



Annual report and financial statements
for the year ended 31 December 2023

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Corporate information

Company registration number

RC 9632

Chairman

HRM Nnaemeka Alfred Achebe, CFR,MNI

Non-executive Director

Directors

| | | | |
|---------------------------|---------------|------------------------------------|-------------------------------|
| Mr. Carlos Coutino | Guatemalan | Managing Director | Appointed wef January 1, 2023 |
| Mr. Andrew Whiting | British | Non-executive Director | |
| Mr. Bruno Zambrano | Colombian | Non-executive Director | |
| Mr. David Tomlinson | American | Executive Director | Appointed wef January 1, 2023 |
| Mr. Michael Ajukwu | Nigerian | Non-executive Director | |
| Mr. Olugbenga Awomolo | Nigerian | Non-executive Director | |
| Mr. Richard Rivett-Carnac | South African | Non-executive Director | |
| Mr. Sunday Omole | Nigerian | Non-executive Director | |
| Ms. Olutoyin Odulate | Nigerian | Independent Non-executive Director | |
| Mr. Cherien Kurien | Indian | Non-executive Director | Appointed wef March 31, 2023 |
| Mrs. Tolulope Adedeji | Nigerian | Executive Director | Resigned wef March 31, 2023 |

Auditors

PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road
Victoria Island,
Lagos, Nigeria.

Corporate office

Plot 5A Abuja Street,
Banana Island,
Ikoyi, Lagos.

Company Secretary/General Counsel

Dr. Marian Reginald-Ukwuoma
Lagos, Nigeria.

Bankers

Access Bank Plc.
CitiBank Limited
United Bank for Africa Plc.
First Bank of Nigeria Limited
Guaranty Trust Bank Plc.
Zenith Bank Plc.
Stanbic IBTC Plc.
Standard Chartered Bank Limited
Rand Merchant Bank Limited
Union Bank of Nigeria Plc
FSDH Merchant Bank Limited

Report of the directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2023, to the members of International Breweries Plc ("the Company"). This report discloses the financial performance and state of affairs of the Company.

1 Incorporation and address

International Breweries Plc was incorporated as a private limited liability Company on 22 December, 1971 and became a public limited liability Company on 26 April, 1995. The Company's head office is situated at Plot 5A Abuja Street, Banana Island, Ikoyi Lagos, Nigeria.

2 Legal form

International Breweries Plc was incorporated as a private limited liability Company on 22 December 1971 and became a public limited liability Company on 26 April, 1995. The Company is a part of the AB-InBev Group (The largest breweries in the world).

3 Principal activities

The principal activities of the Company are brewing, packaging and marketing of alcoholic and non-alcoholic beverages.

4 Operating summary

The Company's results for the year ended 31 December 2023 are set out on page 17. The loss for the year has been transferred to retained earnings. The summarised results are presented below:

| | 2023 | 2022 |
|---------------------------------------|---------------------|---------------------|
| | ₦'000 | ₦'000 |
| Revenue | 260,598,228 | 218,650,267 |
| Loss before tax | (97,267,294) | (26,844,464) |
| Tax credit | 27,241,384 | 5,218,174 |
| loss for the year | (70,025,910) | (21,626,290) |
| Total Comprehensive loss for the year | (1,923,389) | (17,973,468) |

5 Dividend declaration

The Board maintains a dividend policy which guides its decision on dividend declaration. At this time, given the results of the company, no dividend pay out is possible. The board views this decision as appropriate in the short term and in the future interest of the Company owing to the current gearing ratio.

6 Board composition

The names of the directors as at year end and date of this report are as set out on the corporate information page. Within the period under review, Messers. Cherien Kurien was appointed to the Board as Non-Executive Director effective 31 March, 2023. Additionally, Mrs Tolulope Adediji resigned effective 31 March, 2023.

Details of the Directors' interest in the Company's shares during the year under review as at the date of approval of this report and as recorded in the register of members and or notified by the Directors for the purpose of Section 275 of Companies and Allied Matters Act (CAMA), 2020 as well as the Listing Rules of the Nigerian Stock Exchange are set out below. Directors whose names did not appear here do not have any direct/indirect shareholding in the Company.

| | 2023 | 2022 |
|---|---------------|---------------|
| | Number | Number |
| Direct holding | | |
| HRM Igwe Nnaemeka Alfred Ugochukwu Achebe | 40,732,127 | 40,732,127 |
| Mr. Sunday Akintoye Omole | 377,022 | 377,022 |
| Michael Onochie Ajukwu | 71,860,799 | 71,860,799 |
| Tolulope Adediji * | - | 108,900 |
| Indirect holding | | |
| Mr.Olugbenga Awomolo (Through Newco Investment Company Limited) | 334,075,394 | 334,075,394 |
| Sunday Akintoye Omole (Through Cardinal Investment Nigeria Limited) | 968,087 | 968,087 |

* Resigned March 31, 2023

Report of the directors (continued)

7 Directors' interest in contracts

All directors with interest in contracts are obligated to notify the company for the purpose of Section 277 of the Companies and Allied Matters Act (CAMA), 2020 of their direct or indirect interest in contracts or proposed contracts during the year. The directors do not have any interest required to be disclosed in the year under review as required under section 306 of the Companies and Allied Matters Act (CAMA), 2020.

8 Property, plant and equipment

Information relating to change in property, plant and equipment is given in note 14 to these financial statements. A total of ₦45.8 billion (2022: ₦58.6 billion) was expended on property, plant and equipment during the year.

9 Corporate governance

This report describes the directors' approach to corporate governance and how the Board applied the codes on corporate governance and other applicable regulations.

The directors are committed to maintaining the best standard, which they believe is pivotal to the discharge of their stewardship expectations. The Board is aware of the National Code on Corporate Governance 2018 and has commenced the application of the 28 principles as enshrined in the Code. The company's conviction is that good corporate governance practices should be accorded a more practical approach in enhancing company ideals and management performance.

As at the time of this report, the Board was composed of the chairman who is a non-executive director, one Independent non-executive director, seven non-executive directors and two executive directors. The Non-Executive: Executive ratio was thus 9:2, which guarantees independence and supervision over Management in line with best practices.

The Board considers itself sufficiently independent for the purpose of their contributions to the invaluable integrity, corporate wisdom and experience towards the Board and committees' deliberations and decisions. The Board is therefore satisfied with the performance and continued independence of judgment of each of the directors.

(i) The Board's Operation

Board meetings and attendance

The Board of directors met during the year under review. An individual director's attendance at these meetings is as set out in the table below. In the few instances where a director was unable to attend a Board or Committee meeting, his or her alternate attended in his stead and any comments which they had on matters set out in the agenda for consideration at such meeting was given in advance to the chairman of the meeting.

Analysis of attendance of meetings of Board members

| Names of Directors | Dates of meeting | | | | | No. of Meetings Attended |
|---|------------------|----------------|------------------|----------------|------------|--------------------------|
| | 31/03/2023 | 26/04/2023 | 22/06/2023 (AGM) | 28/07/2023 | 30/10/2023 | |
| HIS MAJESTY NNAEMEKA ACHEBE CFR, MNI, CHAIRMAN | P | P | P | P | P | 5 of 5 |
| MS. OLUTOYIN ODULATE INDEPENDENT NON-EXEC.DIRECTOR | P | P | P | P | P | 5 of 5 |
| MR. AKINTOYE OMOLE NON- EXECUTIVE DIRECTOR | P | P | P | P | P | 5 of 5 |
| MR. MICHAEL AJUKWU NON- EXECUTIVE DIRECTOR | P | P | P | P | P | 5 of 5 |
| MR. OLUGBENGA AWOMOLO NON- EXECUTIVE DIRECTOR | P | P | AP (Apologies) | P | P | 4 of 5 |
| MR. BRUNO ZAMBRANO DIRECTOR*** | P | P | P | AP (Apologies) | P | 4 of 5 |
| MR. ANDREW WHITING NON- EXECUTIVE DIRECTOR | P | AP (Apologies) | P | P | P | 4 of 5 |
| MR. RICHARD RIVETT-CARNAC NON- EXECUTIVE DIRECTOR | P | AP (Apologies) | P | AP (Apologies) | P | 3 of 5 |
| MRS. TOLULOPE ADEDEJI MARKETING DIRECTOR | resigned | resigned | resigned | resigned | resigned | 0 of 5 |
| Mr. CHERIAN KURIEN | P | P | P | AP (Apologies) | P | 4 of 5 |
| MR CARLOS COUTINO-MANAGING DIRECTOR | P | P | P | P | P | 5 of 5 |
| MR DAVID TOMLINSON- FINANCE DIRECTOR | P | P | P | P | P | 5 of 5 |

Keys

P - Present
AP - Absent
NYM - Not Yet Member
*** - Resigned

Report of the directors (continued)

(i) The Board's Operation (continued)

Operation of the board

The Board sets the strategic objectives and delegates to Management the detailed planning and implementation of those policies. The board thereafter monitors compliance of the actualization of the set policies and objectives through quarterly reports to the board and its committees, enabling directors to explore and interrogate specific issues for feedback in greater detail.

The board and its committee meetings are held in an atmosphere of robust, constructive, and intellectual debate of issues with sincerity of purpose, integrity and mutual respect.

Matters of exclusive preserve

The board has a schedule of matters as contained in an approval grid which is dealt with exclusively by the board. This includes but not limited to the approval of financial statements; annual expenditure/budget plan; material investment or disposals and the Company's business strategy.

The board governs through its established committees with reporting systems. Each committee or standing committee has specific written terms of reference and committee charters. All committee reports to the board and their committee meeting reports are included in the board packs circularized to all the board members ahead of the full Board meetings.

Risk and the board of directors

The Company's Board of Directors is ultimately responsible for reviewing the effectiveness of the Company's risk management systems. The Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The risk management system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and there is an ongoing process in place for identifying, assessing, managing, monitoring, and reporting on the significant risks faced by the Company.

This process has been established for the year under review up to the approval of the Annual Report and Accounts. The principal risks and uncertainties facing the Company are set out in note 4.

Conflict of interest

The directors are aware and advised to avoid situations where they have, or can have, a direct or indirect interest that conflicts with, or may possibly conflict with the Company's interests and encouraged to make full disclosures. In accordance with the Companies and Allied Matters Act 2020 as amended and the Company's articles of association, the Board can authorize potential conflicts of interest that may arise and impose such limit or conditions as it may deem fit. There were however, no actual or potential conflicts of interest which were required to be authorized by the Board during the year ended 31 December 2023.

The roles of executive and non-executive directors

The executive directors are responsible for proposing strategies and for making and implementing operational decisions. Non-executive directors complement the skills and experience of the executive directors, bringing independent judgment and making inputs through their knowledge and experience of other businesses and sectors.

Information dissemination and training

The Company Secretary is responsible for advising the Board, on issues of corporate governance. The secretariat supplies the Board and its committees with full and timely information through meeting packs and other resources to enable directors to prepare adequately for their meetings and take informed decisions.

The company is committed to the continuing development of directors in order that they can build on their expertise and develop an ever more detailed understanding of the business and the ever-changing legal and regulatory environment.

Other appointments

Non-executive directors may serve on the Boards of other companies to widen their experience and knowledge for the company's benefit. Directors ensure that their effectiveness on the Board is not compromised by their external commitments. The Board is pleased that the chairman and the non-executive directors commit enough time to their duties and the non-executive directors have confirmed that they have sufficient time to fulfil their respective obligations to the Company.

Board, committee and director performance evaluation

The Board subscribes to performance evaluation processes in line with best practice and as prescribed by the National Code on Corporate Governance. An in-house evaluation of the Board's performance was carried out for the year ended 31 December 2023. The Board considers its performance in the year under review as satisfactory and largely in compliance with prescribed codes of corporate governance. The Board will be due for an independent assessment by the next financial year.

The Company Secretary

Dr.(Mrs.) Marian Reginald-Ukwuoma acted as General Counsel and Secretary to the Board and its committees during the year under review.

(ii) The Board Committees

The Statutory Audit Committee

The Audit Committee chaired by Mr. Oladepo Adesina met four times during the year under review. The members representing the shareholders are Mr. Oladepo Adesina, Mr. Moses Ijayekunle and Mr. Taiwo Afinju (replaced Ms. Olufunke Iyiola in June, 2023 during AGM session), while Mr. Michael Ajukwu, and Mr. Olugbenga Awomolo are the representatives of the Board for the 2023 financial year.

The Global Risks Management Manager, Internal Control Manager and the Finance Director attended the committee meetings by invitation while the External Auditors attended the meeting held on 31 March, 2023. The work of the committee during the period included Audit matters and internal audit reviews.

The audit committee reports all activities and makes recommendations to the board. During the year under review, the audit committee discharged its responsibilities as they are defined in the committee's terms of reference and has ensured that applicable standards of governance and compliance are adhered to.

The Internal Control/Global Risks functions have direct access to the committee, primarily through its chairman. The functions enjoy the benefit of adapting the workings and processes of approved International and best practice templates for improved efficiency.

Report of the directors (continued)

(ii) The Board Committees (continued)

Analysis of attendance of meetings of Audit Committee members for the year

| Name of audit committee members | Membership type | Dates | | | | Total |
|------------------------------------|---|------------|------------|--------------------|--------------------|--------|
| | | 31/03/2023 | 27/04/2023 | 27/07/2023 | 25/10/2023 | |
| Mr. Oladepo Adesina | Shareholder | P | P | P | P | 4 of 4 |
| Mr. Moses Ijayekunle | Shareholder | P | P | P | P | 4 of 4 |
| Ms. Olutoyin Olufunke Iyiola | Shareholder | P | P | No longer a member | No longer a member | 2 of 4 |
| Mr. Michael Ajukwu | Director | P | P | AP | P | 3 of 4 |
| Mr. Olugbenga Awomolo | Director | P | P | P | P | 4 of 4 |
| Mr. Taiwo Afinju (Elected in June) | Shareholder | NYM | NYM | P | P | 2 of 4 |
| Keys | P- Present AP- Absent NYM- Not Yet Member | | | | | |

The Governance/Remuneration/Nomination Committee

The Committee is charged with the overall responsibility of ensuring that all governance reviews and strategic plans on remuneration and nomination were complied with. For the 2023 financial year, the committee is composed of Mr. Michael Ajukwu, Mr. Akintoye Omole, Mr. Andrew Whiting, Ms. Olutoyin Odulate and Mr. Richard Rivett-Carnac.

Analysis of attendance of meetings of Governance Committee members for the year

| Names of Members | Designation | 29/03/2023 | 26/07/2023 | 27/10/2023 | Total |
|---------------------------|-------------------|------------|------------|------------|--------|
| Mr. Michael Ajukwu | Director/Chairman | P | P | P | 3 of 3 |
| Mr. Akintoye Omole | Director/Member | P | P | P | 3 of 3 |
| Ms. Olutoyin Odulate | Director/Member | P | P | P | 3 of 3 |
| Mr. Andrew Whiting | Director/Member | NYM | P | P | 2 of 3 |
| Mr. Richard Rivett-Carnac | Director/Member | P | R | R | 1 of 3 |

P- Present

AP- Absent

R - Resigned

NYM - Not a member as at the date

The Risk Management/Sustainability Committee

The Committee focuses on Risks and Sustainability, always taking into cognizance established best practices. The Committee in that wise assists the Board in its oversight of the risk profile, risk management framework, risk strategy and the Sustainability framework for the Company.

Analysis of attendance of meetings of Risk Management/Remuneration Committee members

| Names of Members | Designation | 29/03/2023 | 27/7/2023 | 20/10/2023 | Total |
|-----------------------|-------------------|------------|-----------|------------|--------|
| Mr. Olugbenga Awomolo | Director/Chairman | P | P | P | 3 of 3 |
| Mr. Akintoye Omole | Director/Member | P | P | P | 3 of 3 |
| Mr. Michael Ajukwu | Director/Member | P | P | P | 3 of 3 |
| Mr. Cherian Kurien | Director/Member | P | AP | P | 2 of 3 |

P - Present

AP- Absent

R - Resigned

NYM - Not a member as at the date

10 Share capital

During the year, the number of the Company's issued ordinary share capital remained at 26,862,065,850 (2022: 26,862,065,850) ordinary shares.

Details of share capital are shown in the report

| Range | No of shareholders | Holders % | Holders Cum. | Units | Units % | Units Cum. |
|---------------------|--------------------|-----------|--------------|----------------|---------|----------------|
| 1 - 1000 | 19,249 | 45.3% | 19,249 | 9,987,487 | 0.04% | 9,987,487 |
| 1001 - 5000 | 14,725 | 34.6% | 33,974 | 36,871,633 | 0.14% | 46,859,120 |
| 5001 - 10000 | 4,697 | 11.1% | 38,671 | 39,607,749 | 0.15% | 86,466,869 |
| 10001 - 50000 | 2,663 | 6.3% | 41,334 | 61,538,745 | 0.23% | 148,005,614 |
| 50001 - 100000 | 461 | 1.1% | 41,795 | 33,112,316 | 0.12% | 181,117,930 |
| 100001 - 500000 | 480 | 1.1% | 42,275 | 107,176,876 | 0.40% | 288,294,806 |
| 500001 - 1000000 | 87 | 0.2% | 42,362 | 65,996,871 | 0.25% | 354,291,677 |
| 1000001 - 999999999 | 139 | 0.3% | 42,501 | 26,507,774,173 | 98.68% | 26,862,065,850 |
| Grand total | 42,501 | 100% | 302,161 | 26,862,065,850 | 100% | |

Substantial Shareholding

The particulars of the shareholders that held more than 5% of the issued and fully-paid share capital of the Company as at 31 December, 2023 are as follows:

Substantial shareholding details:

| Name | Shareholding | Percentage |
|---|----------------|------------|
| AB Inbev Nigeria holdings BV | 21,069,512,368 | 78.44 |
| Brauhaase International Management GMBH | 2,377,579,012 | 8.85 |

Report of the directors (continued)

11 Shareholding by category

| Category of shareholder | No. of shareholder | Number Of Shares Held | Percentage holding (%) |
|--------------------------------|--------------------|-----------------------|------------------------|
| Individuals | 41,654 | 785,865,588 | 2.93 |
| Institutional Investors | | | |
| Corporate | 720 | 1,786,173,272 | 6.65 |
| Tax Free | 30 | 84,853,548 | 0.32 |
| State & Local Govt | 5 | 755,126,968 | 2.81 |
| Foreign Shareholder | | | |
| Corporate | 2 | 23,447,091,381 | 87.29 |
| Portfolio Investor | 90 | 2,955,093 | 0.01 |
| Total | 42,501 | 26,862,065,850 | 100 |

Purchase of own shares

The Company did not purchase any of its own shares during the period under review.

Share capital history

| Date Issued | No. of Shares | Nominal Value | Issue Type | Remark |
|-------------|----------------|---------------|-------------------|---------------|
| | | (₦) | | |
| 1971 | 9,000,000 | - | Private Placement | Cash |
| 1980 | 2,000,000 | 0.50 | Private Placement | Cash |
| 1981 | 2,600,000 | 0.50 | Bonus | Reserves |
| 1981 | 2,200,000 | 0.50 | Private Placement | Cash |
| 1982 | 200,000 | 0.50 | Bonus | Reserves |
| 1982 | 2,000,000 | 0.50 | Bonus | Reserves |
| 1983 | 2,000,000 | 0.50 | Bonus | Reserves |
| 1985 | 4,000,000 | 0.50 | Bonus | Reserves |
| 1986 | 6,000,000 | 0.50 | Bonus | Reserves |
| 1988 | 6,000,000 | 0.50 | Bonus | Reserves |
| 1989 | 4,000,000 | 0.50 | Bonus | Reserves |
| 1991 | 10,000,000 | 0.50 | Bonus | Reserves |
| 1992 | 31,683,540 | 0.50 | Private Placement | Cash |
| 1993 | 5,419,692 | 0.50 | Private Placement | Cash |
| 1995 | 4,992,000 | 0.50 | Private Placement | Cash |
| 1995 | 103,734,000 | 0.50 | Public Offer | Cash |
| 1996 | 408,000 | 0.50 | Public Offer | Cash |
| 1998 | 426,000 | 0.50 | Public Offer | Cash |
| 1999 | 103,216,000 | 0.50 | Public Offer | Cash |
| 2001 | 120,768 | 0.50 | Rights Issue | Cash |
| 2002 | 212,914,682 | 0.50 | Rights Issue | Cash |
| 2008 | 1,600,000,000 | 0.50 | Public Offer | Cash |
| 2012 | 1,149,611,748 | 0.50 | Rights Issue | Cash |
| 2014 | 31,722,850 | 0.50 | Bonus | Reserves |
| 2017 | 5,301,612,656 | 0.50 | Merger | Consolidation |
| 2018 | 8,595,861,936 | 0.50 | Rights Issue | Cash |
| 2020 | 26,862,065,850 | 0.50 | Rights Issue | Cash |

12 Corporate social responsibility

During the period under review, the Company's corporate social responsibility towards its immediate and surrounding communities, especially in education, the environment and other social welfare, was again demonstrated in the various projects executed during the year and other donations both in cash and in the Company's products to various institutions and community centers.

Over the course of 8 years, International Breweries Foundation has taken a keen interest in improving entrepreneurship in Nigeria. We have invested over 600 Million naira for this initiative. Over 2000 youths have benefitted directly from the program through training or grants. We have covered 30 out of the 36 states in the country, and 425 businesses have received grants to either start or grow their businesses. In 2023, we awarded 50 youths with grants that ranged between N750,000 and 3Million Naira.

The Federal Road Safety Corps Hall in Onitsha was renovated by IBPLC (International Breweries Plc) and commissioned on the 13th of December 2023, costing the sum of Two Million Naira only. The renovation aside from being a part of the company's Corporate Social Responsibility Initiative, was also a way to strengthen the Federal Road Safety Corps in support of their mandate to ensure safety of commuters on the road.

The commissioning of the hall was attended by the plant manager and the Corporate Affairs Manager of the Onitsha Plant. Members of the FRSC were also part of the celebration. Furthermore, 28 IBPLC staff members were inaugurated as Road Safety Marshals at the occasion. This will further deepen our drive in collaborating with the Federal Road Safety Corps in ensuring the safety of our roads.

Community projects and donations during the year included the following:

| Description/projects | ₦'000 |
|---|----------------|
| KICKSTART youth entrepreneurship initiative (National CSR programme pan Nigeria) | 135,831 |
| Post-consumer waste management initiative (under the Food and Beverage Recycling Alliance (FBRA)) | 8,000 |
| Retailers Development Program | 5,768 |
| Other Sponsorships | 160,561 |
| | 310,160 |

Report of the directors (continued)

12 Corporate social responsibility (Continued)

It remains the Company's policy not to make donations to political organizations in the country and in compliance with section 43(2) of the Companies and Allied Matters Act (CAMA), 2020, the Company did not make any donation or gift to any charitable organization, political party, political association or for any political purpose during the year under review (2022: Nil).

13 Ethical business conduct

The International Breweries Code of Business Conduct and Ethics as adopted from AB InBev, sets out high ethical standards with which all Company's employees are expected to comply, and forms part of the wider programme of policies and procedures throughout the Company. The Company's personnel are committed to conducting business in a way that is fair, ethical and within the framework of applicable laws and regulations. During the course of the year, the Company's policies and procedures were reviewed in light of related 'adequate procedures' guidance, and developing corporate best practice, and made a number of enhancements, including the roll out of a new Company-wide anti-bribery policy. Key aspects covered by the programme include, amongst other matters, our anti-bribery policy, due diligence and other forms of compliances in relation to business partners, training of employees and monitoring and reporting mechanisms. Independent confidential whistle blower hotlines have been re-introduced into the Company's operations so that employees and third parties can report any breach. The Company maintains a whistle blowing procedure to address issues that can negatively affect the Company's reputation before its stakeholders.

14 Employment, environmental and health safety policies

The people team designed and continually reviewed employment policies which attract, retain and motivate the highest quality of staff. Management is committed to an active equal opportunities policy, from recruitment and selection, through training and development, appraisal and promotion to retirement. It is the Company's policy to ensure that everyone is treated equally, regardless of gender, colour, nationality, ethnic origin, race, disability, marital status, religion or trade union affiliation.

The Company is committed to its new policy on diversity as it understands the benefit of employing the right balance in people of different races, genders, creeds and backgrounds.

The Company is ever committed to sustaining its policies and programmes on occupational health and safety to ensure a safe working environment for all its employees, suppliers, consumers and visitors to our sites. We have revised our policies on health and safety to enshrine world class manufacturing practices.

15 Employment of disabled persons

The Company has two disabled persons in its employment. Applicable infrastructure and work tools for the disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. Also, 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 the training, career development and promotion of physically challenged persons should, as far as possible, be identical with those of other employees.

16 Diversity and inclusion

This top priority for the business was further strengthened in the year under review. Equity, fairness and transparency were some of the underlying principles of our ways of working.

The Company celebrated the International Women's Day as part of the Company's drive to increase female representation in the workplace. We celebrated on this day, our women who cut-across roles and functions as forklift drivers way up to Executive Management. The Company has a LEAN-IN CIRCLE program for female employee. This is a platform for cross-fertilization of ideas on women focussed engagements.

17 Research and development

To ensure improved overall operational effectiveness, considerable emphasis is placed on research and development in the Company's technical activities, through the AB InBev Group. This enables the Company to develop new products, packaging, processes and new manufacturing capabilities.

18 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the company will be in existence after 12 months from the reporting date. The directors do not intend to cease operations or stop any of the production lines.

The Company's business continuity plans continue to adapt to the dynamics of the operating environment hence, ensuring that the company remains a going concern. Part of these plans included safety of our employees, managing non-essential costs and protecting our cash flows. The business was able to recover and deliver a strong revenue growth to close the year. Our Board and Management are confident that the business will continue as a going concern.

The Company continues to generate positive operating cash flows 2023: N76.95 billion (2022: N42.67 billion) to cover its short-term obligations. We will continue to explore available options to settle foreign denominated liabilities and hedging instruments to mitigate foreign currency risks. The company is strategically positioned for success in the future.

Going into year 2024, the company plans to raise adequate Foreign currency denominated capital through the process of a rights issue to settle in full the outstanding foreign currency debt and liabilities, and reduce drastically its non-operating foreign currency exposure.

19 Employee consultation and training

The Company places considerable value on the involvement of its employees in its affairs and has continued with its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interests. Employees receive both internal and external training as necessary.

Report of the directors (continued)

20 Donations and gifts

In accordance with Section 43(2) of the Companies and Allied Matters Act (CAMA), 2020, the Company did not make any donations or gifts to any charitable organization, political party, political association or for any political purpose during the year under review (2022: Nil).

21 Financial risk

Information on the Company's financial risk management objectives and policies and details of its exposure to price risk, credit risk, liquidity risk and cash flow risk are contained in note 4 to the financial statements.

The directors are responsible for the management of the business of the Company and may exercise all the powers vested on them by the Company subject to the articles of association and relevant statutes.

22 Events after the reporting period

The shareholders of International Breweries Plc have approved the company's quest to raise additional equity capital through a rights issue to existing shareholders.

The approval was part of a special resolution at the Extraordinary General Meeting of the Company held on 12 February, 2024 in Lagos.

22 Stakeholders engagement

As a Company, we understand that the continuing need for engagement is key to our success. We know our stakeholders and proactively engage with them regularly and manage the communications at required times to ensure shared value for all.

The effective engagement of a broad spectrum of shareholders was reflective of the cooperation enjoyed on the timely and successful resolution of all issues. The year under review witnessed different stakeholder engagements with the media, our host communities, and other key stakeholders.

23 Complaints management policy

Complying with the rules of the Securities and Exchange Commission on framework for complaints management, the Company and its Registrars provide responses within its framework to shareholder issues and concerns.

This framework also provides the opportunity for shareholder feedbacks on matters that can affect its corporate existence through engagement with stakeholders and investor calls.

24 Auditors

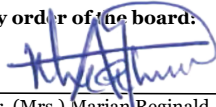
In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA), 2020, Messrs. PricewaterhouseCoopers have indicated their willingness to continue as auditors to the Company. A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

25 Dealing policy

International Breweries Plc has a Securities Trading Policy (The Policy) which guides the Board and Employees when attempting effecting transactions in the Company's shares. The Policy provides for periods for dealing in shares and other securities; established communication protocols on periods when transactions are not permitted to be effected on the Company's shares (Close Period) as well as disclosure requirements when effecting such transactions.

The Company complied with the Nigerian Exchange Limited's Rules regarding this Policy in the year under review.

By order of the board:



Dr. (Mrs.) Marian Reginald-Ukwuoma
Company Secretary/General Counsel
Plot 5A Abuja Street,
Banana Island,
Ikoyi, Lagos.
FRC/2017/ICSAN/00000016798
27 March 2024

Statement of directors' responsibilities

The Directors of International Breweries Plc accept responsibility 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 2023, 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 (Amendment) Act, 2023.

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

- a) properly selecting and applying accounting policies;
- b) presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable
- c) 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.

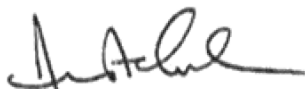
We state that management and directors:

- a) has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and
- b) certifies that the Company's internal controls are effective as of that date;

We have disclosed:

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
- b) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal
- c) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Company for the year ended 31 December 2023 were approved by the directors on 27 March 2024.



HRM Nnaemeka Alfred Achebe, CFR,MNI
Chairman
FRC/2013/NIM/00000001568
27 March 2024



Mr. David Tomlinson
Finance Director
FRC/2023/PRO/DIR/003/147669
27 March 2024




Mr. Carlos Coutino
Managing Director
FRC/2023/PRO/DIR/003/877967
27 March 2024

Certification of the audited financial statements


Persuant to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we the Managing Director/CEO, Finance Director and Head of Control of International Breweries Plc ("the Company") respectively hereby certify as follows:

- a) That we have reviewed the audited financial statements of the Company for the year ended 31st December 2023.
- b) That the audited financial statements represents the true and correct financial position of our Company as at the said date of 31st December 2023.
- c) That the audited financial statements does not contain any untrue statement of material fact or omit to state a material fact, which would make the statement misleading.
- d) That the audited financial statements fairly presents, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31st December, 2023.
- e) That we are responsible for establishing and maintaining internal controls and affirm that the Company's internal controls were effective as of 31st December, 2023.
- f) That there is no fraud that involves management or other employees who have significant role in the Company's internal control as of 31st December, 2023.
- g) That the Directors has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements.
- h) That all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data have been disclosed to the independent Auditor and the Audit Committee.


SIGNED



Mr. Carlos Coutino
Managing Director
FRC/2023/PRO/DIR/003/877967



Mr. David Tomlinson
Finance Director
FRC/2023/PRO/DIR/003/147669



Mr. Echezona Ifewulu
Head of Control
FRC/2021/002/00000025092

Audit committee's report

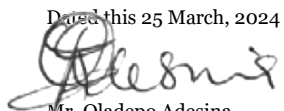
To: The Members of International Breweries Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act (CAMA), 2020, we the members of the Audit Committee of International Breweries Plc having carried out our statutory functions under the Act, hereby report as follows: -

- (a) That the accounting and reporting policies of the Company are in accordance with legal requirements and acceptable ethical practices.
- (b) That the scope and planning of both the external and internal audit for the year ended 31 December, 2023 are satisfactory and reinforce the Company's internal control systems.
- (c) That having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management and staff in the conduct of our duties.

Dated this 25 March, 2024



Mr. Oladepo Adesina
FRC/2013/NIM/00000003678

Members of the Audit Committee for the year under review were:

1. Mr. Oladepo Adesina (Shareholder's Representative) - Chairman
2. Mr. Moses Ijayekunle (Shareholder's Representative) - Member
3. Ms. Olutoyin Olufunke Iyiola* (Shareholder's Representative)
4. Mr. Michael Ajukwu (Director's Representative) - Member
5. Mr. Olugbenga Awomolo (Director's Representative) - Member
6. Mr. Taiwo Afinju** (Shareholder's Representative) - Member

- * No longer a member effective June 22 2023
- ** Elected member effective June 22 2023



Independent auditor's report

To the Members of International Breweries Plc

Report on the audit of the financial statements

Our opinion

In our opinion, International Breweries Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

International Breweries Plc's financial statements comprise:

- the statement of profit or loss for the year ended 31 December 2023;
 - the statement of other comprehensive income for the year then ended;
 - the statement of financial position as at 31 December 2023;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of material accounting policies.
-

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Fair Value measurement of Derivative Financial Instrument and Hedge Accounting
(Notes 2.10, 4.2, 4.4(b), 4.5 (i), 4.7, and 20)

We adopted a substantive approach to test the valuation of the derivative financial instruments. Specifically, we:

As at 31 December 2023, derivative financial instruments gave rise to derivative financial assets of N193.7 billion. These instruments are designated in a cash flow hedge relationship such that gains and losses arising from the hedging relationship are recognised in the statements of profit or loss and/or statement of other comprehensive income as appropriate.

We focused on this because the valuation of hedging instruments and consideration of hedge effectiveness involves a significant degree of complexity and are subject to an inherent risk of error.

Significant degree of complexity involved in determining the valuation of the hedging instruments and consideration of hedge effectiveness include:

- the appropriateness of the exchange rates and interest rate used in the computation of discounted fair value of the derivatives;
- determining the split of the hedging instrument into effective and ineffective portions.

- inspected management's hedge documentation and contracts;
- evaluated management's accounting policy for the hedge instruments;
- checked the exchange rates and interest rate used in management's valuation to appropriate official rate sources;
- re-performed the year-end valuation of the derivative financial instruments and calculation of hedge effectiveness;
- checked the initial and subsequent measurement of fair value of the derivative financial instruments against the criteria in IFRS 9 and IFRS 13
- obtained confirmation of year-end derivative financial instrument from the counterparties; and
- checked the presentation and disclosure of hedge instruments in the financial statements in accordance with IFRS 9.

Other information

The directors are responsible for the other information. The other information comprises Corporate information, Report of the directors, Statement of directors' responsibilities, Certification of the audited financial statements, Audit committee's report, Statement of value added and Five-year financial summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the International Breweries Plc 2023 Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the other sections of the International Breweries Plc 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 directors' 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.



Internal

We communicate with those charged with governance 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.

We also provide those charged with governance 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, related safeguards.

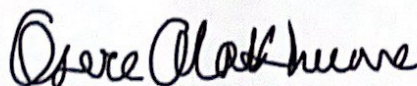
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from locations not visited by us;
- iii) the company's statement of financial position and statement of profit or loss and statement of other comprehensive income are in agreement with the books of account and returns.

In accordance with the requirements of the Financial Reporting Council of Nigeria (FRC), we performed a limited assurance engagement and reported on management's assessment of International Breweries Plc's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an adverse conclusion in our report dated 30 March 2024.



For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Osere Alakhume
FRC/2013/PRO/ICAN/004/00000000647



30 March 2024

Statement of profit or loss

for the year ended 31 December 2023

| <i>In thousands of naira</i> | Note | 2023 | 2022 |
|---|-------------|---------------------|---------------------|
| Revenue | 5 | 260,598,228 | 218,650,267 |
| Cost of sales | 6 | (174,329,826) | (145,075,410) |
| Gross profit | | 86,268,402 | 73,574,857 |
| Administrative expenses | 7 | (33,153,430) | (31,479,528) |
| Marketing, promotion and distribution expenses | 9 | (54,877,743) | (49,291,509) |
| Other income | 10 | 1,912,950 | 283,200 |
| Other losses | 11 | (77,883,431) | (14,385,670) |
| Impairment charge on financial assets | 8 | (1,273,778) | (33,823) |
| | | (79,007,030) | (21,332,473) |
| Finance income | 12 | 11,464,181 | 5,165,679 |
| Finance costs | 12 | (29,724,445) | (10,677,670) |
| Net finance costs | | (18,260,264) | (5,511,991) |
| Loss before tax | | (97,267,294) | (26,844,464) |
| Income tax credit | 13 | 27,241,384 | 5,218,174 |
| Loss for the year | | (70,025,910) | (21,626,290) |
| Basic and diluted loss per share (Naira) | 30 | (2.61) | (0.81) |

The notes on pages 22 - 53 are an integral part of these financial statements.

Statement of other comprehensive income

for the year ended 31 December 2023

| <i>In thousands of naira</i> | Note | 2023 | 2022 |
|--|-------------|---------------------|---------------------|
| Loss for the year | | (70,025,910) | (21,626,290) |
| Other comprehensive income: | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | |
| Change in fair value of hedging instrument recognised in OCI | 4.2 | 69,110,017 | (3,082,296) |
| Reclassified from OCI to profit or loss | 4.2 | <u>(1,268,140)</u> | <u>6,430,643</u> |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | | 67,841,877 | 3,348,347 |
| <i>Items that will not be subsequently reclassified to profit or loss:</i> | | | |
| Remeasurements of post employment benefits obligations | 23.1 | 252,366 | 195,043 |
| Income tax relating to these items | 13 | <u>8,278</u> | <u>109,432</u> |
| Other comprehensive loss for the year | | 68,102,521 | 3,652,822 |
| Total comprehensive loss for the year | | (1,923,389) | (17,973,468) |

The notes on pages 22 - 53 are an integral part of these financial statements.

Statement of financial position

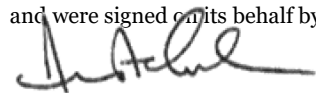
As at 31 December 2023

In thousands of naira

| | Note | 2023 | 2022 |
|-------------------------------------|-------|---------------------------|---------------------------|
| Assets | | | |
| Non-current assets | | | |
| Deferred tax assets | 13 | 61,984,389 | 32,613,306 |
| Property, plant and equipment | 14 | 253,320,308 | 252,071,523 |
| Right of use assets | 15 | 18,629,570 | 15,989,425 |
| Intangible assets | 16 | 4,954,604 | 3,251,367 |
| | | <u>338,888,871</u> | <u>303,925,621</u> |
| Current assets | | | |
| Investment securities | 17 | - | 86,213,956 |
| Inventories | 18 | 48,503,249 | 26,914,401 |
| Derivative financial instruments | 20 | 193,670,263 | 8,683,594 |
| Trade and other receivables | 19.4 | 11,062,213 | 22,489,101 |
| Restricted cash | 21 | 8,880,441 | 7,193,352 |
| Cash and cash equivalents | 21 | 123,492,424 | 28,831,715 |
| | | <u>385,608,590</u> | <u>180,326,119</u> |
| Total assets | | <u>724,497,461</u> | <u>484,251,740</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employee benefit obligations | 23.1 | 2,723,587 | 2,604,539 |
| Borrowings | 24(b) | - | 143,032,695 |
| Lease liabilities | 25(b) | 15,765,510 | 10,442,752 |
| | | <u>18,489,097</u> | <u>156,079,986</u> |
| Current liabilities | | | |
| Current tax liabilities | 13.3 | 2,758,498 | 2,257,913 |
| Trade and other payables | 22 | 209,177,420 | 151,566,984 |
| Borrowings | 24(c) | 374,339,382 | 51,051,507 |
| Lease liabilities | 25(b) | 4,326,020 | 5,964,917 |
| | | <u>590,601,320</u> | <u>210,841,321</u> |
| Total liabilities | | <u>609,090,417</u> | <u>366,921,307</u> |
| Equity | | | |
| Share capital | 26 | 13,431,034 | 13,431,034 |
| Share premium | 27 | 159,803,396 | 159,803,396 |
| Other reserves | 28 | 1,360,756 | 1,360,756 |
| Cash flow hedge reserve | 4.2 | 69,110,017 | 1,268,140 |
| Employee benefit reserves | 29 | 33,363 | (227,281) |
| Retained losses | | (128,331,522) | (58,305,612) |
| Total equity | | <u>115,407,044</u> | <u>117,330,433</u> |
| Total equity and liabilities | | <u>724,497,461</u> | <u>484,251,740</u> |

The notes on pages 22 - 53 are an integral part of these financial statements.

The financial statements on pages 22 to 61 were approved and authorised for issue by the board of Directors on 31 March 2024 and were signed on its behalf by:



HRM Nnaemeka Alfred Achebe, CFR, MNI (Chairman) FRC/2013/NIM/00000001568



Mr. David Tomlinson (Finance Director) FRC/2023/PRO/DIR/003/147669



Mr. Echezona Ifewulu (Head of Control) FRC/2021/002/00000025092

Statement of changes in equity
for the year ended 31 December 2023

| | Note | Share capital | Share premium | Other reserves** | Cash flow hedge reserve | Employee benefit reserves | Retained (losses) | Total equity |
|--|------|-------------------|--------------------|------------------|-------------------------|---------------------------|----------------------|---------------------|
| At 1 January 2022 | | 13,431,034 | 159,803,396 | 1,360,756 | (2,080,207) | (531,756) | (36,679,322) | 135,303,901 |
| Loss for the year | | - | - | - | - | - | (21,626,290) | (21,626,290) |
| Other comprehensive income | | - | - | - | 3,348,347 | 195,043 | - | 3,543,390 |
| Deferred tax | 13.4 | - | - | - | - | 109,432 | - | 109,432 |
| Total comprehensive loss for the year | | - | - | - | 3,348,347 | 304,475 | (21,626,290) | (17,973,468) |
| Balance at 31 December 2022 | | 13,431,034 | 159,803,396 | 1,360,756 | 1,268,140 | (227,281) | (58,305,612) | 117,330,433 |
| At 1 January 2023 | | 13,431,034 | 159,803,396 | 1,360,756 | 1,268,140 | (227,281) | (58,305,612) | 117,330,433 |
| Loss for the year | | - | - | - | - | - | (70,025,910) | (70,025,910) |
| Other comprehensive income | | - | - | - | 67,841,877 | 252,366 | - | 68,094,243 |
| Deferred tax | 13.4 | - | - | - | - | 8,278 | - | 8,278 |
| Total comprehensive loss for the year | | - | - | - | - | 260,644 | (70,025,910) | (1,923,389) |
| Balance at 31 December 2023 | | 13,431,034 | 159,803,396 | 1,360,756 | 69,110,017 | 33,363 | (128,331,522) | 115,407,044 |

** On the adoption of IFRS, the revalued amount of land and building was recognised as deemed cost. The accretion on revaluation of land and building is recognised within other reserves.

The notes on pages 22 - 53 are an integral part of these financial statements.

Statement of cash flows

| <i>In thousands of naira</i> | Note | 2023 | 2022 |
|---|-------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 31.1 | 78,923,068 | 43,631,792 |
| Income tax paid | 13.3 | (1,214,253) | (313,334) |
| Withholding tax credit utilised | 13.3 | (406,584) | (463,697) |
| Employee benefits paid | 23.1 | (345,634) | (187,809) |
| Net cash generated from operating activities | | 76,956,597 | 42,666,952 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 14 | (45,790,432) | (58,591,361) |
| Interest income received | 12 | 11,464,181 | 5,165,679 |
| Proceeds/(acquisition) of investment in call deposits | 17 | 86,213,956 | (13,098,474) |
| Net cash used in investing activities | | 51,887,705 | (66,524,156) |
| Cash flows from financing activities | | | |
| Proceed from borrowings | 24(c) | 41,617,660 | 69,954,323 |
| Repayment of principal on borrowings | 24(c) | (56,627,291) | (62,005,600) |
| Lease rental payments | 25(a) | (10,802,025) | (8,215,170) |
| Increase in right of use assets | 15 | (10,729,860) | (12,073,246) |
| Increase in lease liabilities | 25(a) | 9,514,910 | 11,759,165 |
| Interest paid on borrowing | 24(c) | (5,469,899) | (6,339,229) |
| Net cash used in financing activities | | (32,496,505) | (6,919,757) |
| Net increase/(decrease) in cash and cash equivalents | | 96,347,798 | (30,776,962) |
| Cash and cash equivalents at the beginning of the year | | 36,025,067 | 66,802,029 |
| Cash and cash equivalents at the end of the year | 21.1 | 132,372,865 | 36,025,067 |

The notes on pages 22 - 53 are an integral part of these financial statements.

Notes to the financial statements

1 General information

These financial statements are the financial statements of International Breweries Plc ("the Company"). The Company was incorporated in Nigeria as a private limited liability Company on 22 December 1971 under the Companies and Allied Matters Act, and is domiciled in Nigeria. The Company became a public limited liability Company on 26 April, 1994. The address of its registered office is: Plot 5A Abuja Street, Banana Island, Ikoyi, Lagos.

The principal activities of the Company are brewing, packaging and marketing of beer, alcoholic flavoured/ non-alcoholic beverages and soft drinks.

The parent Company is AB InBev Nigeria Holdings BV, the ultimate parent Company is Anheuser-Busch InBev SA/NV.

2 Summary of accounting policies

2.1 Introduction to summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS Standards") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. Additional information required by the Companies and Allied Matters Act (CAMA), 2020 is included.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except inventories measured at lower of cost and net realisable value, lease liabilities measured at present value of future lease payment, employee benefit obligation measured at present value of the obligation and financial instrument measured at fair value. The method used to measure the fair value are disclosed in Note 2.27.

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2.1 Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation (see Note 6 and Note 9).

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Company will be in existence after 12 months from the reporting date. The directors do not intend to cease operations or stop any of the production lines and are confident that the business will continue as a going concern.

While continually delivering strong revenue growth, our inability to source adequate foreign exchange (due to general illiquidity in the market) to pay off foreign denominated debt and liabilities has impacted profitability in recent years. The company has entered into strategic arrangements with key relationship banks for sourcing of FX in order to address and mitigate this risk. This has yielded progress from 2021 and led to some settlement and reduction of the foreign currency denominated liabilities. Going into 2024, the company plans to raise adequate FX capital through the process of a rights issue to settle in full the outstanding FX debt and liabilities, and reduce drastically its non-operating FX exposure.

The Company generated positive operating cash flows in the current year 2023: ₦76.95 billion (2022: ₦42.67 billion) to cover its short-term obligations. The Company is strategically positioned for success in the future and continues to have the backing of its ultimate parent Company.

2.4 Changes in accounting policy and disclosures

2.4.1 New standards and interpretations adopted by the Company

The Company has applied the below standard and amendments for the first time for their annual reporting period commencing 1 January 2023:

a. IFRS 17 - Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees.

The standard had no impact on the Company's financial statements.

Notes to the financial statements

2.4.1 New standards and interpretations adopted by the Company (continued)

b. Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The standard had impact on the Company's financial statements.

c. Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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.

These amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

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

On 7 May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

The standard had no impact on the Company's financial statements.

e. Amendment to IAS 8 - Definition of Accounting Estimates

The amendments introduces a 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The standard had no impact on the Company's financial statements.

2.4.2 New standards, amendments, interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations when they become effective. All other new standards and amendments do not apply to the Company.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

b. Amendment to IFRS 16 - Lease Liability in a Sales and Leaseback

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Notes to the financial statements

2.4.2 New standards, amendments, interpretations issued but not yet effective (continued)

c Amendment to IAS 21 - Lack of exchangeability

The amendments include applying a consistent method in determining whether a currency is exchangeable and if so, an appropriate exchange rate, and providing related disclosures. The amendments are effective for years beginning on or after 1 January 2025 with earlier application permitted.

2.5 Revenue recognition

Sale of goods

Revenue from the sale of the Company's products is recognised when control of the products is transferred, being at a point in time when the products leave the warehouse. Payment of the transaction price is due immediately.

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax, excise duties, returns, customer discounts and other sales-related discounts. Value added tax is applied on the net purchase price after considering discount. Revenue from the sale of products is recognised in profit or loss when the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analysis, market research data and internally generated information.

The company gives retrospective discount to selected distributors once the quantity of products purchased during the period exceeds the threshold specified in the contract. Under the terms of the agreements, the amounts payable by the Company are offset against receivables from the distributors and only the net amounts are settled. The relevant amounts have therefore been presented net in the statement of financial position.

The Company issues credit note to customers for products that are damaged or lost in transit and the credit note will be used to reduce the customer receivable balance. No refund is granted for products that are received in good condition by the customer.

2.6 Other income

Other income constitutes gains from the sale of assets, net of taxes; proceeds from the sale of by-products; and others. These various sources of income are recognised in profit or loss when ownership has been transferred to the buyer.

2.7 Segment reporting

Performance of operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has appointed a strategic steering committee which assesses the financial performance and position of the Company, and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

No business or geographical segment information is reported as the Company's primary geographical segment is Nigeria. Presently, 100 percent of the Company's sales are made in Nigeria. Also, identical risks and returns apply to all Company products.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of the Company is the Nigerian Naira (₦).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within other gains/(losses) - net.

2.9 Income and deferred tax

The tax for the period comprises income, education and deferred taxes. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Education tax is computed at 3% of the assessable profits. The Company's liability for income and education taxes are calculated using tax rates that have been enacted or substantively enacted under the Companies Income Tax Act and the Education tax Act at the statement of financial position date.

Notes to the financial statements

2.9 Income and deferred tax (continued)

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Derivatives and hedging activities

Initial recognition and subsequent measurement

The Company uses derivative financial instruments to hedge its foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other losses.

The Company designates the full fair value changes in the forward currency contract as a hedging instrument.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

Notes to the financial statements

2.11 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company 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 lease of low value assets (defined as leases with a value less than ₦2 million). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities. Contracts may contain both lease and non-lease components and the Company has not elected to separate lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as securities.

Lease liability

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 Company uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the Company considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, payments of penalties for terminating a lease, if the lease term reflects the Company exercising that option and purchase options or extension option payments if the Company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the statement of profit or loss in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The Company has elected to present cash payments for the principal and interest portion of the lease liability within financing activities; and interest expense on lease liability within operating activities.

Right of use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, restoration cost and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term. The right-of-use assets are depreciated using a straight line method. The Company leases a number of warehouses, office and residential buildings for certain staff, which typically run for a period of two to three years.

The Company as lessor

Leases where the Company transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the Company are classified as operating leases. Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

2.12 Financial instruments

(a) Financial assets

Financial assets and financial liabilities - Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company become a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (OCI) with recycling of cumulative gains and losses (debt)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity)
- Financial assets at fair value through profit or loss (FVTPL).

Financial assets - Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Notes to the financial statements

2.12 Financial instruments (continued)

Financial assets - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

| Classification | Measurement | FSLI |
|---|--|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value in the statement of financial position. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. | Derivatives. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. | Trade and other receivable, restricted cash, cash and cash equivalents and investment securities. |
| Financial assets at FVOCI (debt instrument) | For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss. The remaining fair value changes are recognised in OCI. | The company has no financial assets within this category |
| Financial assets at FVOCI (equity instrument) | The assets are subsequently measured at fair value through OCI. Gains and losses on these financial assets are never recycled to profit or loss. | The company has no financial assets within this category |

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Notes to the financial statements

2.12 Financial instruments (continued)

i) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently the Company's debt instruments are measured at amortised cost. The Company's financial assets include trade receivables, intercompany receivables, other receivables, cash and cash equivalents and investment securities.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

ii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach to determine impairment of its trade receivables. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the trade receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the trade receivables to arrive at the loss allowance for the period. See note 4.3a for further details. The Company applies the general approach to determine impairment of its amount due from related parties and cash and cash equivalent. Under the general approach, a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk which is measured using the lifetime probability of default since initial recognition of the financial asset. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, a loss allowance for 12-month expected credit losses is recognised. The general approach has two bases on which to measure expected credit losses; 12-month expected credit losses and lifetime expected credit losses.

(b) Financial liabilities

The Company's policy on financial liabilities have been consistently applied to the each period.

i) Recognition and derecognition

The Company recognises a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

ii) Classification

Financial liabilities are classified as either financial liabilities at amortised cost or financial liabilities at fair value through profit or loss. The Company's financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

The Company's financial liabilities include borrowings, trade payables and other payable, amount due to related parties. They are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

iii) Measurement

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

| Classification | Measurement | FSLI |
|---|--|---|
| Financial liabilities at amortized cost | These liabilities are subsequently measured at amortized cost using the effective interest method. Any interest is recognised in the profit or loss. | Borrowings, trade and other payable and lease liabilities |

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the financial statements

2.14 Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method less provision for impairment.

2.15 Cash and cash equivalents

In the statement of cash flow, cash and cash equivalents includes cash in hand, bank deposits repayable on demand, other short-term highly liquid investment with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.16 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

The Company accounts for substantial modification of terms of an existing borrowings or part of it as an extinguishment of the original borrowing 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 borrowings. If the modification is not substantial, the difference between the nominal amount of the borrowings before the modification; and the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses if otherwise, it is capitalised with the borrowings.

Commitment fees are expensed in the period in which they are incurred.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.20 Property, plant and equipment

Property, plant and equipment are stated initially at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Asset in the course of construction is stated at cost, net of accumulated impairment losses; asset in the course of construction is not depreciated. Property, plant and equipment is de-recognised on disposal or when no future economic benefit is expected from its use or disposal.

Notes to the financial statements

2.20 Property, plant and equipment (continued)

Depreciation of assets commences from the date they are available for use. Depreciation is charged on a straight line basis at annual rates which are expected to write off the cost of the assets over their anticipated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates used which are consistent with those of the previous years are:

| Asset category | Useful life |
|---------------------------------|--------------------|
| Buildings | 22 - 55 years |
| Plant and machinery | 5 - 50 years |
| Vehicles, furniture & equipment | |
| -Marketing vehicles | 4 - 8 years |
| -Vehicles | 8 - 10 years |
| -Furniture and equipment | 5 - 30 years |
| -Computer equipment | 5 - 10 years |
| Land | Not depreciated |
| Asset under construction | Not depreciated |

Gains and losses on disposal of property, plant and equipment are determined by comparing sales proceeds with the carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other losses - net" in the profit or loss.

Land is not depreciated as it is deemed to have an indefinite life.

Returnable containers

Returnable containers are reflected at cost less accumulated depreciation and impairment losses, or revaluation less subsequent depreciation. Provisions are made for breakages and losses in trade to write off the cost over the expected useful life of the container. This period is shortened where appropriate by reference to market dynamics.

The total landed cost of new bottles and crates are also recognised in returnable containers. Amortisation of containers is calculated on a straight line basis over the expected useful lives from the date that available for use. It is calculated to reflect the estimated pattern of consumption of the future economic benefits embodied in the asset and recognised in the profit or loss at the following rates:

| | |
|---------|---------|
| Bottles | 3 years |
| Crates | 7 years |
| Pallet | 5 years |

2.21 Deposits by customers

Returnable containers in circulation are recognised within property, plant and equipment. A corresponding liability is recognised in respect of the obligation to repay the customers deposits. Deposits paid by customers for branded returnable containers are reflected in the statement of financial position within trade and other payables.

2.22 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.23 Intangible assets

Computer software

Acquired computer software licenses are stated at cost less amortisation and any impairment losses. Costs includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Amortisation is calculated on the straight-line method to allocate the cost of the intangible assets over their estimated useful lives. The computer software has an estimated useful life of 5 years.

2.24 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The reversal is recognised in the profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset should not exceed the amount it would have been had the original impairment not occurred.

Notes to the financial statements

2.25 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs of disposal. The cost of inventories consist of purchase costs, conversion costs and all other costs incurred in bringing them to their present location and condition.

i) Raw materials

Raw materials and other bought-in components are measured using the purchase price, import duties, transport, dock charges and other costs directly attributable to its acquisition less trade discounts, rebates and other similar items.

ii) Work in progress and finished goods

Finished goods and work in progress are measured using actual costs based on weighted average and include cost of raw materials, direct costs and an appropriate portion of production overheads based on normal operating capacity.

iii) Goods in transit

Goods ordered, shipped and awaiting delivery are recognised as goods in transit and are stated at the purchase price plus other incidental costs incurred to date.

iv) Spares, fuel and lubricants

Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them during more than one period but only at the point of issue. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.26 Employee benefits

i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Company recognises wages, salaries, social security contributions, bonuses and other allowances for current employees in the profit or loss as the employees render such services.

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

ii) Other long-term employee benefit obligations

The Company's obligation in respect of long term employee benefits, other than pension plans, is the amount of future benefit the employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the statement of financial position date on high quality rated corporate bonds that have maturity dates approximating the terms of the Company's obligations. The obligation is calculated using the projected credit unit method. Any actuarial gains and losses are recognised in the profit or loss in the period in which they arise.

The Company recognises a liability and an expense for long term service awards where cash is paid to the employee at certain milestone dates in the employee's career with the Company. No actuarial valuation is done on the long term service award because it is considered immaterial.

The Company also provides 1% of employees gross salary as disability/death in service insurance benefits under the Employee Compensation Act 2010. The charge represents the Company's obligations under the scheme. The charge is recognised in the profit or loss of the year of incidence.

iii) Post employment obligations

- Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In line with the provisions of the Nigerian Pension Reform act 2004, the Company instituted a defined contribution scheme for its employees. The scheme is funded by fixed contributions from the employees and the Company at the rate of 8% and 10% of remunerations respectively. The funds are invested outside the Company through Pension Fund Administrators (PFAs) preferred by the employees. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The matching contributions made by the Company to the relevant PFAs are recognised as employee benefit expenses in the profit or loss when the costs become payable in the reporting periods during which the employees have rendered services in exchange for those contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the financial statements

2.26 Employee benefits (continued)

- Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. The Company makes an unfunded provision for retirement benefit entitlements due to staff upon disengagement based on their years of service and current emoluments as contained in the staff conditions of service. No other post employment benefit arrangement exists between the Company and the current or past employees.

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other reserves in the statement of changes in equity and in the statement of financial position. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

2.27 Fair value measurement

The Company measures financial assets and liabilities (including loans and borrowing, trade and other payables and trade and other receivables) at fair value on initial recognition. 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 to 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.

The fair value measurement of a non-financial asset (e.g. as part of an asset's impairment review when required) 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

2.28 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined using the indirect method. Profit before tax is therefore adjusted by non-cash items, such as depreciation of property, plant and equipment and amortisation of intangible assets. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

2.29 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. Any amounts in excess of the par value is recognised in share premium within equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.30 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the financial statements

2.31 Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised.

Dividend which remained unclaimed or unutilised for a period of not less than six years from the date of declaring the dividend shall be transferred immediately to the unclaimed trust fund account in accordance Finance Act, 2020.

2.32 Finance income

Finance income comprises interest income on bank balances. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

2.33 Finance cost

Finance cost comprises of interest expense on borrowings, and interest expense on lease liability. Finance cost is recognised as it accrues in profit or loss, using the effective interest method.

2.34 Cost of sales

Cost of sales includes employee benefit expenses, technical management fees, amortisation of container, depreciation of plant and machinery and materials consumed. The Company recognises cost of sales in the period in which the related revenue is recognised.

2.35 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

3 Critical accounting estimates, judgements and errors

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs are disclosed in note 4.3 (a) on impairment losses.

b) Defined benefit obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of Federal Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 23.

c) Deferred taxation

The Company is subject to income taxes within Nigeria, which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilize the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income is based on forecast cash flows from operations.

d) Determining the lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Company.

Notes to the financial statements

3 Critical accounting estimates, judgements and errors (continued)

d) *Determining the lease terms (continued)*

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend (or not terminate).

- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

e) *Derivatives*

The Company enters into derivative financial instruments contracts with counterparties, principally financial institutions with investment grade credit ratings. Foreign currency forward or futures contracts are valued using forward pricing valuation technique, which employs the use of market observable inputs using present value calculations. The model incorporates various inputs including foreign exchange spot and forward rates, currency basis spreads between the respective currencies, interest rate curves and forward rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships. See note 4.2 for sensitivity analysis disclosure.

f) *Deposit liability estimation for market losses*

The Company has applied judgement in estimating the value of deposit liabilities outstanding as at year end. A deposit liability is generated upon sale of finished goods to customers and refunded upon return of empty containers. Data analytics is used to estimate container market losses based on trading history of customers. The estimated container market loss impact is reduced from the deposit liability, and is written off in the corresponding fixed assets ledger.

g) *Net realisable value of inventory*

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated cost necessary to make the sale. The Company estimate selling price of inventory based on current market condition, including supply and demand mechanism, pricing trends and macro-economics conditions that might affect the selling price of the inventory. The Company also evaluate historical sales data and patterns to understand the inventory performance in the past to provide insights to likely selling price in the future, adjusted for factors such as inventory damage, obsolescence, change in technology. The Company estimated selling cost include marketing expenses, commission on sales, shipping costs and other incidental cost directly related to the sale. If the inventory require further processing or manufacturing before it can be sold, estimated cost of completion will include material cost, labour cost and overhead necessary to complete the inventory.

h) *Estimated useful lives of property, plant and equipment*

Property, Plant and Equipment are depreciated over their useful lives. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimation of the useful lives are based on technical evaluations carried out by experts and those staff with knowledge of the assets and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of property, plant and equipment.

Notes to the financial statements

4 Financial risk management

4.1 Financial risk factors

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

The Company's activities expose it to a variety of financial risks; market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company analyses each of these risks individually as well as on an interconnected basis and defines strategies to manage the economic impact on the Company's performance in line with its financial risk management policy. Management meets on a frequent basis and is responsible for reviewing the results of the risk assessment, approving recommended risk management strategies, monitoring compliance with the financial risk management policy and reporting to the board of directors.

4.2 Derivatives

The Company has the following derivative financial instruments in the following line items in the statement of financial position:

In thousands of naira

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|------------------|
| Current assets | | |
| Foreign currency forwards cash flow hedges (note 20) | 193,670,263 | 8,683,594 |
| Total non-current derivative financial instrument assets | <u>193,670,263</u> | <u>8,683,594</u> |

(i) Classification of derivatives

Derivatives are used for hedging accounting purpose and foreign currency forwards. They are classified and measured at fair value through other comprehensive income and profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period and if otherwise they are classified as non-current.

(ii) Fair value measurement

For information about the method used in determining the fair value of derivatives refer to note 4.7

(iii) Hedging reserves

The Company's hedging reserves relates to the following hedging instruments:

Cash flow hedge reserve movement

In thousands of naira

| | | |
|--|-------------------|------------------|
| Change in fair value of hedging instrument recognised in OCI | 69,110,017 | (3,082,296) |
| Less: reclassified from OCI to profit or loss | (1,268,140) | 6,430,643 |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | <u>67,841,877</u> | <u>3,348,347</u> |

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty.

Sensitivity analysis

In thousands of naira

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|--------------|-------------|
| Impact on profit or loss | | |
| 10% increase in interest rates | 19,367,026 | 868,359 |
| 10% decrease in interest rates | (19,367,026) | (868,359) |

4.3 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. The Company's credit risk arises from cash and cash equivalents, trade and other receivables, other receivables (non current), amount due from related parties and lease receivables.

The management of the Company has credit policies in place to monitor the exposure to credit risk on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and prospective credit customers analysed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. Credit limits are established for qualifying customers and these limits are regularly reviewed. Customers that fail to meet the Company's creditworthiness standards are allowed to transact business with the Company only on a cash basis.

The estimates of deductible allowances for incurred losses on impairment in respect of trade and other receivables are established by the Company. The main components of this allowance are a specific loss component that relates to individually significant exposures and customers with outstanding amounts but who have not placed orders for a period of one year or more. The collective loss allowance is determined based on historical data of payment statistics.

In monitoring customer credit risk, customers are grouped according to their credit mappings, including whether they are individual or corporate entities, whether they are key distributors or retail distributors and the verification of the existence of previous financial difficulties.

Notes to the financial statements

4.3 Credit risk (continued)

Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum credit risk exposure.

| In thousands of naira | Maximum Exposure | |
|---|--------------------|--------------------|
| | 2023 | 2022 |
| Cash and cash equivalents (note 21) | 132,372,865 | 36,025,067 |
| Trade receivables - gross (note 19.1) | 6,621,322 | 11,829,590 |
| Amount due from related parties - gross (note 19.2) | 1,415,830 | 702,265 |
| Staff receivables (note 19.2) | 1,050 | 94,164 |
| Receivables from 3rd party transporters (note 19.2) | 1,410,665 | 1,110,096 |
| Investment (note 17) | - | 86,213,956 |
| Lease receivable (note 19.3) | 1,078,762 | 410,859 |
| Total assets bearing credit risk | 142,900,494 | 136,385,997 |

(a) Impairment losses

(i) Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP growth rate and inflation rate in Nigeria to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors using statistical regression analysis.

The loss allowances of financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the input to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Set out below is the information about the credit risk exposure on the Company's trade receivables and amount due to related parties using a provision matrix:

| Trade receivables | 2023 | | | 2022 | | |
|-------------------|-------------------------|--------------------|------------------|-------------------------|--------------------|------------------|
| | Trade receivables | | | Trade receivables | | |
| | Actual Gross AR balance | Adjusted Loss rate | ECL | Actual Gross AR balance | Adjusted Loss rate | ECL |
| | ₦'000 | | ₦'000 | ₦'000 | | ₦'000 |
| Current | 3,194,540 | 0.46% | 14,730 | 8,178,350 | 1.00% | 81,324 |
| 0-30 days | 27,001 | 5.11% | 1,379 | 86,854 | 6.00% | 5,129 |
| 31-60 days | (19,363) | 16.42% | (3,179) | 87,535 | 22.00% | 19,340 |
| 61-90 days | 4,512 | 24.22% | 1,093 | 74,727 | 30.00% | 22,789 |
| 91-120 days | 4,000 | 32.24% | 1,290 | 119,267 | 41.00% | 48,833 |
| 121-150 days | 22,643 | 40.74% | 9,224 | 28,993 | 49.00% | 14,078 |
| 151-180 days | 6,256 | 48.12% | 3,010 | 733,109 | 54.00% | 394,494 |
| 181-210 days | 2,891 | 57.31% | 1,657 | (38,604) | 62.00% | (23,948) |
| 211-240 days | 8,874 | 62.22% | 5,521 | 35,072 | 76.00% | 26,625 |
| 241-270 days | 4,535 | 69.87% | 3,169 | 80,810 | 86.00% | 69,605 |
| 271-300 days | 31,586 | 80.90% | 25,552 | 290 | 99.00% | 288 |
| 301-330 days | 5,575 | 99.99% | 5,575 | 36,322 | 99.00% | 36,109 |
| 331+ days | 3,328,272 | 103.12% | 3,432,153 | 2,406,865 | 100.00% | 2,458,005 |
| Total | 6,621,322 | | 3,501,173 | 11,829,590 | | 3,152,671 |

(ii) Other financial assets at amortised cost

As at 31 December 2023, other financial assets at amortised cost include cash and cash equivalents, amount due from related parties, lease receivables and other receivables. The Company expects the total amount to be recovered. The identified impairment loss on cash and cash equivalents, lease receivables and other receivables are not material and have not been recognised.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The services of debt recovery agents has been employed to assist with the receivable deemed past due by the Company.

Amount due from related parties

| | 31 December 2023 | | | Total |
|---------------------------------------|--------------------------|--------------------------|--------------------------|------------------|
| | Stage 1 12 months ECL | Stage 2 Life time ECL | Stage 3 Life time ECL | |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross EAD | 1,415,830 | - | - | 1,415,830 |
| Loss allowance as at 31 December 2023 | (100,654) | - | - | (100,654) |
| Net EAD | 1,315,176 | - | - | 1,315,176 |

| | 31 December 2022 | | | Total |
|---------------------------------------|--------------------------|--------------------------|--------------------------|----------------|
| | Stage 1 12 months ECL | Stage 2 Life time ECL | Stage 3 Life time ECL | |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross EAD | 702,265 | - | - | 702,265 |
| Loss allowance as at 31 December 2022 | (40,596) | - | - | (40,596) |
| Net EAD | 661,669 | - | - | 661,669 |

The impairment provision analysis can be seen in (note 19.5)

Notes to the financial statements

4.3 Credit risk (continued)

The changes in expected credit loss can be attributed to a higher loss rates first five matrix band. The changes in expected credit loss for intercompany receivable can be attributed to a increase in balance in the period.

Sensitivity analysis

| | | |
|--------------------------|----------------|------------------|
| Inflation | 10% | -10% |
| Trade receivables | 662,132 | (662,132) |
| Intercompany receivables | 141,583 | (141,583) |
| Total | 803,715 | (803,715) |
| GDP | +10% | -10% |
| Trade receivables | 247,638 | (247,638) |
| Intercompany receivables | 52,952 | (52,952) |
| Total | 300,590 | (300,590) |

(b) Credit quality of financial assets

An analysis of the credit quality of cash and cash equivalents is presented as follows:

Credit quality of cash and cash equivalents

Credit Ratings

| | 2023 | 2022 |
|-----|--------------------|-------------------|
| | N'000 | N'000 |
| AAA | 7,855,433 | 11,069,993 |
| AA | 8,881,126 | 36,943 |
| A | 496,833 | 19,815,784 |
| BBB | - | 691,419 |
| B | 115,139,473 | 4,410,929 |
| | 132,372,865 | 36,025,068 |

Definitions of ratings

| | |
|--------|--|
| AAA | 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. |
| AA | A financial institution of good condition and strong capacity to meet its obligations with expectations of very low default risk. It indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. |
| A | A financial institution of good condition and strong capacity to meet its obligations. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when due should remain largely unchanged. |
| BBB | 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. |
| BB | 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments. |
| B | 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial condition is weak but obligations are still met as and when due. Has more than one major weakness and may require external support which may not be assured. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly. |
| Others | This indicates financial institutions or other counterparties with no available ratings and cash in hand. The company does not have collateral for its financial assets. |

(c) Credit concentration

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

4.4 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 liquidity risk arises from derivative financial instruments and unclaimed dividend. 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 conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(a) Management of liquidity risk

Cash flow forecasting is performed by treasury to monitor the Company's liquidity requirements and to ensure it has sufficient cash to meet operational needs. Such forecasts take into consideration the Company's committed plans and internal and administrative cash flow requirements.

The Company has incurred indebtedness in the form of trade payables, borrowings, lease liability, amount due to related parties and unclaimed dividends. The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. Surplus cash held by the Company over and above the balance required for working capital management are transferred to the treasury unit and invested in short term fixed deposit accounts.

Notes to the financial statements

(b) Maturities of financial liabilities

Below is the analysis of the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Contractual maturities of financial liabilities At 31 December 2023 | Less than 3 months N'000 | 3 months - 1 year N'000 | Above 1 year N'000 | Total N'000 |
|--|-------------------------------------|------------------------------------|-------------------------------|------------------------|
| Non-derivatives | | | | |
| Trade payables (note 22) | - | 53,833,657 | - | 53,833,657 |
| Borrowings - current (note 24(c)) | - | 374,339,382 | - | 374,339,382 |
| Lease liability (note 25(b)) | - | 4,326,020 | 15,765,510 | 20,091,530 |
| Accrued expenses (note 22) | - | 16,039,948 | - | 16,039,948 |
| Amount due to related parties (note 32(a)) | - | 127,321,294 | - | 127,321,294 |
| Unclaimed dividends (note 22.3) | 166,668 | - | - | 166,668 |
| | 166,668 | 575,860,301 | 15,765,510 | 591,792,479 |

Accrued expenses excludes liabilities for containers as this is a non financial instrument.

| Contractual maturities of financial liabilities At 31 December 2022 | Less than 3 months N'000 | 3 months - 1 year N'000 | Above 1 year N'000 | Total N'000 |
|--|-------------------------------------|------------------------------------|-------------------------------|------------------------|
| Non-derivatives | | | | |
| Trade payables (note 22) | - | 44,794,637 | - | 44,794,637 |
| Borrowings (note 24(c)) | - | 51,051,507 | 143,032,695 | 194,084,202 |
| Lease liability (note 25(b)) | - | 5,964,917 | 10,442,752 | 16,407,669 |
| Accrued expenses (note 22) | - | 11,764,869 | - | 11,764,869 |
| Amount due to related parties (note 32(a)) | - | 82,185,569 | - | 82,185,569 |
| Unclaimed dividends (note 22.3) | 163,566 | - | - | 163,566 |
| | 163,566 | 195,761,499 | 153,475,447 | 349,400,512 |

Accrued expenses excludes liabilities for containers as this is a non-financial instrument.

4.5 Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the financial results of the Company will be adversely impacted by unfavourable changes in exchange rates to which the Company is exposed. The Company's foreign exchange risk arises from cash and cash equivalent, trade and other payables, amount due to related parties, borrowings and derivative financial instruments. The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Company's cash flow and future profits. The Company is exposed to exchange rate risk to the extent of balances and transactions denominated in foreign currency.

The Company has entered into non deliverable forward contracts to mitigate the forex risk on the contractual interest and principal repayments of the foreign currency loan.

Foreign currency denominated balances

| | 2023 N'000 | 2022 N'000 |
|--|-----------------------|-----------------------|
| Cash and cash equivalents | 698,425 | 508,645 |
| Trade and other payables | (423,960) | (643,526) |
| Amount due to related parties | (127,321,294) | (82,185,569) |
| Borrowings | (374,339,382) | (143,032,695) |
| Derivative financial instruments (cash flow hedge) | 193,670,263 | 8,683,594 |
| | (307,715,948) | (216,669,551) |

Sensitivity analysis for foreign exchange risk

Foreign exchange risks arise from future commercial transactions and recognised assets. The Company makes payments and receipts primarily in Nigerian Naira. The Company is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Naira. The Company's significant balances are denominated in US Dollars, however, the company has balances in South African Rand and Euro.

| Financial instrument | Currency | Impact on profit or loss | 2023 N'000 | 2022 N'000 |
|---|-----------------|---------------------------------|-----------------------|-----------------------|
| Amount due to related parties | USD | 10% increase in exchange rates | (12,732,129) | (6,169,573) |
| | ZAR | 5% increase in exchange rates | (6,366,065) | (954,942) |
| | EUR | 10% increase in exchange rates | (12,732,129) | (26,560) |
| | GBP | 10% increase in exchange rates | (12,732,129) | (42,779) |
| Trade and other payables | USD | 10% increase in exchange rates | (42,396) | (43,259) |
| | ZAR | 5% increase in exchange rates | (21,198) | (5,040) |
| | EUR | 10% increase in exchange rates | (42,396) | (10,954) |
| | GBP | 5% increase in exchange rates | (21,196) | (30) |
| Derivative financial Foreign currency borrowing | USD | 10% increase in exchange rates | 19,367,026 | (868,359) |
| Foreign currency cash and cash equivalent | USD | 10% increase in exchange rates | (37,433,938) | (14,303,269) |
| | | | 69,843 | 50,865 |
| | | | (62,686,707) | (22,373,900) |

A five and ten percent decrease in exchange rate would have had an equal but opposite effect on the basis that all other variables remain constant.

Notes to the financial statements

(i) Foreign exchange risk(continued)

The following exchange rates applied during the year

| | 31 December 2023 | | 31 December 2022 | |
|-----|-----------------------|--------------|-----------------------|--------------|
| | Year end closing rate | Average rate | Year end closing rate | Average rate |
| USD | 911.68 | 656.06 | 460.82 | 431.02 |
| EUR | 1,006.38 | 710.13 | 491.51 | 447.23 |
| ZAR | 49.33 | 35.71 | 27.16 | 25.97 |

Foreign currency forwards

| | 2023 | 2022 |
|---|--|--|
| | ₦'000 | ₦'000 |
| Carry amount | 374,339,382 | 143,032,695 |
| Notional amount | 374,339,382 | 143,032,695 |
| | Jun 2023 - May 2024 Dec.2023 - Dec.2024 | Jun 2022 - May 2023 Dec.2022 - Dec.2023 |
| Maturity date | | |
| Change in discounted spot value of outstanding hedging instruments since inception of the hedge | 131,795,611 | 11,765,890 |
| Change in value of hedged item used to determine hedge ineffectiveness | 131,795,611 | 11,765,890 |
| Weighted average hedged rate for outstanding hedging instruments | USD 1 : 1,196.66 | USD 1 : 480.87 |

(ii) Interest rate risk

The Company's main interest rate risk arises from long- term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company interest rate risk also arises from bank overdrafts. The borrowings are periodically contractually repriced and to that extent are exposed to the risk of future changes in market interest rates. The Company is exposed to interest rate risk to the extent of balances and transactions. The Company's policy is to achieve an optimal balance between the cost of funding and the volatility of financial results, while taking into account market conditions as well overall business strategy.

Sensitivity analysis for interest rate risk

Below is the likely impact of changes in the interest rates:

| | 2023 | 2022 |
|--------------------------------|-------------|-----------|
| | ₦'000 | ₦'000 |
| Impact on profit or loss | | |
| 10% increase in interest rates | 1,821,847 | 375,278 |
| 10% decrease in interest rates | (1,821,847) | (375,278) |

(iii) Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to price risk.

4.6 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company monitors capital on the basis of the gearing ratio and no covenants are tied to gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios were as follows:

| | 2023 | 2022 |
|---------------------------------------|--------------------|--------------------|
| | ₦'000 | ₦'000 |
| Borrowings (note 24(c)) | 374,339,382 | 194,084,202 |
| Cash and cash equivalents (note 21.1) | (132,372,865) | (36,025,067) |
| Net debt | 241,966,517 | 158,059,135 |
| Total equity | 115,407,044 | 117,330,433 |
| Total capital | 357,373,561 | 275,389,568 |
| Gearing ratio | 210% | 135% |

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2023.

Notes to the financial statements

4.7 Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

At the reporting date, the Company valued its derivatives as measured at fair value in the level 2 fair value hierarchy. The carrying amounts of all other assets and liabilities (excluding long term borrowings) at the reporting date approximate their fair values based on market observable data. The fair values of long term borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy.

(i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards. There were no transfers between levels in the period (2022: nil). There were no valuation technique used in the valuation of the financial instruments. An explanation of each level follows underneath the table;

| Recurring fair value measurements At 31 December 2023 | Level 1 N'000 | Level 2 N'000 | Level 3 N'000 | Total N'000 |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Financial assets | | | | |
| Derivatives financial assets (note 20) | - | 193,670,263 | - | 193,670,263 |
| Total financial assets | - | 193,670,263 | - | 193,670,263 |
| Recurring fair value measurements At 31 December 2022 | | | | |
| Derivatives financial assets (note 20) | - | 8,683,594 | - | 8,683,594 |
| Total financial assets | - | 8,683,594 | - | 8,683,594 |

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 prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ii) Cash flow hedges that qualify for hedge accounting

Fair value loss recognized within reserves is shown below:

| | 2023 N'000 | 2022 N'000 |
|--|-----------------------|-----------------------|
| Fair value gain/(loss) on cash flow hedge instrument | 69,110,017 | (3,082,296) |

4.8 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

Notes to the financial statements

| | | |
|--|--------------------|--------------------|
| 5 Revenue | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Revenue from contracts with customers | 260,598,228 | 218,650,267 |
| The Company derives revenue from the sales of goods at a point in time. | | |
| Disaggregation of revenue from contracts with customers | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Key accounts | 4,094,619 | 5,373,110 |
| Distributors | 256,503,609 | 213,277,157 |
| | 260,598,228 | 218,650,267 |
| Analysis of sales by location | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Local sales | 260,598,228 | 218,650,267 |
| | 260,598,228 | 218,650,267 |
| 6 Cost of sales | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Materials consumed and allocated overheads | 136,804,587 | 104,769,895 |
| Employee benefit expenses (note 9.2) | 5,478,658 | 3,282,965 |
| Technical management fees | 3,244,097 | 6,578,451 |
| Depreciation of container (note 7.1) | 14,007,845 | 18,382,740 |
| Depreciation - property, plant and equipment (note 7.1) | 14,794,639 | 12,061,359 |
| | 174,329,826 | 145,075,410 |
| * Management adopted a new presentation approach for cost of sales by reporting distribution expenses below the gross margin line. A balance of ₦29.9 Billion was reclassified from materials consumed and allocated to overheads to distribution expense in order for the comparative figures to conform to the current year presentation (see Note 9). | | |
| 7 Administrative expenses | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Employee benefit expenses (note 9.2) | 5,586,416 | 5,524,727 |
| Other staff related costs | 2,789,771 | 2,457,566 |
| Staff recruitment and training expenses | 94,482 | 115,901 |
| Audit fee | 144,929 | 113,863 |
| Corporate social responsibilities & donations | 310,160 | 240,751 |
| Business running costs* | 11,977,372 | 10,524,211 |
| Depreciation - property, plant and equipment (note 7.1) | 3,165,689 | 6,025,088 |
| Depreciation-Right of use assets (note 15 & 7.1) | 8,089,714 | 5,828,328 |
| Amortisation of intangible asset (note 7.1) | 994,897 | 649,092 |
| | 33,153,430 | 31,479,527 |
| * Business running cost are administrative expenses incurred in running the business activities (e.g security, cleaning, maintenance, IT cost, insurance and travel). | | |
| 7.1 Depreciation and amortisation expense | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Reported in cost of sales | 28,802,484 | 30,444,099 |
| Reported in administrative expenses | 12,250,300 | 12,502,507 |
| | 41,052,784 | 42,946,606 |
| 8 Impairment charge on financial assets | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Bad debt | 1,273,778 | 33,823 |
| 9 Marketing, promotion and distribution expenses | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Employee benefit expense (note 9.2) | 5,256,338 | 4,011,252 |
| Distribution Expense | 34,804,150 | 29,935,565 |
| Advertising and promotion | 14,817,255 | 15,344,692 |
| | 54,877,743 | 49,291,509 |

Notes to the financial statements

| | | |
|--|---------------------|---------------------|
| 9.1 Employee benefits expenses | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Salaries and wages | 14,952,403 | 11,542,305 |
| Defined contribution | 651,961 | 613,159 |
| Defined benefit | 717,048 | 663,480 |
| Employee benefit expenses | 16,321,412 | 12,818,944 |
| 9.2 Reported in statement of profit or loss | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Reported in cost of sales | 5,478,658 | 3,282,965 |
| Reported in administrative expenses | 5,586,416 | 5,524,727 |
| Reported in marketing, promotion and distribution expenses | 5,256,338 | 4,011,252 |
| | 16,321,412 | 12,818,944 |
| 10 Other income | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Sundry income* | 1,717,288 | 207,334 |
| Royalty received** | 195,662 | 75,866 |
| | 1,912,950 | 283,200 |
| *Sundry income relates to income on outsourcing of in-house technology tools and write-off of long outstanding payable balances. | | |
| **Royalty received relates to royalty agreement with Accra Breweries Limited for production and sale of Beta Malt. | | |
| 11 Other losses - net | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Net foreign exchange loss - realised (note 11.1) | (14,399,913) | (8,362,000) |
| Net foreign exchange loss - unrealised (note 11.2) | (55,980,945) | (5,109,751) |
| Write-off of deposit liabilities | 1,551,186 | 11,139,374 |
| Write off of PPE (note 31.2) | (9,053,759) | (12,053,293) |
| | (77,883,431) | (14,385,670) |
| 11.1 Net foreign exchange loss - realised | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Foreign exchange loss - realised | (14,399,913) | (8,362,000) |
| | (14,399,913) | (8,362,000) |
| 11.2 Net foreign exchange loss- unrealised | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Foreign exchange gain - unrealised | 14,955,977 | - |
| Foreign exchange loss - unrealised | (54,697,136) | (13,056,092) |
| Fair value (loss)/gain on cash flow hedge | (16,239,786) | 7,946,341 |
| | (55,980,945) | (5,109,751) |
| 12 Finance income and costs | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Finance income | | |
| Interest income | 11,464,181 | 5,165,679 |
| Finance costs | | |
| Interest expense on borrowings | (24,711,674) | (5,383,472) |
| Interest on overdraft | (41,795) | (1,759,215) |
| Interest expense on lease liabilities | (4,970,976) | (3,534,983) |
| Total finance costs | (29,724,445) | (10,677,670) |
| Net finance costs | (18,260,264) | (5,511,991) |

Notes to the financial statements

| 13 Current income tax and deferred tax | 2023 | 2022 |
|---|-------------|-------------|
| <i>In thousands of naira</i> | | |

| | | |
|--|--------------|-------------|
| 13.1 Current income tax | | |
| Company income tax | 1,606,450 | 1,322,951 |
| Education tax | 1,152,048 | 297,886 |
| Prior year over provision | (637,076) | - |
| Total current income tax | 2,121,422 | 1,620,837 |
| Deferred income tax credit to profit or loss | (29,362,806) | (6,839,011) |
| Total tax credit to profit or loss | (27,241,384) | (5,218,174) |

Deferred tax related to items recognised in OCI during the year:

| | | |
|--|---------|-----------|
| Remeasurements of post employment benefits obligations | (8,278) | (109,432) |
| Total tax credit to comprehensive income | (8,278) | (109,432) |

Provision for income tax is computed on the basis of minimum Tax rate of 0.5% (2022: 0.5%) of gross turnover in accordance with the provisions of the Finance Act, 2021. Education tax represents 3% (2022: 2.5%) of assessable profit in accordance with the provisions of the Education Tax Act.

| | | |
|--|-------------|-------------|
| 13.2 Reconciliation of effective tax rate | 2023 | 2022 |
| <i>In thousands of naira</i> | | |

| | | |
|--|--------------|--------------|
| Loss before tax | (97,267,294) | (26,844,464) |
| Tax at Nigeria corporation tax rate of 30% (2022: 30%) | (29,180,188) | (8,053,339) |
| Education tax at 3% (2022: 2.5%) of assessable profit | 1,152,048 | 297,886 |
| Minimum tax at 0.5% (2022: 0.25%) of Gross turnover | 1,606,450 | 1,322,951 |
| (Income)/expenses giving rise to permanent difference | (819,694) | 1,214,328 |
| Total tax credit to profit or loss | (27,241,384) | (5,218,174) |

| | | |
|--|-------------|-------------|
| 13.3 Current income tax liability | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| At 1 January | 2,257,913 | 1,414,107 |
| Current year tax expense | 2,121,422 | 1,620,837 |
| Payment during the year | (1,214,253) | (313,334) |
| Withholding tax credit | (406,584) | (463,697) |
| At 31 December | 2,758,498 | 2,257,913 |

- 13.4 Deferred income tax**
Deferred taxes are calculated on all temporary differences using the liability method and an effective tax rate of 30%. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The analysis of deferred tax assets and deferred tax liabilities is as follows:

| | | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Deferred tax assets: | | |
| -Deferred tax assets to be utilised after more than 12 months | 61,984,389 | 32,613,306 |
| | 61,984,389 | 32,613,306 |

| Deferred tax assets | Right of use assets | Property, plant and equipment | Provisions | Unrealised exchange difference | Total |
|--|---------------------|-------------------------------|------------|--------------------------------|------------|
| <i>In thousands of naira</i> | | | | | |
| The gross movement on the deferred income tax account is as follows: | | | | | |
| At 31 December 2022 | 135,929 | 28,438,362 | 2,314,957 | 1,724,058 | 32,613,306 |
| Credited to profit or loss | 346,517 | 655,537 | 71,800 | 28,288,950 | 29,362,805 |
| Credit to OCI | - | - | 8,278 | - | 8,278 |
| At 31 December 2023 | 482,446 | 29,093,899 | 2,395,035 | 30,013,008 | 61,984,389 |

| | | |
|--|-------------|-------------|
| | 2023 | 2022 |
| The gross movement on the deferred income tax account is as follows: | | |
| <i>In thousands of naira</i> | | |
| At 1 January | 32,613,306 | 25,664,863 |
| Credit to profit or loss | 29,362,805 | 6,839,011 |
| Credit to OCI | 8,278 | 109,432 |
| At 31 December | 61,984,389 | 32,613,306 |

A deferred tax asset of ₦62.46 billion (2022: ₦32.61 billion) arose as a result of unrealised exchange difference and unutilised capital allowances. The Company has incurred losses in recent financial years. The directors have concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Company. The losses can be carried forward indefinitely and have no expiry date.

Notes to the financial statements

14 Property, plant and equipment

| | Land | Buildings | Plant and machinery | Vehicles, furniture and equipment | Returnable containers | Assets in course of construction | Total |
|---------------------------------|------------------|---------------------|---------------------|-----------------------------------|-----------------------|----------------------------------|----------------------|
| <i>In thousands of naira</i> | | | | | | | |
| Cost | | | | | | | |
| As at 1 January 2023 | 4,630,349 | 59,998,115 | 192,080,855 | 28,848,739 | 51,900,165 | 23,248,492 | 360,706,715 |
| Additions | - | - | - | - | - | 45,790,432 | 45,790,432 |
| Transfers | - | 7,959,915 | 9,219,071 | 1,104,015 | 18,884,100 | (39,862,994) | (2,695,893) |
| Adjustment* | (2,241) | - | - | - | - | - | (2,241) |
| **Write off | - | - | - | - | (27,317,790) | - | (27,317,790) |
| Disposals | - | (24,661) | (1,830,315) | (3,962,738) | - | - | (5,817,714) |
| As at 31 December 2023 | 4,628,108 | 67,933,369 | 199,469,611 | 25,990,016 | 43,466,475 | 29,175,930 | 370,663,509 |
| As at 1 January 2022 | 4,518,399 | 57,940,114 | 181,378,022 | 28,135,174 | 101,377,387 | 8,676,775 | 382,025,871 |
| Additions | - | - | - | - | - | 58,591,361 | 58,591,361 |
| Transfers | 111,950 | 2,058,241 | 12,232,137 | 713,565 | 25,717,528 | (44,019,644) | (3,186,223) |
| **Write off | - | (240) | (1,529,304) | - | (75,194,750) | - | (76,724,294) |
| As at 31 December 2022 | 4,630,349 | 59,998,115 | 192,080,855 | 28,848,739 | 51,900,165 | 23,248,492 | 360,706,715 |
| Accumulated Depreciation | | | | | | | |
| As at 1 January 2023 | - | (9,271,245) | (62,568,538) | (21,045,865) | (15,749,546) | - | (108,635,194) |
| Depreciation for the year | - | (1,252,229) | (13,114,838) | (3,593,261) | (14,007,845) | - | (31,968,173) |
| **Write off | - | - | - | - | 18,264,031 | - | 18,264,031 |
| Disposals | - | 7,175 | 1,229,485 | 3,759,475 | - | - | 4,996,135 |
| As at 31 December 2023 | - | (10,516,299) | (74,453,891) | (20,879,651) | (11,493,360) | - | (117,343,201) |
| As at 1 January 2022 | - | (8,034,066) | (51,547,944) | (16,360,379) | (60,893,528) | - | (136,835,917) |
| Depreciation for the year | - | (1,237,283) | (12,163,678) | (4,685,486) | (18,382,740) | - | (36,469,187) |
| **Write off | - | 104 | 1,143,084 | - | 63,526,722 | - | 64,669,910 |
| As at 31 December 2022 | - | (9,271,245) | (62,568,538) | (21,045,865) | (15,749,546) | - | (108,635,194) |
| Carrying amount | | | | | | | |
| At 31 December 2023 | 4,628,108 | 57,417,070 | 125,015,720 | 5,110,365 | 31,973,115 | 29,175,930 | 253,320,308 |
| Carrying amount | | | | | | | |
| At 31 December 2022 | 4,630,349 | 50,726,870 | 129,512,317 | 7,802,874 | 36,150,619 | 23,248,492 | 252,071,521 |

*Adjustment relate to reversal of Capex GRN wrongly recognised in prior year.

**Write off comprises of assets no longer in use by the Company.

Notes to the financial statements

| | | |
|--|---------------------|---------------------|
| 15 Right of use assets | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Cost | | |
| Opening balance | 27,254,161 | 15,180,915 |
| Additions | 10,729,860 | 12,073,246 |
| As at 31 December | 37,984,021 | 27,254,161 |
| Accumulated depreciation | | |
| Opening balance | (11,264,736) | (5,436,408) |
| Charge for the year | (8,089,715) | (5,828,328) |
| As at 31 December | (19,354,451) | (11,264,736) |
| Carrying amount | 18,629,570 | 15,989,425 |
| 15.1 Amounts recognised in the statement of financial position | | |
| The statement of financial position shows the carrying amounts relating to leases: | | |
| <i>In thousands of naira</i> | 2023 | 2022 |
| Land | 13,560 | 18,645 |
| Vehicle | 17,090,281 | 14,300,163 |
| Building | 1,617,120 | 1,670,618 |
| | 18,720,961 | 15,989,426 |
| 15.2 Amounts recognised in the statement of profit or loss | | |
| Depreciation charge on right of use assets | 2023 | 2022 |
| Land | 5,085 | 5,085 |
| Vehicle | 6,068,459 | 4,669,714 |
| Buildings | 2,017,488 | 1,153,529 |
| | 8,091,032 | 5,828,328 |
| Short term leases relate to leases of warehouses with contractual lease terms of less than or equal to 12 months. At the end of the reporting period, no rental expense (2022: Nil) was recognised within Administrative expenses (Note 7) for these leases. The Company does not have low-value leases and variable lease payments as lease payments are not increased during the life time of the asset. | | |
| The Company primarily leases land and buildings (used as office space, warehouse and residency) and vehicles (used for logistics purposes). The lease terms are typically for fixed periods ranging from 2 years to 3 years but may have extension options. | | |
| 16 Intangible assets | 2023 | 2022 |
| Computer software | | |
| <i>In thousands of naira</i> | | |
| Cost | | |
| Opening balance | 4,860,842 | 1,674,619 |
| Transfers from asset in course of construction (note 14) | 2,698,134 | 3,186,223 |
| As at 31 December | 7,558,976 | 4,860,842 |
| Accumulated amortisation | | |
| Opening balance | (1,609,475) | (960,384) |
| Charge for the year | (994,897) | (649,091) |
| As at 31 December | (2,604,372) | (1,609,475) |
| Carrying amount | 4,954,604 | 3,251,367 |
| Intangible assets relate to computer software programme licenses acquired by the Company. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives. The costs are amortised to "administrative expenses" in the profit or loss. | | |
| 17 Investments | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Investment securities | - | 86,213,956 |
| | - | 86,213,956 |
| 18 Inventories | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Raw materials (note 18.2) | 25,532,990 | 10,748,343 |
| Spares parts, fuel and lubricants (note 18.1) | 7,440,492 | 7,938,377 |
| Production in progress | 4,221,987 | 2,309,508 |
| Consumables* | 461,833 | 567,955 |
| Finished products | 4,257,994 | 1,714,871 |
| Goods in transit | 6,587,953 | 3,635,347 |
| | 48,503,249 | 26,914,401 |

*Consumables are trade items used for brand activations and promotions.

During the year inventory expensed to cost of sales amounted to ₦136.8 billion (2022: ₦104.7 billion)

Notes to the financial statements

| | | |
|---|--------------------------|--------------------------|
| 18.1 Spares parts, fuel and lubricants | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Spares parts, fuel and lubricants | 8,495,928 | 8,887,541 |
| Provision for obsolete inventory | <u>(1,055,436)</u> | <u>(949,164)</u> |
| | <u>7,440,492</u> | <u>7,938,377</u> |
| 18.2 Raw materials | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Raw materials | 25,613,102 | 10,766,604 |
| Provision for obsolete inventory | <u>(80,112)</u> | <u>(18,261)</u> |
| | <u>25,532,990</u> | <u>10,748,343</u> |
| 19 Trade and other receivables | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| 19.1 Trade receivables | 6,621,322 | 11,829,590 |
| Impairment provision on trade receivables (note 19.5) | <u>(3,501,173)</u> | <u>(3,152,671)</u> |
| Net trade receivables | <u>3,120,149</u> | <u>8,676,919</u> |
| 19.2 Other financial assets at amortised cost | | |
| Amount due from related parties (note 32b) | 1,415,830 | 702,265 |
| Impairment on amount due from related parties (note 19.5b) | <u>(100,654)</u> | <u>(40,596)</u> |
| Staff receivables | 1,050 | 94,164 |
| Lease receivables (note 19.3) | 1,078,762 | 410,859 |
| Receivables from 3rd party transporters and vendors | <u>1,410,665</u> | <u>1,110,096</u> |
| | <u>3,805,653</u> | <u>2,276,788</u> |
| 19.3 The Company has entered into operating leases with its distributors for trucks and fork lift usage. These leases have terms of between two to three years. Rental income is recognized in other operating income on a straight-line basis over the term of the lease under an operating lease agreement. Rental income recongized by the Company during the year ₦292 million (2022: ₦239.4 million). | | |
| Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows: | | |
| <i>In thousands of naira</i> | 2023 | 2022 |
| Current | 1,078,762 | 410,859 |
| Non - Current | <u>-</u> | <u>-</u> |
| | <u>1,078,762</u> | <u>410,859</u> |
| 19.4 Non-financial assets | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Deposit for import* | 921,074 | 10,567,835 |
| Rebate receivable | 1,394,341 | 515,404 |
| WHT receivable | 659,513 | 32,712 |
| Interest receivables | 982,498 | 216,584 |
| Prepayments** | <u>178,985</u> | <u>202,859</u> |
| | <u>4,136,411</u> | <u>11,535,394</u> |
| Total trade and other receivables | <u>11,062,213</u> | <u>22,489,101</u> |
| *Deposit for import of ₦0.928 billion (2022: ₦10.6 billion) represents naira deposits for foreign currencies purchased for funding of letters of credits and forwards. All which relates to imported raw materials. | | |
| ** Prepayments relates to advance payment on insurance premium and outlets exclusivity. | | |
| <i>In thousands of naira</i> | 2023 | 2022 |
| Current | 11,062,213 | 22,489,101 |
| Non current | <u>-</u> | <u>-</u> |
| | <u>11,062,213</u> | <u>22,489,101</u> |
| 19.5 Impairment provision analysis | 2023 | 2022 |
| a Trade receivable | | |
| <i>In thousands of naira</i> | | |
| Opening balance | 3,152,671 | 3,956,753 |
| Write-back during the year | <u>(925,276)</u> | <u>(837,905)</u> |
| Increase in trade receivable allowance | 1,273,778 | 33,823 |
| Balance at 31 December | <u>3,501,173</u> | <u>3,152,671</u> |
| Impairment recognised on trade receivable represent the loss allowance measured at an amount equal to lifetime expected credit losses. | | |

Notes to the financial statements

19.5 Impairment provision analysis (continued)

| b Intercompany receivable | 2023 | 2022 |
|---|----------------|---------------|
| <i>In thousands of naira</i> | | |
| Opening balance | 40,596 | 149,071 |
| Impairment/(write-back) on intercompany receivables | 60,058 | (108,475) |
| Balance at 31 December | 100,654 | 40,596 |

Impairment recognised on intercompany receivable represent the loss allowance measured at an amount equal to 12-month expected credit losses.

20 Derivative financial instruments

| <i>In thousands of naira</i> | 2023 | 2022 |
|---|--------------------|------------------|
| Current assets | | |
| Foreign currency forwards cash flow hedges | 193,670,263 | 8,683,594 |
| Total current derivative financial instrument assets | 193,670,263 | 8,683,594 |

21 Cash and cash equivalents

| <i>In thousands of naira</i> | 2023 | 2022 |
|------------------------------|--------------------|-------------------|
| Cash at bank | 19,887,004 | 28,831,715 |
| Restricted cash* | 8,880,441 | 7,193,352 |
| Short-term investment | 103,605,420 | - |
| | 132,372,865 | 36,025,067 |

Cash and cash equivalents comprise cash on hand and demand deposits together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

*Restricted cash is collateral deposit held by the bank till the maturity date of forward contracts.

21.1 Reconciliation to cash flow

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

| <i>In thousands of naira</i> | 2023 | 2022 |
|--------------------------------------|--------------------|-------------------|
| Balances as above | 132,372,865 | 36,025,067 |
| Balances per statement of cash flows | 132,372,865 | 36,025,067 |

22 Trade and other payables

| <i>In thousands of naira</i> | 2023 | 2022 |
|--|--------------------|--------------------|
| Trade payable | 53,833,657 | 44,794,637 |
| Accrued expenses | 16,039,948 | 14,713,190 |
| Amount due to related parties (note 32b) | 127,321,294 | 82,185,569 |
| Contract liabilities (note 22.2) | 7,622,299 | 3,926,556 |
| Unclaimed dividends | 166,668 | 163,566 |
| Other payables (note 22.1) | 4,193,554 | 5,783,466 |
| | 209,177,420 | 151,566,984 |

22.1 Other payables

| <i>In thousands of naira</i> | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Other provisions | 24,000 | 21,000 |
| Excise duty | 2,496,188 | 2,041,883 |
| VAT payable | 1,445,037 | 1,148,373 |
| WHT payable | 228,329 | 2,572,210 |
| | 4,193,554 | 5,783,466 |

Trade payables are unsecured and are usually due within 30 - 90 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

22.2 Contract liabilities

| <i>In thousands of naira</i> | 2023 | 2022 |
|-----------------------------------|------------------|------------------|
| Customer deposits | 7,622,299 | 3,926,556 |
| Total contract liabilities | 7,622,299 | 3,926,556 |

Reconciliation of contract liabilities

| <i>In thousands of naira</i> | 2023 | 2022 |
|------------------------------|------------------|------------------|
| At 1 January | 3,926,556 | 3,516,774 |
| Receipt from customers | 7,622,299 | 3,926,556 |
| Transfer to revenue | (3,926,556) | (3,516,774) |
| At 31 December | 7,622,299 | 3,926,556 |

22.3 Unclaimed dividends

| <i>In thousands of naira</i> | 2023 | 2022 |
|------------------------------|----------------|----------------|
| At 1 January | 163,566 | 163,566 |
| Addition | 3,102 | - |
| At 31 December | 166,668 | 163,566 |

Notes to the financial statements

23 Employee benefits obligations

i) Defined contribution plan

International Breweries Plc operates contributory pension scheme under the Nigerian Pension Reform Act, 2014. Contributions are through appointed Pension Fund Administrators that provide pension benefits for employees upon retirement.

ii) Defined benefit gratuity scheme

Provision is made for gratuities due to staff upon disengagement based on their years of service and current emoluments as contained in the staff conditions of service. The Company makes provisions for gratuity for employees that have spent at least 5 years continuing service in the Company. The mandatory retirement age for all staff is 60 years. For pension, the Company's legal or constructive obligation for these plans is limited to the contributions. Contribution is based on total emoluments (basic salary, transport, housing and meal allowances).

Expected increase to post-employment benefit plans for the year ended 31 December 2023 is ₦382.6 million (2022: ₦374 million). There are no plan assets set aside to meet gratuity payments when they fall due. Gratuity benefits are met by the Company on a pay-as-you-go basis.

23.1 Amount recognised in the statement of financial position

| Movement in the present value of | 2023 | 2022 |
|---|------------------|------------------|
| <i>In thousands of naira</i> | | |
| Defined benefit obligation at 1 January | 2,604,539 | 2,323,911 |
| Current service costs | 382,572 | 374,610 |
| Interest cost | 334,476 | 288,870 |
| Amount recognised in the profit or loss | 717,048 | 663,480 |
| Gain on liability due to changes in financial assumptions | (225,434) | (99,087) |
| Gain liability due to experience adjustment | (26,932) | (95,956) |
| Net actuarial gain recognised in OCI | (252,366) | (195,043) |
| Benefits paid by the plan | (345,634) | (187,809) |
| Defined benefit obligations at 31 December | 2,723,587 | 2,604,539 |

23.2 Actuarial assumption and sensitivity analysis

a Actuarial assumption

| | 2023 | 2022 |
|--|--|--------------|
| *Discount Rate | 17% | 14% |
| Average Long-term Rate of Future Salary Increases (p.a.) | 14% | 12% |
| Average Long-term Rate of Interest Credit (p.a.) | 5% | 5% |
| Average Future Long-term Rate of Inflation (p.a.) | N/A | N/A |
| **Mortality in service | A67/70 Table | A67/70 Table |
| **Mortality in retirement | N/A | N/A |
| Turnover Rates | 7.5% up to 29yrs 10% from 30 to 39yrs 10% from 40 to 44yrs 10% from 45 to 54yrs 5% above 54 yrs. | |
| Actuarial cost method | Projected Unit Credit | |

*The liability duration of the Gratuity Plan is estimated at 9.96 years (2022: 9.6 years). We have compared this with the modified duration of the closest FGN bond as at 29th December 2023 which was 6.57 years with a gross redemption yield of about 16.25 %. We have therefore adopted a discount rate of 16.50% (2022: 13.5%).

Competency of the valuer

The expert values International Breweries Plc's obligation to the staff gratuity benefit plan it operates for its employees.

The actuarial valuation was performed by Chidiebere Orji with FRC registration number FRC/2021/004/00000022718 with applicable fees of ₦4.8 million (2022: ₦4.3 million).

b Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | | 2023 | 2022 |
|------------------------------|--------------------------|-------------|-------------|
| <i>In thousands of naira</i> | | | |
| Basic assumptions | | 2,723,587 | 2,606,539 |
| Discount rate | +1% | 2,547,112 | 2,424,213 |
| | -1% | 2,922,390 | 2,809,346 |
| Salary Increase | +1% | 2,912,085 | 2,787,179 |
| | -1% | 2,555,021 | 2,442,690 |
| Mortality | Age Rated Up by 1 year | 2,723,848 | 2,604,521 |
| | Age Rated Down by 1 year | 2,732,340 | 2,604,541 |

The sensitivity analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the assumptions shown. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the financial statements

23.2 Actuarial assumption and sensitivity analysis (continued)

c Maturity Profile of the defined benefit obligation

In thousands of naira

Within the next 12 months (next annual reporting period)

Between 2 and 5 years

Between 6 and 10 years

Beyond 10 years

Total

| | 2023 | 2022 |
|--|--------------------------|--------------------------|
| | 278,850 | 253,880 |
| | 1,733,437 | 1,494,356 |
| | 4,452,959 | 3,430,848 |
| | <u>59,798,587</u> | <u>36,968,726</u> |
| | <u>66,263,833</u> | <u>42,147,810</u> |

d Risk exposure

Through its defined benefit, the Company is exposed to a number of risks, the most significant of which are detailed below:

| | |
|-----------------------|---|
| Inflation risks | Some of the Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). |
| Life expectancy | The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the Company's plan, where inflationary increases result in higher sensitivity to changes in life expectancy. |
| Changes in bond yield | A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. |

24 Borrowings

The overdraft facilities from the various banks are all secured by corporate guarantee of the Company. Interest on the bank overdrafts is payable at rates ranging from 18.5% to 19% (2022: 15% to 25%). There were no overdraft facilities during the period.

The loan of \$424m with an outstanding balance of \$389.08m (2022: \$309m) obtained from Citi Bank in 2018 with maturity date of May 2021 was rolled over for an additional 3 years period. The Company entered into non deliverable forward contracts for part of the balance to mitigate the forex risk on the contractual interest and principal repayments. There are also revolving credit facilities of up to ₦42 billion that have not been drawn down by the company as at end of the reporting period.

Interest rates on the Company's loans range from 5% to 6.5%. The Company's borrowings are within the period from one year to three years

| | 2023 | 2022 |
|-----------------------------------|---------------------------|---------------------------|
| <i>In thousands of naira</i> | | |
| (a) Current | | |
| Term bank loan | <u>374,339,382</u> | <u>51,051,508</u> |
| | <u>374,339,382</u> | <u>51,051,508</u> |
| (b) Non current | | |
| <i>In thousands of naira</i> | | |
| Term bank loan | <u>-</u> | <u>143,032,695</u> |
| | <u>-</u> | <u>143,032,695</u> |
| (c) Movement in borrowings | | |
| <i>In thousands of naira</i> | | |
| At 1 January | 194,084,203 | 175,409,112 |
| Additions | 41,617,660 | 69,954,323 |
| Interest | 24,711,674 | 7,142,687 |
| Principal repayments | (56,627,291) | (62,005,600) |
| Interest repayments | (5,469,899) | (6,339,229) |
| Exchange loss | <u>176,023,035</u> | <u>9,922,910</u> |
| | <u>374,339,382</u> | <u>194,084,203</u> |

25 Leases

The total cashflow for all leases for 2023 amounted to ₦10.8 billion (2022: ₦8.2 billion)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | 2023 | 2022 |
|------------------------------|--------------------------|--------------------------|
| (a) Lease liabilities | | |
| <i>In thousands of naira</i> | | |
| Opening balance | 16,407,669 | 9,328,691 |
| Addition | 9,514,910 | 11,759,165 |
| Interest expense | 4,970,976 | 3,534,983 |
| Repayments | (10,802,025) | (8,215,170) |
| Closing balance | <u>20,091,530</u> | <u>16,407,669</u> |
| (b) Current | 4,326,020 | 5,964,917 |
| Non-current | <u>15,765,510</u> | <u>10,442,752</u> |
| | <u>20,091,530</u> | <u>16,407,669</u> |

26 Share capital

In thousands of naira

Issued and fully paid:

26,862,065,850 Ordinary shares of 50 kobo each

Balance as at 31 December

| | 2023 | 2022 |
|--|--------------------------|--------------------------|
| | <u>13,431,034</u> | <u>13,431,034</u> |
| | <u>13,431,034</u> | <u>13,431,034</u> |

Notes to the financial statements

| | | |
|---|--------------------|---------------------|
| 27 Share premium | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Opening balance | 159,803,396 | 159,803,396 |
| Balance as at 31 December | 159,803,396 | 159,803,396 |
| 28 Other reserve | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Balance at 1 January and 31 December | 1,360,756 | 1,360,756 |
| 29 Employee benefit reserves | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Opening balance | (227,281) | (531,756) |
| Net Actuarial gain recognised in OCI | 252,366 | 195,043 |
| Deferred tax | 8,278 | 109,432 |
| Balance as at 31 December | 33,363 | (227,281) |
| 30 Loss per share | | |
| Basic loss per share (LPS) is calculated by dividing the loss after taxation by the weighted average number of ordinary shares in issue at the end of the reporting period. | | |
| | 2023 | 2022 |
| Loss attributable to shareholders (₦'000) | (70,025,910) | (21,626,290) |
| Weighted average number of ordinary shares in issue (₦'000) | 26,862,069 | 26,862,069 |
| Basic and diluted loss per share (Naira) | (2.61) | (0.81) |
| Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (2022: Nil), hence the basic and diluted loss per share have the same value. | | |
| 31 Cash generated from operating activities | | |
| 31.1 Reconciliation of cash generated from operations | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Loss before tax | (97,267,294) | (26,844,464) |
| Adjustment for non cash items: | | |
| Depreciation of property, plant and equipment (note 14) | 31,968,173 | 36,469,187 |
| Depreciation - Right of use assets (note 15) | 8,089,715 | 5,828,328 |
| Amortisation of intangible assets (note 16) | 994,897 | 649,091 |
| PPE adjustment | (2,241) | - |
| Fair value gain on foreign currency forwards (note 4.2) | (184,986,669) | (8,249,649) |
| Fair value gain on foreign currency forwards cashflow hedge (note 4.2) | - | (2,611,094) |
| Interest income (note 12) | (11,464,181) | (5,165,679) |
| Interest expense on borrowings (note 24(c)) | 24,711,674 | 7,142,687 |
| Interest expense on lease liabilities (note 25a) | 4,970,976 | 3,534,983 |
| Employee benefit expense (note 23.1) | 717,048 | 663,480 |
| Write off of property plant and equipment (note 31.2) | 9,053,759 | 12,054,385 |
| Loss on disposal of property plant and equipment | 826,923 | - |
| Impairment loss on financial assets (note 19.5) | 1,273,778 | 33,823 |
| Fair value change on foreign currency forwards cash flow hedges (note 4.2) | 67,841,877 | 3,348,347 |
| Unrealised exchange loss (note 24) | 176,023,035 | 9,922,910 |
| Changes in working capital: | | |
| Decrease in trade and other receivables (note 31.3) | 10,153,112 | 3,224,584 |
| Increase in inventories (note 31.3) | (21,588,848) | (4,373,713) |
| Increase in trade and other payables (note 31.3) | 57,607,334 | 8,004,586 |
| Net cash generated from operations | 78,923,068 | 43,631,792 |
| 31.2 An analysis of write off of property, plant and equipment is shown below: | | |
| <i>In thousands of naira</i> | 2023 | 2022 |
| Cost of asset written off | (27,317,790) | (76,724,295) |
| Accumulated depreciation of asset written off | 18,264,031 | 64,669,910 |
| Write off of property plant and equipment | (9,053,759) | (12,054,385) |

Notes to the financial statements

31.3 Reconciliation to cashflows: changes in working capital

| | Trade receivables N'000 | Inventories N'000 | Trade payables N'000 |
|--|----------------------------|----------------------|-------------------------|
| 2022 | | | |
| Movement per the statement of financial position | 3,190,761 | (4,373,713) | 8,004,586 |
| Impairment of financial assets | 33,823 | - | - |
| Movement per statement of cash flows | 3,224,584 | (4,373,713) | 8,004,586 |
| 2023 | | | |
| Movement per the statement of financial position | 8,879,334 | (21,588,848) | 57,607,334 |
| Impairment of financial assets | 1,273,778 | - | - |
| Movement per statement of cash flows | 10,153,112 | (21,588,848) | 57,607,334 |

32 Related parties

The Company's related parties include the ultimate parent Company, AB InBev, SAB-Miller Finance BV and SAB-Miller Plc a subsidiary of AB InBev; its group entities; the directors, their close family members and employees who are able to exert a significant influence on the Company's operating policies. These may also include key management personnel having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Brauhaase International Management GMBH and its ultimate holding company (AB InBev Nigeria Holding BV) as at 31 December, 2023 held an equity interest of 87.3% in International Breweries Plc. The nature of transactions with related parties relates to purchases of raw materials for production, management fees and expense recharge.

During the year, transactions with companies related to the ultimate parent Company were in respect of the following:

| | 2023 | 2022 |
|---|--------------------|-------------------|
| (a) Rendering of services | | |
| <i>In thousands of naira</i> | | |
| Amount due from fellow subsidiaries | 1,415,830 | 702,265 |
| Total receivables from related parties | 1,415,830 | 702,265 |
| Amount due to parent | 1,272,527 | 646,455 |
| Amount due to fellow subsidiaries | 126,048,767 | 81,539,114 |
| Total payables to related parties | 127,321,294 | 82,185,569 |

All outstanding balances with these related parties are priced on arm's length basis and are to be settled within the agreed periods. None of the balances are secured and do not bear interest.

(b) Balances with related parties (Gross)

| Entity Name | Nature of Relationship | 2023 | 2022 |
|---------------------------------|------------------------|--|--|
| | | Amount due from related parties N'000 | Amount due to related parties N'000 |
| ABInBev Africa Pty Ltd | Fellow subsidiary | 6,749 | (22,952,530) |
| Ab InBev UK Ltd | Fellow subsidiary | - | (1,856,769) |
| BAVARIA & CIA S.CA | Fellow subsidiary | - | (309,313) |
| Anheuser-Busch InBev NV SA | Fellow subsidiary | - | (542,049) |
| Anheuser-Busch InBev NV SA -SBP | Fellow subsidiary | - | (159,246) |
| Industrias del Atlantico SA | Fellow subsidiary | - | (66,498) |
| Accra Breweries Ltd | Fellow subsidiary | 191,472 | (303,318) |
| South African Breweries Pty Ltd | Fellow subsidiary | 458,081 | (6,655,419) |
| AB InBev Nigeria Holdings BV | Parent Company | - | (1,272,527) |
| ANHEUSER-BUSCH INT'L INC. | Fellow subsidiary | - | (43,157) |
| TANZANIA BREWERIES LTD | Fellow subsidiary | - | (56,064) |
| AB INBEV SERVICES LLC | Fellow subsidiary | 41,026 | (286,795) |
| Mubex Company | Fellow subsidiary | - | (92,813,242) |
| AB Mexico Holdings SRL ICP | Fellow subsidiary | - | - |
| Union De Cervecerias Peruanas | | | 8,756 |
| Backus | Fellow subsidiary | - | 10,372 |
| ABI GCC | Fellow subsidiary | - | (4,367) |
| Beverages Management Solution | Fellow subsidiary | 564,165 | - |
| Cervecería Modelo de México, S | Fellow subsidiary | 140,415 | - |
| Nile Brewery | Fellow subsidiary | 1,627 | - |
| Kgalagadi Breweries | Fellow subsidiary | 12,295 | - |
| Total | | 1,415,830 | (127,321,294) |

Notes to the financial statements

c) Related parties transactions during the year

| Entity Name | Nature of relationship | Nature of transaction | 2023 N'000 | 2022 N'000 |
|---------------------------------|------------------------|--|----------------------|---------------------|
| ABInBev Africa Pty Ltd | Fellow subsidiary | Management Fee/Recharges for Expat cost | (22,952,530) | (19,275,546) |
| Ab InBev UK Ltd | Fellow subsidiary | Recharges for Expat cost | (1,856,769) | (427,795) |
| BAVARIA & CIA S.CA | Fellow subsidiary | Recharges for Expat cost | (309,313) | (101,740) |
| Anheuser-Busch InBev NV SA | Fellow subsidiary | Recharges for SBP | (542,049) | (265,604) |
| Anheuser-Busch InBev NV SA -SBP | Fellow subsidiary | Recharges for SBP | (159,246) | (646,455) |
| Industrias del Atlantico SA | Fellow subsidiary | Recharges for Expat cost | (66,498) | (15,778) |
| Accra Breweries Ltd | Fellow subsidiary | Recharges for Expat cost, travel etc | (303,318) | (62,910) |
| South African Breweries Pty Ltd | Fellow subsidiary | Tech Purchases/ Recharges for Projects, expat cost, travel etc | (6,655,419) | (520,898) |
| AB InBev Nigeria Holdings BV | Parent Company | Recharges for Expat cost | (1,272,527) | (646,455) |
| ANHEUSER-BUSCH INT'L INC. | Fellow subsidiary | Recharges for Expat cost | (43,157) | (21,924) |
| TANZANIA BREWERIES LTD | Fellow subsidiary | Recharges for Expat cost | (56,064) | 17 |
| AB INBEV SERVICES LLC | Fellow subsidiary | Recharges for Marketing & Expat cost | (286,795) | (1,739) |
| Mubex | Fellow subsidiary | Purchases for Goods | (92,813,242) | (60,845,195) |
| ABI GCC | Fellow subsidiary | Recharges for Services | (4,367) | - |
| | | | (127,321,294) | (82,832,022) |

d) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. These persons make up the board of directors. The compensation paid or payable to key management for employee services is shown below:

| | 2023 | 2022 |
|---|----------------|---------------|
| <i>In thousands of naira</i> | | |
| The emoluments of the highest paid director | 125,710 | 61,286 |
| Salaries and other short term employee benefits | 125,710 | 61,286 |
| | 125,710 | 61,286 |
| | | |
| | 2023 | 2022 |
| <i>In thousands of naira</i> | | |
| Emolument of the chairman | 15,071 | 13,420 |
| | | |
| | 2023 | 2022 |
| Total directors emoluments | 581,397 | 305,696 |
| | | |
| | 2023 | 2022 |
| Total emoluments of management | 5,844,612 | 5,047,746 |
| | | |
| The emoluments of the directors were within the bands stated below: | 2023 | 2022 |
| | Number | Number |
| ₦5,000,001 - ₦15,000,000 | 4 | 4 |
| Above ₦15,000,000 | 7 | 8 |
| | 11 | 12 |

During the year, 2 directors who did not earn emolument waived their right to receive emolument (2022: 2).

33 Employees

i) The average number of persons (excluding directors) employed by the Company during the year was as follows:

| | 2023 Number | 2022 Number |
|----------------|----------------|----------------|
| Management | 429 | 761 |
| Non-management | 1,123 | 792 |
| | 1,552 | 1,553 |

ii) The table below shows the number of employees (excluding directors), who earned over ₦400,000 as emoluments in the year and were within the bands stated.

Notes to the financial statements

33 Employees (continued)

| N | 2023 Number | 2022 Number |
|-----------------------|----------------|----------------|
| 400,000 - 1,500,000 | 1 | 192 |
| 1,500,000 - 3,000,000 | 303 | 858 |
| 3,000,001 - 4,500,000 | 590 | 96 |
| Above 4,500,000 | 658 | 407 |
| | 1,552 | 1,553 |

The total employee emolument is disclosed in (note 9.1)

34 Contingent liabilities, commitments and guarantees

At the statement of financial position reporting date, there were legal claims of ₦10.34 billion (2022 : ₦11.75 billion) against International Breweries Plc for which the law suits have not been concluded as at year end. The Company solicitors are of the opinion that the legal claims are not likely to crystalize up to the amount assessed. There is a provision of ₦24 million for contingent liabilities expected to crystalize.

The Company has no commitments at the end of the period.

The Company has no bank guarantees and custom bonds (2022: ₦0.9 billion) with its bankers as at statement of financial position date.

35 Events after the reporting period

The directors are of the opinion that there were no post statement of financial position events that could have material effect on the state of affairs of the Company at December 31, 2023 and on the profit for the year ended on the date that have not been taken into accounts in these financial statements.

In February 2024, International Breweries Plc notified the investing public that the Company will raise additional capital via Rights Issue. Shareholders of International Breweries Plc have approved the company's quest to raise additional equity capital. The approval was part of a special resolution at the Extraordinary General Meeting of the Company held in Lagos.

36 Dealing policy

International Breweries Plc has a Securities Trading Policy "The Policy" which guides the Board and Employees when attempting effecting transactions in the Company's shares. The Policy provides for periods for Dealing in Shares and other Securities; established communication protocols on periods when transactions are not permitted to be effected on the Company's shares (Close Period) as well as disclosure requirements when effecting such transactions.

The Company complied with the Nigerian Stock Exchange Rules regarding this Policy in the year under review.

37 Non-audit services

During the year, tax service was performed by PricewaterhouseCoopers which was led by the Engagement partner Tiwalade Otufale with FRC registration number FRC/2022/PRO/CITN/002/519865. The service was a continuation of the prior years tax review for which provisions had been made in 2022, therefore no additional service charge was incurred in 2023 (2022: ₦29.2 million).

38 Assurance services

Actuarial valuation was performed by Chidiebere Orji with FRC registration number FRC/2021/004/00000022718 from Logic Professional Services with FRC registration number FRC/2020/00000013617.

Other National Disclosures

Statement of Value added

In thousands of naira

| | 2023 | % | 2022 | % |
|---|-------------------|------------|-------------------|------------|
| Revenue | 260,598,228 | | 218,650,267 | |
| Bought in materials and services - Local | (90,737,426) | | (75,955,978) | |
| Bought in materials and services - Foreign | (125,304,064) | | (104,891,589) | |
| Other income | 1,912,950 | | 283,200 | |
| Value added | 46,469,688 | 100 | 38,085,900 | 100 |
| Applied as follows: | | | | |
| To pay employees: | | | | |
| Wages, salaries and other benefits | 16,321,412 | 35 | 12,818,944 | 34 |
| To pay government: | | | | |
| Tax credit | (27,241,384) | (59) | (5,218,174) | (14) |
| To pay providers of capital: | | | | |
| Net interest | 18,260,264 | 39 | 5,511,991 | 14 |
| To provide for enhancement of assets and growth: | | | | |
| Depreciation of plant, property and equipment | 31,968,173 | 69 | 36,469,187 | 96 |
| Depreciation right of use assets | 8,089,715 | 18 | 5,828,328 | 15 |
| Amortisation of intangible assets | 994,897 | 2 | 649,092 | 2 |
| Retained in the business: | | | | |
| Loss for the year | (1,923,389) | (4) | (17,973,468) | (47) |
| Value added | 46,469,688 | 100 | 38,085,900 | 100 |

This statement represents the distribution of the wealth created through the use of the Company's assets by its own and employees' efforts.

Five-year financial summary

| Financial position | 2023 | 2022 | 2021 | 2020 | 2019 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| <i>In thousands of naira</i> | | | | | |
| Capital employed: | | | | | |
| Ordinary share capital | 13,431,034 | 13,431,034 | 13,431,034 | 13,431,034 | 4,297,931 |
| Share premium | 159,803,396 | 159,803,396 | 159,803,396 | 159,803,396 | 6,160,731 |
| Cash flow hedge | 69,110,017 | 1,268,140 | (2,280,207) | (2,587,344) | - |
| Retained losses | (128,331,522) | (58,305,612) | (36,679,322) | (19,022,812) | (2,940,476) |
| Other reserves | 1,360,756 | 1,360,756 | 1,360,756 | 1,360,756 | 1,360,756 |
| Employee benefit reserves | 33,363 | (227,281) | (531,756) | (1,251,173) | (1,415,242) |
| Total equity | 115,407,044 | 117,330,433 | 135,103,901 | 151,733,857 | 7,463,700 |
| Represented by: | | | | | |
| Non-current assets | 338,888,871 | 303,925,621 | 281,425,196 | 279,959,081 | 283,560,901 |
| Current assets | 385,608,590 | 180,326,119 | 188,528,019 | 92,687,325 | 81,585,632 |
| Current liabilities | (590,601,320) | (210,841,321) | (325,679,434) | (217,921,521) | (204,106,063) |
| Non-current liabilities | (18,489,097) | (156,079,986) | (8,969,880) | (2,991,028) | (153,576,770) |
| Net assets | 115,407,044 | 117,330,433 | 135,303,901 | 151,733,857 | 7,463,700 |
| Net assets per share (Naira) | 4.30 | 4.37 | 5.04 | 5.65 | 0.87 |

Net assets per share is calculated by dividing net assets of the Company by the number of ordinary shares outstanding at the end of the reporting period.

| Financial result | 2023 | 2022 | 2021 | 2020 | 2019 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <i>In thousands of naira</i> | | | | | |
| Revenue | 260,598,228 | 218,650,267 | 182,298,045 | 136,790,573 | 132,351,500 |
| Gross profit | 86,268,402 | 73,574,857 | 46,304,643 | 30,474,731 | 25,207,439 |
| Net operating expenses | (165,275,432) | (94,907,330) | (64,347,313) | (57,388,194) | (46,192,431) |
| Operating loss | (79,007,030) | (21,332,473) | (18,042,670) | (26,913,463) | (20,984,992) |
| Net finance costs | (18,260,264) | (5,511,991) | (1,793,608) | (1,676,856) | (15,181,957) |
| Loss profit before taxation | (97,267,294) | (26,844,464) | (19,836,278) | (28,590,319) | (36,166,949) |
| Income tax credit | 27,241,384 | 5,218,174 | 2,179,768 | 12,507,983 | 8,376,283 |
| Loss for the year | (70,025,910) | (21,626,290) | (17,656,510) | (16,082,336) | (27,790,666) |
| Basic loss per share | (2.61) | (0.81) | (0.66) | (0.61) | (1.16) |

Loss per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.