

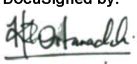


NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
30 June 2023


NESTLÉ LANKA PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the Period Ended 30 June</i>	<i>Quarter Performance (Unaudited)</i>			<i>Year to date Performance (Unaudited)</i>		
	Q2 2022	Q2 2023	%	2022	2023	%
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Change</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Change</i>
Revenue	18,039,660	18,499,716	2.6	33,091,284	39,177,639	18.4
Cost of Sales	(11,658,288)	(12,056,400)	3.4	(21,358,250)	(24,727,225)	15.8
Gross Profit	6,381,372	6,443,316	1.0	11,733,034	14,450,414	23.2
Other Operating Income / (Expense)	952,366	253,340	-73.4	(599,931)	631,237	-205.2
Marketing, Selling and Distribution Expenses	(1,628,092)	(2,610,691)	60.4	(3,318,769)	(5,405,129)	62.9
Administrative Expenses	(860,205)	(927,546)	7.8	(1,536,403)	(1,829,778)	19.1
Results from Operating Activities	4,845,441	3,158,419	-34.8	6,277,931	7,846,744	25.0
Net Finance Income/ (Expense)	(3,508,632)	185,420	-105.3	(4,020,048)	733,550	-118.2
Profit before Taxation	1,336,809	3,343,839	150.1	2,257,883	8,580,294	280.0
Income Tax Expense	(206,917)	(976,380)	371.9	(302,867)	(2,547,722)	741.2
Profit for the Period	1,129,892	2,367,459	109.5	1,955,016	6,032,572	208.6
Other Comprehensive Income - Net of Tax	-	-	-	-	-	-
Total Comprehensive Income - Net of Tax	1,129,892	2,367,459	109.5	1,955,016	6,032,572	208.6
Basic Earnings Per Share (EPS.) Rs.	21.03	44.07		36.39	112.29	

Figures in brackets indicate deductions.

DocuSigned by:

 4F0B2CC37D61401...

Kumudu Dias
 Director Finance & Control

28 July 2023

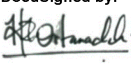

DocuSigned by:

 1654291D3E42406...

Bernhard Stefan
 Managing Director



NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

As at :	31.12.2022	30.06.2023
	Rs. '000s	Rs. '000s
	Audited	Unaudited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,755,061	7,459,626
Capital Work-In-Progress	2,243,392	2,336,135
Other Non-Current Assets	276,015	342,597
Deferred Tax Assets	269,392	-
Net Retirement Benefit Asset	-	53,704
	<u>10,543,860</u>	<u>10,192,062</u>
Current Assets		
Inventories	12,711,455	10,591,968
Trade and Other Receivables	4,806,806	5,458,136
Amount due from Related Parties	1,034,828	635,418
Cash and Cash Equivalents	17,797,568	16,278,236
	<u>36,350,657</u>	<u>32,963,758</u>
Total Assets	<u>46,894,517</u>	<u>43,155,820</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	10,205,280	9,271,037
	<u>10,742,535</u>	<u>9,808,292</u>
Non-Current Liabilities		
Retirement Benefit Obligations	17,160	-
Deferred Tax Liabilities	-	181,300
Non-Current Provisions	895,750	860,247
Non-Current Financial Liabilities	14,192,312	6,342,393
	<u>15,105,222</u>	<u>7,383,940</u>
Current Liabilities		
Trade and Other Payables	9,379,848	9,886,851
Amount due to Related Parties	6,177,210	2,293,675
Current Tax Payable	2,633,326	2,730,355
Dividend Payable	2,799,537	5,464,894
Current Financial Liabilities	56,839	5,587,813
	<u>21,046,760</u>	<u>25,963,588</u>
Total Liabilities	<u>36,151,982</u>	<u>33,347,528</u>
Total Equity and Liabilities	<u>46,894,517</u>	<u>43,155,820</u>
As at (Rs.):		
Net asset value per share	<u>199.95</u>	<u>182.56</u>
Market value per share during the quarter		
- Highest	964.75	1,140.00
- Lowest	870.00	1,054.00
- Last traded price (Date 31/12/2022, 30/06/2023)	905.00	1,120.25
DocuSigned by: 	DocuSigned by: 	
.....#F0B2CC37D6T4U1!..#65429#D3E42406:....	
Kumudu Dias	Bernhard Stefan	
Director Finance & Control	Managing Director	
28 July 2023		



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

For the Period Ended 30 June	2022	2023
	Rs. '000s	Rs. '000s
Cash Flows from Operating Activities		
Profit before Taxation	2,257,883	8,580,294
Adjustments for :		
Depreciation of Property, Plant and Equipment	443,594	433,631
Loss/ (Gain) on sale of Property, Plant and Equipment	(50)	(1,405)
Impairment Loss/ (Reversal) on Trade Receivables	-	(17,035)
Provision for/(Reversal of) Inventories	(9,700)	83,970
Imputed Interest cost of Staff Loan	13,641	15,228
Unrealised Loss/ (Gain) on Foreign Exchange	2,560,481	(1,496,248)
Interest Expense	144,906	481,891
Interest Income	(185,019)	(232,068)
Movement of Retirement Benefit Obligation (excluding Actuarial Gain/ Loss)	38,605	25,275
Operating Profit before Working Capital Changes	5,264,341	7,873,533
Working Capital Changes		
(Increase)/ Decrease in Inventories	(5,267,347)	2,039,117
(Increase)/ Decrease in Trade and Other Receivables	(2,362,920)	(625,613)
(Increase)/ Decrease in Amount due from Related Parties	145,385	406,356
Increase/ (Decrease) in Trade and Other Payables	4,058,075	1,061,575
Increase/ (Decrease) in Amount due to Related Parties	3,628,516	(3,875,979)
Cash Generated from Operations	5,466,050	6,878,989
Income Tax paid	(547,339)	(2,035,503)
Surcharge Tax paid	(494,347)	-
Retirement Benefit Obligations paid	(129,061)	(96,139)
Net Cash Flows generated from Operating Activities	4,295,303	4,747,347
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(434,562)	(656,803)
Proceeds from Sale of Property, Plant and Equipment	50	-
Movement of Other Non-Current Financial Assets	22,816	(66,582)
Net Cash Flows used in Investing Activities	(411,696)	(723,385)
Cash Flow from Financing Activities		
Payment of Lease Liabilities	(39,333)	(38,286)
Dividend Paid	(231,546)	(4,301,458)
Interest Paid	(106,576)	(491,400)
Interest Received	146,209	216,840
Net Cash Flows used in Financing Activities	(231,246)	(4,614,304)
Net Increase/ (Decrease) in Cash and Cash Equivalents	3,652,361	(590,342)
Effect of Exchange Rate changes on Cash and Cash Equivalents	3,051,410	(921,321)
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	13,679,355	16,263,384
Analysis of Cash and Cash Equivalents at the end of the period		
Cash and Cash Equivalents in the Statement of Financial Position	13,779,926	16,278,236
Current Financial Liabilities for the purpose of the Statement of Cash Flows	(100,571)	(14,852)
<small>[Excluding Short Term Lease Liabilities of Rs. 33,461 (2022 - Short Term Lease Liabilities Rs. 59,079) and Intra Group Loan payable of Rs. 5,539,500 (2022 - nil)]</small>		
Cash and Cash Equivalents in the Statement of Cash Flows	13,679,355	16,263,384


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
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022	-	(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 6 months ended 30 June 2022				
Profit for the Period	-	1,955,016	-	1,955,016
Other Comprehensive Income	-	-	-	-
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 June 2022 (Unaudited)	537,255	5,852,619	71,096	6,460,970
Total Comprehensive Income for 6 months ended 31 December 2022				
Profit for the Period	-	4,120,761	-	4,120,761
Other Comprehensive Income/ (Expenses)	-	-	160,804	160,804
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Written Back	-	-	-	-
Interim Dividend	-	-	-	-
Final Dividend	-	-	-	-
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 6 months ended 30 June 2023				
Profit for the Period	-	6,032,572	-	6,032,572
Other Comprehensive Income	-	-	-	-
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend written back	-	17,495	-	17,495
Interim Dividend	-	(2,954,900)	-	(2,954,900)
Final Dividend	-	(4,029,410)	-	(4,029,410)
Balance as at 30 June 2023 (Unaudited)	537,255	9,039,137	231,900	9,808,292

* Includes Actuarial Gain/(Loss)



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. The resolution to delist the Company's shares from the Official List of the Colombo Stock Exchange was approved by Shareholders during the Extraordinary General Meeting held on 30 June 2023, under the terms of Rule 5(2)(a) of Securities and Exchange Commission of Sri Lanka Rules, published in Gazette Extraordinary No. 1215/2 dated 18th December 2001 with more than the majority defined in said Rule 5(2)(a). Accordingly, the Company has sought the formal approval of the Securities and Exchange Commission of Sri Lanka to delist the Company's shares from the Official List of the Colombo Stock Exchange.
4. **Impact due to currency volatility, inflation and economic condition**
Gross profit margin was negatively impacted due to lower volumes and price rollbacks taken considering lower disposable income of the consumers. However, net profit for the quarter ended 30 June 2023 was favourably impacted by rupee appreciation of ~6% (Rupee depreciation of ~22% in 2022) which was partially offset with higher taxes.
5. **Net Retirement Benefit Asset**
The gratuity and pension plan is funded by a retirement benefit policy obtained from AIA Insurance Lanka Limited. The contribution to the fund by the Company is based on expected future claims from the fund and actuarial valuations carried out by AIA Insurance Lanka Ltd.. The Company paid an amount of Rs. 70 million as the contribution to its plan assets for the period ended 31 December 2023 and this has resulted in a "Net Retirement Benefit Asset" as at 30 June 2023. This net asset position will be re-assessed along with the result of actuarial valuation of retirement benefit obligations as at 31 December 2023.

The recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan.
6. **Loans from Related Parties**
The company has decided to do a partial settlement of Intra Group Loans amounting to Rs. 5.5 Bn (USD 6.6 Mn from loan obtained in 2021 and USD 11.4 Mn from loan obtained in 2022) within next twelve months and accordingly, the related amount is classified from Non-Current Financial Liabilities to Current Financial Liabilities as at 30 June 2023.
7. **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 till 30 June 2022 and a standard income tax rate of 30% has been used thereafter. The Rate of 30% has been used for the Deferred Tax in 2023 (18% in 2022). The resultant impact have been recognised in the Statement of Profit or Loss and Other Comprehensive Income.
8. **Events Occurring After the Reporting Date**
There are no material events occurring after the reporting date that require a disclosure or an adjustment to the Financial Statements.
9. **Contingent Liabilities**
There are no material contingent liabilities as at 30 June 2023.
10. **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.
11. Comparative information has been reclassified where necessary, to confirm to current period's presentation.



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Additional Notes and Other Information

- Public holding percentage - 8.05%, Number of public shareholders - 6,004
- Float Adjusted Market capitalisation as at 30 June 2023 : Rs. 4,844,968,969.00
- As the float adjusted market capitalisation 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