

FIDSON HEALTHCARE PLC

Lagos, Nigeria

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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Corporate information

1. **DIRECTORS:**

Name	Designation	Date of Appointment
Dr. Fidelis A. Ayebae	Chairman	Pioneer
Mr. Abiola A. Adebayo	Managing Director/CEO	1st July 2004
Mr. Emmanuel E. Imoagene	Non- Executive Director	10th February 2011
Dr. Vincent Ahonkhai	Independent Non- Executive Director	1st January 2021
Mr. Philip I. Ejiofor	Independent Non- Executive Director	7th January 2025
Dr. (Mrs.) Amina Mohammed-Baloni	Independent Non- Executive Director	30th October 2025
Mrs. Hannah E. Oyebanjo	Independent Non- Executive Director	17th November 2025
Dr. Babatunde Ipaye	Independent Non- Executive Director	7th January 2025
Mr. Olugbenga O. Olayeye	Executive Director, Strategy	1st July 2004
Mr. Ola Ijimakin	Executive Director, Commercial	1st January 2021
Mr. Imokha Ayebae	Executive Director, Finance	1st November 2022
Mr. Oshoke Ayebae	Executive Director, Business Development & Marketing	1st January 2025
Mr. Olusegun S. Adebajni	Independent Non- Executive Director	Retired 30th July 2025
Mrs. Aishatu. P. Sadauki	Independent Non- Executive Director	Retired 30th July 2025

2. **COMPANY SECRETARY:**

Mr. J. Abayomi Adebajni, FCIS

3. **REGISTERED NUMBER:**

267435

4. **REGISTERED OFFICE:**

268, Ikorodu Road, Obanikoro
Lagos.
Tel: 08077008888
www.fidson.com, e-mail-info@fidson.com

5. **INDEPENDENT AUDITORS:**

Deloitte & Touche
(Chartered Accountants)
Civic Towers, Plot GA1 Ozumba Mbadiwe Street,
Victoria Island, Lagos.

6. **SOLICITORS:**

Adesokan & Adesokan
53-57, Bamgbose Street
Lagos Island, Lagos
Tel: 234 8093131158

7. **BANKERS:**

Access Bank Plc
Bank of Industry Limited
Fidelity Bank Plc
First City Monument Bank Limited
FSDH Merchant Bank Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Limited
Unity Bank Plc
Union Bank of Nigeria Limited
Wema Bank Plc
Zenith International Bank Plc

8. **REGISTRARS:**

Meristem Registrars & Probate Services Limited,
213, Herbert Macaulay Way
Adekunle, Yaba
Lagos
Tel: 234 18920491
Email: info@meristemregistrars.com

9. **TIN NUMBER**

01284978-0001

Results at a glance

	2025 N'000	2024 N'000	% Change
Revenue	119,061,254	84,189,000	41
Profit before taxation	14,962,608	7,700,460	94
Profit for the year	9,883,576	4,398,964	125
Retained earnings	23,979,687	16,364,125	47
Share capital	1,200,000	1,147,498	5
Shareholders' funds	30,196,827	22,345,892	35

PER SHARE DATA

Earnings per share (Kobo) :

Basic and diluted	412	192	115
Net asset per share (Kobo)	1,258	974	29
Stock exchange quotation at 31 December (Naira)	50.10	15.50	223
Number of employees	732	674	9

Report of the Directors

1.0 The Directors have pleasure in submitting to the members of the Company, their report together with the audited financial statements for the year ended 31 December 2025.

2.0 PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and distribution of pharmaceutical products which includes drugs, infusion and injectables. The Company commenced local manufacturing of pharmaceutical products in July 2002.

3.0 LEGAL FORM

The Company operates as a Private Limited Liability Company until 5 June, 2008 when it was registered as a Public Limited Liability Company. The shares are currently quoted on the floor of the Nigerian Exchange Limited (NGX).

4.0 STATE OF AFFAIRS

In the opinion of the Directors, the state of the Company's affairs is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

5.0 DIVIDEND

The Directors propose to pay a dividend of N1.50k amounting to N3,600,000,000 out of the profit for the year ended 31 December 2025 (31 December 2024: N1 amounting to N2,294,996,275). Proposed dividend will only be recognised as a liability after approval by the shareholders at the Annual General Meeting.

6.0 MAJOR CUSTOMERS**LAGOS**

Zimaco Pharm Ltd
Elvis-Madu And Son Pharmaceutical Nig. Ltd
Safeline Pharmaceuticals Ltd
Dannyfaith Pharmacy
Armonds Pharm

WEST

Kunle Ara Pharm
PS General Drugs Centre Pharmaceutical
Okey God Pharm Co. Ltd
Elgra Pharmacy
Fiolu Pharmacy

EAST

Nwachukwu Pharmaceutical Co. Ltd
Zemca Healthcare Ltd
Lexicon Pharmacy
Jaymorr Pharmacy Ltd
Junno Pharmacy

NORTH

Gozeb Pharmaceutical Nig Ltd
Sanabba Pharmaceutical Co. Ltd
Klen Pharmacy Ltd Abuja
New Health Pharm
King Blaise Pharmacy Limited

7.0 MAJOR SUPPLIERS**Overseas Suppliers**

TIL Healthcare Pvt. Ltd
V.S International Pvt. Ltd
Sinobright Import and Export Co. Limited
Sukhesh Marketing pvt. Ltd
Mevish Export
M/S. Medinomics Healthcare Pvt
Charack Pharma Pvt. Ltd
AAPL Solutions Pvt. Ltd
Q-Medica Pharmaceuticals (OPC) Pvt. Ltd
Snehal Turnkey Solutions Pvt. Ltd
Elmach Packages Indis Pvt. Ltd
Themis Ltd
M/S Espee Pharma chen Pvt Ltd
Shandong Eagle Machinery Co. Ltd
Sterimax Engineering Pvt. Ltd

Local Suppliers

Dowel Resources & Logistics Ltd
Beta Glass Plc
Sagar Overseas Ltd
Sankil Pharmaceutical Ltd
Aquatix Pharmaceuticals Ltd
Vijibuks Ventures Limited
Boden Industries Ltd
Aceline Resources & Logistics Ltd
Jackpak Industries Nigeria Ltd
Ciannachriste Concept Ltd
AA Propack Nigeria Ltd
Fiyique Ventures Ltd
Manipal International Press Ltd
E-global packaging International
Ad. Crusade Limited

Report of the Directors (cont'd)

8.0 DIRECTORS

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Dr. Fidelis A. Ayebae	Chairman	
Mr. Abiola A. Adebayo	Managing Director	
Mr. Emmanuel E. Imoagene	Non- Executive Director	
Dr. Vincent Ahonkhai	Independent Non- Executive Director	
Mr. Philip I. Ejiofor	Independent Non- Executive Director	
Dr. (Mrs.) Amina Mohammed-Baloni	Independent Non- Executive Director	
Mrs. Hannah E. Oyebanjo	Independent Non- Executive Director	
Dr. Babatunde Ipaye	Independent Non- Executive Director	
Mr. Olugbenga O. Olayeye	Executive Director, Strategy	
Mr. Ola Ijimakin	Executive Director, Commercial	
Mr. Imokha Ayebae	Executive Director, Finance	
Mr. Oshoke Ayebae	Executive Director, Business Development & Marketing	
Mr. Olusegun S. Adebajji	Independent Non- Executive Director	Retired 30th July, 2025
Mrs. Aishatu. P. Sadauki	Independent Non- Executive Director	Retired 30th July, 2025

9.0 DIRECTORS' INTERESTS

The Directors' interests in the issued share capital of the Company as at 31 December 2025 are as follows;

	Holdings 2025	%	Holdings 2024	%
Dr. Fidelis A. Ayebae	758,543,749	31.61	758,543,749	33.05
Mr. Emmanuel E. Imoagene	37,413,200	1.56	37,413,200	1.63
Mrs. Olufunmilola O. Ayebae	74,629,500	3.11	74,629,500	3.25
Mrs. Aishatu P. Sadauki	859,705	0.04	859,705	0.04
Mr. Olusegun S. Adebajji	-	-	-	-
Mr. Olugbenga O. Olayeye	21,539,144	0.90	21,539,144	0.94
Mr. Abiola A. Adebayo	18,289,269	0.76	18,289,269	0.80
Dr. Vincent I. Ahonkhai	365,860	0.01	365,860	0.01
Mr. Ola Ijimakin	2,359,280	0.10	2,359,280	0.10
Mr. Imokha Ayebae Samson. O	41,800,000	1.74	41,800,000	1.82
Mr. Oshoke Ayebae	69,310,444	2.89	-	-

Indirect Holdings

Glorious Haven Limited - On Behalf

Dr. Fidelis A. Ayebae	1,100,000	0.05	1,100,000	0.05
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10.0 BOARD OF DIRECTORS

In accordance with the provisions of Section 285 of the Companies & Allied Matters Act, 2020, one third of the Directors of the Company shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election. Accordingly, Dr. Vincent I. Ahonkhai, Dr. Fidelis A. Ayebae, Mr. Philip I. Ejiofor and Dr. Babatunde K. Ipaye retired by rotation. Their respective re-election will be brought before the members at the Annual General meeting.

Report of the Directors (cont'd)

11.0 DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020, of any disclosable interest in contracts with which the Company is involved as at 31 December 2025.

12.0 SUBSTANTIAL INTEREST IN SHARES

The Registrar has advised that according to the register of members as at 31 December 2025, the following held more than 5% of the issued share capital of the Company:

Shareholder	No of Shares	% Holding
Dr. Fidelis Ayebae	758,543,749	31.61%
Stanbic IBTC Nominee Ltd	568,422,033	23.68%

13.0 CORPORATE SOCIAL RESPONSIBILITIES / DONATIONS

The Company made contributions as part of its corporate social responsibility. The beneficiaries are as follows:

	2025 N	2024 N
Religious organisations	30,000,000	5,749,233
Hospitals/Health Institutions	94,234,418	119,421,390
Schools/Communities	426,136,232	123,234,818
	550,370,650	248,405,441

In compliance with Paragraph 4 in the fourth schedule of the Companies and Allied Matters Act, 2020, the company did not make any donation or gift to any political party, political association or for any political purpose during the year under review. All donations are monetary in nature and are expensed **(See Note 8)**.

14.0 EVENTS AFTER THE REPORTING PERIOD

As stated in **Note 43**, no material events have occurred between the end of the reporting period and the date of this report which could have had a material effect on the state of affairs of the Company as at 31 December 2025.

15.0 ANALYSIS OF SHAREHOLDERS

Analysis of shareholdings as at 31 December 2025

Range	No. of Holders	% Members	Units	% Holding
1 - 50,000	19468	95	69,719,969	3
50,001 - 100,000	420	2	30,652,809	1
100,001 - 1,000,000	461	2	118,913,388	5
1,000,001 and above	67	1	2,180,713,834	91
	20,416	100	2,400,000,000	100

Payment of penalty: The company paid no penalty to the Nigerian Exchange Limited during the year under review.

Compliance with the code of corporate governance: The Company complied with the 2018 Code of Corporate Governance for public companies during the year under review. Detailed explanations were given in the annual corporate governance return (Form SEC 1) made to the Securities and Exchange Commission in January 2026.

The complaints management policy of the company: The company has in place a policy document on complaints management to support the existing policies dealing with allied matters.

Shareholding Structure/free float status

Description	31-12-25		31-12-24	
	Unit	Percentage	Unit	Percentage
Share Capital	2,400,000,000	100%	2,294,996,275	100%
Substantial Shareholdings (5% and above)				
Dr. Fidelis A. Ayebae	758,543,749	31.61%	758,543,749	33.05%
Stanbic IBTC Nominees Limited	568,422,033	23.68%	568,422,033	24.77%
Total Substantial Shareholdings	1,326,965,782	55.29%	1,326,965,782	57.82%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
DR. Fidelis A. Ayebae (indirect)	1,100,000	0.05%	1,100,000	0.05%
Mr. Emmanuel E. Imoagene	37,413,200	1.56%	37,413,200	1.63%
Mrs. Olufunmilola O. Ayebae	-	-	74,629,500	3.25%
Mrs. Aishatu P. Sadauki	859,705	0.04%	859,705	0.04%
Dr. Vincent Ahonkhai	365,860	0.02%	365,860	0.02%
Mr. Olugbenga O. Olayeye	21,539,144	0.90%	21,539,144	0.94%
Mr. Abiola A. Adebayo	18,289,269	0.76%	18,289,269	0.80%
Mr. Imokha Ayebae	41,800,000	1.74%	41,800,000	1.82%
Mr. Ola Ijimakin	2,359,280	0.10%	2,359,280	0.10%
Mr. Oshoke M. Ayebae	69,310,444	2.89%	-	-
Mr. Segun Adebajji	-	-	-	-
Total Directors' Shareholdings	193,036,902	8.04%	198,355,958	8.64%
Other Influential Shareholdings				
NIL				
Total Other Influential	-	-	-	-
Free Float in Units and Percentage	879,997,316	36.67%	769,674,535	33.54%
Free Float in Value	₦ 27,121,517,279.12		₦ 4,348,661,122.75	
Declaration:				
(A) FIDSON HEALTHCARE PLC with a free float percentage of 36.67% as at 31st December 2025, is compliant with The Exchange's free float requirements for companies listed on the Main Board.				
(B) FIDSON HEALTHCARE PLC with a free float value of N27,121,517,279.12 as at 31st December 2025 is compliant with The Exchange's free float requirements for companies listed on the Main Board.				

Note: Average share price in 2025 as indicated by the NGX was N30.82k

J. A. ADEBANJO, FCIS

COMPANY SECRETARY

FRC/2013/PRO/ICSAN/002/00000002161

26th March 2026.

Statement of Directors' Responsibilities.

For the preparation and approval of the Financial Statements

The Directors of Fidson Healthcare 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 2025, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria (Amendment) Act 2023.

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


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

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.



Abiola Adebayo
Managing Director/CEO
FRC/2013/PRO/DIR/003/0000002162
26th March 2026



Olugbenga O. Olayeye
Executive Director, Strategy
FRC/2013/PRO/DIR/003/0000002378
26th March 2026

Certification of Financial Statements

In accordance with section 405 of the Companies and Allied Matters Act, 2020 and Section 88 of the Investment and Securities Act, 2025, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the:

- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial information included in the statements present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements.

We state that management and Directors:

- (i) are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,
- (ii) have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certify that Company's internal controls are effective as of that date.

We have disclosed:

- (i) 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
- (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and
- (iii) 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 2025 were approved by the Directors on 26th March 2026.

On behalf of the Directors of the Company



Abiola Adebayo
Managing Director/CEO
FRC/2013/PRO/DIR/003/00000002162
26th March 2026



Imokha Ayebae
Finance Director
FRC/2021/PRO/ANAN/001/00000023145
26th March 2026

Audit committee’s report

In the course of the financial year 2025, the statutory Audit Committee of Fidson Healthcare Plc met five times as analysed in the table below.

AUDIT COMMITTEE	20-03-25	17-04-25	17-07-25	21-10-25	09-12-25	%
Chief Matthew Akinlade	✓	✓	✓	✓	✓	100
Alhaji Abdulkabir B. Sarumi	✓	✓	✓	✓	✓	100
Mr. Philip I. Ejiofor	✓	✓	✓	✓	✓	100
Mr. Solomon S. Akinsanya	✓	✓	✓	✓	✓	100
Mr. Emmanuel E. Imoagene	✓	✓	✓	✓	✓	100

Key ✓ - Present

Key X- Absent

Our terms of reference include but are not limited to the following:

1. Assist in the oversight of the integrity of Fidson Healthcare Plc’s (“the Company”) financial statements, compliance with legal and other regulatory requirement, assessment of qualifications and independence of external Auditor, and performance of the company’s internal audit functions as well as that of external Auditors.
2. Ensure the development of a comprehensive internal control framework for the Company, obtains assurance and report annually in the financial report, on the operating effectiveness of the Company’s internal control framework.
3. Oversee management’s process for the identification of significant fraud risks across the Company and ensure that adequate prevention, detection, and reporting mechanism are in place.
4. Discuss the annual audited financial statements with Management and external Auditors.
5. Discuss policies and strategies in respect to risk assessment and management.
6. Review and ensure that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Chairman of the Board.
7. Review, with the external Auditors, any audit scope limitations or problems encountered and management responses to same. In addition, to review the independence of external Auditors and ensure that where non- audit services are provided by the external Auditors, there is no conflict of interest.
8. Preserve Auditor’s independence, by setting clear hiring policies for employees or former employees of independent auditors.
9. Invoke its authority to investigate any matter within its terms of reference for which purpose the Company must make available the resources to the internal Auditors with which to carry out these functions, including access to external advice where necessary.

Consequently, in accordance with the provisions of section 404(4) of the Companies and Allied Matters Act 2020, the members of the statutory Audit committee of Fidson Healthcare Plc hereby report that we have exercised our statutory functions under this act and we acknowledge the cooperation of the Management and staff of the company in the conduct of these responsibilities.

Specifically, we confirm that:

1. The accounting and reporting policies of the Company are consistent with the legal requirements and ethical practices.
2. The internal audit programme is extensive and provide a satisfactory evaluation of the efficiency of the internal controls systems; and
3. We have considered the independent Auditor’s post-audit report and management responses thereon, and are satisfied with responses to our questions as well as the state of Fidson Healthcare Plc.


Chief Matthew Akinlade, FCA,

FRC/2013/PRO/ICAN/001/00000002111

Chairman, Statutory Audit Committee

Dated March 23rd 2026

Members of the Statutory Audit Committee are:

Chief Matthew Akinlade, FCA	Shareholder representative (Chairman)
Alhaji Abdulkabir B. Sarumi	Shareholders’ representative
Mr. Philip I. Ejiofor	Directors’ representative
Mr. Emmanuel E. Imoagene	Directors’ representative
Mr. Solomon S. Akinsanya	Shareholders’ representative

Report of the Directors (cont'd)

16.0 EMPLOYMENT AND EMPLOYEES

a) Employment of disabled Persons

It is the Company's policy that there is no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers. As at 31 December 2025, there were two disabled employees working in the administrative section of the factory.

b) Welfare

The Company has retainer agreement with a number of private hospitals to whom cases of illness are referred for treatment and/or admission.

The Company provides subsidy to employees in respect of transportation, lunch, housing, and healthcare are expensed during the year.

Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include bonus, promotions and wage review.

c) Training

The Company attaches great importance to training and all categories of staff attend courses or seminars as considered necessary by the Company's management. This was extended to member of the statutory audit committee during the year under review.

17.0 PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is disclosed in **Note 15**, to the financial statements.

18.0 AUDIT COMMITTEE

Pursuant to Section 404 of the Companies and Allied Matters Act, 2020, the Company has in place an Audit Committee comprising of Directors and shareholders, namely:

Chief Matthew Akinlade, FCA
Alhaji Abdulkabir B. Sarumi,
Mr. Solomon S. Akinsanya
Mr. Philip I. Ejiofor
Mr. Emmanuel E. Imoagene

Chairman
Shareholders' representative
Shareholders' representative
Directors' representative
Directors' representative

The functions of the Audit Committee are laid down in Section 404(7) of the Companies and Allied Matters Act, 2020.

19.0 AUDITORS

Messrs Deloitte and Touche (Chartered Accountants) have indicated their willingness to continue in office in accordance with section 401 (2) of the Companies and Allied Matters Act, 2020 Nigeria. A resolution will be proposed at the 27th Annual General Meeting (AGM) for the authority to fix their remuneration by the directors.

BY ORDER OF THE BOARD



J. ABAYOMI ADEBANJO, FCIS
COMPANY SECRETARY
FRC/2013/PRO/ICSAN/002/00000002161
26th March 2026

Corporate Governance Report

The global embrace of good corporate governance and the gradual shift from a persuasive set of principles to a set of prescriptive and mandatory adoption of best practices has made it compelling for us at Fidson to continue to redirect our overall governance focus. The hallmark of good governance is sustainability, and we are leaving no stone unturned to ensure we institute practices that ensure the sustainability of the business, working through the 17 Millennium Goals as they affect the company's environmental, social and governance structure.

We are poised to comply with the Sustainability reporting requirements being implemented by the Financial Reporting Council of Nigeria under the S1 and S2 disclosure principles and criteria.

The Company's governance was kept under constant appraisal, and during the year under review, additional independent non-executive directors were appointed by the Board and a new Committee created to ensure all aspects of the company's operations are visible at the board level.

We continued to ensure full disclosures in line with Principle 28 of the Nigerian Code of Corporate Governance and the provisions of the Listing Rules, particularly Rule 17.5 and other rules of the exchange bordering on transparency and effective communication with stakeholders and the investing public.

We retained our strategic governance pillars, namely:

People: Our stakeholders are at the centre of our Corporate Governance practices. Concerns of our stakeholders whether directly or indirectly impacting our operations are constantly considered and promptly attended to. In this area of our operations are robust Corporate Social Responsibility policies, remuneration and motivation schemes that are second to none in the industry, as well as concern for our numerous customers and end-users of our brands. We realize that our shareholders are important, and all efforts were made throughout the year to reach out to them in a bid to ensure an amicable shareholder-management relationship. Aside from the statutory register of members, we created a directory of notable members for engagement and operational reporting whenever the need arises.

Prices: Our pricing policies are geared towards optimizing our resources for continued growth and development without exploiting the market. We have continued to consider the general inflationary trend and affordability to the common man before arriving at our prices.

Planet: Because we value life, our operations are conducted in a way that minimizes negative externalities. At the heart of this is our robust policy on Health, Safety, and Environment (HSE). We conducted regular HSE training throughout the year in addition to appointing Safety Officers in each of our locations and the Head Office. Obsolete equipment is disposed of in order to allow for recycling. Expired drugs are also destroyed under the supervision of regulators and each time this is done a Certificate of Destruction is received from the relevant Government Agency. We have imbibed best practices and ethical standards in all our dealings.

Probity: We reviewed our governance principles to recognize 'probity' as one of the essentials of good governance. All officers, including directors, are requested to give an honest account of all company's resources in their custody as and when due.

In addition to the above, the risk facing the company is always under the Board's watch with appropriate mitigating measures put in place to ensure the company's operations suffer no disaster that could have been contemplated and avoided.

OUR CORPORATE GOVERNANCE PLATFORM

Our corporate governance strategy and initiatives are geared towards complying with the Nigerian Code of Corporate Governance 2018 and maintaining an amicable relationship with the various stakeholders on which our continued existence relies. Our second approach to Corporate Governance is to use the doctrines of good governance to engender the sustainability of our business.

We have continued to subject our operations to periodic examinations and audits by independent auditors which include current Good Manufacturing Practice (GMP) and the National Agency for Food and Drugs Administration and Control (NAFDAC). Each audit/examination report is made the subject for consideration by a committee headed by an executive director for proper review and implementation.

Overseen by the Board of Directors, Corporate Governance practices are constantly under review in line with the dynamics of the business environment. The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards.

Corporate Governance Report (cont'd)

The day-to-day affairs of the company are run by the Executive Management with regular meetings to brainstorm on the company's operations.

The framework for our corporate governance is hinged on:

- The Nigerian Code of Corporate Governance 2018
- Various Standards Operations Procedure (SOP) and the International Standard Organisation's compliance requirements.
- Provisions of the Companies and Allied Matters Act, 2020.
- Financial Reporting Council (Amendment) Act, 2023.
- IFRS Accounting Standards as issued by the International Accounting Standards Board
- The listing rules of the Nigerian Exchange Limited (NGX).
- Rules of the Securities and Exchange Commission (SEC).
- Good Manufacturing Practices.
- The Data Protections Act (DPA) as well as the Nigerian Data Protection Regulations (NDPR)
- International best practices.

BOARD COMMITTEES

Board committees during the year under review were constituted as follows:

S/N	NAME OF COMMITTEES	MEMBERS
1	Governance, Nomination and Remuneration & Talent Management Committee.	Mr. Emmanuel E. Imoagene (Chairman) Dr. Fidelis A. Ayebae Dr. Vincent I. Ahonkhai Dr. Babatunde K. Ipaye Mrs. Hannah E. Oyebanjo Dr. Mrs. Amina Mohammed-Baloni
2	Finance and General Purposes Committee	Mr. Philip Ejiofor (Chairman) Mr. Emmanuel. E. Imoagene Dr Vincent. I. Ahonkhai Mrs. Hannah E. Oyebanjo Dr. Mrs. Amina Mohammed-Baloni Mr. Imokha. S. Ayebae Mr. Abiola A. Adebayo Mr. Olugbenga O. Olayeye Mr. Ola. E. Ijimakin Mr. Oshoke Ayebae
3	Risk, Audit & Credit Control Committee	Dr. Fidelis A. Ayebae (Chairman) Mr. Emmanuel. E. Imoagene Mr. Philip Ejiofor Dr. Babatunde K. Ipaye Dr. Mrs. Amina Mohammed-Baloni Mr. Imokha S. Ayebae Mr. Abiola. A. Adebayo Mr. Olugbenga O. Olayeye Mr. Ola. E. Ijimakin Mr. Oshoke Ayebae
4	Strategy and Business Development Committee	Dr. Vincent I. Ahonkhai (Chairman) Mr. Philip Ejiofor Dr. Babatunde K. Ipaye Mrs. Hannah E. Oyebanjo Mr. Abiola. A. Adebayo Mr. Olugbenga O. Olayeye Mr. Ola E. Ijimakin Mr. Oshoke Ayebae Mr. Imokha. S. Ayebae
5	Public Affairs, Regulatory and Compliance Committee	Dr. Babatunde K. Ipaye (Chairman) Mr. Emmanuel. E. Imoagene Dr. Vincent I. Ahonkhai Dr. Mrs. Amina Mohammed-Baloni Mrs. Hannah E. Oyebanjo Mr. Abiola. A. Adebayo Mr. Olugbenga O. Olayeye Mr. Ola E. Ijimakin Mr. Oshoke Ayebae
6	Statutory Audit Committee (Board's Representatives).	Mr Emmanuel. E. Imoagene (Chairman) Mr. Philip I. Ejiofor

The Company Secretary acts as Secretary to all Board committees.

Corporate Governance Report (cont'd)

BOARD COMMITTEES - (cont'd)

COMMITTEES' TERMS OF REFERENCE

The terms of reference for all the committees are in line with the provisions of the Nigerian Code of Corporate Governance 2018 and generally accepted best practices. The Committee's terms of reference, in summary, are as follows:

1 Governance, Nomination and Remuneration & Talent Management Committee (GNR & TC):

The committee's charter was reviewed in the course of the year to bring in Talent Management, which the Board considers very crucial to the continued growth, development and sustainability of the company. The main responsibility is to assist the Board in developing policies to address the Board's and Management's skill requirements and to fill any vacancy on the Board, however occasioned, and to see to it that talents are retained in the business.

The Committee is also to ensure that at all times, competence gaps are identified and closed so that the company is not short of the required skills.

The responsibility of the Committee includes the recommendation of a competitive remuneration package for the executive management and the Board. In doing this, the committee considers the need to maintain both internal and external competitiveness. It is also the responsibility of the Committee to ensure that remunerations paid to the employees of the company are adequate and commensurate with performance.

The Committee ensures the sustainability of the business by ensuring that at all times the company maintains its good governance structure, probity, accountability, transparency, good ethical conduct and responsible leadership.

In doing these, the committee considers the need to attract, motivate and retain suitably qualified individuals to the Board to provide the good leadership needed.

2 Finance and General Purposes Committee:

The committee assists the Board in ensuring that the company's strategic initiatives and objectives are translated into actions and processes. In doing this, the committee considers and makes recommendations to the Board with regards to:-

- (a) the annual estimates of revenue and expenditure (income statement).
- (b) capital expenditure requirements including loans.
- (c) investment and borrowing policies.
- (d) any other matters referred to the Committee by the Board.
- (e) capital injection and appraisal of funding options.

3 Strategy and Business Development Committee:

The Committee's function is to assist the board in the development of a strategic planning process and ensure a periodic review of the process and report to the Board on implementation. To achieve its objectives, the Committee, amongst others:

- (a) ensure that the business sets stretch but realisable long-term and annual business goals consistent with market opportunities, and capable of delivering the company's vision and mission statements.
- (b) review, input, and recommend to the Board long-term and annual business strategy to deliver the business goals and consistently outperform the competition.
- (c) ensure that the annual plans and long-term strategy is communicated across the organisation to ensure alignment and ownership.
- (d) ensure that the long-term strategy and annual plans are tracked twice annually and quarterly respectively and a dashboard is used to communicate status to key stakeholders.
- (e) ensure that a Strategic planning cycle is developed and embedded into the corporate calendar so that adequate time is created for the process.

The Committee during the year under review undertook a week-long rigorous strategic session for the company and delivered a 3-year strategic plan, 2026-2028.

Corporate Governance Report (cont'd)

BOARD COMMITTEES - (cont'd)

COMMITTEES' TERMS OF REFERENCE

4 Risk, Audit and Credit Control Committee:

The Committee assists the Board in the monitoring, reviewing and administration of the credit policy and risk management. Its terms of reference include the following:

- (a) Consider the nature, extent, and categories of the risks facing the Company, and the likelihood of such risks materializing; the Company's ability to reduce the incidence and the impact on its business, if the risks do materialize.
- (b) Advise the Board on the cost of operating particular controls relative to the benefits thereby obtained in managing the related risks;
- (c) Ensure that the Company's policy on ethics adequately impacts positively on its Business partners and stakeholders e.g. Customers, Shareholders, Community, Government, Suppliers and the public;
- (d) Prescribe new standards and mechanisms related to ethics and make recommendations to the Board.
- (e) Review the risk register and to notify the Board of changes in the status and control evaluation of risks;
- (f) Keep under review and monitor the effectiveness of the Company's system of internal control, non-financial activities of management, including operational and compliance controls and risk management, environment, health and safety and report to the Board on annual basis and;
- (g) Monitor compliance with the provisions of the Companies and Allied Matters Act as they affect the operations of the business and adherence to the rules and regulations of relevant regulatory bodies.
- (h) To obtain Board approval for any policy changes, actions or decisions of the Committee that require such approval.
- (i) The Committee shall be responsible for putting in place a structure for risk management.
- (j) To review the implementation of the company's processes as they relate to risk management framework and recommend best practices.
- (k) To consider the likely impact on breaches in the company's operations.
- (l) To put in place a Business Continuity Plan (BCP) for the company.

The Committee during the year under review discharged its function creditably well and amongst other things, reviewed and adopted a risk register for the company.

5 Public Affairs, Regulatory and Compliance Committee

The Committee's function is, among other things, to:

- (a) Support the company's focus on quality and safe drug manufacturing and to deepen the company's patronage by the public healthcare institutions while ensuring adequate compliance with the laws and regulations in the healthcare and pharmaceutical sector.

Areas of healthcare compliance shall include:

- (i) Oversee the regulatory requirements governing the monitoring and reporting of product safety information.
Manufacturing and Supply: monitor the company's manufacturing and supply quality, including current
- (ii) Good Manufacturing Practices (cGMP) and the pursuit of other standards as well as pre-qualifications, e.g. the WHO Prequalification, EU Prequalification, and others.
- (iii) Commercial: Ensures responsible product marketing, promotion, and sales to government agencies and public institutions.
- (b) Overseeing the Company's social investments and commitment to making a meaningful impact around the world by reviewing strategies and plans for improving lives in ways that enable people to thrive and increase their quality of living;
- (c) Overseeing the Company's commitment to and efforts regarding environmental sustainability;
- (d) Overseeing the Company's community and government relations;
- (e) Overseeing the Company's product quality, quality assurance systems, and post-marketing pharmacovigilance.

These committees meet on a regular basis to discharge their functions and report to the Board.

Corporate Governance Report (cont'd)

THE BOARD

Frequency of meetings:

The Board of Directors holds at least 4 (four) meetings in each financial year. Each meeting is scheduled to receive quarterly operating results among other reports on the company's operations. All matters reserved for the Board are duly considered and resolved. These include consideration and approval of budgets, major capital expenditures, corporate strategy, review of policies on internal risk management, review of performance and generally direct the affairs of the company's operations.

Attendance at Board meetings during the year under review was impressive. In line with Section 284 (2) of the Companies and Allied Matters Act, 2020, the record of Directors' attendance at Board meetings is available at the annual general meeting for inspection.

In compliance with Section 275 of the Companies and Allied Matters Act, 2020, as amended by the Business Facilitation, Act 2023, the Board has the required number of Independent Non-Executive Directors.

Responsibilities of the Board of Directors:

It is the responsibility of the Board of Directors to:

1. Ensure that the company's operations are conducted fairly and transparently and conform with high ethical standards;
2. Ensure the integrity of the company's financial and internal control policies;
3. Ensure the accuracy, adequacy and timely rendition of the statutory returns and financial reports to the regulatory authorities, namely, The Nigerian Exchange Limited (NGX), Securities and Exchange Commission (SEC), Corporate Affairs Commission (CAC), National Agency for Food and Drug Administration and Control (NAFDAC) and shareholders through the Company Secretary;
4. Ensure value creation for the shareholders, employees and other stakeholders;
5. Review and approve corporate policies, strategies, annual budgets and business plans;
6. Monitor implementation of policies and strategic direction of the company;
7. Set performance objectives, monitor implementation and corporate performance;
8. Review and approve all major capital expenditures of the company;
9. Ensure that the statutory rights of all stakeholders are protected at all times; and,
10. Institute an appropriate mechanism for measuring adherence by management to all regulations.

Information flow to the Board: The Senior Executive Management ensures that the Board receives adequate information on a timely basis. Board papers are circulated at least two weeks before every Board meeting.

As part of the Board's resolve to ensure adequate compliance with and to engender good corporate governance, at every Board meeting, questions are raised by the Board on issues of compliance to be addressed by the Company Secretary or any Director concerned. This way, the Board is abreast of the regulatory, statutory and ethical requirements expected of listed companies in Nigeria.

Board Charter: To ensure good governance is engendered in the company, the Board is run by a Charter which amongst other things makes provisions concerning:

- (a) Frequency of Board meetings
- (b) Process for adoption and circulation of Board minutes
- (c) Disclosure of interest
- (d) Guidelines for ensuring the integrity and independence of directors.
- (e) Commitment to comply with the Law, regulations and Corporate Governance Code

The Charter is subject to periodic review and was last reviewed in 2024.

Corporate Governance Report (cont'd)

Board Structure:

The Board currently has 12 (twelve) directors, made up of 5 (five) Executive Directors, 2 (two) Non-Executive Director and 5 (five) Independent Non-Executive Directors. The balance between the executive and non-executive directors has continually ensured the objectivity with which the Board considers Management's reports and proposals presented to the full board.

In structuring the Board, there was consideration for diversity in terms of gender and core competencies needed on the Board. Among the Board members are experts in human resources, corporate governance, medical sciences, finance, manufacturing, economics, marketing and strategy.

The current Board of Directors during the year under review is made up as follows:

- | | | |
|-----|--------------------------------|---|
| 1. | Dr. Fidelis A. Ayebae | -Chairman of the Board |
| 2. | Mr. Abiola A. Adebayo | -Managing Director/CEO |
| 3. | Mr. Emmanuel E. Imoagene | - Non-Executive Director |
| 4. | Dr. Vincent I. Ahonkhai | - Independent Non-Executive Director |
| 5. | Mr. Philip I. Ejiofor | - Independent Non-Executive Director |
| 6. | Dr. Babatunde K. Ipaye | - Independent Non-Executive Director |
| 7. | Dr.(Mrs) Amina Mohammed-Baloni | - Independent Non-Executive Director |
| 8. | Mrs. Hannah E. Oyebanjo | - Independent Non-Executive Director |
| 9. | Mr. Olugbenga O. Olayeye | -Executive Director, Strategy |
| 10. | Mr. Ola E. Ijimakin | -Executive Director, Commercial. |
| 11. | Mr. Imokha S. Ayebae | -Executive Director, Finance |
| 12. | Mr. Oshoke Ayebae | -Executive Director, Business Development & Marketing |

Board evaluation and appraisal: The Board has agreed on a plan to conduct an evaluation of its members before the end of the 2026 financial year.

Related party transaction: Though the shareholders gave anticipatory approval at the last annual general meeting, there was no material related-party transaction throughout the year under review.

THE STATUTORY AUDIT COMMITTEE

In accordance with section 404 (3) of the Companies and Allied Matters Act, 2020, the audit committee is made up of five (5) members, three (3) representatives of the shareholders and two (2) representatives of the Board of Directors. Members of the audit committee are elected annually at the annual general meeting. The Committee was engaged maximally in all aspects of its responsibility as stipulated by the law. In addition, the Committee was encouraged to take on other assignments that may be of benefit to the Company.

Members of the Committee during the year under review were:

- | | | |
|----|--|-------------|
| 1. | Chief Matthew Akinlade, FCA, Shareholder | Chairman |
| 2. | Alhaji Abdulkabir B. Sarumi | Shareholder |
| 3. | Mr. Solomon S Akinsanya | Shareholder |
| 4. | Mr. Emmanuel E. Imoagene | Director |
| 5. | Mr. Philip I. Ejiofor | Director |

The Company Secretary, Mr. J. A Adebajo acted as the Secretary to the Committee.

Corporate Governance Report (cont'd)

Attendance of Board Members, Board Committees and Audit Committee at meetings during the twelve months ended 31st December 2025

BOARD MEETINGS	27-03-25	28-07-25	30-10-25	18-12-25	%
Dr. Fidelis A. Ayebae	✓	✓	✓	✓	100
Mr. Olusegun S. Adebajji	✓	✓	N/A ²	N/A	100
Mr. Emmanuel E. Imoagene	✓	✓	✓	✓	100
Mrs. Aishatu. P. Sadauki	✓	✓	N/A ³	N/A	100
Dr. Vincent I. Ahonkhai	✓	✓	✓	✓	100
Dr. Babatunde K. Ipaye	✓	✓	✓	✓	100
Mr. Philip I. Ejiofor	✓	✓	✓	✓	100
Dr. (Mrs.) Amina Mohammed-Baloni	N/A	N/A ⁴	✓	✓	100
Mrs. Hannah E. Oyebanjo	N/A	N/A ⁵	N/A	✓	100
Mr. Abiola A. Adebayo	✓	✓	✓	✓	100
Mr. Olugbenga O. Olayeye	✓	✓	✓	✓	100
Mr. Ola E. Ijimakin	✓	✓	✓	✓	100
Mr. Imokha S. Ayebae	✓	✓	✓	✓	100
Mr. Oshoke M. Ayebae	✓	✓	✓	✓	100

STATUTORY AUDIT COMMITTEE	20-03-25	17-04-25	17-07-25	21-10-25	09-12-25	%
Chief Matthew Akinlade	✓	✓	✓	✓	✓	100
Alhaji Abdulkabir. B. Sarumi	✓	✓	✓	✓	✓	100
Mr. Philip I. Ejiofor	✓	✓	✓	✓	✓	100
Mr. Solomon. S. Akinsanya	✓	✓	✓	✓	✓	100
Mr. Emmanuel. E. Imoagene	✓	✓	✓	✓	✓	100

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE	07-03-25	21-10-25	12-12-25	%
Mrs. Aishatu. P. Sadauki	✓	N/A	N/A	100
Mr. Emmanuel. E. Imoagene	✓	✓	✓	100
Dr. Vincent I. Ahonkhai	✓	✓	✓	100
Dr. Babatunde K. Ipaye	✓	✓	✓	100
Dr. (Mrs.) Amina Mohammed-Baloni	N/A	N/A	N/A	
Mrs. Hannah E. Oyebanjo	N/A	N/A	N/A	

FINANCE AND GENERAL PURPOSES COMMITTEE	25-03-25	22-04-25	22-07-25	23-10-25	12-12-25	%
Mr. Philip I. Ejiofor	✓	✓	✓	✓	✓	100
Mr. Emmanuel. E. Imoagene	✓	✓	✓	✓	✓	100
Mr. Olusegun S. Adebajji	✓	✓	✓	N/A	N/A	100
Dr. Vincent I. Ahonkhai	✓	✓	✓	✓	✓	100
Mrs. Hannah E. Oyebanjo	N/A	N/A	N/A	N/A	✓	100
Dr. (Mrs.) Amina Mohammed-Baloni	N/A	N/A	N/A	N/A	✓	100
Dr. Fidelis. A. Ayebae	✓	✓	✓	N/A ⁶	N/A	100
Mr. Abiola. A. Adebayo	✓	✓	✓	✓	✓	100
Mr. Olugbenga. O. Olayeye	✓	✓	✓	✓	✓	100
Mr. Ola E. Ijimakin	✓	✓	✓	✓	✓	100
Mr. Imokha S. Ayebae	✓	✓	✓	✓	✓	100
Mr. Oshoke M. Ayebae	✓	✓	✓	✓	✓	100

Corporate Governance Report (cont'd)

RISK MANAGEMENT AND AUDIT COMMITTEE	17/3/2025	08-07-25	07-10-25	%
Dr. Fidelis A. Ayebae	✓	✓	✓	100
Mr. Olusegun S. Adebajji	✓	✓	N/A	100
Mr. Emmanuel. E. Imoagene	✓	✓	✓	100
Mr. Philip I. Ejiofor	✓	✓	✓	100
Dr. (Mrs.) Amina Mohammed-Baloni	N/A	N/A	N/A	N/A
Mr. Abiola. A. Adebayo	✓	✓	✓	100
Mr. Olugbenga. O. Olayeye	✓	✓	✓	67
Mr. Imokha S. Ayebae	✓	✓	✓	100
Mr. Oshoke M. Ayebae	✓	✓	✓	100

STRATEGY AND BUSINESS DEVELOPMENT COMMITTEE	19-03-25	10-07-25	09-10-25	%
Dr. Vincent I. Ahonkhai	✓	✓	✓	100
Mr. Emmanuel. E. Imoagene	✓	✓	✓	100
Mrs. Aishatu .P. Sadauki	✓	✓	N/A	100
Dr. Fidelis A. Ayebae	✓	✓	N/A	100
Mrs. Hannah E. Oyebanjo	N/A	N/A	N/A	N/A
Mr. Abiola A. Adebayo	✓	✓	✓	100
Mr. Olugbenga O. Olayeye	✓	✓	✓	100
Mr. Ola E. Ijimakin	✓	✓	✓	100
Mr. Imokha S. Ayebae	✓	✓	✓	100
Mr. Oshoke M. Ayebae	✓	✓	✓	100

PUBLIC AFFAIRS, REGULATORY AND COMPLIANCE COMMITTEE	19-03-25	10-07-25	%
Dr. Babatunde K. Ipaye	✓	✓	100
Dr. Vincent I. Ahonkhai	✓	✓	100
Mr. Emmanuel. E. Imoagene	✓	✓	100
Dr. (Mrs.) Amina Mohammed-Baloni	N/A	N/A	N/A
Dr. Fidelis A. Ayebae	✓	✓	100
Mrs. Hannah E. Oyebanjo	N/A	N/A	N/A
Mr. Abiola A. Adebayo	✓	✓	100
Mr. Olugbenga O. Olayeye	✓	✓	100
Mr. Ola E. Ijimakin	✓	✓	100
Mr. Oshoke M. Ayebae	✓	✓	100

N/A² - Retired from the Board effective 31st of July 2025.

N/A³ - Retired from the Board effective 31st of July 2025.

N/A⁴ - Appointed in October 2025.

N/A⁵ - Appointed in November 2025.

N/A⁶ - Ceased to be a member upon becoming the Board Chairman.

Board induction programme: With the expansion of the Board towards the end of the financial year under review, a robust Directors' induction programme was conducted in December 2025/January 2026. The induction lasted one week and covered all aspects of the business in addition to strategy, the basic training of directors' duties and more. The benefit of the induction was apparent in the quick understanding of the business by the Directors and reflected in their contributions at Board meetings.

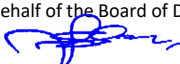
Securities Trading: The company's directors are constantly reminded and they are aware of the restrictions imposed on them with regards to trading in the shares and other listed securities of the company during closed periods. The policy in place is obeyed by the directors and other senior employees who by virtue of their position constantly come in contact with unpublished price-sensitive information.

Enquiries have been made and it is hereby stated that in respect of these financial statements and the interim accounts submitted in the year under review, none of the directors violated the rules relating to insider trading.

Statement of Financial Position
As at 31 December 2025

	Notes	31-Dec-25 N '000	31-Dec-24 * N '000
ASSETS:			
Non-current assets			
Property, plant and equipment	15	30,937,846	25,125,748
Right of use of assets	16	-	-
Intangible assets	17	238,235	65,471
Financial assets at FVTOCI	18(a)	12,360	9,100
Financial assets at amortised cost	18(b)	20,498	17,915
Other non-current financial asset	19	215,936	198,106
		<u>31,424,875</u>	<u>25,416,340</u>
Current assets			
Inventories	20(a)	26,547,162	24,182,294
Financial assets at amortised cost	18(b)	-	242,230
Trade and other receivables	21(a)	11,068,227	6,208,214
Prepayments	22	6,535,857	12,513,033
Cash and cash equivalents	23	4,710,818	4,931,368
Total current assets		<u>48,862,064</u>	<u>48,077,140</u>
Total assets		<u>80,286,939</u>	<u>73,493,480</u>
Equity:			
Share capital	30	1,200,000	1,147,498
Share premium	31	5,009,225	4,829,614
Retained earnings *		23,979,687	16,364,125
Financial asset reserve	32	7,915	4,655
Total equity		<u>30,196,827</u>	<u>22,345,892</u>
Non-current liabilities			
Interest bearing loans and borrowings	24	3,596,236	7,018,279
Retirement benefit obligation	25	160,139	251,090
Government grant	26	207,267	590,618
Deferred tax liability *	14(c)	4,676,505	3,836,609
		<u>8,640,147</u>	<u>11,696,596</u>
Current liabilities			
Trade and other payables	27	6,630,781	10,370,733
Interest bearing loans and borrowings	24	10,407,067	8,979,029
Bank Overdraft	23	9,528	1,283,797
Other financial liabilities	28	19,645,345	15,646,950
Government grant	26	427,488	687,468
Income tax payable	14(b)	4,250,709	2,349,129
Unclaimed dividend	29(b)	79,048	133,887
		<u>41,449,966</u>	<u>39,450,993</u>
Total liabilities		<u>50,090,112</u>	<u>51,147,589</u>
Total equity and liabilities		<u>80,286,939</u>	<u>73,493,480</u>

Signed on Behalf of the Board of Directors on 26th March 2026


Abiola Adebayo
Managing Director/CEO
FRC/2013/PRO/DIR/003/00000002162


Imokha Ayebae
Finance Director
FRC/2021/PRO/ANAN/001/0

The Notes on pages 29 to 80 form an integral part of these financial statements.

* Refer to Note 44 for the impact of restatement

Independent Auditor's Report

To the Shareholders of Fidson Healthcare Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Fidson Healthcare Plc** set out on pages 25 to 80, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of **Fidson Healthcare Plc** as at 31 December 2025, and its financial performance and statement of cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of the Financial Statements in Nigeria.

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's Statement, CEO's Report, Sustainability Report, Statement of Directors Responsibilities, Certification of Financial Statements, Statement on the Company's Environmental, Social and Governance Activities, Report of the Statutory Audit Committee and other national disclosure (statement of value added and financial summary) which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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 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 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.





Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, 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.

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 judgement and maintain professional scepticism throughout the audit. Also, we:

- 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.

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, actions taken to eliminate threats or safeguards applied.

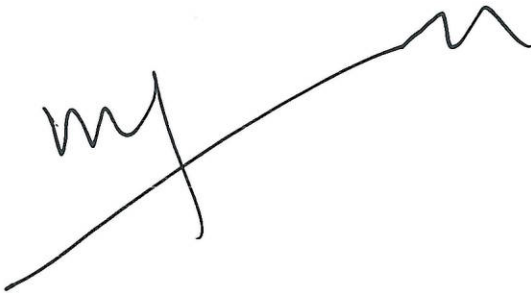
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

In accordance with the Fifth Schedule of Companies and Allied Matters Act, we expressly state that:

- i. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. The Company has kept proper books of account, so far as appears from our examination of those books.
- iii. The Company's financial position and its statement of profit or loss and 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, we performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of 31 December 2025. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and we have issued an Assurance Report with no exception in our report dated 31 March 2026. That report is included on pages 23 to 24 of the financial statements.



Folorunso Hunga, FCA - FRC/2013/PRO/ICAN/004/00000001709
For: Deloitte & Touche (FRC/2022/Coy/091021)
Chartered Accountants
Lagos, Nigeria
31 March 2026



Assurance Report of Independent Auditor

To the Shareholders of Fidson Healthcare Plc

Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Fidson Healthcare Plc** ("the Company") as of 31 December, 2025, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO ("the ICFR framework")), and the SEC Guidance on Management Report on Internal Control Over Financial Reporting. The Company's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting, including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the Company, and our report dated 31 March 2026 expressed an unmodified opinion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Company did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the SEC Guidance on Management Report on Internal Control Over Financial Reporting.

Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Our procedures included the examination of historical evidence of the design and implementation of the Company's system of internal control over financial reporting for the year ended 31 December 2025. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our limited assurance report is subject to these inherent limitations.

Directors' and Management's Responsibilities

The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting.





Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with the International Financial Reporting Standards (IFRS) and the ICFR framework.

Section 7(2f) of the Financial Reporting Council of Nigeria (Amendment) Act 2023 further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility and Approach

Our responsibility is to express a limited assurance opinion on the company's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the Company did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Company established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in these circumstances.

We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Polorusun Hunga, FCA - FRC/2013/PRO/ICAN/004/00000001709

For: Deloitte & Touche (FRC/2022/Coy/091021)

Chartered Accountants

Lagos, Nigeria

31 March 2026



Statement of Profit or Loss and Other Comprehensive Income

	Notes	31-Dec-25 N '000	31-Dec-24 * N '000
Revenue	5	119,061,254	84,189,000
Cost of Sales	6	(69,835,197)	(49,084,616)
Gross profit		49,226,057	35,104,384
Other gains and losses	7	887,547	611,871
Administrative expenses	8	(12,396,055)	(8,712,125)
Impairment of receivables	21	(133,069)	(301,440)
Net exchange loss	9	(6,012,067)	(5,448,891)
Selling and distribution expenses	10	(9,623,801)	(8,119,539)
Operating profit		21,948,612	13,134,260
Finance costs	11	(7,130,319)	(5,493,822)
Finance income	12	144,315	60,022
Profit before tax	13	14,962,608	7,700,460
Income tax *	14	(5,079,032)	(3,301,497)
Profit for the year *		9,883,576	4,398,964
Other comprehensive income: (OCI)			
Items to be reclassified to profit or loss in subsequent years:			
Fair value gain/loss through OCI financial instruments	18(a)	3,260	1,370
Net other comprehensive income to be reclassified to profit or loss		3,260	1,370
Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain on defined benefit plans	25	38,546	41,184
Income tax effect	14(c)	(11,564)	(12,356)
Net other comprehensive income not to be reclassified to profit or loss		26,982	28,828
Other comprehensive income, net of tax;		30,242	30,198
Total comprehensive income, net of tax *		9,913,818	4,429,162
Earnings per share - basic (in kobo)			
* Basic and diluted	42	412	192

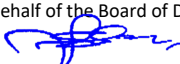
The Notes on pages 29 to 80 form an integral part of these financial statements.

* Refer to Note 44 for the impact of restatement

Statement of Financial Position
As at 31 December 2025

	Notes	31-Dec-25 N '000	31-Dec-24 * N '000
ASSETS:			
Non-current assets			
Property, plant and equipment	15	30,937,846	25,125,748
Right of use of assets	16	-	-
Intangible assets	17	238,235	65,471
Financial assets at FVTOCI	18(a)	12,360	9,100
Financial assets at amortised cost	18(b)	20,498	17,915
Other non-current financial asset	19	215,936	198,106
		<u>31,424,875</u>	<u>25,416,340</u>
Current assets			
Inventories	20(a)	26,547,162	24,182,294
Financial assets at amortised cost	18(b)	-	242,230
Trade and other receivables	21(a)	11,068,227	6,208,214
Prepayments	22	6,535,857	12,513,033
Cash and cash equivalents	23	4,710,818	4,931,368
Total current assets		<u>48,862,064</u>	<u>48,077,140</u>
Total assets		<u>80,286,939</u>	<u>73,493,480</u>
Equity:			
Share capital	30	1,200,000	1,147,498
Share premium	31	5,009,225	4,829,614
Retained earnings *		23,979,687	16,364,125
Financial asset reserve	32	7,915	4,655
Total equity		<u>30,196,827</u>	<u>22,345,892</u>
Non-current liabilities			
Interest bearing loans and borrowings	24	3,596,236	7,018,279
Retirement benefit obligation	25	160,139	251,090
Government grant	26	207,267	590,618
Deferred tax liability *	14(c)	4,676,505	3,836,609
		<u>8,640,147</u>	<u>11,696,596</u>
Current liabilities			
Trade and other payables	27	6,630,781	10,370,733
Interest bearing loans and borrowings	24	10,407,067	8,979,029
Bank Overdraft	23	9,528	1,283,797
Other financial liabilities	28	19,645,345	15,646,950
Government grant	26	427,488	687,468
Income tax payable	14(b)	4,250,709	2,349,129
Unclaimed dividend	29(b)	79,048	133,887
		<u>41,449,966</u>	<u>39,450,993</u>
Total liabilities		<u>50,090,112</u>	<u>51,147,589</u>
Total equity and liabilities		<u>80,286,939</u>	<u>73,493,480</u>

Signed on Behalf of the Board of Directors on 26th March 2026


Abiola Adebayo
Managing Director/CEO
FRC/2013/PRO/DIR/003/00000002162


Imokha Ayebae
Finance Director
FRC/2021/PRO/ANAN/001/0

The Notes on pages 29 to 80 form an integral part of these financial statements.

* Refer to Note 44 for the impact of restatement

Statement of Changes in Equity

	Share capital N'000	Share premium N'000	Retained earnings N'000	Financial asset reserve N'000	Total Equity N'000
At 1 January 2024 *	1,147,498	4,829,614	13,313,331	3,285	19,293,728
Profit for the year *	-	-	4,398,964	-	4,398,964
Other comprehensive income for the year, net	-	-	28,828	1,370	30,198
Total comprehensive income for the year	-	-	4,427,792	1,370	4,429,162
Dividends (Note 29)			(1,376,998)		(1,376,998)
At 31 December 2024	1,147,498	4,829,614	16,364,125	4,655	22,345,892
At 1 January 2025	1,147,498	4,829,614	16,364,125	4,655	22,345,892
Profit for the year	-	-	9,883,576	-	9,883,576
Issue of Shares	52,502	179,611	-	-	232,113
Other comprehensive income for the year, net	-	-	26,982	3,260	30,242
Total comprehensive income for the year	52,502	179,611	9,910,558	3,260	10,145,931
Dividends (Note 29)	-	-	(2,294,996)	-	(2,294,996)
At 31 December 2025	1,200,000	5,009,225	23,979,687	7,915	30,196,827

The Notes on pages 29 to 80 form an integral part of these financial statements.

* Refer to Note 44 for the impact of restatement

Statement of Cash flows

	Notes	31-Dec-25 N '000	31-Dec-24 N '000
Operating activities:			
Profit before tax		14,962,608	7,700,460
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	15	1,948,477	1,496,671
Depreciation - Right of use assets	16	-	35,384
Adjustment in CWIP	15	187,663	20,103
Impairment loss	21(b)	133,069	301,440
Gain on disposal of plant, property and equipment	7	(22,501)	(891)
Gain on disposal of Right of Use Assets		-	(15)
Net exchange difference on loan	24(a)	30,073	(174,747)
Net exchange difference (Unrealized)		35,032	(143,816)
Employee compensation plan		232,113	-
Amortisation of government grant	7	(643,331)	(443,787)
Amortisation of Intangible assets	17	290,367	135,595
Interest income on loan receivable	12	(332)	(1,732)
Interest income in other non-current financial asset	12	(60,875)	(13,673)
Interest income on fixed deposit	12	(83,108)	(44,617)
Finance costs	11	7,130,319	5,493,822
Net of movement in pension cost	25	(90,951)	(1,067)
Changes in working capital:			
Trade and other receivables		(4,993,082)	(621,832)
Prepayments		5,977,176	(7,259,470)
Inventories		(2,364,868)	(7,825,345)
Other investments		242,230	242,780
Trade and other payables		(3,739,952)	1,294,722
Income tax paid	14(b)	(2,349,120)	(839,094)
Net cash flows generated / (used in) from operating activities		16,821,008	(649,110)
Cash flows from investing activities:			
Purchase of property, plant & equipment	15	(8,016,748)	(3,693,094)
Additions to intangible assets	17	(463,131)	(175,489)
Interest received		119,028	44,617
Proceeds from sale of property, plant and equipment		96,155	2,970
Proceeds from sale of right of use asset		-	336
Net cash flows utilized by investing activities		(8,264,696)	(3,820,660)
Cash flows from financing activities:			
Interest paid on borrowings	24(a)	(3,941,758)	(1,796,209)
Interest paid on financial liabilities	11	(2,464,168)	(3,152,716)
Dividend paid	29	(2,294,996)	(1,376,998)
Received/(Refund) of unclaimed dividend	29(b)	(54,839)	33,142
Proceed from loans & borrowings	24(a)	6,000,000	8,300,000
Proceed from other financial liabilities	28	19,645,345	15,646,950
Loan repayment (Principal)- Other financial liabilities	28	(15,646,950)	(10,000,000)
Loan repayment (Principal)	24(a)	(8,709,925)	(9,685,504)
Net cash flows used in financing activities		(7,467,291)	(2,031,334)
Net increase/ (decrease) in cash and cash equivalents		1,089,021	(6,501,104)
Effect of foreign exchange difference		(35,302)	143,816
Cash and cash equivalents at beginning of year		3,647,571	10,004,859
Cash and cash equivalents, at end of the year	23	4,701,290	3,647,571

The Notes on pages 29 to 80 form an integral part of these Financial Statements.

Notes to the financial statements

1.0 Corporate information

The Company was incorporated as a private limited liability Company on 13 March 1995 and commenced business activities on 15 March 1995. The principal activities of the Company include manufacturing and distribution of pharmaceutical products. The Company's shares were quoted the Nigerian Stock Exchange on 5 June 2008. The issued share capital is held as to 39.91% directly by the Directors, 5.74% indirectly by the Directors and 54.35% by the Nigerian Public.

1.1 Composition of the financial statements

The Financial statements are drawn up in Naira, the functional currency of Fidson Healthcare Plc. In accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements

1.2 Financial period

These Financial Statements cover the financial year ended 31 December 2025 with comparative amounts for the year ended 31 December 2024.

2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the IFRS Accounting Standards - Vol 11 as issued by the International Accounting Standards Board (IASB) that are effective at 31 December 2025 and Financial Reporting Council of Nigeria (Amendment) Act 2023, and the requirements of Companies and Allied Matters Act (CAMA) of Nigeria. The financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value.

2.2 Functional Currencies

The financial statements are presented in the Nigerian Naira which is the company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand, except when otherwise indicated.

2.3 Material accounting policy information

The following are the material accounting policies applied by the Company in preparing its financial statements:

2.3.1 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sell or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. Or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the financial statements

2.3.1 Current versus non-current classification (cont'd)

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. Or
- It does not have a right to defer the settlement of the liability for a minimum of twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.2 Fair value measurement

The Company measures some financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in **Note 18**.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers 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, maximizing the relevant observable inputs and minimizing the use of unobservable inputs. Refer to **Note 40b** for fair value hierarchy.

2.3.3 Revenue recognition

Revenue is recognised to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods.

Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract for Ethical and OTC when the products are delivered to the customer and for consumer healthcare when the customer picks up the product from the factory.
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is accomplished (delivery of Ethical and Consumer healthcare product)

Notes to the financial statements

2.3.3 Revenue recognition (cont'd)

The Company recognises revenue from the following major sources:

- Sale of Ethical Products, ethical product category are infusion, capsule, and tablet. Revenue is recognised when products are delivered to customers.
- Sale of Over the Counter (OTC) products. OTC product category are tablet, capsule, and syrup. Herbal product. Revenue is recognised when products are delivered to customer.
- The company also recognises revenue from manufacturing pharmaceutical products on behalf of its customers. The performance obligation in this type of contract involves the delivery of finished pharmaceutical drugs to its customers. Revenue is recognised overtime for this type of contract.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when the ethical and OTC products are delivered to the customer and or when the consumer healthcare customer picks their product from the factory.

Cost to obtain a contract.

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

Dividends

Dividends are recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.3.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.3.5 Taxes

Current income tax

The income tax assets or liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA) 2007 at 30% of total profit after deducting capital allowances and loss relief.

Current income tax relating to items recognised outside the profit or loss are recognised outside profit or loss.

Notes to the financial statements

2.3.5 Taxes (cont'd)

Current income tax (cont'd)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on items recognised in the profit or loss is also recognised in the profit or loss, while deferred tax on items recognised outside the profit or loss is also recognised outside the profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax (VAT), except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the Statement of Financial Position.

Notes to the financial statements

2.3.6 Foreign currency transaction

Foreign currency transactions are converted into the functional currency, the Nigerian Naira at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency interbank rate of exchange ruling at the reporting date in accordance with the Central Bank of Nigeria guidelines. Any exchange gains or losses arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.3.7 Property plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, net of accumulated depreciation and/or accumulated impairment loss, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long term projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful lives. Land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. Depreciation commences once asset is available for use. The normal expected useful lives for the major categories of property, plant and equipment are:

	Years
Land	Nil
Buildings	50
Plant and machinery	4 to 25
Office equipment	4 to 10
Furniture and fittings	8
Motor vehicles	4 to 6
Capital work-in-progress (WIP)	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable.

Impairment losses and reversals of impairment losses are recognised in the profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements

2.3.8 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (less than N50,000) (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

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

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

Notes to the financial statements

2.3.8 Leases (cont'd)

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

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

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

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

The Company as a lessee

Finance leases transfer to the Company substantially all the risks and rewards incidental to ownership of the leased asset.

The assets are measured at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss.

The capital element of assets under finance lease is capitalised along with the Company's property, plant and equipment and depreciated at the same rates for assets of that category, or over the lease term, where the lease term is shorter than the assets' useful lives.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Leases – as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

Notes to the financial statements**2.3.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

2.3.10 Intangible assets

Product licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The Company makes upfront payments to purchase product licences. The product licenses are held on various pharmaceutical products sold by the Company and have licence years that range from 2 to 5 years. The licences may be renewed by the Company at the expiration of the license period.

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight-line basis to write down the cost of intangible assets to their residual values over their estimated useful lives.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the intangible asset and recognised in the statement of profit or loss when the asset is derecognised.

2.3.11 Financial instruments**(a) Financial assets**

A financial asset is any asset that is:

- cash.
- an equity instrument of another entity.
- a contractual right to receive cash or another financial asset (e.g., receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to FIDSON (e.g., derivatives resulting in an asset, bonds, and investments)

Notes to the financial statements

2.3.11 Financial instruments (cont'd)

(i) Recognition and initial measurement

Financial instruments carried at fair value through profit or loss are initially recognised at fair value with transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, being recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

Financial instruments are recognised or de-recognised on the date the company settles the purchase or sale of the instruments (settlement date accounting).

(ii) Classification and Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at amortised cost or fair value depending on their classification category.

Classification

(a) Financial assets

Subsequent to initial recognition, all financial assets within the company are measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- or Fair value through profit or loss (FVTPL)

The company's financial assets are subsequently measured at amortised cost if they meet both of the following criteria and are not designated as at FVTPL:

Hold to collect' business model test - The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and

Solely payments of principal and interest rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date. Interest in this context is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

Debt instruments are measured at amortised cost by the company if they meet both of the following criteria and are not designated as at FVTPL:

Hold to collect and sell' business model test: The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and

Solely payments of principal and interest contractual cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets including equity investments are measured at fair value

A financial asset is classified and measured at fair value through profit or loss (FVTPL) by the company if the financial asset is:

- A debt instrument that does not qualify to be measured at amortised cost or FVOCI;
- An equity investment which the company has not irrevocably elected to classify as at FVOCI and present subsequent changes in fair value in OCI;
- A financial asset where the company has elected to measure the asset at FVTPL under the fair value option.

Notes to the financial statements

2.3.11 Financial instruments (cont'd)

(b) Financial liability

Financial liabilities are either classified by the company as:

- Financial liabilities at amortised cost; or
- Financial liabilities as at fair value through profit or loss (FVTPL).

Financial liabilities are measured at amortised cost by the company unless either:

- The financial liability is held for trading and is therefore required to be measured at FVTPL, or
- The company elects to measure the financial liability at FVTPL (using the fair value option).

- Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

(i) Amortised cost

Fidson's financial assets and liabilities are measured at amortised cost, FVTOCI, including, trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.

If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

Notes to the financial statements

2.3.11 Financial instruments (cont'd)

(ii) Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit impaired.

(iii) Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g., most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

All ECL (impairment) allowances must be reviewed at least quarterly.

In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:

- The simplified approach, which will be applied to trade receivables.
- The general approach, which will be applied to other receivables, including royalty receivables and to loan assets and investments in debt securities.

a) The simplified impairment approach.

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. FIDSON uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as Distributors, Sales representatives, and Institutions.

b) The general impairment approach

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required.

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates.
- An actual or expected significant change in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;

Notes to the financial statements

2.3.11 Financial instruments (cont'd)

- Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

(iv) Impairment of financial asset investments

Financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset.

In the case of equity investments classified as financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the year in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss – is reclassified from equity and to the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

(v) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement: and either.
 - (a) the Company has transferred substantially all the risks and rewards of the asset, or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(vi) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability 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, and the difference in the respective carrying amounts is recognised in the profit or loss.

Notes to the financial statements

2.3.11 Financial instruments (cont'd)

(vii) Offsetting of financial instruments

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

2.3.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials are stated at purchase cost on the weighted average basis.
- Finished goods and work in progress: Cost in this case consists of direct purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present condition and location. Finished goods are valued using weighted average cost.
- Goods in transit are valued at the invoiced price.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods with six (6) months or less to expiration and expired materials are provided in the profit or loss account.

2.3.13 Inventory write-off

The Company writes off inventory that is no longer usable, obsolete, or cannot be sold. Inventory write-offs are recorded as a loss in the Statement of Comprehensive Income.

2.3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.3.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Notes to the financial statements

2.3.16 Pension and other post-employment benefits

Retirement benefit Schemes

The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur. Actuarial gains and losses are not reclassified to the profit or loss in subsequent years.

Defined contribution scheme

The Company operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014 as amended. This plan is in proportion to the services rendered to the Company by the employees with no further obligation on the part of the Company. The Company and its employee contribute 10% and 8% respectively of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recorded as personnel expenses in the profit or loss.

Past service costs are recognized in the profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs and gains and losses on curtailments
- Net interest expense or income

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short term cash-bonus plans if the Company has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Notes to the financial statements

2.3.17 Dividends

Dividends on ordinary shares are recognised as a liability when they are approved by the Company's shareholders at the Annual General Meeting. Dividends for the year that are approved after the reporting date are disclosed in the financial statements as a non-adjusting event.

2.3.18 Segment reporting

For management purposes, the Company is organised into business units based on its products and has a single reportable segment, as it deals in a range of pharmaceutical products. The products are categorised as follows:

- The over-the-counter segment, which represent the products that may be sold directly to the consumer without a prescription.
- Ethical products segment, which are drugs, injectables and infusion which would be sold to the consumer only on the possession of a valid prescription.
- Consumer healthcare product which represent manufacturing product for customers.

2.3.19 Share based payment transactions

Share-based payments are recognized as expenses at fair value over the vesting period, with corresponding increases in equity (equity-settled). IFRS 2 requires measuring employee services at the grant-date fair value of equity instruments.

The Company operates an Employee Share Based Scheme (ESBS) for its management employees whereby it awards shares to qualified employees. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity as a capital contribution from the Company over the three years that the employees unconditionally become entitled to the awards.

A Trustee arrangement exists between FIDSON Healthcare Plc and Meristem Trustees Limited, whereby the vested shares will be delivered to the qualified employees at the third years upon meeting the established criteria (i.e Performance appraisal).

Notes to the financial statements

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management and policies - **Note 39**
- Capital management - **Note 41**

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Taxes are paid by Companies under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Company may be challenged by the relevant taxation authorities. The management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Retirement benefits

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

Notes to the financial statements

3.1 Estimates and assumptions (cont'd)

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See **Note 40a** for further disclosures.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that the financial assets is impaired. Financial assets are deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial assets at FVTOCI that can be reliably estimated. The objective evidence the Management relies upon in assessing the financial assets at FVTOCI for impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also seen as objective evidence of impairment.

The Company judges that the impairment is significant if the fair value declined is between 20% and 30% and prolonged when it is between 9 and 12 months.

When the fair value of financial assets at FVTOCI cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to **Note 18a** on the details of financial instrument.

Property, plant and equipment

The Company carries its property, plant and equipment at cost in the Statement of Financial Position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Company reviews the estimated the useful lives and residual values of its property, plant and equipment, and accounts for any changes prospectively. Refer to **Note 15** on property plant and equipment.

4.0 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

4.1 Standards and interpretations effective and adopted in the current year

At the date of authorisation of these financial statements, the following revisions to accounting standards and pronouncements were issued and effective at the reporting period.

IFRS	Standard/ Interpretation:	Effective date
IAS 21	<p>The Effect of Changes in Foreign Exchange Rates</p> <p>Amendments to IAS 21 - Lack of exchangeability issued.</p> <p>In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate used where it is not. Prior to these amendments, IAS 21 set out the exchangeable rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. These new requirements apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).</p> <p>FIDSON determined that the amendments did not have a material impact on the financial statements.</p>	<p>Effective for annual periods beginning on or after 1 January 2025.</p>

Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB has made the following improvements in September 2024:

IFRS 1, 'First-time Adoption of International Financial Reporting' – to improve consistency between IFRS 1 and IFRS 9, 'Financial Instruments', in relation to the requirements for hedge accounting, and to improve the understandability of IFRS 1;

IFRS 7, 'Financial Instruments: Disclosures' – to improve consistency in the language used in IFRS 7 with the language used in IFRS 13, 'Fair Value Measurement';

IFRS 9 – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished, and to address an inconsistency between IFRS 9

IFRS 15, 'Revenue from Contracts with Customers', in relation to the term 'transaction price';

IFRS 10, 'Consolidated Financial Statements' – to clarify the requirements in relation to determining de facto agents of an entity; and

IAS 7, 'Statement of Cash Flows' – to replace the term 'cost method' with 'at cost', since the term is no longer defined in IFRS Accounting Standards.

FIDSON determined that the amendments are not expected to materially impact the Company's financial statements.

4.0 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS Cont'd

4.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2025 or later periods:

IFRS Standard/ Interpretation:	Effective date: Years beginning on or after 1 January 2025	Expected impact:
IFRS 1 First Time Adoption of International Financial Reporting Standards	Annual reporting periods beginning on or after 1 January 2026.	Unlikely there will be a material impact
Amended by Annual Improvements to IFRS Accounting Standards – Volume 11		
IFRS 7 Financial Instruments - Disclosure - Gain or Loss on derecognition.		
Amended by Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2026.	Unlikely there will be a material impact
Amended by <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Annual reporting periods beginning on or after 1 January 2026.	Unlikely there will be a material impact
Amended by IFRS 18 Presentation and Disclosure in Financial Statements; the amendments move the disclosure requirements in IAS 1:80A and IAS 1:136A regards puttable financial instruments classified as equity instruments to IFRS 7	Annual reporting periods beginning on or after 1 January 2027.	Unlikely there will be a material impact
IFRS 9 Financial Instruments		
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) published.	Annual reporting periods beginning on or after 1 January 2026. An entity is required to apply the amendments retrospectively.	Unlikely there will be a material impact
Amended by Annual Improvements to IFRS Accounting Standards – Volume 11	Annual reporting periods beginning on or after 1 January 2026.	Unlikely there will be a material impact
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) published	Annual reporting periods beginning on or after 1 January 2026. An entity is required to apply the amendments retrospectively.	Unlikely there will be a material impact

4.0 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS Cont'd

4.3 Standards and interpretations not yet effective cont'd

IFRS 10	Consolidated Financial Statements- Determination of a defacto agent.		
	Amendment on Sale or Contribution of Assets between an investor and its associate or joint venture.	Deferred indefinitely	Unlikely there will be a material impact
	Amended by <i>Effective Date of Amendments to IFRS 10 and IAS 28</i>	Deferred indefinitely	Unlikely there will be a material impact
	Amended by Annual Improvements to IFRS Accounting Standards – Volume 11	Annual reporting periods beginning on or after 1 January 2026.	Unlikely there will be a material impact
IFRS 18	Presentation and Disclosure in Financial Statements		
	In April 2024, the IASB issued IFRS 18 in response to investors' concerns about comparability and transparency of entities' performance reporting. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency.	Effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2027.	Unlikely there will be a material impact
IFRS 19	Subsidiaries without Public Accountability: Disclosures		
	An eligible subsidiary that applies IFRS 19 is required to apply the requirements in other IFRS Accounting Standards for recognition, measurement and presentation requirements. For disclosure requirements, it applies IFRS 19 instead of the disclosure requirements in other IFRS Accounting Standards, except in specified circumstances.	Annual reporting periods beginning on or after 1 January 2027.	Unlikely there will be a material impact.

4.0 ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS Cont'd

4.4 Standards and interpretations not yet effective cont'd

International Accounting Standards ("IAS")

IAS	Standard/ Interpretation:	Effective date: Years beginning on or after 1 January 2023	Expected impact:
IAS 7	Statement of Cash Flows - Cost Method		
	Amended by Annual Improvements to IFRS Accounting Standards — Volume 11	Annual reporting periods beginning on or after 1 January 2026.	Unlikely there will be a material impact
	Amended by IFRS 18 Presentation and Disclosure in Financial Statements	Annual reporting periods beginning on or after 1 January 2027.	Unlikely there will be a material impact
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors		
	IAS 8 (2005) will be superseded by IAS 8 (2024) Basis of Preparation of Financial Statements when an entity applies IFRS 18 Presentation and Disclosure in Financial Statements	Annual reporting periods beginning on or after 1 January 2027.	Unlikely there will be a material impact
IAS 33	Earnings Per Share		
	Amended by IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	Annual reporting periods beginning on or after 1 January 2027.	Unlikely there will be a material impact
IAS 34	Interim Financial Reporting		
	Amended by IFRS 18 Presentation and Disclosure in Financial Statements	Annual reporting periods beginning on or after 1 January 2027.	Unlikely there will be a material impact

None of these standards are expected to have a material impact on the financial statements.

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
5. Revenue		
Sales of goods		
Consumer Healthcare (Toll Manufacturing)	4,327,638	2,803,121
Ethical	77,840,938	55,002,687
Over-The-Counter (OTC)	36,369,536	26,383,192
Export	523,142	-
	119,061,254	84,189,000
Geographical location:		
Revenue earned in Nigeria	118,538,112	84,189,000
Revenue earned outside Nigeria	523,142	-
	119,061,254	84,189,000
Revenue represents the net value of goods invoiced to third parties locally.		
6. Cost of sales		
Consumer Healthcare (Toll Manufacturing)	3,046,467	2,153,269
Ethical	38,686,529	25,791,902
Over The Counter (OTC)	18,075,464	12,463,285
Export	223,813	-
Depreciation of factory PPE (Note 8(a))	1,223,130	1,006,144
Energy	5,122,376	4,304,418
Personnel Cost (Note 8 (b))	2,315,298	1,989,047
Other factory overheads	1,142,120	1,376,551
	69,835,197	49,084,616
7. Other gains and losses		
Amortization of government grant (Note 26)	643,331	443,787
Other operating income	17,574	13,453
Gain on disposal of property, plant and equipment	22,501	905
Sale of scrap	204,141	153,726
	887,547	611,871

FIDSON HEALTHCARE PLC

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Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
8. Administrative expenses		
Association and Membership	42,506	8,346
Audit fee	42,000	31,000
Conferences and Workshop	261,509	20,030
Consultancy fees	893,369	318,520
Corporate social responsibility/Donations	550,371	248,405
Depreciation and amortisation (Notes 8(a))	1,015,714	661,506
Diesel and fuel	260,886	319,627
Insurance	405,070	264,175
Legal	24,942	30,548
Office supplies	48,384	40,901
AGM Expenses	19,499	19,888
Directors Expenses (Non-Executives)	47,700	36,870
Bank administrative fee	430,834	480,476
Personnel costs (Note 8(b))	3,919,210	3,396,623
Printing & stationery	78,726	93,368
Repairs and maintenance	1,813,617	646,032
Outsourced cleaning and security expenses	103,158	69,878
Telephone & postage	193,536	174,605
Training	100,989	48,770
Travelling and entertainment	1,111,541	806,050
Permit and Dues	237,488	104,865
Auxiliary materials & Tools	293,960	286,838
Canteen expenses	86,268	176,768
Medical expenses	165,593	131,472
Inventory write-off	249,185	296,564
	12,396,055	8,712,125
8(a). Depreciation and amortization		
Depreciation of property, plant and equipment (Note 15)	1,948,477	1,496,671
Depreciation of Rights of use assets (Note 16)	-	35,384
Depreciation of property, plant and equipment included in cost of sales (Note 6)	(1,223,130)	(1,006,144)
	725,347	525,911
Amortisation of intangible assets (Note 17)	290,367	135,595
	1,015,714	661,506
8(b). Personnel costs		
Gratuity	80,564	37,218
Pension cost	185,346	121,310
Salary and wages	3,421,187	3,238,095
Other employee cost	232,113	-
Total reported in admin (Note 8)	3,919,210	3,396,623
Included in cost of sales (Note 6)	2,315,298	1,989,047
	6,234,508	5,385,670

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
9. Net exchange loss		
Exchange Loss	6,012,067	5,448,891
10. Selling and distribution expenses		
Promotion and advertisement	1,423,760	626,930
Sales expenses	4,699,347	4,328,631
Logistic expenses	3,500,694	3,163,978
	9,623,801	8,119,539
11. Finance costs		
Interest on bank loans	4,627,605	2,299,922
Interest on defined benefit obligation	38,546	41,184
Interest on Commercial paper	2,464,168	3,152,716
	7,130,319	5,493,822
12. Finance income		
Interest earned on loans and receivables	332	1,732
Interest earned on other non-current financial asset	60,875	13,673
Interest on fixed deposit	83,108	44,617
	144,315	60,022
13. Profit before tax		
This is stated after charging and crediting:		
Amortisation of intangibles (Note 17)	290,367	135,595
Audit fee (Note 8)	42,000	31,000
Depreciation of property, plant and equipment (Note 15)	1,948,477	1,496,671
Depreciation of right of use assets (Note 16)	-	35,384
Finance cost (Note 11)	7,130,319	5,493,822
Finance income (Note 12)	(144,315)	(60,022)
Gain on disposal of property, plant and equipment	(22,501)	(891)
Gain/(Loss) on disposal of right of use assets	-	(15)
Personnel costs (Note 8b)	6,234,508	5,385,670
Net exchange loss (Note 9)	6,012,067	5,448,891

In addition to the statutory audit services, the auditors provided the review of management report on internal control over financial reporting for a fee of N10,000,000 **(2024: N 9,000,000)**.

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
14. Taxation		
14(a). Income tax expense		
The major components of income tax expense for the year ended 31 December 2025:		
Current income tax:		
Current year income tax charge	3,709,166	2,056,395
Current education tax charge	540,786	292,349
Police Trust Fund Levy	748	385
Total current tax	4,250,700	2,349,129
Deferred tax		
* Relating to origination of temporary differences	828,332	952,368
Total income tax expense reported in the profit or loss	5,079,032	3,301,497
* Reconciliation of tax charge:		
Profit before tax	14,962,608	7,700,460
Tax at Nigerian statutory income tax rate of 30%	4,488,782	2,310,138
Education tax @ 3% of assessable profit	540,786	292,349
Police Trust Fund Levy	748	385
Effect of income exempted from tax	(89,798)	-
Effect of expenses that are not deductible	165,111	698,624
Effect of changes in tax rate	(40,338)	-
Effect of difference in tax rate	26,597	-
Others	(12,856)	-
	5,079,032	3,301,496
Effective tax rate	34%	43%
14(b). Income tax payable		
Current tax payable		
At 1 January	2,349,129	839,094
Charge for the year	4,250,700	2,349,129
Payments during the year	(2,349,120)	(839,094)
At 31 December	4,250,709	2,349,129
14(c). Deferred tax liability		
At 1 January	3,836,609	2,871,885
* Amounts recorded in profit or loss	828,332	952,368
Amounts recorded in other comprehensive income	11,564	12,356
At 31 December	4,676,505	3,836,609

* The tax rate reconciliation for the prior year included temporary differences and has been restated and corrected together with the restatement as per note 44. The impact has resulted in removing the effect of income exempted from tax line of N177mil, and the changes in deductible temporary difference of N1.2bn, and the effect of non deductible expenses increase by N10.5mil.

* Refer to Note 44 for the impact of restatement

Notes to the financial statements

	31-Dec-25	31-Dec-24	
	N '000	N '000	
14(c). Deferred tax liability - (cont'd)			
Deferred tax liability			
<i>Deferred tax recognised in other comprehensive income:</i>			
Re-measurement gain on defined benefit plan	11,564	12,356	
Total deferred tax recognised in other comprehensive	<u>11,564</u>	<u>12,356</u>	
2025	At 1st	Recognised in	Recognised
	January	profit	in OCI
	N '000	or loss	N '000
		in OCI	At 31st
		N '000	December
			N '000
Deferred tax assets /(liabilities)			
in relation to:			
Property, plant & equipment	4,101,424	1,120,905	-
Employee benefit	(70,505)	17,293	11,564
Impairment of trade receivables	(219,595)	(43,913)	-
Unrealised exchange gain	57,667	(67,590)	-
Employee share scheme	-	(76,597)	-
Impairment on Inventory	(32,383)	(121,766)	-
	<u>3,836,609</u>	<u>828,332</u>	<u>11,564</u>
			<u>4,676,505</u>
2024			
Deferred tax assets /(liabilities)			
in relation to:			
Property, plant & equipment	2,835,350	1,266,074	-
Employee benefit	(83,212)	351	12,356
Impairment of trade receivables	(120,120)	(99,475)	-
Unrealised exchange loss	290,790	(233,123)	-
Impairment on Inventory	(50,923)	18,540	-
	<u>2,871,885</u>	<u>952,368</u>	<u>12,356</u>
			<u>3,836,609</u>

Notes to the financial statements

15. Property, Plant and Equipment

	Land N'000	Building N'000	Motor Vehicles N'000	Office Equipment N'000	Plant Machinery N'000	Furniture & Fittings N'000	Capital WIP N'000	Total N'000
Cost:								
At 1 January, 2024	1,165,630	11,970,668	1,910,171	1,357,977	7,840,594	419,492	3,089,852	27,754,384
Additions during the year	-	-	873,188	172,781	415,407	28,910	2,202,808	3,693,094
Disposals	-	-	(29,993)	(8,238)	-	-	-	(38,231)
Transfer from ROU (Note 15.1)	-	-	206,556	-	449,429	-	-	655,985
Reclassification (Note 15.3)	-	-	-	13,411	205,184	-	(218,595)	-
Adjustment from CWIP (Note 15.2)	-	-	-	-	-	-	(20,103)	(20,103)
At 1 January, 2025	1,165,630	11,970,668	2,959,922	1,535,931	8,910,614	448,402	5,053,962	32,045,129
Additions during the year	-	4,160	1,104,748	302,916	994,951	90,280	5,519,693	8,016,748
Disposals	-	-	(161,143)	(2,139)	(77,432)	(97)	-	(240,811)
Reclassification (Note 15.3)	-	234,913	226,795	289,484	2,794,043	-	(3,545,235)	-
Adjustment from CWIP (Note 15.2)	-	-	-	-	-	-	(187,663)	(187,663)
At 31 December, 2025	1,165,630	12,209,741	4,130,322	2,126,192	12,622,176	538,585	6,840,757	39,633,403
Accumulated depreciation:								
At 1 January 2024	-	1,111,671	806,351	910,157	2,088,224	165,820	-	5,082,223
Charge for the year	-	227,775	409,121	167,262	651,471	41,042	-	1,496,671
Transfer from ROU (Note 15.1)	-	-	196,228	-	180,411	-	-	376,639
Disposal	-	-	(28,326)	(7,826)	-	-	-	(36,152)
At 1 January 2025	-	1,339,446	1,383,374	1,069,593	2,920,106	206,862	-	6,919,381
Charge for the year	-	228,710	604,045	211,788	862,831	41,103	-	1,948,477
Disposal	-	-	(148,579)	(1,561)	(22,068)	(93)	-	(172,301)
At 31 December, 2025	-	1,568,156	1,838,840	1,279,820	3,760,869	247,872	-	8,695,557
Carrying amount:								
At 31 December, 2025	1,165,630	10,641,585	2,291,482	846,372	8,861,307	290,713	6,840,757	30,937,846
At 31 December, 2024	1,165,630	10,631,222	1,576,548	466,338	5,990,508	241,540	5,053,962	25,125,748

15.1. The Company took ownership on right-of-use asset of motor vehicle and plant & machinery as at 31 December 2024.

15.2. This represents adjustment of initial transaction recognized in capital work in progress (CWIP) to the affected vendor's account and repairs & maintenance.

15.3. This represents reclassification from capital work in progress to property, plant and equipment.

15.4. The company's assets have been pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings at the reporting date.

15.5. The company is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

Notes to the financial statements

16. Right of use assets

	Motor Vehicles N'000	Plant Machinery N'000	Total N'000
Cost:			
At 1 January 2024	212,992	449,429	662,421
Transfer to Property, plant and equipment	(206,556)	(449,429)	(655,985)
Disposals	(6,436)	-	(6,436)
At 31 December 2024	-	-	-
Transfer to Property, plant and equipment	-	-	-
Disposal	-	-	-
At 31 December, 2025	-	-	-
Accumulated depreciation:			
At 1 January 2024	200,814	146,556	347,370
Charge for the year	1,529	33,855	35,384
Transfer to Property, plant and equipment	(196,228)	(180,411)	(376,639)
Disposal	(6,115)	-	(6,115)
At 31 December, 2024	-	-	-
Charge for the year	-	-	-
Transfer to Property, plant and equipment	-	-	-
Disposal	-	-	-
At 31 December, 2025	-	-	-
Carrying amount:			
At 31 December, 2025	-	-	-
At 31 December, 2024	-	-	-

The company leases motor vehicles and Plant & Machinery. The average lease term is 5 years.

	31-Dec-25 N '000	31-Dec-24 N '000
Amounts recognised in profit or loss		
Depreciation expense on right of use assets	-	35,384

There are no indications of impairment of right of use assets.

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
17. Intangible assets		
Product licenses		
Cost:		
At 1 January	632,042	456,553
Additions	463,131	175,489
At 31 December	1,095,173	632,042
Amortisation:		
At 1 January	566,571	430,976
Charge for the year	290,367	135,595
At 31 December	856,938	566,571
Carrying amount	238,235	65,471

The product licenses are intangible assets with finite life and are amortized in line with the provisions of IAS 38. The intangible assets are tested for impairment when there are indicators of impairment in line with the provisions of IAS 36, by comparing the recoverable amount with the carrying amount at the end of the reporting period. There were no indicators of impairment during the year.

	31-Dec-25 N '000	31-Dec-24 N '000
18. Financial assets		
The Company's financial instruments are summarised by categories as follows:		
Financial assets (FVTOCI)	12,360	9,100
Financial assets at amortised cost	20,498	17,915
Total financial assets	32,858	27,015

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
18(a). Financial assets at FVTOCI		
Quoted equity at fair value (Zenith Bank Plc)		
At 1 January	9,100	7,730
Gain FVTOCI	3,260	1,370
At 31 December	12,360	9,100

The Company recognized a fair value gain of N3,260,000 (**2024: N1,370,000**) on financial instrument in quoted equities. The gain is recognized in other comprehensive income.

18(b)i. Financial assets at amortised cost

The company's financial instruments are summarised by categories as follows:

	31-Dec-25 N '000	31-Dec-24 N '000
Investment with CardinalStone Partners	20,498	17,915

18(b)ii. Financial assets at amortised cost

	N '000	N '000
Investment with CardinalStone Partners		
At 1 January	16,099	14,367
Interest accrued	2,583	1,732
	18,682	16,099
Sinking Fund	1,816	1,816
At 31 December	20,498	17,915

CardinalStone Partners Limited is the portfolio management and custodial service provider for the Company towards meeting its payment on the bond. The bond was issued in 2014 and fully repaid in 2019. The balance above represents the residual portion of the investment towards repayment. Notwithstanding the above, the Company intends to proceed with raising an additional bond.

18(b)iii. Financial asset - forward contracts

	N '000	N '000
At 1 January	242,230	485,010
Addition	-	-
Redeemed	(242,230)	(242,780)
At 31 December	-	242,230
Analysed as follows:		
Current	-	242,230
Non Current	-	-
At 31 December	-	242,230

This amount represents the total value of letter of credits forward contracts yet to be delivered by the Central Bank of Nigeria (CBN).

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	31-Dec-25	31-Dec-24
	N '000	N '000
19. Other non-current financial asset		
Meristem Trustees		
At 1 January	198,106	184,432
Accrued interest	17,830	13,674
	215,936	198,106
	215,936	198,106

The investment in meristem trustees represents the balance transferred from ALM Trustee after their voluntary liquidation in 2022. It is the residue from the investment towards repayment of N2 billion bond that was fully repaid in 2019.

	31-Dec-25	31-Dec-24
	N '000	N '000
20(a). Inventories		
Finished goods	13,880,564	11,235,035
Goods-in-transit	733,283	1,199,649
Raw and Packaging materials	11,361,321	11,055,375
Work- in- progress	248,220	294,023
Engineering spare parts	447,046	411,787
Promotional and Other Consumable Materials	244,183	234,077
	26,914,617	24,429,946
Total inventory write-down (Note 20 (b))	(367,455)	(247,652)
	26,547,162	24,182,294

20(b). Inventories write - down		
At 1 January	247,652	149,523
Additions	368,988	394,693
Write off	(249,185)	(296,564)
At 31 December	367,455	247,652
	367,455	247,652

The Company did not pledge any inventory as collateral for loans. The value of inventory written down in the year is N367.5 million **(2024: N247.7 million)**. The value of inventory write off recognised in the profit and loss account during the year is N249.2 million **(2024: 296.6 million)**.

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
21(a). Trade and other receivables		
Trade receivables (Note 21c)	11,024,888	5,752,103
Impairment loss on trade receivables (Note 21b)	(209,252)	(196,313)
	<u>10,815,636</u>	<u>5,555,789</u>
Other receivables (Note 21e)	841,848	1,121,552
Impairment loss on other receivables (Note 21b)	(589,257)	(469,127)
	<u>11,068,227</u>	<u>6,208,214</u>
At 31 December	11,068,227	6,208,214
Analysed as follows:		
Current	11,068,227	6,208,214
Non Current	-	-
	<u>11,068,227</u>	<u>6,208,214</u>
At 31 December	11,068,227	6,208,214

Other receivables relate to withholding tax, and staff advances. These are not interest bearing and repayment is within 1 year.

Trade receivables meet the definition of financial asset and the carrying amount of the trade receivables approximates their fair value. Trade receivables are expected to be fully collected within 1 year.

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors' general economic conditions of the industry in which the debtor operate and an amendment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumption made during the current reporting period.

The company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the bad receivables are over two years past due, whichever occurs earlier.

As at 31 December 2025, the ageing analysis of trade receivables is as shown in **Note 21c**.

- 21(b).** As at 31 December 2025, trade and other receivables valued at ₦799million (**2024: ₦665million**) were impaired and provided for. See below for the movements in the provision for impairment of trade receivables and other receivables respectively.

	Trade receivables ₦000	Other receivables ₦000	Total ₦000
At 1 January 2024	252,662	111,338	364,000
Additions/Reversal	(56,349)	357,789	301,440
	<u>196,313</u>	<u>469,127</u>	<u>665,440</u>
At 31 December 2024	196,313	469,127	665,440
At 1 January 2025	196,313	469,127	665,440
Additions	12,939	120,130	133,069
	<u>209,252</u>	<u>589,257</u>	<u>798,509</u>
At 31 December 2025	209,252	589,257	798,509

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21(c). SUMMARY AGED RECEIVABLES AS AT 31 DECEMBER 2025		1-30 Days N'000	31-60 Days N'000	61-90 Days N'000	91-120 Days N'000	121-240 Days N'000	240-360 Days N'000	Above 360 Days N'000	Balance N'000
DISTRIBUTORS	Estimated total gross carrying amount at default	927,551	2,070,924	208,453	115,586	(33,882)	29,486	7,388	3,325,506
	HISTORICAL LOSS RATE	0.07%	0.23%	0.47%	1.13%	1.39%	1.52%	1.53%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	
	Expected credit loss (ECL) rate	0.08%	0.27%	0.54%	1.31%	1.60%	1.75%	1.76%	
	Lifetime Expected credit loss	719	5,525	1,125	1,510	(542)	516	131	8,984
INSTITUTIONS	Estimated total gross carrying amount at default	3,148,775	1,247,592	658,840	419,664	630,901	739,578	165,624	7,010,974
	HISTORICAL LOSS RATE	0.87%	2.00%	2.45%	2.87%	3.19%	4.05%	4.28%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	
	Expected credit loss (ECL) rate	1.00%	2.30%	2.82%	3.30%	3.67%	4.66%	4.93%	
	Lifetime Expected credit loss	31,481	28,733	18,583	13,867	23,142	34,476	8,168	158,450
REPS	Estimated total gross carrying amount at default	435,713	124,764	16,250	13,066	17,859	11,908	45,563	665,123
	HISTORICAL LOSS RATE	0.41%	4.02%	4.72%	5.97%	7.30%	11.14%	11.24%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	
	Expected credit loss (ECL) rate	0.47%	4.63%	5.43%	6.87%	8.40%	12.82%	12.95%	
	Lifetime Expected credit loss	2,053	5,773	882	898	1,500	1,527	5,900	18,533
GOVT BUS	Estimated total gross carrying amount at default	-	-	-	-	-	-	-	-
	HISTORICAL LOSS RATE	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	32.20%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	
	Expected credit loss (ECL) rate	15.15%	15.15%	15.15%	15.15%	15.15%	15.15%	33.08%	
	Lifetime Expected credit loss	-	-	-	-	-	-	-	-
EXITED STAFF	Estimated total gross carrying amount at default	-	-	-	-	-	-	23,285	23,285
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
	Lifetime Expected credit loss	-	-	-	-	-	-	23,285	23,285
DOUBTFUL DEBT	Estimated total gross carrying amount at default	-	-	-	-	-	-	-	-
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
	Lifetime Expected credit loss	-	-	-	-	-	-	-	-
DEC 2025 SUMMARY	Total gross carrying amount at default	4,512,039	3,443,280	883,543	548,316	614,878	780,972	241,860	11,024,888
	Impaired item from trade receivables							209,252	209,252
	Impaired item from staff loan and Other Debtors							589,257	589,257
	Total lifetime expected credit loss	34,253	40,031	20,590	16,275	24,100	36,519	626,741	798,509
	Net Receivables	4,477,786	3,403,249	862,953	532,041	590,778	744,453	(384,881)	10,226,379

Notes to the financial statements

21(d). SUMMARY AGED RECEIVABLES AS AT 31 DECEMBER 2024		1-30 Days N'000	31-60 Days N'000	61-90 Days N'000	91-120 Days N'000	121-240 Days N'000	240-360 Days N'000	Above 360 Days N'000	Balance N'000
DISTRIBUTORS	Estimated total gross carrying amount at default	616,212	567,556	149,057	56,817	19,044	2,004	43,222	1,453,912
	HISTORICAL LOSS RATE	0.14%	0.25%	0.59%	3.51%	8.33%	14.81%	15.63%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	34.80%	34.80%	34.80%	34.80%	34.80%	34.80%	34.80%	
	Expected credit loss (ECL) rate	0.19%	0.33%	1.10%	4.73%	11.23%	19.96%	21.06%	
	Lifetime Expected credit loss	1,164	1,896	1,638	2,690	2,139	402	9,104	19,033
INSTITUTIONS	Estimated total gross carrying amount at default	2,429,181	546,654	260,392	140,397	226,203	113,200	116,701	3,832,728
	HISTORICAL LOSS RATE	1.36%	3.24%	1.78%	4.73%	5.46%	9.76%	12.91%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	34.80%	34.80%	34.80%	34.80%	34.80%	34.80%	34.80%	
	Expected credit loss (ECL) rate	1.83%	4.36%	5.41%	6.37%	7.36%	13.15%	17.40%	
	Lifetime Expected credit loss	44,442	23,839	14,076	8,950	16,640	14,888	20,307	143,142
REPS	Estimated total gross carrying amount at default	294,012	36,079	20,937	23,914	19,278	18,583	29,375	442,178
	HISTORICAL LOSS RATE	0.51%	3.63%	0.68%	4.45%	4.63%	4.93%	5.00%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	34.80%	34.08%	34.80%	34.80%	34.80%	34.08%	34.80%	
	Expected credit loss (ECL) rate	0.69%	4.89%	5.73%	5.99%	6.24%	6.65%	6.73%	
	Lifetime Expected credit loss	2,040	1,764	1,200	1,433	1,203	1,235	1,978	10,853
GOVT BUS	Estimated total gross carrying amount at default	-	-	-	-	-	-	-	-
	HISTORICAL LOSS RATE	64.40%	64.40%	64.40%	64.40%	64.40%	64.40%	32.20%	
	FORWARD LOOKING INFORMATION (INFLATION RATE)	34.80%	34.80%	34.80%	34.80%	34.80%	34.80%	34.80%	
	Expected credit loss (ECL) rate	99.20%	99.20%	99.20%	99.20%	99.20%	99.20%	33.08%	
	Lifetime Expected credit loss	-	-	-	-	-	-	-	-
EXITED STAFF	Estimated total gross carrying amount at default	-	-	-	-	-	-	23,285	23,285
	Expected credit loss (ECL) rate	100%	100%	100%	100%	100%	100%	100%	
	Lifetime Expected credit loss	-	-	-	-	-	-	23,285	23,285
KEDI	Estimated total gross carrying amount at default	-	-	-	-	-	-	-	-
DEC 2024 SUMMARY	Total gross carrying amount at default	3,339,405	1,150,289	430,386	221,128	264,525	133,787	212,583	5,752,103
	Impaired item from trade receivables								196,313
	Impaired item from staff loan and Other Debtors								
	Total lifetime expected credit loss	47,646	27,499	16,914	13,073	19,982	16,525	469,127	665,440
Net Receivables	3,291,759	1,122,791	413,472	208,055	244,544	117,262	(311,218)	5,086,664	

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
21(e). Other receivables		
Withholding tax receivables (WHT)	49,403	306,432
Staff advances and other debtors	792,445	815,120
At 31 December	841,848	1,121,552
22. Prepayments		
Advance to suppliers	5,036,303	11,742,052
Other prepayments	1,499,554	770,981
At 31 December	6,535,857	12,513,033
Analysed as follows:		
Current	6,535,857	12,513,033
Non Current	-	-
At 31 December	6,535,857	12,513,033

This represents advances made to suppliers for the purchase of factory raw and packaging materials. Other prepayments include prepaid advert, prepaid insurance, and prepaid rent. Prepaid rent relates to rental paid for warehouses and offices outside Lagos.

	31-Dec-25 N '000	31-Dec-24 N '000
23. Cash and bank balances		
Cash at hand	2,430	9,174
Bank balances	4,706,194	2,898,804
Short-term deposits (including demand and time deposits)	2,194	2,023,390
Total cash and bank balances	4,710,818	4,931,368

Short-term deposits are made for varying months of between one day and three months, depending on the immediate cash requirements of the Company and weighted average interest rate is at 9.57%.

There was no impairment on any cash and cash equivalents item.

For the purpose of cash flows, cash and cash equivalents consist of:

	31-Dec-25 N '000	31-Dec-24 N '000
Bank overdraft	(9,528)	(1,283,797)
Cash and cash equivalents	4,710,818	4,931,368
	4,701,290	3,647,571

Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management. The bank overdrafts are secured against mortgage debenture held by a Trustee. The lenders are Access Bank, Guaranty Trust Bank, FCMB, Fidelity and FSDH. The interest on the overdraft ranges from 22- 23%.

Cash at banks in some classified account (e.g. Call accounts, DSRA account and others) earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
24. Interest bearing loans and borrowings		
(Non-current portion)		
Bank of Industry ('BOI') 4 (Note 24b)	59,684	209,594
CBN DCRR/FCMB-Capex (Note 24c)	422,152	758,119
NEXIM/Fidelity-Capex (Note 24d)	-	-
Bank of Industry Term Loan 5billion (Note 24e)	813,888	1,692,687
Bank of Industry-N2.5Billion Capex (Note 24f)	1,085,679	1,493,980
Bank of industry - N5BN FCMB WC (Note 24h)	1,214,833	2,863,899
At 31 December	3,596,236	7,018,279
(current portion)		
Bank of Industry ('BOI') 4 (Note 24b)	162,266	162,266
CBN/DCRR/FCMB - CAPEX (Note 24c)	389,708	356,525
NEXIM/Fidelity-working capital (Note 24d)	-	300,174
Bank of Industry Term Loan 5billion (Note 24e)	1,083,333	1,000,000
Bank of Industry N2.5Billion Capex (Note 24f)	500,000	500,000
Bank of industry-N5BN FCMB WC (Note 24h)	2,000,000	1,500,000
Short term borrowings (Note 24g)	6,271,760	5,160,064
At 31 December	10,407,067	8,979,029
Total	14,003,303	15,997,308
24(a). Reconciliation of interest bearing loans		
At 1 January	15,997,308	17,773,893
Interest expense	4,627,605	2,299,922
Additions	6,000,000	8,300,000
Transfer to Government grant (Note 26)	-	(720,047)
Principal repayment	(8,709,925)	(9,685,504)
Interest paid	(3,941,758)	(1,796,209)
Exchange difference	30,073	(174,747)
Total	14,003,303	15,997,308

24(b) The BOI loan is a N2 billion loan granted in two tranches of N1bn each. The first N1bn was granted at 10% for 84 months for capital expenditure while the other N1bn granted at 15% for 42 months to augment working capital has been fully repaid.

A fair value of the loan was obtained using an estimated market rate of 16%. The difference between the loan rate and market rate accounted for a grant element of N161.35m. This was recognized as a government grant and will be amortized to profit or loss over the duration of the loan. The loan was granted in 2019 with a moratorium of 1 year.

The moratorium on principal repayment of BOI loan 3 and 4 was extended by one year to cushion the effect of the COVID-19 pandemic, 2% reduction in interest rate was also granted until March 31, 2021. The working capital loan has been paid off.

Notes to the financial statements

Reconciliation of interest bearing loans - cont'd

- 24(c).** FCMB loan is a N2.5 billion Central Bank of Nigeria (CBN) Real Sector Support Facility-Differentiated Cash Reserve Requirement granted to Fidson Healthcare PLC for 84 months was obtained in June 2020. N2billion is for acquisition of CAPEX while N500million is for working capital. The working capital portion has been fully repaid. The principal and interest shall be in twenty equal instalments and the interest shall be 9% per annum. However the CBN concessionary rate of 5% elapsed on February 28,2021. In addition, the moratorium period for principal repayment was further extended by another one year till 2022.
- 24(d).** Nexim Loan is a N3 billion Nigerian Export-Import bank loan under the direct lending scheme to Fidson Healthcare PLC at the rate of 9% per annum. The loan was disbursed in two equal instalments, N1.5 billion for equipment finance and the other for working capital utilization. The first instalment was disbursed in December 2020 while the last instalment was disbursed in February 2021. The loan has been paid off in July 2025.
- 24(e).** The new BOI facility is a 6 years period term loan of N5 billion of which the sum of N2 billion was disbursed in 2022 while N3 billion was disbursed in 2023. The initial interest rate on the facility is 5% which elapsed in February 2022 and current interest rate on the facility is 9%. The security on the borrowing is a tripartite legal mortgage over the property.
- 24(f).** The BOI facility of N2.5 billion secured in 2023, was obtained for a period of 6 years for additional equipment finance due to the expansion of the company's production facility. The interest rate on the facility is 10% with a 12 month moratorium. The security on the borrowing is a tripartite legal mortgage over the property.
- 24(g).** Short- term borrowings above are current and are expected to be settled within 12 months of the reporting date. The loans from Wema Bank, Lotus, Coronation and Rand Merchant Bank are secured by Naira cash provided to the banks. The security on the borrowings from FCMB and Fidelity Bank is a tripartite legal mortgage over the property of the Company and attract an interest rate of 30% .

	31-Dec-25	31-Dec-24
	N '000	N '000
Details of short-term borrowings are as follows:		
FCMB-bankers acceptance	6,113,425	3,357,230
Wema LC Liability	-	40,775
Coronation	-	201,456
Lotus Bank LC Liability	-	32,259
FCMB Liability	158,335	1,528,344
At 31 December	6,271,760	5,160,064

The carrying value of short-term borrowings approximates their fair value due to the short-term nature and the fact that there were no material movement in market rates since the inception the loans.

- 24(h).** The BOI facility is a 3 years period working capital loan of N8.3billion which was disbursed in October 2024. The interest rate on the facility is 14% with a 6 months moratorium. The security on the loan is from FCMB already included in the Trust Deed managed by Meristem Trustees.

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
25. Retirement benefit obligation		
Net benefit expense (recognised in administrative expenses)		
Interest cost on benefit obligation	<u>38,546</u>	<u>41,184</u>
Defined benefit liability	<u>160,139</u>	<u>251,090</u>

The 2025 actuarial valuation was carried out by Ernest & young and signed by Miller Kingsley with FRC number FRC/2013/NAS/00000002392.

Changes in the present value of the defined benefit obligation are as follows:

	31-Dec-25 N '000	31-Dec-24 N '000
Defined benefit liability at 1 January	251,090	252,158
Interest cost	38,546	41,184
Benefits paid	(90,951)	(1,067)
Re-measurement gain on obligation (experience adjustment)	(38,546)	(41,185)
	<u>160,139</u>	<u>251,090</u>

The valuation assumptions used in determining retirement benefit obligations for the plans are shown below:

Financial Assumptions

(Long Term Average)	2025	2024
	%	%
Discount Rate (p.a)	16.7%	17.5%
Average Pay Increase (p.a)	N/A	N/A
Average Rate of Inflation (p.a)	16.5%	16.0%
Rate of future Interest Credit (p.a)	16.7%	17.5%

Sensitivity Analysis on Accrued Liability

Year 2025		Accrued Liability ₦'000
Base		160,139
Discount rate	1%	160,139
Discount rate	-1%	160,139
Age rated up to 1 year		160,139
Mortality rate		160,139
Age rated down by 1 year		160,139

Notes to the financial statements

25. Retirement benefit obligation (cont'd)

Year 2024	Accrued Liability N'000
Base	251,090
Discount rate	1% 251,090
Discount rate	-1% 251,090
Age rated up to 1 year	251,090
Mortality rate	251,090
Age rated down by 1 year	251,090

**Demographic Assumptions
Mortality in Service**

(Sample Ages)	Number of deaths in the year out of 10,000 lives	
	2025	2024
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26
Withdrawal from Service (Age Band)		
	2025	2024
	%	%
Less than or equal to 30	7.5	7.5
31 – 39	6	6
40 – 44	5	5
45 – 60	3	3

The valuation assumptions used in determining retirement benefit obligations for the plans are shown below:

Valuation Assumptions

	2025	2024
	%	%
Less than or equal to 30	7.5	7.5
31 – 39	6	6
40 – 44	5	5
45 – 60	3	3

The discount rate of the company is determined on balance sheet date by reference to market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds).

The company has a medium-term strategy of increasing salaries to reflect inflation, the actuaries prudently allowed for 1% margin for 2025.

The mortality base table used for the scheme is A67/70 Ultimate Tables, published jointly by the Institute and Faculty of actuaries in the United Kingdom.

The table below shows the maturity profile of defined benefit obligation:

	2025 N'000	2024 N'000
Within the next 12 months (next annual reporting period)	55,748	60,884
Between 2 and 5 years	65,555	132,715
Between 5 and 10 years	24,747	385,177
Beyond 10 years	14,089	215,927
	160,139	794,703

The weighted average duration of the defined benefit plan obligation is 5.17 years **(5.64 years in 2024)**

Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
26. Government grant		
At 1 January	1,278,086	1,001,826
Additions	-	720,047
Released to profit or loss (Note 7)	(643,331)	(443,787)
	634,755	1,278,086
Analysed as follows:		
Current	427,488	687,468
Non Current	207,267	590,618
At 31 December	634,755	1,278,086

This represents the grant elements of the Central Bank of Nigeria intervention loans, after the loans were re-measured using the effective interest rate. The government grants have been recognized in the Statement of Financial Position and are being amortized through the profit or loss on a systematic basis over the tenure of the loans.

	31-Dec-25 N '000	31-Dec-24 N '000
27. Trade and other payables		
Trade payables	3,751,709	6,211,365
Accruals	695,333	2,365,277
Other payables (Note 27a)	2,183,739	1,794,091
At 31 December	6,630,781	10,370,733

27(a). Other payables		
Other creditors (Note 27ai)	1,655,696	1,122,132
Withholding tax (WHT)	160,766	440,364
Payable to the Directors	270,821	145,767
Pay As You Earn (PAYE)	74,931	48,053
Staff Cooperative	9,419	-
NHF	7,829	1,302
VAT Payable	1,606	667
ECA Payable	2,200	2,973
Staff Pension Fund	471	12,170
Payable to the General Managers	-	20,663
	2,183,739	1,794,091

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other creditors are non-interest bearing and have an average term of six months.

Trade payables, and other payables meet the definition of financial liability and their carrying amounts approximate fair value because the terms and conditions of payment is within 1 year.

27(a)(i).	31-Dec-25 N '000	31-Dec-24 N '000
Included in the other creditors are:		
Distributors and sales representative	1,564,304	990,096
Pioneer Director Retirement Liability	91,392	132,036
	1,655,696	1,122,132

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Notes to the financial statements

	31-Dec-25 N '000	31-Dec-24 N '000
28. Other current financial liabilities		
Commercial paper		
At 1 January	15,646,950	10,000,000
Interest for the year	2,464,168	3,152,716
Interest Paid	(2,464,168)	(3,152,716)
Principal paid	(15,646,950)	(10,000,000)
Additions	19,645,345	15,646,950
	19,645,345	15,646,950

The commercial paper was raised to augment the working capital need of Fidson Healthcare Plc. This need arose as a result of constant depreciation of naira to dollar in the foreign exchange market.

On July 2025, the company raised commercial paper in two tranches, series 1 and 2 of N2.357 billion and N17.287 billion at 23% and 24.75% interest rate which will be due in January 2026 and April 2026 respectively.

In prior year, the company raised commercial paper in two tranches, series 10 and 11 of N11.07 billion and 4.57 billion at 25.5% and 27% interest rate which were duly paid in January 2025 and April 2025 respectively.

	31-Dec-25 N '000	31-Dec-24 N '000
29. Dividends		
Dividends proposed	2,294,996	1,376,998
Paid during the year	(2,294,996)	(1,376,998)
	-	-
Dividends on ordinary shares:		
Proposed dividend for 2025: N1.50K per share (2024: N1 per share)	3,600,000	2,294,996
29(a). Unclaimed Dividend	79,048	133,887

The unclaimed dividend relates to the amount returned by the registrar to the company in line with the regulatory requirements. This is accounted for as a current liability with the corresponding entry sitting in cash and cash equivalents.

	31-Dec-25 N '000	31-Dec-24 N '000
29(b). Reconciliation of unclaimed dividend		
At I January	133,887	100,745
Additions	2,294,996	1,376,998
Payments	(2,294,996)	(1,376,998)
(Payment)/Refund of unclaimed dividend	(54,839)	33,142
At 31 December	79,048	133,887

Notes to the financial statements

	31-Dec-25	31-Dec-24
	N '000	N '000
30 Share capital and reserves		
1. Issued and fully paid		
2,294,996,000 ordinary shares of 50k each	1,147,498	1,147,498
105,004,000 ordinary shares of 50k each	52,502	-
At 31 December	1,200,000	1,147,498

The total of 105,003,725 ordinary shares of 50 kobo each of the company which was earmarked for the company's Employee share scheme (Long Term Incentive Plan) as approved by the shareholders at the 22nd Annual General Meeting in 2022 has become part of the company's issued share capital as they have been duly registered with the Securities and Exchange Commission on November 2025 with reference number SEC/SIS/SO/FHP/11/25 and registered number SR/FHP/2025/000404.

At the 26th Annual General meeting of the company held on 31st July 2025, the shareholders approved an increase of 600,000,000 in the ordinary shares which is expected to be recognised during year 2026.

The Company operates an employee share scheme for its management employees known as Employee Share Based Payment Scheme (ESBPS). Under the ESBPS, the Company awards Performance Stock Units (PSUP) to the qualified employees that remain continuously employed by the Company throughout the performance period. The scheme entitled the employees to receive freely disposable shares at the end of a three-year restriction period.

In line with IFRS 2 and the employee share scheme agreement, the total shares of 105,003,725 attributable to this scheme has been valued at N42 per share being the fair value of the shares at the date of SEC's approval of this scheme. The vesting period will be for 3 years (2026- 2028).

The fair value of the ESBPS is determined on the basis of the market share price of the Company as at the grant date (i.e. November 2025).

	31-Dec-25	31-Dec-24
	N '000	N '000
31. Share premium		
At 1 January	4,829,614	4,829,614
Arising during the year	4,357,654	-
Employee share scheme to be allotted	(4,178,043)	-
At 31 December	5,009,225	4,829,614

Section 120.2 of Companies and Allied Matters Act requires that where a Company issue shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.

Share premium arises from shares issued at a price higher than the nominal value. The current balance was as a result of increase in share capital with a nominal value of 50k from 200,000,000 to 1,500,000,000 and 1,500,000,000 to 2,086,360,250 ordinary shares in November 2007 and April 2019 respectively. A bonus issue of 208,636,025 ordinary share of 50kobo each by way of one new ordinary share of 50 kobo for every 10 ordinary share held as at the close of business on July 8, 2022 was approved by SEC in August 2022.

The additions to the share premium for the year is attributable to the price difference between the market share price ruling at the grant date less the nominal price of the share multiplied by the approved total bonus shares for this scheme.

The Prepaid employee compensation amount represents the value of employee share-based scheme recognised at fair value during the year.

Notes to the financial statements

32. Fair value reserve

	31-Dec-25	31-Dec-24
	N '000	N '000
The reserve records fair value changes in financial assets at FVTOCI.		
At 1 January	4,655	3,285
Other Comprehensive gain for the year, net	3,260	1,370
At 31 December	7,915	4,655

Gain or loss on financial assets at FVTOCI is not taxable. Hence, no deferred tax was recognised for fair value gain or loss.

33. Guarantees and other financial commitments

a Capital expenditure

The Company has proposed ₦3.23 billion (**2024: N2.89 billion**) for capital expenditure for 2025 financial year as follows:

Contracted for: ₦1.43 billion (**2024: N746,800 Million**)

Not contracted for: ₦1.80 billion (**2024: N2.14 billion**)

b Financial commitments

The directors are of the opinion that all known liabilities and commitments have been considered in the preparation of the financial statement under review. These liabilities are relevant in assessing the Company's financial position and performance.

c Security of facilities

The bank loans and overdrafts are secured principally by a legal mortgage over some of the Company's land and buildings, debenture on the Company's assets, lien on shipping documents of goods imported, personal guarantee of Dr. Fidelis A. Ayebae and joint and several guarantees of the Directors of Fidson Healthcare Plc. The mortgage debenture is on the land, building, plant and machinery of Fidson Healthcare Plc (including plant and machinery of the biotech factory located at Veepee Avenue, Otta Industrial Estate, Ogun State.

34. Contingent liabilities

The company had no contingent liabilities as at 31 December 2025 (**31 December 2024: Nil**)

35. Related party transactions

There was no related party transaction for the period under review.

35(a). Compensation of Key Management Personnel

	31-Dec-25	31-Dec-24
	₦'000	₦'000
Short-term employee benefits	824,125	754,013
Post-employment benefits	63,943	46,274
	888,068	800,287

The amount disclosed in the note above are the amount recognised as an expense during the reporting period relating to key management personnel.

	31-Dec-25	31-Dec-24
	Number	Number
N10,000,001 to N20,000,000	40	27
N20,000,001 and above	11	11
	51	38

Key management includes directors and members of senior management (Directors, GM, DGM, AGM, and Principal Manager)

Notes to the financial statements

35. Related party transactions (cont'd)

35(b). Directors' emoluments

The remuneration paid to the Directors is as follows:

	31-Dec-25	31-Dec-24
	₦'000	₦'000
Executive compensation	447,620	406,412
Fees and sitting allowance	40,750	17,370
	488,370	423,782

Fees and other emoluments disclosed above include amount paid to the chairman.

	31-Dec-25	31-Dec-24
	₦'000	₦'000
The Chairman	7,500	5,500
Highest paid Director	105,000	90,000

36. Information relating to employees

The number of employees in respect of emoluments within the following ranges were:

	31-Dec-25	31-Dec-24
1,500,001 -2,000,000	-	48
2,000,001 -2,500,000	-	100
2,500,001 -3,000,000	32	106
3,000,001 and above	700	420
	732	674

36.1. Staff

The average numbers of persons employed were as follows:

	Numbers	Numbers
Executive Management	24	25
Commercial and Marketing	242	222
Production	279	263
Operation	111	95
Finance and Admin	76	69
	732	674

Notes to the financial statements

37. Segment information

The Company is organised into business units based on its products and has a single reportable segment, as it deals in a range of pharmaceutical products. For ease of determining the revenue profile, management has decided to classify the revenue arising from the various products into four categories, namely:

Product	Description
Consumer Healthcare (Toll Manufacturing)	It represents manufacturing products for customers.
Ethical	These are drugs, injectables and infusion which would be sold to the consumer only on the possession of a valid prescription.
Over-The-Counter	It represents the products that may be sold directly to the consumer without a prescription.
Export	It represents the products that are exported.

The accounting policies of the reportable segments are the same as described in **Notes 2**.

The summary below shows the revenue and cost of sales information made available to the Executive management committee:

	31-Dec-25	31-Dec-24
Revenue:	₦'000	₦'000
Consumer Healthcare (Toll Manufacturing)	4,327,638	2,803,121
Ethical	77,840,938	55,002,687
Over-The-Counter	36,369,536	26,383,192
Export	523,142	-
	119,061,254	84,189,000
	119,061,254	84,189,000
 Cost of sales		
Consumer Healthcare (Toll Manufacturing)	3,046,467	2,153,269
Ethical	38,686,529	25,791,902
Over The Counter (OTC)	18,075,464	12,463,285
Export	223,813	-
Depreciation of factory PPE (Note 15)	1,223,130	1,006,144
Energy	5,122,376	4,304,418
Personnel Cost	2,315,298	1,989,047
Other Factory Overheads	1,142,120	1,376,551
	69,835,197	49,084,616
	69,835,197	49,084,616

37.1. Geographical Information

Currently, the company's operations are domiciled in Nigeria and other West African Countries.

37.2. Information about Major customers

Included in the Revenue figure are revenues of approximately N4.98 billion (**2024: N3.26 billion**) which arose from sales to the company's largest customer. In addition, four other customers contributed more than 11% to the company's revenue altogether amounting to N12.04 billion (**2024: N9.78 billion**)

Notes to the financial statements

	30 June 2025	30 June 2024
38. REMUNERATION OF AUDITORS		
The auditor of Fidson Healthcare Plc is Deloitte & Touche (Chartered Accountants)		
Audit or review of financial reports:		
Audit of the Company	42,000	31,000
Total audit services	42,000	31,000
Other assurance and agreed-upon procedures under other legislation or contractual agreements		
	-	-
Total assurance services	-	-
Tax Consulting services	-	-
Digital advisory services	-	-
Internal Control over Financial reporting	10,000	9,000
Total other services	10,000	9,000
Total auditor's remuneration	52,000	40,000

All amounts were paid to Deloitte & Touche (Chartered Accountants) by the Company for the audit service rendered. Fees are billed in local currency.

39. Financial instruments risk management objectives and policies

The company deploys a few financial instruments (financial assets and financial liabilities) in carrying out its activities. The key financial liabilities of the Company comprise bank borrowings and trade payables which are deployed purposely to finance the Company's operations and to provide liquidity to support the Company's operations.

The financial assets of the Company include financial assets (FVTOCI), financial assets at amortised cost, trade receivables, and cash and short-term deposits also necessarily required for the operations of the Company.

The principal risks that Fidson Healthcare Plc is exposed to as a result of holding the above financial instruments include market risk, credit risk and liquidity risk. The senior management of the Company oversees the management of these risks through the establishment of adequate risk management framework with appropriate approval process, internal control and authority limits.

Thus, the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with those policies. The Board of Directors which is responsible for the overall risk management of the Company reviews and agrees on policies for managing each of these risks inherent in its involvement in financial instruments and operations are as summarised below.

Notes to the financial statements

39. Financial instruments risk management objectives and policies (cont'd)

Market risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return. The Company manages market risks by keeping costs low through various cost optimization programmes. Moreover, market developments are monitored and discussed regularly and mitigating actions are taken where necessary.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The company is exposed to foreign currency risk as a result of borrowings and foreign vendors which are denominated in foreign currencies.

Obligation to foreign vendors

The net carrying amount, in foreign currency of the above exposure was as follows:

US Dollar exposure:

	31-Dec-25	31-Dec-24
	\$'000	\$'000
Current liabilities:		
US Dollars - Foreign vendors	246	1,230
US Dollars - Letters of credit	186	5,103
	432	6,333
Net US Dollar exposure		
	N	N
Exchange rates	1435.76	1525.82

Notes to the financial statements

39. Financial instruments risk management objectives and policies (cont'd)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2025	2025	2024	2024
	Increase	Decrease	Increase	Decrease
	N'000	N'000	N'000	N'000
Increase or decrease in rate				
Impact on profit or loss: US Dollar 10% (2024: 10%)	(35,319)	(35,319)	(187,676)	(187,676)

Interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company does not carry debt at fair value neither does it have any floating rate exposure.

Interest rate profile

The interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

	31-Dec-25 N'000	31-Dec-24 N'000
Fixed rate instruments:		
Overdraft	9,528	1,283,797
Commercial paper (Note 28)	19,645,345	15,646,950
Borrowings (Note 24(a))	14,003,303	15,997,308
	33,658,176	32,928,055

Interest rate sensitivity analysis

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

	2025	2025	2024	2024
	Increase	Decrease	Increase	Decrease
	N'000	N'000	N'000	N'000
Increase or decrease in rate				
Impact on profit or loss:				
Total borrowings 5% (2024: 5%)	(292,951)	(292,951)	(281,408)	(281,408)

Equity 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. Fidson Healthcare Plc has a price risk in relation to its financial assets (FVTOCI). This is because the investments are traded in an active market and are subject to price fluctuation.

At the reporting date, the exposure to listed equity securities at fair value was N12,360,000 **(2024: N9,100,000)**. A reduction of 5% on the Nigerian Stock Exchange could have an impact of approximately N618,000 **(2024: N455,000)** on the income or equity attributable to the Company, depending on whether or not the decline is significant or prolonged.

Notes to the financial statements

39. Financial instruments risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and related parties.

The carrying amount of receivable from customers and related parties represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting year represented below is the worst-case scenario of credit risk exposure

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit sales limits are established for each customer and are reviewed regularly. The concentration of credit risk is limited due to the large and unrelated customer base. The company has pledged no trade receivables during the year.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The Company's exposure to credit risk on its financial assets at the reporting date are concentrated in a geographical region; Western Nigeria.

Loss rates are based on actual credit loss experience over the years. 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 increase in loss allowance is mainly attributable to the increase in the gross carrying amounts of trade receivables that are aged above 120 days.

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors' general economic conditions of the industry in which the debtor operate and an amendment of both the current as well as the forecast direction of conditions at the reporting date.

Cash and cash equivalents

The Company held cash and cash equivalents of ₦4.71 billion at 31 December 2025 (**2024: ₦4.93 billion**), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks. The Company manages the risk associated with its cash and cash equivalents by selecting banks with strong financial position and history of good performance.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment in current year was Nil (2024: Nil). The assessment is based on various bank ratings.

Notes to the financial statements

39. Financial instruments risk management objectives and policies

The details of financial assets at amortised cost are as follows:

		2025			2024		
Notes	Gross carrying amount N'000	Credit loss allowance N'000	Amortised cost/ fair value N'000	Gross carrying amount N'000	Credit loss allowance N'000	Amortised cost/ fair value N'000	
Trade receivables	21(a)	11,024,888	209,252	10,815,637	5,752,103	196,313	5,555,790
Cash and bank balances	23	4,710,818	-	4,710,818	4,931,368	-	4,931,368
		15,735,706	209,252	15,526,455	10,683,471	196,313	10,487,158

40(a). Maturity profile

Set out below is a comparison by class of the carrying amounts and maturity profile of the Company's financial instruments that are carried in the financial statements.

Notes	Contractual Undiscounted Cash flows N'000	On demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Carrying value N'000	
At 31 December 2025							
Interest bearing loans and borrowing (non-current)	24	4,495,295	-	-	-	4,495,295	3,596,236
Trade payables	27	3,751,709	3,001,367	750,342	-	-	3,751,709
Bank overdraft	23	9,528	-	9,528	-	-	9,528
Interest bearing loans and borrowing (current)	24	13,008,834	7,009,572	760,913	5,238,349	-	10,407,067
		21,265,366	10,010,939	1,520,783	5,238,349	4,495,295	17,764,540
At 31 December 2024							
Interest bearing loans & borrowing (non-current)	24	9,357,700	-	-	-	9,357,700	7,018,279
Trade payables	27	6,211,365	6,211,365	-	-	-	6,211,365
Bank overdraft	23	1,283,797	-	1,283,797	-	-	1,283,797
Interest bearing loans and borrowing (current)	24	10,233,988	5,514,397	598,607	4,120,984	-	8,979,029
		27,086,850	11,725,762	1,882,404	4,120,984	9,357,700	23,492,470

The directors consider that the carrying amount of financial assets, interest bearing loan, short term borrowing, bank overdraft and trade and other payables approximate to their fair value.

Notes to the financial statements

40(c). Determination of fair value and fair value hierarchy

As at 31 December 2025 the Company held some financial instruments carried at fair value on the statement of financial position. The company uses the following hierarchy for determining and disclosing the fair value of non-financial assets by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The company has investment in listed equity securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

Valuation Date of	Level 1	Level2	Level3
Assets measured at fair value:	₦'000	₦'000	₦'000
Financial assets: (Note 18)			
31-12-25	12,360		
31-12-24	9,100		
Assets for which fair values have been disclosed:			
31-12-25			-
31-12-24			-

There have been no transfers between Level 1, Level2 and Level 3 during the period Interest bearing loan and borrowings are evaluated by the Company based on parameters such as interest rates that reflects market risk characteristics at the measurement date.

The fair value of the loans and borrowing are determined based on DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

41. Capital management

Capital includes issued share capital, share premium, retained earnings and other reserves in the statement of financial position. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios to support its business and maximize shareholder value. The company manages its capital structure and makes adjustments to it considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2025 and year ended 31 December 2024.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio between 50% and 47%. The composition of the company's capital includes within net debt interest bearing loans and borrowings, trade and other payables, and cash and short-term deposits.

Notes to the financial statements

41(a). Capital management (cont'd)

	31-Dec-25	31-Dec-24
	₦'000	₦'000
Interest bearing loans and borrowings (Note 24)	14,003,303	15,997,308
Trade and other payables (Note 27)	6,630,781	10,370,733
Overdraft (Note 23)	9,528	1,283,797
Less: Cash and bank balances	<u>(4,710,818)</u>	<u>(4,931,368)</u>
Net debt	15,932,794	22,720,470
Capital - Equity	<u>30,196,827</u>	<u>22,345,892</u>
Capital and net debt	<u>46,129,621</u>	<u>45,066,361</u>
Gearing Ratio	35%	50%

42. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted earnings per share are computed by dividing adjusted net income available to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year adjusted to include any dilutive potential common shares.

The following reflects the income and share data used in the basic earnings per share computations:

		31-Dec-25	31-Dec-24
Basic			
Net profit attributable to ordinary shareholders	₦'000	<u>9,883,576</u>	<u>4,398,964</u>
Weighted average number of ordinary shares	'000	<u>2,400,000</u>	<u>2,294,996</u>
* Basic earnings per ordinary share (In Kobo)		<u><u>412</u></u>	<u><u>192</u></u>

There was no dilutive effect on ordinary shares during the reporting and the comparative years.

* Refer to Note 44 for the effect of restatement

43. Events after the reporting period

There are no events or transactions that have occurred since the reporting date which would have a material effect on these financial statements, or which would need to be disclosed in the financial statements.

44. Restatement of prior period

During the current year, the Company identified an understatement in the previously reported financial statements relating to deferred tax. This understatement arose due to wrong calculation of closing balance of deferred tax in the prior year. As a result, the comparative figures for the year ended 31 December 2024 have been restated as follows:

	As previously reported	Effect of the error	As restated
	₦'000	₦'000	₦'000
Impact on statement of profit or loss			
Tax expense	1,921,076	1,380,420	3,301,496
Profit for the year	5,779,384	1,380,420	4,398,964
Impact on statement of financial position			
Retained earnings	17,744,545	(1,380,420)	16,364,125
Total equity	23,726,312	(1,380,420)	22,345,892
Deferred tax liabilities	2,456,188	1,380,420	3,836,608
Total non-current liabilities	10316175	1,380,420	11,696,595
EPS	252	60	192

Other Information

Statement of value added

	31 December 2025 N '000	%	31 December 2024 N '000	%
Revenue	119,061,254		84,189,000	
Other operating income	887,547		611,871	
Finance income	144,315		60,022	
Bought in goods and services				
- Imported	(41,926,201)		(30,258,970)	
- Local	(47,600,636)		(34,354,322)	
VALUE ADDED	30,566,279	100	20,247,601	100
APPLIED AS FOLLOWS:				
To employees:				
- Salaries and other benefits	6,234,508	20	5,385,670	27
In payment to government:				
- Income tax	4,250,700	14	2,349,129	12
In payment to providers of funds:				
- Bank interest	7,130,319	23	5,493,822	27
To provide for replacement of assets and expansion of business:				
- Depreciation charge	1,948,477	6	1,496,671	7
- Amortization charge	290,367	1	135,595	1
- Right of use assets charge	-	-	35,384	0
- Deferred taxation	828,332	3	952,368	5
- Retained profit	9,883,576	32	4,398,964	22
VALUE ADDED	30,566,279	100	20,247,601	100

Five-year financial summary

	2025	2024	2023	2022	2021
Non-current assets:	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	30,937,846	25,125,748	22,672,162	19,565,588	14,892,994
Right of use Assets	-	-	315,050	380,817	486,271
Investment property	-	-	-	-	31,823
Intangible assets	238,235	65,471	25,577	23,544	21,722
Loans and other receivables	20,498	17,915	16,183	14,692	14,027
Available for sale	12,360	9,100	7,730	4,800	5,030
Other non-current financial assets	215,936	198,106	184,432	174,542	173,162
Net current assets	7,412,098	8,626,147	5,916,410	4,806,573	6,508,720
	38,836,973	34,042,487	29,137,544	24,970,556	22,133,749

Non-current liabilities

Interest bearing loans and borrowings	(3,596,236)	(7,018,279)	(6,110,810)	(5,746,439)	(6,210,729)
Obligation under finance lease	-	-	-	-	(63,590)
Staff retirement benefits	(160,139)	(251,090)	(252,158)	(263,602)	(268,185)
Government grant	(207,267)	(590,618)	(608,963)	(651,292)	(660,764)
Deferred revenue	-	-	-	-	(1,583)
Deferred taxation	(4,676,505)	(3,836,609)	(2,871,885)	(1,389,945)	(1,177,063)
	30,196,827	22,345,891	19,293,728	16,919,278	13,751,835

Financed by:

Share capital	1,200,000	1,147,498	1,147,498	1,147,498	1,043,180
Share Premium	5,009,225	4,829,614	4,829,614	4,829,614	4,933,932
Retained earnings	23,979,687	16,364,125	13,313,331	10,941,811	7,774,138
Financial asset reserve	7,915	4,655	3,285	355	585
	30,196,827	22,345,892	19,293,728	16,919,278	13,751,835

STATEMENT OF COMPREHENSIVE INCOME

Revenue	119,061,254	84,189,000	53,050,354	40,634,143	30,860,817
Profit before taxation	14,962,608	7,700,460	5,917,409	5,781,473	4,717,644
Profit for the year	9,883,576	4,398,964	3,607,593	4,187,158	3,719,913
Dividend	3,600,000	2,294,996	1,376,998	1,262,248	1,043,180

Per Share Data:

Earnings per share (kobo)	412	192	157	182	178
Dividend per share (kobo)	150	100	60	55	50
Net assets per share (kobo)	1258	974	841	737	659