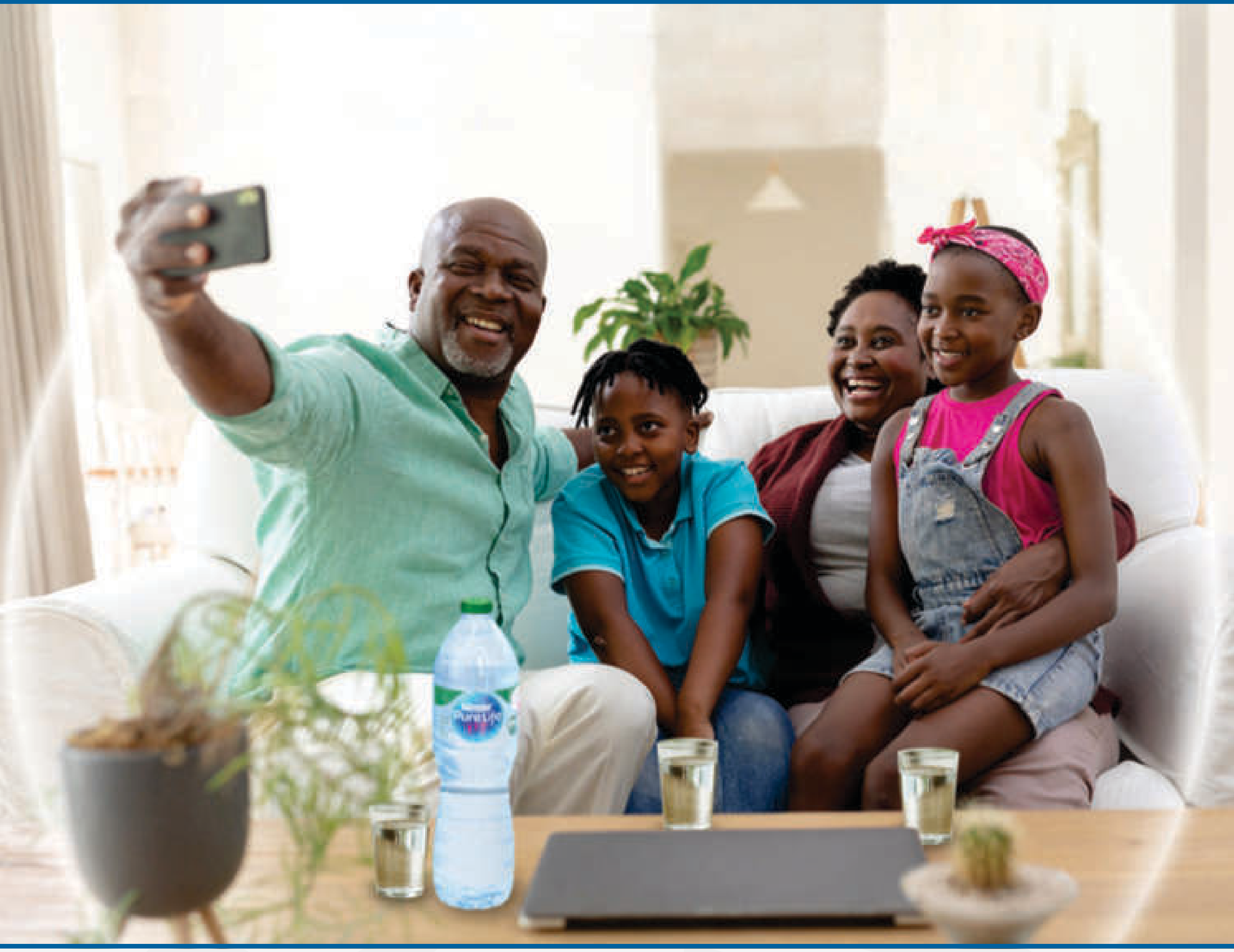
Good Food, Good Life

Nestlé Nigeria Plc
(RC 6540)



2022 ANNUAL REPORT AND ACCOUNTS

The leading nutrition, health and wellness company

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Company Profile

Our Profile

Nestlé Nigeria – Nourishing individuals and families since 1961

Purpose:

Our purpose is to unlock the power of food to enhance quality of life for everyone today and for generations to come.

ABOUT NESTLÉ NIGERIA PLC:

Nestlé Nigeria is one of the largest food companies in Africa. For over 61 years, the company has been delighting consumers across Nigeria by consistently delivering high quality nutritious food. With a staff strength of 2,320 direct employees, 3 manufacturing sites, 7 branch offices and a head office located in Lagos, the company produces and markets several iconic brands including MAGGI®, MILO®, GOLDEN MORN®, NESCAFÉ® and Nestlé PURE LIFE®.

Our Products:

Nestlé Nigeria manufactures and markets a range of high quality brands including MAGGI® Star, MAGGI® Chicken, MAGGI® Crayfish, MAGGI® Mix'py, MAGGI® Naija Pot, MAGGI® Signature, MILO®, MILO® 3 in 1 Milky & Creamy, MILO® Energy Cubes, MILO® Ready-to-Drink (RTD), GOLDEN MORN® Maize and Soya, NESCAFÉ® Classic, NESCAFÉ® Original 3 in 1, NESCAFÉ® Malty 3 in 1, NESCAFÉ® Ready-To-Drink Coffee, Nestlé PURE LIFE®, Nestlé PURE LIFE Protect®, Nestlé PURE LIFE Sparkling Water®, NAN®, SMA®, LACTOGEN®, CERELAC® and CERELAC® Junior.

Our History:

The Company began trading operations in Nigeria in 1961 and was listed on the Nigerian Stock Exchange on April 20, 1979.

In 1982, the first factory was commissioned in Agbara, Ogun State. This site has since grown into a factory complex housing multiple plants including the MAGGI®, CERELAC®, GOLDEN MORN®, NESTLÉ PURE LIFE® and MILO® & MILO® RTD Plants. Flowergate and Abaji factories were subsequently commissioned in 2011 and 2016 respectively.

Nestlé Nigeria continues to invest in the development of its people, in the innovation of new products to meet consumer needs and preferences and in new facilities to help achieve the organization's growth objectives.

From 2017 to 2022, Nestlé Nigeria spent over N100.9 billion on productive investment across its manufacturing operations and over N6.4 billion in Creating Shared Value (CSV).

How we do business – Creating Shared Value:

We are Nestlé, the Good food, Good life company. We believe in the power of food to enhance quality of life. We also believe that our business will only be successful in the long term if we create value for society, a concept called Creating Shared Value (CSV). We therefore focus our energy and resources where unlocking the power of food can make the greatest difference to the lives of people, while we generate significant value for our shareholders and other stakeholders.

We are committed to enabling people to lead healthier, happier lives by continuously improving our products to provide affordable nutrition for everyone, and promoting healthy, active lifestyles through education and relevant initiatives.

We work alongside relevant stakeholders to build strong communities and supply chains while improving household incomes to help build thriving communities closest to our operations.

We are taking steps towards attaining our ambitious objectives for protecting our planet for future generations by reducing our carbon emissions while regenerating our environment. Our actions include the renovation of our products and packaging, increasing sustainability awareness to change mindsets and improve behaviour on post consumption waste management and the reduction of the energy and water used across our operations.

Our CSV focus areas include food fortification to improve nutrition indices, improving access to clean, safe water, the economic empowerment of local farmers and processors, improving the household income of rural women, protecting the environment and empowering youth as future leaders.

Our People:

A strong pillar of Nestlé Nigeria's continuous success is our people. We therefore continue to invest in keeping our employees motivated to deliver their best performance.

In the past 7 years, we have invested over N1.5 billion on training and capacity building to develop and support our people to bring value to themselves and to the organization.

Innovation at Nestlé:

Our expertise in research and development remains a competitive advantage for providing healthier products tailored to consumers' tastes and nutritional needs. We constantly renovate and introduce new products to expand consumer options.

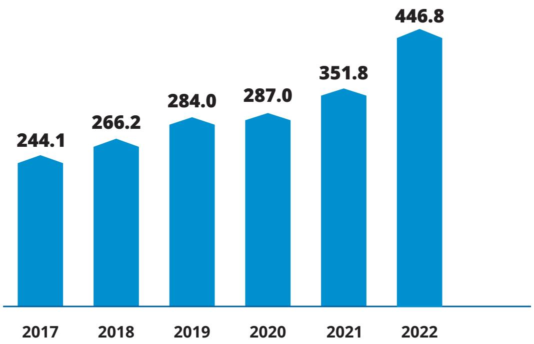
3 new products were introduced in 2022, they include MILO® 3 in 1 Milky & Creamy, NESCAFÉ® Malty 3 in 1 and NESCAFÉ® Ready-To-Drink Coffee.

MILO® 3 in 1 Milky & Creamy is a more milky, more creamy option that does not require consumers to add milk during preparation, thus making it a more affordable option in our energy food drink segment. MILO® 3 in 1 Milky & Creamy is a good source of calcium, 6 vitamins and 3 minerals.

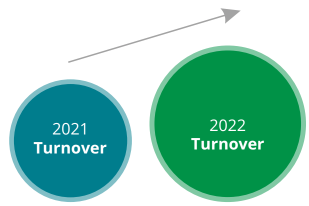
NESCAFÉ® Malty 3 in 1 is a new blend of coffee and malt in the 3 in 1 coffee segment. It offers a rich, bold and enjoyable taste to satisfy consumer preferences. NESCAFÉ® Ready-To-Drink Coffee provides the convenience consumers desire with the same great taste on the go.

Performance Indicators

Turnover (NGN billion)



Turnover Development

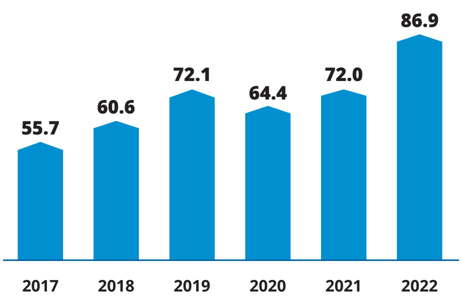


27%
Turnover growth
from 2021 to 2022

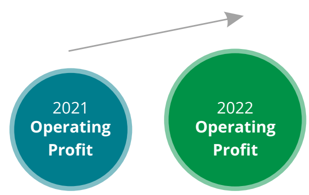
83%
Turnover growth
over the last five years

All segments and Businesses with strong Turnover development

Operating (NGN billion)



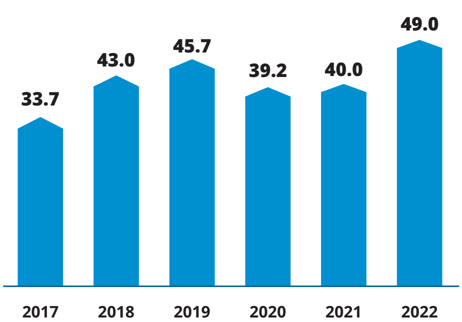
Operating Profit Development



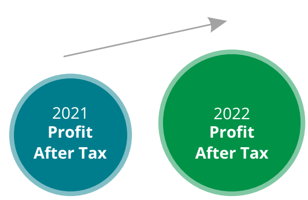
21%
Increase in operating profit
between 2021 to 2022

56%
Operating profit growth
over the last five years

Profit After Tax (NGN billion)



Profit After Tax Development

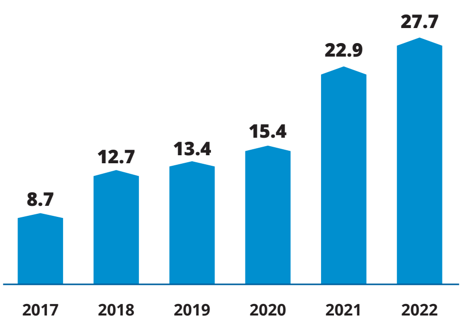


22%
Increase in operating profit
between 2021 to 2022

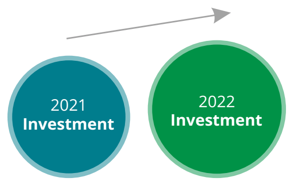
45%
Operating profit growth
over the last five years

Performance Indicators

Investments (NGN billion)



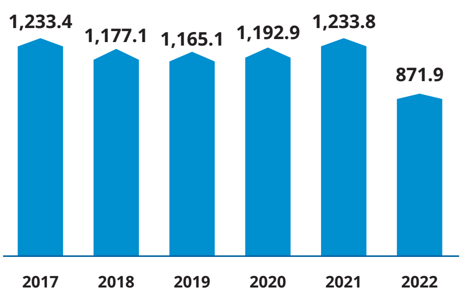
Investments



₦27.7Billion
Investment in year 2022

₦92.1Billion
Investment during the last five years

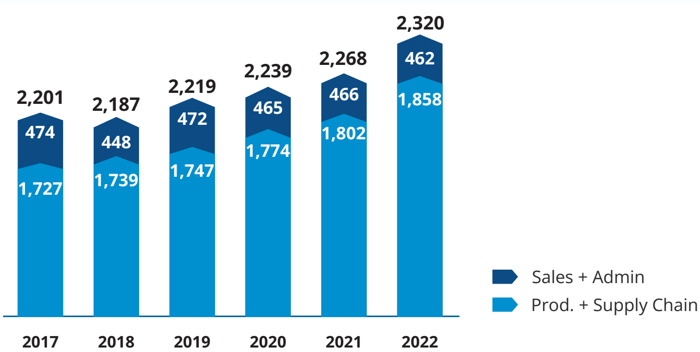
Market Capitalization (NGN billion)



Market Cap. Development

6th
company with the highest market capitalization on the NGX

Staff



Staff Development

2,320
Staff strength at the end of 2022

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **54th Annual General Meeting of Nestlé Nigeria Plc** will be held at the MUSON Centre, 8/9 Onikan, Lagos, on Wednesday, 17 May 2023 at 11 o'clock in the forenoon for the following purposes:

ORDINARY BUSINESS

1) To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31 December 2022 and the Reports of the Auditors and the Audit Committee thereon
2) To declare a Final Dividend
3) To elect / re-elect Directors
4) To authorize the Directors to fix the remuneration of the Auditors
5) To disclose the remuneration of the Managers of the Company in line with the provisions of the Companies & Allied Matters Act 2020
6) To elect the members of the Audit Committee

SPECIAL BUSINESS

7) To fix the remuneration of Directors and approve the benefits for the retiring long serving Director
8) To consider and pass the following resolution as an ordinary resolution of the Company:

"That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, credit facilities, technical support services, on normal commercial terms in compliance with the NGX Rules Governing Transactions with Related Parties or Interested Persons be and is hereby renewed."

NOTES

a. PROXY:

A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed herewith. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company's Registrars, Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P.M.B. 12717, Lagos or via e-mail: info@gtlregistrars.com not later than 48 hours before the time of the meeting.

b. DIVIDEND PAYMENT AND CLOSURE OF REGISTER OF MEMBERS:

If the dividend recommended by the Directors is approved, dividend will be paid on Thursday, 18 May 2023 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, 21 April 2023. Notice is therefore hereby given that the Register of Members and Transfer Books of the Company will be closed from Monday, 24 April 2023 to Friday, 28 April 2023, both dates inclusive, to enable the preparation and payment of dividend.

c. NOMINATIONS FOR THE AUDIT COMMITTEE:

The Audit Committee consists of 3 Shareholders and 2 Non-Executive Directors. In accordance with Section 404 of the Companies and Allied Matters Act, 2020, (CAMA) any member may nominate a shareholder for election as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. We request shareholders to note Section 404 (5) of CAMA which provides that "All members of the Audit Committee shall be financially literate, and at least one member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly".

d. UNCLAIMED DIVIDEND:

Several dividend warrants remain unclaimed or are yet to be presented for payment or returned to the Registrars for revalidation. A list of such members will be circulated with the Annual Report and Financial Statements and advertised in two online national newspapers as provided by CAMA. Members affected are advised to complete the e-dividend registration or write to or call at the office of the Company's Registrars, Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P.M.B. 12717, Lagos during normal working hours.

e. E-DIVIDEND/E-BONUS:

Notice is hereby given to all shareholders to open bank accounts, stock broking accounts and CSCS accounts for the purpose of dividend/bonus. A detachable application form for e-dividend and e-bonus is attached to this Annual Report to enable all shareholders furnish particulars of their accounts to the Registrars, (Greenwich Registrars & Data Solutions Limited) as soon as possible.

We request our shareholders to use the e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars.

The letter from Greenwich Registrars & Data Solutions Limited explaining the new initiative is included in the Annual Report and Accounts.

f. RIGHTS OF SECURITIES HOLDERS TO ASK QUESTIONS:

Securities holders have a right to ask questions not only at the meeting, but also in writing prior to the Meeting, and such questions should be addressed to the Company Secretary and submitted to the registered office of the Company at least a week before the meeting.

g. ELECTRONIC ANNUAL REPORT:

The soft copy of the 2022 Annual Report can be accessed on our website www.nestle-cwa.com/en/investors/nigeria and will be sent to our shareholders who have provided their email addresses to the Registrars. Shareholders who are interested in receiving the soft copy of the 2022 Annual Report should request via email to: info@gtlregistrars.com

Dated 24 February 2023
By Order of the Board

Bode Ayeku, FCIS
Company Secretary / Legal Adviser
FRC/2012/NBA/00000000637

Registered Office
22-24 Industrial Avenue,
Ilupeju, LAGOS

Chairman's Statement

Chairman's statement at the 54th Annual General Meeting of Nestlé Nigeria PLC on May 17, 2023

CHAIRMAN'S STATEMENT

MR. DAVID IFEZULIKE

Fellow esteemed Shareholders, Board Members, Nestlé Nigeria management and staff, ladies and gentlemen of the press, ladies and gentlemen. It gives me great pleasure to welcome you to this 54th Annual General Meeting of our company - Nestlé Nigeria PLC.

Over the past 62 years of operations in Nigeria, Nestlé has remained focused on its responsibilities, primarily, to unlock the power of food to enhance quality of life for everyone, today and for generations to come.

We have therefore, focused on ensuring the supply of healthy nutritional food and beverages wherever they are needed, while remaining a force for good in our communities and helping wherever we can.

Business Environment

The year under review was with its own many business challenges ranging from the continued state of insecurity in Nigeria to double-digit inflation and the further devaluation of the Naira.

The business environment continues to recover from disruptions caused by the COVID-19 pandemic as well as the Russia-Ukraine conflict, resulting in sustained high input costs and supply chain disruptions.

Financial Results

In 2022, our company recorded 22.3% increase in profit after tax over 2021. I thank the management and staff of our company, whose commitment, dedication and ingenuity drove the excellent results that we recorded in 2022. We are extremely proud of your ability to continue to achieve so much even under the current challenging business environment.

Highlights of our operating results are on page 32 of this Annual Report and Accounts. The highlights can also be accessed on our investor website at www.nestle-cwa.com/en/investors/nigeria

Dividend

In our tradition of continuously creating value for our shareholders, I am therefore pleased to announce that in addition to the interim dividend of N25.00 already paid to shareholders, the Board is pleased to propose for the consideration and approval of shareholders at this meeting, a total final dividend of N28,931,953,198 or N36.50k per ordinary share to be paid to our shareholders on 18 May 2023. This payment will be made subject to the deduction of withholding tax at the applicable rate, if approved.

Marketing, Sales, and Product Performance

Throughout 2022, our focus was to continuously ensure that consumers were offered their preferred brands anywhere and everywhere in Nigeria. Our products focus on innovation and renovation to meet and exceed consumer expectations. In 2022, we leveraged our expertise in research and development to offer healthier products tailored to consumers' tastes and nutritional needs with the introduction of MILO® 3 in 1 Milky & Creamy, NESCAFÉ® Malty 3 in 1, and NESCAFÉ® Ready-To-Drink Coffee.

Employees

I wish to use this opportunity to salute the motivation, dedication, and professionalism of all our 2,320 direct employees in Nigeria. Their work makes it possible for us to deliver our promise to our consumers and other stakeholders daily.

Creating Shared Value (CSV)

At Nestlé, we create shared value together with our partners. We enable people to lead healthier, happier lives by continuously improving our products, build strong communities and supply chains, improving livelihoods in communities directly connected to our business activities as well as protect our planet for future generations by enhancing the environmental performance of our operations.

We are also passionate about maximizing long-term value by accelerating growth, improving margins, and allocating resources and capital prudently for the benefit of our shareholder, partners and all stakeholders.

You will find details about our CSV projects and activities from page 147 to 160 of the annual report.

Environment

At Nestlé we are committed to protecting the environment and replenishing our natural resources for future generations. In 2022, we launched the Employee Plastic Collection Scheme resulting in the collection of 1,275kg of PET from employees by the end of the year.

We are focused on ensuring that none of our packaging, including plastics, end up in landfills as litter, in the seas, oceans and waterways. We collaborated with partners and members of the alliance - Food and Beverage Recycling Alliance (FBRA).

We supported the advocacy and communication efforts of the Food and Beverage Recycling Alliance (FBRA). Over 1,032T of plastic waste was removed from the environment in 2022 through the collection initiatives.

Outlook for 2023

2023 is predicted to be another challenging year, considering that it is a year of the general elections in Nigeria. The political landscape is expected to be highly volatile with the different political actors driving their campaigns vigorously as well as the disruptions in economic activities experienced in the first quarter with the change of some denominations of the Naira.

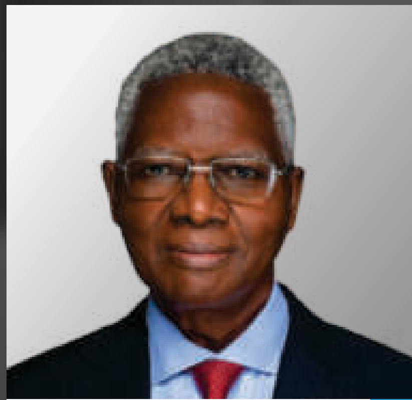
The residual effects of the COVID-19 pandemic, the global disruption in supply chains as well as the increasing cost of doing business – especially high cost of inputs - are factors expected to continue to plague the economic landscape in 2023.

We will continue to be flexible and resilient in our operations recognizing that we operate in a changing world. We will continue to focus on ensuring the availability of high-quality affordable nutrition for the individuals and families who depend on us to nourish their families daily. This is because we are Nestlé, the Good food, Good life company.

Thank you for your attention.

Mr. David Ifezulike
Chairman

Board of Directors of Nestlé Nigeria



Mr. David Ifezulike 1

Mr. Wassim Elhusseini 2

Mr. Gbenga Oyebode (MFR) 6

Ms. Juliet Ehimuan 7

1) Mr. David Ifezulike (Nigerian) Chairman is the non-executive Chairman of the Board of Directors of Nestlé Nigeria Plc. He holds a Master of Science degree in Management Science and a Diploma of Imperial College. He joined Nestlé in 1980 and worked for over 26 years in various capacities and locations including Nigeria, Malaysia, Zimbabwe, Switzerland and Ghana. Mr. Ifezulike was on international exchange program as the Factory Manager of Nestlé Ghana between May 1999 and April 2003. He retired from Nestlé Nigeria Plc as the Executive Director, Industrial Development in October 2006. He was appointed to the Board of Directors of Nestlé Nigeria Plc on 22 December 2000 and appointed the Chairman with effect from 10 May 2013.

2) Mr. Wassim Elhusseini (Lebanese) is the Managing Director / Chief Executive Officer of the Company. He joined Nestlé Kuwait in 2002 as Channel Category Sales Development (CCSD) Manager for Coffee & Creamers. He was promoted to Business Development Manager for Saudi Arabia in 2006. After four years in the role, Mr. Elhusseini was appointed as Sales Lead in the Saudi joint-venture project. He was promoted to Head of Sales for Nestlé Saudi Arabia where he demonstrated his ability to manage complexities and a large sales force. In 2015, he moved to Nestlé Middle East to lead the CCSD Unit. Appointed Sales Director of Nestlé Middle East in 2016, Mr. Elhusseini positively contributed to the business from a functional and leadership perspective. He also played an integral role in the creation of the new MENA region, comprising 16 countries, before his role was expanded to Country Manager and Sales Director in 2020. He was appointed to the Board and the Managing Director of the Company with effect from 1 September 2020.

3) Mr. Mauricio Alarcon (Mexican) is a non-executive director of the Company. Mr. Mauricio Alarcon is an Engineer and a Member of the Nigerian Institute of Management. He joined Nestlé Mexico in 1999. Following a number of Sales and Marketing assignments in the Ice Cream business, including Marketing Advisor at the Ice Cream Strategic Business Unit, he was appointed as the Marketing Manager for the Ice Cream business in Australia. In 2010, he joined Nestlé Egypt as Business Executive Manager, Ice Cream where his dynamism played a key role in transforming the business. Under his leadership, the Ice Cream business turnover in Nestlé Egypt more than doubled and the profitability improved in a challenging

Mr. Mauricio Alarcon 3

Mr. Sarmad Saleem 4

Mr. Martin Kruegel 5

Mr. Ibukun-Olu Ipinmoye 8

Mrs. Adebisi Lamikanra 9

Mr. Bode Ayeku 10

environment. He was the Managing Director of Nestlé Côte d'Ivoire from 2014 to September 2016 and the Managing Director of Nestlé Nigeria Plc from 1 October 2016 to 31 August 2020 before his appointment as the Market Head of Nestlé Central and West Africa Region from 1 September 2020.

4) Mr. Sarmad Saleem (Pakistani) is the Finance and Control Director of the Company. Mr. Saleem was the Regional Head of Decision Support in Nestlé Central and West Africa Region (CWAR) from September 2019 to 31 May 2022. Mr. Saleem holds a Bachelor of Commerce degree from the University of Punjab, Pakistan. He is a Fellow of the Institute of Chartered Accountants of Pakistan and a member of the Association of National Accountants of Nigeria and Institute of Certified Internal Auditor of the United States of America. His previous positions since joining Nestlé Pakistan in 2001 include Business Unit Controller - Culinary, Nestlé CWAR from 2014 to 2019; Cluster Controller, Nestlé Zimbabwe between 2011 and 2014; Market Controller Africa & Middle East, Nestlé Switzerland from 2007 to 2010; Business Unit Controller - Dairy, Nestlé Pakistan from 2006 to 2007; Financial Services Manager Nestlé Pakistan between 2004 and 2005, and Taxation Manager, Nestlé Pakistan from 2001 to 2004. He was appointed to the Board on 1 June 2022.

5) Mr. Martin Kruegel (German) is a non-executive director and the Head of Finance and Control of Nestlé CWA Region comprising 25 countries. Martin started his career at Nestlé Germany in 1995, where he held various roles in Supply Chain, Finance, IT and Business Co-Piloting. In 2006, he was appointed Finance Manager Cereal Partners for the Nordic Region (Sweden, Denmark, Norway, Finland). Two years later, he was promoted to Head of F&C for Nestlé Nigeria. In 2014, he was transferred to Kuala Lumpur as Head of F&C, Nestlé Malaysia/Singapore. Between February 2019 and January 2023, he was the Chief Finance Officer (CFO) of Nestlé Japan. As CFO, Martin has played a key role as co-pilot for the Business and as leader of the Finance community of Nestlé Japan. He has greatly contributed to the sustainable improvement of Nestlé Japan's top-and bottom-line through important company-wide approaches including turnaround of e-commerce business, portfolio management/SKU optimization, structural costs improvements, focus on Sell-Out and offtake. He was appointed to the Board on 1 February 2023.

6) Mr. Gbenga Oyebode (MFR) (Nigerian) is an independent non-executive director of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1980. He holds a Master of Laws degree and is the Managing Partner of the law firm of Aluko & Oyebode. He is a Fellow of the Chartered Institute of Arbitrators (UK) and the Nigerian Leadership Initiative. He is the Chairman of Okomu Oil Palm Plc and a Director of both CFAO Nigeria and Lafarge Africa Plc. He is a Member of the Global Advisory Council of the Africa Leadership Academy, Member of the Board of Trustees of the Ford Foundation and a Member of the Board of Trustees of The African Center, New York. He was appointed to the Board on 24 February 2014.

7) Ms. Juliet Ehimuan (Nigerian) is an independent non-executive director. She holds a degree in Computer Engineering from the Obafemi Awolowo University, Postgraduate Diploma in Computer Science, University of Cambridge and MBA from London Business School. She is the Country Director for Google in Nigeria. She started her career in 1995 and worked for companies in Nigeria and abroad such as Shell Petroleum and Microsoft United Kingdom in 2005. She started Strategic Insight Consulting Limited and later became the General Manager of Chams Plc's Strategic Business Units. She is a Fellow of the Cambridge Commonwealth Society and a recipient of the London Business School Global Women's Scholarship. At the University of Cambridge, she received two scholarly awards - Selwyn College Scholar and Malaysian Commonwealth Scholar. She won the "IT Personality of the Year" award by the Nigeria Computer Society in 2012 and Marketing World Award in 2016. She joined the Board on 24 February 2020.

8) Mr. Ibukun-Olu Ipinmoye (Nigerian) is an executive director and the Factory Manager, Agbara factory. He holds M.Sc degree in Biochemistry from the University of Ilorin and M.Sc degree in Management from Commonwealth Open University, United Kingdom. He joined Nestlé Nigeria in 1993 and worked in various capacities in the factory until 2010 when he was transferred to Nestlé Central West Africa Region as the Regional Manufacturing Specialist (Cereals & Beverages). He later became the Regional Manufacturing Expert for Infant Cereals in Sub-Saharan Africa, providing manufacturing support on Infant Cereals and developing application group competencies. He was thereafter appointed as Plant Manager, Beverages in Agbara factory. In 2016, he was appointed as Factory Manager, Flowergate Factory before his current appointment as the Factory Manager of Agbara Factory in June 2021. He was appointed to the Board on 1 August 2021.

9) Mrs. Adebisi Lamikanra (Nigerian) is an independent non-executive director. She has a degree in Economics and is a Fellow of the Institute of Chartered Accountants of Nigeria with over 30 years of experience. She has attended leadership programs at Lagos Business School, Harvard Business School, Kellogg (Women Leadership Program) and INSEAD. She was the head of the Advisory practice of KPMG Nigeria consisting of Management Consulting, Deal Advisory, Technology Advisory and Risk Consulting business units. She has championed various initiatives in the Nigerian banking and finance space. She is currently the thematic leader for the non-banking subsector for Nigerian Economic Summit Group. She has been involved in various landmark industry reform initiatives. She is a board member of Corona Schools Trust, Standard Chartered Bank Nigeria, Evercare Hospital Nigeria and Coronation Securities Limited Nigeria. She is currently the Co-chair of Women Corporate Directors in Nigeria. She was appointed to the Board with effect from 1 August 2021.

10) Mr. Bode Ayeku (Nigerian) is the Company Secretary/ Legal Adviser of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1992 and holds a Master of Laws degree from the University of Lagos. He joined the Company in October 2005 as the Deputy Company Secretary. He is a Fellow of both the Institute of Chartered Secretaries and Administrators of Nigeria and the Nigerian Institute of Management. He is also an Associate Member of both the Chartered Institute of Taxation of Nigeria and Chartered Institute of Stockbrokers. He recently won the prestigious ESQ Nigerian Legal Awards as the Company Secretary of the Year. He was a member of the Governing Council of the Nigeria Employers' Consultative Association and the pioneer Chairman of the Committee of Legal Advisers and Company Secretaries of the Nigeria Employers' Consultative Association.

Corporate Governance Report

2022

Corporate Governance Report 2022

Background

The priority of Nestlé Nigeria Plc (hereinafter "Nestlé" or "the Company") is to achieve profitable long-term growth. Nestlé has policies and practices that align management of the Company with the interests of our shareholders. This brings about beneficial relationship in the long term. Nestlé believes that good Corporate Governance is a critical factor in achieving business success. The Board is fully aware of its responsibilities to shareholders and works to achieve the implementation of good Corporate Governance. The Board has put in place mechanisms that assist it to review, on a regular basis, the operations of the Company to ensure that our business is conducted in accordance with good Corporate Governance and global best practices.

Some of the noteworthy aspects of our corporate governance policies include:

Nestlé Corporate Governance Principles

Nestlé has since its commencement of business:

- built consumers' trust through the quality and safety of its products;
- continued to respect social, political and cultural traditions;
- taken a long-term approach to strategic decision making, which recognizes the interests of its shareholders, consumers, employees, distributors, business partners, industrial suppliers and the society.

The Nestlé Group commitment to sound Corporate Governance goes back to its very early days. Nestlé published for the first time, in September 2000, its Corporate Governance Principles. Today, these are incorporated in the Nestlé global Management Report. Nestlé complies with these principles even before the introduction of code of corporate governance in Nigeria

Local Legislations and International Recommendations

- Nestlé complies with all applicable laws and regulations;
- Nestlé ensures that the highest standards of conduct are met throughout the organization by complying in a responsible way with the Nestlé Corporate Business Principles, which guide Company activities and relationships worldwide in each sector of business interests;
- Nestlé is aware that increasingly, globalization has been leading the development of more international recommendations. Although, as a rule, these recommendations are addressed to governments, in the long run, they have an impact on business practices. Nestlé takes such recommendations with account in its policies;
- Nestlé endorses commitments and recommendations for voluntary self-regulation issued by competent sectoral organizations, provided they have been developed in full consultation with the parties concerned; these include the ICC Business Charter for Sustainable Development (1991), the OECD Guidelines for Multinational Enterprises (1976) and the OECD Principles of Corporate Governance (1999).
- Nestlé ensures strict compliance with the Companies and Allied Matters Act particularly by:
  1) keeping proper accounting records
  2) ensuring adequate internal control procedures
  3) following all applicable accounting standards
  4) consistently applying suitable accounting policies and the going concern basis.
- Nestlé ensures that all taxes are promptly and regularly remitted to the three tiers of government: federal, state and local authorities.
- Nestlé complies with the Nigerian Code of Corporate Governance 2018 and the mandatory provisions of the Securities and Exchange Commission Corporate Governance Guideline during the year under review. Also, Nestlé has in place structures and mechanisms to enhance internal control while the effectiveness of measures for achieving operational and compliance control is constantly reviewed.

The Principles

They cover four areas:

1) The rights and responsibilities of shareholders
2) The equitable treatment of shareholders
3) The duties and responsibilities of the Board of Directors
4) Disclosure and transparency

We live up to the above principles especially through our information policy.

Information Policy

Shareholder Relations- Guiding Principles

Nestlé is committed to managing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and prospects of Nestlé is in line with management's understanding of the actual situation at Nestlé.

The guiding principles of this policy, as it relates to shareholders, are that Nestlé gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent, engaging and consistent as possible.

Methodology

The Nestlé communication strategy makes use of traditional and modern communication tools.

Printed material

Nestlé produces a highly detailed Annual Report and Financial Statements, which provides insight about the business and its financial results, according to relevant international and local standards and regulations.

The document also outlines and discusses the latest social initiatives of Nestlé resulting from its commitment to the highest levels of corporate citizenship. Nestlé publishes its full-year and quarterly results. Press releases are issued on activities of the Company as and when necessary.

Future Relations with Shareholders

We are committed to sustaining the very good relations our Company has with its shareholders through well-established cycles of communication based on the Company's financial reporting calendar. The Company will continue to ensure that its shareholder communications, relations and policies are appropriate to the needs of shareholders.

The Annual General Meeting is an important forum for the Company to meet with shareholders and it is always well attended. The Board encourages all shareholders to attend and participate so that the Company can continue to benefit from their useful advice.

Communication with Stakeholders

Information on the performance of the Company and other major corporate information are available to the stakeholders in particular and the public in general at the website of the Company - www.nestle-cwa.com/en/investors/nigeria This website contains our Annual Report and quarterly Financial Statements.

Transparency in Financial Reporting and Internal Control

Nestlé produces a comprehensive Annual Report and Financial Statements in compliance with the Companies and Allied Matters Act. We put in place adequate internal control procedures and ensure that the document reviews the business and provides detailed audited financial statements, according to relevant accounting standards and regulations.

Board of Directors

The Board of Directors is the ultimate governing body of Nestlé. The Board is made up of three (3) non-executive directors including the Chairman, three (3) independent non-executive directors and three (3) executive directors. The names of all the directors are stated on page 31 of this Annual Report. The non-executive directors are independent of management and able to carry out their oversight functions in an objective and effective manner. The position of the Chairman and that of the Managing Director are occupied by different persons. All the directors have access to the advice and services of the Company Secretary.

The Board consists of reputable persons of diverse skills and experience in various areas of human endeavour. Members of the Board are selected based on integrity, knowledge, leadership qualities, reputation, competence, sense of accountability and high commitment to the task of good corporate governance.

The Board is responsible for the overall supervision of the Company and takes appropriate action to protect the interest of the shareholders and other stakeholders. It is responsible for the ultimate direction of the Company, in particular the conduct, management and supervision of the business of the Company, and the provision of necessary directions; the determination of the Company's organization; compliance by the Company with the law, the Memorandum and Articles of Association, Board Regulations and instructions; any significant policy issue dealing with the Company's general structure or with financial, commercial and industrial policy etc. The Board meets as often as necessary and on notice by the Chairman.

The following are the specific issues reserved for the Board:

- Succession planning and approval of top executive appointments
- Appointment and composition of the Board and its Committees with their terms of reference
- Approval of the strategic plans and budget of the Company
- Integrity of financial controls and reports
- Review and approval of risk management policies and internal controls
- The determination of accounting and financial control principles, as well as principles of financial planning
- Approval of interim and annual accounts
- Appropriation and distribution of profits
- Acquisitions, disposals, mergers and joint ventures
- Approval of the remuneration of executive directors
- The appointment and removal of the Chairman and the members of any committee
- Corporate governance principles and compliance with the applicable code

The Board has delegated to Management the day-to-day management of the business and the Chief Executive Officer is answerable to the Board.

List of Board Members and attendance at meetings						
		Date of Meeting				
		25 February, 2022	29 June, 2022	28 July, 2022	27 October, 2022	**Total**
1	Mr. David Ifezulike	✓	✓	✓	✓	**4**
2	Mr. Wassim Elhusseini	✓	✓	AP	✓	**3**
3	Mr. Jagdish Singla	✓	NLM	NLM	NLM	**1**
4	Mr. Sarmad Saleem	NYA	✓	✓	✓	**3**
5	Mr. Ibukun-Olu Ipinmoye	✓	✓	✓	✓	**4**
6	Mr. Mauricio Alarcon	✓	✓	AP	✓	**3**
7	Mr. Ricardo Chavez	✓	✓	✓	✓	**4**
8	Mr. Gbenga Oyebode	✓	✓	✓	✓	**4**
9	Ms. Juliet Ehimuan	AB	✓	✓	✓	**3**
10	Mrs. Adebisi Lamikanra	✓	✓	✓	✓	**4**

✓ Present NYA Not Yet Appointed AP Apologies AB Absent NLM No Longer Member

Board Appointment, Induction and Training Processes

The appointment of a new Director of the Company commences after the declaration of a vacancy by the Board. It is the responsibility of the Board to determine the required knowledge, skills, experience and competence to be possessed by the potential candidates. Thereafter, the curriculum vitae of candidates satisfying the requirements would be sourced and forwarded to the Nomination, Governance and Remuneration Committee for scrutiny, discreet validation of character and informal interaction with the candidates.

If the Nomination, Governance and Remuneration Committee is satisfied with the information obtained, the suitable candidate would be recommended to the Board for appointment as a Director of the Company. If the recommended candidate is approved by the Board, it would be presented to the shareholders for election at the next Annual General Meeting.

A newly appointed Director of the Company is required to undergo an induction process to know the Company, business and duties better. Important corporate documents on the profile, history, values, members of the Board and top management, business principles, production facilities, projects, Creating Shared Value initiatives are made available to new Directors.

The Directors of the Company participate periodically and where required, at its expense, in relevant continuing education programmes to update their knowledge and skills and keep them informed of new developments in the Company's business, regulatory and operating environments. The objective of the training, when needed, is to assist them to discharge their duties fully and effectively to the Company.

Evaluation Process and Summary of Evaluation Results

The Board has established a system to undertake a formal and rigorous annual evaluation of its performance, that of its Committees, the Chairman and individual directors since the release of the Nigerian Code of Corporate Governance 2018 (Code). The questionnaire for evaluation covered areas such as the ability of the Board to fulfil its general supervisory roles, ensure compliance of the company with all relevant rules and regulations, evaluate its financial performance, assessment of how the Board responded to the challenges of COVID-19 to the business, ability to promptly identify and address Company's principal risks, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings, performance of each committee, etc.

Based on the results of the evaluations, the Board, its committees and the directors recorded very good performance ratings. The reports acknowledged the Board size to be in compliance with the provisions of the Code and that the Board is composed of individuals with diverse range of skills, experience and knowledge. Meetings were noted to be well attended by the directors and conducted in a manner that encouraged open discussions and the Company Secretary executed his functional and administrative duties in line with corporate governance requirements. Since Corporate Governance is a continuum, the Board has considered some opportunities for improvement.

Directors standing for election with their biographical details and retirement of a director

The following directors will retire at this Annual General Meeting, and being eligible, offer themselves for re-election:

a **Mr. Martin Kruegel (German)** is a non-executive director and the Head of Finance and Control of Nestlé CWA Region comprising 25 countries. Martin started his career at Nestlé Germany in 1995, where he held various roles in Supply Chain, Finance, IT and Business Co-Piloting. In 2006, he was appointed Finance Manager Cereal Partners for the Nordic Region (Sweden, Denmark, Norway, Finland). Two years later, he was promoted to Head of F&C for Nestlé Nigeria. In 2014, he was transferred to Kuala Lumpur as Head of F&C, Nestlé Malaysia/Singapore.

Between February 2019 and January 2023, he was the Chief Finance Officer (CFO) of Nestlé Japan. As CFO, Martin has played a key role as co-pilot for the Business and as leader of the Finance community of Nestlé Japan. He has greatly contributed to the sustainable improvement of Nestlé Japan's top and bottom-line through important company-wide approaches including turnaround of e-commerce business, portfolio management/SKU optimization, structural costs improvements, focus on Sell-Out and offtake. He was appointed to the Board on 1 February 2023.

b **Mr. Gbenga Oyebode (MFR) (Nigerian)** is an independent non-executive director of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1980. He holds a Master of Laws degree and is the Managing Partner of the law firm of Aluko & Oyebode. He is a Fellow of the Chartered Institute of Arbitrators (UK) and the Nigerian Leadership Initiative. He is the Chairman of Okomu Oil Palm Plc and a Director of both CFAO Nigeria and Lafarge Africa Plc. He is a Member of the Global Advisory Council of the Africa Leadership Academy, Member of the Board of Trustees of the Ford Foundation and a Member of the Board of Trustees of The African Center, New York. He was appointed to the Board on 24 February 2014.

c **Ms. Juliet Ehimuan (Nigerian)** is an independent non-executive director. She holds a degree in Computer Engineering from the Obafemi Awolowo University, Postgraduate Diploma in Computer Science, University of Cambridge and MBA from London Business School. She is the Country Director for Google in Nigeria. She started her career in 1995 and worked for companies in Nigeria and abroad such as Shell Petroleum and Microsoft United Kingdom in 2005. She started Strategic Insight Consulting Limited and later became the General Manager of Chams Plc's Strategic Business Units. She is a Fellow of the Cambridge Commonwealth Society and a recipient of the London Business School Global Women's Scholarship. At the University of Cambridge, she received two scholarly awards - Selwyn College Scholar and Malaysian Commonwealth Scholar. She won the "IT Personality of the Year" award by the Nigeria Computer Society in 2012 and Marketing World Award in 2016. She joined the Board on 24 February 2020.

The Chairman has indicated his intention to retire from the Board after this Annual General Meeting. In appreciation of his meritorious services to the Company as a director since 22 December 2000, and the Chairman of the Board since 10 May 2013, the Board hereby recommends for the approval of the shareholders the payment of N43 million in line with the long service awards of the Company.

Composition of Board Committees

Nomination, Governance and Remuneration Committee

The Nomination, Governance and Remuneration Committee is made up of three (3) non-executive directors appointed by the Board of Directors with the following terms of reference:

a. Review the structure, size, composition and commitment of the Board at least annually and make recommendations on any proposed changes to the Board;

b. Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;

c. Identify individuals suitably qualified to become Board members and make recommendations to the Board for nomination and appointment as Directors;

d. Periodically determine the skills, knowledge and experience required on the Board and its committees;

e. Ensure that the Company has a formal programme for the induction and training of Directors;

f. Undertake the annual assessment of the independent status of each INED;

g. Ensure that the Company has a succession policy and plan in place for the Chairman of the Board, the MD/CEO and all other EDs, NEDs and senior management positions to ensure leadership continuity. Succession planning should be reviewed periodically, with provision made for succession in emergency situations as well as long-term vacancies;

h. Deal with all matters pertaining to executive management selection and performance, including an annual evaluation of the performance of the MD/CEO and executive management;

i. Develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its committees, the Chairman and individual Directors, as well as the Company's corporate governance practices;

j. Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistleblowing policies among others;

k. Develop a formal, clear and transparent framework for the Company's remuneration policies and procedures; and

l. Recommend to the Board on the Company's remuneration policy and structure for all Directors and senior management employees.

The Committee met on 25 February 2022, 6 April 2022 and 27 October 2022 and discharged their responsibilities excellently in 2022. The table below shows the members who served on the committee in 2022 and their attendance at meetings:

Nomination, Governance and Remuneration Committee					
		Date of Meeting			
		25 Feb. 2022	06 April 2022	27 Oct 2022	**Total**
1	Mr. Mauricio Alarcon	✓	✓	✓	**3**
2	Mr. Ricardo Chavez	✓	✓	✓	**3**
3	Mr. Gbenga Oyebode	✓	✓	✓	**3**

✓ Present

Board Audit and Risk Management Committee

The Committee is to assist the Board on audit, oversight of the 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 terms of reference of the Audit and Risk Management Committee are:

a. Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;

b. Ensure the establishment of and exercise oversight on the internal audit function which provides assurance on the effectiveness of the internal controls. On a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including identification of any issues or recommendations for improvement raised by the most recent internal audit review of the Company;

c. Ensure the development of a comprehensive internal control framework for the Company, obtain appropriate (internal and/or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;

d. Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;

e. Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;

f. Maintain oversight of financial and non-financial reporting.

g. Review to ensure that adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarized and presented to the Board;

h. Review, with the external auditors, any audit scope limitations or significant matters encountered and management's responses to same;

i. Develop a policy on the nature, extent and terms under which the external auditors may perform non-audit services;

j. Review the independence of the external auditors prior to their appointment to perform non-audit services to ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest, or other legal or ethical impediment;

k. Preserve auditor independence, by setting clear hiring policies for employees or former employees of external auditors;

l. Ensure the development of a Related Party Transactions policy and monitor its implementation by management. The Committee should consider any related party transaction that may arise within the Company.

Meetings of the Committee were held on 25 February 2022, 28 April 2022, 28 July 2022 and 27 October 2022 and the Committee discharged their responsibilities excellently in 2022.

The table below shows the Directors who served on the Committee in 2022 and their attendance at meetings:

Board Audit and Risk Management Committee						
		Date of Meeting				
		25 February, 2022	28 April, 2022	28 July, 2022	27 October, 2022	**Total**
1	Mr. Gbenga Oyebode	✔	✔	✔	✔	**4**
2	Ms. Juliet Ehimuan	AB	✔	✔	✔	**3**
3	Mrs. Adebisi Lamikanra	✔	✔	✔	✔	**4**

✔ Present AB Absent

Statutory Audit Committee

The Committee is established to perform the functions stated in Section 404 (7) of the Companies and Allied Matters Act 2020. There are five (5) members of the Committee and one of the three representatives of the shareholders is the chairman of the Committee. The Committee met quarterly during the period under review and discharged their responsibilities excellently.

The table below shows the members who served on the Committee during the period and their attendance at meetings:

Statutory Audit Committee						
		Date of Meeting				
		25 Feb. 2022	28 April 2022	28 Jul. 2022	27 Oct. 2022	**Total**
1	Mr. Matthew Akinlade	✓	✓	✓	✓	**4**
2	Mr. Christopher Nwaguru	✓	✓	✓	✓	**4**
3	Alhaji Kazeem Owonikoko Bello	✓	✓	✓	✓	**4**
4	Mr. Gbenga Oyebode	✓	✓	✓	✓	**4**
5	Mrs. Adebisi Lamikanra	✓	✓	✓	✓	**4**

✓ Present

Board Charter and Code of Ethics

The Company has a Board Charter and Code of Ethics approved by the Board and signed by all members. The document provides guidance to members on the operations of the Board, duties and obligations of members, code of conduct and how to avoid conflict of interest in any business relationship with the Company.

Other Charters and Policies

These include Audit Committee Charter, Nomination, Governance and Remuneration Committee Charters, Audit and Risk Management Committee Charter, Internal Audit Charter and Remuneration Policy, Stakeholder Management and Communication Policy, Information Technology Data Governance Framework, Sustainability Policy, Code of Business Conduct and Ethics, Securities Trading Policy, Whistleblowing Policy and Internal Control Policy.

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.

The Corporate Governance Rating System Certification

Our Company is one of the Corporate Governance Rating System (CGRS) certified listed companies in Nigeria after completing the exercise conducted by the Nigeria Exchange Group (NGX) and The Convention on Business Integrity (CBI). The exercise comprises three segments: an independently verified, self-assessment by the company; a certification of director awareness of their fiduciary duties; and a corporate integrity assessment where perceptions of actual company behavior is sought from internal and external stakeholders. Combinations of the three segments with attendant weighted scores are collated and companies with a score of 70% and above will be accorded the CGRS certification mark celebrating the degree to which they have evolved the quality of their corporate governance. Our Company scored 89.43% in the maiden edition of CGRS in 2018 and 93.78% in the re-certification exercise concluded in 2022.

Corporate Governance Score

93.78%

Reporting on the Application of the Nigerian Code of Corporate Governance 2018

The Financial Reporting Council of Nigeria unveiled the Nigerian Code of Corporate Governance 2018 on 15 January 2019. Thereafter, the Minister of Industry, Trade and Investment published the Regulation on Adoption and Compliance with the Code stating that all affected entities shall report on the application of the Code in their annual reports for financial years ending after January 1, 2020 in the form and manner prescribed by the Financial Reporting Council of Nigeria. We reported our compliance with the Nigerian Code of Corporate Governance 2018 issued by the Financial Reporting Council of Nigeria (FRCN) and forwarded the report to the Nigerian Exchange Group. The full report is posted on our investors' portal:
https://www.nestle-cwa.com/en/investors/nigeria

Human Resources Policies and other related matters

The Company recognizes that its human resources are very valuable assets. Consequently, the human resources policies of the Company are to ensure that the aptitude, knowledge and skills of staff are put to the best possible use. The training of staff to perform their duties effectively is a major preoccupation of Management.

The Management holds periodic meetings with the employees to brief them on business related issues and exchange ideas that are beneficial. In addition, there is the Managing Director - Union Forum with all the key Union officers as well as top management staff, to foster greater understanding of the business and the need to realize our roles as joint stakeholders.

Also, Management communicates corporate issues to employees regularly through circulars and newsletters - "Nestlé News". Nestlé has no employee share-ownership scheme.

It is the Company's policy to:

a. Give every employee the chance of proving his or her ability in order to realize the desired career progression;
b. Give equal opportunity for engagement and promotion based on merit, diligence and good conduct;
c. Remunerate staff based on the principle of internal equity and external comparability together with performance;
d. Appreciate honesty, integrity and loyalty to the Company;
e. Encourage loyalty by providing adequate job security and good conditions of work to all employees;
f. Give every employee when necessary the opportunity to deal directly with Management and raise matters affecting his or her work for discussion and resolution;
g. Promote joint consultation and communication in order to enable employees to have full opportunity to speak frankly with Management on matters of mutual interest;
h. Provide a safe working environment by encouraging employees to work safely and maintain good health at all times.

Company's Sustainability policies

Corruption

The Company has zero-tolerance attitude to corruption and unethical practice. It encourages its employees, contractors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws and regulations. On a regular basis, the Company tracks and monitors potential corruption prone activities and designs strategies to eliminate the corruption risks.

In furtherance of the above, the Company has established an anonymous whistle blowing system which enables staff, suppliers, distributors and external stakeholders to raise concerns in relation to its operations and report malpractice, illegal acts or omission by employees. Such concerns could be communicated to the Company through our Speak Up channel which can be accessed via www.speakupfeedback.eu/web/A2VY73 or via phone by dialing 07080601488 and enter the access code 70182

Creating Shared Value

The Company impacts on the community through the peculiar initiatives known as Creating Shared Value (CSV) with a special focus on Nutrition, Water and Rural Development. The Company is convinced that these initiatives will improve the livelihood of our community and make our business more competitive. Through CSV, the Company provides technical assistance to farmers to help them increase the quality and quantity of yields; rehabilitates water pumps in rural areas; embarks on school building projects; encourages the grassroots sports activities; provides edutainment that is used to promote and encourage physical activities; implements the fortification initiatives to fight malnutrition; provides job and development opportunities in order to contribute to the growth and development of Nigeria.

We continued the implementation of the school based nutrition education program, Nestle for Healthier Kids to improve nutrition, health and wellness of children aged 8 - 12 years in public primary schools, partnered with IDH and TechnoServe on the Developing Inclusive Grain Value Chains project enabling 10,000 smallholder farmers earn better livelihoods by supplying high-quality maize, soybeans and sorghum to Nestlé, collaborated with the Alliance for Green Revolution in Africa (AGRA) and Psaltry on the cassava plan of the Youth Agripreneurship Development Program (YADIS) on the training of 400 young agripreneurs with an additional 804 recruited, to improve product quality and upgrade the cassava supply chain.

Environmental Protection

Nestlé Nigeria adopts a precautionary approach to environmental stewardship which enables the Company to maintain a clear vision about environmental objectives. Nestlé ensures that environmental progress is efficiently coordinated so that improvements made in one area are complementary to environmental aspects in other areas. Among the key success drivers in Nestlé environmental management programme is the provision of wastewater treatment facility.

When all options for water use reduction, reuse and recycling have been exhausted, the wastewater that is left must be discharged to the environment. To reduce both the volume and load of the wastewater, Nestlé has built a modern wastewater treatment facility at Agbara factory.

The facility ensures that the physical, chemical and biological parameters of the wastewater are controlled within the limits set by the government of Nigeria before discharging from the factory.

In order to reduce the impact of its operations on the environment, Nestlé has built a new Distribution Centre within its Agbara factory. This has eliminated the pollution associated with the transportation of our raw materials and finished products from and to our previous Distribution Centre at Ota.

HIV/AIDS

Our Company always endeavors to provide a safe and healthy working environment for its employees. The Company makes available to all employees periodically voluntary and free HIV/AIDS screening and confidential counselling sessions for them to know their status. It also provides regularly, basic HIV/AIDS training to educate the employees on its prevention, care and control. It is the policy of the Company not to discriminate against any employee based on his or her HIV status. Confidentiality is fully respected and only disclosed to our company doctor.

E-Dividend

Consistent with the Nestlé business strategy of Shareholder Value Creation and in line with our commitment to good corporate governance, we are encouraging our shareholders to embrace the e-dividend and e-bonus.

This is to enable us pay dividend due to shareholders by crediting their bank accounts with dividend and the Central Securities Clearing System (CSCS) accounts with bonus shares immediately they are declared. Consequently, we hereby request all shareholders to complete the detachable form in the Annual Report, to provide our Registrars, Greenwich Registrars & Data Solutions Limited, with their bank accounts and CSCS numbers. We request our shareholders to use the recently launched e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars.

We also request our shareholders to complete and submit to our Registrars the Electronic Delivery Mandate Form which would enable them to receive soft copy of our annual report and accounts via e-mail address.

Independent Auditors

The Company's auditors are Messrs. Ernst & Young.

General Mandate Circular

Information in respect of General Mandate

In accordance with the Rules on Transactions with Related Parties issued by the Nigerian Exchange Limited (NGX), the Company is seeking the renewal of the general mandate from shareholders as per item 8 on the Agenda for the Annual General Meeting slated for 17 May 2023.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 108 and 109 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

To ensure smooth operations, the Company will continue to procure goods and services and engage in other transactions that are necessary for its operations from related companies in the next financial year and hereby seeks a general mandate from shareholders for the related company transactions of trading nature and those necessary for the day-to-day operations, that are more than 5% of the latest net tangible assets or the issued share capital of the Company. Relevant items for the consideration of the shareholders are stated below:

- i The class of interested persons with which the Company will be transacting during the next financial year are Nestlé S.A. Switzerland, its subsidiaries and associated companies;
- ii The transactions with the related companies are transactions of trading nature and those necessary for the day-to-day operations;
- iii The rationale for the transactions are that they are indispensable to the operations of the Company, cost effective and makes the products of the Company to be competitive;
- iv The method and procedure for determining transaction prices are based on the transfer pricing policy;
- v Ernst & Young, the transfer pricing consultants of the Company, gave opinion based on the transfer pricing compliance exercise it earlier conducted that the method and procedure in (iv) are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the issuer and its minority shareholders;
- vi The audit committee of the Company confirms that the transfer pricing method and procedure for determining the transaction prices as earlier reviewed by Ernst & Young are adequate;
- vii The Company shall obtain a fresh mandate from shareholders if the method and procedure become inappropriate; and
- viii The interested person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transaction.

Complaint Management Policy of Nestlé Nigeria Plc for Shareholders

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Complaints Management Policy of Nestlé Nigeria Plc

Complaints Management Policy of Nestlé Nigeria Plc

1. Preamble

This Complaint Management Policy ("the Policy") has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on the 16th February, 2015 and The Nigerian Stock Exchange (NSE) Directive (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies ("the NSE Directive") issued on 22nd April, 2015.

Further, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder/investor confidence in the company.

This Policy sets out the broad framework by which Nestlé Nigeria Plc ("Nestlé" or "the Company") and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for Nestlé's shareholders to provide feedback to the Company on matters that affect shareholders.

This Policy only relates to the Company's shareholders and does not extend to its customers, suppliers or other stakeholders.

2. Objective

This Policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

3. Nestlé's Commitment

Nestlé is committed to providing high standards of services for shareholders, including:

- Providing a platform for efficient handling of shareholder complaints and enquiries;
- Enabling shareholders to have shareholder related matters acknowledged and addressed;
- Providing sufficient resources to ensure that shareholders' complaints and enquiries are dealt with adequately, and in an efficient and timely manner; and
- Facilitating efficient and easy access to shareholder information.

4. Procedure for Shareholder Complaints/Enquiries

Shareholders can make complaints/enquiries and access relevant information about their shareholdings in the following manner:

a. Contact the Registrar: Shareholders who wish to make a complaint/enquiry shall in the first instance contact the Registrar (see the contact details set out in section 8 of this Policy). The Registrar manages all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others. Upon receipt of a complaint or an enquiry, the Registrar shall take appropriate action to resolve the issue and immediately provide the relevant details of such complaint or enquiry to Nestlé for monitoring, record keeping and reporting purposes.

   In resolving complaints or enquiries, the Registrar shall be guided by the timelines stipulated in clause 5 (c-f) of this Policy.

b. Contact Nestlé's Company Secretary: If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints then, shareholders should contact the office of the Company Secretary (see the contact details set out in section 9 of this policy).

5. Complaints/Enquiries received directly by Nestlé

Where a complaint or an enquiry is sent to Nestlé directly, the Company upon receipt of the complaint or enquiry, shall use its best endeavours to ensure that:

a. relevant details of the complaint or enquiry are immediately recorded.

b. It forwards the complaint or enquiry to the Registrar and that a response is provided by the Company or the Registrar within the time frame set out in sub-clauses (c-f) below.

c. complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.

d. complaints or enquiries received by post are responded to within five (5) working days of receipt.

e. complaints or enquiries are resolved by the Registrar or company within ten (10) working days of receipt.

f. The Nigerian Exchange Group is notified, within two (2) working days, of the resolution of a complaint or enquiry.

g. where a complaint/enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.

h. the same or similar medium that was used for the initial enquiry is used in providing a response (whether by email, phone, post or fax), unless otherwise notified to or agreed with the shareholder.

6. Electronic Complaints Register and Quarterly Reporting Obligations

Nestlé shall maintain an electronic complaints register.

The electronic complaints register shall include the following information:

- The date that the enquiry or complaint was received.
- Complainant's information (including name, address, telephone number, e-mail address).
- Nature and Details of the enquiry or complaint.
- Action Taken/Status.
- Date of the Resolution of the complaint.

Nestlé shall also provide information on the details and status of complaints to the Securities and Exchange Commission and The Nigerian Exchange Limited on a quarterly basis.

7. Liaison with the Registrar

During the course of investigating a shareholder's enquiry, complaint or feedback, Nestlé may liaise with the Registrar. Nestlé's engagement with the Registrar will include:

- Determining the facts;
- Determining what action has been undertaken by the Registrar (if any); and
- Coordinating a response with the assistance of the Registrar.

8. Contact Details of the Registrar

The Registrar may be contacted as follows:

Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos
P.M.B. 12717, Apapa, Lagos
Telephone: +234 1 2793160-2, +234 1 8131925
E-mail: info@gtlregistrars.com
Website: www.gtlregistrars.com

9. Contact Details of Nestlé's Company Secretary

Shareholders seeking to escalate unresolved complaints are invited to contact the Company Secretary as follows:

Office of the Company Secretary/Legal Adviser
Nestlé Nigeria Plc
22-24 Industrial Avenue
Ilupeju
P.M.B. 21164
Ikeja

Telephone: +234 1 2798184; +234 1 2798188
E-mail: shareholders.enquiries@ng.nestle.com
Website: www.nestle- cwa.com/en/investors/nigeria.com

10. Shareholder Access to this Policy

Shareholders will have access to this policy through the following avenues:

- The Policy shall be available on Nestlé's website (www.nestle-cwa.com/en/investors/nigeria.com)
- A copy of the Policy may be requested by contacting the Office of the Company Secretary/Legal Adviser.
- The Policy shall be made available to shareholders at general meetings of the Company.

11. Fees and Charges

Wherever possible, and subject to statutory requirements, Nestlé will not charge shareholders for making enquiries, giving feedback, providing a response or for any aspect in the course of resolving a shareholder matter.

Shareholders are informed that in some circumstances the Registrar may charge shareholders a fee (for example, to resend previous dividend statements upon request by the shareholder).

12. Amendment/Review of this Policy

Nestlé may from time to time review this Policy and the procedures concerning shareholder enquiries, complaints and feedback.

Any changes or subsequent versions of this Policy will be published on Nestlé's website (www.nestle-cwa.com/en/investors/nigeria.com)

Approved by

- -
Managing Director/Chief Executive Office

- -
Company Secretary/Legal Adviser

Greenwich Registrars & Data Solutions Limited

Introducing the New E-Dividend Mandate Management System (EDMMS)

As a part of the ongoing collaborative efforts of stakeholders in the financial industry to ensure that the e-dividend payment process is embraced by all, the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Interbank Settlement System (NIBSS), and the Institute of Capital Market Registrars (ICMR) have successfully developed an e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing.

The portal is a web-based application that can be assessed by every branch of all Banks and by all Registrars. The following are the unique features/advantages of the new process;

1. Shareholders can go to their Bank or any of their Bank branches nationwide to complete an e-dividend mandate form and this will be verified and stamped by the Bank and forwarded electronically to the Registrar.
2. Data relating to shareholders who are yet to provide their Bank details to Registrars have been pre-loaded onto the portal by NIBSS so as to allow the Bank to verify shareholders' details online when they complete e-dividend forms.
3. Completed forms that have been verified by the Bank will be forwarded electronically to the relevant Registrars via the portal.
4. Confirmation of forms and other correspondence between the Registrar and the Bank as may be required will be done via the portal.
5. Shareholders do not have to come to the Registrar's Office to submit e-dividend forms anymore.

With the new system, shareholders have the opportunity to update their Bank details with the Registrars with ease.

We wish to inform you that Greenwich Registrars & Data Solutions Limited is actively involved in this process and shareholders on the register of members managed by us are encouraged to take advantage of this new process to update their records and bank details with us.

Kindly visit your Bank or any of Greenwich Registrars & Data Solutions Limited offices nationwide as stated below and our website www.gtlregistrars.com for more details.

Email:info@gtlregistrars.com;customercare@gtlregistrars.com;complaints@customercare.com

ABUJA BRANCH

Plot 388 Coscharis Building 4th Floor
Behind Old Chelsea Hotel,
Central Business District Abuja
Tel: 09150591641
Email:oasemokhai@gtlregistrars.com
Contact: Oluwafisayo Asemokhai

PORT HARCOURT BRANCH

No 26 Aba Road,
Opp. Oando filling station
Port-Harcourt,
Rivers State.
Tel: 08038534025
Email:ichilekwe@gtlregistrars.com
Contact: Ikechukwu Chilekwe

KANO BRANCH

1st Floor, 37 Niger Street, Murtala
Mohammed Way, Kano,
Kano State.
Tel: 08159594383
Email:hmbello@gtlregistrars.com
Contact: Hussain Bello

Financial Statements

2022

Corporate Responsibility For Financial Reports

Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We the undersigned hereby certify the following with regard to our Audited Financial Statements for the year ended 31 December 2022 that:

a) We have reviewed the report;

To the best of our knowledge, the report does not:

- contain any untrue statement of a material fact, or
- omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b) To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

c) We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d) We have disclosed to the auditors of the Company and Audit Committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Wassim Elhusseini	Sarmad Saleem
Managing Director	Finance & Control Director
FRC/2020/003/00000022041	FRC/2022/PRO/ANAN/001/853021

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 - Up to 31/05/2022
	Mr. Sarmad Saleem (Pakistani)	Finance & Control Director - From 01/06/2022
	Mr. Ibukun-Olu Ipinmoye	Executive Director
	Mr. Mauricio Alarcon (Mexican)	Non-Executive Director
	Mr. Ricardo Chavez (Mexican)	Non-Executive Director - Up to 31/01/2023
	Mr. Martin Kruegel (German)	Non-Executive Director - from 01/02/2023
	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	
Registrars	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 (Shareholders' Representative)
	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	446,819,260	351,822,329	27%
Profit before income tax	71,109,371	61,875,342	15%
Profit for the year	48,965,488	40,037,277	22%
Declared dividend*	40,029,141	47,955,703	-17%
Issued share capital	396,328	396,328	0%
Total equity	30,291,224	21,378,209	42%
Data per 50k share			
Basic earnings	N61.77	N50.51	
Declared dividend	N50.50	N60.50	
Net assets	N38.21	N26.98	
Dividend per 50k share in respect of current year results only			
Interim dividend declared	N25.00	N25.00	
Final dividend proposed**	N36.50k	N25.50k	
Stock Exchange Information			
Stock exchange quotation at 31 December in Naira per share	1,100.00	1,556.50	-29%
Number of shares issued ('000)	792,656	792,656	-
Market capitalisation at 31 December (N: million)	**871,922**	**1,233,769**	-29%

* Declared dividend represents the interim dividend of N25.00 declared during the year from the current year 2022 profit and final dividend of N25.50k proposed for the preceding year but paid in the current year.

** The directors propose a final dividend of N36.50k, from current year profit (2021:N25.50) per share on the issued share capital of 792,656,252 (2021:792,656,252) ordinary shares of 50k each, subject to approval by the shareholders at the Annual General Meeting.

Directors' Report

For the year ended 31 December, 2022

1. Financial Statements

The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company") for the year ended 31 December 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	446,819,260	351,822,329
Results from operating activities	86,866,483	71,965,945
Profit before income tax	71,109,371	61,875,342
Profit for the year	48,965,488	40,037,277
Total comprehensive income for the year	**48,965,488**	**40,037,277**

4. Dividend

The Directors recommend the payment of a final dividend of N36.50k (2021: N25.50k) per share having earlier declared an interim dividend of N25.00 (2021:N25.00) from the profit of 2022 on the issued share capital of 792,656,252 (2021:792,656,252) ordinary shares of 50k each. The proposed final dividend of N36.50k is from the after tax profit for the year ended 31st December 2022. If the proposed final dividend of N36.50k is approved by the shareholders, it will be subject to deduction of withholding tax at the applicable rate and the total dividend paid for the year will be N61.50k.

5. 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 (Lebanese)	MD/CEO	Nil	Nil
Mr. Jagdish Singla (Indian)	Up to 31/05/2022	Nil	Nil
Mr. Sarmad Saleem (Pakistani)	From 01/06/2022	Nil	Nil
Mr. Ibukun-Olu Ipinmoye		2,328*	2,328*
Mr. Mauricio Alarcon (Mexican)		Nil	Nil
Mr. Ricardo Chavez (Mexican)	Up to 31/01/2023	Nil	Nil
Mr. Martin Kruegel (German)	From 01/02/2023	Nil	Nil
Mr. Gbenga Oyebode		Nil	Nil
Ms. Juliet Ehimuan		2,146	2,146
Mrs. Adebisi Lamikanra		Nil	Nil

No Shares of the Company were held by Nestlé S.A., Switzerland and Société Des Produits Nestlé S.A., as indirect holdings in favour of Directors. However, as at 31 December 2022, Mr. Wassim Elhusseini has 2,438 shares of Nestlé S.A. Switzerland. Mr. Jagdish Singla has 1,651 shares of Nestlé S.A., Switzerland plus 1214 RSUP options of Nestlé S.A., Switzerland and 75 shares of Nestlé India Limited; Mr Sarmad Saleem has 1,134 shares of Nestlé S.A., Switzerland. Mr. Ricardo Chavez has 22,047 shares of Nestlé S.A.Switzerland and Mr. Mauricio Alarcon has 7,626 shares of Nestlé S.A., Switzerland. Mr. Mauricio Alarcon and Mr. Ricardo Chavez are representing Nestlé S.A., Switzerland on the Board. *Out of the 2,328 shares of Nestlé Nigeria Plc held by Mr. Ibukun-Olu Ipinmoye, 2,250 shares are managed on his behalf by FBN Quest Trustees Limited, while the remaining 78 shares are registered in his name. Mr. Ipinmoye has 576 RSUP/PSUP stock units of Nestlé S.A. Switzerland.

b) Mr. Gbenga Oyebode is the Chairman of CFAO Nigeria Plc, one of the 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 23(a)(iv) to the financial statements.

6. Records of Directors' Attendance

Further to the provisions of Section 284(2) of the Companies and Allied Matters Act of Nigeria, the Record of Directors' Attendance at Board Meetings held in 2022 is available at the Annual General Meeting for inspection.

7. Analysis of Shareholdings as at 31st December 2022

			Number of shareholders	%	Number of shares	%
1	-	5,000	27,432	90.00	21,013,468	2.65
5,001	-	10,000	1,528	5.01	10,443,936	1.32
10,001	-	50,000	1,207	3.96	24,032,492	3.03
50,001	-	100,000	127	0.42	8,767,229	1.11
100,001	-	500,000	126	0.41	25,542,439	3.22
500,001	-	1,000,000	26	0.09	18,579,309	2.34
1,000,001	-	5,000,000	27	0.09	56,261,703	7.10
5,000,001	-	10,000,000	5	0.02	33,207,963	4.19
10,000,001		and above	1	0.01	34,352,233	4.33
			30,479	99.997	232,200,772	29.29
Nestlé S.A. Switzerland *			1	0.00	35,896,023	4.53
Société Des Produits Nestlé S.A.			1	0.00	524,559,457	66.18
			30,481	**100**	**792,656,252**	**100**

Apart from the two substantial shareholders stated below, no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2022

Substantial shareholders

Shareholder	Units held	Percentage
Société Des Produits Nestle S.A.	524,559,457	66.18%
ZPC/SIPML RSA Fund	41,045,872	5.18%

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 the shares of Nestlé Nigeria Plc are listed.

There were no contraventions of the capital market regulations in the period under review.

8. Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 15 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.

9. Donations

The value of gifts and donations made by the Company during the year amounted to N235,789,213 (2021: N552,100,014) and analysed as follows:

	2022	2021
	N'000	N'000
Nestle community water projects,school projects and scholarship scheme	34,882	109,292
COVID-19 relief donations	-	255,000
Nestle for healthier kids	54,214	24,120
Rural Women Empowerment Project	25,996	21,794
NESG Summit	10,000	10,000
Ogun State Investment Summit	-	2,000
Product Donations (including Nestle Cares Orphanage Outreach)	37,546	41,839
Grains Project	25,279	-
Technical Training Centers (TTCs)	46,871	88,054
Agriculture Summit Africa	1,000	-
	235,789	**552,100**

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 year. 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 grains quality improvement and food transformation/preservation techniques.

10. 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.

11. Local Sourcing of Raw Materials

On a continuing basis, the Company explores the use of local raw materials in its production processes.

12. Major Distributors

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

13. 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.

14. General Licence Agreement

The Company has a general licence agreement with Société 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 Société 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.

15. Acquisition of Own Shares

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

16. 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 12 (2021: 15) physically challenged persons in its employment as at 31 December 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 to staff in the Company's canteen.

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.

The Nestlé Technical Training Center (TTC) is a multi-skill engineering training program which runs for a period of 18 months. The content of the course is based on the syllabus of City and Guilds of London Technicians Examinations Certificates in Engineering, one of the world's leading vocational education organizations.

The total number of those who have so far completed the programme in our Technical Trainee Centers in Agbara and Abaji factories from 2013 till date is one hundred and thirty-nine (139). The cost of the training for the eight (8) sets of graduates was fully paid by our Company.

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 you that the sets of TTC graduates 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 Guilds examinations from levels 3 to 5. The latest batch of graduates of the scheme in Agbara factory (20 Trainees) completed their 18 months program in August 2022 and recorded outstanding result. The best graduating trainee had 29 distinctions from City and Guild examinations from levels 3 to 5.

To reduce unemployment, a total of one hundred and thirty-one (131) graduates were given employment by our Company. The other eight (8) graduates are in full time employment with other organizations. The breakdown of the beneficiaries of the TTC is as follows:

Directors' Report (cont'd)

Batch no.	Year of graduation	Site	No. admitted	No. of graduates	No. employed by Nestlé	No. employed by external party
1	2013	AGBARA	16	13	9	4
2	2015		16	14	12	2
3	2017		20	20	20	0
4	2019		20	20	20	0
5	2021		20	20	20	0
6	2022		20	20	20	1
Total			112	107	100	7
1	2019	ABAJI	12	12	11	1
2	2021		20	20	20	0
Total			32	32	31	1
Grand Total			**144**	**139**	**131**	**8**

The success of the TTC in our Agbara and Abaji factories has encouraged us to establish the TTC model in our Flowergate factory in Sagamu which was commissioned on 10 February, 2023.

17. 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.

18. 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 29 June 2022. Members that served on the audit committee during the year comprise:

Audit Committee	
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

19. 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.

20. 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.

21. Disclosures

a) Borrowings and Maturity Dates

The details of the borrowings and maturity dates are stated in Note 24 to the financial statements.

b) 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.

c) 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 Nigeria'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.

d) 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.

22. 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 & Customers		The Environment	
1	2	3	4	5	6	7	8	9	10
Nutrition, Health and Wellness	Quality assurance & product safety	Consumer Communication	Human Rights & Labour Practices in our business activities	Leadership & 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.

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 December 2022, the staff strength of the Company was 2,320 (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 31 (2021: 23) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Cameroun, Cambodia, Angola, Switzerland 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.

23. 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 Exchange Group. 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 Exchange Group. 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.

24. Remuneration of Managers of the Company required to be disclosed by the Companies and Allied Matters Act 2020 (CAMA)

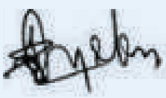
Section 238 of CAMA provides that the disclosure of the remuneration of the managers of a company should be an item under the ordinary business at an annual general meeting. Based on the definition of "manager" in the Companies Regulations 2021, we hereby disclose that the total remuneration of the twenty-three (23) management staff (including the current and past executive directors) of the Company for the year ended 31 December 2022 is N1.217 billion.

25. Notable awards received in 2022

As in previous years, we received the following awards in 2022:

- **SERAS Awards**: At the 16th edition of the Africa Sustainability, Enterprise and Responsibility (SERAS) CSR Awards, Nestlé Nigeria PLC won the awards for The Best Company in Rural Population Integration and Best in Circular Economy.
- **LAPRIGA Awards**: Nestlé Nigeria won the Awards for Excellence in Community Relations and Best in Corporate Social Responsibility at the Lagos Public Relations Industry and Gala Awards (LAPRIGA). The awards showcases and recognizes excellence in public relations practice, celebrating practitioners and stakeholders transforming public relations in Nigeria.
- **NECA 2021 Employers Excellence Award**: Award for innovation and people-centric culture in recognition of contributions to Human development.
- **PEARL Awards**: Nestlé Nigeria won the Award of the Highest Return on Equity in recognition of the company's outstanding operational and stock market performance.

BY ORDER OF THE BOARD



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

Audit Committee Report
For the year ended 31 December, 2022

Nestlé Nigeria Plc
22-24, Industrial Avenue, Ilupeju
P.M.B. 21164, Ikeja, Nigeria

Telephone: 01-2798184

REPORT TO THE MEMBERS OF NESTLÉ NIGERIA PLC.

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020, we have examined the Auditor's Report for the year ended 31 December 2022.

We have obtained all the information and explanations we required.

In our opinion, the Auditor's Report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the Accounting and Reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Having reviewed the Auditor's findings and recommendations on Management matters, we are satisfied with management responses thereon.

We acknowledge the cooperation of the Auditor, Messrs. Ernst & Young (Chartered Accountants), Management and staff of the Company in perfoming our duties.

Dated this 24th day of February 2023
Lagos, Nigeria

Matthew Akinlade
Chairman, Audit Committee.
FRC/2013/1CAN 00000002111

Members:
Mr. M. Akinlade (Chairman), Mr. C. Nwaguru, Alhaji K. O. Bello, Mr. G. Oyebode, Mrs. A. Lamikanra

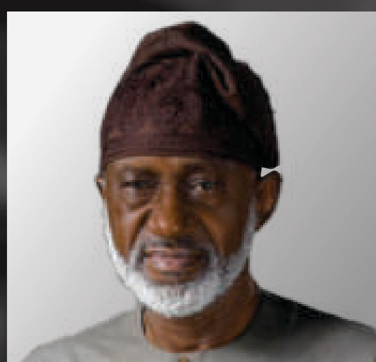
Audit Committee

For the year ended, 31 December 2022

Mr. Matthew Akinlade 1

Mr. Christopher Nwaguru 2

Ahj. Kazeem Owonikoko Bello 3



Mr. Gbenga Oyebode (MFR) 4

Mrs. Adebisi Lamikanra 5

1. **Mr. Matthew Akinlade (Chairman)**
2. **Mr. Christopher Nwaguru**
3. **Alhaji Kazeem Owonikoko Bello**
4. **Mr. Gbenga Oyebode**
5. **Mrs. Adebisi Lamikanra**

Statement of Directors' Responsibilities in relation to the preparation 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 31 December 2022, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and 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 year ended 31 December 2022 were approved by the directors on 24th February, 2023.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. David Ifezulike	**Wassim Elhusseini**	**Sarmad Saleem**
Chairman	Managing Director	Finance & Control Director
FRC/2013/NIM/00000003355	FRC/2020/003/00000022041	FRC/2022/PRO/ANAN/001/853021

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Email: services@ng.ey.com
www.ey.com

Independent Auditor's Report

To the Members of Nestle Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nestle Nigeria Plc ('the Company'), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Nestle Nigeria Plc as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

To the Members of Nestle Nigeria Plc

Report on the Audit of the Financial Statements - continued

Key Audit matter - continued

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Other long-term employee benefits</td></tr>
<tr><td>As at 31 December 2022, the Company calculated and recorded other long-term employment benefits of N4.35 billion (2021: N4.04 billion) for its employees. The benefits are made available to qualified employees of the Company based on graduated periods of uninterrupted service. The benefits are unfunded.

Management engaged an independent actuary to assist the Company in the computation of the other long-term employee benefits. We considered the other long-term benefits to be a key audit matter due to the assumptions used in the estimate and judgement involved in calculation of the other longterm employee benefits obligations.

The estimation involves assumptions, particularly with regards to the determination of the discount rates, future salary increases, inflation rates, mortality rates and future pension increases. Changes in a number of these key assumptions used to value the Company's other long-term benefits could have a material impact on the estimation of the liability.

Management has disclosed the estimates and assumption on other long-term employee benefits on Note 25 of the financial statements.</td><td>Our audit procedures on the other long-term employee benefits include among others:

- We assessed the competence, independence and objectivity of the actuarial specialists engaged by the Company.

- We involved EY actuarial team in performing the following procedures among others:

• tested the appropriateness of assumptions used in the valuation of the other longterm employee benefits. including salary increases and mortality rate assumptions, by reference to market and entity specific data, both individually and in combination with other assumptions.
• Assess the assumption for salary increases against the Company's historical trend and expected future outlook.
• Evaluate the key assumptions used in the discount rate and inflation rate assumptions used, which in our view, have significant impact on the scheme valuation and require significant level of management judgement.

- We tested the accuracy and completeness of the underlying data used in the actuarial valuations by checking the financial bases and demographic assumptions and other data.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Nestle Nigeria Plc Annual Financial Statements for the year ended 31 December 2022", which includes the Directors and Other Corporate Information, Financial Highlights, Directors' Report, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities, Audit Committee Report and Other National Disclosures (Value Added Statement and Five-Year Financial Summary). The other information does not include the financial statements and our auditor's report thereon.

Independent Auditor's Report

To the Members of Nestle Nigeria Plc

Report on the Audit of the Financial Statements - continued

Key Audit matter - continued

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011,and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

To the Members of Nestle Nigeria Plc

Report on the Audit of the Financial Statements-Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EY
Building a better working world

Independent Auditor's Report

To the Members of Nestle Nigeria Plc

Report on the Audit of the Financial Statements-Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company in so far as appears from our examination of those books;
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Omolola Alebiosu

FRC/2012/ICAN/00000000145
For Ernst & Young
Lagos, Nigeria

27th February 2023

Statement of Profit or loss and other Comprehensive Income

For the year ended 31 December, 2022

In thousands of Naira	Note	2022	2021
Revenue	9	446,819,260	351,822,329
Cost of Sales	11(b)	(291,054,270)	(219,985,914)
Gross Profit		**155,764,990**	**131,836,414**
Marketing and distribution expenses	11(b)	(57,331,351)	(48,097,581)
Administrative expenses	11(b)	(11,538,113)	(11,494,450)
Impairment of financial assets	11(b)	(29,043)	(278,438)
Results from operating activities		**86,866,483**	**71,965,945**
Finance income		4,777,113	1,987,042
Finance costs		(20,534,225)	(12,077,645)
Net finance cost	10	**(15,757,112)**	**(10,090,603)**
Profit before income tax	11	71,109,371	61,875,342
Income tax expense	13(a)	(22,143,883)	(21,838,065)
Profit for the year		**48,965,488**	**40,037,277**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**48,965,488**	**40,037,277**
Profit for the year is attributable to:			
Owners of the company		48,965,488	40,037,277
Total comprehensive income for the year is attributable to:			
Owners of the company		48,965,488	40,037,277
Earnings per share			
Basic earnings per share (Naira)	14 (a)	61.77	50.51
Diluted earnings per share (Naira)	14 (b)	61.77	50.51

The accompanying notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 December, 2022

In thousands of Naira	Note	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	15a	116,739,370	98,964,157
Right of Use Assets	15b	4,976,420	4,848,732
Long term receivables	16	2,816,337	2,501,289
Total non-current assets		**124,532,127**	**106,314,178**
Current assets			
Inventories	19	88,340,532	58,964,125
Right of return assets	20	72,879	45,443
Trade and other receivables	21	82,237,026	43,302,758
Prepayments	17	1,929,037	1,093,841
Cash and short term-deposit	22	117,932,430	100,518,159
Total current assets		**290,511,904**	**203,924,326**
Total assets		**415,044,031**	**310,238,504**
Equity			
Issued Share capital	23 (a)(I)	396,328	396,328
Share premium	23 (a)(ii)	32,262	32,262
Share based payment reserve	23 (a)(iii)	90,127	113,459
Retained earnings		29,772,507	20,836,160
Total Equity		**30,291,224**	**21,378,208**
Liabilities			
Non- current liabilities			
Interest bearing Loans and borrowings	24	147,006,556	76,432,859
Employee benefits	25	4,359,648	4,038,600
Lease liabilities	30	127,889	283,135
Deferred tax liabilities	18	14,854,152	12,587,716
Total non- current liabilities		**166,348,245**	**93,342,310**
Current liabilities			
Trade and other payables	28	166,161,861	148,384,425
Contract liabilities	29	16,548,425	15,452,355
Refund liabilities	20	112,333	78,963
Bank Overdraft	22	-	2,352
Current tax liabilities	13(b)	26,208,706	28,281,629
Lease liabilities	30	53,717	184,821
Interest bearing Loans and borrowings	24	8,293,512	431,943
Provisions	27	1,026,008	2,701,498
Total current liabilities		**218,404,562**	**195,517,985**
Total liabilities	1	**384,752,807**	**288,860,295**
Total equity and liabilities		**415,044,031**	**310,238,504**

The Board approved the financial statements on 24th February 2023

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. David Ifezulike
Chairman
FRC/2013/NIM/00000003355

Wassim Elhusseini
Managing Director
FRC/2020/003/00000022041

Sarmad Saleem
Finance & Control Director
FRC/2022/PRO/ANAN/001/853021

The accompanying notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December, 2022

In thousands of Naira	Note	Issued share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
As at 1 January 2022		396,328	32,262	113,459	20,836,160	21,378,209
Profit for the year						
Profit for the year		-	-	-	**48,965,488**	**48,965,488**
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year; net of taxation		-	-	-	48,965,488	48,965,488
Transactions with owners, recorded directly in equity						
Dividend to equity holders	23 (b)(I)	-	-	-	(40,029,141)	(40,029,141)
Share based payment contribution	23(a) (iii)	-	-	131,787	-	(155,119)
Share based payment recharge	23(a) (iii)	-	-	(155,119)	-	131,787
Balance as at 31 December 2022		**396,328**	**32,262**	**90,127**	**29,772,507**	**30,291,224**
Balance as at 1 January 2021		**396,328**	**32,262**	**113,811**	**28,754,583**	**29,296,984**
Profit for the year						
Profit for the year		-	-	-	40,037,277	40,037,277
Other comprehensive income for the year; net of taxation		-	-	-	-	-
Total comprehensive income; net of taxation		-	-	-	**40,037,277**	**40,037,277**
Transactions with owners, recorded directly in equity						
Dividend to equity holders	23 (a)(I)	-	-	-	(47,955,703)	(47,955,703)
Share based payment contribution	23 (a)(ii)	-	-	153,761	-	153,761
Share based payment recharge	23 (a)(iii)	-	-	(154,113)	-	(154,113)
Balance as at 31 December 2021		**396,328**	**32,262**	**113,459**	**20,836,160**	**21,378,209**

The accompanying notes to the financial statements form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December, 2022

In thousands of Naira		Note	2022	2021
Cash flows from operating activities				
Profit for the year after tax			48,965,488	40,037,277
Adjustments to reconcile profit after tax to net cash flows from operating activities:				
Depreciation of property, plant and equipment and right of use asset		15(a)&(b)	9,752,565	8,409,395
Interest income		10	(4,777,113)	(1,987,042)
Net foreign exchange difference on financing-(Unrealised)		11	7,488,633	3,372,996
Net foreign exchange difference on others--(Unrealised)		11	8,015,968	2,847,444
Finance cost		10	12,682,244	7,342,611
Equity settled share based payment transactions		23a(iii)	131,787	153,761
Net Service Cost /(Credit) for other long term employee benefits		25	349,839	(379,735)
Loss on the disposal of property, plant and equipment		11	47,542	245,042
(Write back)/Expected credit loss on treasury bills		22	(23,465)	72,740
(Write back)/Expected credit loss on intercompany receivables		33(ii)	(75,086)	125,906
Expected credit loss on trade receivable		31(ii)	127,595	79,792
Write down of inventories		19(a)	3,238,111	2,993,258
Loss on the derecognition of ROU		11	10,648	-
Gain on lease modification		11	(335,438)	(69,908)
Income tax expense		13(a)	22,143,883	21,838,065
			107,743,200	**85,081,603**
Increase in long term receivables			(315,048)	(138,112)
Increase in inventories			(32,612,496)	(9,783,421)
(Decrease)/Increase in right of return assets			(27,436)	6,820
Increase in trade and other receivables			(38,986,777)	(3,747,468)
Increase in prepayments			(835,197)	(125,415)
(Decrease)/Increase in trade and other payables			(16,243,107)	12,745,949
Increase in contract liabilities			1,096,071	6,805,108
Increase/(Decrease) in refund liabilities			33,370	(11,842)
Decrease in provisions			(1,675,490)	(990,493)
Cash generated from operating activities			**18,177,091**	**89,842,730**
Income tax paid		13 (b)	(21,950,370)	(23,429,388)
Other long term employee benefit paid		25	(504,565)	(332,144)
Share based payment recharge paid		23a(iii)	(155,119)	(154,113)
Net cash flows (used in)/ from operating activities			**(4,432,963)**	**65,927,085**
Cash flows from investing activities				
Finance income		10	4,777,113	1,987,042
Proceeds from sale of property, plant and equipment			78,402	984,218
Acquisition of property, plant and equipment and right of use assets		15(a)&(b)	(27,723,666)	(22,940,587)
Net cashflows used in investing activities			**(22,868,150)**	**(19,969,328)**
Cash flows from financing activities				
Proceeds from loans obtained	-- Intercompany loan	24 c	51,567,250	33,350,625
	-- Bank loan	24 c	50,436,243	24,949,128
Loan repayment	-- Bank loan	24 c	(42,911,281)	(29,765,464)
Lease payment		30	(41,800)	(373,350)
Finance cost paid		24 c	(782,027)	(1,880,565)
Dividends paid		23(b)	(14,026,589)	(30,729,397)
Net cashflows provided/(used in) by financing activities			**44,241,796**	**(4,449,023)**
Net increase in cash and cash equivalents			16,940,683	41,508,734
Cash and cash equivalents at January 1st			100,588,547	58,700,658
Effect of exchange rate fluctuations on cash held		22	452,475	379,155
Cash and cash equivalents at December 31		**22**	**117,981,705**	**100,588,547**

The accompanying notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

Notes to the financial statements

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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) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011. They were authorised for issue by the Company's Board of Directors on February 24, 2023.

b) Basis of measurement

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

- Obligations 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.
- Financial assets and finacial liabilities measured at fair 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 Company has consistently applied the following accounting policies to all periods presented in these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

a) Foreign currency

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the rates of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

I) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

b) Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

  The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value. Measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from contracts with customers

I) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Cash & Cash Equivalents

The Company considers three categories as Cash and Cash Equivalents.Cash and Bank balances which comprises of cash at bank and in hand including cash in transit, commercial papers and time deposits whose contractual maturities (or maturities at inception) are of three months or less. Short term investments which includes commercial paper and time deposits whose contractual maturities (or maturities at inception) are comprised less than three months, trading portfolios, investments at amortized costs, other short term investments and margin accounts deposited.Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are assigned to the following categories that determine their recognition and measurement principles:

- Financial assets at amortised cost,
- Financial assets at fair value through Other Comprehensive Income (FVTOCI),
- Financial assets at fair value through Profit and Loss (FVTPL)

The appropriate category is identified by reference to the specific features of the instrument and to the business model through which the entity expects to generate cash flows.

Classification and measurement of financial assets through the three categories mentioned above require to consider:

a) Whether the financial asset is a debt instrument or an equity instrument,

b) When the asset is a debt instrument, how the cash flows are generated by the instrument (i.e. whether the instrument gives rise to cash flows that are Solely Payments of Principal and Interests, 'SPPI') and what is the objective of their possession (i.e. what is the related Business Model).

Financial assets are treated as 'SPPI' when their contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest on the principal amount outstanding.

The interest shall be consistent with the terms of basic lending arrangements, and therefore, should reflect mainly the time value of money and the credit risk associated to the counterparty.

The classification of a financial asset requires also consideration of the objective of the business model and defining whether the objective is:

- To collect contractual cash flow only (i.e. interests and repayment of the principal) generated by the asset, or
- To collect contractual cash flows and sell it.

The definition of the business model is done at a portfolio level in accordance with the Company's Treasury Management Standard (and specific provisions related to insurance entities), not instrument by instrument.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item. The Company's financial assets at amortised cost include trade receivables, intercompany receivables, staff loans and other receivables.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost (trade receivables and short-term deposits). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(I) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions

in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

  Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write off policy

The Company writes off a financial asset when there is sufficient information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when all economic attempts to recover the outstanding amount have failed or when the period within which the debt can be legally enforced has expired or unable to locate debtor or debtor passed away leaving no asset, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

vi) Impairment of Financial assets (including trade receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

II) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured subsequently at amortised cost.

Financial liabilities that are not:

(I) contingent consideration of an acquirer in a business combination,

(ii) held-for-trading, or

(iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest bearing Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between:

(1) the carrying amount of the liability before the modification; and

(2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses."

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

III) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects

.d) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

II. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

III. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation		
The estimated useful lives for the current and comparative periods are as follows:		
Buildings		25 -35 years
Plant and Machinery		10 -25 years
Motor vehicles		5 years
Furniture and fittings		3 - 15 years
IT Equipment		3 years
Land		No depreciation

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. Assets in use after depreciation period are stated in the books at zero Net book Value.

e) Intangible assets

I. Software

Purchased software with finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

III. Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods is as follows:

Computer software - 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-to-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed Lease Payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depends on an index or rate, initially measures using the index or rate at the commencement date

- The amount expected to be payable by the lessee under residual guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liabilty is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The Lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a discount rate at the effective date of modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a lease asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use assets, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use assets is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.The right-of-use assets are presented as a separate line in the statement of financial position.

Any fully depreciated lease and on which contract has been terminated, is derecognised from the lease register during the year. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment'.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'other expenses' in profit or loss .

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components; and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.

The Company as lessor

The Company was not part of any lease agreement as a lessor in 2022.

g) Inventories

Inventory is measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost incurred in bringing each product to its present location and condition is based on:

Raw and packaging materials and purchased finished goods	purchase cost on a first- in, first - out basis including transportation and clearing costs.
Products-in-process and manufactured finished goods	weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.
Engineering spares	purchase cost on a weighted average cost basis, including transportation and clearing costs.
Goods-in-transit	purchase cost incurred to date.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses.

Engineering spares are classified as inventory and are recognised in the profit and loss account as consumed. Allowance is made for obsolete, slow moving or defective items where appropriate.

h) Impairment of Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets (excluding Goodwill for which impairment loss is not reversed), impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

I) Employee benefits

I. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company has the following defined contribution plans: defined contribution gratuity scheme and pension fund scheme.

1. Defined contribution gratuity scheme

The Company has a defined contribution gratuity scheme for its Nigerian employees, which is funded. Under this scheme, a specified amount in accordance with the Gratuity Scheme Agreement is contributed by the Company and charged to the profit and loss account over the service life of the employees. These employees' entitlements are calculated based on their actual salaries and paid to Nestlé Nigeria Trust (CPFA) Limited ("NNTL") each month.

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.

2. Pension fund scheme

In line with the provisions of the Pension Reform Act 2014, the Company instituted a defined contribution pension scheme for its entire Nigerian Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution is 10% for all senior staff, junior staff and temporary staff while employees contribute 8% of their monthly emolument (basic, housing and transport).

II. Other long term employee benefits (long service awards)

Long service awards accrue to employees based on graduated periods of uninterrupted service. These benefits accrue over the service life of the employees. The charge to the profit or loss account is based on independent actuarial valuation performed using the projected unit credit method. PricewaterhouseCooper(PwC) Limited (FRC/2013/IODN/00000002010) was engaged as the independent actuary in the current year. Actuarial remeasurements are recognised in the profit or loss in the year in which they arise.

III. Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

IV. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

V. Share-based payment transactions

Nestlé S.A., the ultimate holding company of Nestlé Nigeria Plc operates an equity incentive scheme, Restricted Stock Unit Plan (RSUP) for its management employees whereby it awards shares to deserving employees.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity as a capital contribution from Nestlé S.A., over the period that the employees unconditionally become entitled to the awards.

A recharge arrangement exists between Nestlé S.A. and Nestlé Nigeria Plc whereby vested shares delivered to employees' are recharged. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in equity for the capital contribution recognized in respect of the share-based payment

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services and has no obligation to settle the share-based payment transaction are accounted for as equity-settled share-based payment transactions, regardless of the equity instrument awarded.

j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

l) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance cost is also included in financing activities while finance income received is included in investing activities.

m) Revenue

Revenue from contracts with customers

Sale of goods

The Company is into manufacturing, marketing and distribution of food products including purified water. Sales are recognized when control of the products is transferred, being when the products are shipped to the customer. Sales occur when the products have been shipped and either the Distributor has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied

(I) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and trade incentives. The rights of return and trade incentives give rise to variable consideration.

- Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

-Trade Incentives

The Company provides incentives to all customers on the achievement of the performance criteria on the signed incentive guide. Incentives are credited to the customer's account, available for purchase of products. To estimate the variable consideration for the expected future incentives, the Company applies the maximum achievement criteria of set targets. The Sales thresholds contained in the signed incentive guide primarily drive the selected method that best predicts the amount of variable consideration. The Company then applies the requirements on constraining estimates of variable consideration and recognizes a liability for the expected future incentives.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities and the corresponding change in the transaction price at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Company pays sales commission to its employees for certain contracts that they obtain for sales of products. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under personnel expenses) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

n) Advance payment to contractors

Advance payments represents payments made to contractors for ongoing construction projects as the year end date.

o) Finance income and finance costs

Net finance cost includes interest expense on borrowings as well as interest income on funds invested. Net finance cost also includes other finance income and expense, such as exchange differences on loans and borrowings and unwinding of the discount on provisions. Foreign currency gains and losses are reported on a net basis."

p) Taxes

Income tax expense comprises current and deferred tax.

Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been statutorily enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

q) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

r) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BOD) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities, that are reported to the BOD includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's head office), head office expenses and income tax assets and liabilities, net finance cost and amortisation of intangible assets.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets.

s) Dividends

Dividends are recognised as a liability in the period they are declared.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria are written back to retained earnings.

The fair value of the government loan at below market rate of interest is estimated as the present value of all future cash flows discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. The benefit of the government grant is measured as the difference between the fair value of the loan and the proceeds received.

t) Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

4. Other New and amended Standards effective in the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Reference to the Conceptual Framework Amendments to IRS 3. Effective for annual periods beginning on or after 1 January 2022.

Key requirements

On May 2020, the IASB issued Amendments to FRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFS 3 to avoid the issue of potential 'day 2* gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in AS 37 or IFRIC 21, respectively, instead of the Conceptual Framework to determine whether a present obligation exists at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFS Standards (March 2018).

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021.However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are 'directly related to contract activities', but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

4.1 New and revised IFRS Standards in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however the company has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the company's financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Lease liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024 and applies to seller-lessee. A sellerlessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application).

The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application is permitted, and that fact must be disclosed. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's financial statements.

Reference to the Conceptual Framework –Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

Classification of Liabilities as Current or Noncurrent-Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception. In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or noncurrent. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Many entities will find themselves already in compliance with the amendments. However, entities need to consider whether some of the amendments may impact their current practice. Entities need to carefully consider whether there are any aspects of the amendments that suggest that terms of their existing loan agreements should be renegotiated. In this context, it is important to highlight that the amendments must be applied retrospectively. In November 2021, the Board published an exposure draft in which it proposed that if a right to defer settlement for at least twelve months is subject to an entity complying with conditions after the reporting date, those conditions do not affect whether the right to defer settlement exists at the reporting date for the purpose of classifying a liability as current or non-current. Additional presentation and disclosure requirements would be applicable in such circumstances, including presenting noncurrent liabilities that are subject to covenants to be complied with within twelve months after the reporting period, separately in the statement of financial position. Furthermore, the Board proposed to defer the effective date to no earlier than 1 January 2024 (from 1 January 2023). Comments are due to be received by the Board by 2nd March 2022.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Replacement of the term 'significant' with 'material' in the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed. The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard. Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes in accounting estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. Determining the tax base of assets and liabilities The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Company revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

5.1 Critical accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining method to estimate variable consideration and assessing the constraint

  Certain contracts for the sale of products include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

  The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

  Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

- Determining the timing of satisfaction of sales of goods

  The Company concluded that revenue for sales of goods is to be recognised as a point in time; when the customer obtains control of the goods. The Company assess when control is transfer using the indicators below:

  - The Company has a present right to payment for the goods
  - The Company has transferred physical possession of the asset
  - The customer has the significant risks and rewards of ownership of the goods
  - The customer has accepted the asset

5.2 Key sources of estimation uncertainty

5.2.1 Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate etc.). The Company uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 25.

5.2.2 Estimated useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2020 and that has not highlighted any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods. For more details refer to note 3c.

5.2.3 Impairment testing

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available unobservable inputs that are developed based upon the best information available under the circumstances, which might include the Company's own data less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next fifteen years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5.2.4 Provision for expected credit losses (ECL) of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 31(aii).

5.2.5 Estimating variable consideration for returns

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and trade incentives.

The Company developed a statistical model for forecasting sales returns. The model used the historical return data of each year to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected trade incentives are analysed on a per customer basis. Determining whether a customer will be likely entitled to trade incentive will depend on the customer's historical incentive entitlement and accumulated performance to date.

The Company applied a statistical model for estimating expected trade incentives. The model uses the historical purchasing patterns and incentive entitlement of customers to determine the expected incentive percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and incentive entitlements of customers will impact the expected incentive percentages estimated by the Company.

5.2.6 Lease Liability

The lease liability value appears under the heading obligations under leases (allocated between medium/long term or short term depending on the maturities). At commencement of the lease, this value is the present value of the total of the lease payments as described in the contract (including payments connected to the reasonably certain exercise of extension or termination options), discounted at the interest rate implicit in the lease contract (if readily determinable) or the lessee's incremental borrowing rate. Lease payments that depend upon a rate or index are measured at commencement based on the rate or index in effect at that time, and are remeasured if or when the payments linked to the index or rates change. Variable lease payments that do not depend upon an index or rate (e.g. a percentage of sales or based on usage) are not included in the initial measurement of the right of use asset.

The lease liability determined at initial measurement should not exceed the fair value of the underlying asset. An excess of the lease liability value over the fair value of the underlying asset is an indicator that the discount rate being used is too low and must be reassessed.

The difference between the future value (undiscounted) of the total of lease payments and the lease liability represents the financial cost which is to be spread over the period of the lease in form of an annuity calculation.

When recording the annuities paid, the "principal" part reduces the obligation under lease while the "interest" part is charged to the income statement under interest expense.

6. 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:

Food Segment

This includes the production and sale of **MAGGI**®, **CERELAC**®, **SMA**®, **NAN**®, **LACTOGEN**® and **GOLDEN MORN**®.

Beverages Segment

This includes the production and sale of **MILO**®, **MILO**®**Energy Cubes**, **MILO**® **Ready-to-Drink (RTD)**, **NESCAFÉ**® 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 in Note 7. 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.

7. Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
External Revenues	271,991,171	208,287,437	174,828,089	143,534,892			446,819,260	351,822,329
Interest income					4,777,113	1,987,042	4,777,113	1,987,042
Interest expense					(20,534,225)	(12,077,645)	(20,534,225)	(12,077,645)
Depreciation & Amortization	(6,019,743)	(5,106,597)	(3,732,823)	(3,302,798)			(9,752,565)	(8,409,395)
Reportable segment profit before income tax	53,991,240	43,701,253	32,924,518	28,264,693	(15,757,112)	(10,090,603)	71,109,371	61,875,342

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. This is also applicable to cash flows.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

In thousands of naira

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss	2022	2021
In thousands of naira		
Total profit or loss for reportable segments	86,866,483	71,965,945
Other corporate expenses and income	(15,757,112)	(10,090,603)
Profit before income tax	71,109,371	61,875,342

Other material items 2022

There are no significant reconciling items between other material items for the reportable segments and Company total.

8. Geographical information

In thousands of naira	2022	2021
	Revenue	Revenue
Nigeria	443,408,376	346,536,281
Ivory Coast	77,111	1,331,357
Ghana	2,735,293	2,750,360
Burkina Faso	598,480	1,071,979
Other countries	-	132,351
Total revenue from contracts with customers	**446,819,260**	**351,822,329**

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

Major customer

Revenue from one customer does not represent up to 10% of the company's total revenue. Therefore, information on major customers is not presented.

9. Revenue

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

In thousands of naira	2022	2021
Nigeria	443,408,376	346,536,281
Export	3,410,885	5,286,048
Total revenue	446,819,260	351,822,329

9.1 Disaggregated revenue information

For the year ended 31 December 2022

	Food	Beverage	Total
Goods transferred at a point in time	271,991,171	174,828,089	446,819,260
Total revenue	271,991,171	174,828,089	446,819,260

For the year ended 31 December 2021

	Food	Beverage	Total
Goods transferred at a point in time	208,287,437	143,534,892	351,822,329
Total revenue	208,287,437	143,534,892	351,822,329

Disaggregation of revenue—quantitative disclosure

The Company has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision maker (CODM) in order to evaluate the financial performance of the entity.

The Company determines that the categories used in the investor presentations can be used to meet the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors."

9.2 Contract balances

In thousands of naira	2022	2021
Trade receivables (Note 21(a))	4,087,639	2,208,564
Contract liabilities (Note 29)	16,548,425	15,452,355

Contract liabilities include incentives yet to be paid to customers and advances received from cash customers

9.3 Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the product and payment is generally due within the customers credit days. Some contracts provide customers with a right of return and incentives which give rise to variable consideration subject to constraint.

10. Net finance cost

In thousands of naira	2022	2021
Interest income	4,777,113	1,987,042
Finance income	4,777,113	1,987,042
Interest expense on financial liabilities	(12,682,244)	(7,342,611)
Net foreign exchange loss	(7,851,981)	(4,735,034)
Finance expense	(20,534,225)	(12,077,645)
Net finance cost	**(15,757,112)**	**(10,090,603)**
(i) Analysis of Interest Expense		
Interest expense -- Intercompany loan	(11,401,947)	(5,709,701)
Interest expense --Employee benefits	(475,774)	(279,458)
Interest expense --Bank Loan	(782,027)	(1,295,851)
Interest expense --Finance lease	(22,496)	(57,602)
	(12,682,244)	**(7,342,611)**
(ii) Analysis of Foreign exchange Difference		
Unrealised Exchange gain/ (Loss)--Intercompany loan	(7,604,500)	(2,993,841)
Realised Exchange gain/ (Loss)--Bank loan	(513,014)	(268,420)
Unrealised Exchange gain/ (Loss)--Bank loan	(336,607)	-
Realised Exchange gain/ (Loss)--Cash and Cash equivalents	149,666	(1,093,617)
Unrealised Exchange gain/ (Loss)--Cash and Cash equivalents	452,475	(379,155)
	(7,851,981)	**(4,735,034)**

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N11.4 billion (2021:N5.7 billion) excluding the impact of foreign exchange differences (realized/unrealized). Interest income is from investment in short term government securities and commercial papers.

11. Profit before income tax

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

In thousands of naira	Note	2022	2021
Depreciation and Amortization	15(a)and(b)	9,752,565	8,409,395
Auditor's remuneration		43,000	34,000
Directors' remuneration	12(c)	504,088	355,901
Personnel expenses	12 (a)	34,787,521	30,030,634
Loss on property, plant and equipment disposed		47,542	245,042
Loss on the derecognition of ROU		10,648	-
Gain on lease modification		(335,438)	(69,908)
Net foreign exchange difference on financing-(Realised)	10	363,348	1,362,037
Net foreign exchange difference on financing-(Unrealised)	10	7,488,632	3,372,996
*Net foreign exchange difference on others--(Realised)	10	1,250,517	2,463,670
*Net foreign exchange difference on others--(Unrealised)	10	8,015,968	2,847,444
General licence fees	33(b)	16,779,702	13,356,584

*Net financing exchange difference on others relates to the unrealised exchange difference on IG trade payables, 3rd parties payables and realized exchange difference on payments made during the year in foreign currecncy.

Apart from the statutory and group audit, the firm of EY also offered consultancy services to Nestlé Nigeria Plc in processing it CERPAC permits, transfer price documentation and approval relating to expat quota. Total amount of N29.54million was paid to EY for non-audit fees in current year 2022.

b) Expenses by nature

In thousands of naira	Note	2022	2021
Depreciation of property, plant and equipment and right of use asset	15(a)&(b)	9,752,565	8,409,395
Auditor's remuneration		43,000	34,000
Profit on property, plant and equipment disposed		47,542	245,042
Personnel expenses	12(a)	34,787,521	30,030,634
General licence fees	33(b)	16,779,702	13,356,584
Raw materials and consumables		223,681,354	163,737,856
(Writeback)/Expected credit loss on treasury bills		(23,465)	72,740
(Writeback)/Expected credit loss on intercompany receivables		(75,086)	125,906
Expected credit loss on trade receivables		127,595	79,792
Write back of expected credit loss on trade receivables during the year		(379,592)	(416,845)
Distribution expense		20,902,806	14,875,440
Advertising		4,613,937	5,108,798
Sales Promotion		7,236,364	10,999,446
Factory overheads		23,964,524	18,636,133
Donations		235,789	552,100
Other expenses		18,258,222	14,009,361
		359,952,777	**279,856,383**

Other expenses include product research and marketing expenses, product related overheads and trade asset related expenses

Other expenses include product research and marketing expenses, product related overheads and trade asset related expenses summarised as follows:

In thousands of naira	Note	2022	2021
Cost of Sales		291,054,270	219,985,914
Marketing and distribution expenses		57,331,351	48,097,581
Administrative expenses		11,538,113	11,494,450
Impairment of financial assets		29,043	278,438
		359,952,777	**279,856,383**

12. Personnel expenses

a) Personnel expenses for the year comprise of the following:

In thousands of naira	Note	2022	2021
Salaries, wages and allowances		17,721,738	15,446,845
Directors' remuneration		560,117	395,328
Contributions to compulsory pension fund scheme		1,861,925	1,632,081
Contributions to defined contribution gratuity scheme		1,772,257	1,482,672
Employee short term bonus		1,606,702	1,695,161
Training, recruitment and canteen expenses		2,558,398	2,139,987
Medical expenses		788,818	739,658
Equity-settled share-based payment transactions	23(iii)	131,787	153,761
Other personnel expenses		7,841,807	6,345,143
	11	**34,787,521**	**30,030,634**

Other personnel expenses include employee insurance, employee housing subsidies and transport subsidies

b) Employees of the Company, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension costs and certain benefits) in the following ranges:

			2022	2021
N		N	Number	Number
2,500,001	-	3,000,000	45	46
3,000,001	-	3,500,000	25	9
3,500,001	-	4,000,000	8	174
4,000,001	-	4,500,000	424	221
4,500,001	-	5,000,000	89	102
5,000,001	-	7,000,000	546	793
7,000,001	and	above	1,183	923
			2,320	**2,268**

The number of full-time persons employed per function as at 31 December was as follows:

	2022	2021
	Number	Number
Production	1,760	1,734
Supply chain	98	68
Sales and marketing	365	359
Administration	97	107
	2,320	**2,268**

c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	2022	2021
Directors' Emoluments:		
Non Executive directors	42,000	35,783
Executive directors	518,117	359,545
	560,117	**395,328**
The directors' remuneration shown above includes:		
Chairman	13,500	13,500
Highest paid director	266,023	206,385
Other directors received emoluments in the following ranges:		
N N	Number	Number
1 - 11,500,000	3	3
Above 11,500,000	5	6
	8	**9**

13. Taxation

a) Income tax expense

The tax charge for the year 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	2022	2021
Current tax expense		
Current year income tax	21,442,851	18,803,521
Current year tertiary education tax	2,267,966	2,017,200
Nigerian Police Trust Fund	2,350	2,022
(Over)/under provision of prior year tax	(3,835,719)	411,960
	19,877,447	**21,234,703**
Deferred tax expense		
Origination and reversal of temporary differences	2,266,436	603,362
Total income tax expense	**22,143,883**	**21,838,065**

b) Current tax liabilities

In thousands of naira	2022	2021
Movement in current tax liabilities account during the year was as follows		
At 1 January	28,281,629	30,476,315
Charge for the year	19,877,447	21,234,703
Payments in the year	(21,950,370)	(23,429,388)
At 31 December	**26,208,706**	**28,281,629**

c) Reconciliation of effective tax rate

In thousands of naira	2022	2022	2021	2021
Profit for the year		48,965,488		40,037,277
Total income tax expense		22,143,883		21,838,065
Profit excluding income tax		71,109,371		61,875,342
Income tax using the Company's domestic tax rate	30.0%	21,332,811	30.0%	18,562,603
Non-deductible expenses	5.2%	3,710,713	3.7%	3,036,694
Tax exempt income	-0.8%	(545,946)	-0.1%	(584,644)
Tax incentives	-0.6%	(401,024)	-0.2%	(528,947)
Recognition of previously unrecognised tax items	-0.3%	(220,496)	0.2%	(211,956)
Education tax	3.2%	2,267,966	2.6%	2,017,200
Prior year (over)/under provision of CIT	-5.4%	(3,835,719)	-0.6%	411,960
Other tax differences	-0.2%	(164,421)	-0.3%	(864,845)
	31.1%	**22,143,883**	35.3%	**21,838,065**

14. Earnings and declared dividend per share

a) Basic earnings and declared dividend per share are based on profit attributable to the owners of the Company for the year of N48,965,488 (2021: N40,037,277) and declared dividend of N40.03 million (2021: N47.96 million) respectively and on 792,656,252 (2021: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

	Note	2022	2021
		N'000	N'000
Earnings from continuing operations for the purpose of basic earnings per share		48,965,488	40,037,277
Earnings from continuing operations for the purpose of diluted earnings per share		48,965,488	40,037,277
		Number ('000)	Number ('000)
Weighted average number of ordinary shares as at 31 December	0	792,656	792,656
Basic (Naira)		61.77	50.51
Diluted (Naira)		61.77	50.51

b) Diluted earnings per share of N61.77 (2021: N50.51) is based on the profit attributable to ordinary shareholders of N48,965,488 (2021: N40,037,277), and on the 792,656,252 (2021: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the current and preceding years after adjustment for the effects of all dilutive 2022 Nil (2021: Nil) potential ordinary shares.

15. Property, plant and equipment (PPE)

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

In thousands of naira	Note	Land	Buldings	Plant & Machinery	Motor Vehicles	Furniture & Fittings	IT Equipment	Capital Work in Progress	Total
Cost									
Balance at 1 January 2021		1,214,588	32,808,432	76,208,434	4,535,610	12,423,664	1,910,823	17,923,020	147,024,570
Additions		-	587,667	2,294,300	939,824	351,658	132,372	18,326,003	22,631,823
Disposals		-	-	(1,662,087)	(18,317)	(303,813)	-		(1,984,216)
Reclassification		-	1,736,398	9,224,316	-	665,523	139,600	(11,765,837)	-
Balance at 31 December 2021		1,214,588	35,132,497	86,064,961	5,457,116	13,137,032	2,182,795	24,483,186	**167,672,177**
Balance at 1 January 2022		1,214,588	35,132,497-	86,064,961	5,457,116	13,137,032	2,182,795	24,483,186	167,672,177
Additions		-	381,390	4,149,156	583,738	691,873	554,106	20,559,598	26,919,862
Disposals		-	-	(340,745)	(424,300)	(163,780)	(19,741)		(948,566)
Reclassification		-	1,417,126	8,713,842	137,350	931,376	133,469	(11,333,164)	-
Balance at 31 December 2022		1,214,588	36,931,013	98,587,215	5,753,904	14,596,501	2,850,630	33,709,621	**193,643,473**
Accumulated depreciation and impairment losses									
Balance at 1 January 2021		-	10,013,914	39,225,867	2,281,503	8,507,377	1,469,189	-	61,497,850
Depreciation	11 (a)	-	901,703	4,787,808	759,604	1,211,102	304,914	-	7,965,132
Disposals		-	-	(441,762	(18,317)	(294,883)	-	-	(754,963)
Balance at 31 December 2021		-	10,915,617	43,571,914	3,022,790	9,423,595	1,774,103	-	**68,708,019**
Balance at 1 January 2022		-	10,915,617	43,571,915	3,022,790	9,423,595	1,774,103	-	68,708,019
Depreciation	11 (a)	-	965,076	5,531,548	905,079	1,273,405	343,598	-	9,018,705
Disposals		-	-	(215,986)	(424,300)	(163,010)	(19,326)	-	(822,622)
Balance at 31 December 2022		-	11,880,694	48,887,477	3,503,569	10,533,990	2,098,375	-	**76,904,104**
Carrying amounts									
At 1 January 2021		1,214,588	22,794,517	36,982,566	2,254,107	3,916,288	441,633	17,923,020	**85,526,720**
At 31 December 2021		1,214,588	24,216,878	42,493,048	2,434,326	3,713,436	408,693	24,483,186	**98,964,157**
At 31 December 2022		1,214,588	25,050,318	49,699,739	2,250,336	4,062,513	752,255	33,709,621	**116,739,370**

As at 31 December 2022, none of these assets have been used as loan collateral or are encumbered. However, the bank loan are secured by non-specific pledge on the asset in line with their relative exposures. There is no impairment of fixed assets recognized during the year 2022.

b) Right of Use Assets

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		4,133,280	1,312,743	5,446,023
Additions		-	308,764	308,764
Modification		-	-	-
Derecognition		-	(197,922)	(197,922)
Balance as at 31st December 2021		**4,133,280**	**1,423,585**	**5,556,865**
As at 1st January 2022		4,133,280	1,423,585	5,556,865
Additions		-	803,804	803,804
Modification		-	923,203	923,203
Derecognition		-	(798,723)	(798,723)
Balance as at 31st December 2022		**4,133,280**	**2,351,869**	**6,485,148**
Accumulated depreciation and impairment lossses				
As at 1 January 2021		205,489	186,005	391,494
Depreciation		70,138	374,126	444,264
Derecognition		-	(127,625)	(127,625)
Balance as at 31st December 2021		**275,627**	**432,506**	**708,133**
As at 1 January 2022		275,627	432,506	708,133
Depreciation		70,460	663,400	733,860
Modification		-	854,810	854,810
Derecognition		-	(788,075)	(788,075)
Balance as at 31st December 2022		**346,087**	**1,162,641**	**1,508,728**
Carrying amounts				
As at 31 December 2021		**3,857,653**	**991,079**	**4,848,732**
As at 31 December 2022		**3,787,193**	**1,189,228**	**4,976,420**

c) Capital commitments

Capital expenditure commitments at the year-end authorised by the Board of Directors comprise:

In thousands of naira	2022	2021
Approved and contracted	20,475,000	20,894,801
Approved but not contracted	123,800	158,694
	20,598,800	**21,053,495**

16. 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 *	2,390,905	2,296,038
Amount receivable from Customers on account of trade assets deployed **	425,432	205,251
	2,816,337	**2,501,289**

*Long term staff receivables include vehicle loan, housing loan and compassionate loan given to the employees. The vehicle loan and housing loan are with repayment period of five (5) years while the compassionate loan has a repayment period of eighteen (18) months. The loans are secured with the employee benefits.

**Amount receivable from customers includes customer contribution on trade vehicle infrastructure receivable in four-quarterly instalments after deployment.

17. Prepayments

Prepayment comprises:

In thousands of naira	2022	2021
Rent prepaid	282,226	30,215
Insurance prepaid	1,417,288	775,172
Other prepayment*	229,523	288,454
	1,929,037	**1,093,841**

*Other prepayment includes prepaid fuel cards, electricity credit units and Microsoft licence fee which will be expensed within the next financial year.

18. Deferred tax liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax liabilities are attributable to the following:

In thousands of naira	Assets		Liabilities		Net	
Rent prepaid	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Property, plant and equipment	-	-	19,147,830	16,925,407	19,147,830	16,925,407
Employee benefits	(1,395,087)	(1,292,352)	-	-	(1,395,087)	(1,292,352)
Unrealised exchange loss	(2,854,482)	(3,009,032)	-	-	(2,854,482)	(3,009,032)
Share based payment	(44,108)	(36,307)	-	-	(44,108)	(36,307)
Tax (asset)/liabilities	(4,293,677)	(4,337,691)	19,147,830	16,925,407	14,854,152	12,587,716
Net tax liabilities	**(4,293,677)**	**(4,337,691)**	**19,147,830**	**16,925,407**	**14,854,152**	**12,587,716**

Movement in temporary differences during the year

In thousands of naira	Balance 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2021	Balance 1 January 2022	Recognised in profit or loss	Recognised in other comprehensiv e income	Balance 31 December 2022
Property, plant and equipment	15,221,063	1,704,344		16,925,408	16,925,408	2,222,422		19,147,830
Employee benefits	(1,430,727)	138,375		(1,292,352)	(1,292,352)	(102,735)		(1,395,087)
Unrealised exchange loss	(1,769,562)	(1,239,470)		(3,009,032)	(3,009,032)	154,550		(2,854,482)
Share based payment	(36,416)	113		(36,303)	(36,303)	(7,801)		(44,108)
Net tax liabilities	11,984,357	**603,362**		**12,587,716**	**12,587,716**	**2,266,436**		**14,854,152**

At 31 December 2022 (2021: Nil), there was no unrecognised deferred tax asset or liability.

19. Inventories

In thousands of naira		2022	2021
Raw and packaging materials	Written down to Net Realizable Value	50,093,925	29,583,883
Product in process		2,710,068	3,169,404
Finished products	Written down to Net Realizable Value	21,317,683	11,098,416
Engineering spares	Written down to Net Realizable Value	8,249,342	6,195,331
Goods in transit		5,969,514	8,917,091
		88,340,532	**58,964,125**

The value of raw and packaging materials, changes in finished products and product in process consumed during the year and recognised in cost of sales amounted to N223.2billion (2021: N163.7 billion).

19(a) Write-down of inventory to net realisable value

In 2022, the write-down of inventories to net realisable value amounted to N3.24 billion (2021: N2.94 billion) and the movement is included in cost of sales. See the analysis per inventory class below:

In thousands of naira	2022	2021
Technical Spare Parts	3,060,644	2,771,319
Raw marials	177,466	171,611
Finished Goods	-	50,327
	3,238,111	**2,993,258**

20. Right of return assets and refund liabilities

In thousands of naira	31 December 2022	31 December 2021
Right to returned goods asset	72,879	45,443
Refund liabilities		
Arising from rights of return	112,333	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 year using the expected value method.

21. Trade and other receivables

In thousands of naira	Note	2022	2021
Trade receivables	21(a)	9,000,465	7,373,387
Loans to key management personnel		10,910	30,516
Staff loans		2,977,722	2,839,531
Trade receivables due from related parties	33(e)(ii)	1,333,168	1,952,209
Deposit with Company registrars for dividend	23(b)ii	2,537,334	2,801,222
Allowance for expected credit losses	31(ii)	(4,912,826)	(5,164,823)
		10,946,772	9,832,043
Advance payment to suppliers*		55,541,577	19,923,253
Deposit for Import*		12,902,762	14,340,634
Other receivables*		5,662,251	1,708,116
		85,053,363	**45,804,046**
Non-current - reclassified to long term receivables	16	2,816,337	2,501,289
Current		82,237,026	43,302,758
		85,053,363	**45,804,046**

*Included in other receivables are input taxes and infrastructural support to customers. *Advance to suppliers is in respect of raw and packaging materials while deposit for import is for items of plant and machineries and raw and packaging materials which are expected to be delivered before the end of second quarter 2023.

21(a) Trade receivables

In thousands of naira		2022	2021
Receivables from third-party customers		9,000,465	7,373,387
Allowance for expected credit losses		(4,912,826)	(5,164,823)
		4,087,639	**2,208,564**

The Company's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 31. For terms and conditions relating to related party receivables, refer to Note 33.

22. Cash and short-term deposit

In thousands of naira	2022	2021
Cash in Hand	7,969	11,028
Cash at Bank	17,168,615	18,445,407
Treasury Bills	100,053,345	79,553,887
Time Deposits	751,776	2,580,577
Cash and short-term deposit	117,981,705	100,590,899
Allowance for expected credit losses:		
Short term Investments	(49,275)	(72,740)
Cash and short-term deposit in the statement of financial position	117,932,430	100,518,159
Bank overdrafts used for cash management purposes	-	(2,352)
	117,932,430	**100,515,807**
Cash and short-term deposit in the statement of cash flow	**117,981,705**	**100,588,547**
Analysis of ECL		
Opening Balance	72,740	-
(Write back) /Charge for the year	(23,465)	72,740
Closing Balance	**49,275**	**72,740**

23. Capital, reserves and dividends

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

In number of shares	2022	2021
At 31 December	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.

(ii) 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

(iii) Share based payment reserves

The Company's ultimate holding company, Nestlé Switzerland (Nestlé S.A.) operates an Equity Incentive Scheme for its management employees around the world known as the Performance Share Unit Plan (PSUP). Under the PSUP, Nestlé S.A. awards Performance Stock Units (PSU) to employees that entitle participants to receive freely disposable Nestlé S.A. shares or an equivalent amount in cash at the end of a three-year restriction period.

Terms and conditions of the Restricted Share Unit Plan

The terms and conditions relating to the grants of the PSUP are as follows;

Grant date/employees entitled	Number of instruments	Vesting Conditions
Shares awarded to key management on 1 March 2020	3,373	3 years' service
Shares awarded to key management on 1 March 2021	3,194	3 years' service
Shares awarded to key management on 1 March 2022	2,589	3 years' service

The fair value of the PSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years. The weighted average fair value at the date of exercise of the restricted stock units granted in 2022 is N373,987,989 (2021:N441,130,730)

Total share based payment expense recognised in the profit or loss for the year amounted to N90,127,000 (2021: N153,760,787). The share based payment reserve comprises the cumulative weighted average fair value of performance stock unit plan granted to deserving employees which have not vested at the end of the year.

b) Dividends

(I) The following dividends were declared by the Company during the year:

	2022		2021	
	Per Share (N)	N'000	Per Share (N)	N'000
Final dividend	25.50	20,212,734	35.50	28,139,297
Interim dividend	25.00	19,816,406	25.00	19,816,406
	50.50	**40,029,141**	**60.50**	**47,955,703**

Total dividends represents the interim dividend declared during the year plus the final dividend proposed for the preceding year, but declared in the current year.

	2022	2021
Naira per qualifying ordinary share	25.50	35.50

(ii) Movement in dividend payable

In thousands of naira	Note	2022	2021
At 1 January		9,401,674	8,291,894
Declared dividend		40,029,141	47,955,703
Dividend declared but not paid		(25,284,617)	(16,116,526)
Payments		(14,026,589)	(30,729,397)
At 31 December	28	**10,119,609**	**9,401,674**

As at 31 December 2022, N2.54billion (2021: N2.80 billion) of the total dividend payable is held with the Company's registrar, Greenwich Registrars & Data Solutions Limited. The balance of N7.582billion represents unclaimed dividend (2021: N6.600 billion) which was returned to the Company by the Registrar and has been invested in treasury bills.

c) Share based payment

The movement in share based payment is as follows:

In thousands of naira	2022	2021
At 1 January	113,459	113,811
Share based payment contribution	131,787	153,761
Share based payment recharge	(155,119)	(154,113)
At 31 December	**90,127**	**113,459**

24. Interest bearing loans and borrowings

(a) This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For information about the Company's exposure to interest rate, foreign currency and liquidity risks, see note 31.

Loans and borrowing as at 31 December is as follows:

In thousands of naira	2022	2021
Unsecured bank loans	8,293,512	431,943
Loans from related party	147,006,556	76,432,859
	155,300,068	**76,864,802**

Interest bearing Loans and borrowings are analysed into short and long term liabilities based on the time the repayment obligation falls due as follows:

In thousands of naira	2022	2021
Current liabilities	8,293,512	431,943
Non-current liabilities	147,006,556	76,432,859
	155,300,068	**76,864,802**

Terms and debt repayment schedule

b) Terms and conditions of outstanding loans were as follows:

In thousands of naira			2022				2021			
	Notes	Currency	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Nominal interest rate	Year of maturity	Face Value	Carrying amount
Loan from related party	(I)	NGN	LIBOR + 11.34%	2027	58,570,728	58,570,728	LIBOR + 11.34%	2027	48,029,719	48,029,719
Loan from related party	(ii)	NGN	LIBOR + 7.47%	2027	51,018,981	58,570,728	LIBOR + 7.47%	2027	28,403,140	28,403,140
Loan from related party	(iii)	NGN	LIBOR + 4.41%	2028	23,754,913	23,754,913				
Loan from related party	(iv)	NGN	SOFR + 9.91%	2029	13,661,934	13,661,934				
Import trade obligations	(v)	NGN	SOFR + 6%	2023	8,293,512	8,293,512	LIBOR + 6%	2022	431,943	431,943
Total Interest bearing liabilities					**155,300,068**	**155,300,068**			**76,864,802**	**76,864,802**

The bank loans and borrowings are secured by a negative pledge on the Company's assets in line with their relative exposures.

(i) A loan of US$ 100 million was approved for the Company by Nestle S.A. in April 2020 of which US$100 million was drawn down as at 31 December, 2022.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from April 2020. The facility which is unsecured attracts interest at 3 months USD LIBOR plus a margin of 1134 basis points. There is no fixed payment period agreed in the loan contract. Payment is to be made subject to availability of FX.

(ii) An additional US$ 100 million was approved for the Company by Nestle S.A. in September 2020 of which US$100 million was drawn down as at 31 December, 2022.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from September 2020. The facility which is unsecured attracts interest at 3 months USD LIBOR plus a margin of 747 basis points. There is no fixed payment period agreed in the loan contract. Payment is to be made subject to availability of FX.

(iii) An additional US$ 50 million was approved for the Company by Nestle S.A. in May 2021 of which US$ 50 million was drawn down as at 31 December, 2022.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from May 2021. The facility which is unsecured attracts interest at 3 months USD LIBOR plus a margin of 441 basis points. There is no fixed payment period agreed in the loan contract. Payment is to be made subject to availability of FX.

(iv) An additional US$ 50 million was approved for the Company by Nestle S.A. in Dec 2022 of which US$ 29.5 million was drawn down as at 31 December, 2022.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from December 2022. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 991 basis points. There is no fixed payment period agreed in the loan contract. Payment is to be made subject to availability of FX.

v) Import trade obligations for Letters of Credit raised under the Import Finance Facilities from our banks in 2022 stood at NGN 8.293 billion as at 31 December 2022. The obligations have a tenor between 90 days and 120 days at SOFR+ 6.00% interest rate.

c) Reconciliation between opening and closing balances of the loan and borrowings is shown below

	2022	2021
At 1 January	76,864,80	40,211,686
Addition -- Intercompany loan	51,567,250	33,350,625
Addition– Bank loan	50,436,242	24,949,127
Repayment -- Bank loan	(42,911,281)	(29,765,464)
Interest expense	12,183,974	7,005,552
Interest paid	(782,027)	(1,880,565)
Exchange loss	7,941,107	2,993,841
At 31 December	**155,300,068**	**76,864,802**
Analysed as follows		
Current	8,293,512	431,943
Non-Current	147,006,556	76,432,859
	155,300,068	**76,864,802**

25. 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 year was as follows:

In thousands of naira	2022	2021
Balance at 1 January	4,038,600	4,471,021
Net service cost /(credit) for the year	349,839	(379,735)
Interest expense for the year	475,774	279,458
Payments during the year	(504,565)	(332,144)
Balance at 31 December	**4,359,648**	**4,038,600**

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages) fall under three broad categories. These assumptions depict management's estimate of the likely future experience of the Company.

Financial Assumptions		
	2022	2021
Long term average Discount rate (p.a.)	14%	13%
Average Pay Increase (p.a.)	15%	13%
Benefit awards inflation (p.a.)	21%	16%

Demographic assumptions

Assumptions regarding future mortality are based on published statistics and mortality tables.

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK. This is due to unavailability of published reliable demographic data in Nigeria.

Sample age	Number of deaths in year out of 10,000 lives	
	2022	2021
25	7	7
30	6	7
35	8	9
40	14	14
45	26	26

Withdrawal from Service

Withdrawal from service means retirement; voluntary or compulsory disengagement from service.

Age Band	Rate	
	2022	2021
Less than or equal to 30	5.1%	3.5%
31-34	4.5%	2.6%
35 – 39	5.1%	3.5%
40 – 54	5.3%	4.3%
55 – 59	10.6%	11.2%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amount shown below.

31 December 2022	Employee benefit obligation	
Effects In thousands of naira	Increase	Decrease
Benefit awards inflation (1% movement)	79,832	(72,161)
Discount Rate (1% movement)	(220,384)	244,483
Future salary growth (1% movement)	175,803	(162,402)
Mortality Experience (1 year movement)	(54,763)	58,212

The table below indicates the maturity profile for defined benefit obligations:

In thousands of naira	2022
Within the next 12 months (next annual reporting period)	420,969
Between 2 and 5 years	1,989,411
Beyond 5 years	3,882,401
Total expected payments	**6,292,781**

26. Pension payable

Included in other payable (Note 28) is the balance on the pension payable account which represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end 2022. The movement on this account during the year was as follows:

In thousands of naira	2022	2021
Balance at 1 January	-	-
Charged for the year	3,595,931	3,191,516
Payments during the year	(3,286,183)	(3,191,516)
Balance at 31 December	**309,748**	-

27. Provisions

Provisions represent management's estimate of the Company's probable exposure to tax and other liabilities at the end of the year.

In thousands of naira	2022	2021
Balance at 1 January	2,701,498	3,691,991
Reversals made during the year	(1,588,341)	(929,787)
Provisions used during the year	(87,149)	(60,706)
Balance at 31 December	**1,026,008**	**2,701,498**

28. Trade and other payables

In thousands of naira	Note	2022	2021
Trade payables		36,622,733	40,866,329
Other payables and accruals		19,775,025	21,369,862
Trade payables due to related parties	33(e)(I)	99,644,494	76,746,560
Dividend payable	23(b)(ii)	10,119,609	9,401,674
		166,161,861	**148,384,425**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 31. Included in other payables and accruals are advance to CAPEX suppliers, output taxes and other short term payables. Included in trade payables is an amount due to related parties is N37.564 billion dividend payable to Nestlé S.A. and SPN. This has been accounted for in inter group payables due to related party (Note 33ei)

29. Contract Liabilities

Certain liabilities arose as a result of the Company's contract with the Customers in line with IFRS 15 as analysed below.

In thousands of naira	2022	2021
Customer's down payment	10,828,421	9,615,059
Trade incentives	5,720,004	5,837,296
	16,548,425	**15,452,355**

a) Customer's down payment movements

In thousands of naira	2022	2021
Balance at 1 January	9,615,059	3,765,177
Customer's down payment during the year	224,622,992	146,578,814
Sales during the year	(223,409,630)	(140,728,931)
Balance at 31 December	**10,828,421**	**9,615,059**

b) Trade Incentives movements

In thousands of naira	2022	2021
Balance at 1 January	5,837,296	4,882,069
Charge during the year	21,447,324	18,294,761
Payment	(21,564,616)	(17,339,535)
Balance at 31 December	**5,720,004**	**5,837,295**

30. Lease Liabilities (Obligation under leases)

The company recognised lease liabilities in line with IFRS 16 as analysed below.

In thousands of naira	2022	2021
As at 1 January	467,956	799,354
Addition	-	124,556
Modification	(267,045)	(140,205)
Interest Expense	22,496	57,602
Payments	(41,800)	(373,350)
As at 31 December	**181,607**	**467,956**
In thousands of naira	2022	2021
Current	53,717	184,821
Non-current	127,889	283,135
	181,607	**467,956**

The company has entered into leases on its property portfolio consisting of certain office and residential apartments. These leases have terms of between 2 and 5 years.

In thousands of naira	2022	2021
1-2 years	53,717	184,821
2-5 years	127,889	283,135
	181,607	**467,956**

31. Financial instruments

(a) Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk (see (a)(ii)
- liquidity risk (see (a)(iii)
- market risk (see (a)(iv)
- operational risk (see (a)(v)

(I) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both senior Management and the Audit Committee.

(II) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company's principal exposure to credit risk is influenced mainly by the individual characteristics of each customer.

In order to minimise credit risk, the Company has tasked its Credit Management Committee to develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Credit Management Committee uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Management has established a customer/distributor activation process under which each new customer is analysed individually for credit worthiness before the Company's distributorship agreement, standard payment and delivery terms and conditions are offered to seal the distributorship arrangement. The Company's review includes external ratings, when available, and in some cases bank references.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Commercial Manager; these limits are reviewed bi-annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash basis. The Company's payment and delivery terms and conditions offered to customers provide various credit limits based on individual customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Commercial Manager, and future sales are made on a cash basis.

The Company has no significant concentration of credit risk, with exposure spread over a large number of parties. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Company has an order approval matrix which provides guidelines for the various approval authorisation limits for customers, based on the risk grading of the customer and the percentage by which the customer exceeds his credit limit. The approval responsibility is allocated to the Sales Controller, Commercial Manager, Finance and Control Director and Managing Director.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk from balances with banks and financial institutions is managed by Nestlé Treasury Center in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed periodically, and may be updated at any point in the year subject to approval of the Asset and Liability Management Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The carrying amount of financial assets represents the maximum credit exposure.

i Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
In thousands of naira	Note	2022	2021
Trade and other receivables	21	10,946,772	9,832,043
Cash and cash equivalents	22	117,932,430	100,515,796
		128,879,203	**110,347,840**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

		Carrying amount	
In thousands of naira	Note	2022	2021
Distributors	21	4,087,638	2,208,564
Related parties	22	1,333,168	1,952,209
Loans to key management personnel	21	10,910	30,516
Staff loans and advances	21	2,977,722	2,839,531
Registrar	21	2,537,334	2,801,222
		10,946,772	**9,832,043**

The Company's most significant customer, accounts for N456.4million (2021: N327.2 million) of the trade and other receivables carrying amount at 31 December 2022.

ii Impairment losses

Trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 31(ii). The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 December 2022 using a provision matrix:

31 December 2022	Trade receivables Days past due						
In thousands of naira	Current	1-30 days	30 -60 days	61 - 90 days	91 - 120 days	>120 days	Total
Expected credit loss rate	0.3%	1.4%	20.6%	34.6%	55.4%	99.7%	
Estimated total gross carrying amount at default	3,620,068	395,121	18,342	86,600	2,296	4,878,038	9,000,465
Expected credit loss	(10,796)	(5,525)	(3,773)	(30,002)	(1,271)	(4,861,459)	(4,912,826)
	3,609,271	**389,596**	**14,570**	**56,598**	**1,025**	**16,579**	**4,087,639**

31 December 2021	Trade receivables Days past due						
In thousands of naira	Current	1-30 days	30 -60 days	61 - 90 days	91 - 120 days	>120 days	Total
Expected credit loss rate	0.4%	0.4%	30.0%	0.0%	0.0%	100.0%	
Estimated total gross carrying amount at default	2,123,317	50,690	2,052	-	-	5,197,328	7,373,387
Expected credit loss	33,323	(202)	(616)	-	-	(5,197,328)	(5,164,823)
	2,156,641	**50,488**	**1,436**	**-**	**-**	**-**	**2,208,564**

Set out below is the movement in the allowance for expected credit losses of trade receivables:

In thousands of naira	2022	2021
As at 1 January 2022	5,164,823	5,501,876
Charge for the year	127,595	79,792
Write back during the year	(379,592)	(416,845)
Balance at 31 December	**4,912,826**	**5,164,823**

The impairment loss as at 31 December 2022 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behavior and extensive analysis of the underlying customers' credit ratings. The impairment loss is included in administrative expenses. Write offs are made based on management's assessment that all realistic prospects of recovery have been explored. They may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(III) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2022							
In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loans	8,293,512	8,293,512	(8,293,512)			-	-
Unsecured intercompany loans	147,006,556	147,006,556	-	-	-		(147,006,556)
Trade and other payables	166,161,861	166,161,861	(166,161,861)	-	-	-	-
	321,461,929	**321,461,929**	**(174,455,373)**	**-**	**-**	**-**	**(147,006,556)**
31 December 2021							
In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loans	431,943	431,943	(431,943)			-	-
Unsecured intercompany loans	76,432,859	76,432,859	-	-	(1,219,327)		(75,213,532)
Trade and other payables	148,384,425	148,384,425	(148,384,425)	-	-	-	-
	225,249,227	**225,249,227**	**(148,816,368)**	**-**	**(1,219,327)**	**-**	**(75,213,532)**

(IV) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company manages market risks by keeping costs low to keep prices within profitable range, foreign exchange risks are managed by maintaining foreign denominated bank accounts and keeping Letters of Credit (LC) facility lines with the Company's bankers. Also interest rates are benchmarked to NIBOR (for local loans) and LIBOR (for foreign denominated loans) with a large margin thereof at fixed rates while not foreclosing the possibility of taking interest rate hedge products should there be need to do so. The Company is not exposed to any equity risk.

(V) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of Company, primarily the Naira. The currencies in which these transactions primarily are denominated are Euro, US Dollars (USD), Pounds Sterling (GBP) and Swiss Francs (CHF). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments.

The Company manages the transactional exposures in accordance with specific principles which are in line with the Company's business needs. These include balancing the sources of financial instruments. Exchange difference recorded in the statement of comprehensive income represented a loss of N17.1 billion (2021: N10.0billion). They are allocated to the appropriate headings of expenses by function.

Financial instruments analysed by currency is as follows

USD United States Dollar

EUR Euro

GBP Pounds Sterling

SGD Singaporean Dollar

CHF Swiss Franc

	31 December 2021				
Amount In thousands	EUR	USD	CHF	SGD	GBP
Unsecured intercompany loans		(318,541)			
Amount due from related parties	1,093	2,203	-		
Amount due to related parties	(9,638)	(98,551)	(3,637)	(30)	(4)
Trade payables	(25,568)	(10,985)			(118)
Net exposure	(34,113)	(425,873)	(3,637)	(30)	(122)

	31 December 2022				
Amount In thousands	EUR	USD	CHF	SGD	GBP
Unsecured intercompany loans		(318,541)			
Amount due from related parties	1,093	2,203	-		
Amount due to related parties	(9,638)	(98,551)	(3,637)	(30)	(4)
Trade payables	(25,568)	(10,985)			(118)
Net exposure	(34,113)	(425,873)	(3,637)	(30)	(122)

	31 December 2021					
Amount In thousands	EUR	USD	CHF	ZAR	SGD	GBP
Unsecured intercompany loans	-	(176,596)	-	-	-	-
Amount due from related parties	2,398	2,029	-	-	-	-
Amount due to related parties	(11,614)	(65,011)	(2,877)		(10,356)	(2)
Trade payables	(18,935)	(9,987)	(173)	(285)	-	-
Net exposure	(28,152)	(249,565)	(3,050)	(285)	(10,356)	(2)

The significant exchange rates applied during the year is as follows:

	Average Rate		Year end spot rate	
	2022	2021	2022	2021
Euro	493.81	433.68	613.11	503.62
United States Dollar (USD)	461.50	379.80	573.00	410.25

Sensitivity analysis

A strengthening of the Naira, as indicated below, against the Euro and US Dollar at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed for USD and Euro being the most significant currency risk the Company is exposed to and on the same basis for 2021, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

At 31 December 2022	Equity	Profit or loss
Euro (10 percent strengthening)	(2,091,533)	(2,091,533)
USD (10 percent strengthening)	(24,402,586)	(24,402,586)
At 31 December 2021		
Euro (10 percent strengthening)	(1,387,243)	(1,387,243)
USD (10 percent strengthening)	(10,856,080)	(10,856,080)

ii Interest rate risk

The Company adopts a policy of ensuring that a significant element of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into loan arrangements with mixed interest rate sources. Variable interest rates are marked against the ruling LIBOR rates to reduce the risk arising from interest rates.

Interest rate risk comprises interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful borrowing profiling and use of heterogeneous borrowing sources.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying Amount	
In thousands of naira	2022	2021
Fixed rate instruments		
Financial assets*	100,004,071	79,481,147
Financial liabilities*	-	-
	100,004,071	**79,481,147**
Variable rate instruments		
Financial assets*	-	-
Financial liabilities*	155,300,068	76,864,802
	155,300,068	**76,864,802**

*Financial assets includes treasury bills while financial liabilities include intercompany loan together with the accrued interest over the years of the loan.

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2022.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
At 31 December 2022				
Variable rate instruments	(1,553,001)	1,553,001	(1,553,001)	1,553,001
Cash flow sensitivity (net)	(1,553,001)	1,553,001	(1,553,001)	1,553,001
At 31 December 2021				
Variable rate instruments	(768,648)	768,648	(768,648)	768,648
Cash flow sensitivity (net)	(768,648)	768,648	(768,648)	768,648

(V) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- risk mitigation, including insurance when it is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

b) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(I) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

(II) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(III) Share-based payment transactions

The fair value of the restricted stock unit plan is measured based on market prices of the awarded shares on the grant date adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Assets measured at fair value

There are no financial assets and liabilities that are carried at fair value. As such the fair value hierarchy has not been disclosed.

Financial assets measured at amortized cost

	2022		2021	
In thousands of naira	Carrying amount	Fair value	Carrying amount	Fair value
Long term receivables	2,816,337	2,816,337	2,501,289	2,501,289
Loans and receivables	8,130,436	8,130,436	7,330,755	7,330,755
Cash and cash equivalents	117,932,430	117,932,430	100,515,796	100,515,796
	128,879,203	**128,879,203**	**110,347,840**	**110,347,840**

Loans and receivables include trade receivables, allowances for expected credit loss, loans to staff and deposit for dividends with the Company registrars.

	2022		2021	
In thousands of naira	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at amortized cost				
Unsecured intercompany loan	147,006,556	147,006,556	76,432,859	76,432,859
Secured bank loans	8,293,512	8,293,512	431,943	431,943
Trade and other payables	166,161,861	166,161,861	148,384,425	148,384,425
	321,461,929	**321,461,929**	**225,249,227**	**225,249,227**

The fair value of the financial assets and liabilities are determined based on level 3 inputs of the fair value hierarchy. At year end, the carrying amounts of loans and receivables and trade and other payables reasonably estimated their fair values.

c) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's debt to capital ratio at the end of the reporting period was as follows:

In thousands of naira	2022	2021
Total liabilities	384,752,807	288,860,295
Cash and cash equivalents	(117,932,430)	(100,518,159)
Net Debt	266,820,377	188,342,136
Total Equity	30,291,224	21,378,209
Total Debt and Equity	415,044,032	310,238,504
Debt to capital ratio at December 31	9:01	9:01

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

32. Contingencies

a) Pending litigation and claims

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of these pending litigations amounted to N708.5 million as at 31 December 2022 (2021: N851 million). While the contingent assets in respect of pending litigations amounted to N443.3 million for the year ended 2022 (2021:N660 million), in the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

b) Financial commitments

In the normal course of business, the company uses letters of credit to import materials. The total value of open letters of credit as at 31 December was N14.7 billion (2021: N14.3 billion). In 2022, the total value of the Bill held for collection is NGN302.1 million. The total worth of Loan facilities offered amounted to N32.2 Billion. The Company also obtained bank guarantees with a value of N509.4million (2021: N509.4 million).

33. Related parties

a) Parent and ultimate controlling party

As at the year ended 31 December 2022, Nestlé Switzerland (Société Des Products), the ultimate holding Company owned 66.18% (2021: 66.18%) of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

General License Fee Agreement

Nestlé Nigeria Plc has a general license fee agreement with Société Des Produits Nestlé S.A., for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion and payments are made to Societe Des Produits Nestlé S.A. The agreement was renewed in 2021 for a period of three (3) years, with effect from January 1, 2021. The technical fee recognised in the current year was N16.78 billion (2021: N13.36 billion). See Note 11a and 11b.

Shared Service Agreement

Nestlé Nigeria Plc also has an agreement with Nestlé Central and West Africa Limited (Nestlé CWA) whereby Nestlé CWA provides and charges for certain common shared services to the Company at a service cost. Service cost as defined by the terms of the contract means: all direct and indirect expenses charges, overheads and administration costs reasonably incurred by Nestlé CWA from time to time during the term of the agreement in providing the shared services, plus a 4% on the reimbursable cost of Nestlé Business Services and Operational and Commercial Services as allocated among the various countries in the region. The services provided by Nestlé CWA includes transactionary services as well as planning and management functions.

Sourcing of Raw Materials and Finished Products

Additionally, the Company sources part of its raw materials and finished products through companies related to its ultimate holding company, Nestlé S.A., incorporated in Switzerland.

c) Transactions with key management personnel

Loan to key management personnel

No new loan was granted to key management personnel during the year ended 31 December 2022 (2021: N21.4million). As at 31 December 2022, the balance outstanding was N10.9 million (2021: N30.5 million) and is included in trade and other receivables. (See note 21)

d) Key management personnel compensation

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf. In accordance with the terms of the plan, directors and executive officers are entitled access to the fund when they retire.

Executive officers also participate in the Company's long service awards programme. This programme awards a certain sum of cash benefit which accrues to the recipient on graduated periods of uninterrupted service.

Key management personnel compensation comprised:

In thousands of naira	2022	2021
Short-term employee benefits	176,355	177,200
Contribution to compulsory pension fund scheme	21,573	16,810
Defined contribution gratuity scheme	26,402	22,630
Other long term benefit	-	-
Share based payments	155,119	154,113
	379,449	**370,753**

e) Other related party transactions

Amount due to other related companies represents balances due on current accounts maintained with companies in the Nestlé Group for the importation of Property, plant and equipment (PPE), raw materials, finished products and services. Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results. The aggregate value of transactions and outstanding balances relating to these entities were as follows;

(I) Intercompany payables

In thousands of naira		Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party	Nature of transaction	2022	2021	2022	2021
Nestlé Ghana Limited	Finished goods	2,205,160	631,681	925,016	166,363
Nestlé World Trade Corporation Limited	PPE/ Services	5,084,398	4,815,643	15,901,437	9,701,950
Nestlé Netherlands	Finished goods	27,258	163,551	235,655	334,807
Nestlé France Limited	Finished goods	7,218	26,251	375,296	458,558
Société Des Produits Nestlé S.A.	Services	13,833,525	11,113,808	47,431,290	11,484,001
Nestlé Central and West Africa	Services	6,998,177	6,210,980	14,502,572	14,648,178
Wyeth Nutritional Singapore	Finished Goods	5,077,579	2,228,794	2,098,253	123,553
Nestlé S.A.	Services (Dividend Payable)	155,119	28,950,599	903,483	29,215,432
Nestlé Mexico, S.A. De C.V.	Goods	12,493,763	7,096,823	9,092,222	4,147,751
Others		10,945,639	9,270,788	8,179,269	6,465,967
		56,827,835	70,508,919	99,644,494	76,746,560

Amount due from other related companies represents balances due on current accounts maintained with companies within the Nestlé Group for the export of finished goods and provision of services. Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results. The aggregate value of transactions and outstanding balances relating to these entities were as follows;

(ii) Intercompany receivables

In thousands of naira		Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party	Nature of transaction	2022	2021	2022	2021
Nestlé Burkina	Finished goods and Services	918,477	1,129,647	258,323	95,859
Nestlé Central and West Africa Limited	Finished goods and Services	57,035	674,127	-	445,556
Nestlé Ghana	Finished goods and Services	3,249,700	2,890,566	770,653	287,085
Nestlé Cote D'lvoire	Finished goods and Services	97,718	1,339,860	51,466	1,146,997
Nestlé Angola Lda	Finished goods and Services	10,851	-	7,917	-
Nestlé Senegal	Finished goods and Services	-	4,270	-	1,939
Nestlé Cameroun	Finished goods and Services	190,307	80,671	203,012	47,265
Nestlé Middle East	Services	10,192	-	10,438	1,308
Nestec S.A.	Services	-	0	-	26,644
Others	Finished goods and Services	1,705,603	188,652	82,179	25,462
Gross Balance		**6,239,883**	**6,307,795**	**1,383,988**	**2,078,115**
Expected Credit Loss				(50,820)	(125,906)
Net Balance		**6,239,883**	**6,307,795**	**1,333,168**	**1,952,209**

Movement in expected Credit Loss

	2022	2021
Opening Balance	125,906	-
(Write back) / Charge for the year	(75,086)	125,906
Closing Balance	**50,820**	**125,906**

All outstanding balances with these related parties are to be settled in cash within six months of the reporting date. None of these balances are secured nor interest bearing.

(iii) Nestlé Nigeria Trust (CPFA) Limited

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 both employees and former employees of Nestlé Nigeria Plc.

Nestlé Nigeria Trust (CPFA) Limited is an unconsolidated structured entity licensed by the National Pension Commission (PENCOM) to conduct the business of a closed pension fund administrator. The activities of Nestlé Nigeria Trust (CPFA) Limited are regulated by the National Pension Commission (PENCOM) rather than by voting rights and the funds are managed in accordance with the PENCOM guidelines. The benefits arising from the activities of Nestlé Nigeria Trust (CPFA) Limited accrue principally to members of the provident, pension and defined contribution gratuity schemes and the company has no exposures to variable returns arising from its involvement.

The Company's residual interest in Nestlé Nigeria Trust (CPFA) Limited is immaterial. The funds and assets of the provident, pension are held by an independent licensed pension fund custodian in line with the Pension Reform Act, 2014.

The Company supports the sourcing of resources to Nestlé Nigeria Trust (CPFA) Limited and intends to continue to provide support into the future.

34. Going Concern

The financial statements have been prepared on a going concern basis which assumes the company will be able to realise its assets and discharge its liabilities in the normal course of business for the forseeable future.

35. Events after the reporting date

There are no significant subsequent events after reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2022 that has not been adequately provided for or disclosed in the financial statements.

Other National Disclosures

Value Added Statement

In thousands of naira	2022	%	2021	%
Revenue	446,819,260		351,822,329	
Brought in materials and services				
- Local	(132,473,330)		(115,691,152)	
- Imported	(182,939,361)		(130,460,236)	
	131,406,570		105,670,940	
Finance Income	4,777,113		1,987,042	
Value Added	**136,183,683**	**100**	**107,657,982**	**100**
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefits	34,787,521	26	30,030,634	24
To Providers of Finance:				
- Finance Costs	20,534,225	15	7,342,611	7
- Company tax	19,877,447	15	21,234,703	20
Retained in the business:				
- Depreciation of PPE and ROU assets	9,752,565	7	8,409,395	8
- Deferred tax	2,266,436	2	603,362	1
- Profit transferred to reserves	48,965,488	36	40,037,277	37
	136,183,683	**100**	**107,657,982**	**100**

"Value added" is the measure of wealth the company has created in its operations by "adding value" to the cost of products and services. The statement above summarises the total wealth created and shows how it was shared by employees and other parties who contributed to its creation. Also set out above is the amount retained and re-invested in the company for the replacement of assets and the further development of operations.

Five-year financial summary

In thousands of naira	Note	2022	2021	2020	2019	2018
Funds Employed						
Issued share Capital	23 (a)(i)	396,328	396,328	396,328	396,328	396,328
Share Premium	23 (a)(ii)	32,262	32,262	32,262	32,262	32,262
Share based payment reserve	23 (a)(iii)	90,127	113,459	113,811	123,076	154,788
Retained Earnings		29,772,507	20,836,160	28,754,583	45,005,964	49,637,108
Shareholder's Fund		30,291,224	21,378,209	29,296,984	45,557,630	50,220,486
Current Liabilities		218,404,562	195,517,985	166,030,351	125,535,430	92,117,501
Non-current Liabilities		166,348,245	93,342,310	50,857,661	22,281,255	19,996,435
		415,044,031	**310,238,504**	**246,184,996**	**193,374,314**	**162,334,422**
Asset Employed						
Non Current assets		124,532,127	106,314,178	94,683,541	86,336,830	79,600,105
Current assets		290,511,904	203,924,326	151,501,455	107,037,484	82,734,317
		415,044,031	**310,238,504**	**246,184,996**	**193,374,314**	**162,334,422**

In thousands of naira	Note	2022	2021	2020	2019	2018
Revenue		**446,819,260**	**351,822,329**	**287,084,087**	**284,035,255**	**266,274,621**
Profit before income tax		71,109,371	61,875,342	60,638,443	71,123,824	59,750,846
Profit for the year		48,965,488	40,037,277	39,212,025	45,683,113	43,008,026
Other comprehensive income, net of tax		48,965,488	40,037,277	39,212,025	45,683,113	43,008,026
Total comprehensive income, net of tax		48,965,488	40,037,277	39,212,025	45,683,113	43,008,026
Declared dividend*		40,029,141	47,955,703	55,485,937	50,333,672	37,651,172
Per 50k share data:						
Basic earnings per share	14 (a)	61.77	50.51	49.47	57.63	54.26
Diluted earnings per share	14 (b)	61.77	50.51	49.47	57.63	54.26
Declared dividend per share		50.50	60.50	70.00	63.50	47.50
Net assets per share		38.21	26.97	36.96	57.47	63.36

* Declared dividend represents the interim dividend declared during the year (N25.00) and final dividend proposed for the preceding year but declared during the current year.

Earnings per share (basic and diluted) are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

The financial information presented above reflects historical summaries based on International Financial Reporting Standards.

Additional Corporate Information

Shareholders' Information

Ten Year Dividend History

Year	Dividend No.	Profit After Taxation (N'000)	Dividend Declared (Gross) (N'000)	Dividend Per Share (kobo)	Dividend Type (kobo)
2013	57	22,258,279	1,188,984	150	Interim
	58		19,023,750	2400	Final
2014	59	22,235,640	7,926,562	1000	Interim
	60		13,871,484	1750	Final
2015	61	23,736,777	7,926,562	1000	Interim
	62		15,060,468	1900	Final
2016	63	7,924,968	7,926,562	1000	Final
2017	64	33,723,730	11,889,843	1500	Interim
	65		21,798,046	2750	Final
2018	66	43,008,026	15,853,125	2000	Interim
	67		30,517,265	3850	Final
2019	68	45,683,113	19,816,406	2500	Interim
	69		35,669,531	4500	Final
2020	70	39,212,025	19,816,406	2500	Interim
	71		28,139,296	3550	Final
2021	72	40,037,277	19,816,406	2500	Interim
	73		20,212,734	2550	Final
2022	74	48,965,488	19,816,406	2500	Interim
	75		28,931,953	3650	Final

Ten-Year Turnover, Profit Before Tax, Taxation and Profit After Tax History

31 Dec	Turnover (N'000)	Profit Before Tax (N'000)	Taxation (N'000)	Profit After Tax (N'000)
2013	133,084,076	26,047,590	3,789,311	22,258,279
2014	143,328,982	24,445,978	2,210,338	22,235,640
2015	151,271,526	29,322,477	5,585,700	23,736,777
2016	181,910,977	21,548,408	13,623,440	7,924,968
2017	244,151,411	46,828,682	13,104,952	33,723,730
2018	266,274,621	59,750,846	16,742,820	43,008,026
2019	284,035,255	71,123,824	25,440,711	45,683,113
2020	287,084,087	60,638,443	21,426,418	39,212,025
2021	351,822,329	61,875,342	21,838,065	40,037,277
2022	446,819,260	71,109,371	22,143,883	48,965,488

Shareholders' Information (cont'd)

Share Capital History

The share capital of the Company is as indicated below. The issued and paid up capital of the Company as at 31 December 2022 is N396,328,126.

Date	Authorized Share Capital Value N	Shares	Issued And Fully Paid Value N	Shares	N
29-11-71	200,000	100,000	200,000	100,000	Cash
30-12-71	600,000	300,000	200,000	100,000	-
30-11-72	600,000	300,000	440,000	220,000	Cash
11-06-73	1,000,000	500,000	440,000	220,000	-
16-08-73	1,000,000	500,000	756,726	378,363	Cash
22-10-73	1,000,000	500,000	1,000,000	500,000	Cash
21-05-74	2,000,000	1,000,000	1,000,000	500,000	-
15-10-74	2,000,000	1,000,000	1,250,000	625,000	Rights (1:4)
27-03-75	2,000,000	1,000,000	1,625,000	812,500	Rights (3:10)
02-05-75	2,000,000	1,000,000	2,000,000	1,000,000	Bonus (3:10)
28-05-76	3,000,000	1,500,000	2,000,000	1,000,000	-
11-08-76	3,000,000	1,500,000	3,000,000	1,500,000	Bonus (1:2)
10-11-76	5,000,000	10,000,000	3,000,000	3,000,000	1 share of N2
					2 shares of N1
					each
12-08-77	5,000,000	10,000,000	5,000,000	5,000,000	Bonus (2:3)
12-05-78	7,500,000	15,000,000	5,000,000	10,000,000	1 share of N1
					each subdivided
					to 2 shares of 50
					kobo each
08-12-78	7,500,000	15,000,000	7,500,000	15,000,000	Public Issue
10-07-80	11,250,000	22,500,000	11,250,000	22,500,000	Bonus (1:2)
01-07-82	16,875,000	33,750,000	16,875,000	33,750,000	Bonus (1:2)
18-06-86	20,250,000	40,500,000	20,250,000	40,500,000	Bonus (1:5)
09-03-90	30,375,000	60,750,000	30,375,000	60,750,000	Rights (1:2)
27-06-91	40,500,000	81,000,000	40,500,000	81,000,000	Bonus (1:3)
24-06-93	50,625,000	101,250,000	50,625,000	101,250,000	Bonus (1:4)
23-06-94	75,937,500	151,875,000	75,937,500	151,875,000	Bonus (1:2)
03-09-96	105,687,500	211,375,000	105,687,500	211,375,000	Scheme of
					arrangement
					for acquisition of
					NPL shares
19-06-97	211,375,000	422,750,000	211,375,000	422,750,000	Bonus (1:1)
15-04-03	264,218,750	528,437,500	264,218,750	528,437,500	Bonus (1:4)
24-04-07	330,273,438	660,546,875	330,273,438	660,546,875	Bonus (1:4)
28-04-11	396,328,126	792,656,252	396,328,126	792,656,252	Bonus (1:5)

Unclaimed Dividend Warrants, Bonus and Rights Certificates

Div. Number	Date of Payment	Unclaimed Dividend N'
49	December 7, 2009	20,999,298.04
50	April 28, 2010	130,208,330.88
51	January 10, 2011	53,736,803.93
52	April 29, 2011	243,006,686.46
53	December 12, 2011	30,167,522.55
54	April 27, 2012	218,579,111.85
55	December 24, 2012	34,882,092.45
56	May 10, 2013	377,851,387.05
57	December 9, 2013	30,023,143.50
58	May 13, 2014	500,924,770.40
59	December 8, 2014	168,806,475.00
60	May 12, 2015	341,656,525.00
61	December 7, 2015	197,929,630.00
62	May 24, 2016	375,124,248.20
63	May 24, 2017	205,344,390.00
64	December 11, 2017	297,637,439.20
65	May 22, 2018	635,626,453.00
66	December 10, 2018	453,808,312.00
67	May 28, 2019	872,308,244.50
68	December 9, 2019	575,456,087.50
69	July 2, 2020	1,032,809,940.00
70	December 7, 2020	569,535,030.00
71	June 22, 2021	850,844,677.35
72	December 7, 2021	599,827,702.50
73	June 29, 2022	650,697,996.75
74	December 5, 2022	635,779,192.50

Since becoming a public company in 1978, Nestlé Nigeria has declared seventy-four Dividends, issued ten scripts and made one rights issue. Our records show that Dividend warrants in respect of the unclaimed dividends listed have not been presented for payment.

For Unclaimed Dividend warrants, Please contact:

The Managing Director,

GREENWICH REGISTRARS & DATA SOLUTIONS LIMITED,
274 Murtala Muhammed Way,
Alagomeji,
Yaba, Lagos,
P. M.B. 12717, Lagos Apapa.

Scripts	Date Issued	
01	10 July 1980	1 for 2
02	01 July 1982	1 for 2
03	18 June 1986	1 for 5
04	27 June 1991	1 for 3
05	24 June 1993	1 for 4
06	23 June 1994	1 for 2
07	19 June 1997	1 for 1
08	15 April 2003	1 for 4
09	24 April 2007	1 for 4
10	28 April 2011	1 for 5
Rights		
01	09 March 1990	1 for 2

Corporate Directory

Head Office

LAGOS
22-24 Industrial Avenue,
Ilupeju Lagos.
P.M.B. 21164, Ikeja,
Lagos State.
Tel: 01-2798184

Factories/Distribution Centres

AGBARA FACTORY
Km 32, Lagos-Badagry Express Road,
Agbara Industrial Estate, Ogun State.

FLOWERGATE FACTORY
Flowergate Industrial Estate Along
Abeokuta – Sagamu Expressway By
RIYE Roundabout,
Ogun State.

ABAJI FACTORY
Plot No CP/ED1395 Phase II Extension,
Layout II, FCT, Abuja Tel: 08052797010

DISTRIBUTION CENTRES
Km 7, Idi-Iroko Road, Sango-Ota, Ogun State

Km 32, Lagos-Badagry Express Road,
Agbara Industrial Estate, Ogun State.

Branch Offices

LAGOS
No. 10, C.D.E. Industrial Crescent
Ilupeju, Lagos.
Tel: 08052797830

IBADAN
Plot 6a Commercial Reservation,
opposite Christian Missions For
The Deaf, Kudeti Avenue,
Onireke G.R.A., Ibadan,
Oyo State.
Tel: 08052797075

ENUGU
No. 1, Coal Garden City Estate,
off Okpara Avenue, Enugu
Tel: 08052797091

PORT HARCOURT
No. 89 Stadium Road, Beside
Fedex Office, Port Harcourt
Tel: 08052797092

ABUJA
1st Floor Rear Wing, Ojimadu
Nwaeze House, Solomon Lar Way
Street Utako Abuja, adjacent Top
Rank Hotels.
Tel: 08052797387

KANO
22 Gashash Road, off Race
Course Road, Beside Well Care
Supermarket, Kano.
Tel: 08052797156

JOS
Nicon Building, No 4 State
Secretariat Road Jos,
Plateau State.
Tel: 08052797144

Nestlé
Good Food, Good Life

Nourishing individuals and families since 1961

Nestlé

Good Food, Good Life

Our Leading Brands

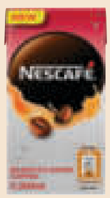

Start Strong
Finish Strong
NESCAFÉ
NESCAFÉ

NESCAFÉ

NESCAFÉ has maintained a strong presence in the market, offering consumers a unique coffee experience, made with respect and mild stimulating attributes connecting its consumers to the world around them, making it the most loved instant Coffee brand in Nigeria.

In the past year, we have continued to innovate and expand our product portfolio, providing our consumers with new and exciting ways to enjoy their favorite coffee beverages, with the introduction of a refreshing coffee drink, "**NESCAFÉ Ready-To-Drink**" to leverage the cold cup opportunity helping our target consumers **"Refresh for the Hustle"**

NESCAFÉ **Original 3 in 1 (25g Sachet)**
Nigeran's most loved Coffee Brand- NESCAFÉ is more accessible to a wider population of Nigerian consumers.



NESCAFÉ **Ready-To-Drink Coffee (200ml)**
is a refreshing cold coffee drink with a creamy and great taste.

NESCAFÉ **Malty 3 in 1 (25g Sachet)**
is a unique blend of coffee, creamer, sugar, and malt. Giving consumers that delicious taste with the goodness of malt.

We remain focused on our commitment to delivering high-quality coffee products and providing exceptional experiences to our consumers, we aim to make every day better, with great tasting coffee, cup after cup.

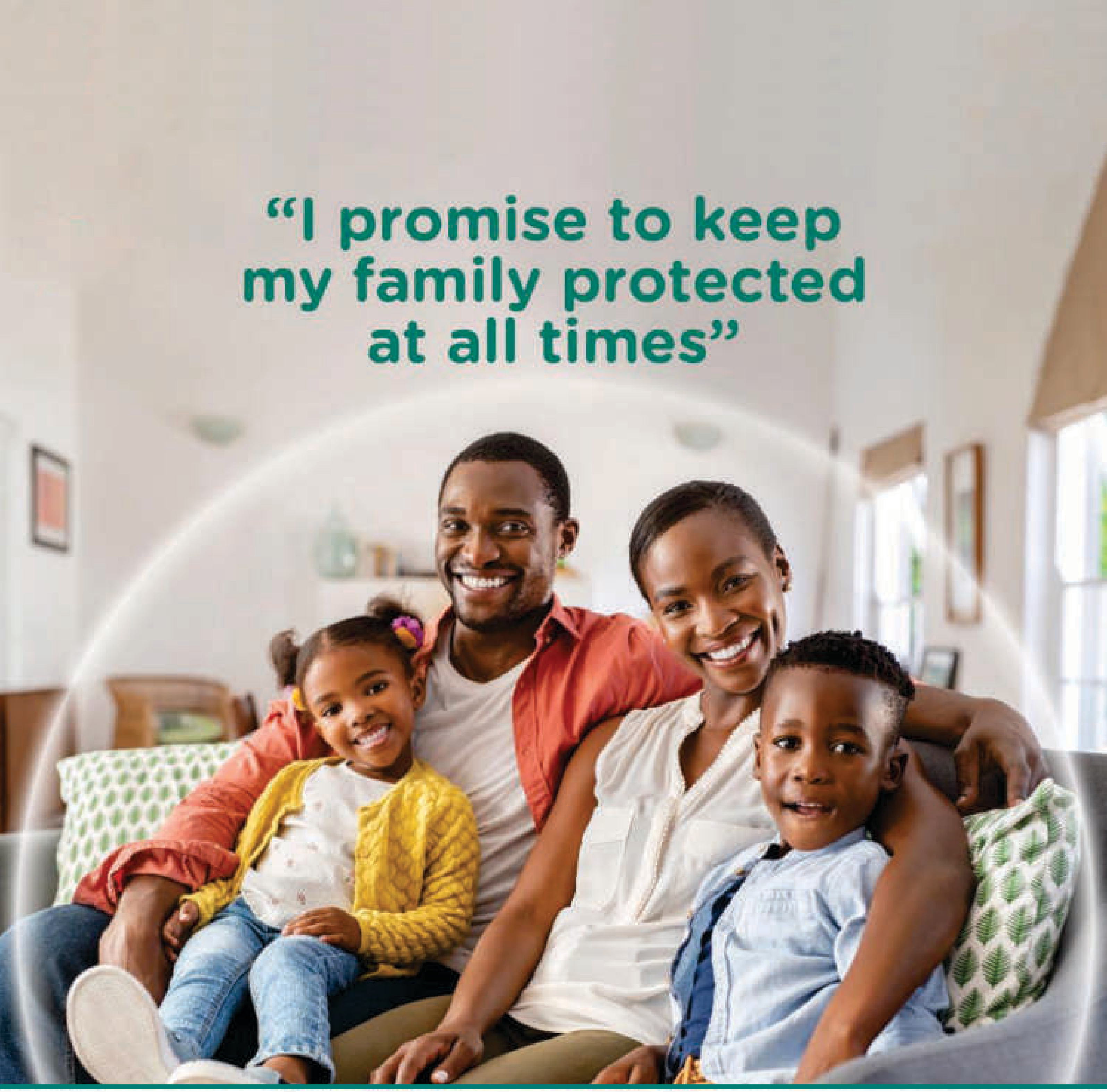
Through these actions,

over
702million cups
of NESCAFÉ were consumed
in Nigeria in 2022, translating to a 56% share of the coffee category.

NESCAFÉ.

We believe that our brand is more than just coffee. It represents the spirit of the Nigerian people and the values that make our country great. We are proud to be Nigerian consumers' dependable ally, bringing great tasting and sustainable coffee to everyone, helping them Start and Finish their day Strong.

Start Strong, Finish Strong


"I promise to keep
my family protected
at all times"

Nestlé Pure Life® has established itself as the world's largest bottled water brand by providing pure, safe water in over 40 countries across five continents and across generations of consumers.

Nestlé Pure Life® is committed to making healthy hydration accessible to as many people as possible at an affordable price. Bottle formats that are both economical and convenient provide access to high-quality refreshment wherever you go. The brand's belief in creating shared value for society extends to its efforts to optimize packaging, which have reduced PET consumption by thousands of tons per year.

As the world's leading water brand, we continue to engage boldly in the future with a purpose: **championing pure water for healthier generations**.

The brand's mission statement is "championing pure water for healthier generations." This purpose stems from the notion that "water is essential to life and should be cherished rather than taken for granted. Nestlé Pure Life is dedicated to responsible water stewardship and providing high-quality, safe drinking water to help families improve their health.

We have three variants of the brand, so whatever you're doing, we've got the bottle for you.

Nestlé Pure Life Protect contains zinc micronutrients, which help the body's immunity

Nestlé Pure Life Regular which contains minerals such as calcium and magnesium

Nestlé Pure Life Sparkling water combines bubbles with mineral water from its source to create a unique mineral blend

Nestlé Pure Life Sparkling combines bubbles with mineral water from its source to create a unique mineral blend for a great taste that both satisfies your thirst and stimulates your senses. NPL Sparkling Water has no calories, making it a healthy alternative to sugary soft drinks or traditional seltzer water. Nestle Pure Life Sparkling Water's invigorating bubbles make it an excellent choice for a morning pick-me-up or an afternoon refresher. It can be enjoyed in its pure, crisp form. Very tasty.

Nestlé Pure Life is produced using exceptionally lightweight PET bottles for easy recycling, in keeping with our commitment to environmental stewardship. The brand participates in recycling initiatives through its plastic collection programme with We Cyclers and collaboration with other stakeholders. In the year 2022, we were able to collect 535,000 bottles and by year end, we want to increase that number to 1.5 million.

We take our responsibility seriously and work hard to protect the deep well sources and surrounding land that supplies our water. Sustainability and reducing our environmental impact are central to everything we do.

We are certified by the Alliance for Water Stewardship (AWS), the global standard for sustainable management of water resources. And in all our production and bottling we work towards zero waste to minimize our environmental impact.

> **We are committed to lowering our carbon footprint and making all our packaging recyclable or reusable by 2025.**


MAGGI
Cook the Difference

Over
57 Years
in Nigeria, MAGGI continues to reinforce its commitment to creating good food moments and is inspired by the world's food enthusiasts who love good, fresh home-made food

MAGGI believes in the power of cooking, because the way we cook everyday impacts on us and on the planet. So, we craft natural tasty and nutritious meals and together, we simply Cook the Difference.

Our MAGGI Seasoning Cube is a unique bouillon made from carefully selected natural ingredients, one of which is Soya beans, using a process that only MAGGI knows, to bring out the authentic taste in our dishes. It is a good source of Iron and Iodine.

MAGGI is available in different variants and flavors (**Maggi Star, Maggi Chicken, Maggi Crayfish, Maggi Signature Jollof and Maggi Naija pot**) to cater to every moment of the cooking experience.

MAGGI recently embarked on the "reiMAGGIne" journey, which has now defined a set of values and commitments that impacts the way we support individuals and families to make healthier and tastier food choices.

Our 'Simply Good' philosophy means that amongst other commitments, "MAGGI is committed to inspire and help you cook good food with fresh ingredients every day; for your family". We are driving our evolution based on a set of values that impact the way we craft products and services. Anchored in taste and balance principles, the objective of 'Simply Good' is to build trust with transparency in our products and processes. These commitments respond to the preference of today's consumers for products with more familiar and common ingredients, natural or organic, with minimal processing.

MAGGI brings one of its 'Simply Good' commitments, of **'Raising awareness about healthy lifestyle, cooking and diets'**, to life through its engagement platforms (MAGGI Caravan activation, MAGGI Pop up kitchen, MAGGI Diaries, and Food and Everything Else) with more than 12mio people reached online and offline in 2022.

Being the market leader in a highly competitive environment, MAGGI will continue to be the number one partner/ally to our consumers and enable them to make a difference through their everyday cooking and everyday life.


Nestlé
GOLDEN MORN
TM
100%
Naija Maize and Soya
Iron, Vitamins C, B1, B5
GOLDEN MORN
Nestlé
Good Food, Good Life

> **When obstacles arise, you change your direction to reach your goal; you do not change your decision to get there.**

This summarizes the tenacity employed to ensure that **Nestlé GOLDEN MORN** maintained the position as Nigeria's number one Ready To Eat cereal brand. Leveraging on our heritage, local sourcing and strong nutritional credentials, we remained top of mind with our consumers. Reiterating this unique selling proposition that allowed us deliver on our promise of providing families with delicious nourishment throughout the year and beyond. We are proud of a heritage and brand essence that can lay testament to the fact that we are beyond just a bowl of cereal. The 'nutritious and delicious **GOLDEN MORN is made from homegrown Naija Maize and Soya and fortified with GRAINSMART**, a smart combination of Iron, Vitamins B1, B5, and C that facilitates the efficient release of energy that enable consumers to go out and achieve their dreams and potentials every day. Being a brand made in Nigeria, by Nigerians for Nigerians we not only live out our dreams of nourishing generations of Nigerians but we also enable the fulfilment of those of others.

2022 wouldn't have been successful without strong teamwork across the Category, Operations, Finance and Sales teams to plan and execute strong consumer/shopper initiatives while driving operational efficiencies to remain competitive in the face of tough external conditions of the marketplace. The results we see today are a strong testament to the efficient management of pricing, communication, shopper promotions and engagement to continue winning the hearts and wallets of our customers.

Tough economic conditions notwithstanding we are the brand that will remain persistent in delivering shared value within our operating environments. Whether it is in our partnerships with local farmers or our GOLDEN MORN Agripreneurship series in partnership with the Enterprise Development Center of the Pan Atlantic University we continue to build on a business model that ensures the collective good of all (Consumers, Farmers, Employees and all players across the value chain).

As we celebrate the wins of 2022, we are not unaware of the challenges and uncertainties that 2023 presents. Our esteemed shareholders can be assured in the fact that we have a solid and capable team that remains committed to continue to deliver superior value in the form of delicious affordable nutrition to our consumers, maintaining our strong market leadership, driving shared value and sustainability goals that will ultimately deliver success in 2023.

The GOLDEN MORN Advantage:

539million bowls
consumed in 2022

64.6% market share
of the total RTE cereal consumed in the year

100% local sourcing
of the maize and soya used in production

10,805 grain farmers trained
on best agricultural practices

100 Young Agri-preneurs empowered

Making lives golden one nutritious delicious bowl at a time...


CHAMPIONS ARE MADE AT BREAKFAST
Nestlé
MILO
Nestlé
MILO
Activ-GO
800g

MILO – the energy food drink of future champions is Nigeria's market leader in the Cocoa malt beverage category. Our consumers know us for our delicious taste, energizing properties, and our commitment to encouraging sports and healthy development among children. We are committed to promoting a healthy and active lifestyle in Nigeria and we are a beloved part of the country's culture and heritage.

In line with our commitment to energize future champions, we deployed a range of exciting activities in the year 2022 including but not limited to the MILO Wake up the Champion campaign, MILO Sports Development program, the MILO Grit Campaign, the MILO Basketball Championship and other community engagement activities.

MILO Wake up the Champion campaign

We know that breakfast is the most important meal of the day, not just any type of breakfast, but a champion's breakfast filled with nutrients to win through the day. We deployed our "Wake Up the Champion" campaign to emphasize how giving your kids a champion's breakfast helps them win throughout the day. Our message was simple, there is a champion in every child and by including Nestlé MILO in their breakfast you combine the delicious taste and nutritional benefit of MILK, MALT & COCOA to wake up the champion in them up.

MILO Sports Development Program

We continued to build interest in sports and promote a healthy lifestyle among kids in Nigeria by partnering with schools through the MILO Sports development program. Through this program, we partnered with schools and communities to provide opportunities for children to participate in a range of sports and physical activities with the objective of helping them build healthy habits that translate into developing into healthy adults. In 2022, we impacted over 3,105,744 pupils across the 36 states in Nigeria with the MILO sports development program

MILO GRIT Campaign

We believe that we can create life-long positive impact when we are able to build strong interest in sports in kids. We communicated this with our GRIT campaign. Our message with this campaign was simple, that the Grit your kids learn in sports, they keep for life. It develops in them a never give up attitude, perseverance, and the ability to succeed through hard work as they go through life in pursuit of excellence. This campaign is a testament to our belief that your kids are future champions

The 22nd MILO Basketball Championship

The 22nd edition of the MILO Basketball championship brought together top Basketball talents across secondary schools in Nigeria. We partnered with the Nigerian Schools Sports Federation (NSSF) and the National Collegiate Sports Foundation to bring the competition to 1,354 schools and 170,503 students. The competition comprised of the state preliminaries, regional stage, and national championship. After weeks of rigorous competition, that had spectators sitting on the edge of their seats, the boys of Bishop Dimieari Grammar School, Obom Bayelsa State, emerged as the winners with a buzzer beater in the boy's category and the girls of St Jude's Girls Secondary School Amarata emerged winners from the girl's category.

Interestingly, these teams went ahead to represent Nigeria at the 2022 World School Basketball Championship taking place in Belgrade Serbia. This was the first time that Nigeria was represented in this competition and were the only teams representing from Africa!

The teams competed against their peers from other countries like Brazil, Bulgaria, Chile, France, Greece, India and many other countries in events and competitions organized by the International Sports Federation hosted in Serbia. Some of the Champions from the MILO basketball championships have also gone ahead to pursue and excel as professional basketball players.

"The energy food drink of future champions"

"There is a champion in your child, wake him/her up with Nestlé MILO"

In 2022, we impacted
3,105,744
school pupils
across the 36 states in Nigeria with the MILO sports development program

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List of Distributors

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List of Distributors

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Olayiwola Stores	Simple Foods Product Ltd	

Nestlé
Good Food, Good Life

2022 in Retrospect

Structure

003

Individuals and families:

- Nutrition
- Food Fortification
- Empowering children for a healthier life through N4HK
- Nestlé Cares Orphanage Outreach
- Innovation: Brands
- Promoting Nutrition Reporting

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Our communities

- Water
- Provision of water and sanitation facilities
- Youth Empowerment
- Alliance for Youth Nigeria
- Community Scholarship Scheme
- Technical Training Centers
- Empowering healthcare practitioners
- Nestlé Cares
- Media Capacity Development
- Farmers Capacity Development & Dairy Development Project
- Rural Women Empowerment Program

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Our Planet

- Our Sustainability Journey
- Advancing our climate commitment via plastics neutrality (Partnerships on plastic waste recovery)
- Launch of the Employee Plastic Collection Scheme
- Water Stewardship
- Nestlé Cares Clean-Up Exercises
- Sustainability Awareness and Advocacy

Recognitions

Individuals and Families

11.6 billion servings of
FORTIFIED products
per annum

NESTLÉ for HEALTHIER KIDS

Enabling healthier living among children through N4HK

Nestlé for Healthier kids, a global flagship initiative federates all our efforts to support parents and caregivers on their journey to raise healthier and happier kids. In Nigeria, the initiative is a school-based nutrition education program that addresses the need for nutrition education early in life. The program promotes healthy eating and lifestyle habits for children.. The four pillars of the program work are:

Healthy **Nutrition**

Healthy **Hydration**

Hygiene

Maintaining active **Physical lifestyles**

Key highlights of the program during the period under review:

- Nutrition Quiz competitions for the 30 schools in the Federal Capital Territory and Ogun State. St Paul's Primary School, Orile Imo, Ogun State and Gadonasko Science Primary School, Gwagwalada, Abuja emerged winners of the competition
- Career Day with Nestlé volunteers to mark the May 2022 Children's Day
- Teachers training reaching over 160 teachers in Ogun State and the FCT
- Cooking Demonstrations in Ogun State and the FCT
- Provision of WASH facilities in 3 N4HK beneficiary Schools
- Sustainability training reaching over 1,000 children from 6 N4HK beneficiary schools in Ogun State and the FCT

In 2022, N4HK reached over

160 Teachers

8,000 Children

30 Schools

NESTLÉ for HEALTHIER KIDS

Winners of the Nutrition Quiz Competition in Ogun State

Cross section of teachers at the Abuja Teachers Training

Career Day with Nestlé volunteers

Winners of the Nutrition Quiz Competition in Abuja

In Nigeria, Nestlé for Healthier Kids is a school-based nutrition education program that addresses the need for nutrition education early in life. The program promotes healthy eating and lifestyle habits for children

Relaunched in Nigeria in 2018, the program is supported by the Federal Ministry of Education, the Federal Ministry of Health, Nutrition Society of Nigeria, Ogun State Universal Basic Education Board and the FCT Universal Basic Education Board

NESTLÉ CARES

For individuals and families • For our communities • For the planet

Nestlé Cares Orphanage Outreach

Nestlé Nigeria employees again donated food, beverages and personal hygiene products to over 1,500 children in 24 orphanages and NGOs working with children across the country, under its Global Employee Volunteer Programme, Nestlé Cares. The relief materials donated by staff were matched by the company.

we made donations to over
1,500 children
across the country

The donations, now in its fourth season, is always an opportunity for employees to share and extend joy and kindness, putting smiles on the faces of the vulnerable children within their communities.

Nestlé Cares is aimed at enhancing volunteering activities and providing an opportunity for Nestlé employees to give back to society by offering their time, talent and resources.


Kano


Lagos


Jos


Otta

Innovation Brands

NEW

NESCAFÉ Malty 3in1

NESCAFÉ Malty 3in1, launched in February 2022, is a unique blend of coffee, creamer, sugar and malt.

14million cups
of NESCAFÉ Malty consumed already by coffee lovers since the launch of the product.


REFRESH
FOR THE HUSTLE
NEW
NESCAFÉ.
1 Portion =
CREAMY, GREAT TASTING
READY TO DRINK COFFEE
Start Strong, Finish Strong.
NESCAFÉ.

Promoting Nutrition Reporting in Nigeria – Nestlé Nigeria Media Awards

The Nestlé Nigeria Media Awards, instituted in 2021, aims to reward professionalism and excellence in reporting and storytelling around Nestlé's focus areas comprising – Affordable Nutrition, Environmental Sustainability, Youth Empowerment, Women Empowerment, Engendering Thriving Communities, and Agriculture. Participation is open to mainstream and online journalists from all over Nigeria for published stories within the year on Nestlé's focus areas

Winners in the different categories:

Awards

Nutrition and Affordable Food Solutions
Usukuma Ime Ntia (BRAND COMMUNICATOR)

Environmental Sustainability
Edet John Udoh (The Revealer Online)

Community Development
Chioma A. Umeha (Independent Newspapers)

Women Empowerment
Rebecca Onajite Ejifoma (THISDAY)

Youth Empowerment and Development
Edet John Udoh (The Revealer Online)

Best Photojournalist Award
OLASUPO Abimbola olosunde (NEWS AGENCY OF NIGERIA)

Finance
OKI Olatunji Samson (TREK AFRICA NEWSPAPER)

Agriculture
Edet John Udoh (The Revealer Online)

Nestlé
Good Food, Good Life

Our Communities

Access to water and sanitation facilities within our communities

We recognize that access to safe drinking water and sanitation is a basic human right, and that safe water, sanitation and hygiene (WASH) contribute to health, well-being, personal dignity and community resilience. We believe we have a role to play in helping to ensure that more people in the communities surrounding our direct operations have access to safe water

In 2022, Nestlé Nigeria provided water and sanitation facilities to three schools in communities around our operations. The schools are: All Saints Primary School, Owode, St John's Primary School, Semore, both in Ogun State and Science Primary School, Abaji, in the FCT

Through the new facilities, over 1,700 learners and teachers in these schools, now have access to clean and safe drinking water and sanitation facilities

Science Primary School, Abaji

St John's Primary School, Semore, Ogun State

All Saints School, Owode, Ogun State

NESTLÉ CARES

3,500 students
empowered with the right values and skills

In 2022, Nestlé Nigeria volunteers continued the mentoring program for students within our host communities under the umbrella of Nestlé Cares, the company's global employee volunteering program.
The mentoring program set up in collaboration with REVAMP Africa, aimed to empower students in public secondary schools close to our operations across the country with the right values and skills and shaping the right attitude and character in the students.

Over 3,500 JSS 2, SS1 and SS2 students from Agbara Grammar School Agbara, Government Secondary School Gwarimpa Abuja, Government Secondary School Elekahia Port Harcourt and Government College Jos participated in the mentoring program.

Programs like these provide opportunities for Nestlé employees to give back to society by offering their time, talent and resources.

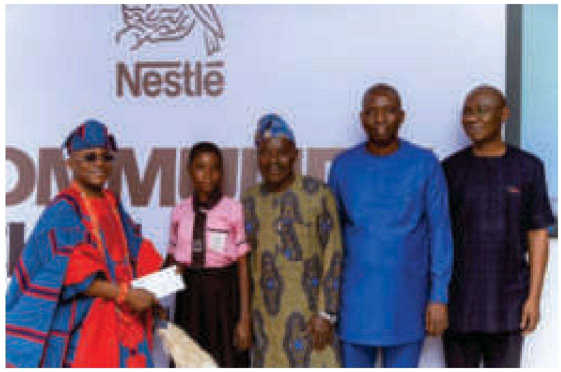
Nestlé Community Scholarship Scheme

The Nestlé Community Scholarship Scheme offers indigent youths from our host communities in senior secondary and tertiary institutions, the opportunity to obtain quality education through educational funding.

The scheme was launched in 2020 for the Abaji and Flowergate factories communities and extended to the Agbara community in 2022.

The scheme covers two categories: Senior Secondary and Tertiary. 112 students from both categories have benefitted from the scheme since inception.

112 scholarships
awarded to students since inception



Nestlé Technical Training Centers

The Nestlé Technical Training Program through which the company reiterates its commitment to youth empowerment under its global flagship program, 'Nestlé Needs Youth', was inaugurated in 2011 with the aim to bridge the technical skills gap by equipping youth with the required expertise to support industrialization and ensure that youth within her communities are future-ready.

The training which follows an intensive 18-month theoretical and practical engineering syllabus, covers vocational training in machining, mechanical fitting operations, electrical operations, instrumentation operations, and automation and culminates in the prestigious City and Guilds London technician certifications.

Nestlé is committed to helping our youths to build the capabilities and skills to find fulfilling jobs or create their businesses as the company believes that young people have a key role to play in building thriving, resilient communities.

20 students (12 males and 8 females) graduated from the Agbara Center in 2022 and the top 5 students from the Center will be interning at Nestlé factories in Switzerland in early 2023. Both Agbara and Abaji Centers currently have students in training.

The program in Nigeria Employers Consultative Association (NECA), Industrial Training Fund (ITF).

L to R: 1. Engr Martins Adeleke, City and Guilds Country Manager **2.** Shakiru Lawal, Country HR Manager, Nestlé Nigeria PLC **3.** HRM Oba (Barr.) Lukman Jayeola Agunbiade, Alagbara of Agbara **4.** Wassim Elhusseini, MD/CEO Nestlé Nigeria **5.** Ibukun Ipinmoye, Agbara Factory Manager, Nestlé Nigeria PLC **6.** Thomas Schneider, Consul General, Consulate of Switzerland in Lagos

Nestlé Milo BasketBall Championship

After a two year break due to the COVID-19 pandemic, Nestlé Nigeria hosted the 22nd edition of the Milo Basketball Championship in 2022.

Nestlé MILO has been at the forefront of grassroots sports development, promoting an active lifestyle to help children stay healthier. The Championship provides a platform to help the young people (both boys and girls) imbibe values that set the right foundation for their future, as they learn grit – perseverance through hardship, courage to overcome fear, ability to work in a team, self-belief, respect, and leadership. The experience promotes the skills for success in any area of their lives, on or off the court. The championship has also served as a platform to unify children from different tribes and regions across the country.

The Championship now draws participation from nearly 10,000 secondary schools and over 150,000 children pan the country annually.

The championship which is wholly sponsored by Nestlé, is held in collaboration with the Nigeria Schools Sports Federation (NSSF) and the National Collegiate Sports Foundation (NCSF).

Alliance for Youth Nigeria

Launched in 2021 with the objective of reaching more than 250,000 young Nigerians with employability and entrepreneurial skills to enable them get gainful employment or set up businesses of their own within the 3 years, the Alliance for Youth Nigeria is a business-driven movement of organizations passionate about working together to address the challenges of youth unemployment in the country with the associated social and economic impact.

The Alliance reached over 14,000 young Nigerians across the country with Employability & job readiness skills and vocational skills trainings in 2022.

The Alliance also provided start up kits to 11 young people, high-flyers of the vocational skills training in Lagos and Kano States, to enable them set up their own businesses.
In September 2022, the Federal Ministry of Youth and Sports Development joined the Alliance as a Development Partner.

Currently, the Alliance consists of 6 member organizations, Nestlé Nigeria, Jobberman Nigeria, Big Bottling Company, Sterling One Foundation, UN Global Compact Nigeria Network and U-Connect HR Limited and 3 Partner Organizations, Lagos State Employment Trust Fund, Activate Success International and the Federal Ministry of Youth and Sports Development.

Empowering Health Care Professionals

The Nestlé Nutrition Institute Central and West Africa (NNI CWAR) is a multidisciplinary, educational and scientific organization dedicated to the Science of Nutrition in support of Health Care professionals. The Institute provides information, guidance and support to use the latest scientific discoveries and applications to achieving optimal nutrition by strong and continuous engagement through online professional courses, webinars, symposia, Key opinion leader roundtable meetings, workshops etc.

Some key workshops organized by the Institute in 2022 include:

1. Postgraduate Program in Paediatric Nutrition (PGPN) and Certificate program in Nursing and Nutrition (CPNN) in collaboration with prestigious international universities.
2. Helping Babies Breathe (HBB) workshop aimed at reducing child mortality by addressing one of the most important causes of neonatal death: intrapartum-related events (birth asphyxia). HBB is an evidence-based educational program which teaches the simple steps that effectively resuscitates the majority of infants not breathing at birth and can be used at all levels in the health system. It extends resuscitation training to first-level health facilities and health workers in resource-limited settings, where these skills are most lacking.

NNI CWAR has reached over 3000 health care professionals in 2022 with these very impactful workshops in collaboration with government owned facilities.

Media Capacity Development

The media greatly impacts society as it enables people get information and communicate, form opinions, frame perspectives and make judgement regarding various issues and topics. It can serve as a great force in building communities, hence, Nestlé's consistent investment in capacity development and trainings to equip media professionals and enable them create and disseminate accurate information on key nutrition, health, sustainability and climate change issues, in driving behavioural change.

Over 120 journalists participated in the annual Nestlé Advancing Nutrition Health and Environmental Awareness Through the Media training implemented in collaboration with the Sustainability Center of the Lagos Business School (LBS). The Faculty also included facilitators from the School of Media and Communications (SMC), Nestlé, as well as Media and Industry experts.

Supporting Livelihoods, Promoting Local Sourcing

As a food company, we rely on secure supplies of high-quality raw materials and ingredients. We support agricultural communities to improve their product quality and output, livelihoods and quality of life.

Our approach is to develop relevant value chains by helping farmers improve their incomes in multiple ways, such as training in good agricultural practices, provision of technical support and access to seed funding for their businesses.

Over the years, Nestlé has worked in partnership with various Local and International Organizations (e.g. 2Scale, USAID, AGRA etc) in developing various agricultural value chains including grains and cereals, cassava, palm oil etc. and in promoting local sourcing and supporting livelihoods of famers in communities around our operations.

Developing the Grains Value Chain in Nigeria

1. Since 2006, Nestlé Nigeria has supported smallholders' farmers and suppliers to improve the quality and the quantity of their cereals and grains crops, in partnership with stakeholder organizations including the International Institute of Tropical Agriculture (IITA), the USAID Agency, the Sustainable Trade Initiative (IDH), Cultivating New Frontiers in Agriculture (CNFA) and TechnoServe(TNS).

2. To further develop the cereals and grains value chain, Nestlé commenced a partnership with IDH and TechnoServe for the Developing Inclusive Grain Value Chains in Nigeria (DIGVCN) aimed at enhancing the quality of grains to Nestlé through adoption of Good Agronomic Practices (GAP), promotion of climate smart agricultural practices in targeted communities and improvement of supply chain linkages.

Agriculture: Nestlé value-chain project a game changer – Kaduna farmers

4th November 2022 *in* **National** 0

Key Achievements of the Developing the Grains Value Chain in Nigeria Project

Selected 2022 Milestones

19,871 Farmers
(8310 Female) trained on Good Agronomic Practices (GAP)

620 women
trained on proper grain sorting, winnowing and cleaning techniques and how to identify mycotoxins contaminated grains

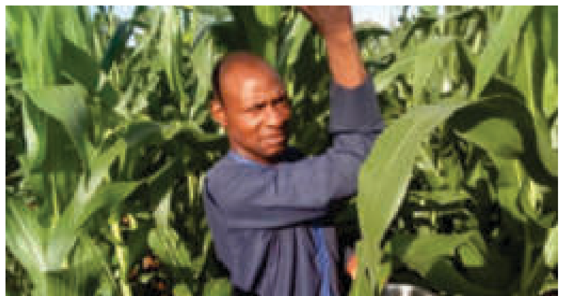
10,259 youths
are beneficiaries

868 new jobs
created around the Grain (9% are permanent jobs lasting over a year)

51 grain aggregator staff
and 71 sub-aggregator staff trained on grain sampling and testing

24 dryers
have been constructed so far and handed-over communities within Kaduna and Kano States

Over 630 women trained on proper grain handling



Over 50% of beneficiaries are youth

20,000 SHF trained on Good Agronomic Practices

Over 120 Aggregator/sub-aggregator staff trained

Solar Dryers – external view

24 Solar Dryers established

Dairy Development Project

Nestlé is helping to build the local dairy industry along 3 pillars through its Dairy Development Program: **Better Product**, **Better Quality**, **Better Fodder**.

The project locations are Paikon Kore Grazing Reserve in the FCT and Ladugga Grazing Reserve in Kaduna State

Selected 2022 Milestones

3400L/day
collected in 2022

4 milk collection centers/points
created

NGN 108 Mio
paid to Pastoralist after creating structured market to the milk producers

30 Motorbikes
procured to provide alternative livelihood to milk aggregators

9 boreholes drilled
to provide source of drinking water to settled cows and communities

13,000 cattle vaccinated
against CBPP and FMD in Paikon-kore and Ladduga

1,600 pastoral households
provided with structured market

GOLDEN MORN AGRIPRENEURSHIP WEBINAR SERIES -

Attracting & empowering the next generation of farmers

Nigeria is a country with one of the youngest populations, yet the average age of farmers today is 50 years. To ensure food security and guarantee that there will be enough to feed the generations to come, the agricultural sector needs to be attractive enough for young people to join as the youth are the future of food!
GOLDEN MORN, one of Nestlé Nigeria's leading brands initiated an Agripreneurship Webinar Series in collaboration with the Enterprise Development Center of the Pan Atlantic University to promote sustainable food systems by increasing youth participation in the sector. The program provides support for young entrepreneurs already engaged in or set to start up businesses in the agricultural sector, particularly in the cereals value chain, through trainings, funding, mentoring and networking opportunities. Over 600 young agripreneurs have benefited from the trainings and 16, have received seed funding for their businesses.

Nestlé Empowering Rural Women in Nigeria

Since it's launch in 2021, beneficiaries continue to share testimonials of the positive impact the program is making on our income and livelihoods.

"The way I merchandise my products now attracts even those who had no plan of buying and helps me attract more sales daily. I am now able to support my children's education with some school items such as books and uniforms after my husband has paid the fees. My life has changed completely for the better".
- Alhaja Selimot Mustapha, Asalam Store, Ede, Osun State

The program, one of the Nestlé's Creating Shared Value initiatives to help build thriving communities by improving livelihoods, is designed to help rural women retailers in Nestlé value chain scale up their businesses and sustain the new level of up to three times the size of their existing business.

Beneficiaries receive grants valued at 300% of their monthly sales in form of Nestlé products. They also participate in training and mentorship programs which enable them scale up their businesses, thereby increasing their household incomes

250
women
have benefitted from the program since inception

Our Planet

Our Sustainability Journey

At Nestlé, we believe in the power of food to enhance quality of life.

It is this belief that fuels our commitment to use our scale, resources and expertise to contribute to a healthier future for people and the planet.

We seek to help conserve and protect the environment while operating responsibly.

In stewarding resources for future generations, our Sustainability agenda in Nestlé Nigeria is focused on:

- Advancing our climate commitment via plastics neutrality
- Sustainable packaging commitment
- Responsible and Sustainable Sourcing
- Water Stewardship
- Sustainability Awareness and Advocacy

Partnerships on Plastic Waste Recovery

Nestlés' vision is to ensure that none of its product packaging, including plastics ends up in landfills nor litters the environment, seas, oceans and waterways. In line with this vision, we work with Industry members and other stakeholders as we strive towards a waste free future by establishing plastics waste recovery systems. The Food and Beverage Recycling Alliance (FBRA) was set up in 2018 with Nestlé as one of the four founding companies. The Alliance has progressed to 29 member organizations in 2022.

Nestlé Nigeria is also partnering with Wecyclers and Chanja Datti, on her commitment to help protect the environment via plastics neutrality (plastic waste recovery systems).

FBRA Membership

Nestlé Nigeria is a leading member of the Food and Beverage Recycling Alliance (FBRA). The objective of the Alliance is to drive industry collaboration for a cleaner environment and particularly for post consumption plastic waste management and recycling. Year on year, FBRA mobilizes her member organizations for key activities of public advocacy and campaigns, enabling collection and recycling and promoting engagement and thought leadership on waste management.

1,032T
of waste was removed from the environment via the Alliance in 2022

Partnership with Wecyclers & Chanja Datti

Nestlé commenced partnerships with WeCyclers and Chanja Datti in 2019 and 2020 respectively on recovery and recycling of post-consumption plastic packaging waste in the country. The implementation of these partnerships have progressed with over 3672T tons of plastic waste removed from the environment in 2022.

3,672T
of plastic waste removed from the environment in 2022.

Launch of the Employee Plastics Collection Scheme

To mark the 2022 World Environment Day, Nestlé Nigeria took a step further on her commitment to protecting the environment for future generations with the launch of the Employee Plastic Collection Scheme.

The initiative, pioneered at the company's head and branch offices in Lagos, seeks to inspire staff to protect the environment and combat plastic pollution by inculcating the habit of sorting of waste at source and recycling. Through the scheme, employees would return all plastic materials, not limited to the company's brand, and earn points culminating in recognitions and rewards.

The scheme is being implemented in partnership with Wecycler, a social enterprise that helps address the challenges of waste management and unemployment by offering sustainable and convenient recycling services, creating grass-roots jobs and economic partnerships, capturing value from waste.

1,275kg

of plastics was recovered through the scheme in 2022

Water stewardship

Water is a finite natural resource.

We recognize the need to play our part in helping to conserve and protect water sources throughout our production operations and in the communities where we operate.

Water stewardship is key to our business. We are taking a holistic approach to it while promoting a circular approach to water efficiency.

Nestlé factories

- Nestlé has consistently implemented programs to continuously improve water efficiency at our factories.
- We have worked at reducing water withdrawals, even as production volumes increase. Through our water savings projects, over 39,172 m^3 of water was conserved across our factories in 2022.
- Daily, over 300m^3 of water is being recycled within our operations for running the cooling tower in our Agbara factory. We also commenced rainwater harvesting for fire-fighting operations in the same factory.

Water Partnerships and Advocacy

- At Nestlé, we are working collaboratively and transparently with other stakeholders (local and global) for sustainable water management as we progress on our water stewardship journey. We are engaging and collaborating with government institutions and Industry partners on advocacy to address shared watershed and water sustainability challenges in line with our desire to contribute to a water-secure future both for people and the planet.
- Nestlé and the Ogun State Ministry of Environment jointly hosted a stakeholder's forum to mark the 2022 World Water Day, themed "Groundwater: making the invisible visible'. The forum which had Government and Industry members in attendance, aimed at addressing the water sustainability and conservation challenges in the state.

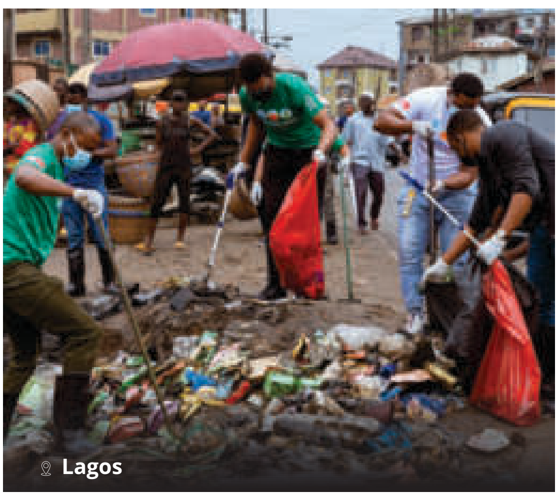
Stakeholders Forum to Mark the 2022 World Water Day jointly hosted by Ogun State Ministry of Environment and Nestle Nigeria

L to R: **1.** Permanent Secretary, Bureau of Cabinet and Special Services, Alhaji Olanrewaju Saka; **2.** Permanent Secretary Ministry of Rural Development and Water Resource Ogun State; Mr Adetunji Kanimodo; **3.** Guest Speaker, Prof. Abiodun Badmus; **4.** Head of Service Ogun State Dr. Nafiu Olatunde Aigoro; **5.** Representative of the Deputy Governor, Ogun State SSA. Kola Salako; **6.** Category and Marketing Manager, Nestle Waters, Mrs Gloria Nwabuike; **7.** Director Planning , Ogun Osun Rivers Basin Authority, Adewale Adeoye **8.** Permanent Secretary Ministry of Environment Ogun State, Rasaki Ojetola

Nestlé Cares: Clean-up Exercises

Over 260 Nestlé volunteers took to 10 markets across the country for clean-up, sensitization and advocacy in commemoration of the September 2022 World Clean-up Day. The clean-up exercise executed under the company's global employee volunteering initiative, Nestlé Cares, is in line with the broader vision to achieve a waste-free future. The initiative was implemented in collaboration with Africa Clean-Up Initiative (ACI), an NGO committed to inspiring environmental sustainability in communities.
Over 6,900kg of waste and 70kg of recyclables was collected across the ten locations.

Nestlé remains committed to protecting the planet for future generations and promoting a clean and healthy environment.



Vanguard HOME NEWS SPORTS POLITICS BUSINESS E-EDITIONS ENTERTAINMENT ALLURE VIDEOS EDITORIAL DISCUSSION COLUMNS

NEWS

Nestlé trains over 1,000 children on Sustainability

Home › News › Health › World Clean-up Day: Over 200 Nestlé Volunteers Embark On Sanitation Across Nigerian Markets

World Clean-up Day: Over 200 Nestlé Volunteers Embark On Sanitation Across Nigerian Markets

Nestlé
Good Food, Good Life

Notable Awards in 2022

Notable Awards in 2022

Awards

SERAS Awards

At the 16th edition of the Africa Sustainability, Enterprise and Responsibility (SERAS) CSR Awards, Nestlé Nigeria PLC won the awards for; **(1)The Best Company in Rural Population Integration** and **(2) Best in Circular Economy**

LAPRIGA Awards

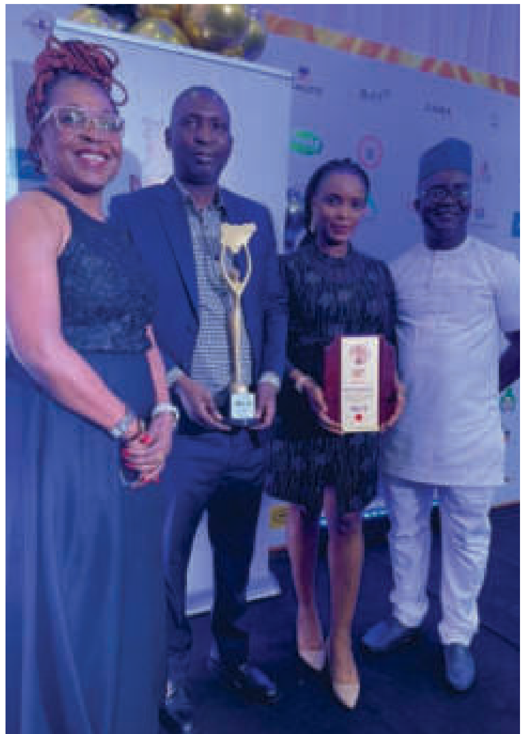
Nestlé Nigeria won the Awards for; **(1)Excellence in Community Relations** and **(2)Best in Corporate Social Responsibility** at the Lagos Public Relations Industry and Gala Awards (LAPRIGA). The awards showcases and recognizes excellence in public relations practice, celebrating practitioners and stakeholders transforming public relations in Nigeria.

NECA 2021 Employer's Excellence Award

Award for innovation and people-centric culture in recognition of contributions to Human development.

PEARL Awards

Nestlé Nigeria won the **Award of the Highest Return on Equity** in recognition of the company's outstanding operational and stock market performance.



NECA Awards

LAPRIGA Awards

Pictures taken at the 53rd Annual General Meeting held on 29 June 2022

Pictures taken at the 53rd Annual General Meeting held on 29 June 2022

Application Form for e-Bonus and e-Dividend

Dear Shareholder(s)

Shareholder's Data Update

In our quest to update shareholders data with the current technology in the Capital Market (i.e. e-Bonus and e-Dividend), we request you to complete this form with the following information:

Tel No: ____________________

CSCS A/C No: ____________________

Stock Broking Firm: ____________________

E-mail Address: ____________________

Name of Bank: ____________________

Branch of Bank: ____________________

Bank Acct No: ____________________

Branch Code: ____________________

No of Units held: ____________________

Name of Shareholder/Corporate Shareholder

and Current Address: ____________________

Registrars' use

Name: ____________________

Signature: ____________________

Date: ____________________

Signature/Right Thumb print of Shareholders

Name of Company in which you have shares:
Nestlé Nigeria Plc

In case of Corporate Shareholders, use company seal

Please notify our Registrars, Greenwich Registrars & Data Solutions Limited, of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
NESTLÉ NIGERIA PLC

Greenwich Registrars & Data Solutions Limited

Bode Ayeku
Company Secretary/Legal Adviser

Note: ** Please be informed that by filling and sending this form to our Registrars, Greenwich Registrars & Data Solutions Limited Registrars Limited, for processing, you have applied for the e-Dividend and e-Bonus; thereby, authorising NESTLÉ NIGERIA PLC to credit your account in respect of dividends and bonuses electronically.

Please Complete And Return To
Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

Affix N50.00
Postage Stamp
Here

The Managing Director,
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.

Proxy Form

54TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON WEDNESDAY, 17 MAY 2023

AT THE MUSON CENTRE, 8/9 MARINA, ONIKAN, LAGOS.

I/We*. ....being a member/members of NESTLÉ NIGERIA PLC hereby appoint ** ....

of...or failing him the Chairman of the Meeting as my/our Proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on 17 May 2023 and at any adjournment thereof.

Dated this...................day of. 2023

Signature..

Ordinary Business	For	Against
To declare a Final Dividend		
To elect / re-elect Directors:		
Mr. Martin Kruegel		
Mr. Gbenga Oyebode		
Ms. Juliet Ehimuan		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business		
To fix the remuneration of Directors and approve the benefits for the retiring long serving Director		
To authorize the Company to procure goods and services necessary for its operations from related companies		

Please indicate with 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain/ from voting at his/her discretion.

NOTES:
Please sign this form and deposit it with the Registrars, Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P.M.B. 12717, Lagos or send it via E-mail to: info@gtlregistrars.com not later than 48 hours before the time of the meeting. If executed by a corporation, this form should be sealed with its common seal.

*Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, anyone of such may complete this form, but the names of all joint holders must be inserted.

**Following the normal practice, the Chairman of the Meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead

A member voting in his own right as a member and voting as proxy or representative for another or other members should fill one voting paper for his own holding and a separate paper for each of the members he is representing.

Similarly, those present who are acting as proxy for more than one other members must complete a separate voting form for each member they represent.

NESTLÉ NIGERIA PLC 54TH ANNUAL GENERAL MEETING ADMISSION CARD

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at the MUSON Centre, 8/9 Marina, Onikan, Lagos at 11.00 a.m. on Wednesday, 17 May 2023.

....	....	....
Name of Shareholder / Proxy & Address	Number of shares held	Signature of person attending

Shareholder's Admission Form
Note: This card is to be signed at the venue of the meeting in the presence of the Registrars

Affix N50.00
Postage Stamp
Here

The Managing Director,
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Alagomeji, Yaba, Lagos,
P. M. B. 12717, Lagos
Apapa.

Affix Current Passport Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Date ______ DD ______ MM ______ YY

Instructions

Please complete **all sections** of this form to make it eligible for processing and return to the address below:

The Registrar
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way, Yaba, Lagos

Bank Mandate Information

I\We hereby request that henceforth, all the Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number	
Bank Name	
Bank Account Number	
Account Opening Date	DD / MM / YY

Shareholders Account Information

Surname/Company Name	First Name	Other Name(s)

Address

City	State	Country

Previous Address (if any)

CSCS Clearing House Number	Email Address
Mobile Number (1)	**Mobile Number (2)**
Shareholder's Signature	**2nd Signatory** (Joint/Company Accounts)

Company Seal (if applicable)

Only Clearing Banks Are Acceptable

Tick	Company Name	Shareholders Account No.
	11 PLC	
	2LP Management Company Limited Series 1	
	Abplast Products PLC	
	Allianz Nigeria Plc (erstwhile Union Assurance Company Limited; Ensure Insurance)	
	Aluminum Extrusion PLC	
	Axxela Bond	
	Cashew Nuts Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ekiti State Bond Tranche 2	
	Ekiti State Government Bond	
	EKOCORP PLC	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria LTD	
	Great Nigeria Insurance PLC	
	Greenwich Alpha ETF	
	Greenwich Money Market Fund	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Local Contractors Receivables Bond Tranche 1, 2 & 3	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Entertainment Fund	
	Nigeria Reinsurance	
	Nigerian Enamelware PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Nova Bond Series I	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	Primero BRT Securitization SPV	
	Studio Press Nigeria PLC	
	Sush SPV Bond II	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	Unilever Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	Wema Bank PLC	
	Wema Funding SPV Plc Bond Series I & II	

Affix N50.00
Postage Stamp
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The Managing Director,
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Notes

Nestlé

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