

Nestlé Nigeria Plc
Unaudited Interim Financial Statements
For the Nine Months ended 30 September 2023

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Directors' and other Corporate Information

Board of Directors:	Mr. Gbenga Oyeboode	From 18/05/2023	Chairman
	Mr. David Ifezulike	Up to 17/05/2023	Chairman
	Mr.Wassim Elhusseini (Lebanese)		Managing Director/Chief Executive Officer
	Mr. Namit Mishra (Indian)	From 1/08/2023	Finance & Control Director
	Mr. Sarmad Saleem (Pakistani)	Up to 31/07/2023	Finance & Control Director
	Mr. Ibukun-olu Ipinmoye		Executive Director
	Mr. Mauricio Alarcon (Mexican)		Non-Executive Director
	Mr. Martin Kruegel (German)	From 01/02/2023	Non-Executive Director
	Mr. Ricardo Chavez (Mexican)	Up to 31/01/2023	Non-Executive Director
	Dr. Juliet Ehimuan		Independent Non-Executive Director
	Mrs Adebisi Lamikanra		Independent Non-Executive Director
	Mrs. Maryam Aliko Mohammed	From 1/08/2023	Independent Non-Executive Director
Company Secretary/ Legal Adviser			
	Mr. Bode Ayeku		
Registered Office:			
	22-24 Industrial Avenue Ilupeju, Lagos Tel: 01 – 2798184, 2798188, 2790707		
Registrar:			
	Greenwich Registrars & Data Solutions Limited 274 Murtala Muhammed Way Alagomeji, Yaba, Lagos Tel: 01- 5803369, 5451399, 5803367		
Independent Auditor:			
	Ernst & Young 10th & 13th floors, UBA House 57 Marina Lagos, Nigeria Tel: +234(1)6314500		
Members of the Audit Committee			
	Mr. Matthew Akinlade		Chairman
	Alhaji Kazeem Owonikoko Bello		Shareholders' Representative
	Mr. Christopher Nwaguru		Shareholders' Representative
	Dr. Juliet Ehimuan - From 18/05/2023 to 31/07/2023		Directors' Representative
	Mr. Gbenga Oyeboode	Up to 17/05/2023	Directors' Representative
	Mrs. Adebisi Lamikanra		Directors' Representative
	Mrs. Maryam Aliko Mohammed - From 01/08/2023		Directors' Representative

Financial Highlights

	Jan -Sep 2023	Jan- Sep 2022	Increase/ (decrease) %
<i>In thousands of naira</i>			
Revenue	396,591,620	333,472,223	19%
Results from operating activities	91,586,139	64,877,062	41%
(Loss)/ Profit before income tax	(56,657,399)	58,385,532	-197%
(Loss)/Profit for the period	(43,068,030)	40,152,150	-207%

	Jul -Sep 2023	Jul- Sep 2022	Increase/ (decrease) %
<i>In thousands of naira</i>			
Revenue	134,822,111	111,021,443	21%
Results from operating activities	30,793,481	18,695,564	65%
Profit before income tax	12,460,197	14,645,623	-15%
Profit for the period	6,913,315	12,401,113	-44%

Directors' Report

1 Financial Statements

The directors present their unaudited financial statements on the affairs of Nestlé Nigeria Plc ("the Company") for the period ended 30 September 2023.

2 Principal Activities

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

3 Operating Results

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

In thousands of naira	Jan -Sep 2023	Jan- Sep 2022
Revenue	396,591,620	333,472,223
Results from operating activities	91,586,139	64,877,062
(Loss)/Profit before income tax	(56,657,399)	58,385,532
(Loss)/Profit for the period	(43,068,030)	40,152,150
Total comprehensive (loss)/income for the period	<u>(43,068,030)</u>	<u>40,152,150</u>

4 Directors and Their Interests

- (a) The directors who served during the period and their interests in the shares of the Company at the period ended 30 September 2023 were as follows:

		Interest in the Ordinary Shares of the Company	
		2023	2022
Mr. Gbenga Oyebo	From-18/05/2023 - Chairman	Nil	Nil
Mr. David Ifezulike	Up to 17/05/2023 - Chairman	56,255	56,255
Mr. Wassim Elhousseini (Lebanese)	- MD/CEO	Nil	Nil
Mr. Sarmad Saleem (Pakistani)	Up to 31/07/2023	Nil	Nil
Mr. Namit Mishra (Indian)	From 1/08/2023	Nil	Nil
Mr. Ibukun-olu Ipinmoye		2,328*	2,328*
Mr. Mauricio Alarcon (Mexican)		Nil	Nil
Mr. Ricardo Chavez (Mexican)	Up to 31/01/2023	Nil	Nil
Mr. Martin Kruegel (German)	From 01/02/2023	Nil	Nil
Dr. Juliet Ehimuan		2,146	2,146
Mrs. Adebisi Lamikanra		Nil	Nil
Mrs. Maryam Aliko Mohammed		Nil	Nil

*Out of the 2,328 shares of Nestlé Nigeria Plc held by Mr. Ibukun-olu Ipinmoye, 2,250 shares are managed on his behalf by FBN Quest Trustees Limited, while the remaining 78 shares are registered in his name.

- (b) Mr. Gbenga Oyebo is the Chairman of CFAO Nigeria Plc, one of our vehicle suppliers. Mrs. Adebisi Lamikanra is a director of Standard Chartered Bank, one of our bankers. In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria, they have notified the Company of their position with CFAO Nigeria Plc and Standard Chartered Bank respectively.
- (c) No share options were granted to the directors by Nestlé Nigeria Plc. However, Nestlé S. A., the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company.

Directors' Report-Continued

5 Analysis of Shareholdings

			Number of shareholders	%	Number of shares	%
1	-	5000	27,995	90.23	21,114,834	2.66
5001	-	10000	1,531	4.93	10,463,023	1.32
10001	-	50000	1,201	3.87	23,847,408	3.01
50001	-	100000	117	0.38	8,194,257	1.03
100001	-	500000	117	0.38	24,223,258	3.06
500001	-	1000000	29	0.09	20,274,191	2.56
1000001	-	5000000	27	0.09	54,993,131	6.94
5000001	-	10000000	5	0.02	33,913,611	4.28
10000001	-	50000000	1	0.01	34,352,233	4.34
			31,023	100.00	231,375,946	29.20
Nestlé S.A, Switzerland			1	0.00	36,720,849	4.63
Societe Des Produits Nestlé S.A			1	0.00	524,559,457	66.18
			31,025	100.00	792,656,252	100.00

Apart from Societe Des Produits Nestlé S.A, Switzerland with 524,559,457 ordinary shares (representing 66.18%), no other shareholder held 5% or more of the paid-up capital of the Company as at 30 September 2023.

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

6 Property, plant and equipment

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

7 Donations

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

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

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

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

9 Local Sourcing of Raw Materials

On a continuing basis, the Company explores the use of local raw materials such as soya bean, maize, cocoa, palm olein and sorghum, cassava and corn starch in its production processes in a number of its products.

10 Major Distributors

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

11 Suppliers

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

Directors' Report-Continued

12 General Licence Agreement

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

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

13 Acquisition of Own Shares

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

14 Employment and Employees

a Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 13 (Dec. 2022: 12) physically challenged persons in its employment as at 30 September 2023.

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

b Health and safety at work and welfare of employees:

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

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

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

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

c Employees involvement and training:

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

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

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

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

Directors' Report-Continued

The total number of those who have so far completed the programme in our Technical Trainee Centers in Agbara and Abaji factories from 2013 to 30th September 2023 is one hundred and thirty-nine (139). The cost of the training for the eight (8) sets of graduates was fully paid by our Company.

To empower the trainees with relevant skills, the top five (5) students in the scheme were taken to Switzerland for further training within the Group's factories. We are pleased to inform you that the sets of TTC graduates that completed their 18 months program in 2021 recorded outstanding results despite the impact of COVID-19.

The best graduating trainee had 33 distinctions from City and Guilds examinations from levels 3 to 5. The latest batch of graduates of the scheme in Agbara factory (20 Trainees) completed their 18 months program in August 2022 and recorded outstanding result. The best graduating trainee had 29 distinctions from City and Guild examinations from levels 3 to 5.

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

BATCH NO.	YEAR OF GRADUATION	SITE	NO. ADMITTED	NO. OF GRADUATES	NO. EMPLOYED BY Nestlé	NO. EMPLOYED BY EXTERNAL PARTY
1	2013	AGBARA	16	13	9	4
2	2015		16	14	12	2
3	2017		20	20	20	0
4	2019		20	20	20	0
5	2021		20	20	20	0
6	2022		20	20	19	1
7	2023		20	Still in session	N/A	N/A
Total			132	107	100	7
1	2023	FLOWERGATE	20	Still in session	N/A	N/A
Total			20	0	0	0
1	2019	ABAJI	12	12	11	1
2	2021		20	20	20	0
3	2023		20	Still in session	N/A	N/A
Total			52	32	31	1
GRAND TOTAL			204	139	131	8

The success of the TTC in our Agbara and Abaji factories has encouraged us to establish the TTC model in our Flowergate factory in Sagamu which was commissioned on 10 February, 2023 with twenty (20) pioneer students.

15 Nomination, Governance and Remuneration Committee

Composition of Board Committees

The Nomination, Governance and Remuneration Committee is made up of three (3) directors appointed to make recommendations on the structure and composition of the Board and its Committees; governance issues and to submit proposals on the salaries of executive directors to the Board for approval. The members of the Committee are Mr. Mauricio Alarcon, Mr. Ricardo Chavez (up to 31 January 2023), Mr. Martin Kruegel (from 1 February 2023), Mr. Gbenga Oyebo (up to 17 May 2023) and Dr. Juliet Ehimuan (from 18 May 2023).

16 Audit Committee

In accordance with section 404 of the Companies and Allied Matters Act of Nigeria 2020, members of the audit committee of the Company were elected at the Annual General Meeting held on 17 May 2023. Members that served on the audit committee during the period comprise:

Mr. Matthew Akinlade (Chairman)
Alhaji Kazeem Owonikoko Bello
Mr. Christopher Nwaguru
Dr. Juliet Ehimuan - From 18/05/2023 to 31/07/2023
Mr. Gbenga Oyebo - Up to 17/05/2023
Mrs. Adebisi Lamikanra
Mrs. Maryam Aliko Mohammed - From 01/08/2023

Shareholders' Representative
Shareholders' Representative
Shareholders' Representative
Directors' Representative
Directors' Representative
Directors' Representative
Directors' Representative

Directors' Report-Continued

17 Board Audit and Risk Management Committee

The Committee is to assist the Board in its oversight of audit, risk profile, risk management framework and the risk reward strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile. The members of the Committee are Mr. Oyebo (up to 17 May 2023), Dr. Juliet Ehimuan, Mrs. Adebisi Lamikanra and Mrs. Maryam Aliko Mohammed from 1 August 2023.

18 Effectiveness of Internal Control System

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

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

19 Disclosures

a) Risk Management and Compliance System

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

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

b) Sustainability Initiatives

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

c) Related Party Transactions

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

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

Corporate Business Principles

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

(a) Nutrition, Health and Wellness

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

(b) Quality Assurance and Product Safety

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

(c) Consumer Communication

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

Directors' Report-Continued

(d) Human Rights in Our Business Activities

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

(e) Leadership and Personal Responsibility

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

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

(f) Safety and Health at Work

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

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

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

(g) Supplier and Customer Relations

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

(h) Agriculture and rural development

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

(i) Environmental sustainability

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

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

(j) Water

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

Directors' Report-Continued

21 Number, diversity, training initiatives and development of employees

As at 30 September 2023, the staff strength of the Company was 2,392 (Dec. 2022: 2,320). Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas.

Presently, we have 31 (Dec. 2022: 31) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Cameroun,Switzerland,Angola and Malaysia in order to give them the required exposure to enable them take up higher responsibilities.

22 Bribery and corruption

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

23 Insider Trading

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

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

BY ORDER OF THE BOARD



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

Statement of Directors' Responsibilities

The Directors of Nestlé Nigeria Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 30 September 2023, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

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

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

The Directors are responsible for:

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

Going Concern:

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

The financial statements of the Company for the period ended 30 September, 2023 were approved by directors on 26th October, 2023.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Gbenga Oyebo
(Chairman)
FRC/2013/NBA/00000002546

Wassim Elhusseini
(Managing Director)
FRC/2020/003/00000022041

Sikiru Adedeji
(Financial Accounting Manager)
FRC/2022/PRO/ICAN/001/714631

Statement of Profit or loss and Comprehensive Income
For nine months ended
In thousands of naira

	Notes	Jan - Sep 2023	Jan - Sep 2022
Revenue	5	396,591,620	333,472,223
Cost of sales	7 (b)	(236,421,106)	(216,186,859)
Gross Profit		160,170,515	117,285,363
Marketing and distribution expenses	7 (b)	(58,881,362)	(43,380,406)
Administrative expenses	7 (b)	(9,703,014)	(9,027,895)
Results from operating activities		91,586,139	64,877,062
Finance income	6	8,285,029	2,578,815
Finance costs	6	(156,528,567)	(9,070,346)
Net finance cost		(148,243,538)	(6,491,531)
(Loss)/ Profit before income tax		(56,657,399)	58,385,532
Income tax credit/(expense)		13,589,369	(18,233,382)
(Loss)/Profit for the period		(43,068,030)	40,152,150
Other comprehensive income		-	-
Total comprehensive (loss)/Income for the period		(43,068,030)	40,152,150
(Loss)/Profit for the period is attributable to:			
Owners of the company		(43,068,030)	40,152,150
Earnings per share		N	N
Basic earnings per share		(54.33)	50.66
Diluted earnings per share		(54.33)	50.66

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

Statement of Profit or loss and Comprehensive Income
For three months ended
In thousands of naira

	Notes	Jul - Sep 2023	Jul - Sep 2022
Revenue		134,822,111	111,021,443
Cost of sales		(81,986,492)	(73,941,707)
Gross Profit		52,835,620	37,079,735
Marketing and distribution expenses		(18,570,841)	(15,027,492)
Administrative expenses		(3,471,298)	(3,356,679)
Results from operating activities		30,793,481	18,695,564
Finance income		469,378	(1,942,521)
Finance costs		(18,802,662)	(2,107,421)
Net finance income/cost		(18,333,284)	(4,049,942)
Profit before income tax		12,460,197	14,645,623
Income tax expense		(5,546,882)	(2,244,509)
Profit for the period		6,913,315	12,401,114
Other comprehensive income		-	-
Total comprehensive Income for the period		6,913,315	12,401,114
Profit for the period is attributable to:			
Owners of the company		6,913,315	12,401,114
Earnings per share		N	N
Basic earnings per share		8.72	15.65
Diluted earnings per share		8.72	15.65

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

Statement of Financial Position As at 30 September 2023

In thousands of naira

	Notes	30 Sept. 2023	31 Dec. 2022
Assets			
Total non-current assets			
Property, plant and equipment	9	138,336,057	116,739,370
Right of use Assets	9	5,485,339	4,976,420
Long term receivables	10	3,009,527	2,816,337
Deferred tax assets	8(b)	26,839,247	-
		<u>173,670,171</u>	<u>124,532,126</u>
Total current assets			
Inventories	11	74,038,537	88,340,532
Right of return assets	11	57,405	72,879
Trade and other receivables	12	96,473,971	82,237,026
Prepayments	13	3,426,986	1,929,038
Cash and cash equivalents	14	152,270,213	117,932,430
		<u>326,267,111</u>	<u>290,511,904</u>
Total assets		<u>499,937,282</u>	<u>415,044,031</u>
Equity			
Share capital	15(a)	396,328	396,328
Share premium	15(b)	32,262	32,262
Share based payment reserve	15(c)	126,274	90,127
Retained earnings		(42,227,475)	29,772,507
		<u>(41,672,611)</u>	<u>30,291,224</u>
Liabilities			
Non- current liabilities			
Interest bearing loans and borrowings	19	285,941,309	147,006,556
Employee benefits	16	4,197,798	4,359,648
Lease liabilities	20	-	127,889
Deferred tax liabilities	8(b)	-	14,854,152
		<u>290,139,107</u>	<u>166,348,245</u>
Total current liabilities			
Trade and other payables	17	172,415,581	166,161,861
Contract liabilities	18	15,814,395	16,548,425
Refund liabilities	11	97,309	112,333
Current tax liabilities		26,428,248	26,208,706
Lease liabilities	20	142,863	53,717
Interest bearing loans and borrowings	19	34,497,785	8,293,512
Provisions		2,074,606	1,026,008
		<u>251,470,787</u>	<u>218,404,562</u>
Total liabilities		<u>541,609,894</u>	<u>384,752,807</u>
Total equity and liabilities		<u>499,937,282</u>	<u>415,044,031</u>

THE BOARD APPROVED THE FINANCIAL STATEMENTS ON 26TH OCTOBER 2023



Gbenga Oyebo
(Chairman)
FRC/2013/NBA/00000002546



Wassim Elhusseini
(Managing Director)
FRC/2020/003/00000022041



Sikiru Adedeji
(Financial Accounting Manager)
FRC/2022/PRO/ICAN/001/714631

The accompanying notes on pages 18 to 27 form an integral part of these financial statements.

Statement of Changes in Equity for the period ended 30 September 2023

In thousands of naira

Attributable to equity holders of the company

	Share Capital	Share Premium	Share based Payment reserve	Retained Earnings	Total equity
As at 1 January 2023	396,328	32,262	90,127	29,772,507	30,291,224
Profit for the period					
Loss for the period	-	-	-	(43,068,030)	(43,068,030)
Other comprehensive income for the period; net of taxation	-	-	-	-	-
Total comprehensive loss for the period; net of taxation	-	-	-	(43,068,030)	(43,068,030)
Transactions with owners, recorded directly in equity					
Dividend to equity holders	-	-	-	(28,931,953)	(28,931,953)
Share based payment contribution	-	-	(95,497)	-	(95,497)
Share based payment recharge	-	-	131,644	-	131,644
Balance as at 30 September 2023	396,328	32,262	126,274	(42,227,475)	(41,672,611)
Balance as at 1 January 2022	396,328	32,262	113,459	20,836,160	21,378,209
Profit for the period					
Profit for the period	-	-	-	40,152,150	40,152,150
Other comprehensive income for the period; net of taxation	-	-	-	-	-
Total comprehensive income; net of taxation	-	-	-	40,152,150	40,152,150
Transactions with owners, recorded directly in equity					
Dividend to equity holders	-	-	-	(20,212,735)	(20,212,735)
Share based payment contribution	-	-	(155,119)	-	(155,119)
Share based payment recharge	-	-	109,536	-	109,536
Balance as at 30 September 2022	396,328	32,262	67,876	40,775,575	41,272,042

Statement of Cash Flows for the period ended 30 September 2023

In thousands of naira

	Notes	30 Sept. 2023	30 ¹ Sept. 2022
Cash flows from operating activities			
(Loss)/Profit for the period after tax		(43,068,030)	40,152,150
Adjustments to reconcile profit after tax to net cash flows from operating activities:			
Depreciation of property, plant and equipment and right of use asset	9	8,563,061	7,080,214
Interest income	6	(3,700,335)	(1,975,710)
Net foreign exchange difference on financing	7	115,959,952	1,497,681
Net foreign exchange difference on others	7	8,905,210	(1,579,881)
Finance cost	6	29,070,978	7,376,568
Equity settled share based payment transactions		131,644	109,536
Net Service Cost/(Income) for other long term employee benefits	16	264,725	(63,810)
(Profit) /Loss on the disposal of property, plant and equipment	7	(58,006)	53,084
Expected credit loss on trade receivable		33,830	74,322
Write down of inventories		526,359	3,561,004
Interest on lease		-	38,334
Gain on lease modification		(53,224)	-
Income tax (credit)/expense	8	(13,589,369)	18,233,382
		102,986,796	74,556,874
Increase in long term receivables		(193,190)	(21,083)
Decrease/(Increase) in inventories		13,775,636	(22,181,374)
Decrease/(Increase) in right of return assets		15,474	(16,822)
Increase in trade and other receivables		(14,270,775)	(30,372,943)
Increase in prepayments		(1,497,949)	(2,964,892)
(Decrease)/Increase in trade and other payables		(21,394,259)	8,069,708
(Decrease)/Increase in contract liabilities		(734,030)	42,534
(Decrease)/Increase in refund liabilities		(15,024)	17,071
Increase/(Decrease) in provisions		1,048,598	(871,951)
Cash generated from operating activities		79,721,277	26,257,122
Income tax paid		(25,936,164)	(21,439,393)
Other long term employee benefit paid		(426,575)	(319,522)
Share based payment recharge paid		(95,497)	(155,119)
Net cash flows from/(used in) operating activities		53,263,042	4,343,088
Cash flows from investing activities			
Finance income	6	3,700,335	1,975,710
Proceeds from sale of property, plant and equipment	9	62,604	72,860
Acquisition of property, plant and equipment and right of use assets	9	(30,409,301)	(14,063,738)
Net cashflows used in investing activities		(26,646,363)	(12,015,168)
Cash flows from financing activities			
Proceeds from loans obtained -- Intercompany loan	19	27,733,300	24,456,563
-- Import trade finance facilities	19	43,777,249	38,779,220
Loan repayment -- Import trade finance facilities	19	(29,404,476)	(35,199,842)
Lease payment	19	(227,385)	(445,034)
Finance cost paid	19	(21,082,402)	(9,072,721)
Dividends paid		(13,205,939)	(6,058,283)
Net cashflows provided by financing activities		7,590,347	12,459,903
Net increase in cash and cash equivalents		34,207,026	4,787,823
Cash and cash equivalents at beginning		117,932,430	100,518,159
Effect of exchange rate fluctuations on cash held		130,757	1,825,208
Cash and cash equivalents at period end		152,270,213	107,131,190

Notes to the financial statements

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Notes to the financial statements

1 Reporting entity

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

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

2 Basis of accounting

(a) Basis of preparation

The interim condensed financial statements for the period ended 30 September 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2022.

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

3 Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4 Operating segments

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

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

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

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

(b) Information about reportable segment

In thousands of naira

	Food		Beverage		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
External Revenues	254,382,244	200,257,489	142,209,376	133,214,733	-	-	396,591,620	333,472,222
Interest revenue	-	-	-	-	8,285,029	2,578,815	8,285,029	2,578,815
Interest expense	-	-	-	-	(156,528,567)	(9,070,346)	(156,528,567)	(9,070,346)
Depreciation	(5,249,418)	(4,255,208)	(3,313,643)	(2,825,005)	-	-	(8,563,061)	(7,080,213)
Reportable segment profit before income tax	61,965,158	38,991,115	29,620,981	25,885,948	(148,243,538)	(6,491,531)	(56,657,399)	58,385,532

Notes to the financial statements

5 Revenue

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

In thousands of naira

	30 Sept. 2023	30 Sept. 2022
Nigeria	396,103,599	330,586,218
Export	488,022	2,886,005
Total Revenue	396,591,620	333,472,223

6 Net finance cost

In thousands of naira

	30 Sept. 2023	30 Sept. 2022
Interest income on Securities and bank deposits	3,700,335	1,975,710
Net exchange gain on translation of foreign currency denominated Balances	4,584,695	603,105
Finance Income	8,285,029	2,578,815
Interest expense on financial liabilities	(29,070,978)	(7,376,568)
Net exchange gain on translation of foreign currency denominated balances	(127,457,590)	(1,693,777)
Finance expense	(156,528,567)	(9,070,346)
Net finance income/ cost	(148,243,538)	(6,491,531)

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N27.3 billion (Dec 2022: N6.7 billion) excluding the impact of foreign exchange differences.

7 Profit before income tax

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

	30 Sept. 2023	30 Sept. 2022
In thousands of naira		
Depreciation	8,563,061	7,080,214
Personnel expenses	28,321,751	25,813,882
(Profit)/Loss on property, plant and equipment disposed	(58,006)	53,084
Net foreign exchange difference on financing-(Realised)	6,912,943	(407,008)
Net foreign exchange difference on financing-(Unrealised)	115,959,952	1,497,681
* Net foreign exchange difference on others--(Realised)	11,634,863	7,827,403
* Net foreign exchange difference on others--(Unrealised)	8,905,210	(1,579,881)
General licence fees	15,612,319	12,848,464

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

(b) Expenses by nature

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

In thousands of naira

	30 Sept. 2023	30 Sept. 2022
Depreciation of property, plant and equipment and right of use asset	8,563,061	7,080,214
Personnel expenses	28,321,751	25,813,882
(Profit)/Loss on property, plant and equipment disposed	(58,006)	53,084
General licence fees	15,612,319	12,848,464
Raw materials, Purchased Finished goods and consumables	205,095,924	181,334,266
Expected credit loss on trade receivables	355,692	158,480
Distribution expense	17,061,931	15,429,811
Advertising	9,075,487	6,732,386
Sales Promotion	966,889	2,293,736
Factory overheads	19,917,849	16,652,338
Other expenses	92,583	198,497
	305,005,481	268,595,160

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

Summarised as follows:

Cost of Sales	236,421,106	216,186,859
Marketing and distribution expenses	58,881,362	43,380,406
Administrative expenses	9,703,014	9,027,895
	305,005,481	268,595,160

(c) Welfare and other personnel expenses

	30 Sept. 2023	30 Sept. 2022
Salaries and wages	16,128,877	13,619,986
Welfare and end of service benefit	12,192,874	12,193,897
	28,321,751	25,813,883

Notes to the financial statements

8 Taxation

(a) Income tax expense

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

In thousands of naira

	30 Sept. 2023	30 Sept. 2022
Current period income tax	25,016,175	14,396,249
Current period tertiary education tax	3,087,854	1,333,598
Current period tertiary education tax	28,104,030	15,729,847
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(41,693,399)	2,503,535
Total income tax expense	(13,589,369)	18,233,382

(b) Deferred tax (assets) liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	30 Sept. 2023	31 Dec. 2022	30 Sept. 2023	31 Dec. 2022	30 Sept. 2023	31 Dec. 2022
In thousands of naira						
Property, plant and equipment	-	-	22,446,154	19,147,830	22,446,154	19,147,830
Employee benefits	(1,343,295)	(1,395,087)	-	-	(1,343,295)	(1,395,087)
Unrealised exchange loss	(47,901,697)	(2,854,482)	-	-	(47,901,697)	(2,854,482)
Share based payment	(40,408)	(44,108)	-	-	(40,408)	(44,108)
Tax (asset)/liabilities	(49,285,400)	(4,293,677)	22,446,154	19,147,830	(26,839,246)	14,854,152

	Balance 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2022	Balance 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance 30 September 2023
Property, plant and equipment	16,925,408	2,222,422	-	19,147,830	19,147,830	3,298,324	-	22,446,154
Employee benefits	(1,292,352)	(102,735)	-	(1,395,088)	(1,395,088)	51,792	-	(1,343,295)
Unrealised exchange difference	(3,009,032)	154,550	-	(2,854,482)	(2,854,482)	(45,047,215)	-	(47,901,697)
Share based payment	(36,303)	(7,805)	-	(44,108)	(44,108)	3,700	-	(40,408)
	12,587,720	2,266,432	-	14,854,152	14,854,152	(41,693,399)	-	(26,839,246)

Notes to the financial statements

9 Property, plant and equipment (PPE)

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

In thousands of naira

	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture and Fittings	IT Equipment	Capital Work in Progress	Total
Cost							
Balance at 1 January 2022	36,347,086	86,064,962	5,457,115	13,137,032	2,182,795	20,416,613	163,605,603
Additions	381,390	4,149,156	583,738	691,873	554,106	24,626,171	30,986,435
Disposals	-	(340,745)	(424,300)	(163,780)	(19,741)	-	(948,566)
Reclassification	1,417,126	8,713,842	137,350	931,376	133,469	(11,333,164)	-
Balance at 31 December 2022	38,145,602	98,587,215	5,753,903	14,596,501	2,850,630	33,709,620	193,643,472
Balance at 1 January 2023	38,145,602	98,587,215	5,753,903	14,596,501	2,850,630	33,709,620	193,643,473
Additions	785,864	3,570,229	2,264,874	455,265	332,708	22,037,890	29,446,830
Disposals	-	(51,820)	(556,972)	(90,685)	(33,521)	-	(732,998)
Reclassification	3,455,907	10,205,202	401,709	1,800,871	187,486	(16,051,175)	-
Balance at 30 September 2023	42,387,373	112,310,826	7,863,514	16,761,952	3,337,304	39,696,336	222,357,304
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	10,915,617	43,571,914	3,022,790	9,423,595	1,774,103	-	68,708,018
Depreciation	965,076	5,531,548	905,079	1,273,405	343,598	-	9,018,707
Impairment	-	-	-	-	-	-	-
Disposals	-	(215,986)	(424,300)	(163,010)	(19,326)	-	(822,622)
Balance at 31 December 2022	11,880,694	48,887,476	3,503,569	10,533,990	2,098,375	-	76,904,101
Balance at 1 January 2023	11,880,694	48,887,476	3,503,569	10,533,990	2,098,375	-	76,904,101
Depreciation	813,493	4,851,281	859,115	986,781	334,873	-	7,845,544
Impairment loss	-	-	-	-	-	-	-
Disposals	-	(51,820)	(554,561)	(88,499)	(33,521)	-	(728,400)
Balance at 30 September 2023	12,694,187	53,686,937	3,808,123	11,432,272	2,399,727	-	84,021,246
Carrying amounts							
At 1 January 2022	25,431,469	42,493,047	2,434,325	3,713,437	408,691	20,416,613	94,897,584
At 31 December 2022	26,264,908	49,699,740	2,250,335	4,062,512	752,256	33,709,619	116,739,370
At 30 September 2023	29,693,187	58,623,889	4,055,391	5,329,679	937,576	39,696,336	138,336,057

Notes to the financial statements

9 (b) Right of Use Assets

The reconciliation of the carrying amount is as follows:
In thousands of naira

	Land	Building	Total
Cost			
As at 1 January 2022	4,133,280	1,423,585	5,556,865
Additions	-	803,804	803,804
Modification	-	923,203	923,203
Disposals	-	(798,723)	(798,723)
Balance as at 31 December 2022	4,133,280	2,351,869	6,485,149
As at 1 January 2023	4,133,280	2,351,869	6,485,149
Additions	942,444	336,557	1,279,002
Modification	-	(22,100)	(22,100)
Derecognition	-	-	-
Balance as at 30 September 2023	5,075,724	2,666,326	7,742,050
Accumulated depreciation and impairment losses			
As at 1 January 2022	244,977	463,156	708,133
Depreciation	-	733,860	733,860
Modification	-	854,810	854,810
Derecognition	-	(788,074)	(788,074)
Balance as at 31 December 2022	244,977	1,263,752	1,508,729
As at 1 January 2023	244,977	1,263,752	1,508,729
Depreciation	66,871	650,646	717,517
Modification	-	52,565	52,565
Derecognition	-	(22,100)	(22,100)
Balance as at 30 September 2023	311,848	1,944,862	2,256,711
Carrying amounts			
As at 1 January 2022	3,888,303	960,429	4,848,732
As at 31 December 2022	3,888,303	1,088,117	4,976,420
As at 30 September 2023	4,763,876	721,463	5,485,339

Notes to the financial statements

10 Long term receivables

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

In thousands of naira	30 Sept. 2023	31 Dec. 2022
Long term Staff receivable	2,663,666	2,390,905
Amount due from Customers on account of trade assets deployed	345,860	425,431
	<u>3,009,527</u>	<u>2,816,337</u>

11 Inventories

(a) In thousands of naira

	30 Sept. 2023	31 Dec. 2022
Raw and packaging materials	33,122,794	50,093,925
Product in process	2,557,911	2,710,068
Finished products	16,935,119	21,317,683
Engineering spares	11,618,554	8,249,342
Goods in transit	9,804,159	5,969,514
	<u>74,038,537</u>	<u>88,340,532</u>

(b) Write-down of inventory to net realisable value

In thousands of naira

	30 Sept. 2023	31 Dec. 2022
Technical Spare Parts	3,677,606	3,060,644
Raw materials	55,189	177,466
Finished Goods	31,676	-
	<u>3,764,470</u>	<u>3,238,111</u>

(c) Right of return assets and refund liabilities

In thousands of naira

	30 Sept. 2023	31 Dec. 2022
Right to returned goods asset	57,405	72,879
Refund liabilities		
Arising from rights of return	97,309	112,333

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

12 Trade and other receivables

	30 Sept. 2023	31 Dec. 2022
Trade receivables	8,835,177	9,000,465
Loans to key management personnel	29,124	10,910
Staff loans	3,145,047	2,977,722
Trade receivables due from related parties	1,640,578	1,333,168
Deposit with Company registrars for dividend	1,904,504	2,537,334
Allowance for expected credit losses	(4,231,247)	(4,912,826)
Loans and receivables	<u>11,323,182</u>	<u>10,946,772</u>
Advance payment to suppliers	79,527,379	55,541,577
Deposit for Import	4,021,450	12,902,762
Other receivables	4,611,487	5,662,251
	<u>99,483,498</u>	<u>85,053,363</u>
Non-current - reclassified to long term receivables	3,009,527	2,816,337
Current	<u>96,473,971</u>	<u>82,237,026</u>
	<u>99,483,498</u>	<u>85,053,363</u>

13 Prepayments

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

Prepayment comprises:

In thousands of naira

	30 Sept. 2023	31 Dec. 2022
Rent prepaid	294,546	282,226
Insurance prepaid	855,433	1,417,288
Other prepayment	2,277,007	229,523
	<u>3,426,986</u>	<u>1,929,038</u>

Notes to the financial statements

14 Cash and cash equivalents

In thousands of naira

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
Cash and bank balances	28,231,877	17,176,583
Short term investment	124,038,336	100,755,847
Cash and cash equivalents in the statement of financial position	<u>152,270,213</u>	<u>117,932,430</u>
Cash and cash equivalents in the statement of cash flows	<u>152,270,213</u>	<u>117,932,430</u>

15 Capital and reserves

(a) Ordinary shares

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
Issued and fully paid ordinary shares of 50k each		
In number of shares	<u>792,656,252</u>	<u>792,656,252</u>
Nominal value (In thousands of naira)	<u>396,328</u>	<u>396,328</u>

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

(b) Share premium

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of Naira		
The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:		
Share premium	<u>32,262</u>	<u>32,262</u>

(c) Share based payment reserves

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

16 Employee Benefits

Other long term employee benefits

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

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

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of Naira		
Balance at 1 January	4,359,648	4,038,600
Expense for the period	264,725	825,613
Payments during the period	(426,575)	(504,565)
Balance at Period end	<u>4,197,798</u>	<u>4,359,648</u>

17 Trade and other payables

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of naira		
Trade payables	27,570,547	36,622,733
Other payables and accruals	16,304,975	19,775,025
Trade payables due to related parties	118,944,413	99,644,494
Dividend payable	9,595,646	10,119,609
	<u>172,415,581</u>	<u>166,161,861</u>

Notes to the financial statements

18 Contract liabilities

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

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of naira		
Customer's down payment	7,191,182	10,828,421
Trade incentives	8,623,214	5,720,004
	<u>15,814,395</u>	<u>16,548,425</u>

19 Interest bearing loans and borrowings

(a) Loans and borrowing as at 30 September is as follows:

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of naira		
Unsecured trade finance loans from Local banks	34,497,785	8,293,512
Loans from related party	285,941,309	147,006,556
	<u>320,439,094</u>	<u>155,300,068</u>

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

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of naira		
At 1 January	155,300,068	76,864,802
Addition -- Intercompany loan	27,733,300	51,567,250
Addition-- Import Trade Finance Facilities	43,777,250	50,436,242
Repayment -- Import Trade Finance Facilities	(29,404,476)	(42,911,281)
Interest expense	27,246,330	12,183,974
Interest paid	(21,082,402)	(782,027)
Exchange loss	116,869,024	7,941,107
At 30 September	<u>320,439,094</u>	<u>155,300,068</u>

20 Lease Liabilities (Obligation under leases)

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

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of naira		
As at 1 January	181,607	467,956
Additions	316,530	-
Modification	(127,889)	(267,045)
Interest Expense	-	22,496
Payments	(227,385)	(41,800)
As at 30 September	<u>142,864</u>	<u>181,607</u>

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

	<u>30 Sept. 2023</u>	<u>31 Dec. 2022</u>
In thousands of naira		
1-2 years	142,864	53,717
2-5years	-	127,889
	<u>142,864</u>	<u>181,607</u>

Notes to the financial statements

21 Currency risk

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

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

The Company manages the transactional exposures in accordance with specific principles which are in line with the Company's business needs. These include balancing the sources of financial instruments. Due to the recent devaluation of naira ,which necessitated the revaluation of our foreign currency obligations, company recorded exchange loss of N143.4 billion (Dec. 2022: N7.3) in the statement of profit or loss and comprehensive income for the period ended 30 September 2023. They are allocated to the appropriate headings of expenses by nature.

Financial instruments analysed by currency is as follows

Amounts in thousands	As at 30 September 2023				
	Euro	USD	CHF	SGD	GBP
Unsecured intercompany loans	-	(366,392)	-	-	-
Import Trade Finance Facilities(ITFF)	(21,687)	(21,301)	(34)	-	-
Amount due from related parties	2,247	394	60	-	-
Amount due to related parties	(8,946)	(51,426)	(3,360)	(30)	(6)
Trade payables	(2,045)	(1,250)	(12.12)	-	0
Net exposure	(30,431)	(439,976)	(3,346)	(30)	(6)

Amounts in thousands	As at 31 December 2022				
	Euro	USD	CHF	SGD	GBP
Unsecured intercompany loans	-	(318,541)	-	-	-
Import Trade Finance Facilities(ITFF)	(7,135)	(9,985)	-	-	-
Amount due from related parties	1,093	2,203	-	-	-
Amount due to related parties	(9,638)	(98,551)	(3,637)	(30)	(4)
Trade payables	(25,568)	(10,985)	-	-	(118)
Net exposure	(41,248)	(435,858)	(3,637)	(30)	(122)

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

	Period/Year end closing rate	
	2023	2022
Euro	825	494
USD	779	462

22 Subsequent Events

There are no significant subsequent events which could have a material effect on the results of the Company as at September 30 2023 that has not been adequately provided for or disclosed in these unaudited interim financial statements.