Nestlé Nigeria Plc

Unaudited Financial Statements

for the period ended 31 March 2022

Contents

Directors' and other Corporate Information

Board of Directors:	Mr. David Ifezulike	Chairman
	Mr.Wassim Elhusseini (Lebanese)	Managing Director/Chief Executive Officer
	Mr. Jagdish Singla (Indian)	Finance & Control Director
	Mr. Ibukun-olu Ipinmoye	Executive Director
	Mr. Mauricio Alarcon (Mexican)	Non-Executive Director
	Mr. Ricardo Chavez (Mexican)	Non-Executive Director
	Mr. Gbenga Oyebode	Independent Non-Executive Director
	Ms. Juliet Ehimuan	Independent Non-Executive Director
	Mrs Adebisi Lamikanra	Independent Non-Executive Director

Company Secretary/
Legal Adviser Mr. Bode Ayeku

Registered Office: 22-24 Industrial Avenue
Ilupeju, Lagos
Tel: 01 – 2798184, 2798188, 2790707

Registrar: Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos
Tel: 01- 5803369, 5451399, 5803367

Independent Auditor: Ernst & Young
10th & 13th floors, UBA House
57 Marina
Lagos, Nigeria
Tel: +234(1)6314500

Members of the Audit Committee	Mr. Matthew Akinlade	Chairman
	Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
	Mr. Christopher Nwaguru	Shareholders' Representative
	Mr. Gbenga Oyebode	Directors' Representative
	Mrs. Adebisi Lamikanra	Directors' Representative

Financial Highlights

In thousands of naira	2022	2021	Increase/ (decrease) %
Revenue	110,225,400	87,257,701	26%
Profit before income tax	27,851,988	19,002,431	47%
Profit for the period	17,980,068	12,400,001	45%
Declared dividend	-	-	
Share capital	396,328	396,328	0%
Total equity	39,273,735	41,616,970	-6%

Directors' Report

1 **Financial Statements**

The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company"), together with the financial statements and independent auditor's report for the year ended 31 March 2022.

2 **Principal Activities**

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

3 **Operating Results**

The following is a summary of the Company's operating results:

	2022	2021
	N'000	N'000
Revenue	110,225,400	87,257,701
Results from operating activities	26,402,653	20,314,212
Profit before income tax	27,851,989	19,002,431
Profit for the year	17,980,068	12,400,001
Total comprehensive income for the year	17,980,068	12,400,001

4 **Directors and Their Interests**

(a) The directors who served during the year and their interests in the shares of the Company at the year end were as follows:

		Interest in the Ordinary Shares of the Company	
		2022	2021
Mr. David Ifezulike	- Chairman	56,255	56,255
Mr. Wassim Elhusseini	- MD/CEO	Nil	Nil
Mr. Jagdish Singla (Indian)		Nil	Nil
Mr Ibukun-olu Ipinmoye		2,328*	2,328*
Mr. Mauricio Alarcon (Mexican)		Nil	Nil
Mr. Ricardo Chavez (Mexican)		Nil	Nil
Mr. Gbenga Oyebode		Nil	Nil
Ms. Juliet Ehimuan		2,146	2,146
Mrs Adebisi Lamikanra		Nil	Nil

*Out of the 2,328 shares of Nestle Nigeria Plc held by Mr. Ibukun Ipinmoye, 2,328 shares are managed on his behalf by FBN Quest Trustees Limited.

(b) Mr. Gbenga Oyebode is the Chairman of CFAO Nigeria Plc, one of our vehicle suppliers.Mrs. Adebisi Lamikanra is a director of Standard Chartered Bank,one of our bankers. In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria, they have notified the Company of their position with CFAO Nigeria Plc and Standard Chartered Bank respectively.

(c) No share options were granted to the directors by Nestlé Nigeria Plc. However, Nestlé S. A., the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company. Information relating to this share based payment scheme is disclosed in Note 15 (c) to the financial statements.

Directors' Report-Continued

5 **Analysis of Shareholdings**

			Number of shareholders	%	Number of shares	%
1	-	5,000	26,913	89.79	20,788,741	2.62
5,001	-	10,000	1,532	5.11	10,485,110	1.32
10,001	-	50,000	1,205	4.02	24,128,425	3.04
50,001	-	100,000	134	0.45	9,271,689	1.17
100,001	-	500,000	124	0.41	25,213,651	3.18
500,001	-	1,000,000	27	0.09	19,925,688	2.51
1,000,001	-	5,000,000	29	0.10	55,284,740	6.97
5,000,001		10,000,000	5	0.02	32,989,529	4.16
10,000,001		and above	2	0.01	43,294,026	5.46
			29,971	100.00	241,381,599	30.45
Nestlé S.A, Switzerland			1	0.00	26,715,196	3.37
Societe Des Produits Nestle S.A*			1	0.00	524,559,457	66.18
			29,973	100	792,656,252	100

* Apart from Societe Des Produits Nestlé S.A, Switzerland, with 524,559,457 ordinary shares (representing 66.18%), Stanbic IBTC Nominees Limited and ZPC SIPML RSA Fund no other shareholder held 5% or more of the paid-up capital of the Company as at 31 March 2022.

** We hereby confirm that the free float of the Company is in compliance with The Nigerian Exchange Group's free float requirements of the Main Board on which Nestle Nigeria Plc is listed.

6 **Property, plant and equipment**

Information relating to changes in property, plant and equipment is disclosed in Note 9 to the financial statements. In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements.

7 **Donations**

In compliance with Section 43(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the period.

In addition to the above mentioned donations, the Company continued with its strong focus on creating shared values initiatives. Nestlé Nigeria invested in technical and employability skills building for youth and in building the capacity of farmers to increase their productivity and income. The Company also worked alongside partners to improve the household nutrition of local farmers through trainings in grain quality improvement and food transformation/preservation techniques

Directors' Report-Continued

8 **Nestlé Nigeria Trust (CPFA) Limited ("NNTL")**

Nestlé Nigeria Trust (CPFA) Limited ('NNTL') previously called Nestlé Nigeria Provident Fund Limited, was incorporated by the Company and is a duly registered Closed Pension Fund Administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for employees of Nestlé Nigeria Plc.

9 **Local Sourcing of Raw Materials**

On a continuing basis, the Company explores the use of local raw materials in its production processes and has successfully introduced the use of locally produced items such as soya bean, maize, cocoa, palm olein and sorghum in a number of its products.

10 **Major Distributors**

The Company's products are distributed through various distributors that are spread across the whole country.

11 **Suppliers**

The Company procures all of its raw materials on a commercial basis from overseas and local suppliers. Amongst the overseas suppliers are companies in the Nestlé Group.

12 **General Licence Agreement**

The Company has a general licence agreement with Societe des Produits Nestlé S.A., Switzerland. Under the agreement, technological, scientific and professional assistance are provided for the manufacture, marketing, quality control and packaging of the Company's products, development of new products and training of personnel abroad. Access is also provided to the use of patents, brands, inventions and know-how.

The Company obtained the approval of the National Office for Technology Acquisition and Promotion (NOTAP) with certificate No. CR 007459 for the remittance of General Licence Fees to Societe des Produits Nestlé S.A., Switzerland. The approval is for a period of three (3) years with effect from 1st January 2021 to 31st December 2023.

13 **Acquisition of Own Shares**

The Company did not purchase any of its own shares during the year.

14 **Employment and Employees**

(a) **Employment of physically challenged persons:**

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 17 (2021: 15) physically challenged persons in its employment as at 31 March 2022.

All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(b) **Health and safety at work and welfare of employees:**

The Company invests its resources to ensure that hygiene on its premises is of the highest standard. In this regard, the Company has, on three occasions, won the Manufacturers' Association of Nigeria's award for the best kept factory and on three occasions won the Federal Environmental Protection Agency's environmental performance award as the most environment-friendly company in Nigeria.

The Company operates its own clinics which provide quick health care to its employees. In pursuit of efforts to improve health infrastructure and enhance the quality of care for the employees, the company has built an ultra modern clinic at Agbara factory. The clinic which is fully equipped with state-of-the-art medical facilities consists of three consulting rooms, one pharmacy, one laboratory and two observation rooms, amongst others.

The modernization of the medical facilities by the Company is in line with Nestlé Corporate Business principles of promoting safe and healthy work environment for the employee.

The Company caters for the recreational needs of its employees by providing them with a wellness center and other games facilities such as Table Tennis, Draughts, etc. Lunch is provided free to staff in the Company's canteen.

Directors' Report-Continued

(c) **Employees involvement and training:**

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Circulars and newsletters on significant corporate issues are published. Regular briefing sessions are also held at corporate and operational levels to enhance exchange of information.

Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

In addition, we have graduated seven (7) sets of technical students from Nestle Technical Training Center (NTTC) in Agbara and Abaji factories. The multi-skill engineering training runs for a period of 18 months. The total number of those who have so far completed the programme till date is one hundred and nineteen (119). The cost of the training was fully paid by our Company. The success of the NTCC in our Agbara factory has spurred us on to replicate and adapt the NTTC model in our Nestle Waters factory in Abaji.

The content of the course was based on the syllabus of City and Guilds of London Technicians Examinations Certificates in Engineering, one of the world's leading vocational education organizations. To empower the trainees with relevant skills, the top five (5) students in the scheme were taken to Switzerland for further training within the Group's factories. We are pleased to inform the stakeholders that the 6th and 7th batches of NTTC that completed their 18 months program in 2021 recorded outstanding results despite the impact of COVID-19. The best graduating trainee had 33 distinctions from City and Guild examinations from levels 3 to 5. In order to reduce unemployment, a total of one hundred and eight (108) graduates made up of eight (8) of the thirteen (13) graduates from the first batch, thirteen (13) graduates from the second batch, all the twenty (20) graduates from the third batch, a total of twenty-seven graduates (27) from the fourth and fifth batches and the twenty each in the sixth and seventh batches were given employment by our Company. The other eleven (11) graduates are in full time employment with other organizations.

We have admitted another forty (40) Trainees (twenty (20 in Agbara factory and Abaji factory each) as the eight and ninth batches of students respectively in 2021 for another 18 months programme. The sixth batch of twenty students in Agbara factory completed the 18-months program in February 2021 and recorded outstanding results despite the impact of COVID-19. The best graduating trainee had 22 distinctions from City and Guild examinations from level 3 to 5. Other good news is that all the trainees have been employed by the Company as part of its commitment to youth development and economic empowerment.

15 **Nomination, Governance and Remuneration Committee**

Composition of Board Committees

The Nomination, Governance and Remuneration Committee is made up of three (3) directors appointed to make recommendations on the structure and composition of the Board and its Committees; governance issues and to submit proposals on the salaries of executive directors to the Board for approval. The members of the Committee are Mr.Mauricio Alarcon, Mr. Ricardo Chavez and Mr. Gbenga Oyebode.

16 **Audit Committee**

In accordance with section 404 of the Companies and Allied Matters Act of Nigeria 2020, members of the audit committee of the Company were elected at the Annual General Meeting held on 22 June 2021. Members that served on the audit committee during the year comprise:

Mr. Matthew Akinlade (Chairman)	Shareholders' Representative
Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
Mr. Christopher Nwaguru	Shareholders' Representative
Mr. Gbenga Oyebode	Directors' Representative
Mrs. Adebisi Lamikanra	Directors' Representative

17 **Board Audit and Risk Management Committee**

The Committee is to assist the Board in its oversight of audit, risk profile, risk management framework and the risk reward strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile. The members of the Committee are Mr. Oyebode, Ms. Juliet Ehimuan and Mrs. Adebisi Lamikanra

Directors' Report

18 **Effectiveness of Internal Control System**

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company. The system of internal control is to provide reasonable assurance against material misstatement, prevent and detect fraud and other irregularities.

There is an effective internal control and audit function within the Company which gives reasonable assurance against any material misstatement or loss. The responsibilities include oversight functions of internal audit and control risk assessment and compliance, continuity and contingency planning, and formalisation and improvement of the Company's business processes.

19 **Disclosures**

a) Risk Management and Compliance System

The directors are responsible for the total process of risk management as well as expressing their opinion on the effectiveness of the process. The risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market, technology and compliance risk. The directors are of the view that effective internal audit function exists in the Company and that risk management control and compliance systems are operating efficiently and effectively in all respects.

The Company has a structured Risk Management process in place and undertakes at least annually a thorough Risk Assessment covering all aspects of the business. The Risk Assessment is based on the two criteria "Business Impact" and "Likelihood of Occurrence". For every identified Business risk, mitigating measures are implemented by the Company.

b) Sustainability Initiatives

The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public. Also, the Company is sensitive to Nigerian's social and cultural diversity and promotes as much as possible national interests as well as national ethos and values without compromising global aspirations where applicable. The Company has a culture of integrity and zero tolerance to corruption and corrupt practices.

c) Related Party Transactions

The Company has contractual relationship with related companies in the ordinary course of business. In addition, the Company (and other operating companies of Nestlé in Central and West Africa) executed a Shared Services Agreement with Nestlé Central and West Africa Limited. The purpose of the agreement is to ensure the provision of common operational shared services to all members of the Nestlé Group of companies operating within the Central and West Africa Region, which each member company had previously provided to itself on standalone basis with the attendant duplication of functions, resources and costs. The allocation of the costs to each company is based on Activity Based Costing.

20 Report on Social, Ethical, Safety, Health and Environmental Policies and Practices

Corporate Business Principles

Nestlé is a principle-based company, the Nestlé Corporate Business Principles (NCBP) form the foundation of all we do. NCBP consists of ten principles these are:

Consumers			Human Rights & Labour Practices	Our People		Suppliers and Customers		The Environment	
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Nutrition, Health and Wellness	Quality assurance and product safety	Consumer Communication	Human Rights & Labour Practices in our business activities	Leadership and personal responsibility	Safety and health at work	Suppliers and Customers relations	Agriculture and rural development	Environmental sustainability	Water

(a) Nutrition, Health and Wellness

We encourage Health and Wellness of our employees via Work-Life Balance, provision of gym and other recreational facilities on our premises, provision of baby room, extended maternity leave that is not annual leave consuming and paternity leave.

(b) Quality Assurance and Product Safety

Everywhere in the world, the Nestlé name guarantees to the consumer that the product is safe and of high standard.

(c) Consumer Communication

We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.

(d) Human Rights in Our Business Activities

We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.

Directors' Report-Continued

(e) Leadership and Personal Responsibility

Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values. We provide equal opportunities for our employees' development and advancement. We protect our employees' privacy and do not tolerate any form of harassment or discrimination.

The long-term success of the Company depends on its capacity to attract, retain and develop employees able to ensure its growth on a continuing basis. We provide equal opportunity in our resourcing drive. The Nestlé policy is to hire staff with personal attitudes and professional skills enabling them to develop a long-term relationship with the Company.

(f) Safety and Health at Work

We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain. We recognise and require that everyone plays an active role in providing a safe and healthy environment, and promote awareness and knowledge of safety and health to employees, contractors and other people related to or impacted by our business activities by setting high standards.

We have Clinics in our Factories, Distribution Centre and Head Office. The Clinics at the factories operate 24 hours service. Also we have Hospitals listed on retainer basis with the company for our employees and their family use. Efforts are being made by the Management and the Safety, Health and Environment Officers at the various sites to avoid industrial accidents through increased training on safety to both staff and contractors. The target of the Company is to ensure that there is no major accident.

We provide basic HIV/AIDS training to our employees. Also, we provide training and basic information to staff on prevention and treatment of serious diseases. On periodic basis, we invite medical experts and health institutions to make available free screening exercise to enable employees know their status in respect of serious diseases and provide the treatment required. We do not discriminate against or disengage any employee on the basis of his or her HIV/AIDS status. The Company makes the above facilities available to staff through the retained clinics.

(g) Supplier and Customer Relations

We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.

(h) Agriculture and rural development

We contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.

(i) Environmental sustainability

We commit ourselves to environmentally sustainable business practices. At all stages of the product life cycle, we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources and target zero waste.

We invest continuously to improve our environmental performance. The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact's three guiding principles on environment (Principle 7 on support for precautionary approach to environmental challenges; Principle 8 on the need to undertake initiatives to promote environmental responsibility and Principle 9 on the need to encourage the development and diffusion of environmentally friendly technologies). Our four priority areas are: water, agricultural raw materials, manufacturing and distribution of our products and packaging. We implement our policy through the Nestlé Environmental Management System. We believe that environmental performance is a shared responsibility and requires the cooperation of all parts of society. We are determined to always provide leadership within our sphere of influence.

(j) Water

We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

(k) Number, diversity, training initiatives and development of employees

As at 31 March 2022, the staff strength of the Company was 2,288 (2021: 2,268). Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas. Presently, we have 20 (2021: 23) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Cameroun,South Africa,Switzerland, Colombia and Malaysia in order to give them the required exposure to enable them take up higher responsibilities.

(l) Bribery and corruption

We condemn any form of bribery and corruption. Our employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behavior that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

21 Insider Trading

The directors of the Company and senior employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company in accordance with the provisions of the Investments & Securities Act 2007 and the Listing Rules of the Nigerian Stock Exchange. As required by law, the shares held by directors are disclosed in the annual report. Our Company has securities trading policy applicable and circulated to directors, insiders, external advisers and all employees that may at any time possess any inside or material information about our Company. The securities trading policy is also available on the website of the Company.

Our Company has adopted a code of conduct regarding securities transaction by the directors on terms no less exacting than the required standard set out in the Listing Rules of the Nigerian Stock Exchange. The Company has made specific enquiry of all directors whether they have complied with the required standard set out in the listing rules and the Company's code of conduct regarding securities transactions by directors and the Company is not aware of any non-compliance.

BY ORDER OF THE BOARD

Bode Ayeku,FCIS
Company Secretary/Legal Adviser
FRC/2012/NBA/00000000637
22-24, Industrial Avenue
Ilupeju,
Lagos.

Statement of Directors' Responsibilities
For the preparation and approval of the Financial Statements

The Directors of **Nestlé Nigeria Plc** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31st March 2022, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the period ended 31st March 2022 were approved by directors on 29 April 2022

Signed on behalf of the Directors of the Company:

David Ifezulike	**Wassim Elhusseini**	**Jagdish Singla**
(Chairman)	**(Managing Director)**	**(Finance & Control Director)**
FRC/2013/NIM/00000003355	***FRC/2020/003/00000022041***	***FRC/2018/ICAN/00000018560***
29 April 2022	**29 April 2022**	**29 April 2022**

Statement of Profit or loss and Comprehensive Income

In thousands of naira

	Note	Jan - Mar 2022	Jan - Mar 2021
Revenue	5	110,225,400	87,257,701
Cost of sales		(66,982,527)	(52,514,964)
Gross Profit		43,242,873	34,742,737
Marketing and distribution expenses		(14,224,472)	(11,109,209)
Administrative expenses		(2,615,747)	(3,319,315)
Results from operating activities		26,402,653	20,314,212
Finance income		3,816,071	123,340
Finance costs		(2,366,736)	(1,435,121)
Net finance income/cost	6	1,449,335	(1,311,781)
Profit before income tax		27,851,988	19,002,431
Income tax expense	8	(9,871,920)	(6,602,429)
Profit for the period		17,980,068	12,400,001
Other comprehensive income		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		17,980,068	12,400,001
Profit for the period is attributable to:			
Owners of the company		17,980,068	12,400,001
Total comprehensive income for the period is attributable to:			
Owners of the company		17,980,068	12,400,001
Earnings per share		**N**	**N**
Basic earnings per share		22.68	15.64
Diluted earnings per share		22.68	15.64

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Statement of Financial Position
As at 31 March 2022
In thousands of naira

	Note	Mar 2022	Dec 2021
Assets			
Property, plant and equipment	9(a)	99,154,588	98,964,157
Right of use Assets	9(b)	4,994,169	4,848,732
Long term receivables	10	2,288,841	2,501,289
Total non-current assets		106,437,598	106,314,178
Inventories	11(a)	63,219,852	58,964,125
Right of return assets	11(b)	56,713	45,443
Trade and other receivables	12	54,443,171	43,302,758
Prepayments	13	4,545,180	1,093,841
Cash and cash equivalents	14	95,589,123	100,518,159
Total current assets		217,854,039	203,924,326
Total assets		324,291,638	310,238,504
Equity			
Share capital	15(a)	396,328	396,328
Share premium	15 (b)	32,262	32,262
Share based payment reserve	15 (c)	28,917	113,459
Retained earnings		38,816,228	20,836,160
Total Equity		39,273,735	21,378,209
Liabilities			
Loans and borrowings		81,258,717	76,432,859
Employee benefits	16	4,161,498	4,038,600
Lease liabilities		127,890	283,135
Deferred tax liabilities		14,787,726	12,587,716
Total non- current liabilities		100,335,831	93,342,310
Trade and other payables	17	151,938,860	148,384,425
Contract liabilities	18	12,807,303	15,452,354
Refund liabilities	11(b)	92,384	78,963
Bank Overdraft	14	2,352	2,352
Current tax liabilities		14,403,713	28,281,629
Lease liabilities		313,446	184,821
Loans and borrowings		2,469,998	431,943
Provisions		2,654,016	2,701,498
Total current liabilities		184,682,072	195,517,985
Total liabilities		285,017,902	288,860,295
Total equity and liabilities		324,291,638	310,238,504

THE BOARD APPROVED THE FINANCIAL STATEMENTS ON 29 APRIL 2022

_______________________) David Ifezulike
) (Chairman)
) FRC/2013/NIM/00000003355
_______________________) Wassim Elhusseini
) (Managing Director)
) FRC/2020/003/00000022041
_______________________) Jagdish Singla
(Finance & Control Director)
FRC/2018/ICAN/00000018560

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Statement of Changes in Equity

Attributable to equity holders of the company

In thousands of naira	***Note***	***Share capital***	***Share premium***	***Share based payment reserve***	***Retained earnings***	***Total equity***
Balance at 1 January 2022		396,328	32,262	113,459	20,836,160	21,378,209
Profit for the year						
Profit or loss		-	-	-	17,980,068	17,980,068
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-		17,980,068	17,980,068
Transactions with owners, recorded directly in equity						
Dividend to equity holders		-	-	-		-
Unclaimed dividend written back		-	-	-	-	-
Share based payment contribution		-	-	70,576	-	70,576
Share based payment recharge		-	-	(155,119)	-	(155,119)
Balance as at 31 March 2022		396,328	32,262	28,917	38,816,228	39,273,735
Balance at 1 January 2021		396,328	32,262	113,811	28,754,583	29,296,984
Profit for the year						
Profit or loss		-	-	-	12,400,001	12,400,001
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-		12,400,001	12,400,001
Transactions with owners, recorded directly in equity						
Dividend to equity holders		-	-	-		-
Unclaimed dividend written back		-	-	-	1,107	1,107
Share based payment contribution		-	-	72,990	-	72,990
Share based payment recharge		-	-	(154,113)	-	(154,113)
Balance as at 31 March 2021		396,328	32,262	32,688	41,155,691	41,616,969

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Statement of Cash Flows
In thousands of naira

	Note	Mar-22	Mar-21	Dec 2021
Cash flows from operating activities				
Profit for the period		17,980,068	12,400,001	40,037,277
Adjustments for:				
Depreciation of property, plant and equipment and right of use asset	15	2,238,208	1,991,354	8,409,395
Net foreign exchange difference		(3,854,375)	(31,006)	4,735,034
Net finance (income)/cost		2,068,719	1,342,787	5,355,569
Equity settled share based payment transactions		70,576	72,990	153,761
Provisions for other long term employee benefits	16	217,504	168,883	(100,277)
(Gain)/Loss on disposal of property, plant and equipment	7	68,755	(215,689)	245,042
Write down of inventories		425,398	41,809	213,078
Gain on lease modification		-	-	(69,908)
Accretion of interest		15,178	14,557	57,602
Income tax expense	8	9,871,920	6,602,429	21,838,065
		29,101,950	22,388,114	80,874,639
(Increase)/Decrease in long term receivables		212,448	63,496	(138,112)
Change in inventories		(4,681,125)	8,224,061	(6,954,935)
Change in right of return assets		(11,270)	(22,676)	6,820
Change in trade and other receivables		(11,140,413)	10,769,913	(3,747,468)
Change in prepayments		(3,451,339)	(2,854,121)	(125,415)
Change in trade and other payables (excluding dividend payable)		4,324,686	(7,788,097)	12,633,191
Change in contract liabilities		(2,645,051)	1,282,823	6,805,108
Change in refund liabilities		13,421	39,411	(11,842)
Changes in provisions		(47,482)	(59,762)	(990,493)
Cash generated from operating activities		11,675,823	32,043,160	88,351,493
Income tax paid		(21,439,393)	(22,047,944)	(23,429,388)
Other long term employee benefit paid		(94,606)	(65,831)	(332,144)
Share based payment recharge paid		(155,119)	(154,113)	(154,113)
Net cash in flow from operating activities		(10,013,294)	9,775,273	64,435,846
Cash flow from investing activities				
Finance income		935,261	123,340	1,987,042
Proceeds from sale of property, plant and equipment		29,808	1,207,691	984,218
Acquisition of property, plant and equipment		(2,672,639)	(1,087,614)	(21,076,915)
Net cash used in investing activities		(1,707,570)	243,417	(18,105,659)
Cash flow from financing activities				
Proceeds from loans obtained-- Intercompany loan		6,032,000	9,146,656	33,350,625
-- Bank loan		5,228,920	4,335,915	24,949,128
Repayments of borrowing-- Bank loan		(3,188,490)	(8,881,961)	(29,765,464)
Lease Payment		(395,740)	(373,350)	(373,350)
Finance cost paid		(358,122)	(1,435,121)	(1,946,579)
Dividends paid		(526,742)	(71,057)	(30,729,397)
Net cash used in financing activities		6,791,825	2,721,082	(4,515,037)
Net increase in cash and cash equivalents		(4,929,037)	12,739,772	41,815,151
Cash and cash equivalent at January 1		100,515,807	58,700,658	58,700,658
Cash and cash equivalent at Period end		95,586,771	71,440,431	100,515,807

The accompanying notes on pages 19 to 27 form an integral part of these financial statements.

Notes to the financial statements

Notes to the financial statements

1 **Reporting entity**

Nestlé Nigeria Plc ("the Company") is a Company domiciled in Nigeria. The address of the Company's registered office is at 22-24, Industrial Avenue, Ilupeju, Lagos. The Company is listed on the Nigerian Stock Exchange.

The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

2 **Basis of accounting**

(a) Basis of preparation

The interim condensed financial statements for the period ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2021.

(b) *Basis of measurement*

The financial statements have been prepared on historical cost basis except for the following;

- Liabilities for equity-settled share-based payment arrangements
- The present value of the defined benefit obligation relating to long service awards
- Inventory at lower of cost and net realisable value

(c) *Functional and presentation currency*

These financial statements are presented in Naira, which is the Company’s functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

3 Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the financial statements

4 Operating segments

(a) Basis of segmentation

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's Board of Directors (BOD) review internal management reports on a quarterly basis. The following summary describes the operations in each of the Company's reportable segments:

Segment	Description
Food	This includes the production and sale of Maggi, Cerelac, Nan, Lactogen and Golden Morn.
Beverages	This includes the production and sale of Milo, Chocomilo, Nescafe, Milo ready-to-drink (RTD) and Nestlé Pure Life.

The accounting policies of the reportable segments are the same as described in Notes 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(b) Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
External Revenues	66,135,240	52,354,621	44,090,160	34,903,080	-		110,225,400	87,257,701
Interest revenue					3,816,071	123,340	3,816,071	123,340
Interest expense					(2,366,736)	(1,435,121)	(2,366,736)	(1,435,121)
Depreciation	(1,320,543)	(1,254,553)	(917,665)	(736,801)			(2,238,208)	(1,991,354)
Impairment loss							-	
Amortisation	-						-	
Reportable segment profit before income tax	15,577,565	12,797,954	10,825,088	7,516,258	1,449,335	(1,311,781)	27,851,988	19,002,431

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Board of Directors) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

5 Revenue

Revenue for the period which arose from sales of goods comprise:

In thousands of naira	Mar-22	Mar-21
Nigeria	108,199,444	85,828,390
Export	2,025,956	1,429,311
Total Revenue	110,225,400	87,257,701

6 Net finance cost

In thousands of naira	Mar-22	Mar-21
Interest income on bank deposits	1,008,001	92,334
Net foreign exchange gain	2,808,070	31,006
Finance Income	3,816,071	123,340
Interest expense on financial liabilities	(2,366,736)	(1,435,121)
Net foreign exchange loss	-	-
Finance expense	(2,366,736)	(1,435,121)
Net finance income/ cost	1,449,335	(1,311,781)

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N1.84 billion (2021: N1.07 billion) excluding the impact of foreign exchange differences.

7 Profit before income tax

Profit before income tax is stated after charging or (crediting):

In thousands of naira	***Note***	Mar-22	Mar-21
Depreciation		2,238,208	1,991,354
Personnel expenses		8,371,105	7,660,519
Loss/(profit) on property, plant and equipment disposed		68,755	(215,689)
Net foreign exchange (gain) loss		(2,808,070)	(31,006)
General licence fees		4,280,255	3,420,776

Welfare and other personnel expenses	Mar-22	Mar-21
Salaries and wages	4,295,139	3,977,209
Welfare and end of service benefit	4,075,966	3,683,310
	8,371,105	7,660,519

8 Taxation

Income tax expense

The tax charge for the period has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

In thousands of naira	**Mar 2022**	**Mar 2021**
Current tax expense		
Current period income tax	6,396,375	3,982,928
Current period tertiary education tax	656,776	381,008
	7,053,151	4,363,936
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	2,818,769	2,238,493
Total income tax expense	9,871,920	6,602,429

9 Property, plant and equipment (PPE)

(a) The reconciliation of the carrying amount is as follows:

In thousands of naira	Note	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	Total
Cost								
Balance at 1 January 2021		34,023,020	76,208,433	4,535,608	12,423,664	1,910,824	19,662,137	148,763,685
Additions		587,667	2,294,300	939,824	351,658	132,372	16,586,886	20,892,707
Disposals		-	(1,662,087)	(18,317)	(303,813)	-		(1,984,217)
Reclassification		1,736,398	9,224,316	-	665,523	139,600	(11,765,837)	
Balance at 31 December 2021		36,347,085	86,064,961	5,457,115	13,137,032	2,182,796	24,483,185	**167,672,176**
Balance at 1 January 2022		36,347,085	86,064,961	5,457,115	13,137,032	2,182,796	24,483,185	167,672,175
Additions		16,173	115,500	59,125	81,260	174,769	1,839,706	2,286,533
Disposals		-	(32,194)	(297,129)	(25,842)	(381)		(355,545)
Reclassification		317,435	1,567,323	137,350	137,888	76,816	(2,236,813)	-
Balance at 31 March 2022		36,680,694	87,715,590	5,356,461	13,330,338	2,434,000	24,086,079	**169,603,162**
Accumulated depreciation and impairment losses								
Balance at 1 January 2022		10,013,915	39,225,868	2,281,502	8,507,376	1,469,189	-	61,497,849
Depreciation	7	901,703	4,787,808	759,604	1,211,102	304,914	-	7,965,133
Impairment			-				-	-
Disposals			(441,762)	(18,317)	(294,883)		-	(754,962)
Balance at 31 December 2021		10,915,618	43,571,915	3,022,788	9,423,595	1,774,103	-	**68,708,020**
Balance at 1 January 2022		10,915,618	43,571,915	3,022,788	9,423,595	1,774,103	-	68,708,018
Depreciation	7	230,540	1,248,436	218,247	304,998	78,552		2,080,773
Impairment loss		-		-	-	-		-
Disposals		-	(17,707)	(297,128)	(25,072)	(307)		(340,214)
Balance at 31 March 2022		11,146,158	44,802,645	2,943,907	9,703,522	1,852,348	-	**70,448,579**
Carrying amounts								
At 1 January 2021		24,009,105	36,982,563	2,254,105	3,916,288	441,634	19,662,137	**87,265,835**
At 31 December 2021		25,431,468	42,493,046	2,434,327	3,713,436	408,694	24,483,184	**98,964,156**
At 31 March 2022		25,534,536	42,912,946	2,412,555	3,626,816	581,652	24,086,079	**99,154,584**

9 Right of Use Assets

(b) The reconciliation of the carrying amount is as follows:

In thousands of naira	Note	Land N'000	Building N'000	Total N'000
Cost				
As at 1 January 2021		4,102,547	1,343,475	5,446,022
Additions		-	308,764	308,764
Modification		-	(70,297)	(70,297)
Disposals		-	(127,625)	(127,625)
Balance as at 31st December 2021		**4,102,547**	**1,454,317**	**5,556,864**
As at 1st January 2022		4,102,547	1,454,317	5,556,864
Additions		-	302,871	302,871
Disposals		-	-	-
Balance as at 31 March 2022		**4,102,547**	**1,757,189**	**5,859,735**
Accumulated depreciation and impairment lossses				
As at 1 January 2021		174,839	216,655	391,494
Depreciation		70,138	374,126	444,264
Disposals		-	(127,625)	(127,625)
Balance as at 31st December 2021		**244,977**	**463,156**	**708,133**
As at 1 January 2022		244,977	463,156	708,133
Depreciation		17,534	139,901	157,435
Impairment		-	-	
Disposals		-	-	-
Balance as at 31 March 2022		**262,511**	**603,057**	**865,568**
Carrying amounts				
As at 1 January 2021		3,927,708	1,126,820	5,054,528
As at 31 December 2021		3,857,571	991,161	4,848,731
As at 31 March 2022		**3,840,037**	**1,154,132**	**4,994,169**

10 Long term receivables

Long term receivables represent long-term portion of loans granted to the Company's employees and amount receivable from customers on the trade assets deployed which are expected to be paid after one year from the date of the financial statements. This is analysed below:

In thousands of naira

	2022	2021
Long term Staff receivable	2,189,486	2,296,038
Amount due from Customers on account of trade assets deployed	99,355	205,251
	2,288,841	**2,501,289**

11(a) Inventories

In thousands of naira	2022	2021
Raw and packaging materials	32,215,839	29,583,883
Product in process	4,349,476	3,169,404
Finished products	12,256,516	11,098,416
Engineering spares	6,689,010	6,195,331
Goods in transit	7,709,011	8,917,091
	63,219,852	58,964,125

11(b) Right of return assets and refund liabilities

In thousands of naira	2022	2021
Right to returned goods asset	56,713	45,443
Refund liabilities		
Arising from rights of return	92,384	78,963

The right to returned goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's 180-day returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a period using the expected value method.

12 Trade and other receivables

In thousands of naira	***Note***	2022	2021
Trade receivables		6,687,302	7,373,388
Loans to key management personnel		21,681	30,516
Staff loans		2,715,176	2,839,531
Trade receivables due from related parties		3,780,034	1,952,209
Deposit with Company registrars for dividend		2,274,480	2,801,222
Allowance for expected credit losses		(5,145,800)	(5,164,823)
Loans and receivables		10,332,873	9,832,043
Advance payment to suppliers		26,157,300	19,923,253
Deposit for Import		18,827,863	14,340,634
Other receivables		1,413,976	1,708,116
		56,732,012	**45,804,046**
Non-current - reclassified to long term receivables		2,288,841	2,501,289
Current		54,443,171	43,302,758
		56,732,012	**45,804,047**

13 Prepayments

Prepayments represent payments made in advance for expected future economic benefits.

14 Cash and cash equivalents

In thousands of naira	**2022**	**2021**
Cash and bank balances	25,017,558	21,037,012
Short term investment	70,571,565	79,481,147
Cash and cash equivalents in the statement of financial position	95,589,123	100,518,159
Bank overdrafts used for cash management purposes	(2,352)	(2,352)
Cash and cash equivalents in the statement of cash flows	95,586,771	100,515,807

15 Capital and reserves

(a) Issued and fully paid ordinary shares of 50k each

In number of shares	**2022**	**2021**
At 31 March	792,656,252	792,656,252
Nominal value (In thousands of naira)	396,328	396,328

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(b) Share premium

In thousands of Naira	**2022**	**2021**
The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:		
Share premium	32,262	32,262

(c) *Share based payment reserves*

The share based payment reserve comprises the cumulative weighted average fair value of restricted stock unit plan granted to deserving employees which have not vested at the end of the period.

16 Employee Benefits

Other long term employee benefits

Other long term employee benefits represents the present value of unfunded long service award given to deserving members of staff of the Company.

The movement in the present value of the other long term employee benefits during the period was as follows:

In thousands of Naira	**2022**	**2021**
Balance at 1 January	4,038,600	4,471,021
Expense/(Income) for the period	217,504	(209,233)
Payments during the period	(94,606)	(223,188)
Balance at Period end	**4,161,498**	**4,038,600**

17 Trade and other payables

In thousands of naira	**2022**	**2021**
Trade payables	43,793,062	40,866,329
Other payables and accruals	20,988,643	21,369,862
Trade payables due to related parties	78,282,223	76,746,560
Dividend payable	8,874,932	9,401,674
	151,938,860	148,384,425

18 Contract liabilities

This include incentives yet to be paid to customers and advances received from cash customers.

	2022	**2021**
In thousands of naira		
Customer's down payment	6,219,934	9,615,059
Trade incentives	6,587,369	5,837,295
	12,807,303	15,452,354

19 Subsequent Events

There are no significant subsequent events which could have a material effect on the results of the Company as at March 31 2022 that has not been adequately provided for or disclosed in these unaudited interim financial statements.