



NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
31 March 2023



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the Period Ended 31 March</i>	<i>Year to date Performance (Unaudited)</i>		
	<i>2022</i>	<i>2023</i>	<i>%</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Change</i>
Revenue	15,051,624	20,677,923	37.4
Cost of Sales	(9,699,962)	(12,670,825)	30.6
Gross Profit	5,351,662	8,007,098	49.6
Other Operating Income / (Expense)	(1,552,297)	377,897	-124.3
Marketing, Selling and Distribution Expenses	(1,690,677)	(2,794,438)	65.3
Administrative Expenses	(676,198)	(902,232)	33.4
Results from Operating Activities	1,432,490	4,688,325	227.3
Net Finance Income/ (Expense)	(511,416)	548,130	-207.2
Profit before Taxation	921,074	5,236,455	468.5
Income Tax Expense	(95,950)	(1,571,342)	1537.7
Profit for the Period	825,124	3,665,113	344.2
<u>Other Comprehensive Income - Net of Tax</u>			
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	-	-	-
Gain/ (Loss) on Cash Flow Hedges	-	-	-
Total Comprehensive Income - Net of Tax	825,124	3,665,113	344.2
Basic Earnings Per Share (EPS.) Rs.	15.36	68.22	

Figures in brackets indicate deductions.

Kumudu Dias
Director Finance & Control

Bernhard Stefan
Managing Director

11 May 2023



NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

As at :	31.12.2022	31.03.2023
	Rs. '000s	Rs. '000s
	Audited	Unaudited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,755,061	7,577,721
Capital Work-In-Progress	2,243,392	2,233,723
Other Non-Current Assets	276,015	359,192
Deferred Tax Assets	269,392	-
	<u>10,543,860</u>	<u>10,170,636</u>
Current Assets		
Inventories	12,711,455	10,732,641
Trade and Other Receivables	4,806,806	5,766,983
Amount due from Related Parties	1,034,828	598,914
Cash and Cash Equivalents	17,797,568	18,286,238
	<u>36,350,657</u>	<u>35,384,776</u>
Total Assets	<u>46,894,517</u>	<u>45,555,412</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	10,205,280	10,915,493
	<u>10,742,535</u>	<u>11,452,748</u>
Non-Current Liabilities		
Retirement Benefit Obligations	17,160	25,754
Deferred Tax Liabilities	-	30,091
Non-Current Provisions	895,750	860,247
Non-Current Financial Liabilities	14,192,312	12,642,222
	<u>15,105,222</u>	<u>13,558,314</u>
Current Liabilities		
Trade and Other Payables	9,379,848	9,144,963
Amount due to Related Parties	6,177,210	4,333,449
Current Tax Payable	2,633,326	2,905,185
Dividend Payable	2,799,537	4,108,641
Current Financial Liabilities	56,839	52,112
	<u>21,046,760</u>	<u>20,544,350</u>
Total Liabilities	<u>36,151,982</u>	<u>34,102,664</u>
Total Equity and Liabilities	<u>46,894,517</u>	<u>45,555,412</u>
As at (Rs.) :		
Net asset value per share	<u>199.95</u>	<u>213.17</u>
Market value per share during the quarter		
- Highest	964.75	1,100.00
- Lowest	870.00	910.00
- Last traded price (Date 31/12/2022, 31/03/2023)	905.00	1,069.00

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Kumudu Dias
Director Finance & Control

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Bernhard Stefan
Managing Director

11 May 2023



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 31 March</i>	2022 <i>Rs.'000s</i>	2023 <i>Rs.'000s</i>
Cash Flows from Operating Activities		
Profit before Taxation	921,074	5,236,455
Adjustments for :		
Depreciation of Property, Plant and Equipment	223,211	213,847
Loss/ (Gain) on sale of Property, Plant and Equipment	(50)	-
Impairment Loss/ (Reversal) on Trade Receivables	-	(17,035)
Provision for/(Reversal of) Inventories	(20,856)	26,151
Imputed Interest cost of Staff Loan	7,405	7,284
Unrealised Loss/ (Gain) on Foreign Exchange	1,158,802	(984,380)
Interest Expense	52,770	242,405
Interest Income	(62,781)	(119,109)
Movement of Retirement Benefit Obligation (excluding Actuarial Gain/ Loss)	19,302	12,637
Operating Profit before Working Capital Changes	2,298,877	4,618,255
Working Capital Changes		
(Increase)/ Decrease in Inventories	(1,405,960)	1,862,128
(Increase)/ Decrease in Trade and Other Receivables	(1,215,842)	(990,888)
(Increase)/ Decrease in Amount due from Related Parties	(378,200)	427,089
Increase/ (Decrease) in Trade and Other Payables	3,010,433	184,769
Increase/ (Decrease) in Amount due to Related Parties	1,443,577	(1,514,900)
Cash Generated from Operations	3,752,885	4,586,453
Income Tax paid	(287,339)	(1,035,503)
Retirement Benefit Obligations paid	(124,963)	(4,043)
Net Cash Flows generated from Operating Activities	3,340,583	3,546,907
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(311,526)	(360,050)
Proceeds from Sale of Property, Plant and Equipment	50	-
Movement of Other Non-Current Financial Assets	21,422	(83,177)
Net Cash Flows used in Investing Activities	(290,054)	(443,227)
Cash Flow from Financing Activities		
Payment of Lease Liabilities	(18,439)	(16,807)
Dividend Paid	(80,118)	(1,645,796)
Interest Paid	(37,005)	(251,105)
Interest Received	55,376	111,825
Net Cash Flows used in Financing Activities	(80,186)	(1,801,883)
Net Increase in Cash and Cash Equivalents	2,970,343	1,301,797
Effect of Exchange Rate changes on Cash and Cash Equivalents	1,801,591	(820,147)
Cash and Cash Equivalents at the beginning of the period	6,975,584	17,775,047
Cash and Cash Equivalents at the End of the period	11,747,518	18,256,697
Analysis of Cash and Cash Equivalents at the End of the period		
Cash and Cash Equivalents in the Statement of Financial Position	11,872,833	18,286,238
Current Financial Liabilities for the purpose of the Statement of Cash Flows <small>[Excluding Short Term Lease Liabilities of Rs. 22,571 (2022 - Short Term Lease Liabilities Rs. 64,080)]</small>	(125,315)	(29,541)
Cash and Cash Equivalents in the Statement of Cash Flows	11,747,518	18,256,697



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 2022 (Audited)	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>	-	<i>(988,694)</i>	-	<i>(988,694)</i>
Balance as at 1 January 2022 after Surcharge Tax	537,255	6,837,608	71,096	7,445,959
Total Comprehensive Income for 3 months ended 31 March 2022				
<i>Profit for the Period</i>	-	<i>825,124</i>	-	<i>825,124</i>
<i>Other Comprehensive Income</i>	-	-	-	-
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend written back</i>	-	-	-	-
<i>Interim Dividend</i>	-	<i>(1,074,509)</i>	-	<i>(1,074,509)</i>
<i>Final Dividend</i>	-	-	-	-
Balance as at 31 March 2022 (Unaudited)	537,255	6,588,223	71,096	7,196,574
Total Comprehensive Income for 9 months ended 31 December 2022				
<i>Profit for the Period</i>	-	<i>5,250,653</i>	-	<i>5,250,653</i>
<i>Other Comprehensive Income/(Expenses)</i>	-	-	<i>160,804</i>	<i>160,804</i>
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend Written Back</i>	-	<i>14,895</i>	-	<i>14,895</i>
<i>Interim Dividend</i>	-	-	-	-
<i>Final Dividend</i>	-	<i>(1,880,391)</i>	-	<i>(1,880,391)</i>
Balance as at 31 December 2022 (Audited)	537,255	9,973,380	231,900	10,742,535
Balance as at 1 January 2023	537,255	9,973,380	231,900	10,742,535
Total Comprehensive Income for 3 months ended 31 March 2023				
<i>Profit for the Period</i>	-	<i>3,665,113</i>	-	<i>3,665,113</i>
<i>Other Comprehensive Income</i>	-	-	-	-
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend written back</i>	-	-	-	-
<i>Interim Dividend</i>	-	<i>(2,954,900)</i>	-	<i>(2,954,900)</i>
<i>Final Dividend</i>	-	-	-	-
Balance as at 31 March 2023 (Unaudited)	537,255	10,683,593	231,900	11,452,748

* 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 currency volatility, inflation, and economic condition**

Profit for the period is favourably impacted due to rupee appreciation by ~11% (Rupee depreciated by ~45% in the first quarter of 2022). This was further contributed by benefit realised from opening stock and necessary steps the Company has taken such as driving cost efficiencies, effective utilization of foreign currency and optimising product portfolio. These measures helped to overcome operational and financial challenges which the Company encountered in 2022 similar to many in the industry.

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.

Profit of 2022 was substantially impacted due to exchange losses of Rs. 2.1 Bn (net) of which Rs. 2.5 Bn relates to unrealised exchange losses on Intra group loan.

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, income tax rates of, 18% for Manufacturing Business Profits, 14% for Export Profits and 24% for Trading and Other Income were applied on profits of first quarter 2022 and a standard income tax rate of 30% has been used on profit of 2023. The Rate of 30% has been used for the Deferred Tax in 2023 (18% in first quarter 2022). The resultant impact have been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

6. **Events Occurring After the Reporting Date**

- 6.1 The Board of Directors of Nestlé Lanka PLC has, at the Board Meeting held on 03 May 2023, resolved to initiate the de-listing of the Company's shares from the Official List of the Colombo Stock Exchange subject to obtaining necessary shareholder approval and regulatory approvals.

In terms of Section 8.1 of the Listing Rules of the Colombo Stock Exchange, the required announcement was made on 03 May 2023 and a circular to Shareholders together with the Notice of the Extraordinary General Meeting pertaining to the aforesaid proposed de-listing of the Company's shares will be dispatched to the Company's shareholders.

- 6.2 The Company has settled an amount of Rs. 1,297 Mn of the final dividend declared in 2022 out of the profit of 2021 which is included in dividend payable as at 31 March 2023 .

Except for the 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 March 2023.

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 - 6,024
- Float Adjusted Market capitalization as at 31 March 2023 : Rs. 4,623,317,856.00
- 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	Ceylon Investment PLC A/C No 02	85,000	0.16
10	CITI Bank Newyork S/A NORGES Bank Account 2	84,690	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	71,019	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 Priyardarshini	36,667	0.07