



Nestlé® Good food, Good life



Nestlé Lanka PLC

Annual Report 2021

My Nestlé, My Sri Lanka





My Nestlé, My Sri Lanka

For over 115 years, we have been doing good by delivering on our promise of 'Good food, Good life' and becoming an integral part of Sri Lankan lives. Through our diverse food and beverage portfolio, which caters to our consumers from early childhood to old age, we have helped 'unlock the power of food to enhance quality of life for everyone, today and for generations to come'. We are here together for good - for our families, our communities, and our planet, and this report is a reaffirmation of our commitment.



Nestlé. Good food, Good life



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Good For My Family



We are nourishing Sri Lanka by offering tastier and healthier products and inspiring Sri Lankans to live healthier and happier lives. We are committed to catering to the nutritional needs of our consumers across generations, from early childhood to old age through our diverse food and beverage portfolio. We continuously strive to reduce public health sensitive nutrients and add more positive ingredients like whole grains, fibre, fruits, vegetables, and spices to our products. We also fortify our products where relevant with essential micronutrients that are deficient in the local diet. Last year, we also accelerated our efforts to locally source as many ingredients as possible. In addition, we conduct several initiatives to educate, inspire and create awareness on healthy living, to help our consumers be healthier and happier.

Good For My Community



We are uplifting Sri Lankan communities by supporting livelihoods of local farmers, empowering youth and fostering diversity and inclusion across our value chain. As one of Sri Lanka's largest collectors of fresh milk, we support the livelihoods of over 13,000 dairy farmers and help them improve their yield and quality through our Dairy Development Programme. Being one of the largest exporters of Coconut Milk Powder, we support over 8,000 local, medium and large-scale coconut farmers through the procurement of fresh coconuts. In addition, we offer free hybrid coconut plantlets and technical assistance to encourage coconut cultivation among 4,000 rural farmers and home-growers through our Nestlé Coconut Plan. Further, we empower Sri Lanka's youth by enhancing employability and supporting them to reach their potential through initiatives conducted under the Nestlé Needs YOUth programme. We also have programmes in place to promote gender balance and the inclusion of diverse people in our workforce.

Good For My Planet



We are making Sri Lanka more sustainable by helping tackle plastic pollution, acting on climate change and caring for water. We have accelerated our journey towards net zero while striving to advance regenerative food systems at scale. Working from farm to table, we have actioned several initiatives to tackle plastic pollution by moving to recyclable or reusable packaging and helping to create a circular economy. Last year, we switched to paper straws for our Ready-to-Drink products and helped establish a collection infrastructure and recycling facility for aseptic beverage cartons in Sri Lanka. We also continue to work with government and private institutions to galvanize behavioural change towards caring for our planet. Further, we are proud to say that, while we increase our production capacity every year, we take every effort to continuously reduce the use of resources such as energy and water and the emission of harmful gases, by investing in the latest technologies and innovations.

A Force For Good

Guided by our company's purpose and values, we are proud to have been a consistent Force for Good for over 115 years, by enhancing the quality of life of every Sri Lankan we touch. Through good and trying times, our contribution towards a sustainable and resilient Sri Lanka has never wavered. We constantly aim to push the boundaries of what's possible with food and beverages and are committed to do good for everyone – our families, communities, and the planet. We do this by –

- Offering tastier and healthier products
- Inspiring people to live healthier lives
- Supporting livelihoods of local communities
- Enhancing youth employability
- Fostering diversity and inclusion
- Tackling plastic pollution
- Caring for water and acting on climate change

Our Performance



Good For My Family

935 MN

servings of micronutrient enriched products to consumers

15,000+[≈]

people provided with free health checks and nutritional counselling through our Choose Wellness, Choose Nestlé programmes

Approximately
60,000

Sri Lankans inspired to live a healthier, happier and fitter life through the Nestlé Family Club

Good For My Community

Rs. 2.4 BN

paid out to approximately 13,000 local dairy farmers

Rs. 6 BN

paid out to approximately 8,000 local coconut farmers

1,000

more homegrowers benefited through the fifth phase of the Nestlé Coconut Plan

26,000+[≈]

young people directly reached through our Nestlé Needs YOUth programme

Maternity leave extended to
6 MONTHS

Good For My Planet

Saved energy by

16.9%*

Saved water by

2.5%*

Reduced greenhouse gas emissions by

1.6%†

80%+[≈]

packaging by weight is recyclable

Supported to set up a facility for recycling aseptic beverage cartons with processing and packaging solutions company Tetra Pak

New reality is more important than ever, and we are proud to be a company whose values align with those of our consumers, with products and services that are helping to address society's greatest challenges.

Revenue

Rs. **45.42 BN**

Contribution to Exchequer

Rs. **5.6 BN**

Earnings per share

Rs. **99.19**

Innovations and Renovations

We explored new opportunities to address shifts in consumer behaviour and preferences, and adapted our portfolio to create new and improved experiences to delight our consumers.



MAGGI Papare Spicy Chicken Flavour Noodles

Our newest entrant, MAGGI Papare Spicy Chicken Flavour Noodles, is filled with the spicy and flavourful combination of garlic, chilli, and pepper, and our much-loved chicken and onion flavour. In addition to its delicious taste, MAGGI Papare Spicy Chicken Flavour Noodles is also enriched with calcium and is free of artificial flavours and artificial colours.



MAGGI Organic Liquid Coconut Milk

We launched MAGGI Organic Liquid Coconut Milk to share the experience of organic goodness and naturality in everyday cooking. Made of 100% organic coconuts sourced from organic certified coconut farms in Sri Lanka, this authentic, creamy coconut milk liquid has no added preservatives, colours, and flavours. MAGGI Organic Liquid Coconut Milk is also certified by the Control Union in Sri Lanka, the first accredited certification body in the country to grant Sri Lanka organic certifications and guarantee the organic integrity of products.



NANGROW INFINIpro HA

NANGROW INFINIpro HA is our new Milk Formula for children aged 1-3 years. It continues our nutrition solutions beyond Infant Formula and is enriched with Omega 3 and 6, Oligosaccharides, Probiotics and Iron.



Localization of raw materials and ingredients

In adapting to shifts in consumer behaviour and preferences, we strengthened our localization of raw materials and incorporated more local, indigenous ingredients in our products.



Accelerating home-grown innovation through Idea Innovation Challenges

We were delighted to launch an Open Innovation Challenge in partnership with Hatch for local innovators and leading Universities to conceptualize breakthrough ideas on nutrition and sustainability, with the aim of making a genuine difference for Sri Lanka.

Awards and Accolades



Best Corporate Citizen Sustainability Awards

We were recognized for our efforts to do good for our planet at the Best Corporate Citizen Sustainability Awards 2021. Our awards were in the categories of Corporate Environmental Commitment, Environment Beyond Business, and the Triple Bottom Line Award on Environmental Sustainability for the best performance in the Planet Pillar. We were also recognized as one of the Top 10 Corporate Citizens of Sri Lanka in 2021.



Sri Lanka National Quality Awards

Our commitment towards quality as a non-negotiable priority was recognized at the Sri Lanka National Quality Awards 2020 organized by the Sri Lanka Standards Institution (SLSI). We were awarded the winner in the Manufacturing (Large) Category.



24th Presidential Export Awards

Our win as 'Best Exporter' in the Coconut Kernel Sector for 2020/21 at the 24th Presidential Export Awards reaffirmed our contribution towards the national economy.

Brand Finance				MOST LOVED BRANDS			
RANK	BRAND	CATEGORY	SCORE	RANK	BRAND	CATEGORY	SCORE
1	Sunlight	Fabric care	94.05	84	Nestlé	Dairy	82.37
2	Dettol	Personal care	92.31	85	Qatar	Retail	82.28
3	Huggo	Home care	89.79		S-len	Building materials	82.20
4	Sri Lanka Insurance	Life and general insurance	89.40	87	PickMe	Ride sharing	82.20
5	Paradol	Pain relievers	89.32		Toyota	Automobiles	82.20
6	Lifecare	Personal care	89.29	89	BMW	Automobiles	82.04
7	Sampath Bank	Banking	88.83	70	NBB	Banking	82.03
8	Elephant House	Food	88.47	71	Harrischandra	Noodles and other wheat	82.00
	Vin	Home care	88.47		Letro	Oil and gas	82.00
10	Maliban	Confectionery	88.17	73	Parera and Sons	Duck service restaurants	81.69
	Marmite	Margarines and spreads	88.17	74	Lankasoy		81.67
12	Milo	Beverages	88.00	75	Maggi		81.50
	Nestomalt	Beverages	88.00	76	Honda		81.48
14	Sarbanan	Pain relievers	87.81	77	Razona		81.33
15	Baby Cherramy	Baby care	87.65	78	BIC		81.31
16	Johnson's Baby	Baby care	87.17	79	INSEE Sarathra		81.30
	Lacive	Tea and coffee	87.17	80	SriLankan Airlines		81.29

LMD Most Loved Brands

Nestlé's flagship brands MILO and NESTOMALT climbed the ranks in the 'Most Loved Brands 2021' LMD listing. MILO moved up one rank and secured number 12, establishing its position as the leading Beverage brand, while NESTOMALT moved up by two positions to secure number 13. The 'Most Loved Brands 2021' ranking covers a total of 125 brands from diverse categories, and our household favourite MAGGI and NESCAFÉ were also included in the list.

Chairman's Message



Our presence in Sri Lanka for over 115 years reaffirms our long-term commitment to do good for our families, our communities, and our planet.

A handwritten signature in black ink, appearing to read 'Suresh Narayanan'.

Suresh Narayanan
Chairman

NESTLÉ LANKA PLC

Dear Shareholders,

2021 brought about new challenges for our company to navigate through. Yet at the same time, we unlocked opportunities that enabled us to deliver extraordinary results and win as a team, together with our consumers, customers, business partners, and other stakeholders.

Our presence in Sri Lanka for over 115 years demonstrates our long-term commitment to the country. We have gathered deep insights and innovated for a healthier and greener Sri Lanka while adapting to a fast-paced digital landscape. Throughout, we have stayed true to our promise of 'Good food, Good life', and focused our efforts on unlocking the power of food to enhance the quality of life for everyone, today and for generations to come.

The pandemic posed many challenges, but we continued undeterred in our journey to deliver high quality, safe, locally made products and services to our consumers. Our front liners' commitment and perseverance during the third COVID wave was truly commendable, and we attribute our exceptional performance to them. The dedication of our employees, suppliers, distributors, and other partners in our ecosystem has been integral to sustaining our operations across our value chain, and for this, we are truly grateful. We also extend our heartfelt appreciation to you, our shareholders, for continuing to place your trust in us.

In 2021, we delivered strong results in growth and profitability. I am happy to note that all our business categories did well, and our Export and Out-of-Home businesses that were impacted by the pandemic demonstrated resilience in recovering by Q4 2021. Based on these results, the Board of Directors has approved an interim dividend of Rs. 20.00 per share and proposed a final dividend of Rs. 35.00 per share, subject to the approval of shareholders at the upcoming Annual General Meeting.

As we look towards 2022, supply chain constraints and its associated economic impacts continue to prevail in Sri Lanka. As we have in the past, however, we will continue our focus towards a balanced and sustainable growth and stay the course with our purpose-driven values.

Our work towards being a Force for Good resonates across our entire footprint, from innovating our portfolio to meet nutritional needs through good food and beverage choices, inspiring our consumers to lead healthier lives, delivering on our commitments in doing good for our communities, and working towards stewarding resources for future generations. We are grateful to have the opportunity to empower people with good quality of life that we believe will help create a ripple effect of goodness across our entire value chain. As we move forward, our journey will continue to be in alignment with the company values, guiding us to do good as we have in the past.

Our commitments to protect our planet have made significant progress over the past year, globally and in Sri Lanka. Nestlé Lanka was recognized for our contribution to do good for our planet, as well as for our consumers and community at the Best Corporate Citizen Sustainability Awards 2021. We have accelerated our journey towards net zero and have made progress in our efforts to tackle plastic pollution. I am also proud to note that our transition to paper straws for our Ready-to-Drink products marked the beginning of our ambitious lineup of initiatives to protect our planet. We are cognizant of the work to be done in 2022 and will strive to be a Force for Good in contributing towards healthier families, empowered communities, and a greener Sri Lanka.

A handwritten signature in black ink, appearing to read 'Suresh Narayanan'.

Suresh Narayanan
Chairman

NESTLÉ LANKA PLC

Managing Director's Review



Our deep understanding of our consumers, our commitment to uplift communities and protect our planet have helped us make a lasting difference for over 115 years. We will continue to stay true to our promise of 'Good food, Good life', and aspire to be a Force for Good in Sri Lanka.

Jason Avanceña
Managing Director

NESTLÉ LANKA PLC

Dear Shareholders,

2021 was accompanied with its share of challenges. From navigating through a prolonged lockdown to adapting with agility to the 'new normal', we built on the strong base achieved in the past year and stepped up our performance to deliver solid results.

Having navigated through the pandemic and its challenges, we continued to rally our teams and our stakeholders across our value chain to deliver on our commitments. With the third wave taking a severe toll on the local market with an extended lockdown and increasing pressure on our front liners, it was important to adapt and deliver products and services with agility to address people's needs. Through all this, I am glad to say that the health and safety of our employees and our trade and business partners was our topmost priority, and we took extensive measures to safeguard their health and wellbeing.

Our early learnings on the new reality and a deep understanding of consumer shifts and trends in a pandemic enabled us to relook at our strategies for our portfolio and channels through a focused and flexible Route-to-Market model. We amplified our digital presence as part of our omni-channel communication strategy and took great measures to tune into the pulse of our consumers for a better understanding of their evolving needs.

Our past experiences have taught us that proactive action was imperative to continue our operations with minimum disruptions, amidst global transportation bottlenecks and challenging conditions in logistics. We also experienced increasing commodity prices and fluctuations of the exchange rate, followed by the impact of forex liquidity in the second half of the year. I am happy to say that our quick decision-making enabled us to ensure a continuous supply of our products, whilst delivering value to our stakeholders.

As a result of these measures and the continued efforts of our employees, our domestic retail sales experienced a solid double-digit growth in 2021. I am happy to note that both our Exports and Out-of-Home business segments demonstrated a strong comeback in growth in Q4, with the removal of the lockdown in Sri Lanka.

My Nestlé, My Sri Lanka

We continued to leverage on our platform 'My Nestlé, My Sri Lanka', strengthening our deeply rooted bond with Sri Lanka spanning over 115 years. 'My Nestlé, My Sri Lanka' stems from our Creating Shared Value agenda and the work we do to positively impact Sri Lanka in three ways. This includes 'Good For My Family', where we offer tastier and healthier choices from early childhood to old age and inspire Sri Lankan families to lead healthier lives; 'Good For My Community', where we support livelihoods in the coconut and dairy farming communities and empower youth to reach their potential; and 'Good For My Planet', where we are committed to tackling plastic pollution and climate change and ensuring that our actions have a positive impact on the planet.

Good For My Family

We explored new opportunities to address shifts in consumer behaviour and preferences. Our efforts included driving the use of more local, indigenous ingredients in our products. We further delivered 935 million servings of fortified products to address the nutritional deficiencies in Sri Lanka.

In 2021, we expanded the MAGGI portfolio by launching MAGGI Organic Liquid Coconut Milk, promoting our assurance of naturality, and introduced MAGGI Papare Spicy Chicken Flavour Noodles to meet local consumer preferences. We also launched the online Nestlé Choose Wellness Nutri-Corner to offer free BMI checks, health assessments, and nutritional advice. Notably, we were one of the first F&B companies in Sri Lanka to be SLS certified in COVID-19 Safety Management Systems, giving our consumers the assurance of healthy and quality food for their wellbeing during these unprecedented times.

I am also happy to note that we were recognized as an award winner in the Manufacturing (Large) Category at the Sri Lanka National Quality Awards 2020 organized by the Sri Lanka Standards Institution (SLSI), reaffirming our commitment towards quality as a non-negotiable priority.

Good For My Community

We launched the fifth phase of the Nestlé Coconut Plan, bringing our total beneficiaries to 4,000 coconut farmers, while continuing to closely work with our network of over 8,000 coconut farmers throughout the year. We were significantly awarded the 'Best Exporter' in the Coconut

Managing Director's Review

Kernel Sector for 2020/21 at the 24th Presidential Export Awards for our contribution towards the national economy. Our work towards 13,000 local dairy farmers included facilitating the first commercial silage enterprise in the North Western Province, to provide nutritious cattle feed and mini coolers for an increased yield of fresh milk. Our contribution to support our local communities was approximately Rs. 8.4 Bn in 2021 and benefitted over 25,000 coconut and dairy farmers in total.

We also partnered Hatch and local universities to conduct an Open Innovation Hackathon Challenge to accelerate homegrown innovations on nutritious products and green initiatives. This was conducted in line with our efforts to empower youth and collaborate with purpose-driven innovators for a healthier, greener Sri Lanka.

In 2020/21, our Nestlé Needs YOUth programme reached over 26,000 young people via virtual platforms, improving their employability, and empowering their journey towards a successful career as well.

Good For My Planet

In line with our commitment to make our packaging 100% reusable or recyclable by 2025, I'm proud to note that our much-loved MILO Ready-to-Drink (RTD) switched to paper straws in 2021, making it the first RTD beverage in Sri Lanka to offer consumers the more sustainable alternative of paper straws. This enabled us to eliminate 90 million plastic straws a year while making MILO packaging 100% recyclable. As at now, we have made promising progress with 80% of our total packaging by weight recyclable and we will continue our efforts to fully achieve this goal.

In our journey towards circularity, we have also been working towards strengthening the collection and recycling infrastructure of our packaging. To this end, we helped set up a facility for recycling aseptic beverage cartons in support with Tetra Pak and Eco Maximus. In addition to recycling MILO RTD packs, the plant will also support the recycling efforts of the entire aseptic beverage carton industry in Sri Lanka in due course.

We were recognized for our efforts to do good for our planet at the Best Corporate Citizen Sustainability Awards 2021. We took home awards in the categories

of Corporate Environmental Commitment, Environment Beyond Business, and the Triple Bottom Line Award on Environmental Sustainability for the best performance in the Planet Pillar. We were also significantly recognized as one of the Top 10 Corporate Citizens of Sri Lanka in 2021.

Our extraordinary performance and positive impact last year was the contribution of many. I want to extend my heartfelt appreciation to our employees for their commitment and perseverance, for ensuring that our consumers' needs were met through the goodness of food. Our performance was strong, and our teamwork to achieve this is inspiring. We could not have journeyed the past year alone and we are truly grateful to our consumers and business partners who have stayed by our side. I also extend my heartfelt appreciation to you, our shareholders, for continuing to place your trust in Nestlé and for rallying with us as we continue forward to be a 'Force for Good.'

2022 will prove to be challenging but if there's one thing we have learnt in the past is that we are resilient and determined in the face of adversity. Our deep understanding of our consumers, our commitment to uplift communities and protect our planet have helped us make a lasting difference for over 115 years. As we prepare for the challenges and opportunities ahead, we will embrace innovation, new technologies, and aspire to deliver the right solutions to delight our consumers. We will forge ahead in our commitments of tackling plastic pollution and climate change. I am confident that we will continue to stay true to our promise of 'Good food, Good life', and aspire to be a 'Force for Good' by unlocking the power of food to enhance the quality of life for everyone, today and for generations to come.



Jason Avanceña
Managing Director

NESTLÉ LANKA PLC

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හිතවත් කොටස් හිමිකරුවනි,

ගෙවුණු 2021 වසර යනු ඊටම අනන්‍ය වූ අභියෝගවලින් පිරුණු වසරක් විය. විශේෂයෙන්ම, දිගින් දිගටම පැවති සංවරණ සීමා තත්ත්වය වෙනස් කරමින් උදාවූ නව සාමාන්‍යයට අනුවර්තනය වෙමින් අප නිර්මාණය කළ ශක්තිමත් පදනම හේතුවෙන් ඉකුත් වසර තුළ සාර්ථක ප්‍රතිඵල ලඟාකරගැනීමට අපට හැකිවිය.

වසංගතය සහ ඉන් මතු වූ අභියෝගවලට සාර්ථකව මුහුණ දෙමින්, අපගේ සේවක කණ්ඩායම් සහ වටිනාකම් දාමයට සම්බන්ධ පාර්ශ්වකරුවන් හා එක්ව අපගේ මෙහෙයුම් නිසි පරිදි සිදුකිරීමට අපි සමත්වූයෙමු. විශේෂයෙන්ම කොවිඩ් තුන්වැනි රැල්ල නිසා ඇතිවූණු දීර්ඝ කාලීන සංවරණ සීමා තත්ත්වය සහ අපගේ ඉදිරි පෙළ සාමාජිකයින්ට ඉන් එල්ල වූ දැඩි පීඩනය හමුවේ වුව ද, පවතින වාතාවරණයට අනුරූපීව හැඩගැසෙමින් ජනතාවගේ අවශ්‍යතා වෙනුවෙන් කාර්යක්ෂමව නිෂ්පාදන සහ සේවා ලබාදීමට හැකිවිය. ඒ සියල්ල හමුවේ අපගේ සේවකයින්ගේ මෙන්ම වෙළෙඳ සහ ව්‍යාපාරික හවුල්කරුවන්ගේ ද සෞඛ්‍යාරක්ෂාව පෙරමුණේ තබාගනිමින් අපි ක්‍රියා කළෙමු. ඔවුන්ගේ සෞඛ්‍ය සහ යහපැවැත්ම වෙනුවෙන් අපි වැදගත් පියවර ගන්නාවක්ම අනුගමනය කළෙමු.

කොවිඩ් වසංගතය සම්බන්ධයෙන් අප මීට පෙර උගත් පාඩම් සහ පාරිභෝගික හැසිරීම් රටාවේ වෙනස්වීම් සහ ප්‍රවණතා පදනම් කරගනිමින් අපගේ නිෂ්පාදන සහ අලෙවි මාර්ග ආශ්‍රිත උපායමාර්ග පිළිබඳ නැවත අවධානය යොමු කිරීමටත් වඩාත් කේන්ද්‍රගත වූ සහ නම්‍යශීලී වෙළෙඳපොළ ආකෘතියක් බිහිකරගැනීමටත් අපි සමත්වීම්. තව ද, අපගේ බහුවිධ සන්නිවේදන ක්‍රමෝපායේ කොටසක් ලෙස අපි විජිටල් අවකාශය ද වඩාත් ප්‍රයෝජනයට ගනිමු. වෙනස්වන පාරිභෝගික අවශ්‍යතා නිසි ලෙස අවබෝධ කරගනු වස් අපගේ භාවිතාවන් ද වෙනස් කළෙමු.

ගෝලීය වශයෙන් ප්‍රවාහන ක්ෂේත්‍රයේ ඇතිවූණු අවහිරතා සහ ප්‍රවාහන සැපයුම් සේවා තුළ මතු වූ අභියෝගාත්මක තත්ත්ව හමුවේ අවම බාධාවක් සහිතව ක්‍රියාත්මක වීමට කල් තබා පියවර ගැනීමෙහි වැදගත්කම අපි මීට පෙර අත්දැකීමෙන් උගත්තෙමු. භාණ්ඩ මිල ඉහළ යාම සහ විනිමය අනුපාතයේ විචල්‍යතාවන්, වසරේ දෙවැනි අර්ධය තුළ විදේස් විනිමය හිඟකම නිසා එල්ල වූ බලපෑමක් අපි අත්දැකුවෙමු. කෙසේ නමුත්, අපගේ තීරණ ගැනීමේ ක්‍රියාවලියේ කාර්යක්ෂමතාව හේතුවෙන් අඛණ්ඩව නිෂ්පාදන සැපයීමටත්, අපගේ පාර්ශ්වකරුවන්ට ලාභදායී තත්ත්වයක් බිහිකිරීමටත් අපට හැකිවිය.

මෙවැනි පියවර සහ අපගේ සේවකයින්ගේ අඛණ්ඩ දායකත්වය හේතුවෙන් 2021 වසරේදී අපගේ සාමාන්‍ය විකුණුම් අංශය ඉහළ ස්ථාවර වර්ධනයක් ලඟාකරගැනීමට සමත්විය. විශේෂයෙන්ම සංවරණ සීමා තත්ත්වය අවසන් වීමත් සමඟ 4වැනි කාර්තුවේදී අපනයන සහ Out-of-Home ව්‍යාපාර අංශ කැපී පෙනෙන වර්ධනයක් අත්කරගැනීමට සමත්වූ බව ද පැවසීමට කැමැත්තෙමි.

මගේ නෙස්ලේ, මගේ ශ්‍රී ලංකාව

අපි 'මගේ නෙස්ලේ, මගේ ශ්‍රී ලංකාව' වැඩසටහන ඉදිරියටම ගෙන යමින්, වසර 115කටත් වැඩි කාලයක් පුරා ශ්‍රී ලංකාව සමඟ පවතින නෙස්ලේ සබැඳියාව තවදුරටත් ශක්තිමත් කළෙමු. 'මගේ නෙස්ලේ, මගේ ශ්‍රී ලංකාව' වැඩසටහන නිර්මාණය වූයේ, ශ්‍රී ලංකාවට තුන් ආකාරයකින් ධනාත්මකව බලපාන අයුරින් අප සිදුකරන ක්‍රියාකාරකම් මුල් කරගනිමිනි. එනම්, ළදරු වියේ සිට වැඩිහිටි විය දක්වා සියලු ශ්‍රී ලාංකිකයින්ට නිරෝගීමත් දිවි පෙවෙතකට උපකාරී වන රසවත් සහ සෞඛ්‍ය සම්පන්න ආහාරපාන නිෂ්පාදන පිරිනමන. 'මගේ පවුලේ යහපත උදෙසා' (Good For My Family) යන සංකල්පය; පොල් ගොවීන්ගේ සහ කිරි ගොවීන්ගේ ජීවනෝපාය නංවන සහ තරුණ පරම්පරාවට ඔවුන්ගේ උපරිමය ලඟාකරගැනීමට ශක්තියක් වන, 'මගේ ප්‍රජාවේ යහපත උදෙසා' (Good For My Community) යන සංකල්පය; සහ අපගේ ක්‍රියාකාරකම්වලින් පරිසරයට යහපත් බලපෑමක් සිදුවන බවට තහවුරු කරගැනෙන සහ ඒලාභීන් දූෂණයන්, දේශගුණ විපර්යාස බලපෑමත් වළක්වාලීමට කැපවුණු, 'මගේ ලෝකයේ යහපත උදෙසා' (Good For My Planet) යන සංකල්පය පදනම් කරගනිමිනි.

මගේ පවුලේ යහපත උදෙසා

පාරිභෝගික හැසිරීම් රටාවේ සහ රුචි ඇරැඹිකම්වල සිදුවූණු වෙනස්කම්වලට අනුගත වීමට අපි නව අවස්ථා සොයාබැලුවෙමු. ඒ අනුව, අපි වඩාත් දේශීය සහ මෙරටට ආවේණික ආහාර ද්‍රව්‍ය අපගේ නිෂ්පාදනවලට ඇතුළත් කිරීමට පටන් ගනිමු. එමෙන්ම ඉකුත් වසර තුළ ශ්‍රී ලංකාවේ පෝෂණ උපායවට පිළියමක් ලෙස අදාළ පරිදි පෝෂක (විටමින් සහ බනිජ් ලවන) වලින් සරු කළ නිෂ්පාදන පිරිනැමීම් මිලියන 935ක් අපි සිදුකළෙමු.

2021 වසරේදී අපි මැගී නිෂ්පාදන පෙළට MAGGI Organic Liquid Coconut Milk නිෂ්පාදනය හඳුන්වාදුනිමු. එය ස්වාභාවිකත්වය අගයන අපගේ දැක්ම ප්‍රවර්ධනය කිරීමකි. තව ද පාරිභෝගික අවශ්‍යතාව හඳුනාගනිමින් MAGGI Papare Spicy Chicken රසැති නූඩල්ස් නිෂ්පාදනය ද එළිදැක්වීමු. ඊට අමතරව, නොමිලේ BMI පරීක්ෂා කිරීම්, සෞඛ්‍ය ඇගයීම් සහ පෝෂණ උපදෙස් ලබාදීම වෙනුවෙන් මාර්ගගත Nestlé Choose Wellness Nutri-Corner හඳුන්වා දුනිමු. ඒ සියල්ල අතරේ, ශ්‍රී ලංකා ප්‍රමිති ආයතනයේ කොවිඩ්19 සුරක්ෂිතතා කළමනාකරණ පද්ධති සහතිකය පිරිනැමුණු ශ්‍රී ලංකාවේ මුල්ම ආහාරපාන සමාගමක් වීමට අපට හැකිවිය. මෙම දුෂ්කර කාලපරිච්ඡේදයේදී පවා අපගේ පාරිභෝගිකයින්ට සෞඛ්‍ය සම්පන්න සහ ගුණාත්මක බවින් ඉහළ ආහාර පිරිනැමීමට අප සතු කැපවීම එසේ සහතික කෙරිණි.

නෙස්ලේ පිරිනමන ඉහළ ගුණාත්මකබව යළි යළිත් තහවුරු කරමින් ශ්‍රී ලංකා ප්‍රමිති ආයතනය සංවිධානය කළ 2020 ශ්‍රී ලංකා ජාතික ප්‍රමිති සම්මාන උළෙලේදී නිෂ්පාදන (මහා පරිමාණ) කාණ්ඩයේ සම්මානයක් දිනාගැනීමට ද අපි සමත්වීමු.

கළමநாகார அධ්‍යක්ෂතුමාගේ සමාලෝචනය

මගේ ප්‍රජාවේ යහපත උදෙසා

නෙස්ලේ පොල් වගා සැලසුමේ පස්වැනි අදියර දියත් කිරීමත් සමග ප්‍රතිලාභී ගොවීන් සංඛ්‍යාව 4,000කට වැඩි වූ අතර, 8,000කට වැඩි අපගේ සමස්ත පොල් ගොවි ජාලය සමඟ වසර පුරා සමීපව කටයුතු කළෙමු. ජාතික ආර්ථිකය වෙනුවෙන් අප ලබාදුන් දායකත්වය අගයමින්, 24 වැනි ජනාධිපති අපනයන සම්මාන උළෙලේදී 2020/21 වසරේ පොල් මද ආශ්‍රිත නිෂ්පාදන කාණ්ඩයේ හොඳම අපනයනකරු ලෙස සම්මාන දිනාගැනීමට අපි සමත්වූයෙමු. මේ අතර, 13,000කට වැඩි දේශීය කිරි ගොවි ජාලය වෙනුවෙන් වයඹ පළාතේ ප්‍රථම වාණිජ සත්ත්ව ආහාර නිෂ්පාදනාගාරය වෙනුවෙන් අපගේ සහයෝගීතාවය ලබාදුනිමු. එමෙන්ම නැවුම් කිරි අස්වැන්න වැඩි කරගැනීම සඳහා පෝෂ්‍යදායී සත්ත්ව ආහාර සහ කිරි ශීතකරණ උපකරණ (Mini Coolers) ලබාදීමට ද පියවර ගනිමු. මේ ආකාරයට දේශීය ප්‍රජාව වෙනුවෙන් 2021 වසරේදී පමණක් අප ලබාදුන් දායකත්වය රුපියල් බිලියන 8.4කට ආසන්න විය. ඉන් සෙත සැලසුණු පොල් ගොවීන් සහ කිරි ගොවීන් සංඛ්‍යාව 25,000 ඉක්මවයි.

අපි Hatch ආයතනයත්, දේශීය විශ්ව විද්‍යාලත් සමඟ එක්ව පෝෂණීය නිෂ්පාදන සහ පරිසර හිතකාමී පියවර සඳහා දේශීය නවෝත්පාදන බිහි කරගැනීම වෙනුවෙන් විවෘත නවෝත්පාදන හැකනන් (Hackathon) අභියෝගයක් සංවිධානය කළෙමු. තරුණ පරම්පරාව සවිබලගැන්වීම සහ සෞඛ්‍ය සම්පන්න, හරිතවත් ශ්‍රී ලංකාවක් වෙනුවෙන් කැපවුණු නවෝත්පාදකයින් සමඟ එක්ව කටයුතු කිරීම මෙම වැඩසටහනේ අරමුණ විය.

2020/21 වසරවලදී Nestlé Needs YOUth වැඩසටහන ද මාර්ගගත ක්‍රමවේදයට 26,000කට වැඩි තරුණ ප්‍රජාවක් වෙත සමීප විය. ඒ හරහා ඔවුන්ගේ සේවා යෝග්‍යතාව වර්ධනය කෙරුණු අතර, සාර්ථක වෘත්තීය මාවතක් වෙනුවෙන් ඔවුන් සූදානම් කරලීමට ද ඉන් හැකිවිය.

මගේ ලෝකයේ යහපත උදෙසා

වර්ෂ 2025 වනවිට අපගේ නිෂ්පාදන ඇසුරුම් 100%ක්ම නැවත භාවිත කළ හැකි හෝ ප්‍රතිචක්‍රීකරණය කළ හැකි තත්වයට පත් කිරීමට අප දරන ප්‍රයත්නය අනුව යමින්, 2021 වසරේදී මයිලෝ RTD පානය වෙනුවෙන් කඩදාසි බීම බටයක් හඳුන්වා දුන්නෙමු. එය, ශ්‍රී ලංකාවේ RTD පාන නිෂ්පාදනයක් එවැනි හඳුන්වාදීමක් කළ ප්‍රථම අවස්ථාව වීම ද විශේෂත්වයකි. එතුළින් වසරකදී ජ්ලාස්ටික් බීම බට මිලියන 90ක් පරිසරයට එකතු වීම වළක්වාගැනීමට මෙන්ම, මයිලෝ RTD ඇසුරුම 100%ක් ප්‍රතිචක්‍රීකරණය කිරීමේ අවස්ථාව ද උදාවිය. මේ වනවිට සියලු නෙස්ලේ නිෂ්පාදන ඇසුරුම්වලින් බර අනුව 80%ක්ම ප්‍රතිචක්‍රීකරණය කළ හැකි තත්ත්වයට ගෙනැවිත් ඇති අතර, එය 100% ඉලක්කය කරා ළඟාවීමට ඉදිරියටත් කැපවී ක්‍රියාකරන්නෙමු.

චක්‍රීය ක්‍රියාවලියක් සඳහා වූ අපගේ ගමන් මඟ තුළ තවත් සන්ධිස්ථානයක් සනිටුහන් කරමින් RTD නිෂ්පාදන ඇසුරුම් එක්රැස් කිරීමේ සහ ප්‍රතිචක්‍රීකරණය කිරීමේ මධ්‍යස්ථානයක් සඳහා ද අපගේ සහයෝගය ලබාදුනිමු. එනම්, Tetra Pak සහ Eco Maximus සමාගම් සමඟ එක්ව විෂබීජහරණය කළ පාන ඇසුරුම් ප්‍රතිචක්‍රීකරණ මධ්‍යස්ථානයක් පිහිටුවීමට අපි පියවර ගනිමු. එමගින් මයිලෝ RTD වලට අමතරව, නුදුරු අනාගතයේදී ශ්‍රී ලංකාවේ සියලු විෂබීජහරණය කළ පාන ඇසුරුම් ප්‍රතිචක්‍රීකරණය කිරීමට හැකිවනු ඇත.

අපගේ පරිසර හිතකාමී පියවර, 2021 හොඳම ආයතනික පුරවැසි තිරසාර සම්මාන උළෙලේදී ද ඇගයීමට පාත්‍ර විය. ආයතනික පාරිසරික කැපවීම (Corporate Environmental Commitment), ව්‍යාපාරකරණයෙන් එහා පාරිසරික ඇගයීම (Environment Beyond Business) යන කාණ්ඩයන්හි ජයග්‍රහණ සහ, පාරිසරික තිරසාරභාවය පිළිබඳ ත්‍රිත්ව අංශ (Triple Bottom Line Award on Environmental Sustainability) සම්මානය අපි දිනාගනිමු. එමෙන්ම 2021 වසර තුළ ශ්‍රී ලංකාවේ හොඳම ආයතනික පුරවැසියන් 10 දෙනා අතරට තේරී පත්වීමට ද නෙස්ලේ සමාගම සමත් විය.

ඉකුත් වසරේ අප වාර්තා කළ සුවිශේෂී ප්‍රගතිය පසුපස සිටි අය බොහෝමයකි. පළමුකොට පාරිභෝගික අවශ්‍යතා නිවැරදිව හඳුනාගනිමින් ආහාර යහගුණය ඔවුන්ට සමීප කරමින් සිය කැපවීම සහ ශක්තිය ප්‍රකට කළ අපගේ කාර්යමණ්ඩලයට මාගේ හද පිරි ස්තූතිය පිරිනමමි. අපගේ කාර්යසාධනය ශක්තිමත් වූ අතර, ඒ සඳහා කණ්ඩායම් හැඟීමෙන් යුතුව ඔවුන් සියලු දෙනා දැක්වූ දායකත්වය විශ්මයජනක ය. එමෙන්ම ගෙවුණු වසර තුළ අපට සාර්ථක ගමනක නිරතවීමට ශක්තිය ලබාදුන් අපගේ පාරිභෝගිකයින්ට සහ ව්‍යාපාර සහකරුවන්ට ද මාගේ කෘතචේදීත්වය පිරිනමමි. එමෙන්ම නෙස්ලේ කෙරෙහි අඬුණ්ඩව විශ්වාසය තබමින් අප හා එක්ව යහපත සඳහා වූ එකම පෙරමුණක් (Force for Good) ලෙස ක්‍රියාකරන කොටස්හිමි ඔබ සියලු දෙනාටම මාගේ හද පිරි ප්‍රණාමය පුදකරමි.

උදා වූ 2022 වසර ද අභියෝගකාරී වසරක් වනු නිසැක ය. එහෙත් කොපමණ අභියෝගාත්මක අවස්ථාවකදී වුව ද ශක්තිමත්ව සහ අධිෂ්ඨානශීලීව ඊට මුහුණ දීමේ හැකියාව අප සතු බව අපි මීට ඉහත අත්දැකීම්වලින් උගත්තෙමු. පාරිභෝගිකයින් හොදින් තේරුම් ගැනීමත්, දේශීය ප්‍රජාව සවිබලගැන්වීමට අපගේ කැපවීමත්, පරිසරය රැකගැනීමේ ආකල්පයත් නිසා වසර 115කටත් වැඩි කාලයක් පුරා කැපී පෙනෙන වෙනසක් නිර්මාණය කිරීමට අපි සමත්වූයෙමු. අනාගත අභියෝග සහ අවස්ථා වෙනුවෙන් සූදානම් වන මේ මොහොතේදී, නවෝත්පාදන හා නව තාක්ෂණය වැළඳ ගනිමින් පාරිභෝගිකයින්ට නිවැරදි විසඳුම් සම්පාදනය කිරීම අපගේ බලාපොරොත්තුවයි. ජ්ලාස්ටික් දූෂණය අවම කිරීම සහ දේශගුණ විපර්යාස පිටුදැකීම වෙනුවෙන් ද අපි අඬණ්ඩව කැපවී සිටින්නෙමු. ඉදිරියටත්, යහපත් ආහාර, යහපත් ජීවිතයක් (Good food, Good life) යන අපගේ පොරොන්දුව පෙරදැරි කරගනිමින්, වත්මන් සහ අනාගත පරපුරේ ද ජීවිතවල ගුණාත්මකබව වර්ධනය කිරීම සඳහා ශක්තියක් වීමට අපට හැකිවනු නොඅනුමාන ය.

ජේසන් ඇවන්සෙනා

කළමනාකාර අධ්‍යක්ෂ

නෙස්ලේ ලංකා පිප්ල්සි

முகாமைத்துவப் பணிப்பாளரின் மீளாய்வு

அன்புள்ள பங்குதாரர்களே,

2021 ஆம் ஆண்டு தனித்துவமிக்க பல்வேறு சவால்கள் நிறைந்த ஆண்டாக அமைந்திருந்தது. நீண்ட காலமாக முகங்கொடுத்த முடக்கம் மற்றும் பிரயாணத் தடைகள் ஆகியவற்றிலிருந்து படிப்படியாக வெளிவந்து, ‘புதிய இயல்புக்கு’ எம்மை கறுசுறுப்பாக மாற்றி, கடந்த ஆண்டில் ஈட்டப்பட்ட வலுவான அத்திவாரத்தை மேலும் கட்டியெழுப்பி, வலுவான பெறுபேறுகளை வழங்குவதற்கு எங்கள் செயல்திறனை தற்போது நாம் அதிகரித்துள்ளோம்.

தொற்றுநோய் மற்றும் அதன் சவால்களுக்கு முகங்கொடுக்க வேண்டிய நிலைமைக்குத் தள்ளப்பட்ட நாம், நம் அர்ப்பணிப்புக்களை நிறைவேற்றுவதற்காக எங்கள் ஊழியர்களையும், பெறுமானச் சங்கிலிபுடன் தொடர்புபட்ட அனைத்துத் தரப்பினரையும் அணிதிரட்டினோம். மூன்றாவது அல்லையானது உள்நாட்டு சந்தையில் நீட்டிக்கப்பட்ட பிரயாணத் தடையுடன் வீடுகளுக்குள் முடக்கம் மற்றும் எங்கள் முன்களப் பணியாளர்கள் மீது அழுத்தத்தை அதிகரித்ததால் மக்களின் தேவைகளை நிவர்த்தி செய்ய கறுசுறுப்புடன் தயாரிப்புகள் மற்றும் சேவைகளை மாற்றியமைத்து வழங்குவது அவசியமானது. இவை அனைத்தின் மூலமும், எங்கள் ஊழியர்கள், வர்த்தகம் மற்றும் வணிக கூட்டாளர்களின் ஆரோக்கியம் மற்றும் பாதுகாப்பு எப்போதும் எங்கள் முதன்மையான முன்னுரிமையாக உள்ளது என்பதை நான் மகிழ்ச்சியுடன் தெரிவித்துக் கொள்கிறேன். அவர்களின் ஆரோக்கியம் மற்றும் நலனைப் பாதுகாக்க நாங்கள் விரிவான நடவடிக்கைகளை முன்னெடுத்தோம்.

புதிய யதார்த்தத்தைப் பற்றிய எங்களின் ஆரம்பகால அனுபவபூர்வமான அறிவு மற்றும் தொற்றுநோய் நிலைமைகளின் போது நுகர்வோர் மத்தியில் ஏற்பட்ட மாற்றங்கள், போக்குகள் பற்றிய ஆழமான புரிந்துணர்வு ஆகியவை எங்கள் தயாரிப்பு வரிசை மற்றும் வழங்கல் வழிமுறைகளுக்கான மூலோபாயங்களை ஒரு மையப்படுத்தப்பட்ட நெகிழ்வான சந்தை வழங்கல் கட்டமைப்பு மூலம் மறுபரிசீலனை செய்ய இடமளித்தது. எமது பன்முக வழிகளி்லான தகவல் தொடர்பாடல் மூலோபாயத்தின் ஒரு பகுதியாக எங்கள் டிஜிட்டல் பிரசன்னத்தைப் பெருக்கினோம். வாடிக்கையாளர்களின் வளர்ந்து வரும் தேவைகளை நன்றாகப் புரிந்துகொள்வதற்காக அவர்களின் நாடித் துடிப்புக்கு ஏற்ப சிறந்த நடவடிக்கைகளை நாம் எடுத்துள்ளோம்.

உலகளாவிய ரீதியில் முகங்கொடுக்க நேர்ந்த போக்குவரத்து இடையூறுகள் மற்றும் விநியோக நிர்வாகங்களில் நிலவிய தடங்கல்களுடன் சவாலான நிலைமைகளுக்கு மத்தியில், குறைந்தபட்ச செயல்பாடுகளைத் தொடர, செயலூக்கமான நடவடிக்கை அவசியம் என்பதை எங்களின் கடந்தகால அனுபவங்கள் நமக்குக் கற்பித்துள்ளன. அதிகரித்து வரும் பொருட்களின் விலைகள் மற்றும் நாணய மாற்று வீதத்தின் ஏற்ற இறக்கங்களுக்கு நாம் முகங்கொடுக்க வேண்டி ஏற்பட்டது. அதைத் தொடர்ந்து ஆண்டின் இரண்டாம் பாதியில் அந்நியச் செலாவணி பணப்புழக்கத்தில் தாக்கம் ஏற்பட்டது. எங்களின் விரைவான தீர்மானம், பங்குதாரர்களுக்கு பெறுமதியை வழங்கும் அதே வேளையில், எங்கள் தயாரிப்புகளின் தொடர்ச்சியான விநியோகத்தை உறுதிசெய்ய உதவியது என்பதைக் குறிப்பிடுவதில் மகிழ்ச்சி அடைகிறேன்.

இந்த நடவடிக்கைகள் மற்றும் நம் ஊழியர்களின் தொடர்ச்சியான முயற்சிகளின் விளைவாக, 2021 ஆம் ஆண்டில், நமது உள்நாட்டு சில்லறை விற்பனை வலுவான இரட்டை இலக்க வளர்ச்சியை அடைந்தது. எங்கள் ஏற்றுமதி மற்றும் வெளிப்புற வணிகப் பிரிவுகள் ஆகிய இரண்டும் இலங்கையில் பிரயாணத் தடை அகற்றப்பட்ட பின்னர் 4 ஆவது காலாண்டில் வலுவான மறுபிரவேசத்தை வெளிப்படுத்தியுள்ளன என்பதை நான் மகிழ்ச்சியுடன் குறிப்பிட விரும்புகிறேன்.

எனது நெஸ்லே, எனது இலங்கை

115 வருடங்களுக்கு மேலாக இலங்கையில் ஆழமாக வேரூன்றியுள்ள எமது பிணைப்பை வலுப்படுத்தியதன் மூலம், எமது ‘எனது நெஸ்லே, எனது இலங்கை’ என்ற தளத்தை நாங்கள் தொடர்ந்து சிறப்பாகப் பயன்படுத்தினோம். ‘எனது நெஸ்லே, எனது இலங்கை’ என்பது எங்களது பகிர்ப்பட்ட பெறுமதியைத் தொற்றுவீக்கும் நிகழ்ச்சி நிரலின்

அடிப்படையில் உருவாக்கப்பட்டுள்ளதுடன், இலங்கையில் சாதகமான விளைவுகளை ஏற்படுத்தும் எமது பணிகள் மூன்று வழிமுறைகளில் முன்னெடுக்கப்படுகின்றன. இதில் ‘எனது குடும்பத்திற்கு சிறந்தது’ என்பதும் அடங்கியுள்ளதுடன், இங்கு நாங்கள் பிறப்பு முதல் முதுமை வரை சுவையான மற்றும் ஆரோக்கியமான தெரிவுகளை வழங்குவதுடன், ஆரோக்கியமான வாழ்க்கையை வாழ இலங்கை மக்களை ஊக்குவிக்கிறோம். ‘எனது சமூகத்திற்கு சிறந்தது’ என்பது தென்னை வளர்ப்பாளர்கள் மற்றும் பால் பண்ணையாளர்கள் சமூகங்களின் வாழ்வாதாரத்தை நாங்கள் ஆதரிப்பதுடன், இளைஞர்,புவியிகள் தங்கள் திறனை முழுமையாக எட்டுவதற்கு அவர்களை வலுவுட்டுகிறோம். ‘எனது பூமிக்கு சிறந்தது’ என்பதில் பிளாஸ்திக் மாசுபாட்டை சமாளிப்பதற்கும், காலநிலை மாற்றத்தை எதிர்கொள்வதற்கும், நமது செயல்கள் பூமியில் சாதகமான விளைவுகளை ஏற்படுத்துவதை உறுதி செய்வதற்கும் நாங்கள் உறுதியுண்டுள்ளோம்.

என் குடும்பத்திற்கு சிறந்தது

நுகர்வோர் நடத்தை மற்றும் விருப்பங்களில் ஏற்படும் மாற்றங்களை நிவர்த்தி செய்வதற்கான புதிய வாய்ப்புகளை ஆராய்ந்து, வெளிக்கொணர்ந்தோம். எங்கள் தயாரிப்புகளில் உள்நாட்டு, பூர்விக மூலப்பொருட்களை அதிக அளவில் பயன்படுத்துவது எங்கள் முயற்சிகளில் அடங்கும். இலங்கையில் உள்ள போஷாக்கு குறைபாடுகளை நிவர்த்தி செய்வதற்காக 935 மில்லியன் பரிமாறல்களுடனான செழுமைமிக்க தயாரிப்புகளை நாங்கள் வழங்கினோம்.

2021 ஆம் ஆண்டில், இயற்கை மீதான எமது உறுதிப்பாட்டை ஊக்குவிக்கும் வகையில் Maggi Organic Liquid Coconut Milk தயாரிப்பை அறிமுகப்படுத்தி, Maggi தயாரிப்பு வரிசையை நாம் விரிவுபடுத்தினோம். அத்துடன், உள்நாட்டில் நுகர்வோர் விருப்பங்களைப் பூர்த்தி செய்ய Maggi Papare Spicy Chicken Flavour Noodles தயாரிப்பை அறிமுகப்படுத்தினோம். இலவச உடற்பருமன் கட்டென் சோதனைகள், ஆரோக்கிய மதிப்பீடுகள் மற்றும் ஊட்டச்சத்து ஆலோசனைகளை வழங்குவதற்காக இணைய வழியாக Nestlé Choose Wellncs Nutri-Corner தளத்தையும் நாங்கள் தொடங்கினோம். கொவிட்-19 பாதுகாப்பு முகாமைத்துவ கட்டமைப்புகளில் SLS தரச்சான்று அங்கீகாரம் பெற்ற இலங்கையின் முதல் உணவு மற்றும் பான வகை உற்பத்தி நிறுவனங்களில் ஒன்றாக நாங்கள் திகழ்ந்தோம் என்பது குறிப்பிடத்தக்கது. முன்னெப்போதும் நாம் முகங்கொடுத்திராத இத்தகைய சவால்மிக்க காலகட்டத்திலும் நுகர்வோர் ஆரோக்கியமான மற்றும் தரமான உணவைப் பெற்றுக்கொள்ள வேண்டும் எனும் எமது குறிக்கோளுக்கான உத்தரவாதத்தை இது அவர்களுக்கு வழங்கியது.

இலங்கை கட்டளைகள் நிறுவனம் ஏற்பாடு செய்திருந்த இலங்கை தேசிய தர விருதுகள் 2020 நிகழ்வில் உற்பத்தி (பெரிய) பிரிவில் விருது வென்றவர்களாக நாங்கள் அங்கீகரிக்கப்பட்டதையும் நான் மகிழ்ச்சியுடன் தெரிவித்துக் கொள்வதுடன், தரம் என்பதுக்கு ஒருபோதும் விட்டுக்கொடுப்பு கிடையாது என்ற எமது அர்ப்பணிப்பை இது மீளவும் உறுதிப்படுத்துவதாக அமைந்துள்ளது.

எனது சமூகத்திற்கு சிறந்தது

நெஸ்லே தென்னை செய்கைத் திட்டத்தின் ஐந்தாவது கட்டத்தை நாங்கள் தொடங்கினோம். இதன் மூலமாக மொத்தமாக 4,000 தென்னை வளர்ப்பாளர்களுக்கு பயன் கிட்டியுள்ள அதே வேளையில், ஆண்டு முழுவதும் 8,000 க்கும் மேற்பட்ட தென்னை வளர்ப்பாளர்களைக் கொண்ட எங்கள் வலையமைப்புடன் நெருக்கமாக இணைந்து பணியாற்றியுள்ளோம். 24 ஆவது ஐனாதிபதி ஏற்றுமதி விருதுகளில் தேசிய பொருளாதாரத்திற்கு நாம் ஆற்றியுள்ள பங்களிப்புகளுக்காக, 2020:21 ஆம் ஆண்டிற்கான தேங்காய் கொப்பரை துறையில் குறிப்பிடத்தக்க வகையில் ‘சிறந்த ஏற்றுமதியாளர்’ என்ற விருதை பெற்றுள்ளோம். எங்களுடைய 13,000 உள்நாட்டுப் பால் பண்ணையாளர்களை நோக்கிய எங்கள் பணியானது, வடமேல் மாகாணத்தில் முதல் வணிக ரீதியான தீவன தொழில் முயற்சிக்கு அனுசரணை வழங்கியிருந்ததுடன், புத்தம்புதிய பால் உற்பத்தியை அதிகரிப்பதற்காக சத்தான கால்நடைத் தீவனம் மற்றும் மினி குளிர்நட்டிகளை வழங்குவது ஆகியவை இதில் அடங்கும். எங்கள் உள்நாட்டுச் சமூகங்களை ஆதரிப்பதில் எங்களது

முகாமைத்துவப் பணிப்பாளரின் மீளாய்வு

பங்களிப்பு 2021 ஆம் ஆண்டில் அண்ணளவாக ரூபா 8.4 பில்லியனாக இருந்ததுடன், மொத்தமாக 25,000 தென்னை வளர்ப்பாளர்கள் மற்றும் பால் பண்ணையாளர்கள் இதன் மூலமாகப் பயனடைந்தனர்.

சத்தான தயாரிப்புகள் மற்றும் சூழலைப் பேணும் பசுமை முயற்சிகளில் உள்நாட்டு புத்தாக்கங்களை விரைவுபடுத்துவதற்காக Open Innovation Hackathon Challenge என்ற பகிரங்க புத்தாக்கப் போட்டியை நடத்துவதற்கு நாங்கள் Hatch மற்றும் உள்நாட்டுப் பல்கலைக்கழகங்களுடன் கைகொடுத்துள்ளோம். ஆரோக்கியமான, பசுமையான இலங்கைக்காக இளைய தலைமுறையை வலுவூட்டுவதற்கும், குறித்த நோக்கத்துடன் செயல்படும் புத்தாக்குறங்களுடன் ஒத்துழைப்பதற்கும் நாங்கள் மேற்கொண்ட முயற்சிகளுக்கு அமைவாக இது நடத்தப்பட்டது.

2021 ஆம் ஆண்டில், நாம் முன்னெடுத்த Nestlé Needs YOUth திட்டமானது 26,000 இளைஞர், புவதிகளை மெய்நிகர் தளங்கள் வழியாகச் சென்றடைந்துள்ளது. இது அவர்களின் தொழில்வாய்ப்புக்களை மேம்படுத்துவதுடன், வெற்றிகரமான தொழில் வாழ்க்கையை நோக்கிய அவர்களின் பயணத்திற்கும் தயார் செய்கிறது.

எனது பூமிக்கு சிறந்தது

2025 ஆம் ஆண்டளவில் எங்கள் பொதியிடலை 100% மீள்பாவனை அல்லது மீள்சுழற்சி செய்யக்கூடியதாக மாற்றுவதற்கான எங்கள் உறுதிப்பாட்டிற்கு இணங்க, 2021 ஆம் ஆண்டில் நம் அபிமானம் பெற்ற Milo Ready-to-Drink (RTD) பாணம் paper straw இற்கு மாறியது. இது இலங்கையில் சூழலின் பேண்தகைமைக்கான மாற்றீட்டு உபாயமொன்றைக் கையாண்ட முதல் RTD பாணமாக மாறியது என்பதைக் குறிப்பிடுவதில் பெருமிதம் கொள்கிறேன். இது மைலோ பொதியிடலை 100% மீள்சுழற்சி செய்யக்கூடியதாக மாற்றும் அதே வேளையில் ஆண்டுக்கு 90 மில்லியன் பிளாஸ்திக் straw க்களை அகற்ற எங்களுக்கு உதவியது. தற்போதைய நிலையில், எடையின் அடிப்படையில் எங்களின் மொத்த பொதியிடலில் 80% இணை மீள்சுழற்சி செய்வதன் மூலம் மிகவும் ஆக்கபூர்வமான வழியில் முன்னேற்றம் கண்டுள்ளோம். இந்த இலக்கை முழுமையாக அடைவதற்கான முயற்சிகளை நாம் தொடர்ந்து முன்னெடுப்போம்.

சுழற்சியை நோக்கிய எங்கள் பயணத்தில், எங்கள் பொதியிடலின் சேகரிப்பு மற்றும் மீள்சுழற்சி உள்கட்டமைப்பை வலுப்படுத்துவதற்கும் நாங்கள் உழைத்து வருகிறோம். இந்த நோக்கத்திற்காக, Tetra Pak மற்றும் Eco Maximus உடன் இணைந்து நுண்ணுயிர் நீக்கம் செய்யப்பட்ட பாண அட்டைப்பெட்டிகளை மீள்சுழற்சி செய்வதற்கும் மீள்பயன்பாடு செய்வதற்கும் ஒரு தொழிற்சாலையை அமைக்க உதவினோம். மைலோ RTD பொதிகளை மீள்சுழற்சி செய்வதோடு, இலங்கையில் உள்ள ஒட்டுமொத்த நுண்ணுயிர் நீக்கம் செய்யப்பட்ட பாண அட்டைப்பெட்டி தொழிற்சாலையின் மீள்சுழற்சி முயற்சிகளுக்கும் இந்த தொழிற்சாலை எதிர்வரும் காலத்தில் உதவும்.

மிகச் சிறந்த வர்த்தக நிறுவன நிலைப்பேண்தகைமை விருதுகள் 2021 நிகழ்வில் எங்கள் பூமிக்கு சிறந்ததை செய்வதற்கான எங்கள் முயற்சிகளுக்காக நாங்கள் அங்கீகரிக்கப்பட்டோம். பூமி என்ற தூணின் கீழே நிறுவன சுற்றுச்சூழல் அர்ப்பணிப்பு (Corporate Environmental Commitment), வணிகத்திற்கு அப்பாற்பட்ட சுற்றுச்சூழல் (Environment Beyond Business) மற்றும் சிறந்த செயல்திறனுக்கான சுற்றுச்சூழல் நிலைப்பேண்தகைமைக்கான Triple Bottom Line Award விருது ஆகிய பிரிவுகளில் நாங்கள் உள்நாட்டு விருதுகளைப் பெற்றோம். 2021 ஆம் ஆண்டில் இலங்கையின் மிகச் சிறந்த 10 நிறுவனங்களில் ஒன்றாகவும் குறிப்பிடத்தக்க வகையில் நாம் அங்கீகரிக்கப்பட்டோம்.

கடந்த ஆண்டில் நாம் பெற்ற தனிச்சிறப்புமிகு செயல்திறன் மற்றும் நேர்மறையான தாக்கம் பலரின் கூட்டுப் பங்களிப்பாகும். நுகர்வோரின் தேவைகளை உணவின் மூலம் பூர்த்தி செய்வதை உறுதி செய்த எங்கள் ஊழியர்களின் அர்ப்பணிப்பு மற்றும் விடாமுயற்சிக்காக எங்கள்

ஊழியர்களுக்கு எனது மனமார்ந்த பாராட்டுகளைத் தெரிவித்துக் கொள்ள விரும்புகிறேன். எங்கள் செயல்திறன் வலுவாக இருந்தது. இதை அடைவதற்கான ஒன்றுபட்ட உழைப்பு ஊக்கமளிக்கிறது. கடந்த வருடத்தில் நாங்கள் தனியாக இந்த பயணத்தை முன்னெடுத்திருக்க முடியாது. எங்களோடு தோளோடு தோளாக பக்கபலமாக விளங்கும் நுகர்வோர் மற்றும் வணிக கூட்டாளர்களுக்கு நாங்கள் உண்மையிலேயே நன்றியுள்ளவர்களாக இருக்கிறோம். நெல்லே மீது உங்கள் நம்பிக்கையை தொடர்ந்து வைத்திருப்பதற்காகவும், 'நன்மைக்கான சக்தியாக' நாங்கள் தொடர்ந்து முன்னோக்கிச் செல்வதற்காகவும், எங்கள் பங்குதாரர்களாகிய உங்களுக்கும் எனது மனமார்ந்த பாராட்டுகளைத் தெரிவித்துக் கொள்கிறேன்.

2022 ஆம் ஆண்டு சவாலானது என்பதை நிரூபிக்கும், ஆனால் கடந்த காலத்தில் நாம் கற்றுக்கொண்ட ஒரு விடயம் என்னவென்றால், துன்பங்களை எதிர்கொண்டு, அதிலிருந்து மீண்டெழுவதில் நாம் உறுதியாகவும் திடசங்கல்பத்துடனும் இருக்கிறோம். எங்கள் நுகர்வோர் பற்றிய ஆழ்ந்த புரிந்துணர்வு, சமூகங்களை மேம்படுத்துவதற்கும் நமது பூமியைப் பாதுகாப்பதற்கும் எங்களின் அர்ப்பணிப்பு ஆகியவை 115 ஆண்டுகளுக்கும் மேலாக நீண்ட காலத்திற்கு நிலைத்திருக்கும் மாற்றத்தை ஏற்படுத்த எங்களுக்கு உதவியுள்ளன. எதிர்நோக்கும் சவால்கள் மற்றும் வாய்ப்புகளுக்கு நாங்கள் எம்மைத் தயாராக்கும்போது, புதிய தொழில்நுட்பங்களை உள்வாங்கிக்கொண்டு, எங்கள் நுகர்வோரை மகிழ்விக்க சரியான தீர்வுகளை வழங்க விரும்புகிறோம். பிளாஸ்திக் மாக்பாடு மற்றும் காலநிலை மாற்றத்தை எதிர்கொள்வதில் நாங்கள் முன்னோக்கிச் செல்வோம். 'சிறந்த உணவு, சிறந்த வாழ்வு' என்ற எங்கள் வாக்குறுதியை நாங்கள் தொடர்ந்து கடைப்பிடிப்போம் என்பதையும், இன்றும், எதிர்வரும் தலைமுறைகளுக்கும் அனைவரின் வாழ்க்கைத் தரத்தை உயர்த்தும் உணவின் ஆற்றலை வெளிக்கொணருவதன் மூலம் நன்மைக்கான சக்தியாக இருப்போம் என்று நான் நம்புகிறேன்.



ஜேசன் அவன்சென்யா
முகாமைத்துவப் பணிப்பாளர்

நெஸ்லே லங்கா பீஸ்சி

Board of Directors

Our long-term value creation model is based on the balanced pursuit of resource-efficient top-line and bottom-line growth, and improved capital efficiency.



Suresh Narayanan
Chairman



Jason Avanceña
Managing Director
from 01.10.2021



Fabrice Cavallin
Managing Director
till 30.09.2021



Kumudu Dias
Director, Finance & Control
from 01.11.2021



Gurcharan Grover
Director, Finance & Control
till 31.10.2021



David Steven McDaniel
Non-Executive Director



Ranjan Seevaratnam
Independent Non-Executive
Director



Mahen Dayananda
Independent Non-Executive
Director



Dian Gomes
Independent Non-Executive
Director



Keerthi Pathiraja
Company Secretary

Board of Directors' Profiles

Suresh Narayanan

is the Head of Nestlé in South Asia, which includes India, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives. He was appointed as a Non-Executive Director and Chairman to the Board of Nestlé Lanka PLC on 16 October 2015. Suresh joined Nestlé in 1999 as Executive Vice President-Sales in India. He moved to Nestlé Indochina (which included Thailand, Cambodia, Myanmar, Laos and Vietnam) in 2003 as Executive Director for Sales, Marketing and Food-Services for the region. Two years later, he returned to Nestlé India as Head of Sales. In 2008, he was appointed Managing Director of Nestlé, Singapore. He was awarded the Medal of Commendation by the Government of Singapore, for sustaining growth amidst economic downturn in the country. In 2010, he was appointed Head of NEAR (Northeast Africa Region) for Nestlé. His last post before moving to his current role in the South Asian Region was Chairman and CEO of Nestlé Philippines. He holds a Master's Degree in Economics from the Delhi School of Economics and a Diploma from the IMD Executive Development programme in Switzerland. He has also participated in Nestlé's Leadership Programme at the London Business School. Suresh has over 30 years of experience in the FMCG industry. In addition to Nestlé, his vast career includes a number of senior management positions in Unilever and Colgate Palmolive.

Jason Avanceña

is the Managing Director of Nestlé Lanka PLC and is responsible for the management of Nestlé's operations both in Sri Lanka and the Maldives. He was appointed with effect from 1 October 2021.

Since joining Nestlé Philippines in 1995, Jason has over 24 years' experience with Nestlé in the Philippines, Indonesia, Switzerland and Pakistan, with a strong background in Dairy and Nutrition. Prior to taking over the reins at Nestlé Lanka, Jason's most recent positions were as Business Executive Officer (BEO) for the Nutrition and Dairy businesses in Nestlé Pakistan and Afghanistan, where he steered significant business acceleration via portfolio management, innovation, digital excellence, and strong team development. He holds a Master's Degree in Business Administration from Fordham University Graduate School of Business, New York, USA, and a Bachelor of Science degree in Applied Economics from De La Salle University, Philippines.

Fabrice Cavallin

was the Managing Director of Nestlé Lanka PLC, effective 1 January 2019 until 30 September 2021. He moved to Nestlé's Headquarters in Switzerland as part of the zone management team for Asia, Oceania and Africa (AOA), overlooking Nestlé's Nutrition business in the zone effective 1 October 2021.

Fabrice started his career with Nestlé in Switzerland in 1995 as an International Auditor. His international career with Nestlé includes several successful General Management roles for Nestlé's bottled water and nutrition businesses across the USA, Argentina, Mexico, Germany, Spain and India.

Prior to joining Nestlé Lanka, Fabrice was the Regional Business Head for Nestlé's Infant Nutrition business in South Asia. He was able to deliver outstanding results for the nutrition business in the South Asia Region, achieving strong growth in a highly competitive environment. Over his 25 years in the company, Fabrice has earned a reputation for energy, pragmatism, and a determination to win; setting new standards and creating opportunities to succeed in difficult market environments across varying geographies. He holds a master's degree in Economics from the renowned University of St. Gallen in Switzerland.

Kumudu Dias

was appointed as the Director - Finance & Control of Nestlé Lanka PLC, effective 1 November 2021.

Kumudu is an Associate Member of CIMA (ACMA, CGMA), a passed finalist of CIM and holds a MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Her career at Nestlé spans over 20 years. She joined Nestlé in 1999 as an Accountant and subsequently took on more responsibilities within the Management Accounting Department, to become the Head of Management Accounting in 2004. In 2013, she completed a mission assignment in Nestlé South Korea, during which her diligence contributed to the successful creation of a Joint Venture between Nestlé and Lotte.

Prior to her appointment as Director Finance & Control in Nestlé Lanka, she moved to Nestlé Philippines in 2018 as the Head of Internal Control Competence Center (ICCC) Asia Oceania, where she delivered tangible results in end-to-end process control and internal control improvements whilst creating positive engagement with diverse stakeholders. At Nestlé Lanka, Kumudu provides overall leadership to the Finance & Control, and the Information Services and Information Technology functions, supporting cross-functional teams to deliver business results for the company.

Gurcharan Grover

was the Director - Finance & Control of Nestlé Lanka PLC, effective 1 January 2018 until 31 October 2021. He moved to Nestlé USA as the Director - Finance & Control in the Corporate Financial Reporting & Technical Accounting team effective 1 November 2021.

He is a gold medalist Chartered Accountant and also a Cost Accountant, with a rich and varied experience in the field of Auditing, Costing, Accounting & Reporting, Controlling, and Business Partnering across India, Africa (Ghana) and Switzerland.

Gurcharan's career at Nestlé spans over 24 years. He joined Nestlé India in 1996 and was involved in a number of assignments in Finance & Control before moving to Ghana as Factory Controller in 2006. In early 2009, he moved to Nestlé's headquarters in Switzerland as Market Reporting Controller for the Nestlé group. He went on to become a Reporting Specialist. He returned to Nestlé India in 2012 as Head of Accounting and Reporting for the South Asian Region. He took over as Sales Controller for Nestlé India in 2014 before joining Nestlé Lanka in 2018.

At Nestlé Lanka, Gurcharan provided overall leadership to the Finance & Control and Information Technology functions, and supports cross-functional teams to deliver business results for the company.

David Steven McDaniel

is the Director - Finance & Control and Chief Financial Officer of Nestlé India Limited. He was appointed as a Non-Executive Director of Nestlé Lanka PLC effective 1 March 2020.

David is a Chartered Management Accountant. He has over 23 years of rich experience in the Finance & Control division, and has held senior management positions in various countries during his career with the Nestlé Group.

Prior to taking on his current position, David was the Chief Financial Officer of Nestlé UK & Ireland for four years. He has held a number of roles in Asia, including Division Director - Finance & Control for Nestlé Korea, Head of Finance & Control in Nestlé Indochina, and a number of other positions in Nestlé China. David was also Head of Financial Services for the Nestlé Global Business Services Organization at the company's global headquarters in Switzerland.

Ranjan Seevaratnam

is an Independent Non-Executive Director since 2007, and the Chairman of the Audit Committee and Related Party Transactions Review Committee.

He is well versed and proficient in fiscal matters and has enjoyed a long, distinguished tenure as a former Partner of KPMG. He is a fellow member of the Institute of Chartered

Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales. He currently serves as a Non-Executive Director on the Boards of prominent local companies across a range of industries; including agriculture, tea, consumer goods, construction, engineering, rubber, transportation and active carbon.

Mahen Dayananda

is an Independent Non-Executive Director since 2007, and Chairman of the Remuneration Committee.

An expert on economic issues, Mahen is a former Chairman of the Sri Lanka Business Development Centre, Ceylon Chamber of Commerce, Monetary Policy Consultative Committee of the Central Bank of Sri Lanka, and Colombo Tea Traders' Association. He also chairs several organisations such as Total Tea Concepts (Pvt) Ltd and Indo Asia Teas (Pvt) Ltd. Mahen is currently a Non-Executive Director of Pegasus Hotels of Ceylon PLC and Bukit Darah PLC, and was the Resident Representative in Sri Lanka of Gover Horowitz & Blunt Ltd (UK). He was also the Honorary Consul for the Republic of Benin in Sri Lanka, and the immediate Past President of the Sri Lanka - Japan Business Council.

Dian Gomes

is an Independent Non-Executive Director with effect from 17 March 2017. He commenced his career at KPMG in 1977 and was the General Manager of the May Corporation in Sri Lanka prior to embarking on his over 25-year career in the apparel industry.

He is a Fellow Member of the Chartered Institute of Management Accountants (UK), the Association of Chartered Certified Accountants (UK) and Certified Practising Accountants (Australia). He received his Executive Education at Wharton, Ashbridge and Harvard Business Schools and was the President of the Chartered Institute of Management Accountants (UK), Sri Lanka Division, in 2001/2002. He is also the Honorary Consul of Georgia in Sri Lanka. Dian currently serves as the Chairman and Director of Urban Built (Pvt) Ltd, Gandhara Crafts and Artifacts (Pvt) Ltd, Villa Republic (Pvt) Ltd and Westgate International (Pvt) Ltd. He is the former Chairman of Hela Clothing (Pvt) Ltd., former Managing Director/CEO of MAS Intimates (Pvt) Ltd, and Group Director of MAS Holdings Ltd.

His versatile interests saw him take over as President of the Boxing Association of Sri Lanka from 2004-2009 and 2017-2020. He is also part of the Executive Committee of the International Boxing Association (AIBA). Dian is a member of the Public Services Commission of Sri Lanka. He was also conferred the national title of "Sri Lanka Sikhamani" by the President of Sri Lanka in August 2019.

Management Team



Jason Avanceña
Managing Director



Kumudu Dias
Finance & Control



Thomas Mueller
Technical



Jagath Wedage
Sales



Panchadcharam Sathiyenthra
Supply Chain



Enoca Sirimanne
Human Resources



Bandula Egodage
Corporate & Regulatory Affairs



Radhini de Costa
Communications



Vivek Upadhyaya
Customer & Consumer Insights



Keerthi Pathiraja
Legal

We come together as a diverse team to challenge the status quo and cultivate new ideas that push boundaries. No other food and beverage company has the global resources and local know-how to make positive impact at the scale and pace of Nestlé. We aim to continuously improve, taking on commitments that ensure that we enhance quality of life for everyone.



Ruwan Welikala
Dairy



Mohamed Ali
Milo



Tharinda Jayasundera
Nestlé Nutrition



Roshan Perera
Nestlé Professional



Good For My Family

Offering tastier and healthier choices

For over 115 years, we have offered our Sri Lankan consumers healthy and tasty products which cater to local nutritional needs. We constantly strive to reduce public health sensitive nutrients like sugars and fat from our products and add more positive ingredients like whole grains, fruits, vegetables, and spices. We also fortify where relevant with micronutrients deficient in the local diet such as iron, vitamin D and zinc. In 2021, we provided 935 million servings of micronutrient fortified products to our consumers.

Good For My Family

Accelerating localization of ingredients

Through Project Serendib, we accelerated our efforts towards using more local ingredients in our products. Last year, we made significant progress in this journey as we localized the sourcing of several ingredients, with more in-progress. We also created platforms for Sri Lankan youth to innovate new products which use local and indigenous ingredients, through our partnerships with local universities and Hatch – home for start-ups and disruptive thinkers in Sri Lanka.





Good For My Family

Inspiring healthier and happier lives

Our online service platform Nestlé Family Club continued to support and inspire our consumers to lead a healthy, happy, and an active life by offering free health, wellness and fitness tips and a range of recipes with a healthy twist. In 2021, we introduced our online Nestlé Choose Wellness Nutri-Corner portal to the Nestlé Family Club. This enabled us to provide free personalized nutritional advice from expert nutritionists, including BMI checks and health assessments, even during the pandemic.

Corporate Governance

Nestlé Lanka complies with the highest standards of best practices of Corporate Governance. The Board has adopted the Nestlé Corporate Business Principles, which guide the conduct of Nestlé employees in their dealings with customers, suppliers and other stakeholders. It is one of the key objectives of the Company to maintain high standards of integrity in its business.

Members of the Board

The Board of Directors of Nestlé Lanka PLC comprised of seven Directors of whom two were Executive Directors, three were Independent Non-Executive Directors and two were Non-Executive Directors, including the Chairman of the Board as at 31 December 2021 as shown in page 19. The Managing Director of the Company also acts as the Chief Executive Officer, and the Board has entrusted the Managing Director to manage all the affairs of the Company. The Board of Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company. They are well aware of the Company's activities and give direction for long-term strategy; seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. The Directors also ensure that the Company is fully compliant with the provisions of the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE). The Directors' interest / involvement in the affairs of the Company are explained on pages 41 to 43 and the Corporate Governance Compliance Table is shown on pages 32 to 34.

Board Independence

All Directors make a formal declaration of all their interests on an annual basis. Based on the declarations made annually by each of the Non-Executive Directors, in accordance with the requirements set out in the Listing Rules of the CSE, three out of five Non-Executive Directors, namely Mahen Dayananda, Ranjan Seevaratnam and Dian Gomes are considered independent. Notwithstanding that Mahen Dayananda and Ranjan Seevaratnam have completed more than nine consecutive years as Directors of the Board, The Board considers Mahen Dayananda and Ranjan Seevaratnam as 'Independent' having considered their unbiased approach to the matters of the Board. Further it was noted that they are independent of day to day management and free from any business or other relationships which could materially interfere with the exercise of independent judgement, other than those that are disclosed in this report. The Board considers that the other two out of the five Non-Executive Directors, as Non-Independent.

Company Secretary

The Company Secretary is qualified to act as per the provisions of the Companies Act No. 7 of 2007, and also functions as the Legal Advisor to the Company.

Management Committee

The Management Committee is led by the Managing Director, to which the Board has entrusted certain responsibilities, including the day to day running of the business. Every member of the Management Committee is responsible for operations and the delivery of objectives pertaining to his / her particular division.

Compliance Committee

As part of robust governance protocols and procedures in the market, the Company has established a Compliance Committee. The purpose of the Compliance Committee is to assist the management in fulfilling its responsibilities to oversee the Company's compliance with respect to legal and regulatory requirements and Nestlé's internal standards. The Compliance Committee is comprised of divisional heads such as Finance & Control, Human Resources, Corporate Affairs and, Technical, and is chaired by the Managing Director. The Company Secretary acts as the Secretary of the Committee.

The main objectives of the Compliance Committee are as follows;

- To sustain a 'compliance' culture that enables good business decisions.
- To ensure that the Company is compliant with local legislations, Nestlé Corporate Business Principles, Nestlé Code of Business Conduct, Nestlé Insider Trading Policy and other policies as issued by the Nestlé Group from time to time.
- To ensure independence of processes in addressing any compliance related matter.
- To devise a proper system to ensure compliance with the provisions of all applicable laws and internal controls, and that such systems are operating effectively.
- To perform any other duties as directed by the Board, Audit Committee or Management Committee.

The Committee meets quarterly and the Chairman of the Committee periodically reports to the Board if necessary on the status of compliance.

Auditors

At the 40th Annual General Meeting of Nestlé Lanka PLC, held on 10 June 2021, the shareholders re-appointed Ernst & Young as the Company's Auditors and authorised the Directors to fix their remuneration. The independent Auditors conducted the annual audit for the year ended 31 December 2021 in order to form an opinion on the financial statements. Their report on the financial statements is given on pages 55 to 57.

Audit, Remuneration and Related Party Transactions Review Committee

The Audit Committee Report on pages 35 and 36, the Remuneration Committee Report on page 37 and Related Party Transactions Review Committee Report on pages 38 to 39 detail the functions and responsibilities of the respective Board Sub-Committees.

Internal Controls

In addition to the statutory requirements for an external audit, Nestlé Lanka PLC complies with best practices as laid down by the Nestlé Group. To ensure such conformity, the Company conducts regular reviews and is also monitored by multi-tiered audits conducted by the Group's International and Regional Auditors from time to time, as deemed appropriate. Internal audits are carried out regularly by the Company's Internal Auditors, who report

directly to the Director - Finance & Control whilst also being accountable to the Managing Director and the Audit Committee of the Company.

Risk Management

Nestlé has always recognized its obligation towards the occupational health and safety of its employees, as well as of community members directly or indirectly involved in the Company's operations. Equally important is the Company's obligation to protect Shareholders' interests, by managing risks to minimize potential financial losses. In order to manage these risks, the Company has implemented the following procedures:

- Strict compliance with local laws.
- Clear accountability and active management leadership.
- Behavioural-based safety management.
- Credible market and site safety organisation.
- Appropriate, systematic hazard assessments.
- Technical standards for design, construction, operation and maintenance.
- Emergency and contingency planning to minimise the impact of incidents.
- Security management to protect products and assets.

Employee Relations

One of our greatest assets is our employees. It is critical to our success to attract, retain, develop and motivate the best people with the right capabilities at all levels of our operations. We review our employee policies regularly and are committed to investing in training and development. We also carry out succession planning to ensure that the future needs of the business are considered and provided for. There are clear processes for understanding and responding to employees' needs through Human Resource initiatives, staff surveys and regular communication of business developments.

Shareholders

Nestlé Lanka PLC aims to ensure that Shareholders have access to relevant, up-to-date and consistent financial and non-financial information pertaining to the Company. The Annual Report and quarterly financial statements provide Shareholders as well as prospective investors the required information to assess the Company's performance.

Corporate Governance Reporting

Disclosure Regarding the Board of Directors Under the Listing Rules Issued by the Colombo Stock Exchange

Section	Subject	Applicable Rule	Compliance Status	Details
7.10.1(a) to (c)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors	Compliant	Five out of seven Directors are Non-Executive Directors.
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors (whichever is higher) should be independent	Compliant	Three of the five Non-Executive Directors are independent.
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non- independence in the prescribed format	Compliant	The three Non-Executive Independent Directors, and two Non-Executive Directors have submitted to the Company declaration in the prescribed format.
7.10.3(a)	Disclosures relating to Directors	Determination of Independent Directors and their names should be disclosed in the Annual Report	Compliant	Please refer page 30 of the Annual Report.
7.10.3(b)	Directors do not qualify as independent but are specified by the Board as independent	The qualification not met under Rule 7.10.4 of the CSE Listing Rules and the basis for determining the Director to be independent	Compliant	Please refer page 30 of the Annual Report.
7.10.3(c)	Brief résumé of each Director in the Annual Report	A brief résumé of each Director should be included in the Annual Report, including the area of expertise	Compliant	Please refer pages 20 and 21 of the Annual Report.

Disclosure Regarding the Remuneration Committee Under the Listing Rules Issued by the Colombo Stock Exchange

Section	Subject	Applicable Rule	Compliance Status	Details
7.10.5(a)	Composition of the Remuneration Committee	Shall comprise of Non-Executive Directors, a majority of whom shall be independent The Chairman of the Committee shall be a Non-Executive Director	Compliant	Please refer page 37 of the Annual Report.
7.10.5(a)	Remuneration Committee	A listed company may be permitted to have the same Remuneration Committee if the parent company is also listed	Not applicable	The parent company is not listed in Sri Lanka. As such a separate Remuneration Committee has been formed.
7.10.5(b)	Disclosure of the Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration payable to the Board and Executive Officers	Compliant	Please refer page 37 of the Annual Report.

Disclosure Regarding the Remuneration Committee Under the Listing Rules Issued by the Colombo Stock Exchange

Section	Subject	Applicable Rule	Compliance Status	Details
7.10.5(c)	Disclosure in the Annual Report	Names of the Directors in the Remuneration Committee A Statement of the Remuneration Policy The aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Please refer page 37 of the Annual Report. Please refer page 91 of the Annual Report.

Disclosure Regarding the Audit Committee Under the Listing Rules Issued by the Colombo Stock Exchange

Section	Subject	Applicable Rule	Compliance Status	Details
7.10.6(a)	Composition of the Audit Committee	Shall comprise of Non-Executive Directors, a majority of whom shall be independent The Chairman of the Committee shall be a Non-Executive Director The Chairman or a member should be a member of a professional accounting body	Compliant	Please refer page 35 of the Annual Report.
7.10.6(a) and (c)	Audit Committee	A listed company may be permitted to have the same Audit Committee if the parent company is also listed	Not applicable	The parent company is not listed in Sri Lanka. As such, a separate Audit Committee has been formed.
7.10.6(b)	Functions of the Audit Committee	Should be detailed as per section 7.10.6(b) of the Listing Rules	Compliant	Please refer page 35 of the Annual Report.
7.10.6(c)	Disclosure in the Annual Report	Names of the Directors in the Audit Committee The basis of determination of the Auditor's independence A report of the Audit Committee as per section 7.10.6(c) of the Listing Rules	Compliant	Please refer page 35 of the Annual Report.

Corporate Governance Reporting

Disclosures Regarding the Related Party Transactions Review Committee Under the Listing Rules Issued by the Colombo Stock Exchange				
Section	Subject	Applicable Rule	Compliance Status	Details
9	Related Party Transactions Review Committee	The Company shall have a Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee duly appointed as per CSE Listing Rules.
9.2.2	Composition of the Related Party Transaction Review Committee	Shall comprise a combination of Non-Executive Directors, Independent Non-Executive Directors and Executive Directors	Compliant	
		The Chairman of Committee should be an Independent Non-Executive Director	Compliant	Please refer page 38 of the Annual Report.

Report of the Audit Committee

The Committee, appointed by the Board of Directors, comprises of four members; namely Ranjan Seevaratnam, Mahen Dayananda and Dian Gomes who are NonExecutive Independent Directors, and David Steven McDaniel who is a Non-Executive Director. The Committee is chaired by Ranjan Seevaratnam, who is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales, and a former Partner of KPMG. Dian Gomes and David Steven McDaniel are also qualified Chartered Management Accountants. In discharging its responsibilities, the Audit Committee has unrestricted access to the Company's management, books and records.

The Committee supports the Board of Directors in its supervision of financial controls through a direct link to Ernst & Young (External Auditors), Nestlé Lanka Internal Auditors and the Nestlé Group Auditors. The Nestlé Group Auditors are a world-class audit department. They provide value-added assistance to top management in Nestlé's international headquarters and across the markets.

The Company's Internal Audit team regularly updates the Committee on the progress of internal audits carried out during the relevant period. The Audit Committee's main duties include the following:

- Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of the Company, in accordance with Sri Lanka Accounting Standards.
- Overseeing the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.

The Committee met four times during the year under review, as recorded in the table.

Date	Attendance Yes (✓) / No (x)				Attendance by invitation Yes (✓) / No (x)	
	Ranjan Seevaratnam	Mahen Dayananda	Dian Gomes	David Steven McDaniel	Managing Director	Director - Finance & Control
18.02.2021	✓	✓	✓	✓	✓	✓
11.05.2021	✓	✓	✓	✓	✓	✓
10.08.2021	✓	✓	✓	✓	✓	✓
09.11.2021	✓	✓	✓	✓	✓	✓

- Overseeing the processes to ensure that the Company's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards.
- Assessment of the independence and performance of the Company's external auditors.
- To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors of the Company.
- Assisting the Board of Directors in reviewing the financial statements, to ensure that the financial reporting process is in compliance with the required standards.
- Reporting to the Board on the quality and acceptability of accounting policies and practices.
- Reviewing the Company's process for monitoring compliance with laws and regulations.
- Assessing the independence and performance of the Company's external Auditors.
- Approving the remuneration and terms of engagement of the external Auditors.

Page 20 and 21 of this Annual Report display the profiles of the members of the Audit Committee. The members of the Audit Committee have the requisite financial knowledge and business acumen to carry out their roles effectively and discuss matters that come within their purview independently and professionally.

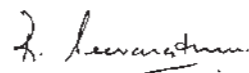
Report of the Audit Committee

The Managing Director and Director-Finance & Control of the Company attended Audit Committee Meetings by invitation and the Company Secretary acted as the Secretary to the Committee. Internal and external Auditors were invited to be present where appropriate, at the deliberation of the Committee.

Having evaluated the prevailing processes and systems, the Audit Committee is satisfied that the internal controls of the Company provide reasonable assurance regarding the financial reporting, and that the requirements under the Listing Rules of the Colombo Stock Exchange have been met.

The External Auditors scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit. The External Auditors kept the Committee advised on an on-going basis regarding matters of significance that were pending resolution. The Committee is satisfied that the independence of the External Auditors have not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Company. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence

guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Audit Committee has assessed, evaluated and reviewed the effectiveness of the independent performance of the external Auditors Ernst & Young.



Ranjan Seevaratnam
Chairman, Audit Committee

NESTLÉ LANKA PLC

18 February 2022

Report of the Remuneration Committee

The Remuneration Committee was appointed by the Board of Directors with the aim of recommending the remuneration payable to the Executive Directors and Chief Executive Officer of the Company. The Committee comprises of three Non-Executive Directors; namely Mahen Dayananda and Ranjan Seevaratnam, who are Independent Non-Executive Directors, and Suresh Narayanan, who is a Non-Executive Director. Mahen Dayananda is the Chairman of the Committee.

The Committee was established and assigned with the task of evaluating and assessing the remuneration payable to the Executive Directors and Chief Executive Officer of the Company. The Remuneration Policy of the Company is to be consistent and aligned with market reality to attract and retain qualified and competent personnel. The Committee evaluated the Executive Directors' remuneration and recommended the remuneration payable.

The Committee is assisted by the Director-Finance & Control and Vice President-Human Resources in providing relevant information. The remuneration packages are linked to individual performances and are aligned with the Company's remuneration policy. The Committee makes every attempt to maintain the policy whilst attracting and retaining talent.

The members of the Committee meet as and when necessary. During the year under review, the Committee met on 09 November 2021 with all members being present. The Managing Director of the Company, together with the Director-Finance & Control, attended the said meeting by invitation. The Company Secretary attended this meeting in the capacity of Secretary to the Committee.



Mahen Dayananda
Chairman, Remuneration Committee

NESTLÉ LANKA PLC

18 February 2022

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee, appointed by the Board of Directors, comprises three members; namely Ranjan Seevaratnam and Mahen Dayananda, who are Non - Executive Independent Directors, and Kumudu Dias, Director - Finance & Control of the Company. The Committee is chaired by Ranjan Seevaratnam, who is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales, and a former partner of KPMG. In addition, the Managing Director and the Head of Financial Accounting & Reporting attend meetings by invitation and the Company Secretary serves as the Secretary of the Committee.

The objectives of the Committee are to ensure that the interests of Shareholders are taken into account by the Company when entering into Related Party Transactions, and to comply with the provisions of the Listing Rules' terms pertaining to Related Party Transactions, to prevent Directors, Chief Executive Officers or substantial Shareholders from taking advantage of their positions.

The functions of the Committee, in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka (Code), are as follows:

- Review all proposed Related Party Transactions.
- Direct the transactions for Board approval / Shareholder approval as appropriate.
- Obtain updates on previously reviewed Related Party Transactions from senior management and approve any material changes.
- Establish guidelines for senior management to follow in its ongoing dealings with Related Parties.
- Review and assess, on an annual basis, the transactions for compliance with Committee guidelines.

The Committee held five meetings during the financial year. Information on the attendance of these meetings by the members of the Committee is given below:

Date of the meeting	Attendance Yes (✓) / No (x)				Attendance by invitation Yes (✓) / No (x)	
	Ranjan Seevaratnam	Mahen Dayananda	Gurcharan Grover (resigned with effect from 31.10.2021)	Kumudu Dias (appointed with effect from 01.11.2021)	Managing Director	Head of Financial Accounting
18.02.2021	✓	✓	✓	-	✓	✓
11.05.2021	✓	✓	✓	-	✓	✓
10.08.2021	✓	✓	✓	-	✓	✓
22.09.2021	✓	✓	✓	-	✓	✓
09.11.2021	✓	✓	-	✓	✓	✓

Committee recommendations were communicated by the Chairman of the Committee to the Board of Directors at Board Meetings every quarter.

In every Committee meeting, the Management presented the summary of Related Party Transactions incurred during the period under review, along with the basis of their pricing together with material changes in pricing if any.

The Committee confirmed that all the Recurrent and Non-Recurrent Related Party Transactions, incurred during the year ended 31 December 2021 and estimated transactions for year 2022, were at arm's length and in compliance with

rules and regulations. The Committee further confirmed that all the Recurrent Related Party Transactions incurred during the year ended 31 December 2021 and estimated transactions for year 2022 were of a revenue or trading nature, which were necessary for day to day operations of the Company, where terms were not favourable to respective related parties. Accordingly the Committee recommended to the Board to resolve at the meeting held on 18 February 2022, that all the Recurrent Related Party Transactions incurred during the year ended 31 December 2021 and estimated transactions for year 2022, shall not fall within the ambit of Related Party Transactions Rules as per provisions of Section 9.5(a) of the listing rules, and

the Board approved the same at their meeting held on 18 February 2022.

The Committee is always free to seek external professional advice on matters within their purview when necessary.

Details of Related Party Transactions are disclosed under note 25 of the financial statements in accordance with the provision of Rule 9.3.2 of the listing rules.



Ranjan Seevaratnam
Chairman, Related Party Transactions Review Committee

NESTLÉ LANKA PLC

18 February 2022

Annual Report of the Directors on the Affairs of the Company

The Directors of Nestlé Lanka PLC take pleasure in presenting to the Shareholders the Annual Report together with the audited financial statements for the year ended 31 December 2021 and the Auditors' Report thereon.

Board of Directors

Suresh Narayanan, Fabrice Cavallin (resigned with effect from 30.09.2021), Jason Avanceña (appointed with effect from 01.10.2021), Gurcharan Grover (resigned with effect from 31.10.2021), Kumudu Dias (appointed with effect from 01.11.2021), David Steven McDaniel, Mahen Dayananda, Ranjan Seevaratnam, Dian Gomes and Mohamed Reyaz Mihular (appointed with effect from 16.03.2022) are the Directors of the Company.

Fabrice Cavallin, Managing Director resigned from the Board with effect from 30 September 2021 and Jason Avanceña was appointed as Managing Director to the Board with effect from 1 October 2021, and shall offer himself for re-election by the shareholders in terms of Article 64 of the Articles of Association of the Company at the preceding Annual General Meeting.

Gurcharan Grover resigned from the Board as Director, Finance & Control with effect from 31 October 2021 and Kumudu Dias was appointed as Director, Finance & Control to the Board with effect from 1 November 2021, and shall offer herself for re-election by the shareholders in terms of Article 64 of the Articles of Association of the Company at the preceding Annual General Meeting.

Mohamed Reyaz Mihular appointed with effect from 16 March 2022 shall offer himself for re-election by the shareholders in terms of Article 64 of the Articles of Association of the Company at the preceding Annual General Meeting.

In terms of Article 56, 57 and 58 of the Articles of Association of the Company, David Steven McDaniel will retire by rotation and being eligible, offer himself for re-election.

Ranjan Seevaratnam and Mahen Dayananda will retire pursuant to Section 210 of the Companies Act No. 7 of 2007, as they attained the age of 70 years on 24 September 2013 and 19 June 2016 respectively.

Resolutions, in terms of Section 211, to the effect that the age limit of 70 years referred to in Section 210 of the Companies Act shall not be applicable to Mahen Dayananda for re-election, will be proposed at the forthcoming Annual General Meeting, in order to re-elect Mahen Dayananda.

Ranjan Seevaratnam will not offer himself for re-election in terms of Section 211 of the Companies Act.

Directors' Remuneration is given under Note 25.2 of the financial statement.

Review for the Year

The Chairman's Message and Managing Director's Review on pages 11 and 13 highlight the Company's affairs and the performance of the period under review.

Results and Dividends

The profit achieved by the Company on a Revenue of Rs. 45.4 Bn, after provisioning for all known liabilities and depreciation on Property, Plant and Equipment, but before taxation, amounts to Rs 6.1 Bn. After deducting a sum of Rs. 0.8 Bn as income tax, the net profit was Rs 5.3 Bn.

The Statement of Profit or Loss and Other Comprehensive Income for the year is given on page 58.

The Directors of Nestlé Lanka PLC declared an interim dividend of Rs. 20.00 per share which was paid to the Shareholders of the Company on 9 March 2022 via bank transfers and on 23 March 2022 via cheques. The Directors also were pleased to recommend a final dividend of Rs. 35.00 per share, payable on 20 June 2022 via bank transfer and 1 July 2022 via cheques, subject to the approval of the Shareholders at the upcoming Annual General Meeting scheduled to be held on 9 June 2022.

Stated Capital

The stated capital of the Company as at 31 December 2021 amounts to Rs. 537,254,630.

Activity

Nestlé prides itself on manufacturing locally, at its state-of-the-art factory in Kurunegala. Its portfolio comprises some of the country's best loved brands, from global icons like MILO and MAGGI to local favourites like NESTOMALT, all which benefit from Nestlé's R&D network, global expertise in nutrition, and stringent quality control procedures.

To help address the deficiencies of certain nutrients in the local diet, Nestlé delivered 935 million servings of micronutrient enriched food and beverages in 2021. Nestlé's service platform Nestlé Family Club continued to support and inspire approximately 60,000 consumers to lead a healthy and an active life by offering free health, wellness and fitness tips and a range of recipes with a

healthy twist. During 2020-2021 over 15,000 people were given free health checks and nutritional counselling through its Choose Wellness, Choose Nestlé programmes.

The company continued to support the local community in 2021 by paying out Rs. 2.4 Bn to 13,000 local dairy farmers for fresh milk and Rs. 6 Bn to the local coconut industry for purchase of fresh coconuts. In addition, the Nestlé Coconut Plan, conducted in partnership with the Coconut Cultivation Board of Sri Lanka, was expanded to benefit a further 1,000 rural families with 5,000 hybrid coconut plantlets, organic fertilizer, and technical assistance for coconut cultivation.

Nestlé also continued to help young people learn the skills they need to be successful in the workplace through its Nestlé Needs YOUth programme, reaching over 26,000 young people during 2020-2021. Nestlé partnered Hatch and four local universities – University of Kelaniya, University of Sri Jayewardenepura, University of Colombo and University of Moratuwa, to conduct two innovation challenges which focused on harnessing innovative ideas in the areas of nutritious products which use local ingredients, and green initiatives which promote a sustainable Sri Lanka.

In 2021, Nestlé accelerated its efforts towards tackling plastic pollution by switching to paper straws for its MILO Ready-to-Drink product and helping to establish a collection infrastructure and recycling facility for aseptic beverage cartons in Sri Lanka. The company also continued to work with government and private institutions to galvanize behavioural change towards caring for the planet. Between 2012-2021, the company reduced energy use by 16.9% and water use by 2.5% per tonne of production. Further, the company reduced its greenhouse gas emissions by 1.6% per tonne of production in 2021.

Last but not least, it continued to be recognized as a force for good with a number of awards and recognitions, mentioned on page 9.

Directors' Interest

a) In Contracts

Details of Directors' interest in contracts of the Company as at 31 December 2021 are disclosed below. The Directors do not have direct or indirect interest on current or proposed contracts other than those disclosed hereunder. The Directors have disclosed all material interests in contracts (if any) involving the Company and have refrained from participating when decisions were taken.

Suresh Narayanan	-	Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.
Fabrice Cavallin	-	(Resigned w.e.f. 30.09.2021) Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.
Jason Avanceña	-	(Appointed w.e.f. 01.10.2021) No Transaction with Affiliates
Gurcharan Grover	-	(Resigned w.e.f. 31.10.2021) Transactions with affiliates or related parties. Disclosed in notes 16, 24 and 25 to the financial statements.
Kumudu Dias	-	(Appointed w.e.f. 01.11.2021) No Transaction with Affiliates
David Steven McDaniel	-	Transactions with affiliates or related parties Disclosed in notes 16, 24 and 25 to the financial statements.

Annual Report of the Directors on the Affairs of the Company

Mahen Dayananda - No transaction with affiliates

Directorships and dealings with other Companies:

Company	Position	Transactions (procurement) during the year 2021 (Rs.'000s)	Balance (due to) / from as at 31.12.2021 (Rs.'000s)
Total Tea Concepts (Private) Ltd	Chairman	No	Nil
Indo Asia Teas (Pvt) Ltd	Chairman	No	Nil
Pegasus Hotels of Ceylon PLC	Director	No	Nil
Bukit Darah PLC	Director	No	Nil

Ranjan Seevaratnam - No transaction with affiliates

Directorships and dealings with other Companies

Company	Position	Transaction (procurement) During the year 2021 (Rs.'000s)	Balance (due to) / from as at 31.12.2021 (Rs.'000s)
Acme Printing & Packaging PLC	Non-Executive Director	No	Nil
Lanka Aluminium Industries PLC	Non-Executive Director	No	Nil
Tokyo Cement Lanka PLC	Non-Executive Director	No	Nil
The Colombo Fort Land & Investments PLC	Non-Executive Director	No	Nil
The Colombo Fort Land & Building Co. PLC	Non-Executive Director	No	Nil
Metecno Lanka (Pvt) Ltd	Non-Executive Director	3,235	Nil
Distilleries Company of Sri Lanka PLC	Non-Executive Director	No	Nil
Lankem Ceylon PLC	Non-Executive Director	No	Nil
EB Creasy & Company PLC	Non-Executive Director	No	Nil
Melstacorp PLC	Non-Executive Director	No	Nil
Omega Line (Pvt) Ltd	Non-Executive Director	No	Nil
Benji Ltd	Non-Executive Director	No	Nil
Sirio Ltd.	Non-Executive Director	No	Nil
Alpha Apparels LTD	Non-Executive Director	No	Nil

Dian Gomes - No transaction with affiliates

Directorships and dealings with other Companies

Company	Position	Transaction (procurement) during the year 2021 (Rs.'000s)	Balance (due to) / from as at 31.12.2021 (Rs.'000s)
Urban Built (Pvt) Ltd	Director/Chairman	No	Nil
Gandhara Crafts & Artifacts (Pvt) Ltd	Director/Chairman	No	Nil
Villa Republic (Pvt) Ltd	Director/Chairman	No	Nil
Westgate International (Pvt) Ltd	Director/Chairman	No	Nil
Gandhara Investments (Pvt) Ltd (appointed w.e.f)	Director/Chairman	No	Nil

b) In Shares of the Company

	Director	Shareholding	
		01.01.2021	31.12.2021
Executive	Fabrice Cavallin (resigned w.e.f. 30.09.2021)	Nil	Nil
	Jason Avanceña (Appointed w.e.f. 01.10.2021)	Nil	Nil
	Gurcharan Grover (resigned w.e.f. 31.10.2021)	Nil	Nil
	Kumudu Dias (Appointed w.e.f. 01.11.2021)	Nil	Nil
Non-Executive	Suresh Narayanan	Nil	Nil
	David McDaniel	Nil	Nil
Independent Non-Executive	Mahen Dayananda	1,000	1,000
	Ranjan Seevaratnam	Nil	Nil
	Dian Gomes	Nil	Nil

Board Meetings Attendance

	18.02.2021	11.05.2021	29.07.2021	10.08.2021	10.09.2021	22.09.2021	09.11.2021
Suresh Narayanan - Chairman	✓	✓	✓	-	✓	-	✓
Fabrice Cavallin - Managing Director (resigned w.e.f. 30.09.2021)	✓	✓	✓	✓	✓	-	-
Jason Avanceña - Managing Director (Appointed w.e.f. 01.10.2021)	-	-	-	✓	✓	✓	✓
Gurcharan Grover - Director, Finance & Control (resigned w.e.f. 31.10.2021)	✓	✓	✓	✓	✓	✓	-
Kumudu Dias (Appointed w.e.f. 01.11.2021)	-	-	-	-	-	-	✓
David Steven McDaniel	✓	✓	✓	✓	✓	✓	✓
Mahen Dayananda	✓	✓	✓	✓	✓	✓	✓
Ranjan Seevaratnam	✓	✓	✓	✓	✓	✓	✓
Dian Gomes	✓	✓	✓	✓	✓	✓	✓

Corporate Governance

The corporate governance practices of the Company are set out in detail on page 30.

Property, Plant and Equipment

Details of property, plant and equipment, additions made during the year and depreciation thereof for the year are shown in note 12 to the financial statements on pages 73-76.

Auditors

Ernst & Young, Chartered Accountants, have been the Company's Auditors and being eligible, offer themselves for re-appointment for the next year at the forthcoming Annual General Meeting. The Auditors' fees are disclosed in note 7 to the financial statements on page 71.

Annual Report of the Directors on the Affairs of the Company

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed in note 7 to the financial statements on page 71.

The Auditors also do not have any interest in the Company.

Accounting Policies

The Company prepared its annual financial statements according to Sri Lanka Accounting Standards (SLFRSs/ LKASs). All relevant applicable standards have been followed in presenting the financial statements for the financial year ended 31 December 2021.

Disclosures on Related Party Transactions (Non-Recurrent)

There were Non-Recurrent Related Party Transactions for which aggregate value exceeded 10% of the equity or 5% of the total assets (whichever is lower) of the Company as per the audited financial statements for the year ended 31 December 2021, which requires additional disclosures in the Annual Report under Colombo Stock Exchange listing Rule 9.3.2.

Non-recurrent Related Party Transactions are shown in note 25.1.2 on page 90.

Disclosures on Related Party Transactions (Recurrent Related Party Transactions)

Recurrent Related Party Transactions are shown in note 25.1.1 on page 88.

The Management in every meeting of the Related Party Transactions Reviews Committee (RPTRC), presented the summary of Related Party Transactions incurred during the period under review along with the basis of their pricing.

Based on the recommendations of the RPTRC, the Board of Directors confirmed at their meetings held on 18 February 2022, that all the Recurrent and Non-Recurrent Related Party Transactions incurred during the year ended 31 December 2021 and estimated transactions for the year 2022 were at arm's length and in compliance with the rules and regulations.

Based on the recommendation of the RPTRC, the Board resolved at the meeting held on 18 February 2022 that all the Recurrent Related Party Transactions incurred during the year, ended 31 December 2021 and estimated transactions for the year 2022, were of a revenue or trading

nature and were necessary for day-to-day operations of the Company, and terms were not favourable to the respective related parties. Accordingly, the Board had resolved at the same meeting held on 18 February 2022 that all the Recurrent Related Party Transactions incurred during the year ended 31 December 2021, and estimated transactions for the year 2022 shall not fall within the ambit of Related Party Transactions Rules (Section 9 of the Listing Rules) as per provisions of Section 9.5(a) of the Listing Rules.

Material Issues

There were no material issues pertaining to employees and industrial relations.

Risk Factors

The Directors of the Company have reviewed the risk management structure of the Company and confirmed that there are no material risk factors foreseeable.

Conclusion

The Directors of Nestlé Lanka PLC wish to convey their gratitude and appreciation to the Management and staff of the Company for their dedicated and untiring cooperation during the year under review.

NESTLÉ LANKA PLC



Jason Avanceña
Managing Director



Kumudu Dias
Director-Finance & Control



Keerthi Pathiraja
Company Secretary

23 March 2022

Directors' Responsibility for Financial Reporting

The Company's financial statements, presented in this report for the financial year ended 31 December 2021, conform to the requirements of the Financial Reporting Standards and the Companies Act No. 7 of 2007. The Directors confirmed that the financial statements presented by them give a true and fair view of the Company's activities as at that date. The financial information is consistent with that in the financial statements.

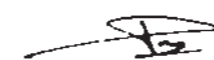
The Board of Directors has initiated an efficient and concise system of internal control. It also includes internal checks and internal audits, along with financial and other controls required to carry on the business smoothly, whilst safeguarding its assets in a secure, practical, accurate and reliable manner.

The Company's Auditors, M/s Ernst & Young, review and carry out random checks on the internal controls wherever considered necessary, towards endorsing their opinion on the financial statements.

The Management's responsibilities on financial reporting is overseen by the Board of Directors/ Audit Committee through regular review meetings and approving of financial information contained in the Annual Report, along with the preparation and presentation of the financial statements.

M/s Ernst & Young are the Auditors appointed by the Shareholders. They have audited the financial statements submitted by the Board of Directors and have expressed their opinion which is published under the Independent Auditor's Report.

By Order of the Board



Keerthi Pathiraja
Company Secretary

NESTLÉ LANKA PLC

18 February 2022

Good For My Community

Helping to make Sri Lanka's dairy industry self-sufficient

We purchased milk from over 13,000 farmers last year and helped uplift their livelihoods during uncertain times. By doing so, in 2021, we contributed Rs. 2.4 Bn to the local dairy industry for the procurement of fresh milk. As one of Sri Lanka's largest private sector collectors of fresh milk, we use our global dairy expertise to offer comprehensive training and development programmes to local farmers and set up an infrastructure to support local milk procurement, such as milk chilling centres, to provide them a secure route-to-market.





Good For My Community

Nurturing Sri Lanka's coconut industry

As one of the world's largest exporters of Coconut Milk Powder, we work with a number of mills to purchase coconut from over 8,000 farmers. In 2021, we paid out Rs. 6 Bn to the local coconut industry for the procurement of over 94 million fresh coconut. We also launched the Nestlé Coconut Plan in 2016 in collaboration with the Coconut Cultivation Board of Sri Lanka. This initiative, which supports 4,000 farmers today, offers its participants free hybrid coconut plantlets and technical assistance. It has also established six model farms to help farmers benchmark best practice, latest of which focuses on organic farming methods.



Good For My Community

Fostering home-grown innovation

Last year, through Nestlé Connect, we accelerated our efforts to encourage home-grown youth innovation, by offering platforms to connect with industry experts, and create opportunities for our bright young minds to be solution-finders for a healthier and greener tomorrow. We used two tools to spark creative disruption – an innovation challenge in collaboration with local universities and an idea hackathon in partnership with Hatch. Both competitions focused on harnessing innovative ideas in the areas of nutritious products which use local ingredients, and green initiatives which promote a sustainable Sri Lanka.



Good For My Community

Promoting decent employment and diversity

We are committed to creating a business culture which provides equal opportunities for everyone to contribute, grow and feel valued. Guided by our strong values, we ensure that diversity and inclusion are an integral part of how we do business. In our journey of creating an environment that encourages diverse talent, we have taken measures to give equal consideration to male and female candidates at the interview stage. We also carefully assess succession planning for critical business roles and execute established development plans for our female employees to reach their potential and career aspirations. As such, currently, 40% of our employees engaged in international assignments are females. Further, in our efforts to empower female employees to successfully balance their multitasking roles, we are proud to say that last year, we extended our current maternity leave from 84 working days to six months to support new mothers.

Company Highlights

	2021 Rs. Mn	2020 Rs. Mn
Revenue	45,420	37,866
Profit Before Taxation (PBT)	6,147	4,264
Profit After Taxation (PAT)	5,329	2,947
Net Operating Cashflows	4,782	6,100
Capital Expenditure	600	434
Shareholders Funds	8,435	5,934
Key Ratios	2021	2020
PBT as a % of Revenue	13.5%	11.3%
PAT as a % of Revenue	11.7%	7.8%
Effective Tax Rate	13.3%	30.9%
Earnings Per Share (Rs.)	99.19	54.85
Dividend Per Share (Rs.)	55.00	55.00
Dividend Payout Ratio	55.4%	100.3%
Net Assets Per Share (Rs.)	157.00	110.45
Return on Capital Employed	39.7%	56.1%
Current Ratio	1.74	0.89
Market Value Per Share (Rs.) - Highest	1,650.00	1,348.90
- Lowest	950.00	985.00
- Average	1,206.65	1,046.61
- Last Traded	1,215.50	1,275.00
Number of Personnel	812	802

Independent Auditor's Report



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
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TO THE SHAREHOLDERS OF NESTLÉ LANKA PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Nestlé Lanka PLC ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics issued by CA Sri

Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K I Ilangamuwa FCA FCMA LLB (London), Ms. A A Ludowyke FCA FCMA, Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: G B Goudan ACMA, Ms. P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit matter
<p>Measurement of Revenue net of Trade Allowances</p> <p>As described in Notes 3.10 and 5 of the financial statements, revenue from the sale of goods is recognized when control of the goods has transferred to the customer and is measured net of discounts, incentives, allowances and promotional rebates (collectively 'Trade Allowances').</p> <p>We deemed the measurement of Revenue net of Trade Allowances to be a key audit matter due to the following;</p> <ul style="list-style-type: none"> Materiality and complexity in estimating the amount of Trade Allowances. The level of Trade Allowances is estimated by Management using judgments based on historical experience and the specific terms of the agreements/arrangements with the customers. These estimates are subject to uncertainty related to future outcomes including possible changes in buying patterns resulting from COVID-19. Consideration of Revenue net of Trade Allowances as an important component in the determination of measurable financial objectives linked to achievement of performance targets and management incentive schemes. 	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the Company's revenue recognition accounting policy, including the recognition and classification criteria for Trade Allowances; Due to the reliance on information technology in revenue recognition, we tested the integrity of the general IT control environment relating to the most significant IT systems relevant to revenue recognition and tested IT application controls; We gained an understanding of the types of arrangements, processes, and internal controls related to Trade Allowances and tested selected internal controls related to measuring and accounting for Trade Allowances; We assessed whether judgements, estimates and assumptions used in relation to Trade Allowances by the Management were reasonable. For a sample of Trade Allowances arrangements, we reconciled key inputs and assumptions used in the estimates with relevant sources of information including contracts with the relevant customers; and We assessed the adequacy of the disclosures provided in Notes 3.10 and 5 of the financial statements.

Other information included in the Company's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information.

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 or 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 those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, 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.

Those charged with governance 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 SLAuSs 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 SLAuSs, we exercise professional judgement 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements in accordance with the Code of Ethics 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 those charged with governance, 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

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2471.

18 February 2022
Colombo

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December	Note	2021 Rs.'000s	2020 Rs.'000s
Revenue	5	45,420,119	37,866,215
Cost of Sales		(30,751,323)	(25,647,194)
Gross Profit		14,668,796	12,219,021
Other Operating Expenses	6	(35,777)	(56,654)
Marketing, Selling and Distribution Expenses		(5,815,722)	(5,129,361)
Administrative Expenses		(2,554,050)	(2,536,100)
Profit from Operating Activities	7	6,263,247	4,496,906
Finance Income		72,747	39,170
Finance Expenses		(189,347)	(272,155)
Net Finance Expenses	8	(116,600)	(232,985)
Profit Before Taxation		6,146,647	4,263,921
Income Tax Expense	9	(817,497)	(1,317,038)
Profit for the Year		5,329,150	2,946,883
Other Comprehensive Income - Net of Tax			
Items that will not be Reclassified to Profit or Loss			
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	19.5	108,513	(81,007)
Items that may be Subsequently Reclassified to Profit or Loss			
Gain/ (Loss) on Cash Flow Hedges		1,054	(4,210)
		109,567	(85,217)
Total Comprehensive Income - Net of Tax		5,438,717	2,861,666
Earnings Per Share (Rs.)			
Basic and Diluted, Profit for the year attributable to Ordinary Shareholders	10	99.19	54.85

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 December	Note	2021 Rs.'000s	2020 Rs.'000s
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	12	7,850,323	8,396,939
Capital Work-In-Progress	13	716,060	523,837
Other Non-Current Assets	15.2	321,761	349,027
		8,888,144	9,269,803
Current Assets			
Inventories	14	6,154,678	4,947,795
Trade and Other Receivables	15	2,187,972	2,045,837
Amounts due from Related Parties	16	873,080	440,332
Cash and Cash Equivalents	17	7,011,873	2,507,912
		16,227,603	9,941,876
Total Assets		25,115,747	19,211,679
EQUITY AND LIABILITIES			
Equity			
Stated Capital	18	537,255	537,255
Retained Earnings and Reserves		7,897,398	5,396,528
		8,434,653	5,933,783
Non-Current Liabilities			
Retirement Benefit Obligations	19	194,530	439,120
Deferred Tax Liabilities	20	724,596	1,036,119
Non-Current Provisions	21	1,023,596	524,089
Non-Current Financial Liabilities	22.1	5,417,887	84,460
		7,360,609	2,083,788
Current Liabilities			
Trade and Other Payables	23	6,417,646	6,225,296
Amounts due to Related Parties	24	1,988,465	1,893,087
Current Tax Payable		728,365	935,197
Dividends Payable		84,753	86,772
Current Financial Liabilities	22.2	101,256	2,053,756
		9,320,485	11,194,108
Total Liabilities		16,681,094	13,277,896
Total Equity and Liabilities		25,115,747	19,211,679

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Kumudu Dias
Director - Finance & Control

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board.

NESTLÉ LANKA PLC
Colombo



Jason Avanceña
Managing Director

18 February 2022



Ranjan Seevaratnam
Director

Statement of Changes in Equity

	Stated Capital Rs.'000s	Retained Earnings Rs.'000s	Other Equity Reserves * Rs.'000s	Total Rs.'000s
Balance as at 1 January 2020	537,255	4,925,608	46,746	5,509,609
Total Comprehensive Income for the Year				
Profit for the Year	-	2,946,883	-	2,946,883
Other Comprehensive Income/ (Expenses)	-	-	(85,217)	(85,217)
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Written Back	-	114,467	-	114,467
Interim Dividend	-	(1,611,764)	-	(1,611,764)
Final Dividend	-	(940,195)	-	(940,195)
Balance as at 31 December 2020	537,255	5,434,999	(38,471)	5,933,783
Balance as at 1 January 2021	537,255	5,434,999	(38,471)	5,933,783
Total Comprehensive Income for the Year				
Profit for the Year	-	5,329,150	-	5,329,150
Other Comprehensive Income/ (Expenses)	-	-	109,567	109,567
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Written Back	-	17,053	-	17,053
Interim Dividend	-	(1,880,391)	-	(1,880,391)
Final Dividend	-	(1,074,509)	-	(1,074,509)
Balance as at 31 December 2021	537,255	7,826,302	71,096	8,434,653

* Includes Actuarial Gain/ (Loss) and Results of Cash Flow Hedges.

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year Ended 31 December	Note	2021 Rs.'000s	2020 Rs.'000s
Cash Flows from Operating Activities			
Profit Before Taxation		6,146,647	4,263,921
Adjustments for:			
Depreciation of Property, Plant and Equipment	12.1 & 12.2	973,386	968,272
Loss/ (Gain) on Sale of Property, Plant and Equipment	6	(47,597)	2,205
Imputed Interest Cost of Staff Loan		27,864	31,731
Interest Expense		189,347	270,314
Interest Income		(63,647)	(39,170)
Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/ Loss)		(105,920)	(42,330)
Operating Profit Before Working Capital Changes		7,120,080	5,454,943
Working Capital Changes			
(Increase)/ Decrease in Inventories	14	(1,206,883)	(1,461,665)
(Increase)/ Decrease in Trade and Other Receivables		(149,883)	636,894
(Increase)/ Decrease in Amount due from Related Parties	16	(432,748)	(5,856)
Increase/ (Decrease) in Trade and Other Payables		224,639	1,249,597
Increase/ (Decrease) in Amount due to Related Parties	24	93,497	1,086,329
Cash Generated from Operations		5,648,702	6,960,242
Income Tax Paid		(866,912)	(859,873)
Net Cash Flows Generated from Operating Activities		4,781,790	6,100,369
Cash Flows from Investing Activities			
Investment in Property, Plant and Equipment		(599,245)	(413,148)
Proceeds from Sale of Property, Plant and Equipment		26,858	840
Movement of Other Non-Current Financial Assets	15.2	27,266	17,088
Net Cash Flows Used in Investing Activities		(545,121)	(395,220)
Cash Flows from Financing Activities			
Loans Obtained from Related Parties	25.1.2	5,373,200	-
Repayment of Loans Obtained from Related Parties	25.1.2	(1,893,000)	-
Payment of Lease Liabilities	22.3.2	(80,660)	(65,887)
Dividends Paid		(2,939,866)	(2,543,473)
Interest Paid		(174,656)	(265,547)
Interest Received		25,501	7,439
Net Cash Flows Generated from/ (Used in) Financing Activities		310,519	(2,867,468)
Net Increase in Cash and Cash Equivalents		4,547,188	2,837,681
Effect of Exchange Rate Changes on Cash and Cash Equivalents		10,282	(3,017)
Cash and Cash Equivalents at the Beginning of the Year		2,418,114	(416,550)
Cash and Cash Equivalents at the End of the Year	17	6,975,584	2,418,114
Analysis of Cash and Cash Equivalents at the End of the Year			
Cash and Cash Equivalents in the Statement of Financial Position		7,011,873	2,507,912
Current Financial Liabilities (Excluding Short Term Lease Liabilities & Loan from Related Party)		(36,289)	(89,798)
Cash and Cash Equivalents in the Statement of Cash Flows	17	6,975,584	2,418,114

"Notes to the Financial Statements", form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Reporting Entity

Nestlé Lanka PLC is a Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business is located at 440, T.B. Jayah Mawatha, Colombo 10. The Company is in the food and beverage industry.

The parent and holding Company is Nestlé S.A.

1.1. Principal Activities and Nature of Operations

Principal activities of the Company include manufacturing, marketing, selling and distribution of food and beverage products including export of locally manufactured products and re-export of such products.

2. Basis of Preparation

2.1. Statement of Compliance

Nestlé Lanka PLC has prepared the financial statements in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Companies Act No. 7 of 2007 and provides appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE). These financial statements, except for information on cash flows, are prepared following the accrual basis of accounting.

The financial statements were authorised for issue by the Board of Directors at the meeting held on 18 February 2022.

2.2. Basis of Measurement

The financial statements are prepared under the historical cost basis and applied consistently, with no adjustments being made for inflationary factors affecting the financial statements except for;

- Liability for the defined benefit obligation, recognised at the present value of the defined benefit obligation, net of plan assets,
- Liabilities for the cash-settled share-based payment arrangements, measured at fair value, and
- Derivative financial instruments, measured at fair value

2.3. Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, except when otherwise indicated.

2.4. Going Concern

In preparing these financial statements, based on the available information the management has assessed the existing and anticipated effects of COVID-19 on the Company and the appropriateness of the use of the going concern basis.

The management has evaluated the resilience of its business considering a wide range of factors such as current and expected profitability, the impact on cash flows, foreign currency liquidity, the ability to defer non-essential capital expenditure and the ability to continue providing goods and services. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

2.5. Use of Estimates and Judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards, requires management to make judgements, estimates and assumptions that affect income and expenses, reported amounts of assets and liabilities in the application of policies. The estimates, judgements and associated assumptions are based on current knowledge, historical experience and various other factors that are held to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Significant judgements, estimates and assumptions made by management in preparing these financial statements are explained further in relevant notes including useful lives of Property, Plant and Equipment, Impairment of Financial and Non-Financial Assets, Employee Benefits, Revenue, Provisions, Income Taxes and Contingent Liabilities.

In determining the above significant management judgments, estimates and assumptions the probable effect of ongoing COVID-19 pandemic was considered as of the reporting date.

3. Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Significant Accounting Policies

3.1. Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities, denominated in foreign currencies at the reporting date, are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2. Financial Instruments

a) Financial Assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. However, when a financial asset measured at fair value through Profit or Loss is recognised, the transaction costs are expensed immediately. Subsequent remeasurement of financial assets is determined by their categorisation, which is revisited at each reporting date. The settlement date is used for both initial recognition and subsequent derecognition of financial assets, as these transactions are generally under contracts whose

terms require delivery of the assets within the time frame established by regulation or convention in the marketplace (regular-way purchase or sale).

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified and as measured either:

- at amortised cost;
- at Fair Value through Other Comprehensive Income (FVOCI); or
- at Fair Value through Profit or Loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash and bank balances and money market deposits with a maturity period of less than three months. For the purpose of the Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts and short-term borrowings of less than three months maturity.

c) Financial Liabilities at Amortised Cost

Financial liabilities are initially recognised at the fair value of consideration received, less directly attributable transaction costs.

Subsequent to the initial measurement, financial liabilities are recognised at amortised cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the contractual terms using the effective interest rate method. This category includes trade and other payables, as well as other financial liabilities.

Notes to the Financial Statements

Financial liabilities at amortised cost are further classified as current and non-current depending on whether these will fall due within 12 months after the reporting date or beyond.

Financial liabilities are derecognised (in full or partly) when the obligation specified in the contract is either discharged, canceled, expired or replaced by a new liability with substantially modified terms.

The Company's financial liabilities include Current Liabilities and Non-Current Financial Liabilities.

d) Derivative Financial Instruments and Hedge Accounting

The Company designates and documents the use of certain derivatives as hedging instruments against changes in fair values of recognised assets and liabilities (fair value hedges) and highly probable forecasted transactions (cash flow hedges). The effectiveness of such hedges is assessed at inception and verified at regular intervals.

e) Stated Capital

Ordinary shares of the Company are classified as equity.

3.3. Property, Plant and Equipment

a) Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to the working condition for their intended use, the costs of dismantling and removing the items, and restoring the site on which they are located.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Buildings constructed by the Company on leasehold land are capitalised and included under the category "Buildings on Leasehold Land."

Borrowing costs incurred during the course of construction are capitalised if the assets under construction are significant and if their construction requires a substantial period to complete. The capitalisation rate is determined on the basis of the appropriate borrowing rate for the period of construction.

b) Subsequent Expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance of property, plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

c) Depreciation

Depreciation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The residual values are 30% on head office buildings and nil for all other asset types. The estimated useful lives for the current and comparative periods are as follows;

- Buildings on Freehold/ Leasehold land	25 - 35 years
- Plant and Machinery	10 - 25 years
- Tools, Furniture and Office Equipment	4 - 12 years
- Motor Vehicles	5 years
- Information Systems/ Technology Equipment	3 - 8 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

The depreciation methods, useful lives and residual values are reassessed annually or on an earlier date, where any circumstances indicate such assessment is required.

d) Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from use. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal (net of any directly attributable expenses) with the carrying amount of property, plant and equipment, and are recognised on net basis within "Other Operating Income/ (Expenses)" in the Statement of Profit or Loss and Other Comprehensive Income.

e) Capital Work-In-Progress

Capital expenses incurred on assets, which are not completed as at the date of Statement of Financial Position, are shown as capital work-in-progress whilst the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment. Capital work-in-progress is stated at cost, net of accumulated impairment if any.

3.4. Intangible Assets

The Company recognises intangible assets, if it is probable that the future economic benefits that are attributable to the asset will flow to the entity, and cost can be measured reliably.

a) Recognition and Measurement

Intangible assets that are acquired by the Company, which have finite useful lives are recognised and carried at cost less accumulated amortisation and impairment losses.

b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

c) Amortisation

Amortisation is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis, over the estimated useful lives of intangible assets from the date that they are available for use.

d) Retirement and Disposal

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses on disposal of an item of intangible asset are determined by comparing the proceeds from disposal (net of any directly attributable expenses) with the carrying amount and are recognised on net basis within "Other Operating Income/ (Expenses)" in the Statement of Profit or Loss and Other Comprehensive Income.

3.5. Impairment & Derecognition

a) Financial Assets

At each reporting date, the Company assesses whether its financial assets are impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income where there is an objective evidence of an impairment, such as where the issuer is in bankruptcy, default or other significant financial difficulties. This analysis requires the identification of the credit risk associated with the counterparties and, considering that the majority of Company's financial assets are trade receivables, integrates statistical data reflecting the past experience of losses incurred due to default.

The Company measures impairment loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for the bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Impairment loss allowances for financial assets, measured at amortised cost are deducted from the gross carrying amount of the assets.

For trade receivables, the Company applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

Impairment related to trade and other receivables are not presented separately in the Statement of Profit or Loss and Other Comprehensive Income, but are reported under the heading Marketing, Selling and Distribution Expenses.

Financial assets are derecognised (in full or partly) when substantially all the Company's rights to cash flows from the respective assets have expired or have been transferred, and the Company has neither exposure to substantially all the risks inherent in those assets nor entitlement to rewards from them.

b) Non-Financial Assets

The carrying amounts of the Company's assets are reviewed at each date of the Statement of Financial Position to determine whether there is any indication of an impairment. If any such indication exists, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use, that are largely independent from cash flows of other assets and cash generating units.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

i. Calculation of Recoverable Amount

The recoverable amount of assets is the higher of its value in use, and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

ii. Reversal of Impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6. Leases (Right-of-Use Assets)

At inception, the Company assesses whether a contract is or contains a lease. 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 recognises Right-of-Use (ROU) assets and the amount of lease liabilities at the commencement of the lease. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset and are subject to testing for impairment if there is an indicator.

Lease payments may include fixed payments and variable payments that depend on the lease agreements. When the lease contains an extension or a purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in the heading Property, Plant and Equipment, and the lease liabilities are included in the headings Current and Non-Current Financial Liabilities.

The Company has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or for low value leases. The lease payments for such leases are recognised in the Statement of Profit or Loss and Other Comprehensive Income over the lease term.

3.7. Inventories

Inventories are stated at the lower of cost and net realisable value. Raw and packaging materials are valued at purchase cost on a First-In-First-Out (FIFO) basis. Purchased energy and technical materials are valued at moving average cost for the period. Work-in-progress and finished goods are valued at weighted

average cost including all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the cost of Realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provisions are made where necessary for obsolete, slow-moving and defective stocks.

3.8. Employee Benefits

a) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan asset is deducted to arrive at net defined benefit obligation. The Company determines the net interest income/ (expense) on the net defined benefit liability/ asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit obligation liability/ asset taking into account any change in the net defined benefit liability during the period as a result of contributions and benefit payments.

The calculation is performed annually by an independent actuary using the "Projected Unit Credit Method". When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Re-measurements arising from defined benefit plans comprise of actuarial gains/ (losses) and the return on plan assets (excluding interest). The Company

recognises them immediately in Other Comprehensive Income. All other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

When the benefits of a plan are changed, the portion of the changed benefit related to past service by employees is recognised immediately in profit or loss when the plan amendment occurs.

b) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit or Loss and Other Comprehensive Income when they are due.

All employees of the Company are members of either the Mercantile Service Provident Society (MSPS) or Employee Provident Fund (EPF) to which the Company contributes 12%, and Employee Trust Fund (ETF), to which the Company contributes 3% of such employees' wages or salary.

In addition to the statutory contributions mentioned above, the Company commenced contributions of 2% (for employees over 5 years) and 5% (for employees over 10 years) to the MSPS under a new defined contribution scheme offered to employees joining after 1 January 2006 from July 2014 onwards.

c) Share-Based Payments

The Company participates in the Nestlé Performance/ Restricted Stock Unit plan of Nestlé S.A, the parent Company, where selected employees are granted rights to obtain the stock units of Nestlé S.A.. This represents a cash settled share-based payments arrangement in accordance with SLFRS 2 Share Based Payment. Accordingly, the grant-date fair value of stock units granted to employees is recognised as an employee expense, with a corresponding increase in liability over the period that the employees become unconditionally entitled to the awards. Until the liability to the parent Company is settled, the liability is remeasured at each reporting date and at the settlement date, and the difference, if any from the previously reported is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

3.9. Liabilities and Provisions

Liabilities and provisions are recognised in the Statement of Financial Position when there is a present legal/ constructive obligation as a result of the past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor, or within one year of the reporting date, are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the reporting date are treated as non-current liabilities in the Statement of Financial Position.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate, that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Dividends

Dividends are recognised as a liability in the period in which they are declared and approved for distribution.

3.10. Revenue

Revenue from Contracts with Customers

Revenue represents amounts received and receivable for goods supplied to the customers. Revenue from the contracts with customers is recognised in the Statement of Profit or Loss and Other Comprehensive Income at the time when control of the goods are transferred to the customer, generally on delivery of the goods.

Revenue is measured as the amount of consideration which the Company expects to receive, net of returns, sales taxes, pricing, allowances, other trade discounts and volume trade rebates (collectively "trade allowances"). The level of discounts, allowances and promotional rebates is recognised as a deduction from revenue at the time that the related sales are recognised or when the rebate is offered to the customer.

They are estimated using judgments based on historical experience and the specific terms of the agreements with the customers.

3.11. Other Operating Income/ (Expenses)

a) Gain/ (Loss) from Sale of Property, Plant and Equipment

Any gains or losses on retirement or disposal of property, plant and equipment are recognised in the period in which the sale occurs and is classified as Other Operating Income or Expense.

b) Other Income/ (Expenses)

Other income/ (expenses) is recognised on an accrual basis.

3.12. Expenses

a) Revenue Expenditure

The profit earned by the Company, as shown in the Statement of Profit or Loss and Other Comprehensive Income, is after providing for all known liabilities and for depreciation of property, plant and equipment.

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that the function of expenses method presents fairly the elements of the Company performance, hence such presentation method is adopted.

b) Capital Expenditure

Expenditure incurred for the purpose of extending or improving assets of a permanent nature, by means to carry on the business or for the purpose of increasing the earning capacity of the business, has been treated as capital expenditure.

3.13. Finance Income and Finance Expenses

Net finance expenses comprise of interest expense on financial liabilities, interest income from funds invested/ deposited and foreign exchange gains and losses relating to foreign currency denominated liquid assets and financial liabilities that are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

All interest and other costs incurred in connection with borrowings are expensed as incurred, as part of net finance expenses, except to the extent which is eligible for capitalisation.

3.14. Income Tax Expense

Income tax expense for the year comprises of current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

a) Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax computation is based on the provisions of the Inland Revenue Act No. 24 of 2017, which is the principal enactment as amended by the Inland Revenue (Amendment) Act No. 10 of 2021 and any subsequent amendments thereto enacted (or substantively enacted) as at the end of the reporting period.

b) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15. Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method in accordance with the Sri Lanka Accounting Standard No. 7 – Statement of Cash Flows (LKAS 7).

3.16. Related Party Transactions

Disclosures are made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective Notes to the Financial Statements.

3.17. Earnings per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.18. Operating Segments

A segment is a distinguishable component of the Company that is engaged either in providing related products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Nestlé Lanka PLC is primarily involved in the business of manufacturing, marketing, selling and distribution of food and beverage products. The entire business is organised as one segment for making operating decisions in assessing performance by the Chief Operating Decision Maker. Further, information of the business is reported to the Chief Operating Decision Maker as a whole. Therefore, the Board of Directors is of the opinion that there are no identifiable operating segments within the Company. Therefore the disclosure requirements of SLFRS 8 will not be applicable to Nestlé Lanka PLC.

Notes to the Financial Statements

3.19. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset of property, plant and equipment in which case they are capitalised as part of the cost of the asset.

3.20. Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event, where existence is confirmed only on the occurrence or non-occurrence of uncertain future events which are beyond the Company's control.

3.21. Events Occurring After the Reporting Period

All material events occurring after the reporting period are considered, disclosed and adjusted where applicable.

4. Changes to Accounting Standards, that may affect the Company after 31 December 2021

Following amendments to the existing Sri Lanka Accounting Standards issued not yet effective as at the reporting date, have not been applied when preparing the Financial Statements. The Company intends to adopt these amended standards and interpretations, if applicable, when they become effective.

- SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use
- Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

5. Revenue

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Domestic	39,482,216	33,913,605
Export	8,203,117	6,140,121
Total Revenue	47,685,333	40,053,726
Less : Trade Discounts and Volume Rebates	(2,265,214)	(2,187,511)
	45,420,119	37,866,215

6. Other Operating Expenses

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Net Foreign Exchange Loss	(137,963)	(102,380)
Net Gain/ (Loss) on Sale of Property, Plant and Equipment	47,597	(2,205)
Income from Scrap Sales	54,589	47,931
	(35,777)	(56,654)

7. Profit from Operating Activities

Profit from Operating Activities are Stated after Charging/ (Crediting) all Expenses Including the Following:

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Employee Benefit Expenses (Note 7.1)	3,049,785	2,817,177
General Licence Fee	2,148,492	1,829,334
Depreciation of Property, Plant and Equipment	973,386	968,272
Provision for Inventories and Inventory Written Off	264,975	162,828
Net Impairment of Trade Receivables	(19,952)	(3,560)
Legal Fees	12,736	16,958
Auditors Remuneration - Audit	3,600	3,600
- Non-Audit	375	375

7.1. Employee Benefit Expenses

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Salaries and Wages	2,209,208	2,049,326
Contributions to Defined Contribution Plans	205,559	188,547
Provision for Retirement Benefit Obligations (Note 19.3)	31,370	94,150
Other Benefits	603,648	485,154
	3,049,785	2,817,177

Notes to the Financial Statements

8. Net Finance Income/ (Expenses)

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Finance Income		
Interest on Bank and Other Deposits	25,501	7,439
Net Foreign Exchange Gain on Liquid Assets	19,382	-
Imputed Interest on Staff Loans	27,864	31,731
	72,747	39,170
Finance Expenses		
Interest on Financial Liabilities	(176,047)	(267,297)
Net Loss on Foreign Currency Related Party Loan	(13,300)	-
Net Foreign Exchange Loss on Liquid Assets	-	(4,858)
	(189,347)	(272,155)
	(116,600)	(232,985)

9. Income Tax Expense

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Current Tax Expense		
Tax on Current Year Profits	1,044,006	1,142,563
Net Provision in Respect of Previous Years	115,581	102,655
	1,159,587	1,245,218
Deferred Tax Expense		
Origination/ (Reversal) of Temporary Differences (Note 20.1)	(342,090)	71,820
	817,497	1,317,038

The Company has used new tax rates introduced in the Inland Revenue (Amendment) Act No. 10 of 2021 certified on 13 May 2021, (with retrospective effect from 01 January 2020) for the income and deferred taxation.

Accordingly, 18% for Manufacturing Business Profits, 14% for Export Profits and 24% for Trading and Other Income have been used as against the previous standard rate of 28%. The resultant impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Impact of income tax rate change relating to the prior year to the income tax expense is Rs. 783 Mn (Current Tax - Rs. 413 Mn and Deferred Tax - Rs. 370 Mn).

9.1. Reconciliation Between Accounting Profit and Taxable Profit

For the year ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Accounting Profit Before Tax	6,146,647	4,263,921
Net Disallowances/ (Allowances)	(319,585)	(49,794)
Accounting Depreciation	973,386	968,271
Capital Allowances	(1,068,953)	(1,101,815)
Taxable Profit	5,731,495	4,080,583
Tax on Current Year Profit	1,044,006	1,142,563

9.2. Reconciliation of the Accounting Profit to Income Tax Expense

For the year ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Accounting Profit Before Tax	6,146,647	4,263,921
Tax at Applicable Tax Rates	1,119,919	1,193,898
Income Tax Reversal due to Reduction in Tax Rate	(413,015)	-
Deferred Tax Reversal due to Reduction in Tax Rate	(370,043)	-
Adjustments in Respect of Previous Years (Note 21)	522,107	102,655
Tax Effect of Net Permanent Differences	(41,471)	20,485
Income Tax Expense at the Effective Income Tax Rate of 13.3% (2020: 30.9%)	817,497	1,317,038

10. Basic and Diluted Earnings Per Share (EPS)

The calculation of earnings per share is based on the profit for the year attributable to ordinary shareholders, divided by the weighted average number of ordinary shares outstanding during the year. Net profit attributable to ordinary shareholders and weighted average number of ordinary shares are given below:

	2021 Rs.'000s	2020 Rs.'000s
Profit Attributable to Ordinary Shareholders	5,329,150	2,946,883
Weighted Average Number of Shares	53,725,463	53,725,463
Basic and Diluted Earnings Per Share (Rs.)	99.19	54.85

11. Dividend Per Share (DPS)

The Board of Directors has declared an interim dividend of Rs. 20.00 per share on 18 February 2022 and have also proposed a final dividend of Rs. 35.00 per share for the year ended 31 December 2021, to be approved by the shareholders at the upcoming Annual General Meeting of the Company. In accordance with Sri Lanka Accounting Standard, Events After the Reporting Period (LKAS 10), the interim and final dividend have not been recognised as a liability as at 31 December 2021.

Dividend (including Interim) per share of the Company is Rs. 55.00 for 2021 (2020 - Rs. 55.00).

12. Property, Plant and Equipment

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Property, Plant and Equipment Owned (Note 12.1)	7,772,401	8,265,987
Right-of-Use Assets (Note 12.2)	77,922	130,952
	7,850,323	8,396,939

Notes to the Financial Statements

12.1. Property, Plant and Equipment Owned

	Freehold Land		Buildings on Leasehold Land		Plant and Machinery		Tools, Furniture and Office Equipment		Motor Vehicles		Information System Equipment		Total
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	
Cost													
Balance as at 1 January 2020	17,925	148,808	3,596,405	9,103,187	1,891,822	121,639	466,658	15,346,444					
Additions	-	11,855	8,029	10,600	21,974	-	39,608	92,066					
Transferred from Capital Work-in-Progress	-	-	19,814	138,815	35,476	-	1,598	195,703					
Disposals	-	-	-	-	-	(3,861)	(6,810)	(10,671)					
Balance as at 31 December 2020	17,925	160,663	3,624,248	9,252,602	1,949,272	117,778	501,054	15,623,542					
Depreciation and Impairment													
Balance as at 1 January 2020	-	47,979	631,249	3,957,998	1,409,814	104,011	310,969	6,462,020					
Depreciation	-	8,643	107,510	549,455	163,470	7,827	67,642	904,547					
On Disposals	-	-	-	-	-	(3,861)	(5,151)	(9,012)					
Balance as at 31 December 2020	-	56,622	738,759	4,507,453	1,573,284	107,977	373,460	7,357,555					
Cost													
Balance as at 1 January 2021	17,925	160,663	3,624,248	9,252,602	1,949,272	117,778	501,054	15,623,542					
Additions	-	2,042	5,493	17,556	46,028	-	47,505	118,624					
Transferred from Capital Work-in-Progress	-	7,380	80,586	157,075	32,809	-	11,144	288,994					
Disposals	-	-	-	(42,013)	(55,955)	(20,529)	(28,250)	(146,747)					
Balance as at 31 December 2021	17,925	170,085	3,710,327	9,385,220	1,972,154	97,249	531,453	15,884,413					
Depreciation and Impairment													
Balance as at 1 January 2021	-	56,622	738,759	4,507,453	1,573,284	107,977	373,460	7,357,555					
Depreciation	-	5,539	116,127	566,568	137,511	6,596	65,929	898,270					
On Disposals	-	-	-	(39,180)	(55,854)	(20,529)	(28,250)	(143,813)					
Balance as at 31 December 2021	-	62,161	854,886	5,034,841	1,654,941	94,044	411,139	8,112,012					
Written Down Value													
As at 31 December 2020	17,925	104,041	2,885,489	4,745,149	375,988	9,801	127,594	8,265,987					
As at 31 December 2021	17,925	107,924	2,855,441	4,350,379	317,213	3,205	120,314	7,772,401					

12.1.1. The cost of fully depreciated property, plant and equipment which are still in use as at 31 December 2021 is amounting to Rs. 3,456 Mn (2020 - Rs. 3,045 Mn).

12.1.2. The fair valuation of freehold land & building situated at No.440, T.B. Jayah Mawatha, Colombo 10 was determined based on a valuation performed on 05 October 2020 by Messer. KPMG Deal Advisory (Pvt) Ltd., (Certified by Mr. B. J. B. Kariyawasam, Independent Chartered Valuer). Market values and other details are given in the following table;

Property	Valuation Techniques	Extent	Rs. Mn	Significant Unobservable Inputs
Freehold Land	Market Approach	239 P	3,107	Price per perch Rs.13 Mn
Freehold Building (1 Building)	Cost Approach	50,038 sq. ft.	210	Price per sq. ft. Rs. 6,000

Description of Valuation Techniques

Market Approach

The selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property.

Cost Approach

The market value of a property is estimated as a function of the current cost to purchase or replace the property. Adjustments to new replacement cost are made to account for depreciation, to determine the market value of the property.

The market values have not been considered in the Financial Statements, in line with the Company's accounting policy; the said property is carried at cost.

There were no restrictions that existed on the title to the property, plant and equipment of the Company as at the reporting date.

Notes to the Financial Statements

12.2. Right-of-Use Assets

	Land	Buildings	Motor Vehicles	Total
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Cost				
Balance as at 1 January 2020	769	36,378	202,066	239,113
Additions	-	41,505	32,364	73,869
Disposals	-	(36,378)	(49,503)	(85,881)
Balance as at 31 December 2020	769	41,505	184,827	227,101
Depreciation				
Balance as at 1 January 2020	597	19,200	91,435	111,232
Charge for the Year	15	12,411	51,299	63,725
On Disposals	-	(29,305)	(49,503)	(78,808)
Balance as at 31 December 2020	612	2,306	93,231	96,149
Cost				
Balance as at 1 January 2021	769	41,505	184,827	227,101
Additions	-	-	24,756	24,756
Disposals	-	-	(19,280)	(19,280)
Balance as at 31 December 2021	769	41,505	190,303	232,577
Depreciation				
Balance as at 1 January 2021	612	2,306	93,231	96,149
Charge for the Year	15	13,835	61,266	75,116
On Disposals	-	-	(16,610)	(16,610)
Balance as at 31 December 2021	627	16,141	137,887	154,655
Written Down Value				
As at 31 December 2020	157	39,199	91,596	130,952
As at 31 December 2021	142	25,364	52,416	77,922

The leasehold land is for factory premises with a duration of fifty years.

The leasehold building is in relation to warehouse space with a duration of three years. Vehicle leases are for contract terms of two to five years.

These leases include an option to renew at mutually agreed terms and conditions after the end of the contract term.

13. Capital Work-In-Progress

	2021	2020
	Rs.'000s	Rs.'000s
Balance as at 1 January	523,837	377,235
Additions during the Year	481,217	342,305
Capitalised during the Year	(288,994)	(195,703)
Balance as at 31 December	716,060	523,837

14. Inventories

As at 31 December	2021	2020
	Rs.'000s	Rs.'000s
Raw and Packaging Materials	1,835,494	1,627,964
Finished Goods	2,324,331	1,806,538
Energy and Technical Materials	453,053	379,960
Work-In-Progress	182,847	75,527
Goods-In-Transit	1,358,953	1,057,806
	6,154,678	4,947,795

During 2021, Rs. 21.8 Mn (2020 - Rs. 11.6 Mn) was recognised under cost of sales for inventories where net realisable value is lower than its carrying value.

15. Trade and Other Receivables

As at 31 December	2021	2020
	Rs.'000s	Rs.'000s
Trade Receivables (Note 15.1)	1,881,834	1,797,703
Other Receivables - Current (Note 15.2)	306,138	248,134
	2,187,972	2,045,837

15.1. Trade Receivables

As at 31 December	2021	2020
	Rs.'000s	Rs.'000s
Trade Receivables	1,985,213	1,924,234
Less: Impairment of Trade Receivables (Note 15.1.1)	(103,379)	(126,531)
	1,881,834	1,797,703

15.1.1. Impairment of Trade Receivables

	2021	2020
	Rs.'000s	Rs.'000s
Balance as at 1 January	126,531	130,091
Net Charge/ (Reversal) for the Year	(19,952)	(3,560)
Write-off during the Year	(3,200)	-
Balance as at 31 December	103,379	126,531

Notes to the Financial Statements

15.2. Other Receivables

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Loans to Employees (Note 15.2.1)	369,401	394,277
Prepayments	171,737	117,233
Derivatives-Forward Exchange Contract	-	14,536
Others	86,761	71,115
	627,899	597,161
Current	306,138	248,134
Non-Current	321,761	349,027
	627,899	597,161

15.2.1. Loans to Employees

	2021 Rs.'000s	2020 Rs.'000s
Balance as at 1 January	394,277	411,477
Granted during the Year	108,682	144,468
Repaid during the Year	(133,558)	(161,668)
Balance as at 31 December	369,401	394,277

All employee loans are disbursed as per the Company policies.

16. Amounts due from Related Parties

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Nestlé Business Services AOA, Inc.	132	43
Nestlé India Ltd.	240,828	17,726
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	10,005	822
Nestlé R&D Center (Pte) Ltd.	446	1,528
Nestlé Singapore (Pte) Ltd.	-	182
Nestlé Enterprises S.A.	475,232	-
Nestlé USA, Inc.	995	16
Société des Produits Nestlé S.A.	3,019	-
Nestrad S.A.	142,423	420,015
	873,080	440,332

17. Cash and Cash Equivalents

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Balances with Banks	4,519,780	2,098,733
Short Term Deposits	2,492,093	409,179
Cash and Cash Equivalents in the Statement of Financial Position	7,011,873	2,507,912
Bank Overdrafts and Other Current Financial Liabilities [Excluding Short Term Lease Liabilities & Loan from Related Party] (Note 22.2)	(36,289)	(89,798)
Cash and Cash Equivalents in the Statement of Cash Flows	6,975,584	2,418,114

The Company has no restrictions on cash and cash equivalents from being exchanged or used to settle a liability for at least twelve months after the reporting period.

18. Stated Capital

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Ordinary Shares Issued and Fully-paid		
53,725,463 Ordinary Shares	537,255	537,255

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholders' meetings of the Company.

Notes to the Financial Statements

19. Retirement Benefit Obligations

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Present Value of Defined Benefit Obligations		
Pension Plan	525,520	587,010
Gratuity Plan	552,510	623,920
Total Present Value of the Defined Benefit Obligations (Note 19.1)	1,078,030	1,210,930
Total Fair Value of Plan Assets (Note 19.2)	(883,500)	(771,810)
Present Value of Net Retirement Benefit Obligations	194,530	439,120

Employees who joined prior to 2006 and who hold a minimum 10 years of service, are entitled to a lump sum pension upon retirement. In addition, there are 21 (2020 - 22) retired employees who are drawing a monthly pension under the old pension plan, which was discontinued in 2014.

The liability to retirement benefit obligation under the Payment of Gratuity Act No. 12 of 1983, is a defined benefit plan covering all permanent employees of the Company. With effect from 17 November 2021, the retirement age of employees is amended by the Minimum Retirement Age of Workers Act No. 28 of 2021 as follows;

As on 17 November 2021, Employees who have attained the Age of;	Retirement Age
Less than 52 years	60 years
53 years	59 years
54 years	58 years
55 years	57 years

The gratuity plan and pension plan is partially funded by a policy obtained from AIA Insurance Lanka Ltd.. The contributions to the fund by the Company are based on actuarial valuations carried out by AIA Insurance Lanka Ltd.. The Company expects to pay Rs. 131.8 Mn as contributions to its plan assets for the period ended 31 December 2022. Employees are not required to contribute to this fund.

The actuarial calculation is performed annually by a qualified actuary, M/s Willis Towers Watson India Private Limited, using the "Projected Unit Credit Method".

19.1. Movement in the Present Value of the Defined Benefit Obligations

	2021 Rs.'000s	2020 Rs.'000s
Balance as at 1 January	1,210,930	1,135,940
Current Service Cost	70,840	60,980
Past Service Credit	(69,600)	-
Interest Cost	93,690	115,260
Benefits Paid to the Employees	(103,860)	(214,520)
Remeasurements		
Actuarial Loss/ (Gain) - Experience Adjustments	21,040	(22,960)
Actuarial Loss/ (Gain) - Demographic Assumptions	26,960	-
Actuarial Loss/ (Gain) - Financial Assumptions	(171,970)	136,230
Balance as at 31 December	1,078,030	1,210,930

The weighted average duration of the defined benefit obligation at the end of the reporting period is as follows;
Pension Plan - 7 years (2020 : 7 years)
Gratuity Plan - 13 years (2020 : 13 years)

19.2. Movement in the Fair Value of Plan Assets

	2021 Rs.'000s	2020 Rs.'000s
Balance as at 1 January	771,810	767,000
Contributions by Employer	121,120	120,820
Benefits Reimbursed by the Plan	(87,690)	(198,860)
Interest Income	63,560	82,090
Return of Plan Assets Greater/ (Lesser) than Discount Rate (Excluding Interest Income)	14,700	760
Balance as at 31 December	883,500	771,810

19.3. The Expense Recognised in Statement of Profit or Loss

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Current Service Cost	70,840	60,980
Past Service Credit	(69,600)	-
Net Interest on Defined Benefit Obligation	30,130	33,170
	31,370	94,150

The retirement benefit plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021. The resulting change in the present value of defined benefit obligation was recognised in the Statement of Profit or Loss as a past service credit of Rs. 69.6 Mn.

Notes to the Financial Statements

19.4. Expected Benefit Payments to Employees

The Expected Benefit Payment for the Year Ending

The Expected Benefit Payment for the Year Ending;	Pension Rs.'000s	Gratuity Rs.'000s	Total Rs.'000s
31 December 2022	28,190	25,430	53,620
31 December 2023	29,510	27,440	56,950
31 December 2024	44,990	43,040	88,030
31 December 2025	96,690	98,290	194,980
31 December 2026	104,440	95,290	199,730
31 December 2027 to 2031	243,460	461,700	705,160

19.5. The Income/ (Expense) Recognised in Other Comprehensive Income, in relation to Retirement Benefit Obligation

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Actuarial Gain/ (Loss)	138,670	(112,510)
Deferred Tax Impact on Actuarial Gain/ (Loss)	(30,157)	31,503
Actuarial Gain/ (Loss) - Net of Tax	108,513	(81,007)

19.6. Actuarial Assumptions

Principal actuarial assumptions as at the reporting date:

	2021 Rs.'000s	2020 Rs.'000s
(1) Rate of Discount	11.0%	8.0%
(2) Future Salary Increase		
First 5 Years	9.0% to 12.0%	8.0% to 9.0%
Beyond 5 Years	9.0%	8.0%
(3) Future Pension Increase	7.0%	7.0%

Assumptions regarding future mortality are based on published statistics and mortality tables.

The assumption made for the expected rate of return on assets have been derived by considering the best estimate for the expected long-term real rates of return and return from the main asset classes.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, performance, promotions, grades and other relevant factors such as demand and supply in the employment market.

As defined benefit obligations are relatively long-term in nature, the actuarial assumptions take into account the requirements of the LKAS 19 coupled with a long-term view of the underlying variables/ trends, wherever required.

19.6.1. Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in the respective assumptions by 0.5%, holding other assumptions constant.

	2021		2020	
	+ 0.5% Rs.'000s	- 0.5% Rs.'000s	+ 0.5% Rs.'000s	- 0.5% Rs.'000s
Rate of Discount	(40,810)	43,440	(36,860)	39,030
Future Salary Increase	43,250	(38,480)	36,060	(34,440)
Future Pension Increase	5,070	(4,810)	5,290	(5,000)

	2021		2020	
	Scaled up by 1 year Rs.'000s	Scaled down by 1 year Rs.'000s	Scaled up by 1 year Rs.'000s	Scaled down by 1 year Rs.'000s
Mortality Rates	(5,950)	5,970	(4,410)	4,450

19.7. The Composition of Insurance Plan Asset

	2021	2020
Reporting Entity's Own Financial Instruments	Nil	Nil
Property Occupied by, or Other Assets Used by, the Reporting Entity	Nil	Nil

The Investment Portfolio of AIA Insurance Lanka Ltd. as at 31 December	2021	2020
Government Securities	71.3%	72.3%
Corporate Debt	27.5%	26.2%
Policyholder Loans	1.1%	1.4%
Equity	0.1%	0.1%
	100.0%	100.0%

Notes to the Financial Statements

20. Net Deferred Tax Liabilities

	2021 Rs.'000s	2020 Rs.'000s
Balance as at 1 January	1,036,119	997,439
Net Charge/ (Reversal) for the Year	58,520	38,680
Reversal due to Income Tax Rate Change	(370,043)	-
Balance as at 31 December	724,596	1,036,119

20.1. Deferred Taxes - Origination/ (Reversal) of Temporary Differences

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Recognised in Statement of Profit or Loss due to during the Year Transactions	27,953	71,820
Recognised in Statement of Profit or Loss due to Reduction in Tax Rate	(370,043)	-
	(342,090)	71,820
Recognised in Other Comprehensive Income during the Year Transactions	24,961	(33,140)
Recognised in Other Comprehensive Income due to Reduction in Tax Rate	5,606	-
	30,560	(33,140)
	(311,523)	38,680

Deferred taxes of the Company is computed at the rate of 18% (2020 - 28%).

20.2. Types of Temporary Differences and the related Tax Effect

As at 31 December	2021		2020	
	Temporary Difference Rs.'000s	Tax Effect Rs.'000s	Temporary Difference Rs.'000s	Tax Effect Rs.'000s
Property, Plant and Equipment	4,953,630	891,653	4,764,525	1,334,067
Retirement Benefit Obligations	(89,637)	(16,135)	(300,800)	(84,224)
Other Employee Benefits	(523,460)	(94,223)	(485,361)	(135,901)
Inventories, Receivables and Others	(314,997)	(56,699)	(277,939)	(77,823)
	4,025,536	724,596	3,700,425	1,036,119

21. Non-Current Provisions

	2021 Rs.'000s	2020 Rs.'000s
Balance as at 1 January	524,089	421,434
Provisions/ (Reversals)	522,107	102,655
Utilisation/ Settlement	(22,600)	-
Balance as at 31 December	1,023,596	524,089

Non-Current Provisions represent best estimates of the management made mainly for probable claims arising out of tax assessments which were issued against the Company for which appeals have been lodged against the tax authorities. The probability and the timing of the outflows with regard to these matters depend on the ultimate settlement/ conclusion with the relevant authority.

22. Financial Liabilities

As at 31 December	Interest Rate	Maturity	2021 Rs.'000s	2020 Rs.'000s
22.1. Non-Current Financial Liabilities				
Loan from Related Party (Note 22.1.1)	3 Months LIBOR+2.5%	Oct-24	5,386,500	-
Non-Current Lease Liabilities (Note 22.3)	9.0% - 14.0%	2022-2031	31,387	84,460
			5,417,887	84,460

22.1.1. The Company has obtained a USD denominated loan from Nestlé Treasury Center - Middle East and Africa Ltd. on 28 October 2021 amounting to Rs. 5,386.5 Mn (USD 26.6 Mn), in order to fund operational foreign currency requirements. The interest rate was priced on an arm's length basis and approved by the Related Party Transactions Review Committee. The Board of Directors of Nestlé Lanka PLC granted their approval for this transaction at a Board Meeting held on 22 September 2021.

The loan is subjected to foreign currency exposure/ fluctuations and is for a duration of three years.

22.2. Current Financial Liabilities

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Bank Overdrafts	481	1,801
Distributor Finance with Recourse to Company	35,808	87,997
Current Lease Liabilities (Note 22.3)	64,967	70,958
Loan from Related Party (Note 22.2.1)	-	1,893,000
	101,256	2,053,756

22.2.1. The Company had obtained a loan from the Nestlé Treasury Centre - Middle East and Africa Ltd. in May 2018, amounting to Rs. 1,893 Mn, to partially fund capital expenditure. The interest rate was priced on an arm's length basis and approved by the Related Party Transactions Review Committee meeting held on 22 February 2018.

The loan was free from foreign currency exposure/ fluctuations and was for a duration of three years. This was settled in May 2021.

Notes to the Financial Statements

22.3. Lease Liabilities

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Maturity Analysis - Contractual Undiscounted Amounts		
Not later than One Year	69,520	71,765
Later than One Year and not later than Five Years	30,386	91,218
Later than Five Years	7,284	9,105
	107,190	172,088
Discounted Amounts included in the Statement of Financial Position		
Current (Note 22.2)	64,967	70,958
Non-Current (Note 22.1)	31,387	84,460
	96,354	155,418

22.3.1. Amounts Recognised in Statement of Profit or Loss

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Interest on Lease Liabilities	11,395	13,656
Depreciation on Lease Assets	75,116	63,725
Expenses relating to Short - Term Leases	1,934	21,211
Expenses relating to Leases of Low Value Assets, excluding Short-Term Leases of Low Value Assets	7,874	8,194
	96,319	106,786

22.3.2. Amounts Recognised in Statement of Cash Flows

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Total Cash Outflow for Lease Liabilities	80,660	65,887

23. Trade and Other Payables

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Trade Payables	4,165,835	3,918,784
Customers' Credit Balances and Trade Accruals	726,021	936,735
Employee Related Payables	612,649	556,279
Supplier Payables Relating to Capital Expenditure	349,173	348,575
Derivatives - Forward Exchange Contract	4	11,674
Others	563,964	453,249
	6,417,646	6,225,296

24. Amounts due to Related Parties

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Nestlé Australia Ltd.	20,560	40,786
Nestlé France S.A.S.	827	1,065
Nestlé India Ltd.	34,336	41,902
Nestlé Nederland B.V.	309	-
Nestlé Operational Services Worldwide S.A.	-	2,052
Nestlé Philippines, Inc.	322	-
Nestlé Cote D'Ivoire	503	-
Nestlé Regional Service Centre (Malaysia) Sdn. Bhd.	-	740
Nestlé Singapore (Pte) Ltd.	310	-
Nestlé Suisse S.A.	481	384
Nestlé Treasury Centre - Middle East & Africa Ltd.	25,622	23,741
Nestlé USA Inc.	71	-
Nestlé Waters Marketing & Distribution S.A.S.	5,134	-
Nestrade S.A.	72,323	1,647,799
Nestlé Enterprises S.A.	1,664,469	-
Société des Produits Nestlé S.A.	163,198	134,618
	1,988,465	1,893,087

Notes to the Financial Statements

25. Related Party Disclosure

25.1. Transactions with Related Companies

25.1.1. Recurrent Related Party Transactions

Name of the Company	Relationship	Nature of Transaction	2021 Rs.'000s	2020 Rs.'000s
LOTTE-Nestlé (Korea) Co., Ltd.	Affiliate	Imports	-	(4,665)
Nestlé Asean (Malaysia) Sdn. Bhd.	Affiliate	Re-Export	-	(9,359)
		Exports	-	37,962
Nestlé Australia Ltd.	Affiliate	Imports/ Re-Export	-	(67,993)
		Services Received	(299,719)	(408,215)
Nestlé Bangladesh Ltd.	Affiliate	Recoveries	-	622
		Imports	-	(1,851)
Nestlé Brazil Ltda	Affiliate	Services Received	(52)	-
Nestlé Business Service AOA Inc.	Affiliate	Services Received	(334)	(2,510)
Nestlé Cameroun S.A.	Affiliate	Imports/ Re-Export	-	(1,109)
Nestlé Canada Inc.	Affiliate	Exports	-	9,531
Nestlé Deutschland AG	Affiliate	Recoveries	-	156
Nestlé Dominicana S.A.	Affiliate	Exports	-	3,163
Nestlé Dubai Manufacturing LLC	Affiliate	Imports	-	(4,930)
		Exports	1,473,675	-
Nestlé Enterprises S.A.	Affiliate	Imports	(5,034,502)	-
Nestlé France S.A.S.	Affiliate	Services Received	(12,928)	(9,107)
		Exports	1,018,135	417,236
		Imports	(33,399)	(20,623)
Nestlé India Ltd.	Affiliate	Services Received	(255,423)	(292,750)
		Recoveries/ (Reimbursement)	8,080	(375)
Nestlé Jamaica Limited	Affiliate	Exports	-	77,148
Nestlé Japan Limited	Affiliate	Exports	-	33,778
		Exports	-	45,614
		Imports/ Re-Export	-	(391,861)
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	Affiliate	Services Received	(5,790)	(2,955)
		Recoveries/ (Reimbursement)	7,538	-
		Exports	-	376,412
Nestlé Middle East FZE	Affiliate	Recoveries/ (Reimbursement)	54	3,637
Nestlé Middle East Manufacturing LLC	Affiliate	Recoveries	-	158
Nestlé Nederland B.V.	Affiliate	Imports	-	(13,700)
		Reimbursement	(309)	(2,853)
Nestlé Operational Services Worldwide S.A.	Affiliate	Services Received	(19,174)	(59,573)
		Recoveries	13,475	158

Name of the Company	Relationship	Nature of Transaction	2021 Rs.'000s	2020 Rs.'000s
Nestlé Pakistan Ltd.	Affiliate	Recoveries/ (Reimbursement)	(5,592)	-
Nestlé Panamá, S.A.	Affiliate	Exports	-	4,921
		Exports	-	188,668
Nestlé Philippines, Inc.	Affiliate	Imports	-	(831,339)
		Recoveries/ (Reimbursement)	(2,540)	17,042
Nestlé (PNG) Ltd.	Affiliate	Exports	-	28,706
Nestlé Products Sdn. Bhd.	Affiliate	Imports/ Re-Export	-	(34,246)
		Services Received	(11,124)	(6,563)
Nestlé R&D Center (Pte) Limited	Affiliate	Recoveries/ (Reimbursement)	-	671
Nestlé Regional Service Centre (Malaysia) Sdn. Bhd.	Affiliate	Reimbursement	-	(746)
Nestlé S.A.	Parent	Dividend Payment*	(2,683,656)	(2,317,703)
		PSUP & RSUP*	(55,202)	(92,623)
		Imports	-	(982,750)
Nestlé Singapore (Pte) Limited	Affiliate	Reimbursement	(310)	(446)
		Recoveries	-	155
		Exports	-	7,809
Nestlé Suisse S.A.	Affiliate	Imports	(478)	(24,025)
		Reimbursement	(152)	(203)
Nestlé Taiwan Limited	Affiliate	Exports	-	16,820
		Recoveries	-	156
		Exports	-	33,768
Nestlé (Thai) Limited	Affiliate	Imports/ Re-Export	-	(14,008)
		Recoveries/ (Reimbursement)	7,029	(63)
Nestlé Treasury Centre-Middle East & Africa Ltd.	Affiliate	Loan Interest	(94,131)	(202,078)
Nestlé Trinidad and Tobago Limited	Affiliate	Exports	-	60,404
		Recoveries	-	34,745
		Exports	-	46,101
Nestlé UK Limited	Affiliate	Imports	-	(4,037)
		Services Received	(2,401)	(7,171)
Nestlé USA, Inc.	Affiliate	Recoveries	4,166	-
		Exports	-	852
Nestlé Vietnam Ltd.	Affiliate	Imports/ Re-Export	-	(875)
Nestlé Waters Management	Affiliate	Services Received	(1,067)	(575)
Nestlé Waters Marketing & Distribution S.A.S.	Affiliate	Imports/ Re-Export	(13,332)	(7,089)

Notes to the Financial Statements

Name of the Company	Relationship	Nature of Transaction	2021 Rs.'000s	2020 Rs.'000s
Nestrade S.A.	Affiliate	Exports	1,981,142	1,920,450
		Imports	(1,391,837)	(2,503,054)
		Recoveries	19,280	18,326
		Services Rendered	33,961	34,113
		Services Received	(315,285)	(252,372)
P.T. Nestlé Indonesia	Affiliate	Reimbursement	-	(388)
		General Licence Fee	(1,933,643)	(1,829,335)
Société des Produits Nestlé S.A.	Affiliate	Recoveries	1,341	-
		Services Received	-	(4,028)
		Reimbursement	-	(2,577)

* Exempted related party transactions as per section 9.5 (b) and (c) of listing rules.

Aggregated value of the recurrent related party transactions (excluding exempted related party transactions) as a percentage of gross revenue is 29.8% (2020 - 28.5%).

Transactions with related parties are carried out in the ordinary course of the business and were made on terms equivalent to those that prevail in arm's length transactions.

25.1.2. Non-Recurrent Related Party Transactions

Name of the Company	Relationship	Nature of Transaction	2021 Value of Transaction			2020 Value of Transaction		
			Rs.'000s	As a % of		Rs.'000s	As a % of	
				Assets	Equity		Assets	Equity
Nestlé Cote D'Ivoire	Affiliate	Capital Expenditure	(503)	0.0	0.0	-	0.0	0.0
Nestlé Treasury Centre Middle East & Africa Ltd	Affiliate	Loan Receipt	5,373,200	21.4	63.7	-	0.0	0.0
		Loan Settlement	(1,893,000)	7.5	22.4	-	0.0	0.0
Nestrade S.A.	Affiliate	Capital Expenditure	-	0.0	0.0	(28,268)	0.1	0.5

Transactions with related parties are carried out in the ordinary course of the business and were made on terms equivalent to those that prevail in arm's length transactions.

25.2. Transactions with Key Management Personnel

Key management personnel include all the members of the Board of Directors of the Company having authority and responsibility for planning, directing and controlling the activities of the Company.

For the year ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Executive Directors' Emoluments		
Short-Term Employee Benefits	159,325	156,438
Share Based Payments	35,320	42,261
	194,645	198,699
Non-Executive Director's Fees	1,800	1,800
	196,445	200,499

25.3. Share-Based Payments (SBP)

The Company participates in the Nestlé Performance/ Restricted Stock Unit (PSU/ RSU) plan of Nestlé S.A. whereby selected employees are granted non-tradable stock units with the right to obtain Nestlé S.A. shares or cash equivalents. Performance/ Restricted stock units that are granted to employees are vested subject to certain conditions, after completion of three years. Upon vesting, Nestlé S.A. determines whether shares, free of charge or cash equivalent to the value of shares, are to be transferred to employees. The Company has to pay Nestlé S.A. an amount equivalent to the value of Nestlé S.A. shares on the date of vesting, delivered to the employee. Accruals are made based on estimates, including the Nestlé S.A. share price, and the period end exchange rate over the vesting period of three years.

For the Year Ended 31 December	2021 Rs.'000s	2020 Rs.'000s
Number of Shares Granted during the Year	3,006	2,467
Fair Value of Shares Granted during the Year	85,606	55,827
Total Expense Recognised in Statement of Profit or Loss	70,691	80,696
Carrying Amount as at the Reporting Date	124,336	108,848

There are no Related Party Transactions other than those disclosed in Notes 16, 22, 24 and 25.

26. Financial Risk Management

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyse the risks faced by the Company, set appropriate risk limits, and to control and monitor risks to ensure adherence.

Notes to the Financial Statements

(a) Credit Risk -

Credit risk arises when the counterparty may fail to perform its obligation. The risk in this regard arises from trade and other receivables, which are subject to credit limits and control and approval procedures to minimise the extent of the Company's financial exposure. Bank guarantees are obtained where possible to minimise the risk further.

The Company limits its exposure to credit risk by investing only with counterparties that have an existing business relationship at a global level with Nestlé Group. For all short-term investments, credit rating of the counterparty should be "Investment Grade", as rated by an independent rating agency.

The carrying amount of financial assets excluding short term investments with banks represents the maximum credit exposure, which at the reporting date is as;

As at 31 December	2021 Rs.'000s	2020 Rs.'000s
Trade Receivables	1,881,834	1,797,703
Loans to Employees	369,401	394,277
Amount due from Related Parties	873,080	440,332
Other Non-Trade Receivables	86,761	71,115
	3,211,076	2,703,427
The Ageing of Trade Receivables as at the reporting date were as:		
Not past due	1,757,182	1,489,596
Past due 1 - 30 Days	160,685	322,091
Past due 31 - 60 Days	1,636	37,873
Past due 61 - 90 Days	2,683	10,108
Past due 91 - 120 Days	6,909	6,239
Past due more than 120 Days	56,118	58,327
Impairment of Trade Receivables	(103,379)	(126,531)
	1,881,834	1,797,703

(b) Liquidity risk -

Liquidity risk arises when the Company encounters difficulties to meet commitments associated with liabilities and other payment obligations. In the management of liquidity risk the Company monitors and maintains sufficient backup lines to finance Company's operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through short-term and long-term borrowings.

The Contractual Maturities of Financial Liabilities are as follows;

As at 31 December	2021			2020		
	Less than 6 Months Rs.'000s	6 - 12 Months Rs.'000s	1 - 5 Years Rs.'000s	Less than 6 Months Rs.'000s	6 - 12 Months Rs.'000s	1 - 5 Years Rs.'000s
	Trade and Other Payables*	6,292,151	-	-	6,137,502	-
Amounts due to Related Parties	1,988,465	-	-	1,893,087	-	-
Loan from Related Party	-	-	5,386,500	1,893,000	-	-
Other Current Financial Liabilities (Excluding Lease Liabilities)	36,289	-	-	89,798	-	-
	8,316,905	-	5,386,500	10,013,387	-	-

*Excluding Statutory Liabilities, which are payable as per due dates.

(c) Market Risk -

The Company is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

The Company's objective is to manage the interest rate risk to minimise the adverse effects of fluctuating interest rates.

The Company is exposed to currency risk on sales, purchases and loans that are denominated in foreign currencies, primarily the US Dollar (USD), Singapore Dollar (SGD), Australian Dollar (AUD), Euro (EUR) and Swiss Franc (CHF).

The exposures are managed within a prudent and systematic hedging policy in accordance with the Company policy and prevailing banking regulations.

The Company's objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return and/ or cost.

Notes to the Financial Statements

Exposure to Currency Risk

The Company's exposure to currency risk as at the reporting date can be summarised as follows;

As at 31 Dec 2021	Rs.'000s				
	USD	EUR	SGD	AUD	CHF
Receivables	1,229,710	-	-	-	-
Payables	(7,404,121)*	(222)	871	(20,560)	(20,860)
Net Financial Position	(6,174,411)	(222)	871	(20,560)	(20,860)
As at 31 December 2020					
Receivables	681,034	-	-	-	-
Payables	(2,125,753)	(111,653)	(2,177)	(45,799)	(20,010)
Net Financial Position	(1,444,719)	(111,653)	(2,177)	(45,799)	(20,010)

*Payables of Rs. 7.4 Bn includes the USD denominated foreign currency loan received from Nestlé Treasury Centre Middle East & Africa Ltd., amounting to Rs. 5.4 Bn (USD 26.6 Mn).

The following significant exchange rates are applied:

As at	31 Dec 2021	31 Dec 2020
USD	202.50	185.25
EUR	228.95	227.82
SGD	149.97	140.23
AUD	147.02	142.82
CHF	221.42	210.31

Sensitivity Analysis

Strengthening/ weakening of the USD/ EUR/ SGD/ AUD/ CHF against the LKR (Lankan Rupee) would affect the measurement of the financial instruments denominated in foreign currencies, and the increase/ decrease of profit or loss by the amount shown below.

	As at 31 December 2021		As at 31 December 2020	
	Strengthening Profit or Loss	Weakening Profit or Loss	Strengthening Profit or Loss	Weakening Profit or Loss
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
USD (1% movement)	(61,744)	61,744	(14,447)	14,447
EUR (1% movement)	(2)	2	(1,117)	1,117
SGD (1% movement)	9	(9)	(22)	22
AUD (1% movement)	(206)	206	(458)	458
CHF (1% movement)	(209)	209	(200)	200

Capital Risk Management

The Company's capital management is driven by the impact on shareholders of the level of total capital employed. It is the Company's policy to maintain a sound capital base to support the continued development of its business.

The Board of Directors seeks to maintain a prudent balance between the components of the Company's capital and monitors the capital structure and the net financial liabilities, in line with changes in global and local economic and market conditions.

The gearing ratio (Financial Liabilities/ (Financial Liabilities + Equity)) of the Company is 40% as at 31 December 2021 (2020 : 26%).

27. Derivative Assets and Liabilities and Hedge Accounting

Derivative Financial Instruments

Company's derivatives mainly consist of currency forwards. Derivatives are mainly used to manage the fluctuations of foreign currency exchange rates as described in Note 26 (c), Market Risk.

Derivatives are initially recognised at fair value. They are subsequently re-measured at fair value at each reporting date, with all their gains and losses, realized and unrealized, recognised in the Statement of Profit or Loss and Other Comprehensive Income unless they are in a qualifying hedging relationship.

Hedge Accounting

The Company designates and documents the use of certain derivatives as hedging instruments against changes in fair values of recognised assets and liabilities (fair value hedges) and highly probable forecasted transactions (cash flow hedges). The effectiveness of such hedges is assessed at inception and verified at least on a quarterly basis to ensure that an economic relationship exists between the hedged item and the hedging instrument.

Fair Value Hedges

The Company uses fair value hedges to mitigate foreign currency risk of its recognised assets and liabilities. Changes in fair values of hedging instruments designated as fair value hedges are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Cash Flow Hedges

The Company uses cash flow hedges to mitigate foreign currency risks of highly probable forecasted transactions such as anticipated future export sales proceeds and payments for purchases of goods.

The effective part of changes in fair value of hedging instruments is recognised in the Other Comprehensive Income, while any ineffective part is recognised in the Statement of Profit or Loss. Ineffectiveness of hedges of foreign currency may result from changes in the timing of the forecasted transactions than was originally foreseen.

Notes to the Financial Statements

Derivatives by Hedged Risks

As at 31 December	2021 Rs.'000s			2020 Rs.'000s		
	Contractual or Notional Amounts	Fair Value Assets	Fair Value Liabilities	Contractual or Notional Amounts	Fair Value Assets	Fair Value Liabilities
Fair Value Hedges						
Foreign Currency Risk	-	-	-	-	-	-
Cash Flow Hedges						
Foreign Currency Risk	2,449	-	4	1,592,937	14,536	11,674

28. Fair Value Measurement

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. When measuring fair value of an asset or liability, the Company uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 : Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs that are not based on observable market data (unobservable inputs).

All Company derivative assets and liabilities are categorised as level 2 in the fair value hierarchy (2020 - level 2).

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value, as these are short-term in nature.

Trade and Other Receivables and Amounts due from Related Parties

Trade and other receivables and amount due from related parties are expected to be settled within one year of the reporting date, hence the discounting impact would be immaterial. Therefore the carrying amount approximates the fair value as at the reporting date.

Trade and Other Payables and Amounts due to Related Parties

Trade and other payables and amounts due to related parties are expected to be settled within one year of the reporting date, hence the discounting impact would be immaterial. Therefore the carrying amount approximates the fair value as at the reporting date.

Loan from Related Party

USD denominated loan from the related party which is expected to be settled in three years, is measured at amortised cost and revalued at the exchange rate as at the reporting date. Therefore the carrying amount approximates the fair value as at the reporting date.

Accounting Classifications and Fair Values

The following table shows the carrying amount and the fair value of financial assets and liabilities, including their values in the fair value hierarchy. It does not include the fair value information for financial assets and liabilities not measured at fair value, if the carrying amount is a reasonable approximation of fair value.

As at 31 December	Fair Value - Hedging Instruments	
	2021 Rs.'000s	2020 Rs.'000s
Financial Assets		
Derivative - Forward Exchange Contract	-	14,536
	-	14,536
Financial Liabilities		
Derivative - Forward Exchange Contract	4	11,674
	4	11,674

29. Commitments

Capital Commitments - The capital commitment for the year 2021, which has been approved and contracted for, is Rs. 732 Mn (2020 - Rs. 88 Mn).

30. Contingent Liabilities

There are no material contingent liabilities as at 31 December 2021.

Income Tax Assessments up to 2020 amounting to Rs. 302 Mn, were issued against the Company for which appeals have been lodged with appropriate tax authorities. This was identified as a contingent liability as at 31 December 2020. In 2021, provisions have been made as detailed in Note 21.

31. Events Occurring After the Reporting Date

There were no material events occurring after the reporting date that require adjustment or disclosure in the financial statements, other than the following;

- An interim dividend of Rs. 20.00 per share amounting to Rs.1,074,509,260.00 was approved on 18 February 2022 by the Board of Directors and will be paid on 09 March 2022 for shareholders via bank transfers and on 23 March 2022 via cheques.
- The Board of Directors has proposed a final dividend of Rs. 35.00 per share amounting to Rs.1,880,391,205.00 for the year ended 31 December 2021, subject to approval by the Shareholders at the upcoming Annual General Meeting of the Company.

Further, the Government of Sri Lanka in its Budget for 2022 has proposed a one-time tax, referred to as a surcharge tax of 25% to be imposed on companies that have earned a taxable income in excess of Rs. 2.0 Bn for the year of assessment 2020/2021. The proposed tax should be deemed an expenditure in the Financial Statements relating to the year of assessment 2020/2021.

The Bill introducing the proposed tax was published after the reporting period and it has not been placed on the Order Paper of the Parliament for its first reading before the date these Financial Statements were authorised for issue. The proposed tax has not been substantively enacted by the end of the reporting period. Therefore, the Financial Statements have not been adjusted to reflect the consequences of this proposal.

Except for above, there are no material events occurring after the reporting date that require a disclosure or an adjustment to the Financial Statements.

32. Comparative Information

Comparative information has been reclassified where necessary to conform to the current year's presentation.



Good For My Planet

Tackling Plastic Pollution

Committed to doing good for the planet, we accelerated our journey to tackle plastic waste pollution in Sri Lanka. With our bold ambition of ensuring 100% of our packaging is recyclable or reusable by 2025, we actioned several green initiatives last year. We are proud to say that Nestlé MILO became the 1st Ready-To-Drink beverage in Sri Lanka to switch to paper straws, making its packaging 100% recyclable. In line with this launch, we helped set up the first recycling plant for aseptic beverage cartons in Sri Lanka and helped strengthen waste collection infrastructure.

Good For My Planet

Stewarding resources for future generations

We have committed to reducing our greenhouse gas emissions by 20% by 2025, 50% by 2030, and achieving net zero emissions across the value chain by 2050. We're proud to say that, while increasing our production volumes, we have been consistently minimizing harmful emissions and our use of natural resources. Last year, we also committed to a journey toward regeneration; to help protect, renew, and restore food systems at scale. Towards this end, we are closely working with all our stakeholders across the value chain, to support them in adopting more sustainable practices from farm to end-of-shelf life of our products.



Ten Year Summary

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s	Rs.'000s
Statement of Comprehensive Income										
Revenue	28,571,488	30,913,413	32,902,885	34,702,511	36,461,695	37,601,472	37,336,943	36,355,084	37,866,215	45,420,119
Profit from Operating Activities	3,669,827	4,135,318	4,759,093	5,417,773	5,722,715	4,887,982	5,147,381	4,088,871	4,496,906	6,263,247
Profit Before Tax	3,467,713	4,083,211	4,765,797	5,425,507	5,712,078	4,734,672	4,941,457	3,769,894	4,263,921	6,146,647
Taxation	(529,146)	(766,466)	(978,904)	(1,301,183)	(1,313,316)	(1,098,831)	(1,455,656)	(1,203,911)	(1,317,038)	(817,497)
Profit After Tax	2,938,567	3,316,745	3,786,893	4,124,324	4,398,762	3,635,841	3,485,801	2,565,983	2,946,883	5,329,150
Retained Profits Brought Forward	265,014	302,612	395,829	502,528	523,195	623,919	1,573,486	2,359,625	2,373,649	2,480,099
Super Gain Tax	-	-	-	(638,365)	-	-	-	-	-	-
Impact of Changes in Accounting Policies	-	-	-	-	-	-	(13,388)	-	-	-
Unclaimed Dividend Written Back	-	-	-	-	-	-	-	-	114,467	17,053
Profit available for Distribution	3,203,581	3,619,357	4,182,722	3,988,487	4,921,957	4,259,760	5,045,899	4,925,608	5,434,999	7,826,302
Interim Dividend*	(1,611,765)	(1,719,215)	(2,175,881)	(1,853,528)	(2,149,019)	(1,343,137)	(1,343,137)	(1,611,764)	(1,880,391)	(1,074,509)
Final Dividend*	(1,289,204)	(1,504,313)	(1,504,313)	(1,611,764)	(2,149,019)	(1,343,137)	(1,343,137)	(940,195)	(1,074,509)	(1,880,391)
Net Retained Profits	302,612	395,829	502,528	523,195	623,919	1,573,486	2,359,625	2,373,649	2,480,099	4,871,402
* Dividend includes proposed dividend										
Statement of Financial Position										
Stated Capital	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255
Retained Earnings and Reserves	3,231,768	3,678,403	3,550,673	3,984,381	4,931,931	4,263,780	5,097,901	4,972,354	5,396,528	7,897,398
Non-Current Liabilities	794,419	929,020	1,155,712	1,221,692	1,302,144	1,495,708	3,688,838	3,771,842	2,083,788	7,360,609
	4,563,442	5,144,678	5,243,640	5,743,328	6,771,330	6,296,743	9,323,994	9,281,451	8,017,571	15,795,262
Represented by:										
Non-Current Assets	4,904,153	4,810,141	5,414,937	5,621,039	6,409,376	8,170,221	10,237,243	9,755,655	9,269,803	8,888,144
Net Current Assets:										
Current Assets	3,739,135	5,719,972	5,394,992	6,501,008	6,985,874	7,406,314	7,421,563	7,114,904	9,941,876	16,227,603
Less: Current Liabilities	(4,079,847)	(5,385,435)	(5,566,289)	(6,378,719)	(6,623,920)	(9,279,792)	(8,334,812)	(7,589,108)	(11,194,108)	(9,320,485)
	(340,712)	334,537	(171,297)	122,289	361,954	(1,873,478)	(913,249)	(474,204)	(1,252,232)	6,907,118
	4,563,441	5,144,678	5,243,640	5,743,328	6,771,330	6,296,743	9,323,994	9,281,451	8,017,571	15,795,262
Represented by:										
Average Market Price per Share (Rs.)	1,154.07	1,978.75	2,061.74	2,149.77	2,144.11	1,913.32	1,726.03	1,464.32	1,046.61	1,206.65
Earnings per Share (Rs.)	54.70	61.74	70.49	76.77	81.87	67.67	64.88	47.76	54.85	99.19
Dividend per Share (Rs.)	54.00	60.00	68.50	64.50	80.00	50.00	50.00	47.50	55.00	55.00
Dividend Paid/ Proposed (Rs. 000s)	2,901,175	3,223,528	3,680,194	3,465,292	4,298,037	2,686,273	2,686,273	2,551,959	2,954,900	2,954,900

Share Information

Analysis of shareholders according to the number of shares held as at 31 December;

Number of Shares Held	2021 Resident			2020 Resident		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	5,397	710,305	1.32	5,206	683,166	1.26
1,001 - 10,000	385	1,001,760	1.87	374	954,454	1.78
10,001 - 100,000	40	1,036,677	1.93	42	1,086,657	2.02
100,001 - 1,000,000	2	414,282	0.77	1	264,404	0.49
Over 1,000,000	-	-	-	-	-	-
	5,824	3,163,024	5.89	5,623	2,988,681	5.55

Number of Shares Held	2021 Non-Resident			2020 Non-Resident		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	54	13,539	0.03	55	13,440	0.03
1,001 - 10,000	22	103,236	0.19	23	101,139	0.19
10,001 - 100,000	7	269,966	0.50	6	218,324	0.41
100,001 - 1,000,000	5	775,464	1.44	7	1,610,133	3.00
Over 1,000,000	1	49,400,234	91.95	1	48,793,746	90.82
	89	50,562,439	94.11	92	50,736,782	94.45

Number of Shares Held	2021 Total			2020 Total		
	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 - 1,000	5,451	723,844	1.35	5,261	696,606	1.29
1,001 - 10,000	407	1,104,996	2.06	397	1,055,593	1.97
10,001 - 100,000	47	1,306,643	2.43	48	1,304,981	2.43
100,001 - 1,000,000	7	1,189,746	2.21	8	1,874,537	3.49
Over 1,000,000	1	49,400,234	91.95	1	48,793,746	90.82
	5,913	53,725,463	100.00	5,715	53,725,463	100.00

Categories of Shareholders	2021 Total		2020 Total	
	Number of Shareholders	Number of Shares	Number of Shareholders	Number of Shares
Individual	5,714	2,361,600	5,545	2,351,766
Institutional	199	51,363,863	170	51,373,697
Total	5,913	53,725,463	5,715	53,725,463

Share Information

Market Prices Per Share	2021 (Rs.)		2020 (Rs.)	
	Highest	29 June	1,650.00	10 December
Lowest	4 May	950.00	12 May	985.00
31 December		1,215.50		1,275.00
Public Holding as at 31 December		8.05%		9.18%
Number of Shareholders Represented by the Public Holding		5,911		5,713

The Directors of the company hold no shares in the Company except for Mr. Mahendra Dayananda, who holds 1,000 shares as at period closing (previous year end 1,000 shares).

Float Adjusted Market Capitalisation as at 31 December 2021 : Rs. 5,265,916 (Rs.'000) As the float adjusted market capitalisation is over Rs. 5 Bn, Nestlé Lanka PLC complies under option 3 of Rule 7.14.1 (a) of Listing Rules.

No.	Names	2021	%	2020	%
1	Nestlé S.A.	49,400,234	91.95	48,793,746	90.82
2	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49	264,404	0.49
3	Miss. N. Harnam Neesha Joint Mrs. J.K.P. Singh Jasbinderjit Kaur Piara	200,000	0.37	200,000	0.37
4	Deutsche Bank AG Singapore A/C 2 (DCS CLT Acc For Deutsche Bank AG Singapore - PWM WM Client)	154,297	0.29	155,600	0.29
5	Seylan Bank Plc / W.D.N.H. Perera	149,878	0.28	-	-
6	SSBT-AI Mehwar Commercial Investments L.L.C	144,758	0.27	144,758	0.27
7	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	141,342	0.26	241,342	0.45
8	BPSS SIN-BNP Paribas Arbitrage S.N.C.	135,067	0.25	-	-
9	Employee'S Provident Fund	100,000	0.19	100,000	0.19
10	Ceylon Investment PLC A/C 2	85,000	0.16	-	-
11	BNYH RE-GHI Holdings Maruitius	75,000	0.14	75,000	0.14
12	Mrs. J.K.P. Singh Jasbinderjit Kaur Piara	74,661	0.14	72,194	0.13
13	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	61,980	0.12	125,396	0.23
14	Ceylon Guardian Investment Trust PLC A/C 2	60,400	0.11	-	-
15	Mr. H.M. Udeshi Harin Moraji	60,000	0.11	-	-
16	Colombo Investment Trust PLC	50,904	0.09	50,904	0.09
17	Fairfirst Insurance Limited - Technical Reserve	50,000	0.09	-	-
18	Mr. M.M. Udeshi Morarji Meghji Joint Mrs. A.A. Merchant Asha Ajay	45,000	0.08	45,000	0.08
19	Mr. A.K.L. Hirdaramani Anil Kumar Lalchand	42,500	0.08	42,500	0.08
20	Miss. M.P. Radhakrishnan Meenambigai Priyadarshini	36,667	0.07	36,667	0.07

Corporate Information

Name of Company	: Nestlé Lanka PLC
Registered Office and Head Office	: 440, T. B. Jayah Mawatha, Colombo 10, Sri Lanka Tel: (+94 11) 2 696 304, 2 697 821, 2 699 991 Fax: (+94 11) 2 699 437 E-mail: info.srilanka@lk.nestle.com Website: www.nestle.lk
Legal Form	: A public quoted Company with limited liability, incorporated in Sri Lanka on 29 January 1981 and listed on Colombo Stock Exchange.
Company Registration Number	: PQ20
Company Secretary	: Keerthi Pathiraja
Nestlé Lanka PLC Certifications	: FSSC 22000 version 5.1. (Food Safety System Certification) ISO 9001:2015 (Quality Management System) ISO 14001:2015 (Environmental Management Systems) ISO 45001:2018 (Occupational Health and Safety Management System) SLS Certification for <i>Nestomalt</i> Malted Food, <i>Ceregrow</i> and <i>Cerelac</i> Cereal Based Foods for infants and young children, <i>Milkmaid</i> Sweetened Condensed Milk, <i>Nespray</i> Nutri-Up and <i>Nescafé</i> Ice Coffee Flavoured Milks, <i>Maggi</i> Coconut Milk Powder and our entire <i>Maggi</i> noodle range. SLS 1672:2020 COVID-19 Safety Management System Halal Certification, Kosher Certification, Organic Certification
Environmental Protection Licence No	: 345/2020 R18
Registrars	: SSP Corporate Services (Pvt) Ltd. 101, Inner Flower Road, Colombo 3, Sri Lanka Tel : 011 2 573 894, 2 576 871
Legal Advisors	: Keerthi Pathiraja, Attorney-at-Law D. L. & F. De Saram (Attorneys-at-Law) Julius & Creasy (Attorneys-at-Law) Nithya Partners (Attorneys-at-Law)
Auditors	: Ernst & Young (Chartered Accountants)
Bankers	: Citibank, N.A. Commercial Bank Hatton National Bank The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank
Financial Year	: 1 January to 31 December

Notice of Meeting

Notice is hereby given that the forty first (41st) Annual General Meeting of Nestlé Lanka PLC will be held at Committee Room B (Lotus) of the Bandaranaike Memorial International Conference Hall (BMICH) Baudhaloka Mawatha, Colombo 07 on Thursday 9 June 2022, at 10.00 a.m for the following purposes:

- To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, Independent Auditors' Report and the financial statements for the year ended 31 December 2021.
- To approve a final dividend of Rs. 35.00 for the year ended 31 December 2021 as recommended by the Board of Directors.
- To re-elect as Managing Director Mr. Jason Avanceña, in terms of Article 64 of the Articles of Association.
- To re-elect as Director Mrs. Kumudu Dias, in terms of Article 64 of the Articles of Association.
- To re-elect as Director Mr. Mohamed Reyaz Mihular, in terms of Article 64 of the Articles of Association.
- To re-elect as Director Mr. David Steven McDaniel, in terms of Article 56, 57 and 58 of the Articles of Association.
- To re-elect as Director Mr. Mahen Dayananda, who is over the age of 70 years, and retires at the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 07 of 2007, by passing the following ordinary resolution in terms of Section 211 of the Companies Act No. 07 of 2007.

"Resolved that Mr. Mahen Dayananda, who is 75 years of age, be and is hereby re- elected as a Director of the Company. It is hereby resolved and declared that the age limit of 70 years, referred to in Section 210 of the Companies Act No. 7 of 2007, shall not apply to the said Director."
- To reappoint the Auditors M/s. Ernst & Young and to authorize the Directors to determine their remuneration.

By Order of the Board.
NESTLÉ LANKA PLC.



Keerthi Pathiraja
Company Secretary

23 March 2022

Form of Proxy

Nestlé Lanka PLC

I / We.....of

..... being a member / members of the above named Company, hereby appoint Mr. Suresh Narayanan (whom failing), Mr. Jason Avanceña (whom failing), Mrs. Kumudu Dias (whom failing), Mr. David Steven McDaniel (whom failing), Mr. Mahen Dayananda (whom failing), Mr. Ranjan Seevaratnam (whom failing), Mr. Dian Gomes (whom failing), Mr. Mohamed Reyaz Mihular or as my / our proxy to represent me/us and vote for me/us on my/our behalf at the Forty first (41st) Annual General Meeting of Nestlé Lanka PLC, to be held on Thursday, 9 June 2022, at 10.00 a.m. or at any adjournment thereof

Agenda / Resolution		For	Against
1.	To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, Independent Auditors' Report and the financial statements for the year ended 31 December 2021.		
2.	To approve a Final Dividend for the year ended 31 December 2021 as recommended by the Directors.		
3.	To re-elect as Managing Director Mr. Jason Avanceña, in terms of Article 64 of the Articles of Association		
4.	To re-elect as Director Mrs. Kumudu Dias, in terms of Article 64 of the Articles of Association.		
5.	To re-elect as Director Mr. Mohamed Reyaz Mihular, in terms of Article 64 of the Articles of Association.		
6.	To re-elect as Director Mr. David Steven McDaniel, in terms of Article 56, 57 and 58 of the Articles of Association		
7.	To re-elect as Director Mr. Mahen Dayananda, who is over the age of 70 years, and retires at the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 07 of 2007, by passing the following ordinary resolution in terms of Section 211 of the Companies Act No. 07 of 2007. "Resolved that Mr. Mahen Dayananda, who is 75 years of age, be and is hereby re- elected as a Director of the Company. It is hereby resolved and declared that the age limit of 70 years, referred to in Section 210 of the Companies Act No. 7 of 2007, shall not apply to the said Director."		
8.	To reappoint the Auditors M/s. Ernst & Young and to authorize the Directors to determine their remuneration		

Signed on this day of 2022

Form of Proxy

Instructions as to the completion

1. Kindly perfect the form of proxy legibly by filling in your full name and address in the spaces provided, along with the date and your signature.
2. If the proxy form is signed by an Attorney, the related Power of Attorney should also accompany the completed form of proxy for registration, if it has not been already registered with the Company.
3. If the Shareholder is a Company or Corporate Body, the proxy form should be executed under its common seal in accordance with its Articles of Association or Constitution.
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his appointor.
5. The completed form of proxy should be sent via e-mail to keerthi.pathiraja@lk.nestle.com, or by post to the registered address of the Company at No. 440, T. B. Jayah Mawatha, Colombo 10, not less than 48 hours before the time appointed for holding of the Annual General Meeting.

Attendance Form & Instructions

Attendance Form

Full name of shareholder:	:
Folio No.	:
NIC No./Passport No./Company Registration No.	:
No. of shares	:
Contact No./Email address	:
Signature/Date	:

Instructions

1. Shareholders are requested to bring this attendance form to the Forty First (41st) Annual General Meeting of Nestlé Lanka PLC to be held at the "Committee Room B (Lotus)", of the Bandaranaike Memorial International Conference Hall (BMICH), Baudhaloka Mawatha, Colombo 07, on Thursday, 09 June 2022, at 10.00 am.
2. In the interest of protecting public health and safety, every participant to this meeting is required to follow the health guidelines and adhere to all health and safety requirement while being at the premises of BMICH.
3. In meeting the social distance requirements, we are compelled to limit the number of participants at the meeting hall to a maximum of 250 on a first come first serve basis.



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