Nestlé Nigeria Plc

Annual Report

For the year ended 31 December 2024

Contents

Directors' and other Corporate Information

Board of Directors:	Mr. Gbenga Oyebode		Chairman
	Mr.Wassim Elhusseini (Lebanese)		Managing Director/Chief Executive Officer
	Mr. Namit Mishra (Indian)		Finance & Control Director
	Mr. Ibukun-olu Ipinmoye	Up to 31/07/2024	Executive Director
	Mrs. Kemisola Ajasa	From 01/11/2024	Executive Director
	Mr. Mauricio Alarcón (Mexican)		Non-Executive Director
	Mr. Martin Kruegel (German)		Non-Executive Director
	Dr. Juliet Ehimuan		Independent Non-Executive Director
	Mrs. Adebisi Lamikanra		Independent Non-Executive Director
	Mrs. Maryam Aliko Mohammed		Independent Non-Executive Director

Tax Identification Number: 00389604-0001

Registered Company Number: 6540

Company Secretary/ Legal Adviser Mr. Bode Ayeku

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

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

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

Members of the Audit Committee	Mr. Matthew Akinlade	Chairman/Shareholders' Representative
	Alhaji Kazeem Owonikoko Bello	Shareholders' Representative
	Mr. Christopher Nwaguru	Shareholders' Representative
	Mrs. Adebisi Lamikanra	Directors' Representative
	Mrs. Maryam Aliko Mohammed	Directors' Representative

RESULTS AT A GLANCE

Full Year Result

In thousands of naira	**2024**	**2023**	**Increase/ (decrease) %**
Revenue	958,814,739	547,118,754	75%
Results from operating activities	167,876,262	123,787,596	36%
Loss before income tax	(221,588,549)	(104,025,429)	113%
Income tax credit	56,993,527	24,551,648	132%
Loss for the year	(164,595,022)	(79,473,781)	107%
Total comprehensive loss for the year, net of tax	(14,557,657)	(79,473,781)	(82%)
Share capital	396,328	396,328	0%

Quarter Four Results *In thousands of naira*	**Oct- Dec 2024**	**Oct- Dec 2023**	**Increase/ (decrease) %**
Revenue	293,524,977	150,527,134	95%
Results from operating activities	57,032,410	32,201,458	77%
Profit/(loss) for the period	19,675,740	(36,405,751)	(154%)

Data per 50k share

Basic loss	(N207.65k)	(N100.26k)
Adjusted earnings per share		
Dividend paid *	Nil	N36.5
Net liabilities	(N116.43k)	(N98.45k)

Dividend per 50k share in respect of current year results only		
Interim dividend declared	Nil	Nil
Final dividend proposed	Nil	Nil

Stock Exchange Information

Stock exchange quotation at 31 December:			
in Naira per share	875	1,100	(20%)
Number of shares issued (‘000)	792,656	792,656	0.0%
Market capitalisation at 31 December (N: million)	693,574	871,922	(20%)

* Dividend paid represents the final dividend of N36.50K proposed for the preceding year 2022 but paid in the previous year. No interim or final dividend was declared for the 2024 financial year (2023: Nil).

Directors' Report

1 Financial Statements

The directors present their annual report on the affairs of Nestlé Nigeria Plc ("the Company") for the year ended 31 December 2024.

2 Principal Activities

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

3 Operating Results

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

In thousands of naira	2024	2023	Increase/ (decrease) %
Revenue	958,814,739	547,118,754	75%
Results from operating activities	167,876,262	123,787,596	36%
Loss before income tax	(221,588,549)	(104,025,429)	113%
Loss after income tax	(164,595,022)	(79,473,781)	107%
Total comprehensive loss for the year, net of tax	(14,557,657)	(79,473,781)	(82%)

4 Dividend

No interim or final dividend was declared for the year 2024 financial year (2023: Nil).

5 Directors and Their Interests

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

		Interest in the Ordinary Shares of the Company	
		2024	**2023**
Mr. Gbenga Oyebode	- Chairman	Nil	Nil
Mr. Wassim Elhusseini (Lebanese)	- MD/CEO	Nil	Nil
Mr. Namit Mishra (Indian)		Nil	Nil
Mr. Ibukun-olu Ipinmoye	Up to 31/07/2024	2,328*	2,328*
Mrs. Kemisola Ajasa	From 01/11/2024	Nil	Nil
Mr. Mauricio Alarcón (Mexican)		Nil	Nil
Mr. Martin Kruegel (German)		Nil	Nil
Dr. Juliet Ehimuan		2,146	2,146
Mrs. Adebisi Lamikanra		Nil	Nil
Mrs. Maryam Aliko Mohammed		Nil	Nil

No share of the Company were held by Nestle S.A. Switzerland and Societe Des Produits Nestle S.A as indirected holding in favor of Directors. However, as of 31 December 2024 Mr. Wassim Elhusseini has 3,640 shares of Nestle S.A. Switzerland, Mr. Namit Mishra has 1,177.shares of Nestle S.A. Switzerland, Mr. Mauricio Alarcón has 10,780 shares of Nestle S.A. Switzerland, Martin Kruegel has 10,412 shares of Nestle S.A Switzerland and Mrs. Kemi Ajasa has 293 shares of Nestle S.A Switzerland. Mr Mauricio Alarcón and Martin Kruegel are representing Nestle S.A. Switzerland on the board.

*Out of the 2,328 shares of Nestle Nigeria Plc held by Mr. Ibukun-olu Ipinmoye, 2,250 shares are managed on his behalf by FBN Quest Trustees Limited, while the remaining 78 shares are registered in his name. Mr. Ipinmoye has 602 RSUP and 302 PSUP stock units of Nestle S.A. Switzerland.

(b) Mr. Gbenga Oyebode is the Chairman of CFAO Nigeria Plc, one of our vehicle suppliers. Mrs. Adebisi Lamikanra is a director in Standard Chartered Bank Limited, Dr Juliet Ehimuan is a director of Zenith Bank Plc,and Mrs. Maryam Aliko Mohammed is a director of Stanbic IBTC. All these three banks are our bankers. In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria 2020, they have notified the Company of their position with CFAO Nigeria Plc, Standard Chartered Bank Limited,Stanbic IBTC and Zenith Bank Plc.

Directors' Report-Continued

(c) No share options were granted to the Directors by Nestlé Nigeria Plc. However, Nestlé S. A. Switzerland, the ultimate parent company has a share based payment scheme offered to certain key management personnel including certain directors of the Company. Information relating to this share based payment scheme is disclosed in Note 22(a)(iii) to the financial statements.

6 Records of Directors' Attendance

Further to the provisions of Section 284(2) of the Companies and Allied Matters Act of Nigeria 2020, the Record of Directors' Attendance at Board Meetings held in 2024 is available at the Annual General Meeting for inspection.

7 Analysis of Shareholdings as at 31st December 2024

			Number of shareholders	%	Number of shares	%
1	-	5000	29,590	90.92	21,294,393	2.69
5001	-	10000	1,514	4.65	10,400,618	1.31
10001	-	50000	1,173	3.60	23,217,694	2.93
50001	-	100000	114	0.35	8,083,340	1.02
100001	-	500000	105	0.32	20,943,409	2.64
500001	-	1000000	22	0.07	16,368,164	2.07
1000001	-	5000000	19	0.06	37,896,804	4.78
5000001	-	10000000	3	0.01	18,918,127	2.39
10000001	-	50000000	3	0.01	74,253,397	9.36
			32,543	100.00	231,375,946	29.19
Societe Des Produits Nestle S.A			1	0.00	561,280,306	70.81
			32,544	**100.00**	**792,656,252**	**100.00**

Apart from Societe Des Produits Nestlé S.A, Switzerland with 561,280,306 ordinary shares (representing 70.81%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2024.

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

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

Substantial shareholder		
Shareholder	Units held	Percentage
Societe Des Produits Nestle S.A	561,280,306	70.81

8 Property, plant and equipment

Information relating to changes in property, plant and equipment is disclosed in Note 15 to the financial statements. In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements.

9 Donations

The value of gifts and donations made by the Company during the year amounted to N287,215,000 (2023: N355,568,000) and analysed as follows:

In thousands of naira	2024	2023
Nestle community water projects, school projects and scholarship scheme	66,472	27,410
Nestle for healthier kids	10,181	67,489
Rural Women Empowerment Project	13,802	11,887
Nigerian Economic Summit Group	15,000	10,000
Product Donations (including Nestle Cares Orphanage Outreach)	5,125	43,628
Grains Project	-	39,000
Technical Training Centers (TTCs)	176,635	156,154
	287,215	**355,568**

Directors' Report-Continued

9 Donations (continued)

In compliance with Section 43(2) of the Companies and Allied Matters Act of Nigeria 2020, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.

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

10 Nestlé Nigeria Trust (CPFA) Limited (“NNTL”)

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

11 Local Sourcing of Raw and Packaging Materials

On a continuing basis, the Company explores the use of local raw materials such as salt,sugar, soya bean, maize, cocoa, palm olein, sorghum, cassava, corn starch and packaging materials (Laminate, case, coregated, resin, monofilm) in its production processes and included in a number of its products.

12 Major Distributors

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

13 Suppliers

The company procures all of its raw materials on a commercial basis from overseas and local suppliers.

Amongst the overseas suppliers are companies in the Nestlé Group.

14 General Licence Agreement

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

The company obtained the approval of the National Office for Technology Acquisition and Promotion (NOTAP) with certificate No. CR 008318 for the remittance of General Licence Fees to Société des Produits Nestlé S.A., Switzerland. The approval is for a period of three (3) years with effect from 1st January 2024 to 31st December 2026.

15 Acquisition of Own Shares

The company did not purchase any of its own shares during the year ended 31 December 2024 (2023:Nil).

16 Employment and Employees

(a) Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. The Company had 14 (2023:15) physically challenged persons in its employment as at 31 December 2024.

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

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

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

Directors' Report-Continued

(b) Health and safety at work and welfare of employees (continued)

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

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

(c) Employees involvement and training

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

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

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

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

As of 31 December, 2024, a total of 229 individuals have successfully completed the program at our Technical Trainee Centers located in Agbara, Abaji, and Flowergate factories since 2011. The training expenses for all batches of graduates were fully covered by our company.In line with our agreement with the Switzerland embassy, the top five (5) trainees from the scheme are selected to participate in an 8-week internship program at our Group's factories in Switzerland. The current batch of trainees began their internship on October 14, 2024.

In the year 2024, a total of 50 trainees successfully graduated from the three centers: Agbara (10 trainees), Abaji (20 trainees), and Flowergate (20 trainees). All of these graduates were offered full-time employment within the company.The first batch of graduates from the scheme at the Flowergate factory, who completed their 18-month program in June 2024, achieved exceptional results similar to the other centers. The highest-performing graduate from this batch obtained 26 distinctions across City and Guilds examinations at levels 3 to 5.

As part of our strategic approach to developing a strong talent pipeline, our company has provided full-time employment to a total of 221 graduates of NTTC so far. However, there are eight graduates from the program who have secured full-time employment with other organizations.Currently, there are a total of 60 trainees enrolled in the three centers: Agbara, Abaji, and Flowergate. Among these trainees, there are 32 females and 28 males.

The breakdown of the beneficiaries of the NTTC is as follows:

Directors' Report-Continued

(c) Employees involvement and training (continued)

BATCH NO.	YEAR OF GRADUATION	SITE	NO. ADMITTED	NO. OF GRADUATES	NO. EMPLOYED BY NESTLE	NO. EMPLOYED BY EXTERNAL PARTY
1	2013	AGBARA	16	13	9	4
2	2015		16	14	12	2
3	2017		20	20	20	0
4	2019		20	20	20	0
5	2021		20	20	20	0
6	2022		20	20	19	1
7A	2023		20	20	20	0
7B	2024		10	10	10	0
8	2025		20	Still in session	N/A	N/A
Total			**162**	**137**	**130**	**7**
1	2024	FLOWERGATE	20	20	20	0
2	2025		20	Still in session	N/A	N/A
Total			**40**	**20**	**20**	**0**
1	2019	ABAJI	12	12	11	1
2	2021		20	20	20	0
3	2023		20	20	20	0
4	2024		20	20	20	0
5	2025		20	Still in session	N/A	N/A
Total			**92**	**72**	**71**	**1**
GRAND TOTAL			**294**	**229**	**221**	**8**

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

17 Nomination, Governance and Remuneration Committee

Composition of Board Committees

The Nomination, Governance and Remuneration Committee is made up of three (3) directors appointed to make recommendations on the structure and composition of the Board and its Committees; governance issues and to submit proposals on the salaries of executive directors to the Board for approval. The members of the Committee are Mr. Mauricio Alarcón, Mr. Martin Kruegel and Dr. Juliet Ehimuan .

18 Audit Committee

In accordance with section 404 of the Companies and Allied Matters Act of Nigeria 2020, members of the audit committee of the Company were elected at the Annual General Meeting held on 22 May 2024. Members that served on the audit committee during the year comprise:

Mr. Matthew Akinlade (Chairman)	Shareholders’ Representative
Alhaji Kazeem Owonikoko Bello	Shareholders’ Representative
Mr. Christopher Nwaguru	Shareholders’ Representative
Mrs. Adebisi Lamikanra	Directors’ Representative
Mrs. Maryam Aliko Mohammed	Directors’ Representative

19 Board Audit and Risk Management Committee

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

Directors' Report-Continued

20 Effectiveness of Internal Control System

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

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

21 Disclosures

(a) Borrowings and Maturity Dates

The details of the borrowings and maturity dates are stated in Note 23 to the financial statements.

(b) Risk Management and Compliance System

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

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

(c) Sustainability Initiatives

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

(d) Related Party Transactions

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

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

Corporate Business Principles

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

(a) Nutrition, Health and Wellness

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

(b) Quality Assurance and Product Safety

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

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

Directors' Report-Continued

22 Report on Social, Ethical, Safety, Health and Environmental Policies and Practices (continued)

(d) Human Rights in Our Business Activities

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

(e) Leadership and Personal Responsibility

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

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

(f) Safety and Health at Work

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

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

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

(g) Supplier and Customer Relations

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

(h) Agriculture and rural development

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

(i) Environmental sustainability

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

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

(j) Water

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

Directors' Report-Continued

23 Number, diversity, training initiatives and development of employees

As of 31 December 2024, the staff strength of the Company was 2,565 (2023: 2,375). Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas.
Presently, we have 26 (2023: 22) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Cameroun, Switzerland, Angola and Malaysia in order to give them the required exposure to enable them take up higher responsibilities.

24 Bribery and corruption

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

25 Insider Trading

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

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

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

Section 238 of CAMA provides that the disclosure of the remuneration of the managers of a company should be an item under the ordinary business at an annual general meeting. Based on the definition of "manager" in the Companies Regulations 2021, we hereby disclose that the total remuneration of the twenty-two (22) management staff (including the current and past executive directors) of the Company for the year ended 31 December 2024 is N4.301billion." (2023: N2.193 billion)

27 Notable awards received in 2024

Nestlé Nigeria received multiple awards from esteemed organizations in recognition of her exceptional performance across various business metrics including people practices, food security, sustainability, diversity and inclusion, and Creating Shared Value Initiatives.The awards include:

1. HR OSCARS Best Practices Award by the Chartered Institute of Personnel Management of Nigeria (CIPMN)

- Winner of HR Inclusion Award in the Private Sector
- Winner in Diversity and Inclusion Initiative
- Winner in Adoption of Technology: Digital HR/SMAC Technology Initiative
- Winner in Business Continuity Management Initiative
- Winner in Talent Development Initiative
- Winner in Talent Acquisition
- Winner in Performance Management
- Winner in Employee Services and Administration
- Winner in Compensation, Reward, and Recognition Initiative
- HR Best Practice Sectoral Award, Winner in the FMCG Sector
- 1st Runner up, 2024 CIPM HR Best Practice Award

Directors' Report-Continued

27 Notable awards received in 2024 (Continued)

2 The Sustainability, Enterprise and Responsibility Awards (The SERAS)

- Best Company in Food Security
- Best Company in Circular Economy

3. Nigerian Employers Consultative Association (NECA) Employers Excellence Awards 2024

- Winner, "NECA Excellence Award in Food & Beverages (Food) category"
- Winner, Visible Impact Award in Investment in SDG and Green Projects

4 HR Expo Africa Work Festival 2024

- Winner, Excellence in HR Change Management

5 CHARTERED INSTITUTE OF PERSONNEL MANAGEMENT OF NIGERIA

- Special recognition award for contirbution to fostering workforce development and excellence in HR practices

28 Auditor

Messrs Ernst & Young (EY) acted as the Company's independence auditor during the financial year ended 31 December 2024. The independence auditor's report was signed by Omolola Alebiosu, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2012/PRO/ICAN/004/00000000145

Messrs Ernst & Young (EY) have expressed their willingness to continue in office as the Company's auditor in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD

Bode Ayeku, FCIS
Company Secretary/Legal Adviser
FRC/2012/PRO/NBA/002/00000000637
22-24, Industrial Avenue
Ilupeju,
Lagos.

25 February,2025

Statement of the Corporate Responsibility for the Financial Statements For the year ended 31 December 2024

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

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2024 that:

a) We have reviewed the report;

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

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

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

c) We:

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

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

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

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

Gbenga Oyebode	**Wassim Elhusseini**	**Namit Mishra**
(Chairman)	**(Managing Director)**	**(Finance & Control Director)**
FRC/2013/PRO/NBA/004/00000002546	**FRC/2020/PRO/DIR/003/00000022041**	**FRC/2023/PRO/ANAN/002/864258**

Statement of Directors' Responsibilities in relation to the preparation of the financial statements

The directors of Nestlé Nigeria Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2024, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with IFRS Accounting standard as issued by the international Accounting Standards Board,and in a manner required by Financial Reporting Councul of Nigeria (Amendment) Act, 2023 and the provision of the Companies And Allied Matter Act, 2020.

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

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

The directors are responsible for:

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

Going Concern:

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

The financial statements of the Company for the year ended 31 December, 2024 were approved by the Directors on 25th February, 2025.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Gbenga Oyebode	**Wassim Elhusseini**	**Namit Mishra**
(Chairman)	**(Managing Director)**	**(Finance & Control Director)**
FRC/2013/PRO/NBA/004/00000002546	**FRC/2020/PRO/DIR/003/00000022041**	**FRC/2023/PRO/ANAN/002/864258**

AUDIT COMMITTEE OF
Nestlé Nigeria PLC (RC 6540)

22-24, INDUSTRIAL AVENUE, ILUPEJU
P.M.B. 21164, IKEJA, NIGERIA

TELEPHONES: 01- 2798184, 01-4607688

STATUTORY AUDIT COMMITTEE REPORT

TO THE MEMBERS OF NESTLÉ NIGERIA PLC

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020, we confirm that we have carried out our statutory functions under the Act and have examined the independent Auditor's Report for the year ended 31 December 2024 and hereby state as follows:

1. The scope and planning of the audit are adequate.
2. The accounting and reporting policies of the Company conform with the statutory requirements and agreed ethical practices.
3. The internal control was being constantly and effectively monitored.
4. We have reviewed the Auditor's findings on management matters and are satisfied with the management responses thereon.
5. We have made recommendations to the Board with regard to the Auditors' report and remuneration of the external auditors of the Company.

We have obtained all the information and explanations we required.

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

Dated this 25th day of February 2025
Lagos, Nigeria

Matthew Akinlade
Chairman, Audit Committee.
FRC/2013/PRO/ICAN/001/00000002111

Members of the Audit Committee:
Mr. M. Akinlade (Chairman)
Mr. C. Nwaguru (Member)
Alhaji K. O. Bello (Member)
Mrs. A. Lamikanra (Member)
Mrs. M. A. Mohammed (Member)

Management's Certification of Internal Control Over Financial Reporting

We, **Wassim Elhusseini (the Managing Director) and Namit Mishra (the Finance & Control Director) of Nestle Nigeria Plc**, certify that:

a) We have reviewed this Management's Report on the Assessment of Internal Control Over Financial Reporting of **Nestle Nigeria Plc**;

b) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

d) We:

1) are responsible for establishing and maintaining internal controls;

2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, is made known to us by others, particularly during the period in which this report is being prepared;

3) have designed such internal control system, or caused such internal control system to be designed under our supervision, 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;

4) have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) We have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the Company's board of directors:

1) There were no significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

2) There were no fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.

f) We have identified, in the report whether or not there were significant changes in internal controls or other facts 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.

Dated this 25th day of February 2025

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

Namit Mishra
(Finance & Control Director)
FRC/2023/PRO/ANAN/002/864258

Management's Report on the Assessment of Internal Control Over Financial Reporting

Management of Nestlé Nigeria Plc ("Nestlé" or the "Company") is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and the board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Nestlé's system of internal control over financial reporting is supported with written policies and procedures, contains self-monitoring mechanisms, and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

Management has assessed the effectiveness of its internal control over financial reporting as of 31 December 2024. In making this assessment, management used the COSO 2013 "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of 31 December 2024, the Company's internal control over financial reporting is designed and operating effectively. Additionally, based upon management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as of 31 December 2024.

The effectiveness of the Company's internal control over financial reporting as of 31 December 2024, has been audited by Ernst and Young, an independent registered public accounting firm, as stated in their report which appears on page 19-20.

Dated this 25th day of February 2025

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

Namit Mishra
(Finance & Control Director)
FRC/2023/PRO/ANAN/002/864258

Building a better
working world

Ernst & Young
10th Floor
UBA House
57, Marina
P.O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 63 14500
Fax: +234 (01) 463 0481
Email: services@ng.ey.com
www.ey.com

Independent Auditor's Attestation Report on Management's Assessment of Internal Control over Financial Reporting

To the members of Nestlé Nigeria Plc

Scope

We have been engaged by Nestlé Nigeria Plc to perform a 'limited assurance engagement', based on International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, herein referred to as the engagement, to report on Nestlé Nigeria Plc Internal Control over Financial Reporting (ICFR) (the "Subject Matter") contained in Nestlé Nigeria Plc's (the "Company's") Management's Assessment on Internal Control over Financial Reporting as of 31 December 2024 (the "Report").

A company's internal control over financial reporting is a process designed 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:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) 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

(3) 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.

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.

Criteria applied by Nestlé Nigeria Plc

In designing, establishing and operating the Internal Control over Financial Reporting (ICFR) and preparing the Management's assessment of the Internal Control over Financial Reporting (ICFR), Nestlé Nigeria Plc applied the requirements of Internal Control-Integrated Framework (2013) of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and SEC Guidance on Management Report on Internal Control Over Financial Reporting (Criteria). Such Criteria were specifically designed to enable organizations effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization; As a result, the subject matter information may not be suitable for another purpose.

Nestlé Nigeria Plc's responsibilities

Nestlé Nigeria Plc's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Nestlé Nigeria Plc's *management's assessment of the Internal Control over Financial reporting as of 31 December 2024* in accordance with the criteria.

Our responsibilities
Our responsibility is to express a conclusion on the design and operating effectiveness of the Internal Control over Financial Reporting based on our Assurance engagement.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, those standards require that we plan and perform our engagement to obtain limited assurance on the entity's internal control over financial reporting based on our assurance engagement.

Our independence and quality management
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA code) and have the required competencies and experience to conduct this assurance engagement.

We also apply 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 that we 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.

Description of procedures performed
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.

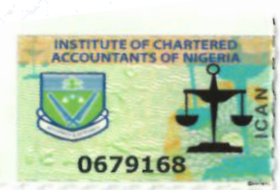
Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

Conclusion
In conclusion, nothing has come to our attention to indicate that the internal control over financial reporting put in place by management is not adequate as of 31 December 2024, based on the requirements of Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework and SEC Guidance on Management Report on Internal Control Over Financial Reporting.

Other Matter
We also have audited, in accordance with the International Standards on Auditing, the annual report for the year ended 31 December 2024 of Nestlé Nigeria Plc and we expressed an unmodified opinion in our Auditor's report dated 26 February 2025. Our conclusion is not modified is respect of this matter.

Omolola Alebiosu, FCA
FRC/2012/PRO/ICAN/004/00000000145
For: Ernst & Young
Lagos, Nigeria.

26 February 2025.



Building a better
working world

Ernst & Young
10th Floor
UBA House
57, Marina
P.O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 63 14500
Fax: +234 (01) 463 0481
Email: services@ng.ey.com
www.ey.com

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nestlé Nigeria Plc ('the Company'), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Nestlé Nigeria Plc as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Building a better working world

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Audit of the Financial Statements – Continued

Key Audit Matters	How the matter was addressed in the audit
Measurement of Other Long-term Employee Benefits As of 31 December 2024, the Company calculated and recorded other long-term employee benefits of N4.346 billion (2023: N4.044 billion) for its employees. The benefits are available to qualified employees of the Company based on graduated periods of uninterrupted service. The benefits are unfunded. Management engaged an independent actuary to assist the Company in the Computation of the other long-term employee benefits. The estimation involves assumptions, particularly with regards to the determination of the discount rates, future salary increases, inflation rates, mortality rates and future pension increases. We considered the other long-term benefits to be a key audit matter due to volatility in various parameters used in estimation of the other employee benefits during the year due to economic instability; including the possible impact of changes in the assumptions used in the estimate and judgement involved in calculation of other long term employee benefits obligations. Changes in a number of these key assumptions used to estimate the Company's other long-term benefits could have a material impact on the estimated liability. The estimates and assumption on other long-term employee benefits have been disclosed in Note 24 to the Financial Statements - Employee Benefits.	Our audit procedures on the other long-term employee benefits include among others: - We assessed the competence, independence and objectivity of the actuarial specialists engaged by the Company. - We involved EY actuarial team in performing the following procedures among others: • Tested the appropriateness of the estimation and assumptions used in the valuation of the other long-term employee benefits; including salary increases and mortality rate assumptions by reference to market and entity specific data, both individually and in combination with other assumptions. • Assessed the assumption for salary increases against the Company's historical trend and expected future outlook; vis – a – vis current year changes. • Evaluated the key assumptions used in the discount rate and inflation rate used, which in our view, have significant impact on the scheme valuation and require significant level of management judgement. - We tested the accuracy and completeness of the underlying data used in the actuarial valuations by checking the financial bases and demographic assumptions; including other data.

Key Audit Matters	How the matter was addressed in the audit
The transition from the historical cost model to the revaluation model for property, plant, and equipment (PPE) During the year, the Company changed in accounting policy to the revaluation model for some of its PPE, which includes land, buildings, plant and machinery. This transition requires management to make estimates and exercise significant judgment regarding the inputs and assumptions used in estimating the fair value of these assets. The degree of judgment necessary in selecting the appropriate valuation methodology, combined with the substantial size of the PPE balance, highlights this area as a key focus account in our audit. The valuations are supported by independent external assessments. The land is valued using the replacement cost method, while the building is assessed through the comparable transaction method. The valuation of plant and equipment is determined based on the market value of the assets. The net book value of the affected assets was revalued from N91.1 billion to N305.5 billion, resulting in a revaluation gain of N214.3 billion and deferred tax liability of N64.302 billion. The accounting policy and further details regarding *property, plant, and equipment* are provided in notes 3(d) and 15 to the financial statements.	Our audit procedures regarding the valuation of property, plant, and equipment (PPE) include the following steps: - We evaluated the competence, independence, and objectivity of the professional valuer engaged by the Company. - We collaborated with the EY valuation team to perform several procedures, including: • Assessed the appropriateness of the valuation methodologies used for different asset categories (land, buildings, plant, and machinery) to ensure they align with industry standards and best practices. • Evaluated the key assumptions that require a significant degree of management judgment. • Confirmed that the selected methodologies (replacement cost, comparable transaction, and market value) are suitable for the specific types of assets being valued. • Tested the reasonableness of these assumptions by comparing them to historical data, industry benchmarks, and market trends. - We verified the accuracy and completeness of the data used in the valuations by cross-referencing financial records, asset registers, and other relevant documentation. Additionally, we reviewed the revaluation gain of N214.3 billion and the deferred tax liability of N64.3 billion to ensure it is properly calculated and disclosed in the financial statements.

Key Audit Matters	How the matter was addressed in the audit
Recoverability of the deferred tax asset As of 31 December 2024, the Company reported a loss after tax of N164.6 billion for the year (2023: N79.5 billion) and recognized deferred tax assets amounting to N70.4 billion (2023: N46.5 billion) due to temporary differences arising from carry forward losses and unrealized exchange losses on foreign currency-denominated loans and borrowings. Management assessed the recoverability of the recognized deferred tax assets based on projected taxable profits for the upcoming years, considering the timeframe within which past losses can be claimed under local tax regulations. The valuation of deferred tax assets is a key audit matter due to its material impact on the financial statements and reliance on estimates and assumptions regarding projected future profitability. The Company's ability to utilize these deferred tax assets is contingent upon its capacity to generate future taxable profits sufficient to utilize the recognized deferred tax assets. Further details regarding deferred tax asset is provided in note 14a to the financial statements.	Our audit procedures on the recoverability of the deferred tax asset includes among others: - We evaluated the criteria for recognizing deferred tax assets under IFRS Accounting Standards, issued by the International Accounting Standards Board to ensure that the Company has met the necessary conditions for recognition. - We collaborated with the EY specialist team to perform several procedures among others: • Examined the forecasts of future taxable profits prepared by management to assess their reasonableness and consistency with historical performance. • Tested the assumptions used in the forecasts, such as revenue growth rates, expense projections, and market conditions. • Compared the forecasted taxable profits with historical financial results to determine if the projections are realistic and achievable. • Analyzed any significant variances between past performance and future projections. - We evaluated the judgments made by management regarding the recoverability of deferred tax assets, including the likelihood of generating sufficient taxable profits in the future to utilise the deferred tax assets. Additionally, we ensured that the financial statements adequately disclosed the nature of the deferred tax assets.

Building a better
working world

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Nestlé Nigeria Plc Annual Financial Statements for the year ended 31 December 2024", which includes the Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities in Relation to the preparation of the Financial Statements, and Other National Disclosures. 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 express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

Building a better working world

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Audit of the Financial Statements – Continued

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

EY
Building a better
working world

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Audit of the Financial Statements – Continued

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

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

Report on Other Legal and Regulatory Requirements

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

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

In accordance with the requirements of the Financial Reporting Council of Nigeria (FRC) Guidance on Assurance Engagement Report on Internal Control over Financial Reporting:

We performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, and we have issued an unmodified opinion in our report dated 26 February 2025. That report is included on page 19-20 of the financial statements.

Omolola Alebiosu, FCA
FRC/2012/PRO/ICAN/004/00000000145
For Ernst & Young
Lagos, Nigeria

26 February 2025.

Statement of Profit or loss For the year ended 31 December 2024
In thousands of naira

	Notes	2024	2023
Revenue	9	958,814,739	547,118,754
Cost of sales	11(c)	(652,459,896)	(329,945,347)
Gross profit		306,354,843	217,173,407
Other Income	11(f)	737,107	454,436
Marketing and distribution expenses	11(d)	(106,851,671)	(73,779,995)
Administrative expenses	11(e)	(32,529,512)	(20,543,474)
Impairment write-back on financial assets	11(b)	165,495	483,222
Results from operating activities		167,876,262	123,787,596
Finance income	10	3,367,575	5,690,939
Finance costs	10	(392,832,386)	(233,503,964)
Net finance costs		(389,464,811)	(227,813,025)
Loss before income tax		**(221,588,549)**	**(104,025,429)**
Income tax credit	13 (a)	56,993,527	24,551,648
Loss for the year		(164,595,022)	(79,473,781)
Loss for the year is attributable to:			
Owners of the Company		(164,595,022)	(79,473,781)
Loss per share		**N**	**N**
Basic loss per share	16	**(207.65)**	**(100.26)**
Diluted loss per share		**(207.65)**	**(100.26)**

The accompanying notes on pages 33 to 88 form an integral part of these financial statements.

Statement of Other Comprehensive Income For the year ended 31 December 2024

In thousands of naira

		2024	2023
Loss for the year		(164,595,022)	(79,473,781)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Revaluation gain from property, plant and equipment net of tax	15(g)	150,037,365	-
		150,037,365	-
Total Comprehensive loss for the year is attributable to:			
Owners of the Company		(14,557,657)	(79,473,781)

The accompanying notes on pages 33 to 88 form an integral part of these financial statements.

Statement of Financial Position as at 31 December 2024

In thousands of naira

	Notes	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	15 (a)	421,154,868	165,383,791
Right-of-use assets	15 (b)	5,413,849	5,437,253
Long term receivables	17	3,353,739	3,122,574
Deferred tax assets	14	70,418,871	46,487,437
Prepayments	18	53,950	97,566
Total non-current assets		**500,395,277**	**220,528,621**
Current assets			
Inventories	19(a)	174,784,339	87,792,561
Right of return assets	19 (c)	119,266	60,714
Trade and other receivables	20	11,297,682	16,872,846
Prepayments	18	149,460,240	88,784,658
Cash and short-term deposits	21	22,641,548	167,735,007
Total current assets		**358,303,075**	**361,245,786**
Total assets		**858,698,352**	**581,774,407**
Equity			
Share capital	22(a)(i)	396,328	396,328
Share premium	22(a)(ii)	32,262	32,262
Revaluation reserves	15 (g)	150,037,365	-
Share based payment reserve	22(a)(iii)	472,377	169,481
Accumulated loss		(243,228,249)	(78,633,227)
		(92,289,917)	(78,035,156)
Liabilities			
Non- current liabilities			
Interest bearing loans and borrowings	23	545,215,213	365,127,523
Employee benefits	24	4,346,185	4,044,331
		549,561,398	369,171,854
Total current liabilities			
Trade and other payables	26	229,597,121	197,279,592
Contract liabilities	27	28,874,945	20,063,006
Refund liabilities	19 (c)	175,206	99,931
Current tax liabilities	13(b)	32,340,383	35,110,603
Lease liabilities	28	32,717	179,323
Interest bearing loans and borrowings	23	108,486,328	37,192,043
Bank overdraft	21	158,075	-
Provisions	25	1,762,096	713,211
		401,426,871	290,637,709
Total liabilities		950,988,269	659,809,563
Total equity and liabilities		**858,698,352**	**581,774,407**

THE BOARD APPROVED THE FINANCIAL STATEMENTS ON 25TH FEBRUARY 2025

Gbenga Oyebode
(Chairman)
FRC/2013/PRO/NBA/004/00000002546

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

Namit Mishra
(Finance and Control Director)
FRC/2023/PRO/ANAN/002/864258

The accompanying notes on pages 33 to 88 form an integral part of these financial statements.

Statement of Changes in Equity As at 31 December 2024

In thousands of naira

Attributable to equity holders of the company

	Share Capital	Share Premium	Share based Payment Reserve	Revaluation Reserve	Accumulated Loss	Total equity
As at 1 January 2024	396,328	32,262	169,481	-	(78,633,227)	(78,035,156)
Loss for the year	-	-	-		(164,595,022)	(164,595,022)
Other comprehensive income for the year; net of taxation	-	-	-	150,037,365		150,037,365
Total comprehensive loss for the year; net of taxation	-	-	-	150,037,365	(164,595,022)	(14,557,657)
Transactions with owners, recorded directly in equity						
Dividend to equity holders					-	-
Share based payment contribution (Note 22a (iii))			724,694			724,694
Share based payment recharge paid (Note 22a (iii))			(421,798)			(421,798)
Balance as at 31 December 2024	**396,328**	**32,262**	**472,377**	**150,037,365**	**(243,228,249)**	**(92,289,917)**
Balance as at 1 January 2023	396,328	32,262	90,127	-	29,772,507	30,291,224
Loss for the year					(79,473,781)	(79,473,781)
Other comprehensive income for the year; net of taxation					-	-
Total comprehensive loss; net of taxation					(79,473,781)	(79,473,781)
Transactions with owners, recorded directly in equity						
Dividend to equity holders					(28,931,953)	(28,931,953)
Share based payment contribution (Note 22a (iii))			202,882			202,882
Share based payment recharge paid (Note 22a (iii))			(123,528)			(123,528)
Balance as at 31 December 2023	**396,328**	**32,262**	**169,481**		**(78,633,227)**	**(78,035,156)**

The accompanying notes on pages 33 to 88 form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 December 2024

In thousands of naira

	Notes	2024	2023
Cash flows from operating activities			
Loss before tax		(221,588,549)	(104,025,429)
Adjustments to reconcile loss before tax to net cash flows from operating activities:			
Depreciation of property, plant and equipment and right-of-use	15e	28,940,817	11,672,988
Impairment of tangible assets	11e	2,125,915	-
Finance income	10	(3,367,575)	(5,690,939)
Net foreign exchange difference on financing- (Unrealised)	10(iii)	230,884,625	172,975,554
Net foreign exchange difference on others - (Unrealised)	10(iii)	(7,057,524)	9,355,684
Finance costs	10(i)	102,132,633	38,430,966
Equity settled share based payment transactions	22(iii)	724,694	202,882
Net service cost for other long term employee benefits	24	626,115	542,241
Actuarial loss/(gain) on remeasurement of employee benefits	24	12,231	(922,216)
Loss/(profit) on the disposal of property, plant and equipment	15d	28,528	(41,862)
(Write-back)/Expected credit loss on treasury bills	21	(77,231)	30,970
Expected credit loss on intercompany receivables	31	39,022	98,827
Impairment write-back on trade receivables	29ii	(127,286)	(613,019)
Bad debt recovered		-	(206,403)
Write down of inventories	19b	1,614,161	1,168,227
Loss on lease modification	15f	-	204,426
		134,910,576	**123,182,897**
Increase in long term receivables		(231,164)	(306,237)
Increase in inventories		(88,605,939)	(620,256)
(Increase)/ decrease in right of return assets		(58,552)	12,165
Decrease/ (increase) in trade and other receivables		5,663,422	(19,269,750)
Increase in prepayments		(60,631,965)	(1,598,663)
Increase in trade and other payables		39,959,632	6,599,834
Increase in contract liabilities		8,811,939	3,514,581
Increase/ (decrease) in refund liabilities		75,275	(12,402)
Increase/(decrease) in provisions		1,048,884	(312,797)
Cash generated from operating activities		**40,942,108**	**111,189,372**
Income tax paid	13b	(34,009,856)	(27,888,044)
Other long term employee benefit paid	24	(651,723)	(474,969)
Share based payment recharge paid	22(iii)	(421,798)	(123,528)
Net cash from operating activities		**5,858,732**	**82,702,831**
Cash flows from investing activities:			
Interest on securities and bank deposits	10	3,367,575	5,690,939
Proceeds from sale of property, plant and equipment	15d	62,689	444,701
Acquisition of property, plant and equipment and right-of-use assets	15	(72,590,526)	(61,247,957)
Net cash used in investing activities		**(69,160,262)**	**(55,112,317)**
Cash flows from financing activities:			
Proceeds from loans obtained:			
-- Intercompany loan	23a	12,305,045	58,166,740
-- Bank loan - Import Trade Finance Faciliies(ITFF)	23a	73,849,546	90,159,897
Loan repayment Inter-company Principal	23	(32,971,600)	-
- bank loan	23	(111,041,589)	(74,355,075)
Payment of principal portion of lease liabilities	28	(122,609)	(139,834)
Payment of interest portion of lease liabilities	28	(56,471)	(87,551)
Finance cost paid	23	(25,621,811)	(38,681,098)
Dividends paid	22(ii)	(584,573)	(13,769,740)
Net cash (used in)/ from financing activities		**(84,244,062)**	**21,293,339**
Net (decrease)/increase in cash and cash equivalents		(147,545,592)	48,883,853
Cash and cash equivalents at January 1st		167,815,251	117,981,705
Effect of exchange rate fluctuations on cash held		2,216,827	949,693
Cash and cash equivalents at 31 December	21	**22,486,486**	**167,815,251**

The accompanying notes on pages 33 to 88 form an integral part of these financial statements.

Table of Contents

Table of Contents

Notes to the financial statements

1 Reporting entity

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

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

2 Basis of accounting

(a) Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board,the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amended) Act 2023. They were authorised for issue by the Company's Board of Directors on 25 February 2025.

(b) Functional and presentation currency

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

(c) Composition of the financial Statements

Financial statements consist of :
(i) Statement of profit or loss and other comprehensive income
(ii) Statement of the financial position
(iii) Statement of changes in equity
(iv) Statement of cash flows
(v) Notes to the financial statements summarising material policy information.

3 Material accounting policy information

The company has consistently applied the following accounting policies to all periods presented in these financial statements. Set out below is an index of the material accounting policy information, the details of which are available on the pages that follow.

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(a) Foreign currency

Transactions denominated in foreign currencies are translated and recorded in Nigerian Naira, which is the Company's functional and presentation currency, at the actual exchange rates at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange loses and gains from the settlement of these transactions, and from the translation of monetary assets and liabilities are recognised to the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

(b) Financial instruments

Recognition and initial measurement

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

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. The gains & losses including any interest or dividend income are recognised in the statement of profit or loss.

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

(I) Financial assets

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

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

Cash and short-term deposit

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

Trade and other receivables

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

Classification of financial assets

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

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(b) Financial instruments (continued)

Classification of financial assets (continued)

The appropriate category is identified by reference to the specific features of the instrument and to the business model through which the entity expects to generate cash flows. Classification and measurement of financial assets through the three categories mentioned above require to consider:

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

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

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

The interest shall be consistent with the terms of basic lending arrangements, and therefore, should reflect mainly the time value of money and the credit risk associated to the counterparty.The classification of a financial asset requires also consideration of the objective of the business model and defining whether the objective is:

a) To collect contractual cash flow only (i.e. interests and repayment of the principal) generated by the asset,

b) To collect contractual cash flows and sell it

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

Amortised cost and effective interest method

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

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

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

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(b) Financial instruments (continued)

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(b) Financial instruments (continued)

(i) Significant increase in credit risk (continued)

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

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

(ii) Defination of default

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

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

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

(iii) Credit-impaired financial asset

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write off policy

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

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

(v) Measurement and recognition of expected credit losses

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

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(b) Financial instruments (continued)

(v) Measurement and recognition of expected credit losses

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

Derecognition of financial assets

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

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

vi) Impairment of Financial assets (including trade receivables)

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

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

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

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(b) Financial instruments (continued)

II) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest

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

Interest bearing Loans and borrowings

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

Derecognition of financial liabilities

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

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

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

- the carrying amount of the liability before the modification; and
- the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses."

Offsetting of financial instruments

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

III) Share capital

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(c) Fair value measurement

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.

(d) Property, plant and equipment

(i) Recognition and measurement

The cost of an item of property, plant and equipment (PPE) is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. All property, plant and equipment are initially stated in the statement of financial position at cost .

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

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

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

All property, plant and equipment are subsequenstly stated in the statement of financial position at historical cost less accumulated depreciation and accumulated impairment losses with exception of Land, Building, plant and equipments that are carried at their revalued amounts. See note 15.

The board of directors have approved change in the measurement of Land, Building, Plant and Machinery from the historical cost model to the revaluation model with effect from 29th of February 2024. Accordingly, the Company has adopted the revaluation model for Land, Building, Plant and Machinery and as a result of recognised fair value less accumulated depreciation and impairment losses.Going forward, the revaluation of these assets will be performed every 3 years through an independent certified valuer to ensure that the carrying amount of the assets does not differ materially from its fair value. Further more, the assets which are under construction i.e., Capital Work in Progress (CWIP) will also follow the revaluation model at the time of the capitalization.

A revaluation surplus, net of deferred tax, is recorded in OCI and credited to the revaluation reserve in the Statement of Changes in Equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase will be recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.”

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

The estimated useful lives for the current and comparative periods are as follows:

Buildings	25 -35 years
Plant and Machinery	10 -25 years
Motor vehicles	5 years
Furniture and fittings	3 - 15 years
IT Equipment	3 years
Land	Nil

Capital work in progress not depreciated as these assets are not yet available for use.

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

(e) Leases

The Company as a lessee

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

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(e) Leases-(continued)

The Company as a lessee-(continued)

The lease liabilty is presented as a separate line in the statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

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

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

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

The company did not make any such adjustments during the periods presented.
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a lease asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use assets, unless those costs are incurred to produce inventories.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of use assets is depreciated over the useful life of the underlying asset.

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(e) Leases (continued)

The company as lessor

The company was not part of any lease agreement as a lessor in 2024.

(f) Inventories

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

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

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

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

(g) Impairment of non financial assets

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

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(h) Employee benefits

(I) Defined contribution plans

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

The company has the following defined contribution plans:

a) Defined contribution gratuity scheme

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

NNTL previously called Nestlé Nigeria Provident Fund Limited was incorporated by the Company and is a duly registered closed pension fund administrator whose sole activity is the administration of the pension and defined contribution gratuity scheme for employees of Nestlé Nigeria Plc.

b) Pension fund scheme

In line with the provisions of the Pension Reform Act 2014, the Company instituted a defined contribution pension scheme for its entire Nigerian Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution is 10% for all senior staff, junior staff and temporary staff and 12.5% for management staff while employee contribute 8% and 12.5% respectively of their monthly emolument (basic, housing and transport).

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

Long service awards accrue to employees based on graduated periods of uninterrupted service. These benefits accrue over the service life of the employees. The charge to the profit or loss account is based on independent actuarial valuation performed using the projected unit credit method. PricewaterhouseCooper(PwC) Limited (FRC/2023/COY/176894) was engaged as the independent actuary in the current year. Actuarial remeasurements are recognised in the profit or loss in the year in which they arise. Also, the FRC number of the reviewer is FRC/2013/PRO/ICAN/004/00000002010

III. Termination benefits

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

IV. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Short -term employee benefit obligation consist of wages, salaries, bonuses and non-monetary benefits paid to current employees.

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

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognised in that period.

V. Share-based payment transactions

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

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

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(h) Employee benefits (continued)

(v) Share-based payment transactions (continued)

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

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

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

(i) Provisions

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

(j) Contingent liabilities

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

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

(k) Statement of cash flows

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

(l) Revenue

Revenue from contracts with customers

i) Sale of goods

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

(ii) Variable consideration

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

Rights of return

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(l) Revenue (continued)

Trade Incentives

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

(iii) Significant financing component

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

Contract balances

Trade receivables

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

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

Contract liabilities

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

Assets and liabilities arising from rights of return

Right of return assets

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

Refund liabilities

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

Cost to obtain a contract

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

(m) Prepayment and advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognised when the Company expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

(n) Finance income and finance costs

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

Notes to the financial statements (continued)

3 Material accounting policy information (continued)

(o) Taxes

Income tax expense comprises current and deferred tax.

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

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

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

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

(p) Earnings/(loss) per share

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

(q) Segment reporting

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

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

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

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

(r) Dividends

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

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

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

(s) Related parties

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

Notes to the financial statements (continued)

4.1 Changes in accounting policies and disclosures

Revaluation of Land , Building, Plant and Machinery (property, plant and equipment)

The company re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Company had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the assets classified as property, plant and equipment was carried at cost less accumulated depreciation and accumulated impairment losses .On 29 February 2024, the Company elected to change the method of accounting for Land, Building ,plant and Machinery classified as property plant and equipment,this is was approved by the board of Directors on 16th Mach 2024. The company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the fair value. The company applied the revaluation model prospectively. After initial recognition Land, Building, Plant and equipment are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses .

Going forward, the revaluation of these assets will be performed every 3 years through an independent certified valuer to ensure that the carrying amount of the assets does not differ materially from its fair value. Furthermore, the assets which are under construction i.e., Capital Work in Progress (CWIP) will also follow the revaluation model at the time of the capitalization.A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

4.2 New and amended IFRS Standards effective in the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2024. As it is imperative for reporting entities to consider the impact of the new standards/amendments and ensure that the financial statements include necessary disclosures required on the initial application of an IFRS/amendments and in accordance with IAS 8.28.

There are Three accounting standards/amendments issued by the International Accounting Standards Board (IASB) which became effective for annual periods beginning on or after January 2024.Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

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

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

The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application is permitted, and that fact must be disclosed. This amendment had no impact on the financial statements for the year ended 31 December 2024.

Notes to the financial statements (continued)

4.2 New and amended Standards effective in the current year (continued)

(b) Classification of Liabilities as Current or Non-current Amendments to IAS 1

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

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

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement.

Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The adoption of this amendment is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

(c) Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity’s suppliers.This amendment had no impact on the financial statements for the year ended 31 December 2024.

Notes to the financial statements (continued)

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

Certain new standards, amendments to standards and interpretations have been published that are not yet effective for the financial year ended 31 December 2024 and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is as stated below:

(a) IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18, and the amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and will apply retrospectively. Early adoption is permitted and must be disclosed.In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The impact assessment of the amendmends is still on going.

(b) IFRS 19 – Subsidiaries without Public Accountability: Disclosure

IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise. In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.Eligible entities: An entity may elect to apply IFRS 19 if at the end of the reporting period; It is a subsidiary as defined in IFRS 10 Consolidated Financial Statements; It does not have public accountability; and It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. The standard will not have impact on the Company when it become effective.

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

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

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

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.The amendment will not have impact on the Company when it become effective.

Notes to the financial statements (continued)

5 New and revised IFRS Standards in issue but not yet effective (continued)

(d) Lack of exchangeability – Amendments to IAS 21

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed.The impact assessment of the amendmends is still on going.

(e) Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2026. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

This amendment clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged,cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Clarifies the treatment of non-recourse assets and contractually linked instruments. Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.The impact assessment of the amendmends is still on going.

Contracts Referencing Nature-dependent Electricity – *Amendments to IFRS 9 and IFRS 7*

In December 2024, the IASB Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments clarify the 'own use', but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendment include:

• Clarifying the application of the 'own-use' requirements

• Permitting hedge accounting if these contracts are used as hedging instruments

• Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The impact assessment of the amendmends is still on going.

(f) Improvements to International Financial Reporting Standards

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.S. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting

(I) IFRS 1 First-time Adoption of International Financial Reporting Standards:Hedge Accounting by a First-time Adopter

(II) IFRS 7 Financial Instruments: Gain or Loss on Derecognition

(III) Guidance on implementing IFRS 7 Financial Instruments: Disclosures

(IV) IFRS 9 Financial Instruments

(V) IFRS 10 Consolidated Financial

(VI) IAS 7 Statement of Cash Flows

Notes to the financial statements (continued)

6 Significant accounting judgements, estimates and assumptions

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

(a) Critical accounting judgements

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

(b) Revenue from contracts with customers

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

• Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of products include a right of return that gives rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.The company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

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

• Determining the timing of satisfaction of sales of goods

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

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

Notes to the financial statements (continued)

6 Significant accounting judgements, estimates and assumptions (continued)

(c) Key sources of estimation uncertainty

(i) Employee benefit (long service award)

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 24.

(ii) Estimated useful lives and residual values of property, plant and equipment

The company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The company has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2024 and that has not highlighted any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods. For more details refer to note 3c.

(iii) Impairment testing

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

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

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 29.

(v) Estimating variable consideration for returns

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

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

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

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

Notes to the financial statements (continued)

6 Significant accounting judgements, estimates and assumptions (continued)
(c) Key sources of estimation uncertainty (continued)

(vi) Lease Liability

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

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

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

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

(vii) Taxes

The company has recognized a deferred tax liability of N64.302 billion (2023: Nil) as of the year ended 31 December 2024 relating to valuation surplus on property, plant and equipment. Deferred tax liability is measured at the tax rate of 30% on the assumptions that the Company will recover the fair value gain through continued use of the asset in the normal course of business operation. Further details on taxes are disclosed in Note 14

7 Operating segments
a) Basis of segmentation

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

Segments	Description
Food	This includes the production and sale of Maggi, Cerelac, SMA, Nan, Lactogen and Golden Morn and Snacking.
Beverages	This includes the production and sale of Milo, Milo energy cube, Nescafe, Milo ready-to-drink (RTD) ,Milo 3-in 1,Nescafe 3-in 1 and Nestlé Pure Life.

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

Information regarding the results of each reportable segment is included in Note 7. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company’s Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the financial statements (continued)

7 Operating Segments (continued)

Information about reportable segment

In thousands of naira

	Food		Beverage		Total	
	2024	2023	2024	2023	2024	2023
External Revenues	616,470,043	353,698,856	342,344,696	193,419,898	958,814,739	547,118,754
Cost of sales	(420,334,431)	(216,335,445)	(232,125,465)	(113,609,902)	(652,459,896)	(329,945,347)
Depreciation	(18,875,733)	(7,768,276)	(10,065,084)	(3,904,712)	(28,940,817)	(11,672,988)
Results from operating activities	**108,946,297**	**82,197,878**	**58,929,965**	**41,589,718**	**167,876,262**	**123,787,596**
Net Finance Cost	(243,045,802)	(142,166,886)	(146,419,009)	(85,646,139)	(389,464,811)	(227,813,025)

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

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

Revenues

There are no significant reconciling items between the reportable segment revenue and revenue for the year
In thousands of naira

(Loss)/ profit for the year	**2024**	**2023**
In thousands of naira		
Total profit or loss for reportable segments	167,876,262	123,787,597
Other corporate expenses and income	(389,464,811)	(227,813,026)
Loss before income tax	**(221,588,549)**	**(104,025,429)**

Other material items 2024

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

8 Geographical information

In thousands of naira	**2024**	**2023**
Nigeria	952,241,352	545,936,036
Ivory Coast	245,013	155,804
Ghana	6,026,182	745,694
Burkina Faso	294,334	281,220
Cameroon	7,858	-
Total revenue from contracts with customers	**958,814,739**	**547,118,754**

Notes to the financial statements (continued)

8 Geographical information (continued)

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

Major customer

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

9 Revenue

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

In thousands of naira	2024	2023
Nigeria	952,241,352	545,936,036
Export	6,573,387	1,182,718
Total Revenue	**958,814,739**	**547,118,754**

9.1 Disaggregated revenue information

Timing of revenue recognition	For the year ended 31 December 2024		
	Food	Beverage	Total
Goods transferred at a point in time	616,470,043	342,344,696	958,814,739
Total revenue	**616,470,043**	**342,344,696**	**958,814,739**

Timing of revenue recognition	For the year ended 31 December 2023		
	Food	Beverage	Total
Goods transferred at a point in time	353,698,856	193,419,898	547,118,754
Total revenue	**353,698,856**	**193,419,898**	**547,118,754**

Disaggregation of revenue—quantitative disclosure

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

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

Further disclosure on the disaggregation of revenue by geographical location has been presented in note 8.

9.2 Contract balances

In thousands of naira	2024	2023
Trade receivables (Note 20)	3,616,740	4,951,820
Contract liabilities (Note 27)	28,874,945	20,063,006

Contract liabilities include quarter four incentives yet to be paid to customers and advances received from cash customers. The significant changes from prior was due to increase in customers' deposit and trade incentives.

9.3 Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery of the product and payment is generally due within the customers credit days (within 7 to 14 days from delivery). Some contracts provide customers with a right of return and incentives which give rise to variable consideration subject to constraint.

Notes to the financial statements (continued)

10 Net finance cost

Finance Income

In thousands of naira	2024	2023
Interest income on Securities and bank deposits	3,367,575	5,690,939
	3,367,575	**5,690,939**
Finance costs		
Interest expense on financial liabilities	(102,132,633)	(38,430,966)
Net exchange difference on translation of foreign currency denominated	(290,699,753)	(195,072,998)
	(392,832,386)	(233,503,964)
Net finance costs	**(389,464,811)**	**(227,813,025)**

i) Analysis of interest expense of financial liabilities

In thousands of naira		
interest expense-- loan	(101,760,931)	(37,803,788)
Interest expense --employee benefits	(315,231)	(539,627)
Interest expense --lease liabilities	(56,471)	(87,551)
	(102,132,633)	**(38,430,966)**

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N89.5 billion (2023:N26.8 billion) excluding the impact of foreign exchange differences (realized/unrealized). Interest income is from investment in short term treasury bills of 90 days.

ii) Analysis of foreign exchange difference

In thousands of naira	2024	2023
Realised exchange loss--loan	(57,598,301)	(21,147,751)
Unrealised exchange loss--loan	(233,101,452)	(173,925,247)
	(290,699,753)	**(195,072,998)**

iii) Reconciliation of foreign exchange difference reported in the cash flow statement

In thousands of naira	2024	2023
Unrealised exchange loss--loan	(233,101,452)	(173,925,247)
Unrealised exchange gain--Cash and short-term deposits	2,216,827	949,693
Net foreign exchange difference on financing	**(230,884,625)**	**(172,975,554)**
Unrealised exchange gain/(loss) on trade payables	7,045,160	(10,114,604)
Unrealised exchange gain on inter-group receivables	12,364	758,920
Net unrealised foreign exchange difference on others	**7,057,524**	**(9,355,684)**

11 Loss before income tax

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

In thousands of naira	2024	2023
Depreciation of property, plant and equipment and right-of-use assets (Note 1	28,940,817	11,672,988
Auditor’s remuneration (Note11c)	84,293	67,951
Impairment of tangible assets	2,125,915	-
Directors’ remuneration (Note 12)	1,451,977	888,788
Personnel expenses (Note 12)	54,710,052	40,816,181
Net unrealised foreign exchange difference on others(note10)	7,057,524	9,355,684
Net unrealised exchange difference on financing (note10)	230,884,625	172,975,554
(Write-back)/expected credit loss on treasury bills (Note 21)	(77,231)	30,970
Expected credit loss on intercompany receivables (Note 31)	39,022	98,827
Write-back of expected credit loss on trade receivables (Note 29ii)	(127,286)	(613,019)
Loss/(profit) on property, plant and equipment disposed	28,528	(41,862)
Loss on lease modification (Note 15f)	-	204,426
General licence fees (note11C)	37,356,382	21,310,249

Prior year amount relating to gain on lease modification has been updated to reflect loss .This does not have any impact on the results.

Notes to the financial statements (continued)

11 Loss before income tax (Continued)

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

(b) Financial assets impairment/ (write-back)

Reconciliation of impairment/(write-back) of financial assets reported in statement of profit or loss

	2024	2023
(Write-back)/expected credit loss on treasury bills (Note 21)	(77,231)	30,970
Expected credit loss on intercompany receivables (Note 31)	39,022	98,827
Write back of expected credit loss on trade receivables (Note 29)	(127,286)	(613,019)
	(165,495)	**(483,222)**

Non-audit Services

Apart from the statutory and group audit, the firm of EY also offered consultancy services to Nestle Nigeria Plc in processing its CERPAC permits, transfer price documentation and approval relating to expat quota, reporting on Internal Control Over Financial Reporting. Total amount of N78.496 million (2023:N61.769 million) was paid to EY for non-audit service in current year 2024. Breakdown of non- audit fees paid to EY during the year are as follow:

	2024	2023
Immigration Services (Processing of CERPAC Permits)	52,568	38,451
Transfer Price documentation review	1,907	3,318
Attestation of Internal Control Over Financial Reporting Report	24,021	20,000
	78,496	**61,769**

Details of other professionals providing other forms of professional services on the financial statements are as follows:

Name of the the firm	FRC number of the firm	Name of the professional	FRC number of the professional	Nature of service
PwC	FRC/2023/COY/176894	Omobolanle Adekoya	FRC/2013/PRO/ICAN/004/00000002010	Valuation of long service awards liability

(11c) Cost of sales

In thousands of naira	2024	2023
Raw materials	357,547,161	166,981,987
Direct overheads	157,576,290	83,533,408
Direct Labour Cost (note12)	49,109,300	36,755,815
Freight cost	836,424	332,738
Purchased finished goods	60,228,193	31,814,365
Depreciation of property, plant and equipment	27,162,528	10,527,034
	652,459,896	**329,945,347**

(11d) Marketing and distribution expenses

In thousands of naira		
Freight Cost	37,135,626	27,810,131
Consumer promotional cost	26,910,634	20,080,575
Trade assets maintenance and repair	32,236	21,675
Depreciation of property, plant and equipment	118,352	26,384
Bad goods	223,576	238,350
Storage cost	5,074,865	4,292,631
General licence fee	37,356,382	21,310,249
	106,851,671	**73,779,995**

11 Notes to the financial statements (continued)

In thousands of naira	2024	2023

(11e) Administrative expenses

In thousands of naira

	2024	2023
Share service cost	11,799,958	7,775,061
Consumables	298,984	252,198
Donations	287,215	355,568
Depreciation of property, plant and equipment	1,659,937	1,119,571
Impairment of tangible assets	2,125,915	-
Expense relating to short-term leases and low-value assets	1,596,015	748,992
Real property permits	62,513	57,132
Information security and technology cost	1,194,492	662,156
Legal, consulting and professional fees	500,355	415,484
Travel	1,747,856	1,451,501
Auditors fees and remuneration	84,293	67,951
Repairs and maintenance	83,734	28,152
Security	674,465	525,535
Stakeholders meeting	44,800	74,697
Insurance	873,332	840,671
Telephone and fax	192,416	482,425
Bank charges	1,172,056	817,954
Corporate communication cost	769,312	542,871
Employee costs(note12)	7,052,729	4,060,366
Training	309,135	265,189
	32,529,512	**20,543,474**

(11f) Other Income

In thousands of naira

	2024	2023
Sale of scrap	664,646	311,097
Income from micro biology analysis to related parties	100,989	101,477
(Loss)/profit on disposal	(28,528)	41,862
	737,107	**454,436**

Prior year expenses have been presented by function to align with current year presentation.This does not have any impact on the results.

Summarised as follows:	2024	2023
Other Income	(737,107)	(454,436)
Cost of sales	652,459,896	329,945,347
Marketing and distribution expenses	106,851,671	73,779,995
Administrative expenses	32,529,512	20,543,474
Impairment write-back on financial assets	(165,495)	(483,222)
	790,938,477	**423,331,158**

Notes to the financial statements (continued)

12 Personnel expenses

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

In thousands of naira	**2024**	**2023**
Salaries, wages and allowances	27,513,294	21,206,304
Directors' remuneration	1,451,977	927,532
Contributions to compulsory pension fund scheme	2,329,585	1,937,663
Contributions to defined contribution gratuity scheme	2,657,280	2,088,368
Employee short term bonus	4,245,715	2,120,699
Training, recruitment and meal expenses	3,766,114	2,666,668
Insurance expenses	720,964	741,327
Transport susidies	3,656,980	2,320,447
Housing subsidies	6,356,560	5,200,104
Medical expenses	1,644,791	1,238,397
Equity-settled share-based payment transactions	724,694	202,882
Other personnel expenses*	1,094,075	165,790
	56,162,029	**40,816,181**

(b) Personnel expenses for the period comprise of the following:

Direct personnel costs	49,109,300	36,755,815
Indirect personnel costs	7,052,729	4,060,366
	56,162,029	**40,816,181**

Other personnel expenses * include employee long service award, uniform subsidies and membership subscription

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

		2024	**2023**
N	N	Number	Number
3500001	4000000	-	78
4000001	4500000	2	19
4500001	5000000	66	336
5000001	7000000	873	459
7000001 and	above	1624	1483
		2,565	**2,375**

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

	2024	**2023**
	Number	Number
Production	1,894	1,843
Supply chain	150	93
Sales and marketing	341	352
Administration	180	87
	2,565	**2,375**

(c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	**2024**	**2023**
Directors' Emoluments:		
Non Executive directors	62,750	102,344
Executive directors	1,389,227	825,188
	1,451,977	**927,532**

The directors' remuneration shown above includes:

In thousands of naira	**2024**	**2023**
Chairman	21,900	52,303
Highest paid director	830,986	428,367

Notes to the financial statements (continued)

(c) Directors remuneration (continued)

Other directors received emoluments in the following ranges:

N	N	2024 Number	2023 Number
1	10700000	-	3
Above 10700000		10	7
		10	**10**

13 Taxation

(a) Income tax expense/(credit)

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

In thousands of naira	2024	2023
Current tax expense		
Current period income tax	27,678,035	32,879,735
Current period tertiary education tax	3,561,601	3,910,206
	31,239,636	**36,789,941**
Deferred tax credit		
Origination and reversal of temporary differences	(88,233,163)	(61,341,589)
Total income tax credit	**(56,993,527)**	**(24,551,648)**

(b) Current tax liabilities

Movement in current tax liabilities account during the year was as follows

In thousands of naira		
At 1 January	35,110,603	26,208,706
Charge for the year	31,239,636	36,789,941
Payments in the year	(34,009,856)	(27,888,044)
At 31 December	**32,340,383**	**35,110,603**

c) Reconciliation of effective tax rate

	2024	2024	2023	2023
In thousands of naira				
Loss for the year		(221,588,549)		(104,025,429)
Total income tax credit		56,993,527		24,551,648
Loss after income tax		**(164,595,022)**		**(79,473,781)**
Income tax using domestic tax rate of 30% (2023:30%)	30.0%	(66,476,565)	30.0%	(31,207,629)
Education tax using domestic tax rate of 3%(2023:3%)	3.0%	(6,647,656)	3.0%	(3,120,763)
Non-deductible expenses*	-7.3%	16,147,259	-9.8%	10,164,334
Tax exempt income	0.0%	(16,565)	0.0%	(26,706)
Tax incentives		-	0.3%	(360,885)
Effective tax rate	**25.72%**	**(56,993,527)**	**23.5%**	**(24,551,649)**

14 Deferred tax (assets)/ liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of naira	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Property, plant and equipment	-	-	26,539,915	22,178,247	26,539,915	22,178,247
Revaluation gain on property, plant and equipment	-	-	64,301,728	-	64,301,728	-
Employee benefits	(1,434,241)	135,374	-	-	(1,434,241)	135,374
Unrealised exchange loss	(156,641,866)	(68,785,892)	-	-	(156,641,866)	(68,785,892)
Provisions	(3,028,523)	-	-	-	(3,028,523)	-
Share based payment	(155,884)	(15,166)	-	-	(155,884)	(15,166)
Tax (asset)/ liabilities	**(161,260,514)**	**(68,665,684)**	**90,841,643**	**22,178,247**	**(70,418,871)**	**(46,487,437)**

	Balance 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2023	Balance 1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2024
Property, plant and equipment	19,147,830	3,030,417	-	22,178,247	22,178,247	4,361,668	-	26,539,915
Revaluation gain on property, plant and equipment							64,301,728	64,301,728
Employee benefits	(1,395,087)	1,530,461	-	135,374	135,374	(1,569,615)	-	(1,434,241)
Unrealised exchange difference	(2,854,482)	(65,931,410)	-	(68,785,892)	(68,785,892)	(87,855,974)	-	(156,641,866)
Provisions	-	-	-	-	-	(3,028,523)	-	(3,028,523)
Share based payment	(44,109)	28,943	-	(15,166)	(15,166)	(140,718)	-	(155,884)
	14,854,151	**(61,341,589)**	**-**	**(46,487,437)**	**(46,487,437)**	**(88,233,163)**	**64,301,728**	**(70,418,871)**

Notes to the financial statements

15 Property, plant and equipment (PPE)

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

In thousands of naira **Cost**	**Land**	**Building**	**Plant and machinery**	**Motor vehicles**	**Furniture and fittings**	**IT equipment**	**Capital work- in-progress**	**Total**
Balance at 1 January 2023	1,214,588	36,931,013	98,587,215	5,753,903	14,596,501	2,850,630	33,709,622	193,643,472
Additions		833,324	4,515,042	2,264,874	501,252	341,214	51,217,340	59,673,045
Disposals		-	(722,011)	(556,972)	(229,487)	(33,521)	-	(1,541,992)
Reclassification		3,745,553	11,298,985	401,709	1,800,871	229,454	(17,476,572)	-
Balance at 31 December 2023	1,214,588	41,509,890	113,679,231	7,863,514	16,669,137	3,387,776	67,450,390	**251,774,525**
Balance at 1 January 2024	1,214,588	41,509,890	113,679,231	7,863,514	16,669,137	3,387,776	67,450,390	251,774,525
Additions	-	138,657	7,350,856	2,010,265	586,071	758,707	61,030,200	71,874,756
Disposals	-	-	(960,001)	(219,325)	(619,170)	(973,899)	-	(2,772,395)
Reclassification	-	1,645,095	16,131,638	1,199,646	2,047,556	450,762	(21,474,697)	-
Revaluation adjustment	13,729,911	23,024,397	177,584,785	-	-	-	-	214,339,093
Transfer*	-	(13,177,573)	(56,293,899)	-	-	-	-	(69,471,472)
Balance at 31 December 2024	14,944,499	53,140,466	257,492,610	10,854,100	18,683,594	3,623,346	107,005,893	**465,744,507**
Accumulated depreciation and impairment losses								
Balance at 1 January 2023	-	11,880,693	48,887,476	3,503,569	10,533,990	2,098,375	-	76,904,103
Depreciation	-	1,106,700	6,559,464	1,178,444	1,316,562	464,615	-	10,625,785
Disposals	-	-	(340,941)	(554,561)	(210,130)	(33,521)	-	(1,139,153)
Balance at 31 December 2023	-	12,987,393	55,105,999	4,127,452	11,640,422	2,529,469	-	**86,390,735**
Balance at 1 January 2024	-	12,987,393	55,105,999	4,127,452	11,640,422	2,529,469	-	86,390,735
Depreciation	-	1,914,616	22,587,086	1,430,985	1,639,345	653,608	-	28,225,640
Impairment	-	-	2,123,709	-	2,206	-	-	2,125,915
Disposals	-	-	(872,656)	(219,161)	(615,557)	(973,804)	-	(2,681,178)
Transfer*	-	(13,177,573)	(56,293,900)	-	-	-	-	(69,471,473)
Balance at 31 December 2024	-	1,724,436	22,650,238	5,339,276	12,666,416	2,209,273	-	**44,589,639**
Carrying amounts		- -						
At 31 December 2023	1,214,588	28,522,496	58,573,233	3,736,063	5,028,715	858,309	67,450,389	**165,383,791**
At 31 December 2024	14,944,499	51,416,030	234,842,372	5,514,824	6,017,178	1,414,073	107,005,893	**421,154,868**

Transfer* relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

(i) The gross carrying amount of the fully depreciated property, plant and equipment that is still in use by the Company as at reporting date is N29.494billion.(2023:21.832billion)

(ii) As at 31 December 2024, no item of property, plant and equipment was pledged as security for liabilities (2023: Nil).

(iii) There were impairment of property plants and equipments recognized during the year 2.1billion (2023:nil)

(iv) The capital work-in-progress of N86.85 billion (2023: N67.4 billion) represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

(v) There is no restriction to the title of property plant and equipment pledge as security for liability

Notes to the financial statements

15 Property, plant and equipment (continued)

Management determined that Land, building, Plant and machinery constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.The fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 29 February 2024,the properties' fair values are based on valuations performed by Niyi Fatokun & Co. with FRCN number FRC/2019/COY/00000012894 and the Valuer Mr Joseph Oluniyi Fatokun with FRCN number FRC/2013/PRO/NIESV/00000001217 , an accredited independent valuer who has valuation experience for similar properties. A net gain from the revaluation of the properties in 2024 was N214.3billion recognised in Other Comprehensive Income.

Reconciliation of carrying amount	**Land**	**Building**	**Plant & Machinery**	**Total**
In thousands of naira	**N'000**	**N'000**	**N'000**	**N'000**
Carrying amount as at 29th February 2024*	1,214,588	28,377,560	61,533,625	91,125,773
Level 3 revaluation gain recognised due to change in accounting policy to revaluation model as at 29 February 2024	13,729,911	23,024,397	177,584,785	214,339,093
Carrying amount and fair value as at 1 March 2024 after revaluation	**14,944,499**	**51,401,957**	**239,118,410**	**305,464,866**
Addition	-	253,288.00	6,699,257	6,952,545
Disposal	-	-	(415,139)	(415,139)
Depreciation for the year	-	(239,215.00)	(10,560,156)	(10,799,371)
Level 3 revaluation gain on revaluation as at 31 December 2024	-	-	-	-
Carrying amount as at 31 December 2024	**14,944,499**	**51,416,030**	**234,842,372**	**301,202,901**

The the company changed the accounting policy with respect to the measurement of Land, Building, Plant and machinery as at 29 February 2024 on a prospective basis. Therefore, the fair value of the Land, Building, Plant and Machinery was not measured at 1 January 2023.If the Land, Building, Plant and equipments were measured using the cost model, the carrying amounts would be, as follows:

	Land	**Biulding**	**Plan&Machinery**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cost	1,214,588	46,965,665	115,835,461	164,015,714
Accummulated depreciation	-	(15,140,058)	(57,432,353)	(72,572,411)
Net carrying amount	**1,214,588**	**31,825,607**	**58,403,108**	**91,443,303**

15b Right of Use Assets

The reconciliation of the carrying amount is as follows:	**Land**	**Building**	**Total**
In thousands of naira	**N'000**	**N'000**	**N'000**
Cost			
At 1st January 2023	4,133,280	2,351,869	6,485,149
Additions	-	1,574,912	1,574,912
Modification	-	(66,365)	(66,365)
Derecognition	-	(453,171)	(453,171)
Balance at 31st December 2023	**4,133,280**	**3,407,245**	**7,540,525**
At 1st January 2024	4,133,280	3,407,245	7,540,525
Additions	-	715,770	715,770
Modification	-	(23,997)	(23,997)
Derecognition	-	(1,308,353)	(1,308,353)
Balance at 31 December 2024	**4,133,280**	**2,790,665**	**6,923,945**
Accumulated depreciation and impairment losses			
At 1st January 2023	346,087	1,162,641	1,508,728
Depreciation	70,460	976,743	1,047,203
Modification	-	511	511
Derecognition	-	(453,171)	(453,171)
Balance at 31st December 2023	**416,547**	**1,686,724**	**2,103,271**
At 1st January 2024	416,547	1,686,724	2,103,271
Depreciation	69,574	645,603	715,177
Modification	-	-	-
Derecognition	-	(1,308,353)	(1,308,353)
Balance at 31 December 2024	**486,121**	**1,023,974**	**1,510,095**
Carrying amounts:			
At 31 January 2023	**3,787,193**	**1,189,228**	**4,976,421**
At 31 December 2023	**3,716,733**	**1,720,521**	**5,437,253**
Balance at 31 December 2024	**3,647,159**	**1,766,691**	**5,413,849**

- As at 31 December 2024, no item of right-of-use assets was pledged as security for liabilities (2023: Nil).

- Derecognition relates to fully depreciated right-of-use assets as at reporting date.

Notes to the financial statements

15 Property, plant and equipment (continued)

15 (c) Contractual commitments with respect to property, plant and equipment contracted for at the reporting date but not recognised in the financial statements:

In thousands of naira	2024	2023
Approved and contracted	47,570,871	5,463,310
Approved but not contracted	-	-
	47,570,871	**5,463,310**

15 (d) Reconciliation of Profit or loss on the disposal of property, plant and equipment

In thousands of naira	2024	2023
Proceed from the disposal	62,689	444,701
Carry amount of plant, property & equipment disposed	(91,217)	(402,839)
(loss)/ profit on disposal	**(28,528)**	**41,862**

15 (e) Analysis of depreciation by function of the assets

In thousands of naira	2024	2023
Depreciation of property, plant and equipment	28,225,640	10,625,785
Depreciation of right-of-use assets	715,177	1,047,203
	28,940,817	**11,672,988**

	2024	2023
Analysis of depreciation by nature of expenses		
Cost of sales	27,162,528	10,527,034
Marketing and distribution expenses	118,352	26,384
Administrative expenses	1,659,937	1,119,571
	28,940,817	**11,672,988**

15 (f) Reconciliation of profit or loss on the modification of right-of-use assets and lease liabilities

In thousands of naira	2024	2023
Modification of right-of-use asset during the year	23,997	66,365
Depreciation of the right-of-use asset modified	-	511
Modification of lease obligation	(23,997)	137,550
	-	**204,426**

15 (g) Reconciliation of revaluation gain on PPE and deferred tax liability

In thousands of naira	31 December 2024 **Market value of the assets as per independent valuation**
Land	14,944,499
Building	51,401,957
Plant and Machinery	239,118,410
Carrying amount and fair value as at 1 March 2024 after revaluation	**305,464,866**
Carrying amount as at 29th February 2024*	(91,125,773)
Total Revaluation Gain	**214,339,093**
Defferred Tax @ 30%	(64,301,728)
Revaluation gain in the statement of comprehensive income (OCI)	**150,037,365**

Notes to the financial statements

16 Loss per share

a) **Basic loss per share are** based on loss attributable to the owners of the Company for the year of (N164,595,022) (2023: N 79,473,781`) and ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

In thousands of naira	2024	2023
Loss for the year attributable to shareholders	(164,595,022)	(79,473,781)
	Number ('000)	**Number ('000)**
Weighted average number of ordinary shares as at 31 December	792,656	792,656
Basic loss per share (Naira)	(207.65)	(100.26)
Diluted loss per share (Naira)	(207.65)	(100.26)

b) Diluted loss per share of -N207.65 (2023: N100.26) is based on the loss attributable to ordinary shareholders of (N164,595,022) (2023: N79,473,781), and on the 792,656,252 (2023: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the current and preceeding years after adjustment for the effects of all dilutive potential ordinary shares is Nil (2023: Nil).

17 Long term receivables

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

In thousands of naira	2024	2023
Long term staff receivable *	2,900,569	2,692,073
Amount receivable from customers on account of trade assets deployed **	453,170	430,501
	3,353,739	**3,122,574**

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

**Amount receivable from customers includes customer contribution on trade vehicle infrastructure receivable in four quarterly instalments after deployment. See note 20

18 Prepayments

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

In thousands of naira	2024	2023
Rent prepaid**	379,898	489,395
Insurance prepaid	2,524,993	2,376,292
Advance payment to suppliers*	83,618,398	81,647,211
Deposit for import	61,966,711	3,707,313
Other prepayment***	1,024,190	662,013
	149,514,190	**88,882,224**

*Advance to suppliers represents payments made to local suppliers in respect of raw and packaging materials while deposit for import is for imported items of plant and machineries,raw and packaging materials which are expected to be delivered before the end of second quarter, 2025.

Prepayments are analysed into short and long term assets based on the period covered by the prepayment:

	2024	2023
Current Asset	149,460,240	88,784,658
Non-current Asset	53,950	97,566
	149,514,190	**88,882,224**

*Rent prepaid relates to short-term rent in respect of staff apartments.

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

Notes to the financial statements

19 Inventories

(a) Inventories

In thousands of naira	2024	2023
Raw and packaging materials	73,517,604	38,235,637
Product in process	7,522,564	2,737,059
Finished products	45,102,867	21,178,655
Engineering spares	21,170,737	12,277,378
Goods in transit	27,470,567	13,363,832
	174,784,339	**87,792,561**

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

In thousands of naira		
Technical spare parts	5,035,959	4,259,600
Raw marials	782,258	51,311
Finished goods	202,282	95,427
	6,020,499	**4,406,338**
Movement in write-down of inventory		
At 1 January	4,406,338	3,238,111
Charge during the year	1,614,161	1,168,227
At 31 December	**6,020,499**	**4,406,338**

In 2024, inventories consumed included in direct costs amounted to N417.783 billion (2023: N198.796 billion).

(c)

In thousands of naira	2024	2023
Right to returned goods asset	119,266	60,714
Refund liabilities		
Arising from rights of return	175,206	99,931

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

20 Trade and other receivables

In thousands of naira	2024	2023
Trade receivables		
Trade receivables	7,789,261	9,251,627
Allowance for expected credit losses (Note 29)	(4,172,521)	(4,299,807)
	3,616,740	**4,951,820**
Other receivables		
Loans to key management personnel	39,382	24,993
Staff loans	3,419,702	3,142,448
Due from related parties (Note 31 (e) (ii)	4,017,552	2,846,337
Expected credit loss on intercompany (Note 31)	(188,669)	(149,647)
Deposit with Company registrars for dividend (Note 22(b)(ii)	794,383	1,800,010
Input VAT	2,093,000	1,488,914
Infrastructure support to Customers*	859,331	5,890,545
	14,651,421	**19,995,420**
Non-current - reclassified to long term receivables	3,353,739	3,122,574
Current	11,297,682	16,872,846
	14,651,421	**19,995,420**

*The amount represent 50% due from customer on vehicle infrastructural support.

Advance payment to suppliers and deposit for imports have been regrouped into prepayment to align with current year presentation. This does not have impact on the result.

Notes to the financial statements

20 Trade and other receivables (continued)

Trade receivables

In thousands of naira	2024	2023
Receivables from third-party customers	7,789,261	9,251,627
Allowance for expected credit losses (Note 29)	(4,172,521)	(4,299,807)
	3,616,740	**4,951,820**

The company's exposure to credit and market risks, and impairment losses related to trade and other receivables are disclosed in Note 29. For terms and conditions relating to related party receivables, refer to Note 31

21 Cash and short-term deposits

In thousands of naira	2024	2023
Cash in Hand	34,231	38,770
Cash at Bank	14,659,791	25,171,308
Treasury Bills	7,950,539	142,522,557
Time Deposits	-	82,616
Cash and short-term deposit	**22,644,561**	**167,815,251**
Allowance for expected credit losses:		
Short-term Investments	(3,013)	(80,244)
Cash and short-term deposit in the statement of financial position	**22,641,548**	**167,735,007**

Analysis of ECL

	2024	2023
Opening Balance	80,244	49,274
(Write-back)/Charge	(77,231)	30,970
Closing Balance	**3,013**	**80,244**

The expected credit loss reduced and resulted into reversal as a result of reduction in the gross carrying amount of the asset.

Cash and cash equivalents:

In thousands of naira	2024	2023
Cash and short-term deposit	22,644,561	167,815,251
Bank overdraft	(158,075)	-
Cash and cash equivalents in the statement of cash flows	**22,486,486**	**167,815,251**

Cash and cash equivalents included restricted cash of N8.176bn (2023: N7.755bn) on unclaimed dividend which was returned to the Company by the Registrar held in a separate bank account and has been invested in treasury bills in line with SEC rules on dividend investment.

Bank overdraft represents working capital facility obtained from financial institutions in Nigeria. Interest charged ranged from 24% to 30% during the year.

22 Capital and reserves

(a) (i) Ordinary shares

Issued and fully paid ordinary shares of 50k each

	2024	2023
In number of shares	792,656,252	792,656,252
Nominal value (In thousands of naira)	396,328	396,328

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

(ii) Share premium

The premium on the 792,656,252 ordinary shares of 50 kobo each is as follows:

In thousands of Naira	2024	2023
Share premium	32,262	32,262

The share premiums represent excess amount received over and above the per value of the shares. It forms part of non-distributable reserves of the company which can be used only for the purposes specified under Companied and Allied Matter Act, 2020.

Notes to the financial statements

22 Capital and reserves (Continued)

(iii) Share based payment reserves

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

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

Grant date/employees entitled	**Number of instruments**	**Vesting Conditions**
Shares awarded to key management on 1 March 2022	2,589	3 years' service
Shares awarded to key management on 1 March 2023	3,088	3 years' service
Shares awarded to key management on 1 March 2024	3,939	3 years' service

The fair value of the RSUP/ PSUP is determined on the basis of the market price of Nestlé S.A. shares at grant date, adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years. The weighted average fair value at the date of exercise of the performance stock units granted in 2024 is N545,594,321(Dec 2023:N339,851,315).

Total share based payment expense recognised in the profit or loss for the year amounted to N724,694,000 (2023: N202,882,000). The share based payment reserve comprises the cumulative weighted average fair value of performance stock unit plan granted to deserving employees which have not vested at the end of the year.

Movement in Share based payment during the year

The movement in share based payment is as follows:

In thousands of naira	**2024**	**2023**
At 1 January	169,481	90,127
Share based payment contribution	724,694	202,882
Share based payment recharge paid	(421,798)	(123,528)
At 31 December	**472,377**	**169,481**

(b) Movement in dividend payable

In thousands of naira	**2024**	**2023**
At 1 January	9,555,809	10,119,609
Dividend transferred from retained earning during the year	-	28,931,954
Group dividend transferred to inter group payables	-	(15,726,014)
Payments during the year	(584,573)	(13,769,740)
At 31 December	**8,971,236**	**9,555,809**

As at 31 December 2024, N794 million (2023 : N1.80billion) of the total dividend payable is held with the Company’s registrar, Greenwich Registrars & Data Solutions Limited. The balance of N8.971 billion represents unclaimed dividend (2023: N9.555 billion) which was returned to the Company by the Registrar and has been invested in treasury bills.

Notes to the financial statements

23 Interest bearing loans and borrowing

(a) This note provides information about the contractual terms of the Company’s interest-bearing loans and borrowings. For information about the Company’s exposure to interest rate, foreign currency and liquidity risks, see note 29.

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

In thousands of naira	2024	2023
At 1 January	402,319,566	155,300,068
Addition -- intercompany loan	12,305,045	58,166,740
Addition -- bank loan	73,849,546	90,159,897
Repayment -- intercompany loan	(32,971,600)	-
Repayment -- bank loan	(111,041,589)	(74,355,075)
Interest expense	101,760,931	37,803,788
Interest paid	(25,621,811)	(38,681,098)
Unrealised exchange loss (Note 10)	233,101,453	173,925,247
At 31 December	**653,701,541**	**402,319,566**

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

In thousands of naira	2024	2023
Current liabilities	108,486,328	37,192,043
Non-current liabilities	545,215,213	365,127,523
	653,701,541	**402,319,566**

23 (b) Reconciliation of finance cost paid reported in the cash flow statement

In thousands of naira	2024	2023
Interest expense on Inter company loan	(15,133,932)	(21,082,402)
Interest expense on local bank loan	(12,275,079)	(17,598,696)
	(25,621,811)	**(38,681,098)**

Notes to the financial statements

23 Interest bearing loans and borrowing (continued)

(b) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

		2024		2023	
In thousands	**Notes**	**USD**	**NGN**	**USD**	**NGN**
Loan from related party	**(i)-(v)**	425,638	653,701,541	402,517	365,127,524
Import trade obligations	**(vi)**	-	-	41,001	37,192,043
As 31 December		**425,638**	**653,701,541**	**443,518**	**402,319,567**

Notes to the financial statements

23 Interest bearing loans and borrowing (continued)

Terms and debt repayment schedule (continued)

(i) A loan of US$ 100 million was approved for the Company by Nestle S.A. in April 2020 of which US$100 million was drawn down as at 31 December 2024.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from May 2020. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 1160 basis points.

(ii) An additional US$ 100 million was approved for the Company by Nestle S.A. in September 2020 of which US$100 million was drawn down as at 31 December 2024.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from November 2020. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 773 basis points. A repayment of US$ 20 million was made during the year.

(iii) An additional US$ 50 million was approved for the Company by Nestle S.A. in October 2022 of which US$ 50 million was drawn down as at 31 December 2024.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from October 2022. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 1211 basis points.

(iv) An additional US$ 50 million was approved for the Company by Nestle S.A. in December 2022 of which US$ 50 million was drawn down as at 31 December, 2024.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from December 2022. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 991 basis points.

(v) An additional US$ 80 million was approved for the Company by Nestle S.A. in March 2023 of which US$ 75 million was drawn down as at 31 December, 2024. The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from July 2023. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 950 basis points.

(vi) Import trade obligations for Letters of Credit raised under the Import Finance Facilities from our banks .The loan has been fully repaid during the year.

24 Employee Benefits

Other long term employee benefits

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

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

	2024	2023
In thousands of Naira		
Balance at 1 January	4,044,331	4,359,648
Net service cost for the year*	626,115	542,241
Interest expense for the year	315,231	539,627
Re-measurement gain - discount rate*	(1,018,533)	(453,921)
Re-measurement (gain)/ loss - financial assumption*	-	(208,629)
Re-measurement loss/(gain) - demographic assumption*	197,240	(157,847)
Re-measurement loss/(gain) experience*	833,524	(101,819)
Payments during the year	(651,723)	(474,969)
Balance 31 December	**4,346,185**	**4,044,331**

Actuarial assumptions

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

	2024	2023
Long term average discount rate (p.a.)	21.44%	16.5%
Average pay Increase (p.a.)	14.5%	14.5%
Benefit awards inflation (p.a)	15.0%	15.0%

Notes to the financial statements

24 Employee Benefits (continued)

Demographic assumptions

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

Mortality in Service

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

	Number of deaths in year out of 10,000 lives	
Sample age	**2024**	**2023**
25	7	7
30	6	6
35	8	8
40	14	14
45	26	26

Withdrawal from Service

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

Age Band	**Rate**	
	2024	**2023**
Less than or equal to 30	6.4%	7.0%
31-34	5.6%	6.8%
35 – 39	5.7%	7.0%
40 – 54	3.4%	4.0%
55 – 59	25.8%	29.7%

Sensitivity analysis

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

31-Dec-24	**Employee benefit obligation**	
	Increase	**Decrease**
Effect in thousands of Naira		
Benefit awards inflation (1% movement)	26,198	(24,373)
Discount Rate (1% movement)	(161,312)	174,258
Future salary growth (1% movement)	176,786	(165,707)
Mortality Experience (1 year movement)	(9,937)	8,926

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

In thousands of Naira	**2024**	**2023**
Within the next 12 months (next annual reporting period)	1,037,049	550,191
Between 2 and 5 years	3,179,191	2,206,669
Beyond 5 years	13,205,168	8,489,094
Total expected payments	**17,421,408**	**11,245,954**

25 Provisions

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

	2024	**2023**
In thousands of naira		
Balance at 1 January	713,211	1,026,008
Increase during the year	1,048,885	-
Provisions used during the year	-	(312,797)
Balance at 31 December	**1,762,096**	**713,211**
Current	**1,762,096**	**713,211**

Notes to the financial statements

26 Trade and other payables

In thousands of naira	2024	2023
Trade payables	74,203,795	35,620,775
Other payables and accruals*	58,380,463	32,417,383
Trade and dividend payables due to related parties (Note 31 (e)	88,041,627	119,685,625
Dividend payable to local shareholders (Note 22 (b) (ii))	8,971,236	9,555,809
	229,597,121	**197,279,592**

*Included in other payables and accruals are output taxes and other unpaid invoices under general procurement agreement with vendors.The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29

27 Contract liabilities

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

In thousands of naira	2024	2023
Customer's down payment	10,630,185	11,893,376
Trade incentives	18,244,760	8,169,630
	28,874,945	**20,063,006**

a) Customer's down payment movements

In thousands of naira		
Balance at 1 January	11,893,376	10,828,421
Customer's down payment during the year	669,907,126	214,441,269
Revenue recognised during the year	(671,170,317)	(213,376,314)
Balance at 31 December	**10,630,185**	**11,893,376**

b) Trade Incentives movement

In thousands of naira		
Balance at 1 January	8,169,630	5,720,004
Charge during the year	43,146,663	24,620,344
Payment	(33,071,533)	(22,170,718)
Balance at 31 December	**18,244,760**	**8,169,630**

28 Lease liabilities (Obligation under leases)

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

In thousands of naira	2024	2023
At 1st January	179,323	181,607
Additions	-	-
Modification	(23,997)	137,550
Interest expense	56,471	87,551
Payment of principal portion of lease liabilities	(122,609)	(139,834)
Payment of interest portion of lease liabilities	(56,471)	(87,551)
At 31st December	**32,717**	**179,323**
0-1 years	32,717	179,323

The company has entered into leases on its property portfolio consisting of certain office and residential apartments. These lease have terms of between 0 and 1 year.

There was a modification agreement between the Company and its lessor relating to building during the year. This modification was as a result of the revision to the rental agreement which is not substantial.

The company has concluded that its leases are only enforceable for the periods that payments have been made and has therefore not recognized any lease liabilities, except for leases for which the period is binding and payment is yet to be made.

In thousands of naira	2024	2023
Depreciation expense of right-of-use assets	715,177	1,047,203
Interest expense on lease liabilities	56,471	87,551
Expense relating to short-term leases	1,225,736	475,368
Expense relating to leases of low-value assets	370,279	273,624
	2,367,663	**1,883,746**

Notes to the financial statements

29 Financial instruments
Financial Risk Management

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

- credit risk
- liquidity risk
- market risk
- operational risk

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

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

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

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

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

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

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

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

Notes to the financial statements

29 Financial instruments (continued)

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

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

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

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

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

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

i Exposure to credit risk

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

	2024	2023
In thousands of naira		
Loan and receivables	15,265,897	17,065,415
Cash and short-term deposits	22,610,330	167,776,481
	37,876,227	**184,841,896**

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

	Carrying amount	
	2024	2023
In thousands of naira		
Distributors	7,789,261	9,251,627
Related parties (Note20)	4,017,552	2,846,337
Loans to key management personnel	39,382	24,993
Staff loans and advances	3,419,702	3,142,448
	15,265,897	**15,265,405**

The company's most significant customer, accounts for N415.87million (2023: N458.9 million) of the trade and other receivables carrying amount at 31 December 2024.

Notes to the financial statements

29 Financial instruments (continued)

ii Impairment losses

Trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.The company does not hold collateral as security.
Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 December 2024 using a provision matrix:

31 December 2024		Trade receivables					
In thousands of naira		Days past due					
	Current	1-30 days	30 -60 days	61 - 90 days	91 - 120 days	>120 days	Total
Expected credit loss rate	1.8%	10.2%	29.5%	59.5%	79.1%	96.1%	
Estimated total gross carrying amount at default	415	2,809,353	1,068,204	512,787	1,157	3,397,345	**7,789,261**
Expected credit loss	(7)	(285,931)	(315,344)	(305,216)	(915)	(3,265,108)	**(4,172,521)**
	408	**2,523,422**	**752,860**	**207,571**	**242**	**132,237**	**3,616,740**

31 December 2023		Trade receivables					
In thousands of naira		Days past due					
	Current	1-30 days	30 -60 days	61 - 90 days	91 - 120 days	>120 days	Total
Expected credit loss rate	1.8%	12.4%	31.7%	61.7%	82.1%	100.0%	
Estimated total gross carrying amount at default	4,861,245	145,444	6,290	19,123	209,243	4,010,281	**9,251,627**
Expected credit loss	(85,966)	(17,983)	(1,994)	(11,800)	(171,781)	(4,010,281)	**(4,299,807)**
	4,775,279	**127,461**	**4,296**	**7,323**	**37,462**	**-**	**4,951,820**

The estimated loss rate reduced and resulted into reversal as a result of reduction in the gross carrying amount of the asset.

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

In thousands of naira	2024	2023
As at 1 January	4,299,807	4,912,826
Write-back for the year	(127,286)	(613,019)
Balance at 31 December	**4,172,521**	**4,299,807**

The impairment loss as at 31 December 2024 relates to customers with potential risk of not being able to pay their outstanding balances, mainly due to economic circumstances. The company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behavior and extensive analysis of the underlying customers' credit ratings. There are no write offs during the year. The impairment loss is included in administrative expenses. Write offs are made based on management's assessment that all realistic prospects of recovery have been explored. They may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Notes to the financial statements

29 Financial instruments (continued)

ii Impairment losses - Continued

Cash and short-term deposit

The table below shows the credit quality and the maximum exposure to credit risk based on the Banks internal credit rating system, 12 month Base, PD range and year end stage classification. The amounts presented are gross of allowance for ECL.

31 December 2024

In thousands of naira	Total	Stage 1	Stage 2	Stage 3
Gross carrying amount	7,950,539	7,950,539	-	-
Expected credit loss	3,013	3,013	-	-
Coverage ratio	**0.04%**	**0.04%**	**-**	**-**

31 December 2023

In thousands of naira	Total	Stage 1	Stage 2	Stage 3
Gross carrying amount	142,522,557	142,522,557	-	-
Expected credit loss	80,244	80,244	-	-
Coverage ratio	**0.06%**	**0.06%**	**-**	**-**

Related partry receivable

The table below shows the credit quality and the maximum exposure to credit risk based on the group internal credit rating system, 12 month Base, PD range and year end stage classification. The amounts presented are gross of allowance for ECL.

31 December 2024

In thousands of naira	Total	Stage 1	Stage 2	Stage 3
Gross carrying amount	4,017,552	4,017,552	-	-
Expected credit loss	188,669	188,669	-	-
Coverage ratio	**4.70%**	**4.70%**	**-**	**-**

31 December 2023

In thousands of naira	Total	Stage 1	Stage 2	Stage 3
Gross carrying amount	2,846,337	2,846,337	-	-
Expected credit loss	149,647	149,647	-	-
Coverage ratio	**5.26%**	**5.26%**	**-**	**-**

Notes to the financial statements

29 Financial instruments (continued)

(II) Liquidity risk

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

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2024

In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Unsecured intercompany loans	653,701,541	937,839,515	-	108,486,328	-	628,075,907	201,277,280
Bank overdraft	158,075	161,763	161,763	-	-	-	-
Trade and other payables*	227,192,444	227,755,753	227,755,753	-	-	-	-
Lease liabilities	32,717	37,987	37,987	-	-	-	-
	881,084,778	**1,165,795,018**	**227,955,503**	**108,486,328**	**-**	**628,075,907**	**201,277,280**

31 December 2023

In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loans	37,192,043	40,539,327	18,242,697	22,296,630	-	-	-
Unsecured intercompany loans	365,127,523	383,111,999	-	-	-	169,743,204	213,368,794
Trade and other payables*	197,272,615	199,342,518	199,342,518	-	-	-	-
Lease liabilities	179,323	252,828	182,124	32,717	37,987	-	-
	599,771,504	**623,246,672**	**217,767,339**	**22,329,347**	**37,987**	**169,743,204**	**213,368,794**

* Excluded from trade and other payables balance shown above are the VAT and Withholding tax payable, these are not financial instruments.

(III) Market risk

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

Notes to the financial statements

Financial instruments (continued)
(iii) market risk(continued)

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

(i) Currency risk

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

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

The company manages the transactional exposures in accordance with specific principles which are in line with the Company's business needs. These include balancing the sources of financial instruments. Exchange difference recorded in the statement of comprehensive income are allocated to the appropriate headings of expenses by function.

Financial instruments analysed by currency is as follows:

- USD United States Dollar
- Euro Euro
- GBP Pounds Sterling
- SGD Singaporean Dollar
- CHF Swiss Franc

	As at December 2024				
Amounts in thousands	Euro	USD	CHF	SGD	GBP
Unsecured intercompany loans	-	(425,638)	-	-	-
Amount due from related parties	1,037	1,164	29	-	-
Amount due to related parties	(6,630)	(18,550)	(3,843)	(70)	-
Trade payables	(3,264)	(1,617)	(153)	-	-
Cash and short term deposit	594	2,753	-	-	-
Net exposure	**(8,263)**	**(441,888)**	**(3,967)**	**(70)**	**-**

	As at December 2023				
Amounts in thousands	Euro	USD	CHF	SGD	GBP
Unsecured intercompany loans	-	(402,517)	-	-	-
Intergroup Receivable	1,182	1,790	7	-	-
Intergroup payable	(8,234)	(38,633)	(3,477)	(31)	(6)
3P payables	(16,300)	(11,321)	(108)	-	(1)
Net exposure	**(23,352)**	**(450,681)**	**(3,578)**	**(31)**	**(7)**

Notes to the financial statements

29 Financial instruments (continued)
(iii) market risk(continued)
(a) Currency risk (continued)

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

	Year end closing rate	
	2024	2023
Euro	1,594.89	1,003.10
USD	1,535.82	907.11

Sensitivity analysis

A weakening of the Naira, as indicated below, against the Euro and US Dollar at 30 September would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed for USD and Euro being the most significant currency risk the Company is exposed to and on the same basis for 2024, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

Effect in thousands of Naira	On equity	In profit or loss
31 December. 2024		
Euro (10 percent weakening of Naira)	(1,317,797)	(1,317,797)
USD (10 percent weakening of Naira)	(67,865,911)	(67,865,911)
31 December. 2023		
Euro (10 percent weakening of Naira)	(2,342,353)	(2,342,353)
USD (10 percent weakening of Naira)	(40,881,822)	(40,881,822)

(b) Interest rate risk

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

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

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

	Carrying Amount	
In thousands of Naira	**2024**	**2023**
Variable rate instruments		
**Financial liabilities (Note 23a)	653,701,541	402,319,567
	653,701,541	402,319,567

*Financial assets includes treasury bills and expected credit loss.

*Financial liabilities include intercompany loan together with the accrued interest over the years of the loan.

Fair value sensitivity analysis for fixed rate instruments.

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

Notes to the financial statements

29 Financial instruments (continued)
(iii) market risk(continued)
(b) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
31 December 2024				
Variable rate instruments	(6,537,015)	6,537,015	(6,537,015)	6,537,015
Cash flow sensitivity (net)	(6,537,015)	6,537,015	(6,537,015)	6,537,015
31 December 2023				
Variable rate instruments	(4,023,196)	4,023,196	(4,023,196)	4,023,196
Cash flow sensitivity (net)	(4,023,196)	4,023,196	(4,023,196)	4,023,196

(IV) Operational risk

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

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

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

- requirements for the appropriate segregation of duties, including the authorisation of transactions
- requirements for the reconciliations and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remediation action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when it is effective

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

Determination of fair values

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

Notes to the financial statements

29 Financial instruments (continued)

(I) Trade and other receivables

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

(II) Non-derivative financial liabilities

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

(III) Share-based payment transactions

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

Fair values

Fair values versus carrying amounts

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

Assets measured at fair value

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

Financial assets measured at amortized cost

In thousands of naira	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Long term receivables	3,353,739	3,353,739	3,122,574	3,122,574
Loans and receivables*	11,297,682	11,297,682	9,475,205	9,475,205
Cash and short term deposits	22,641,548	22,641,548	167,735,007	167,735,007
	37,292,969	**37,292,969**	**180,332,786**	**180,332,786**

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

Financial liabilities measured at amortized cost

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Unsecured intercompany loan	653,701,541	653,701,541	365,127,523	365,127,523
Secured bank loans	-	37,192,043	37,192,043	37,192,043
Trade and other payables	229,597,121	229,597,121	197,279,592	197,279,592
	883,298,662	**920,490,705**	**599,599,158**	**599,599,158**

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

Notes to the financial statements

29 Financial instruments (continued)

c) Capital management

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

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

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

In thousands of naira	2024	2023
Total liabilities	950,988,269	659,809,563
Cash and cash equivalents	(22,641,548)	(167,735,007)
Net Debt	928,346,721	492,074,556
Total Equity	(92,289,917)	(86,499,544)
Total Debt and Equity	836,056,804	405,575,012
Debt to capital ratio at December 31	1.1:1	1.2:1

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

30 Contingencies

a) Pending litigation and claims

The company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of these pending litigations as at 31 December 2024 amounted to N3.7billion (2023: N663.2 million). While the contingent assets in respect of pending litigations for the year ended 31 December 2024 amounted to N79.6million (2023: N18.4 million), in the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

b) Financial commitments

In the normal course of business, the company uses letters of credit to import materials. The total value of open letters of credit as at 31 December 2024 was N27.32 billion (2023: N18.97 billion). In 2024, the total value of the bill held for collection is Nil (2023: N353.8 million). The total worth of granted facilities by the banks amounted to N156.6 billion (2023: N58.9 billion). The Company also obtained bank guarantees with a value of N713.6 million (2023: N509.4 million).

31 Related Parties

a) Parent and ultimate controlling party

As at the year ended 31 December 2024, Nestlé Switzerland (Société Des Products), the ultimate holding Company owned 70.81% (2023: 66.18%) of the issued share capital of Nestlé Nigeria Plc.

(b) Transactions with related parties

General License Fee Agreement

Nestlé Nigeria Plc has a general license fee agreement with Société Des Produits Nestlé S.A., for the provision of technical and other support services. The agreement was made with the approval of the National Office for Technology Acquisition and Promotion and payments are made to Societe Des Produits Nestlé S.A. The agreement was renewed in 2024 for a period of three (3) years, with effect from 1 January 2024. The technical fee recognised in the current year was N37.35 billion (2023: 21.3 billion). See Note 11a and 11b.

Notes to the financial statements

31 Related Parties (continued)

Shared Service Agreement

Nestlé Nigeria Plc also has an agreement with Nestlé Central and West Africa Limited (Nestlé CWA) whereby Nestlé CWA provides and charges for certain common shared services to the Company at a service cost. Service cost as defined by the terms of the contract means: all direct and indirect expenses charges, overheads and administration costs reasonably incurred by Nestlé CWA from time to time during the term of the agreement in providing the shared services, plus a 5% on the reimbursable cost of Nestlé Business Services and Operational and Commercial Services as allocated among the various countries in the region. The services provided by Nestlé CWA includes transactionary services as well as planning and management functions.

Sourcing of Raw Materials and Finished Products

Additionally, the Company sources part of its raw materials and finished products through companies related to its ultimate holding company, Nestlé Switzerland (Société Des Products)., incorporated in Switzerland.

c) Transactions with key management personnel

Loan to key management personnel

No new loan was granted to key management personnel during the year ended 31 December 2024 (2023: 13.6) .The loan are non-interest bearing facilities and are repayable in full over the agreed repayment period which could be short or long term. At 31 December 2024, the balance outstanding was N52.6 million (2023: N25 million) and is included in trade and other receivables. (See note 20)

d) Key management personnel compensation

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

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

Key management personnel compensation comprised:

	2024	2023
In thousands of naira		
Director emoluments	1,451,977	927,532
Other key management personnel	462,393	409,197
	1,914,370	1,336,729

e) Other related party transactions

Amount due to other related companies represents balances due on current accounts maintained with companies in the Nestlé Group for the importation of Property, plant and equipment (PPE), raw materials, finished products and services.

Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results. The outstanding balances the related parties accounts in foreign currencies were revalued at the closing exchange rate at 31 December 2024.

Notes to the financial statements

Related parties (continued)

The aggregate value of transactions and outstanding balances relating to these entities were as follows;

(i) Intercompany payables

In thousands of naira	Nature of transaction	Transaction value Year ended 31 December 2024	2023	Balance outstanding as of 31 December 2024	2023
Related Parties					
Nestle Ghana Limited	Finished goods	-	6,193,537	-	5,059,568
Nestlé World Trade Corporation	PPE/ Services	-	166,012	-	97,228
Nestlé Netherlands	Finished goods	-	121,629	-	284,237
Nestle Australia Ltd.	IT/IS	-	4,010,555	-	2,723,852
Nestle Cote D'Ivoire	Finished goods	16,984,395	5,791,388	8,921,289	6,743,012
Globe Centre AOA	IT/IS	-	23,895	12,857,423	100,324
Nestle Portugal, S.A.	Finished goods	-	192,941	-	272,578
Nestle India Limited	Finished goods	17,546,557	-	4,858,214	-
Nestle ROH (Thailand) Ltd.	Finished goods	832,795	-	3,143,593	-
Nestle South Africa	Finished goods	8,587,376	-	9,689,076	-
Nestle Vietnam Ltd.	Finished goods	7,945,290	-	3,699,378	-
Nestle Waters Management	Finished goods	12,819,234	-	3,052,709	-
Nestle UK Ltd.	Finished goods	2,151	-	1,250,347	-
Nestle Bangladesh PLC	Finished goods	370,261	-	817,982	-
Nestle R&D Center (Pte) Ltd	Product development	34,749,586	157,062	-	286,665
Nestle Singapore (Pte) Ltd	Finished goods	-	181,017	-	226,549
Nestle Suisse S.A.	Raw materials	-	13,486	-	217,280
Nestle Cameroun	Spare parts	-	23,035	498,943	64,748
Nestlé France Limited	Finished goods	19,274	1,872	17,462	839,179
Societe Des Produits Nestlé S.A	General Lincense Fee/Dividend	151,978	41,739	32,543,668	70,058,077
Nestlé Central and West Africa	Management fee	-	10,234,877	-	12,385,449
Wyeth Nutritional Singapore	Finished Goods	8,282,982	5,230,268	106,881	2,963,486
Nestle S.A.			123,528		2,483,155
	Services (Dividend Payable)	14,445		3,995,792	
Nestle Mexico, S.A. De C.V.	Finished Goods	1,663,088	16,507,264	1,364,421	13,736,714
Others		992,675	2,699,223	1,224,449	1,143,524
		110,962,087	51,713,330	88,041,627	119,685,625
Nestle S.A.	Term loan	-	-	653,701,541	365,127,524
		110,962,087	51,713,330	741,743,168	484,813,149

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

(ii) Intercompany receivables
In thousands of naira

	Nature of transaction	Transaction value Year ended 31 December 2024	2023	Balance outstanding as at 31 December 2024	2023
Related Parties					
Nestle Burkina	Finished goods and Services	176,397	254,891	131,679	389,400
Nestle Central And West Africa Ltd	Services	2,872,642	1,698,325	639,744	251,612
Nestlé Ghana Limited	Finished goods and Services	6,953,549	1,152,478	633,044	982,753
Nestle Cote D'Ivoire	Finished goods and Services	556,834	214,886	666,025	191,843
Nestle Kenya Limited		21,422	-	14,901	-
Nestlé Operational Services		167,290	-	6,778	-
Nestle Angola Lda	Finished goods and Services	-	6,974	-	22,148
Nestlé Senegal	Finished goods and Services	4,245	6,690	11,695	1,458
Nestlé Cameroun	Finished goods and Services	-	365,870	1,450,841	980,449
Nestle Zimbabwe Limited		-		345,426	-
Nestec S.A.	Services	59,831	6,492	41,977	2,010
Others	Finished goods and Services	1,716	75,058	75,441	24,664
Gross Balance		10,813,926	3,781,664	4,017,552	2,846,337
Expected Credit Loss				(188,669)	(149,647)
Net Balance		**10,813,926**	**3,781,664**	**3,828,883**	**2,696,690**

Notes to the financial statements

31 Related parties (continued)

Movement in expected credit loss	**2024**	**2023**
In thousands of naira		
Opening Balance	149,647	50,820
Charge for the year	39,022	98,827
Closing Balance	188,669	149,647

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

(iii) Nestlé Nigeria Trust (CPFA) Limited

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

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

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

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

32 Going Concern

Nestle Nigeria Plc reported a net loss for the year ended 31 December 2024, but showed significant improvements in revenue and operating profit, with strong performance in the fourth quarter.

• **Annual Financial Performance:** The company recorded a net loss of N164.6 billion for 2024, with total liabilities exceeding total assets by N92.29 billion. However, revenue increased by 75% to NGN958.8 billion, and gross profit improved by 41% to NGN306 billion.

The net loss is attributable to revaluation of foreign currency obligations owed to the Parent Company and due for payment from 2027 onward. However, to minimize further exposure, the management have opted for an early repayment of the loan which commenced with the payment of USD 20 million in 2024.

• **Fourth Quarter Turnaround**:In the fourth quarter of 2024, the company achieved a net profit after tax of NGN19.7 billion, compared to a loss of NGN36.4 billion in the same quarter of 2023. Operating profit increased by 77%, rising from NGN32.2 billion to NGN57 billion, demonstrating the strength of the Company's fundamentals.

• **Strategic Investments and Market Expansion:** The company expanded its market operations into 73 new towns, added 14,000 outlets, and recruited 14 new distributors. It also invested NGN71 billion in building future capacities and received multiple awards for excellence in various categories.

• **Operational Efficiency and Future Outlook:** The company's strong operational performance, healthy cash flow, and continued investment in future capacities are supported by its parent company. It expects positive impacts from macroeconomic stabilization and has implemented robust margin and cost management initiatives to address forex volatility and inflation.

The financial statements of Nestle Nigeria Plc have been prepared on a going concern basis which assumes the Company will continue in operational existence and will continue to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future.

33 Event after reporting date

There are no significant subsequent events which could have a material effect on the results of the Company as at 31 December 2024 that has not been adequately provided for or disclosed in these audited financial statements.

34 Comparative figures

Certain reclassifications were made to the reported figures in the prior year in order to conform to this year's presentation.

Other National Disclosures

Value Added Statement

In thousands of naira		2024		2023	
Revenue		958,814,739		547,118,754	
Brought in materials and services					
-	Local	(374,298,379)		(167,242,381)	
-	Imported	(181,499,887)		(204,407,355)	
		403,016,473		175,469,018	
Finance Income		3,367,575		5,690,939	
Value Added		**406,384,048**		**181,159,957**	
Distribution of Value Added:					
To Employees:	Employees as wages and salaries	56,162,029	**14%**	41,131,412	**23%**
To Providers of Finance:					
	Finance Costs	392,832,386	**97%**	232,380,984	**128%**
	Company tax	31,239,636	**8%**	36,789,941	**20%**
Retained in the business:					
	Depreciation of PPE and ROU assets	28,940,817	**7%**	11,672,990	**6%**
	Deferred tax	(88,233,163)	**-22%**	(61,341,589)	**-34%**
	Loss transferred to reserves	(14,557,657)	**-4%**	(79,473,781)	**-44%**
		406,384,048	**100%**	**181,159,957**	**100%**

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

Five-year financial summary

	2024	2023	2022	2021	2020
In thousands of naira					
Funds Employed					
Issued share Capital	396,328	396,328	396,328	396,328	396,328
Share Premium	32,262	32,262	32,262	32,262	32,262
Share based payment reserve	472,377	169,481	90,127	113,459	113,811
Revaluation reserves	150,037,365	-	-	-	-
Accumulated (loss)/ earnings	(243,228,249)	(78,633,226)	29,772,507	20,836,160	28,754,583
	(92,289,917)	(78,035,156)	30,291,224	21,378,209	29,296,984
Current Liabilities	401,426,871	290,637,709	218,404,562	195,517,985	166,030,351
Non-current Liabilities	549,561,398	369,171,855	166,348,245	93,342,310	50,857,661
	858,698,352	**581,774,407**	**415,044,032**	**310,238,504**	**246,184,996**
Asset Employed					
Non Current assets	500,395,277	220,528,621	124,532,126	106,314,178	94,683,541
Current assets	358,303,075	361,245,786	290,511,904	203,924,326	151,501,455
	858,698,352	581,774,407	415,044,031	310,238,503	246,184,996

	2024	2023	2022	2021	2020
In thousands of naira					
Revenue	958,814,739	547,118,754	446,819,260	351,822,329	287,084,087
(Loss)/profit before income tax	(221,588,549)	(104,025,429)	71,109,371	61,875,342	60,638,443
(Loss)/profit for the year	(164,595,022)	(79,473,781)	48,965,488	40,037,277	39,212,025
Other comprehensive (loss)/profit, net of tax	(14,557,657)	(79,473,781)	48,965,488	40,037,277	39,212,025
Total comprehensive (loss)/profit, net of tax	(14,557,657)	(79,473,781)	48,965,488	40,037,277	39,212,025
Declared dividend*	-	28,931,953	40,029,141	47,955,703	55,485,937
Per 50k share data:					
Basic(loss)/earnings per share	(207.65)	(100.26)	61.77	50.51	49.47
Diluted (loss)/earnings per share	(207.65)	(100.26)	61.77	50.51	49.47
Dividend paid	-	36.50	50.50	60.50	70.00
Net (liabilities)/assets per share	(116.43)	(98.45)	38.21	26.97	36.96

* Dividend paid represents final dividend proposed for the preceding year but declared during the current year. No interim or final dividend was declared during the year 2024
Earnings per share (basic and diluted) are based on profit after taxation and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.
Net assets per share are based on net assets and the weighted average number of issued and fully paid ordinary shares at the end of each financial year.

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