



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
31 December 2022



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 31 December	Quarter Performance (Unaudited)			Year to date Performance (Audited)		
	Q4 2021	Q4 2022	%	2021	2022	%
	Rs. '000s	Rs. '000s	Change	Rs. '000s	Rs. '000s	Change
Revenue	12,503,847	19,331,662	54.6	45,420,119	73,707,077	62.3
Cost of Sales	(8,695,675)	(12,235,234)	40.7	(30,751,323)	(47,991,175)	56.1
Gross Profit	3,808,172	7,096,428	86.3	14,668,796	25,715,902	75.3
Other Operating Expenses	(13,871)	(87,090)	527.9	(35,777)	(831,237)	2223.4
Marketing, Selling and Distribution Expenses	(1,630,521)	(2,747,431)	68.5	(5,815,722)	(8,066,605)	38.7
Administrative Expenses	(676,729)	(2,209,271)	226.5	(2,554,050)	(4,631,239)	81.3
Results from Operating Activities	1,487,051	2,052,636	38.0	6,263,247	12,186,821	94.6
Net Finance Expense	1,944	(110,781)	-5798.6	(116,600)	(4,317,271)	3602.6
Profit before Taxation	1,488,995	1,941,855	30.4	6,146,647	7,869,550	28.0
Income Tax Expense	(261,171)	(962,187)	268.4	(817,497)	(1,793,773)	119.4
Profit for the Period	1,227,824	979,668	-20.2	5,329,150	6,075,777	14.0
Other Comprehensive Income - Net of Tax						
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	117,613	160,804	36.72	108,513	160,804	48.2
Gain/ (Loss) on Cash Flow Hedges	-	-	-	1,054	-	-100.0
Total Comprehensive Income - Net of Tax	1,345,437	1,140,472	-15.2	5,438,717	6,236,581	14.7
Basic Earnings Per Share (EPS.) Rs.	22.85	18.23		99.19	113.09	

Figures in brackets indicate deductions.


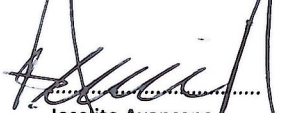
Kumudu Dias
Director Finance & Control

Joselito Avancena
Managing Director

20 February 2023



NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

As at :	31.12.2021	31.12.2022
	Rs. '000s	Rs. '000s
	Audited	Audited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,850,323	7,755,061
Capital Work-In-Progress	716,060	2,243,392
Other Non-Current Assets	321,761	276,015
Deferred Tax Assets	-	269,392
	<u>8,888,144</u>	<u>10,543,860</u>
Current Assets		
Inventories	6,154,678	12,711,455
Trade and Other Receivables	2,187,972	4,806,806
Amount due from Related Parties	873,080	1,034,828
Cash and Cash Equivalents	7,011,873	17,797,568
	<u>16,227,603</u>	<u>36,350,657</u>
Total Assets	<u>25,115,747</u>	<u>46,894,517</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	7,897,398	10,205,280
	<u>8,434,653</u>	<u>10,742,535</u>
Non-Current Liabilities		
Retirement Benefit Obligations	194,530	17,160
Deferred Tax Liabilities	724,596	-
Non-Current Provisions	1,023,596	895,750
Non-Current Financial Liabilities	5,417,887	14,192,312
	<u>7,360,609</u>	<u>15,105,222</u>
Current Liabilities		
Trade and Other Payables	6,417,646	9,379,848
Amount due to Related Parties	1,988,465	6,177,210
Current Tax Payable	728,365	2,633,326
Dividend Payable	84,753	2,799,537
Current Financial Liabilities	101,256	56,839
	<u>9,320,485</u>	<u>21,046,760</u>
Total Liabilities	<u>16,681,094</u>	<u>36,151,982</u>
Total Equity and Liabilities	<u>25,115,747</u>	<u>46,894,517</u>
As at (Rs.):		
Net asset value per share	<u>157.00</u>	<u>199.95</u>
Market value per share during the quarter		
- Highest	1,330.00	964.75
- Lowest	1,200.00	870.00
- Last traded price (Date 31/12/2021, 31/12/2022)	1,215.50	905.00
<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;">  Kumudu Dias Director Finance & Control </div> <div style="text-align: center;">  Joseito Avancena Managing Director </div> </div>		
20 February 2023		



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 31 December</i>	2021	2022
	<i>Rs. '000s</i>	<i>Rs. '000s</i>
	Audited	Audited
Cash Flows from Operating Activities		
Profit before Taxation	6,146,647	7,869,550
Adjustments for :		
Depreciation of Property, Plant and Equipment	973,386	895,727
Impairment of Property, Plant and Equipment	-	4,582
Loss/ (Gain) on sale of Property, Plant and Equipment	(47,597)	(768)
Impairment Loss on Trade Receivables	(19,952)	(4,382)
Provision for/(reversal of) Inventories	53,260	27,894
Imputed Interest cost of Staff Loan	27,864	25,134
Unrealised Loss/ (Gain) on Foreign Exchange	10,924	4,357,060
Interest Expense	176,047	564,282
Interest Income	(53,365)	(575,669)
Movement of Retirement Benefit Obligation (excluding Actuarial Gain/ Loss)	31,370	77,210
Operating Profit before Working Capital Changes	7,298,584	13,240,620
Working Capital Changes		
(Increase)/ Decrease in Inventories	(1,260,143)	(6,584,671)
(Increase)/ Decrease in Trade and Other Receivables	(131,020)	(2,609,670)
(Increase)/ Decrease in Amount due from Related Parties	(434,123)	(162,430)
Increase/ (Decrease) in Trade and Other Payables	103,943	2,731,916
Increase/ (Decrease) in Amount due to Related Parties	87,631	4,000,780
Cash Generated from Operations	5,664,872	10,616,545
Income Tax paid	(866,912)	(1,087,722)
Surcharge Tax paid	-	(988,694)
Retirement Benefit Obligations paid	(16,170)	(137,820)
Net Cash Flows generated from Operating Activities	4,781,790	8,402,309
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(599,245)	(2,008,293)
Proceeds from Sale of Property, Plant and Equipment	26,858	768
Movement of Other Non-Current Financial Assets	27,266	45,746
Net Cash Flows used in Investing Activities	(545,121)	(1,961,779)
Cash Flow from Financing Activities		
Loans Obtained from Related Parties	5,373,200	4,320,000
Repayment of Loans Obtained from Related Parties	(1,893,000)	-
Payment of Lease Liabilities	(80,660)	(92,689)
Dividend Paid	(2,939,866)	(225,221)
Interest Paid	(174,656)	(392,312)
Interest Received	25,501	550,535
Net Cash Flows generated in Financing Activities	310,519	4,160,313
Net Increase in Cash and Cash Equivalents	4,547,188	10,600,843
Effect of Exchange Rate changes on Cash and Cash Equivalents	10,282	198,620
Cash and Cash Equivalents at the Beginning of the year	2,418,114	6,975,584
Cash and Cash Equivalents at the End of the year	6,975,584	17,775,047
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	17,797,568
Current Financial Liabilities for the purpose of the Statement of Cash Flows <small>(Excluding Short Term Lease Liabilities of Rs. 34,318 (2021 - Short Term Lease Liabilities Rs. 64,967))</small>	(36,289)	(22,521)
Cash and Cash Equivalents in the Statement of Cash Flows	6,975,584	17,775,047



NESTLÉ LANKA PLC

STATEMENT OF CHANGES IN EQUITY

	<i>Stated Capital Rs.'000s</i>	<i>Retained Earnings Rs.'000s</i>	<i>Other Equity Reserves * Rs.'000s</i>	<i>Total Rs.'000s</i>
Balance as at 1 January 2021 (Audited)	537,255	5,434,999	(38,471)	5,933,783
Total Comprehensive Income for the year				
<i>Profit for the Period</i>	-	5,329,150	-	5,329,150
<i>Other Comprehensive Income</i>	-	-	109,567	109,567
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend written back</i>	-	17,053	-	17,053
<i>Interim Dividend</i>	-	(1,880,391)	-	(1,880,391)
<i>Final Dividend</i>	-	(1,074,509)	-	(1,074,509)
Balance as at 31 December 2021 (Audited)	537,255	7,826,302	71,096	8,434,653
Balance as at 1 January 2022	537,255	7,826,302	71,096	8,434,653
<i>Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022</i>	-	(988,694)	-	(988,694)
Balance as at 1 January 2022 after Surcharge Tax	537,255	6,837,608	71,096	7,445,959
Total Comprehensive Income for the year				
<i>Profit for the Period</i>	-	6,075,777	-	6,075,777
<i>Other Comprehensive Income</i>	-	-	160,804	160,804
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend written back</i>	-	14,895	-	14,895
<i>Interim Dividend</i>	-	(1,074,509)	-	(1,074,509)
<i>Final Dividend</i>	-	(1,880,391)	-	(1,880,391)
Balance as at 31 December 2022 (Audited)	537,255	9,973,380	231,900	10,742,535
* 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, changes in import regulations, economic and political instability has impacted many businesses and economic activities across industries. The Company has also encountered these impacts in its operations and has taken necessary steps such as driving exports, effective utilization of foreign currency, optimization of value chain and product portfolio to overcome related operational and financial risks.

Profit for the period is substantially impacted due to exchange losses of Rs. 5.3 Bn (net) of which Rs. 4.5 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 used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income and deferred taxation.

Accordingly, for the Income Tax, 18% for Manufacturing Business Profits, 14% for Export Profits and 24% for Trading and Other Income has been used for the first 6 Months and 30% standard rate has been used for the profits of all segments in the second 6 Months. The Rate of 30% has been used for the Deferred Tax. The resultant impact have been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Impact of income tax rate change to the income tax expense is Rs. 675 Mn (Current Tax Charge - Rs. 785 Mn and Deferred Tax Reversal- Rs. 110 Mn).

5. Deferred Tax Asset

Due to significant unrealised exchange losses, the Company has experienced a Deferred Tax Asset as at 31 December 2022. Deferred Tax impact from net unrealised exchange losses is Rs. 1,313 Mn.

6. Events Occurring After the Reporting Date

The Board of Directors has declared an interim dividend of Rs. 55.00 per share on 20 February 2023 and has also proposed a final dividend of Rs. 75.00 per share for the year ended 31 December 2022; subject to the approval by the shareholders at the upcoming Annual General Meeting.

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 31 December 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 - 6,054
- Float Adjusted Market capitalization as at 31 December 2022 : Rs. 3,914,034,293.00
- As the floated 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	Employees Provident Fund	100,000	0.19
8	Fairfirst Insurance Limited - Technical Reserve	100,000	0.19
9	CITI Bank Newyork S/A NORGES Bank Account 2	94,690	0.18
10	Ceylon Investment PLC A/C No 02	85,000	0.16
11	Mrs. Jasbinderjit Kaur Piara Singh	77,803	0.14
12	BNYM RE-GHI Holdings Maruitius	75,000	0.14
13	EMFI Capital Limited	70,996	0.13
14	Ceylon Guardian Investment Trust PLC A/C No 02	60,400	0.11
15	Mr. Udeshi Harin Noraji	60,000	0.11
16	Colombo Investment Trust PLC	50,904	0.09
17	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
18	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
19	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	37,878	0.07
20	Miss. M.P. Radhakrishnan Meenambigai Priyadarshini	36,667	0.07