflationary adjustments.

Other expenses decreased by 16% which primarily represents net impact of reduction in exchange loss together with booking of expected credit loss (as discussed above).

Finance costs increased by 259% which is mainly attributable to the State Bank of Pakistan's policy rate increase, coupled with higher utilization of working capital facilities during the period under review.

The earnings per share ("EPS") for the six months ended 31 December 2023 closed at Rs. 5.91, compared to Rs. 4.58 in the same period last year. Had there been no ECL provision booked in second quarter, the EPS would have been closed at Rs. 7.31 for the six months and Rs. 3.16 for the second quarter under review.