


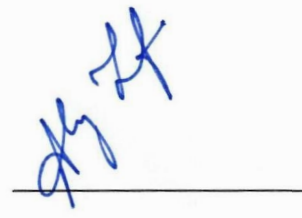
Unilever Pakistan Foods Ltd
Financial Statements
For nine months ended September 30, 2023



Amir Paracha
Chief Executive



Asima Haq
Director



Aly Yusuf
Director & CFO

Unilever Pakistan Foods Limited

Directors' Review

The directors are pleased to present the financial information for the nine months ended September 30, 2023.

The business delivered sales growth of 33.8%, led by pricing. Volumes came under pressure as a result of sustained double-digit inflation and consequential erosion of consumer purchasing power. However, EPS grew by 55.2% mainly on the back of gross margin improvement driven by a combination of pricing and cost efficiency measures.

Financial Highlights

	Nine months ended September 30,		
	2023	2022	Increase
	(Rs in million)		
Net Sales	26,449	19,766	33.8%
Profit before Taxation	7,958	5,094	56.2%
Profit after Taxation	7,474	4,814	55.2%
Earnings per Share (Rs.)	1,173.27	755.80	55.2%

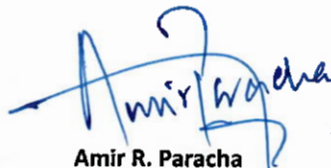
Future Outlook

Pakistan's economic and operating environment remains challenging, however post IMF standby arrangement and administrative measures taken by the government we have seen relative stability. However, the conditions continue to remain challenging as persistent double-digit inflation is forcing consumers to reduce discretionary expenses. Structural reforms would be required to drive long term stability.


In the light of the above, the company expects the current pressure on demand to continue. Despite these difficult circumstances, our management team remains committed to overcoming the challenges, driving value for our stakeholders and staying connected to consumers by harnessing the strength of our brand, introducing delightful innovations, continuously striving for value-for-money offerings, and driving cost efficiencies throughout the value chain.

Thanking you all.

On behalf of the Board



Amir R. Paracha
Chief Executive Officer
Karachi
October 24, 2023



Sarfaraz Ahmed Rehman
Chairman
Karachi
October 24, 2023

Unilever Pakistan Foods Limited
Condensed Interim Statement of Financial Position
As at September 30, 2023

	Note	Unaudited September 30, 2023 (Rupees in thousand)	Audited December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	7,082,575	6,201,699
Right-of-use asset		8,939	25,029
Intangible assets		81,637	81,637
Long term deposits		2,980	2,980
		<u>7,176,131</u>	<u>6,311,345</u>
Current assets			
Stores and spares		266,715	197,796
Stock in trade		4,371,170	2,918,231
Trade debts - net		1,665,114	1,029,752
Loans and advances		27,275	26,175
Trade deposits and short term prepayments		206,028	477,329
Other receivables		140,816	239,536
Sales tax refundable - net		400,011	775,332
Taxation - net		2,599,805	552,969
Short term investments	5	4,422,198	5,771,861
Cash and bank balances	6	9,320,119	2,316,789
		<u>23,419,251</u>	<u>14,305,770</u>
Total assets		<u>30,595,382</u>	<u>20,617,115</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		63,699	63,699
Reserves		14,465,384	7,450,332
		<u>14,529,083</u>	<u>7,514,031</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		63,497	53,150
Long term borrowings	7	569,499	491,122
Deferred income - government grant		320,904	223,780
Deferred taxation		479,807	412,719
		<u>1,433,707</u>	<u>1,180,771</u>
Current liabilities			
Trade and other payables		11,731,902	9,475,192
Current portion of deferred income - government grant		61,240	38,694
Unpaid dividend		2,594,626	2,205,067
Unclaimed dividend		29,351	29,991
Provisions	8	150,674	123,861
Accrued interest / mark up		7,262	5,888
Current portion of lease liabilities		-	22,252
Current portion of long term borrowings		57,537	21,368
		<u>14,632,592</u>	<u>11,922,313</u>
Total liabilities		<u>16,066,299</u>	<u>13,103,084</u>
Total equity and liabilities		<u>30,595,382</u>	<u>20,617,115</u>

Contingencies and commitments

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The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Director &
Chief Financial Officer

Unilever Pakistan Foods Limited

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the nine months period and three months period ended September 30, 2023

		Three month period ended		Nine month period ended	
	Note	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		----- (Rupees in thousand) -----			
Sales - net	10	7,711,172	6,807,444	26,448,888	19,766,070
Cost of sales		(4,523,038)	(4,274,638)	(15,000,498)	(11,586,529)
Gross profit		3,188,134	2,532,806	11,448,390	8,179,541
Distribution cost		(1,199,866)	(928,633)	(4,199,455)	(2,799,081)
Administrative expenses		(188,247)	(171,127)	(602,710)	(433,364)
Other operating expenses		(157,845)	(108,252)	(525,042)	(350,627)
Other income		720,915	249,756	1,900,720	551,560
		2,363,091	1,574,550	8,021,903	5,148,029
Finance costs		5,025	(25,521)	(63,530)	(53,979)
Profit before taxation		2,368,116	1,549,029	7,958,373	5,094,050
Taxation	11	(83,838)	(77,898)	(484,685)	(279,616)
Profit after taxation		2,284,278	1,471,131	7,473,688	4,814,434
Other comprehensive loss		-	-	-	(4,459)
Total comprehensive income		2,284,278	1,471,131	7,473,688	4,809,975
		----- (Rupees) -----			
Earnings per share - basic and diluted		358.60	230.95	1,173.27	755.80

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive

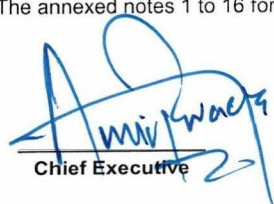

Director


Director &
Chief Financial Officer

Unilever Pakistan Foods Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months period ended September 30, 2023

	September 30, 2023 (Rupees in thousand)	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,958,373	5,094,050
Adjustment for:		
Depreciation	253,259	232,122
Depreciation on right-of-use asset	16,090	16,120
Gain on disposal of property, plant and equipment	-	(1,569)
Finance cost	17,654	8,966
Provision for staff retirement benefits	10,347	6,210
Return on short term investments held at fair value through profit or loss	(513,813)	(36,974)
Return on savings accounts	(692,089)	(349,238)
	<u>(908,552)</u>	<u>(124,363)</u>
Changes in working capital:		
Stores and spares	(68,919)	(12,367)
Stock in trade	(1,452,939)	(1,255,546)
Trade debts	(635,362)	(708,922)
Loans and advances	(1,100)	(47,844)
Trade deposits and short term prepayments	271,301	(222,086)
Other receivables	98,720	37,117
Sales tax refundable	375,321	(500,906)
Trade and other payables	2,256,710	3,200,949
Provisions	26,813	(11,987)
	<u>870,545</u>	<u>478,408</u>
Cash generated from operations	7,920,366	5,448,095
Finance cost paid	(16,280)	(4,412)
Income tax paid	(2,464,432)	(226,433)
Net cash generated from operating activities	5,439,654	5,217,250
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,134,135)	(875,267)
Proceeds from disposal of property, plant and equipment	-	1,570
Short term investments held at fair value through profit or loss - net	(828,818)	(2,095,125)
Return received on savings accounts	692,089	349,238
Net cash used in investing activities	<u>(1,270,864)</u>	<u>(2,619,584)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	246,146	561,567
Repayment of long term borrowings	(11,931)	-
Lease liability payments	(22,252)	(387)
Dividend paid	(69,717)	(2,584,710)
Net cash generated / (used) in financing activities	<u>142,246</u>	<u>(2,023,530)</u>
Net increase in cash and cash equivalents	4,311,036	574,136
Cash and cash equivalents at beginning of the period	14 5,009,083	3,297,755
Cash and cash equivalents at end of the period	14 <u>9,320,119</u>	<u>3,871,891</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Director


**Director &
Chief Financial Officer**

Unilever Pakistan Foods Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the nine months period ended September 30, 2023

	Share Capital	Capital		Reserves		Sub Total	Total
	Issued, subscribed and paid-up capital	Share premium	Special	General	Unappropriated profit		
	(Rupees in thousand)						
Balance as at December 31, 2022 (audited)	63,699	1,296,499	628	138	6,153,067	7,450,332	7,514,031
Transactions with owners of the Company - Distribution							
First Interim dividend for the year ending December 31, 2023 @ Rs. 72 per share	-	-	-	-	(458,636)	(458,636)	(458,636)
Profit for the period	-	-	-	-	7,473,688	7,473,688	7,473,688
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	7,473,688	7,473,688	7,473,688
Balance as at September 30, 2023 (unaudited)	63,699	1,296,499	628	138	13,168,119	14,465,384	14,529,083
Balance as at December 31, 2021 (audited)	63,699	1,296,499	628	138	1,608,602	2,905,867	2,969,566
Transactions with owners of the Company - Distribution							
Final dividend for the year ended December 31, 2021 @ Rs. 245 per share	-	-	-	-	(1,560,638)	(1,560,638)	(1,560,638)
First Interim dividend for the year ending December 31, 2022 @ Rs. 287 per share	-	-	-	-	(1,828,176)	(1,828,176)	(1,828,176)
Profit for the period	-	-	-	-	4,814,434	4,814,434	4,814,434
Other comprehensive loss	-	-	-	-	(4,459)	(4,459)	(4,459)
Total comprehensive income	-	-	-	-	4,809,975	4,809,975	4,809,975
Balance as at September 30, 2022 (unaudited)	63,699	1,296,499	628	138	3,029,763	4,327,028	4,390,727

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Chief Executive


Director


**Director &
Chief Financial Officer**

Unilever Pakistan Foods Limited

Notes to and forming part of the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended September 30, 2023

1. BASIS OF PREPARATION

1.1 Statement of compliance

These condensed interim financial statements of Unilever Pakistan Foods Limited ("the Company") for the nine months ended September 30, 2023 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

1.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2022. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of changes in Company's financial position and performance since the last annual financial statements.

1.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as disclosed otherwise.

1.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees, except where stated otherwise.

2. ACCOUNTING POLICIES

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.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended December 31, 2022.

4.	PROPERTY, PLANT AND EQUIPMENT	Note	Unaudited	Audited
			September 30, 2023	December 31, 2022
			(Rupees in thousand)	
	Operating assets - at net book value		3,585,885	3,633,459
	Capital work in progress - at cost		3,496,690	2,568,240
			<u>7,082,575</u>	<u>6,201,699</u>
4.1	Additions of operating fixed assets during the period are as follows:			
			Additions (at cost)	
			Unaudited	
			September 30, 2023	September 30, 2022
			(Rupees in thousand)	
	Building on freehold land		87,854	23,021
	Plant and machinery		116,180	274,117
	Electrical, mechanical and office equipment		422	2,151
	Furniture and fixtures		1,229	949
			<u>205,685</u>	<u>300,238</u>
5.	SHORT TERM INVESTMENTS		Unaudited	Audited
			September 30, 2023	December 31, 2022
			(Rupees in thousand)	
	measured at:			
	- At fair value through profit or loss	5.1	4,422,198	3,079,567
	- At amortized cost	5.2	-	2,692,294
			<u>4,422,198</u>	<u>5,771,861</u>
5.1	This represents investment in money market mutual funds.			
5.2	This represents investment in government treasury bills with a maturity upto three months.			
6.	CASH AND BANK BALANCES		Unaudited	Audited
			September 30, 2023	December 31, 2022
			(Rupees in thousand)	
	With banks on:			
	- savings accounts		8,605,588	2,091,029
	- current accounts		714,449	225,729
			<u>9,320,037</u>	<u>2,316,758</u>
	- Cash in hand		82	31
			<u>9,320,119</u>	<u>2,316,789</u>

7. LONG TERM BORROWINGS

		Unaudited September 30, 2023 (Rupees in thousand)	Audited December 31, 2022
Finance facility - solar	7.1	121,110	121,110
Current portion of finance facility - solar		(12,111)	(12,111)
		108,999	108,999
Temporary Economic Refinance Facility (TERF)	7.2	888,070	653,854
Current portion of TERF		(45,426)	(9,257)
		842,644	644,597
Deferred income - government grant	7.2	(382,144)	(262,474)
		569,499	491,122

7.1 During the year 2020 , the Company entered into a long term borrowing arrangement with a commercial bank for installation of solar panels under State Bank of Pakistan's Refinancing Scheme for Renewable energy. The total facility is available for twelve years ending in 2032 and amounts to Rs. 149 million. The loan carries mark-up at the rate of 3.65% per annum.

7.2 During the year 2021, the Company also entered into a long term borrowing arrangement with commercial banks under State Bank of Pakistan's Temporary Economic Refinance Facility amounting to Rs. 900 million. This loan carries a concessional mark-up rate of 2.3% and is repayable in 32 quarterly installments with a 2 year grace period commencing from first disbursement.

The scheme qualifies for the recognition criteria of a Government Grant as per IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. As a result, the liability has been broken down into two components. First one being recognition of a financial liability in accordance with IFRS 9 Financial Instruments which has been measured at fair value, that is, present value of future cashflows at the prevailing market rate. Second component is the recognition of deferred income as a liability. This is the difference between the fair value of the financing facility and loan proceeds received from the bank.

8. PROVISIONS

	Unaudited September 30, 2023 (Rupees in thousand)	Audited December 31, 2022
Sindh Infrastructure Cess	150,674	123,861

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no contingencies as on September 30, 2023.

9.2 Commitments

The commitments for capital expenditure outstanding as at September 30, 2023 amounted to Rs. 1,072 million (December 31, 2022: Rs. 915.2 million).

10. SALES - net

Unaudited
September 30, September 30,
2023 2022
(Rupees in thousand)

The Company analyses its net revenue by the following product groups:

Products used by end consumers	22,180,662	16,929,270
Products used by entities	4,268,226	2,836,800
	<u>26,448,888</u>	<u>19,766,070</u>

11. TAXATION

Unaudited
September 30, September 30,
2023 2022
(Rupees in thousand)

Current tax:

- Current year	358,845	199,573
- Prior year	58,751	26,110
	417,596	225,683

Deferred tax:

- Current year	(9,972)	1,032
- Prior year	77,061	52,901
	67,089	53,933
	<u>484,685</u>	<u>279,616</u>

12. RELATED PARTY TRANSACTIONS

Related party transactions during the period other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship with the company		Nature of transactions	Unaudited	
			September 30, 2023	September 30, 2022
(Rupees in thousand)				
i)	Holding company	Royalty	60,476	64,309
		Dividend paid	-	1,400,964
ii)	Associated companies	Royalty and technology fee	1,157,074	750,576
		Purchase of goods & PPE	2,538,134	2,261,639
		Sale of goods	10,710	20,691
		Reimbursement of shared expenses to related parties	1,298,998	777,927
		Fee for providing of services to related parties	8,731	18,379
		Fee for receiving of services from related parties	10,398	149,809
		Contribution to Defined Contribution plan	12,270	10,966
		Settlement on behalf of Defined Contribution plan	33,301	25,824
iii)	Key management personnel	Salaries and other short-term employee benefits	41,427	25,824

Aggregate amount charged for fee to seven (September 30, 2022: seven) non-executive directors during the period amounted to Rs. 5.3 million (September 30, 2022: Rs. 4.2 million).

13. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk, interest rate risk, liquidity and other pricing risk. The Company has established adequate procedures to manage these risks.

These condensed interim financial statements do not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with Company's annual financial statements for the year ended 31 December 2022. There have been no changes in the risk management policies since the year end.

	Carrying amount Unaudited September 30, 2023 (Rupees in thousand)	Carrying amount Audited December 31, 2022
FINANCIAL ASSETS		
<i>Financial asset - measured at fair value</i>		
Short term investments	4,422,198	3,079,567
<i>Financial assets - not measured at fair value</i>		
Loans and advances	-	438
Trade debts	1,665,114	1,029,752
Long term deposits	2,980	2,980
Trade deposits	119,842	176,025
Other receivables	140,816	203,646
Short term investments	-	2,692,294
Cash and bank balances	9,320,119	2,316,789
	<u>15,671,069</u>	<u>9,501,491</u>
FINANCIAL LIABILITIES		
<i>Financial liabilities - not measured at fair value</i>		
Long term borrowings	627,036	512,490
Trade and other payables	10,910,384	9,107,051
Unpaid dividend	2,594,626	2,205,067
Unclaimed dividend	29,351	29,991
Accrued interest / mark up	7,262	5,888
Lease liabilities	-	22,252
	<u>14,168,659</u>	<u>11,882,739</u>

The carrying value of financial assets and financial liabilities (not measured at fair value) approximate their fair value. For valuation of derivative (forward foreign exchange contract) at reporting date, the relevant rate has been taken from financial institution and has been classified in to level 2 fair value measurement hierarchy as defined in IFRS 13.

14. CASH AND CASH EQUIVALENTS

Cash and bank balances	6	9,320,119	2,316,789
Short term investments valued at amortized cost	5	-	2,692,294
		<u>9,320,119</u>	<u>5,009,083</u>

15. **NON ADJUSTING EVENT AFTER REPORTING DATE**

The Board of Directors in its meeting held on October 24, 2023 declared a second interim cash dividend for the year ending December 31, 2023 of Rs. 179 per share, amounting to Rs. 1,412 Mn. Cumulative interim dividend declared for the nine months ended September 30, 2023 of Rs. 251 per share amounting to Rs. 1,601 Mn (cumulative interim dividend declared for nine months ended September 30, 2022 of Rs. 287 per share amounting to Rs. 1,828 million).

15. **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison and better presentation. This did not affect profit, net assets or equity.

		Audited As at December 31, 2022 (Rupee in '000)
Reclassified from	Reclassified to	
Cash and bank balances	Trade deposits and short term prepayments	264,776
		Unaudited Sept 30, 2022 (Rupee in '000)
Reclassified from	Reclassified to	
Distribution cost	Other income	8,884
Administrative expenses	Other income	17,232

16. **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on 24th October 2023 by the Board of Directors of the Company.


Chief Executive


Director


Director &
Chief Financial Officer