



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
30 September 2022



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 30 September	Quarter Performance (Unaudited)			Year to date Performance (Unaudited)		
	Q3 2021	Q3 2022	%	2021	2022	%
	Rs. '000s	Rs. '000s	Change	Rs. '000s	Rs. '000s	Change
Revenue	11,352,889	21,284,131	87.5	32,916,272	54,375,415	65.2
Cost of Sales	(7,614,054)	(14,397,691)	89.1	(22,055,648)	(35,755,941)	62.1
Gross Profit	3,738,835	6,886,440	84.2	10,860,624	18,619,474	71.4
Other Operating Income/ (Expenses)	24,552	(144,216)	-687.4	(21,906)	(744,147)	3297.0
Marketing, Selling and Distribution Expenses	(1,283,168)	(2,000,405)	55.9	(4,185,201)	(5,319,174)	27.1
Administrative Expenses	(614,271)	(885,565)	44.2	(1,877,321)	(2,421,968)	29.0
Results from Operating Activities	1,865,948	3,856,254	106.7	4,776,196	10,134,185	112.2
Net Finance Expense	(24,366)	(186,442)	665.2	(118,544)	(4,206,490)	3448.5
Profit before Taxation	1,841,582	3,669,812	99.3	4,657,652	5,927,695	27.3
Income Tax Expense	(326,180)	(528,719)	62.1	(556,326)	(831,586)	49.5
Profit for the Period	1,515,402	3,141,093	107.3	4,101,326	5,096,109	24.3
Other Comprehensive Income - Net of Tax						
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	-	-	-	(9,100)	-	-100.0
Gain/ (Loss) on Cash Flow Hedges	-	-	-	1,054	-	-100.0
Total Comprehensive Income - Net of Tax	1,515,402	3,141,093	107.3	4,093,280	5,096,109	24.5
Basic Earnings Per Share (EPS.) Rs.	28.21	58.47		76.34	94.85	

Figures in brackets indicate deductions.

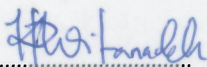
Kumudu Dias
Director Finance & Control

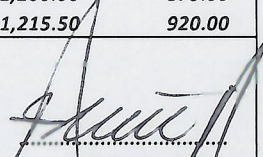
Joselito Avancena
Managing Director

31 October 2022

**NESTLÉ LANKA PLC****STATEMENT OF FINANCIAL POSITION**

As at :	31.12.2021	30.09.2022
	Rs. '000s	Rs. '000s
	Audited	Unaudited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,850,323	7,819,046
Capital Work-In-Progress	716,060	583,907
Other Non-Current Assets	321,761	284,091
Deferred Tax Assets	-	167,561
	<u>8,888,144</u>	<u>8,854,605</u>
Current Assets		
Inventories	6,154,678	14,771,249
Trade and Other Receivables	2,187,972	5,473,047
Amount Due from Related Parties	873,080	1,506,018
Cash and Cash Equivalents	7,011,873	19,977,689
	<u>16,227,603</u>	<u>41,728,003</u>
Total Assets	<u>25,115,747</u>	<u>50,582,608</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	7,897,398	9,064,808
	<u>8,434,653</u>	<u>9,602,063</u>
Non-Current Liabilities		
Retirement Benefit Obligations	194,530	239,935
Deferred Tax Liabilities	724,596	-
Non-Current Provisions	1,023,596	912,553
Non-Current Financial Liabilities	5,417,887	14,114,829
	<u>7,360,609</u>	<u>15,267,317</u>
Current Liabilities		
Trade and Other Payables	6,417,646	11,988,323
Amount Due to Related Parties	1,988,465	9,073,636
Current Tax Payable	728,365	1,725,429
Dividend Payable	84,753	2,794,210
Current Financial Liabilities	101,256	131,630
	<u>9,320,485</u>	<u>25,713,228</u>
Total Liabilities	<u>16,681,094</u>	<u>40,980,545</u>
Total Equity and Liabilities	<u>25,115,747</u>	<u>50,582,608</u>
As at (Rs.) :		
	<u>31.12.2021</u>	<u>30.09.2022</u>
Net asset value per share	157.00	178.72
Market value per share during the quarter		
- Highest	1,330.00	989.75
- Lowest	1,200.00	875.00
- Last traded price (Date 31/12/2021, 30/09/2022)	1,215.50	920.00


Kumudu Dias
Director Finance & Control


Joselito Avanteza
Managing Director

31 October 2022



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 30 September</i>	2021 Rs. '000s	2022 Rs. '000s
Cash Flows from Operating Activities		
Profit before Taxation	4,657,652	5,927,695
Adjustments for :		
Depreciation of Property, Plant and Equipment	726,182	675,034
Impairment of Property, Plant and Equipment	-	4,582
Loss/ (Gain) on sale of Property, Plant and Equipment	(33,745)	(768)
Imputed Interest cost of Staff Loan	21,163	19,799
Unrealised Loss/ (Gain) on Foreign Exchange	(14,854)	4,182,996
Interest Expense	146,705	320,009
Interest Income	(28,160)	(373,187)
Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/ Loss)	75,728	57,908
Operating Profit before Working Capital Changes	5,550,671	10,814,068
Working Capital Changes		
(Increase)/ Decrease in Inventories	(1,348,207)	(8,616,571)
(Increase)/ Decrease in Trade and Other Receivables	(163,794)	(3,276,289)
(Increase)/ Decrease in Amount due from Related Parties	(163,031)	(632,938)
Increase/ (Decrease) in Trade and Other Payables	(813,748)	5,910,999
Increase/ (Decrease) in Amount due to Related Parties	997,879	6,962,824
Cash Generated from Operations	4,059,770	11,162,093
Income Tax Paid	(634,311)	(837,721)
Surcharge Tax Paid	-	(988,694)
Retirement Benefit Obligations Paid	(11,540)	(133,623)
Net Cash Flows generated from Operating Activities	3,413,919	9,202,055
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(479,284)	(696,684)
Proceeds from Sale of Property, Plant and Equipment	25,067	768
Movement of Other Non-Current Financial Assets	20,880	37,670
Net Cash Flows used in Investing Activities	(433,337)	(658,246)
Cash Flow from Financing Activities		
Loans Obtained from Related Parties	-	4,320,000
Repayment of Loans Obtained from Related Parties	(1,893,000)	-
Payment of Lease Liabilities	(57,932)	(68,923)
Dividend Paid	(2,939,865)	(230,548)
Interest Paid	(169,655)	(198,558)
Interest Received	7,044	344,602
Net Cash Flows used in Financing Activities	(5,053,408)	4,166,573
Net Increase in Cash and Cash Equivalents	(2,072,826)	12,710,382
Effect of Exchange Rate changes on Cash and Cash Equivalents	14,854	218,804
Cash and Cash Equivalents at the Beginning of the Period	2,418,114	6,975,584
Cash and Cash Equivalents at the End of the Period	360,142	19,904,770
Analysis of Cash and Cash Equivalents at the End of the Period		
Cash and Cash Equivalents in the Statement of Financial Position	1,166,093	19,977,689
Current Financial Liabilities for the purpose of the Statement of Cash Flows <i>[Excluding Short Term Lease Liabilities of Rs. 58,711 (2021 - Short Term Lease Liabilities Rs. 79,172)]</i>	(805,951)	(72,919)
Cash and Cash Equivalents in the Statement of Cash Flows	360,142	19,904,770



NESTLÉ LANKA PLC

STATEMENT OF CHANGES IN EQUITY

	<i>Stated Capital</i>	<i>Retained Earnings</i>	<i>Other Equity Reserves *</i>	<i>Total</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>
Balance as at 1 January 2021 (Audited)	537,255	5,434,999	(38,471)	5,933,783
Surcharge Tax levied under Surcharge Tax Act	-	(988,694)	-	(988,694)
Total Comprehensive Income for 9 months ended 30 September 2021				
Profit for the Period	-	4,101,326	-	4,101,326
Other Comprehensive Income/ (Expenses)	-	-	(8,046)	(8,046)
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 30 September 2021 (Unaudited)	537,255	5,609,784	(46,517)	6,100,522
Total Comprehensive Income for 3 months ended 31 December 2021				
Profit for the Period	-	1,227,824	-	1,227,824
Other Comprehensive Income/ (Expenses)	-	-	117,613	117,613
Balance as at 31 December 2021 (Audited)	537,255	6,837,608	71,096	7,445,959
Balance as at 1 January 2022	537,255	6,837,608	71,096	7,445,959
Total Comprehensive Income for 9 months ended 30 September 2022				
Profit for the Period	-	5,096,109	-	5,096,109
Other Comprehensive Income/ (Expenses)	-	-	-	-
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Written Back	-	14,895	-	14,895
Interim Dividend	-	(1,074,509)	-	(1,074,509)
Final Dividend	-	(1,880,391)	-	(1,880,391)
Balance as at 30 September 2022 (Unaudited)	537,255	8,993,712	71,096	9,602,063

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



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting and other applicable Sri Lanka Accounting Standards.

2. The Stated Capital consists of 53,725,463 ordinary shares.

3. Impact due to significant currency depreciation, inflation, economic downturn and political instability

The significant rupee depreciation coupled with currency shortages, inflation, economic and political instability has impacted many businesses and economic activities across industries. The Company also has encountered the impacts in its operations and has taken necessary steps such as optimization of value chain and product portfolio, to overcome related operational and financial risks.

Profit for year to date September is substantially impacted due to exchange losses of Rs. 5.1 Bn (net) of which Rs. 4.4 Bn relates to unrealised exchange losses on Intra group loan.

The Company has also proactively taken measures to reduce all non-essential expenses. However, the planned CAPEX and Sustainability projects will be continued to ensure future growth prospects of the Company and the responsibility towards the community and the environment.

4. Income Tax Expense

The Company has made provision for the income tax liability at the rates of 18% for Manufacturing Business Profits, 14% for Export Profits and 24% for Trading and Other Income and for the deferred taxation at the average rate of 18% as per the current income tax Act No. 24 of 2017 as amended by the Act No. 10 of 2021.

5. Deferred Tax Asset

Due to significant unrealised exchange losses, the Company has experienced a Deferred Tax Asset as at 30 September 2022. Deferred Tax impact from net unrealised exchange losses is Rs. 914 Mn.

6. Events Occurring After the Reporting Date

The Government of Sri Lanka has implemented the Social Security Contribution Levy at a rate of 2.5% on the liable turnover of any taxable person subject to the given provision in the Social Security Contribution Levy Act No 25 of 2022. The Act was passed by the Parliament of Sri Lanka and certified by the Hon. Speaker on 20 September 2022. The Act was enacted with effective from 1 October 2022 which is after the reporting period end. The tax liability that would arise in consequence in Q4 2022, the amount of which is best estimated at Rs. 334 Mn.

A bill to amend the Inland Revenue Act, No 24 of 2017 was issued on 11 October 2022 after the reporting period which was mentioned to be effective from 1 October 2022 and has not been substantively enacted by the end of the reporting period.

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

7. Contingent Liabilities

There are no material contingent liabilities as at 30 September 2022.

8. Fair Value Measurement and Related Disclosures

There were no significant differences in the comparison made between fair value and carrying value of financial assets and liabilities.

9. Comparative information has been reclassified where necessary, to confirm to current year's presentation.



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Additional Notes and Other Information

- Public holding percentage - 8.05%, Number of public shareholders - 6,079
- Float Adjusted Market capitalization as at 30 September 2022 : Rs. 3,978,907,790.00
- As the float adjusted market capitalization is over Rs. 1 billion, Nestlé Lanka PLC complies under option 1 of Rule 7.14.1 (b) of Listing Rules.
- 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.

Names and the number of shares held by the 20 major shareholders and the percentages of such shares.

No	Names	No. of Shares	%
1	Nestlé S.A	49,400,234	91.95
2	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49
3	Miss Harnam Neesha Joint Mrs. Jasbinderjit Kaur Piara Singh	201,000	0.37
4	Deutsche Bank AG Singapore A/C2 (DCS CLT Acc For Deutsche Bank Ag Singapore - PWM WM Client)	154,297	0.29
5	SSBT- Al Mehwar Commercial Investments L.L.C	144,758	0.27
6	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	141,342	0.26
7	BPSS SIN-BNP PARIBAS ARBITRAGE S.N.C.	117,710	0.22
8	Employees Provident Fund	100,000	0.19
9	Fairfirst Insurance Limited - Technical Reserve	100,000	0.19
10	Ceylon Investment PLC	85,000	0.16
11	Mrs. Jasbinderjit Kaur Piara Singh	77,661	0.14
12	Seylan Bank PLC/ W D N H Perera	76,635	0.14
13	BNYM RE-GHI Holdings Maruitius	75,000	0.14
14	Ceylon Guardian Investment Trust PLC	60,400	0.11
15	Mr. Udeshi Harin Noraji	60,000	0.11
16	Colombo Investment Trust PLC	50,904	0.09
17	EMFI Capital Limited	50,000	0.09
18	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
19	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
20	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	37,878	0.07