Nestlé Nigeria PLC
(RC 6540)

2023
ANNUAL REPORT
AND ACCOUNTS

The leading nutrition, health and wellness company

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Nestlé Nigeria Profile

Nestlé Nigeria: Nourishing Nigeria since 1961
We are the Good Food, Good Life company, a Force for Good.
#GoodFoodGoodLife; #ForceforGood

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

Nestlé Nigeria Plc:
Nestlé Nigeria is a leading food and beverage company in Africa, with a rich history spanning over 63 years. We are dedicated to delighting consumers across Nigeria by consistently delivering high-quality nutritious food and beverages. With a workforce of over 2,300 direct employees, three manufacturing sites, seven branch offices, and our head office located in Lagos, we proudly produce and market several iconic brands throughout Nigeria.

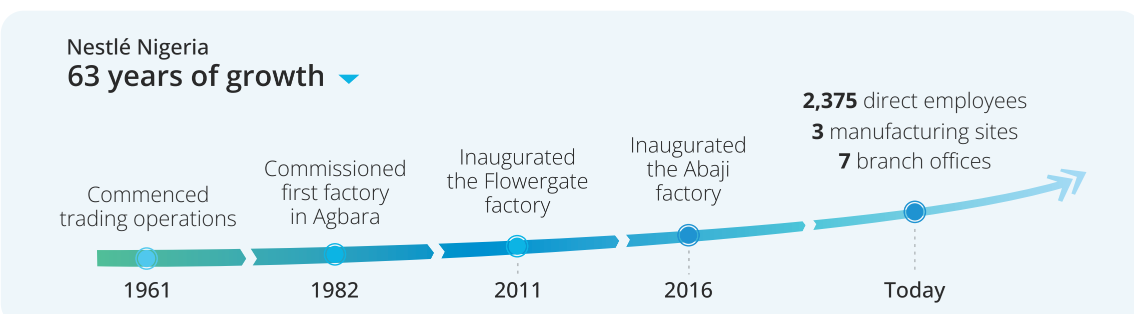
Our Products:
At Nestlé Nigeria, we manufacture and market a diverse range of high-quality brands that cater to the needs of our loyal consumers. Our product portfolio includes MAGGI® Star, MAGGI® Chicken, MAGGI® Crayfish, MAGGI® Mix'py, MAGGI® Naija Pot, MAGGI® Signature, MAGGI® SOYA CHUNKS, MILO®, MILO® 3 in 1 Milky & Creamy, MILO® Energy Cubes, MILO® Ready-to-Drink (RTD), GOLDEN MORN® Maize and Soya, NIDO® Milk & Soya, NESCAFÉ® Classic, NESCAFÉ® Original 3 in 1, NESCAFÉ® Malty 3 in 1, NESCAFÉ® Ready-To-Drink Coffee, Nestlé PURE LIFE®, Nestlé PURE LIFE Protect®, Nestlé PURE LIFE Sparkling Water®, NAN®, SMA®, LACTOGEN®, CERELAC®, and CERELAC® Junior.

Our History:
Nestlé Nigeria commenced trading operations in 1961 and became a publicly listed company on the Nigerian Stock Exchange on April 20, 1979. In 1982, we commissioned our first factory in Agbara, Ogun State, which has since evolved into a factory complex housing multiple plants, including those for MAGGI®, CERELAC®, GOLDEN MORN®, NESTLÉ PURE LIFE®, MILO® & MILO® RTD. In subsequent years, we inaugurated the Flowergate factory in 2011 and the Abaji factory in 2016, marking significant milestones in our growth journey.

Our People:
A strong pillar of Nestlé Nigeria's continuous success is our people. We recognise their invaluable contributions and remain committed to keeping our workforce of over 2,300 direct employees motivated to deliver their best performance. We are also dedicated to the over 14,000 families who depend on our value chain and the SMEs who supply input and packaging materials to our factories, ensuring the logistics and availability of our products to consumers across Nigeria. Investing in the development, well-being, and personal growth of our people remains a priority as we foster a culture of inclusion, excellence, respect, and accountability.

Innovation at Nestlé:
Innovation is at the heart of our business as we focus on continuously innovating and renovating our products to meet and exceed consumer expectations. Leveraging our expertise in research and development, we strive to offer healthier products that are tailored to consumers' tastes and nutritional needs. In 2023, we introduced two new products fortified to meet consumer needs: MAGGI® SOYA CHUNKS, as an alternative source of protein, and NIDO® Milk & Soya, an alternative source of protein and iron.

Creating Shared Value - How we do business:
At Nestlé, we are the Good Food, Good Life company, a Force for Good, driven by the belief in the power of food to enhance the quality of life. We are dedicated to enabling people to lead healthier and happier lives by continuously improving our products to provide affordable nutrition for everyone. Beyond delivering tasty and nutritious products, we actively collaborate with stakeholders to build strong communities and supply chains, while also improving livelihoods in communities directly connected to our business activities. This principle, which we call Creating Shared Value (CSV), ensures value for all parties involved. Our CSV focus areas include improving access to clean drinking water, empowering local farmers and processors economically, protecting the environment, and empowering youth as future leaders. Our commitment to



CSV is rooted in the understanding that our long-term business success is intertwined with creating value for society.

Planet and Sustainability:

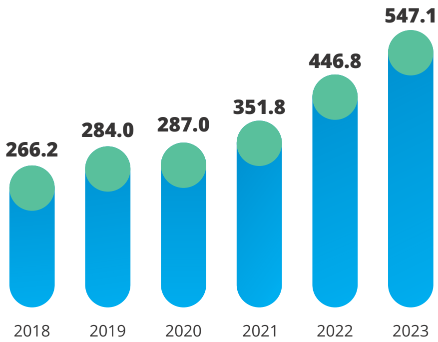
At Nestlé Nigeria, we recognise the importance of protecting and regenerating the environment. We take ambitious steps to safeguard our planet for future generations by renovating our products and packaging, increasing awareness, taking action on waste reduction, and contributing to sustainable post-consumption waste management. We have set a clear sustainability agenda aligned with our global net zero ambitions and are actively working to achieve plastics neutrality, care for water, and source our raw and packaging materials sustainably. We are committed to sustaining our zero-waste targets and reducing our carbon footprint year on year. Throughout 2023, we implemented various initiatives to reduce our environmental footprint, including energy conservation, sustainable waste management, and responsible sourcing of raw materials. Achieving 100% plastics neutrality and incorporating 50% rPET in Nestlé Pure Life water bottles in 2023 were significant milestones in our commitment to minimizing our impact on the environment and contributing to a greener, waste-free future.

As Nestlé Nigeria, we take pride in our journey of nourishing Nigeria since 1961. We will continue to build on our legacy, invest in our people, innovate our products, and contribute to the well-being of our consumers and communities.

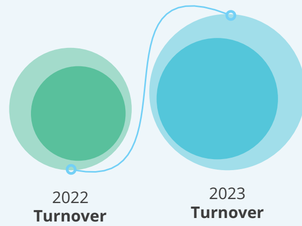
For more information, please contact:
Victoria.Uwadoka@ng.nestle.com
(Victoria Uwadoka, Corporate Communications, Public Affairs and Sustainability Lead, Nestlé Nigeria PLC.)

Performance Indicators

Turnover
(NGN billion)



Turnover Development

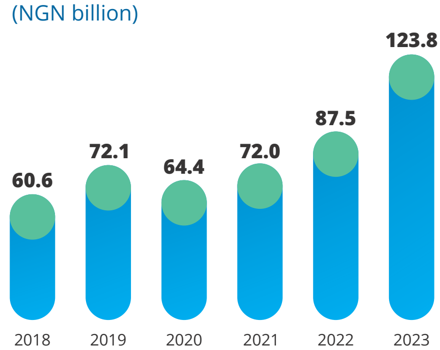


22.4%
Turnover growth from 2022 to 2023

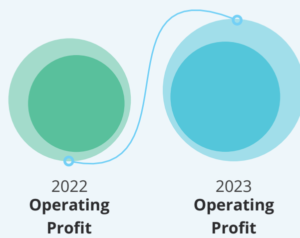
105%
Turnover growth over the last five years

Broad based growth across the segments

Operating Profit
(NGN billion)



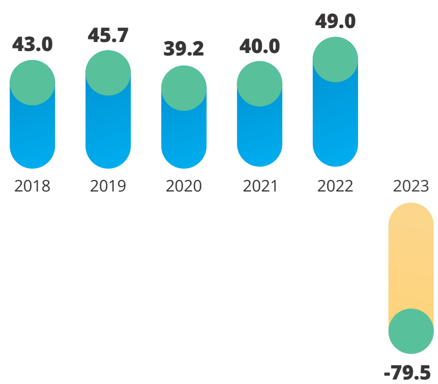
Operating Profit Development



41.5%
Increase in operating profit between 2022 to 2023

104%
Operating profit growth over the last five years

(Loss)/Profit After Tax
(NGN billion)

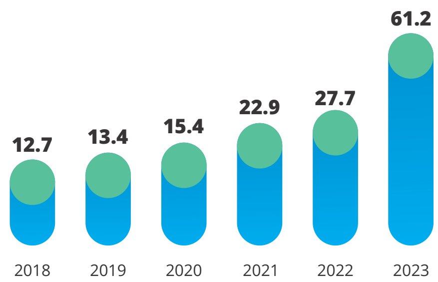


Profit After Tax Development

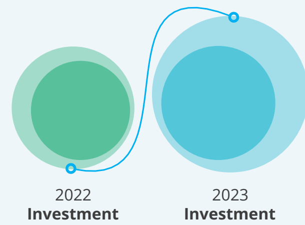
Significant decrease in (Loss)/profit after tax between 2022 and 2023 due to currency devaluation

Performance Indicators

Investments
(NGN billion)



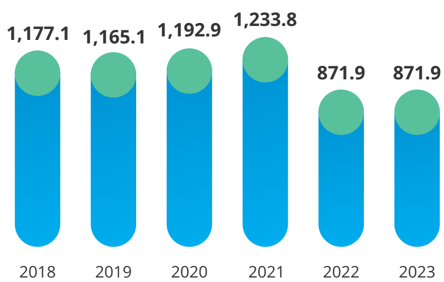
Investments in Fixed Assets



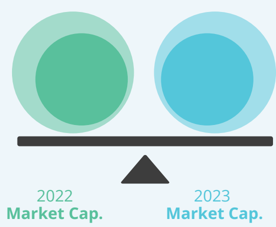
₦61.2Billion
Investment in year 2023

₦140.7Billion
Investment during the last five years

Market Capitalization
(NGN billion)

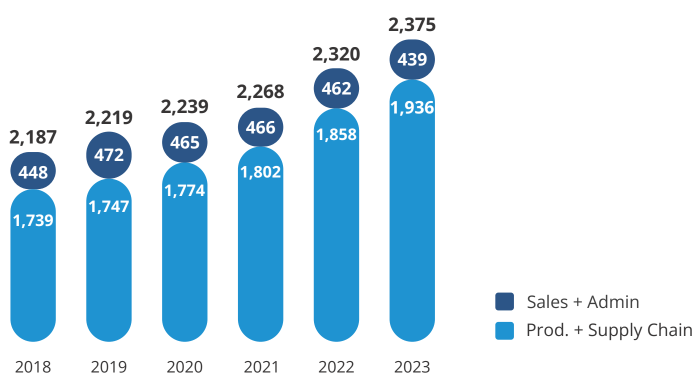


Market Cap. Growth



Stable
Market Capitalization
from 2022 to 2023

Number of Employees



Number of Employees

2,375
Staff strength at the end of 2023

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **55th Annual General Meeting of Nestlé Nigeria PLC** will be held at the MUSON Center, 8/9 Onikan, Lagos on Wednesday, 22 May 2024 at 11 o'clock in the forenoon for the following purposes:

ORDINARY BUSINESS

1) To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31 December 2023 and the Reports of the Auditors and the Audit Committee thereon
2) To elect / re-elect Directors
3) To authorize the Directors to fix the remuneration of the Auditor
4) To disclose the remuneration of the managers of the Company in line with the provisions of the Companies & Allied Matters Act 2020
5) To elect the members of the Audit Committee

SPECIAL BUSINESS

6) To fix the remuneration of Directors
7) To consider and pass the following resolution as an ordinary resolution of the Company:

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

No Voting by Interested persons:

In line with the provisions of the Rules Governing Related Party Transaction of Nigerian Exchange Limited, interested persons have undertaken to ensure that their proxies, representatives, or associates shall abstain from voting on resolution 7 above.

NOTES

a. PROXY:

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

b. NOMINATIONS FOR THE AUDIT COMMITTEE:

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

c. UNCLAIMED DIVIDEND:

Several dividend warrants remain unclaimed or are yet to be presented for payment or returned to the Registrars for revalidation. A list of such members will be circulated with the Annual Report and Financial Statements and advertised in two online national newspapers as provided by CAMA. Click on the link below to access the list of unclaimed dividend; www.nestle-cwa.com/en/investors/nigeria

Members affected are advised to complete the e-dividend registration or write to, or call at the office of the Company's Registrars, Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P.M.B. 12717, Lagos during normal working hours.

d. E-DIVIDEND/E-BONUS:

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for a dividend/bonus. A detachable application form for e-dividend and e-bonus is attached to this Annual Report to enable all shareholders to furnish particulars of their accounts to the Registrars, (Greenwich Registrars & Data Solutions Limited) as soon as possible. We request our shareholders to use the e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars.

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

e. RIGHTS OF SECURITIES HOLDERS TO ASK QUESTIONS:

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

f. ELECTRONIC ANNUAL REPORT:

The soft copy of the 2023 Annual Report can be accessed on our website and will be sent to our shareholders who have provided their email addresses to the Registrars. Shareholders who are interested in receiving the soft copy of the 2023 Annual Report should request via email to: info@gtlregistrars.com

Dated 26 February 2024
By Order of the Board

Bode Ayeku, FCIS
Company Secretary / Legal Adviser
FRC/2012/PRO/NBA/002/00000000637

Registered Office
22-24 Industrial Avenue,
Ilupeju, LAGOS.

Chairman's Statement

Statement by the Chairman, Board of Directors at the 55th Annual General Meeting of Nestlé Nigeria PLC, 22 May 2024

CHAIRMAN'S STATEMENT

MR. GBENGA OYEBODE, MFR

Dear Shareholders,

I am pleased to welcome you to the Annual General Meeting of Nestlé Nigeria PLC.

We have come through a year that was challenging yet dynamic for the business, recording increased growth amidst uncertainty.

In 2023, we found opportunities for expansion and innovation to create impact at scale. We ensured the availability and accessibility of the nutritious food and beverages families across Nigeria choose daily through responsible local sourcing and production. We also supported our stakeholders, collaborating on initiatives and programs to help build thriving, resilient communities and implemented measures to protect and replenish the planet for future generations.

Business Environment:

The macro-economic headwinds in 2023 were unprecedented with the impact of cash scarcity in Q1 due to the Naira redesign, the devaluation of Naira and removal of fuel subsidy in Q2. We witnessed changes in consumer preferences, market dynamics, fiscal and monetary policies as well as the regulatory landscape. The year thus presented us an opportunity to demonstrate our resilience as a market leader by remaining true to our core values and adapting our strategies to ensure sustainable growth as the environment became increasingly challenging.

Financial Results:

Despite the difficult conditions during the year, Nestlé's revenue increased by N100 billion to N547.1 billion, a 22.4% growth over 2022. Our gross profit increased by 39.4% to N217.1 billion while operating profit increased by 41.5% to N122.7 billion. Our profit after tax of -N79.4 billion was negatively impacted by the revaluation of our foreign currency obligations due to the devaluation of the Naira. The resultant negative equity position is being reviewed by the Board, as we proactively monitor the developments in monetary policy. On behalf of the board and shareholders, I would like to commend Nestlé Nigeria's management for showing leadership and taking timely and effective measures in response to the unstable market realities.

Marketing, Sales, and Product Performance:

In 2023, we successfully introduced innovative products that cater to the evolving needs of our consumers. We launched NIDO® Milk & Soya, and this marked the return of the NIDO® brand to the Nigeria market. We also entered a brand-new product category with the introduction of MAGGI® Soya Chunks. These products not only provide more variety for our loyal consumers, but also help us deliver on our brand promise of nourishing individuals and families every day.

Employees:

Our dedicated, talented, and diverse employees are the backbone of our success. We value their contributions and are committed to providing a safe and inclusive work environment. In 2023, we increased our investment in people development and well-being, fostering a culture of continuous learning and personal development. Empowering people managers and facilitating a feedback mechanism were core elements of our people strategy during the year. Our recruitment strategy was also geared towards bringing together complementary expertise and experience to sustain our culture of respect and accountability.

Environment, Planet and Sustainability:

At Nestlé Nigeria, we recognise the importance of protecting and regenerating the environment, and therefore set a clear sustainability agenda that guarantees our contribution towards achieving our global net zero ambition. We have progressed in the commitment to reduce our environmental footprint and achieve a waste-free future by focusing on plastics neutrality, energy conservation, sustainable waste management, and responsible local sourcing of raw and packaging materials. In 2023, we significantly reduced our use of virgin plastics and attained 100% plastics neutrality. We have also included 50% rPET in the Nestlé Pure Life water bottles, a first of its kind in Nigeria.

Creating Shared Value:

In the troubled socio-economic climate of today, we at Nestlé Nigeria are unwavering in our commitment to Creating Shared Value for all stakeholders. Together with our partners and stakeholders, we reached over 10,000 individuals through the initiatives we implemented in the communities closest to our operations. The projects addressed social and environmental issues, including improving teaching and learning facilities, access to safe water, capacity building for women, youth mentoring on gainful employment or enterprise and equipping farmers for more productive sustainable agricultural practices. In addition, under the Nestlé Cares Employee Volunteer Program, our people committed their time and resources to provide care for children in orphanages and care for our environment.

Recognition and Awards:

The multiple industry recognitions of these initiatives confirm the fact that our business and people made significant impact on society in 2023. The awards include SERAS (Sustainability, Enterprise, and Responsibility) CSR Awards for Best Company in Rural Population Integration, Best Company in Food Security and 2nd Runner-up, Most Responsible Organization in Africa. We also received the Nigerian Employers Consultative Association (NECA) Employers Excellence Awards for Best Employer in Food and Beverage Category, Best Company in Investment in Sustainability and Green Initiatives, and for Exemplary Investment in Diversity and Inclusion. Others include Lagos Public Relations Industry Gala and Awards (LAPRIGA) 2023 awards for Best Company in Corporate Social Responsibility and Best in Community Relations.

Outlook for the Next Year:

As we progress through 2024, we maintain a sense of hope for a turnaround in our business environment. Our strategic focus continues to be on fostering innovation to deliver affordable nutrition to our loyal consumers, achieving operational excellence, and nurturing strong relationships with our valued customers and stakeholders. We will therefore sustain investments in our operations, enhance the capacity of our teams and implement initiatives that address social and environmental problems, promote nutrition, and support local communities to create shared value.

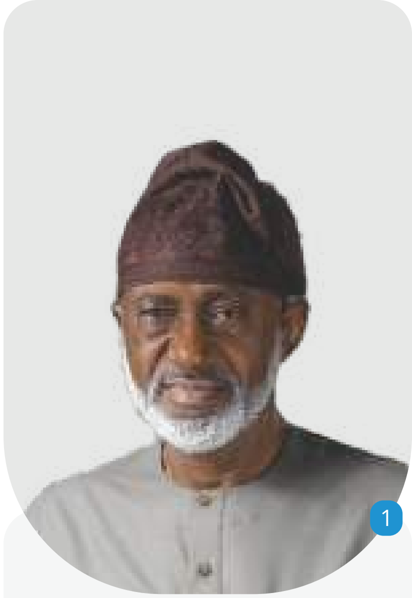
In conclusion, I express my gratitude to you fellow shareholders, Nestlé Nigeria management and employees, for your unwavering support for our Company. Together, we will navigate the current business landscape to drive sustainable growth for Nestlé Nigeria PLC.

Thank you.

Mr. Gbenga Oyebode, MFR

Chairman of the Board of Directors,
Nestlé Nigeria PLC

Board
of Directors
of Nestlé Nigeria

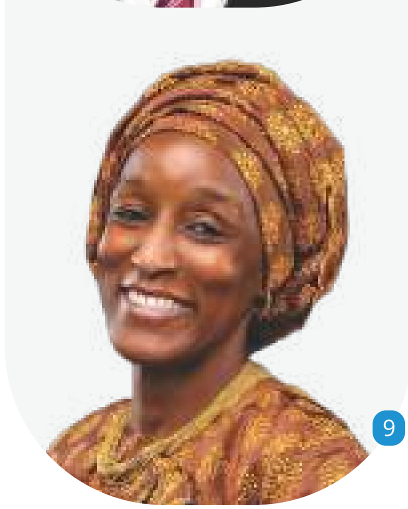


Nestlé
Good food, Good life

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

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

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



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

4) Mr. Namit Mishra (Indian) is the Finance and Control Director of the Company. Namit started his career in India in 1995 and held various roles in Factory Operations, Corporate Costing and Business Co-Piloting. In 2008 he moved to Nestlé Middle East (Dubai) as the Regional Operations Controller for Nestlé Nutrition for Middle East and Africa (MEA) wherein he played a key role in optimizing the total delivered cost and improving the working capital efficiencies across multiple countries. He returned to India as the Business Co-pilot for Nestlé Nutrition and Nestlé Health Science and in 2015 took over as the Head of Management Accounting for South Asia Region (India, Bangladesh, Sri Lanka). Namit moved as the Finance and Control Director for Nestlé Bangladesh PLC in 2019 and delivered strong results as the co-pilot to the market. During his tenure, Nestlé Bangladesh successfully managed the volatility and ensured seamless business continuity amid forex challenges. Namit has deep understanding of our businesses and processes and strong ability to adapt, transform and create value. Namit holds a Bachelor of Commerce in Accounting and Finance from the Lucknow University in India. He is also a Cost and Management Accountant (CMA) from the Institute of Cost Accountants of India and a member of the Association of National Accountants of Nigeria. He was appointed to the Board on 1 August 2023.

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

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

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

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

9) Mrs. Maryam Mohammed (Nigerian) is an independent non-executive director of the Company. Maryam holds a Bachelor of Science degrees in Pharmacology from the University of Wales and a Master of Business Administration from Cardiff Business School, Cardiff, Wales, both in the United Kingdom. She is also a certified Addiction Counsellor and Life Coach. Maryam started her career in AL-MAN Nigeria Limited, Kaduna State as a Manager in 1995 and later moved to Nigeria Board for Technical Education, Kaduna as a Senior Planning Officer in 2001. Thereafter, she has held various positions in different organizations including Executive Director, Turner Building Products (Arewa) Limited (2001 – 2013); Visiting Lecturer, Kaduna Business School, Senior Special Assistant, Baze University amongst others. She was appointed to the Board on 1 August 2023.

10) Mr. Bode Ayeku (Nigerian) is the Company Secretary/ Legal Adviser of the Company. He qualified as a Solicitor and Advocate of the Supreme Court of Nigeria in 1992 and holds a Master of Laws degree from the University of Lagos in 1995. He joined the Company in October 2005 as the Deputy Company Secretary. He is a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria; The Institute of Chartered Secretaries and Administrators United Kingdom and Ireland (now known as The Chartered Governance Institute); the Nigerian Institute of Management and the Chartered Institute of Taxation of Nigeria. He is an Associate Member of the Chartered Institute of Stockbrokers. He recently won the prestigious ESQ Nigerian Legal Awards as the Company Secretary of the Year. He was a member of the Governing Council of the Nigeria Employers' Consultative Association and the pioneer Chairman of the Committee of Legal Advisers and Company Secretaries of the Nigeria Employers' Consultative Association.

2023 Corporate Governance Report

Nourishing individuals and families since 1961

Corporate Governance Report 2023

Background

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

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

Nestlé Corporate Governance Principles

Nestlé has since its commencement of business:

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

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

Local Legislations and International Recommendations

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

The Principles

They cover four areas:

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

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

Information Policy

Shareholder Relations- Guiding Principles

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

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

Methodology

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

Printed material

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

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

Future Relations with Shareholders

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

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

Communication with Stakeholders

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

Transparency in Financial Reporting and Internal Control

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

Board of Directors

The Board of Directors is the ultimate governing body of Nestlé. The Board is made up of three (3) non-executive directors including the Chairman, three (3) independent non-executive directors and three (3) executive directors. The names of all the directors are stated on page 30 of this Annual Report. The non-executive directors are independent of management and able to carry out their oversight functions in an objective and effective manner. The position of the Chairman and that of the Managing Director are occupied by different persons. All the directors have access to the advice and services of the Company Secretary.

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

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

The following are the specific issues reserved for the Board:

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

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

List of Board Members and attendance at meetings						
		Date of Meeting				
		24 February, 2023	17 May, 2023	27 July, 2023	26 October, 2023	Total
1	Gbenga Oyebode	✓	✓	✓	✓	4
2	David Ifezulike	✓	✓	NLM	NLM	2
3	Wassim Elhusseini	✓	✓	✓	✓	4
4	Mauricio Alarcon	✓	✓	AP	AP	2
5	Namit Mishra (effective 1/8/2023)	NYA	NYA	NYA	✓	1
6	Mr. Ibukun-Olu Ipinmoye	✓	✓	✓	✓	4
7	Ricardo Chavez (up to 31/1/2023)	NLM	NLM	NLM	NLM	0
8	Juliet Ehimuan	✓	✓	✓	✓	4
9	Bisi Lamikanra	✓	✓	✓	✓	4
10	Sarmad Saleem (up to 31/7/2023)	✓	✓	✓	NLM	3
11	Martin Kruegel (effective 1/2/2023)	✓	✓	AP	✓	3
12	Maryam Mohammed (effective 1/8/2023)	NYA	NYA	NYA	✓	1

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

Board Appointment, Induction and Training Processes

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

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

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

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

Evaluation Process and Summary of Evaluation Results

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

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

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

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

a **Mr. Namit Mishra (Indian)** is the Finance and Control Director of the Company. Namit started his career in India in 1995 and held various roles in Factory Operations, Corporate Costing and Business Co-Piloting. In 2008 he moved to Nestlé Middle East (Dubai) as the Regional Operations Controller for Nestlé Nutrition for Middle East and Africa (MEA) wherein he played a key role in optimizing the total delivered cost and improving the working capital efficiencies across multiple countries. He returned to India as the Business Co-pilot for Nestlé Nutrition and Nestlé Health Science and in 2015 took over as the Head of Management Accounting for South Asia Region (India, Bangladesh, Sri Lanka). Namit moved as the Finance and Control Director for Nestlé Bangladesh PLC in 2019 and delivered strong results as the co-pilot to the market. During his tenure, Nestlé Bangladesh successfully managed the volatility and ensured seamless business continuity amid forex challenges. Namit has deep understanding of our businesses and processes and strong ability to adapt, transform and create value. Namit holds a Bachelor of Commerce in Accounting and Finance from the Lucknow University in India. He is also a Cost and Management Accountant (CMA) from the Institute of Cost Accountants of India and a member of the Association of National Accountants of Nigeria. He was appointed to the Board on 1 August 2023.

b **Mrs. Maryam Mohammed (Nigerian)** is an independent non-executive director of the Company. Maryam holds a Bachelor of Science degrees in Pharmacology from the University of Wales and a Master of Business Administration from Cardiff Business School, Cardiff, Wales, both in the United Kingdom. She is also a certified Addiction Counsellor and Life Coach. Maryam started her career in AL-MAN Nigeria Limited, Kaduna State as a Manager in 1995 and later moved to Nigeria Board for Technical Education, Kaduna as a Senior Planning Officer in 2001. Thereafter, she has held various positions in different organizations including Executive Director, Turner Building Products (Arewa) Limited (2001 – 2013); Visiting Lecturer, Kaduna Business School, Senior Special Assistant, Baze University amongst others. She was appointed to the Board on 1 August 2023.

c **Mr. Mauricio Alarcon (Mexican)** is a non-executive director of the Company. Mr. Mauricio Alarcon is an Engineer and a Member of the Nigerian Institute of Management. He joined Nestlé Mexico in 1999. Following a number of Sales and Marketing assignments in the Ice Cream business, including Marketing Advisor at the Ice Cream Strategic Business Unit, he was appointed as the Marketing Manager for the Ice Cream business in Australia. In 2010, he joined Nestlé Egypt as Business Executive Manager, Ice Cream where his dynamism played a key role in transforming the business. Under his leadership, the Ice Cream business turnover in Nestlé Egypt more than doubled and the profitability improved in a challenging environment. He was the Managing Director of Nestlé Côte d'Ivoire from 2014 to September 2016 and the Managing Director of Nestlé Nigeria Plc from 1 October 2016 to 31 August 2020 before his appointment as the Market Head of Nestlé Central and West Africa Region from 1 September 2020.

Composition of Board Committees

Nomination, Governance and Remuneration Committee

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

- a Review the structure, size, composition and commitment of the Board at least annually and make recommendations on any proposed changes to the Board;
- b Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;
- c Identify individuals suitably qualified to become Board members and make recommendations to the Board for nomination and appointment as Directors;
- d Periodically determine the skills, knowledge and experience required on the Board and its committees;
- e Ensure that the Company has a formal programme for the induction and training of Directors;
- f Undertake the annual assessment on/of the independent status of each INED;
- g Ensure that the Company has a succession policy and plan in place for the Chairman of the Board, the MD/CEO and all other EDs, NEDs and senior management positions to ensure leadership continuity. Succession planning should be reviewed periodically, with provision made for succession in emergency situations as well as long-term vacancies;
- h Deal with all matters pertaining to executive management selection and performance, including an annual evaluation of the performance of the MD/CEO and executive management;
- i Develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its committees, the Chairman and individual Directors, as well as the Company's corporate governance practices;
- j Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistleblowing policies among others;
- k Develop a formal, clear and transparent framework for the Company's remuneration policies and procedures; and
- l Recommend to the Company's remuneration policy and structure for all Directors and senior management employees.

The Committee met on 24 February 2023 and subsequently discharged their duties through written resolutions on 10 May 2023, 3 July 2023 and 21 July 2023. The Committee discharged their responsibilities excellently in 2023. The members of the Committee are Mr. Mauricio Alarcon, Mr. Ricardo Chavez (up to 31 January 2023), Mr. Martin Kruegel (from 1 February 2023), Mr. Gbenga Oyebode (up to 17 May 2023) and Dr. Juliet Ehimuan (from 18 May 2023).

Nomination, Governance and Remuneration Committee

		Date of Meeting			
		24 Feb. 2023			
1	**Mr. Mauricio Alarcon**	✓			
2	**Mr. Martin Kruegel** (from 1/2/2023)	✓			
3	**Mr. Gbenga Oyebode** (up to 17/5/2023)	✓			
4	**Dr. Juliet Ehimuan** (from 18/5/2023)	NYA			

✓ Present NYA Not Yet Appointed

Board Audit and Risk Management Committee

The Committee is to assist the Board on audit, oversight of the risk profile, risk management framework and the risk reward strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile.

The terms of reference of the Audit and Risk Management Committee are:

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

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

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

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

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

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

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

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

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

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

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

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

Meetings of the Committee were held on 24 February 2023, 27 April 2023, 27 July 2023 and 26 October 2023 and the Committee discharged their responsibilities excellently in 2023.

The table below shows the Directors who served on the Committee in 2023 and their attendance at meetings:

Board Audit and Risk Management Committee					
	Date of Meeting				
	24 February, 2023	27 April, 2023	27 July, 2023	26 October, 2023	Total
1 Mr. Gbenga Oyebode - Up to 17/05/2023	✓	✓	NLM	NLM	2
2 Dr. Juliet Ehimuan	✓	✓	✓	✓	4
3 Mrs. Adebisi Lamikanra	✓	✓	✓	✓	4
4 Mrs. Maryam Mohammed - From 01/08/2023	NYA	NYA	NYA	✓	1

✓ Present NYA Not Yet Appointed NLM No Longer Member

Statutory Audit Committee

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

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

Statutory Audit Committee					
	Date of Meeting				
	24 Feb. 2023	27 April 2023	27 Jul. 2023	26 Oct. 2023	**Total**
1 Mr. Matthew Akinlade	✓	✓	✓	✓	**4**
2 Mr. Christopher Nwaguru	✓	✓	✓	✓	**4**
3 Alhaji Kazeem Owonikoko Bello	✓	✓	✓	✓	**4**
4 Mr. Gbenga Oyebode - Up to 17/05/2023	✓	✓	NLM	NLM	**2**
5 Mrs. Adebisi Lamikanra	✓	✓	✓	✓	**4**
6 Dr. Juliet Ehimuan - from 18/5/2023	NYA	NYA	✓	NLM	**1**
7 Mrs. Maryam Mohammed - From 01/08/2023	NYA	NYA	NYA	✓	**1**

✓ Present NYA Not Yet Appointed NLM No Longer Member

Board Charter and Code of Ethics

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

Other Charters and Policies

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

Insider Trading

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

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

The Corporate Governance Rating System Certification

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

Corporate Governance Score

93.78%

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

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

Human Resources Policies and other related matters

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

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

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

It is the Company's policy to:

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

Company's Sustainability policies

Corruption

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

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

Creating Shared Value

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

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

Environmental Protection

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

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

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

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

HIV/AIDS

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

E-Dividend

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

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

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

Independent Auditors

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

General Mandate Circular

Information in respect of General Mandate

In accordance with the Rules on Transactions with Related Parties issued by the Nigerian Exchange Limited (NGX), the Company is seeking the renewal of the general mandate from shareholders as per item 7 on the Agenda for the Annual General Meeting slated for 22 May 2024.

The aggregate value of all transactions entered into with related companies during the financial year as stated on pages 112 and 113 of this Annual Report and Accounts is more than 5% of the latest net tangible assets or the issued share capital of the Company.

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

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

Complaint Management Policy of Nestlé Nigeria PLC for Shareholders

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Complaints Management Policy of Nestlé Nigeria PLC

Complaints Management Policy of Nestlé Nigeria PLC

1. Preamble

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

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

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

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

2. Objective

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

3. Nestlé's Commitment

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

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

4. Procedure for Shareholder Complaints/Enquiries

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

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

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

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

5. Complaints/Enquiries received directly by Nestlé

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

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

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

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

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

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

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

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

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

6. Electronic Complaints Register and Quarterly Reporting Obligations

Nestlé shall maintain electronic complaints register.

The electronic complaints register shall include the following information:

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

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

7. Liaison with the Registrar

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

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

8. Contact Details of the Registrar

The Registrar may be contacted as follows:

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

9. Contact Details of Nestlé's Company Secretary

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

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

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

10. Shareholder Access to this Policy

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

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

11. Fees and Charges

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

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

12. Amendment/Review of this Policy

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

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

Approved by

Managing Director/Chief Executive Officer

Company Secretary/Legal Adviser

Greenwich Registrars & Data Solutions Limited

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

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

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

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

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

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

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

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

ABUJA BRANCH

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

PORT HARCOURT BRANCH

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

KANO BRANCH

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

Nestlé

Good food, Good life

2023 Financial Statements

Nourishing individuals and families since 1961

Directors and Other Corporate Information

Board of Directors	Mr. Gbenga Oyebode	From 18/05/2023	Chairman
	Mr. David Ifezulike	Up to 17/05/2023	Chairman
	Mr. Wassim Elhusseini (Lebanese)		Managing Director/Chief Executive Officer
	Mr. Namit Mishra (Indian)	From 01/08/2023	Finance & Control Director
	Mr. Sarmad Saleem (Pakistani)	Up to 31/07/2023	Finance & Control Director
	Mr. Ibukun-Olu Ipinmoye		Executive Director
	Mr. Mauricio Alarcon (Mexican)		Non-Executive Director
	Mr. Ricardo Chavez (Mexican)	Up to 31/01/2023	Non-Executive Director
	Mr. Martin Kruegel (German)	From 01/02/2023	Non-Executive Director
	Dr. Juliet Ehimuan		Independent Non-Executive Director
	Mrs. Adebisi Lamikanra		Independent Non-Executive Director
	Mrs. Maryam Aliko Mohammed	From 01/08/2023	Independent Non-Executive Director
Company Secretary/ Legal Adviser	Mr. Bode Ayeku		
Registered Company Number:	6540		
Tax Identification Number:	00389604-0001		
Registered Office	22-24 Industrial Avenue Ilupeju, Lagos Tel: 01 – 2798184, 2798188, 2790707		
Registrars	Greenwich Registrars & Data Solutions Limited 274 Murtala Muhammed Way Alagomeji, Yaba, Lagos Tel: 01- 5803369, 5451399, 5803367		
Independent Auditor	Ernst & Young 10th & 13th floors, UBA House 57 Marina Lagos, Nigeria Tel: +234(1)6314500		
Members of the Audit Committee	Mr. Matthew Akinlade		Chairman (Shareholders' Representative)
	Alhaji Kazeem Owonikoko Bello		Shareholders' Representative
	Mr. Christopher Nwaguru		Shareholders' Representative
	Dr. Juliet Ehimuan	From 18/05/2023 to 31/07/2023	Directors' Representative
	Mr. Gbenga Oyebode	Up to 17/05/2023	Directors' Representative
	Mrs. Adebisi Lamikanra		Directors' Representative
	Mrs. Maryam Aliko Mohammed	From 01/08/2023	Directors' Representative

Results at a Glance

In thousands of naira	2023	2022	Increase/(Decrease) %
Revenue	547,118,754	446,819,260	22%
Results from operating activities	123,787,597	87,468,624	42%
(Loss)/profit before income tax	(104,025,429)	71,109,371	(277%)
Income tax credit/ (expense)	24,551,648	(22,143,883)	(270%)
(Loss)/profit for the year	(79,473,781)	48,965,488	(280%)
Share capital	396,328	396,328	0%
Data per 50k share			
Basic (loss)/ earnings	(N100.26k)	N61.77K	
Dividend paid *	N36.5	N50.50K	
Net (liability)/asset per share	(N98.45k)	N38.21K	
Dividend per 50k share in respect of current year results only			
Interim dividend declared	Nil	N25.00	
Final dividend proposed*	Nil	N36.50K	
Stock Exchange Information			
Stock exchange quotation at 31 December:			
in Naira per share	1,100.00	1,100.00	0.0%
Number of shares issued ('000)	792,656	792,656	0.0%
Market capitalisation at 31 December (N: million)	**871,922**	**871,922**	0.0%

* Dividend paid represents the final dividend of N36.50K proposed for the preceding year 2022 but paid in the current year. No interim or final dividend was declared for the 2023 financial year.

Directors' Report

For the year ended 31 December, 2023

1. Financial Statements

The directors present their annual report on the affairs of Nestlé Nigeria PLC ("the Company") for the year ended 31 December 2023.

2. Principal Activities

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

3. Operating Results

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

	2023	2022	Increase/ (decrease) %
In thousands of naira			
Revenue	547,118,754	446,819,260	22%
Results from operating activities	123,787,597	87,468,624	42%
(Loss)/ profit before income tax	(104,025,429)	71,109,371	(246%)
(Loss)/ profit after income tax	(79,473,781)	48,965,488	(262%)
Total comprehensive (loss)/ income for the year	**(79,473,781)**	**48,965,488**	**(262%)**

4. Dividend

No interim or final dividend was declared for the 2023 financial year (2022: Interim N25.00, final N36.50K).

5. Directors and Their Interests

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

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

No Shares of the Company were held by Nestlé S.A Switzerland and Societe Des Produits Nestlé S.A. as indirect holdings in favour of Directors. However, as at 31 December 2023, Mr. Wassim Elhusseini has 3,187 shares of Nestlé S.A. Switzerland. Mr Namit Mishra has 1,524 shares of Nestlé S.A. Switzerland; Mr. Mauricio Alarcon has 8,901 shares of Nestlé S.A. Switzerland and Mr. Martin Kruegel has 9,478 shares of Nestlé S.A.Switzerland. Mr. Mauricio Alarcon and Mr. Martin Kruegel are representing Nestlé 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, one of our bankers and Dr. Juliet Ehimuan is a director of Zenith Bank Plc, one of 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 and Zenith Bank Plc respectively.

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 2023 is available at the Annual General Meeting for inspection.

7. Analysis of Shareholdings as at 31st December 2023

			Number of shareholders	%	Number of shares	%
1	-	5,000	28,046	90.31	21,107,109	2.66
5,001	-	10,000	1,525	4.91	10,438,687	1.32
10,001	-	50,000	1,193	3.84	23,769,265	3.00
50,001	-	100,000	111	0.36	7,836,026	0.99
100,001	-	500,000	123	0.40	26,055,576	3.29
500,001	-	1,000,000	24	0.08	17,391,436	2.19
1,000,001	-	5,000,000	27	0.09	56,990,613	7.19
5,000,001	-	50,000,000	5	0.02	67,787,234	8.55
			31,054	100.00	231,375,946	29.19
Nestlé S.A. Switzerland			1	0.00	36,720,849	4.63
Société Des Produits Nestlé S.A.			1	0.00	524,559,457	66.18
			31,056	**100**	**792,656,252**	**100**

Apart from Societe Des Produits Nestlé S.A, Switzerland, with 524,559,457 ordinary shares (representing 66.18%), no other shareholder held 5% or more of the paid-up capital of the Company as at 31 December 2023.

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

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

Substantial shareholders

Shareholder	Units held	Percentage
Société Des Produits Nestlé S.A.	524,559,457	66.18%

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 N355,568,000 (2022: N235,789,213) and analysed as follows:

	2023	2022
In thousands of naira		
Nestlé community water projects, school projects and scholarship scheme	27,410	34,882
Nestlé for healthier kids	67,489	54,214
Rural Women Empowerment Project	11,887	25,996
NESG Summit	10,000	10,000
Product Donations (including Nestlé Cares Orphanage Outreach)	43,628	37,546
Grains Project	39,000	25,279
Technical Training Centers (TTCs)	156,154	46,872
Agriculture Summit Africa	-	1,000
	355,568	**235,789**

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 Materials

On a continuing basis, the Company explores the use of local raw materials such as soya bean, maize, cocoa, palm olein, sorghum, cassava and corn starch in its production processes 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 manufacture, marketing, quality control and packaging of the Company's products, development of new products and training of personnel abroad. Access is also provided to the use of patents, brands, inventions and know-how.

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

15. Acquisition of Own Shares

The Company did not purchase any of its own shares during the year same as prior year 2022.

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 15 (2022: 12) physically challenged persons in its employment as at 31 December 2023.

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

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

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

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

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

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

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

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

The total number of those who have so far completed the programme in our Technical Trainee Centers in Agbara and Abaji factories from 2013 to 31 December 2023 is one hundred and thirty-nine (139). The cost of the training for the eight (8) sets of graduates was fully paid by our Company.

To empower the trainees with relevant skills, the top five (5) students in the scheme were taken to Switzerland for further training within the Group's factories.

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

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

Batch no.	Year of graduation	Site	No. admitted	No. of graduates	No. employed by Nestlé	No. employed by external party
1	2013	AGBARA	16	13	9	4
2	2015		16	14	12	2
3	2017		20	20	20	0
4	2019		20	20	20	0
5	2021		20	20	20	0
6	2022		20	20	19	1
7	2023		20	Still in session	N/A	N/A
Total			**132**	**107**	**100**	**7**
1	2023	**FLOWERGATE**	20	Still in session	N/A	N/A
Total			**20**	**0**	**0**	**0**
1	2019	ABAJI	12	12	11	1
2	2021		20	20	20	0
3	2023		20	Still in session	N/A	N/A
Total			**52**	**32**	**31**	**1**
Grand Total			**204**	**139**	**131**	**8**

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

17. Nomination, Governance and Remuneration Committee

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

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 17 May 2023. Members that served on the Audit Committee during the year comprise:

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

19. Board Audit and Risk Management Committee

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

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:

Consumers			Human Rights & Labour Practices	Our People		Suppliers & Customers		The Environment	
1	2	3	4	5	6	7	8	9	10
Nutrition, Health and Wellness	Quality assurance & product safety	Consumer Communication	Human Rights & Labour Practices in our business activities	Leadership & personal responsibility	Safety and health at work	Suppliers and Customers relations	Agriculture and rural development	Environmental sustainability	Water

a.) Nutrition, Health and Wellness

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

b) Quality Assurance and Product Safety

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

c) Consumer Communication

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

d) Human Rights in Our Business Activities

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

e) Leadership and Personal Responsibility

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

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

f) Safety and Health at Work

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

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

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

g) Supplier and Customer Relations

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

h) Agriculture and rural development

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

I) Environmental sustainability

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

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

j.) Water

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

k.) Number, diversity, training initiatives and development of employees

As at 31 December 2023, the staff strength of the Company was 2,375 (2022: 2,320). Our employees are made up of male and female from different parts of the country. Every employee is given equal opportunity for promotion purely on the basis of merit. We provide both experienced based learning and classroom trainings in Nigeria and overseas.

Presently, we have 29 (2022: 31) of our staff on overseas' assignments in Ghana, Cote D' Ivoire, Cameroun, Switzerland, Angola and Malaysia, in order to give them the required exposure to enable them take up higher responsibilities.

l.) Bribery and corruption

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

23. Insider Trading

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

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

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

Section 238 of CAMA provides that the disclosure of the remuneration of the managers of a company should be an item under the ordinary business at an annual general meeting. Based on the definition of "manager" in the Companies

Regulations 2021, we hereby disclose that the total remuneration of the twenty-four (24) management staff (including the current and past executive directors) of the Company for the year ended 31 December 2023 is N2.193 billion (2022: N1.217 billion).

25. Notable awards received in 2023

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 the HR Best Practice Award in the FMCG Sector in Nigeria
   - 1st Runner Up for the overall HR Best Practice Award in Nigeria

2. **Nigeria Employers' Consultative Association and Industrial Training Fund (NECA-ITF) Award**
   - Organization with the Highest Number of Job Placements for Technical Trainees

3. **Industrial Training Fund**
   - Best Contributing Employer in training activities for 2023 within the Isolo Area Jurisdiction.

4. **Nigeria Employers' Consultative Association (NECA) 2023 Employers Excellence Awards**
   - Best Employer in Food and Beverage Category
   - Investment in Sustainability and Green Initiatives
   - Exemplary Investment in Diversity and Inclusion
   - Recognition of Efforts towards the elimination of Child Labor in the Workplace

5. **SERAS (Sustainability, Enterprise and Responsibility) CSR Awards**
   - Best Company in Rural Population Integration (for the Rural Women Empowerment Program)
   - Best Company in Food Security (for the Developing Grains Value Chain Project)
   - Most Responsible Organization in Africa: 2nd Runner-up

6. **Environmental Sustainability Conference, Expo and Awards (ECOSEA)**
   - One of the Top 20 companies in Environmental Sustainability

7. **Lagos Public Relations Industry Gala and Awards (LAPRIGA)**
   - Best Company in Corporate Social Responsibility (for our Creating Shared Value Initiatives)
   - Best In Community Relations

BY ORDER OF THE BOARD

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

Statement of the Corporate Responsibility for the Financial Statements
for the year ended 31 December 2023

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

We the undersigned hereby certify the following with regard to our Audited Financial Statements for the year ended 31 December 2023 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 Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls over the financial reporting as of date within 90 days prior 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
Chairman
FRC/2013/NBA/00000002546

Wassim Elhusseini
Managing Director
FRC/2020/003/00000022041

Namit Mishra
Finance & Control Director
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 2023, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria (Amended) Act, 2023.

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

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in 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.

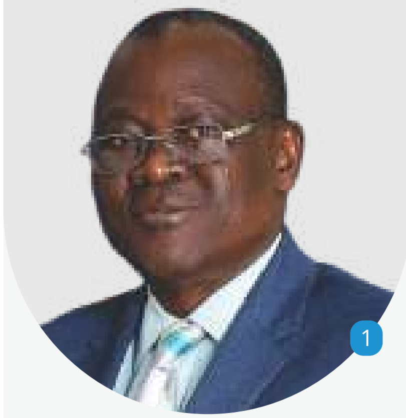
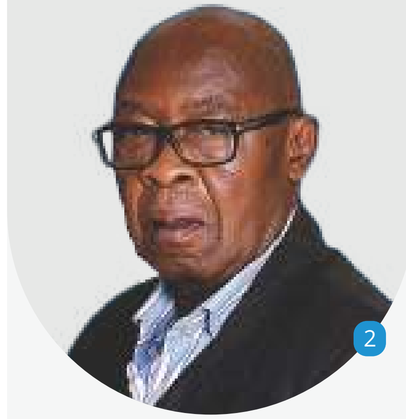
The financial statements of the Company for the year ended 31 December, 2023 were approved by the directors on 26th February, 2024.

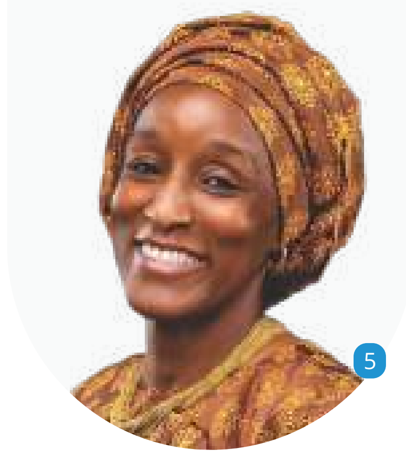
SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Gbenga Oyebode
Chairman
FRC/2013/NBA/00000002546

Wassim Elhusseini
Managing Director
FRC/2020/003/00000022041

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

Audit
Committee

For the year ended 31 December 2023

1. Mr. Matthew Akinlade (Chairman)
2. Mr. Christopher Nwaguru
3. Alhaji Kazeem Owonikoko Bello
4. Mrs. Adebisi Lamikanra
5. Mrs. M. A. Mohammed

Statutory Audit Committee Report

For the year ended 31 December, 2023

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

Telephone: 01-2798184, 01-4607688

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 2023 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 26th day of February 2024
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)

Certification of Internal Control Over Financial Reporting

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

a) We have reviewed this Management's Report on the Assessment of Internal Control Over Financial Reporting of Nestlé 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 26th day of February 2024

Wassim Elhusseini
Managing Director
FRC/2020/003/00000022041

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

Management Assessment Report

Management's Report on the Assessment of Internal Control Over Financial Reporting as at 31st December 2023

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 2023. 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 2023, 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 2023.

The effectiveness of the Company's internal control over financial reporting as of 31 December 2023, has been audited by Ernst and Young, an independent registered public accounting firm, as stated in their report which appears on page 47-48.

Dated this 26th day of February 2024

Wassim Elhusseini
Managing Director
FRC/2020/003/00000022041

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

Ernst & Young
10th & 13th Floor
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Lagos, Nigeria.

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0181
Email: services@ng.ey.com
www.ey.com

Independent Auditor's Attestation

To the Members of Nestle Nigeria Plc

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

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 2023 (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 2023 in accordance with the criteria.

Independent Auditor's Attestation

To the Members of Nestle Nigeria Plc

Report on Management's Assessment of Internal Control over Financial Reporting - continued

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 2023, 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 2023 of Nestlé Nigeria Plc and our report dated 27 February 2024 and we expressed an unmodified opinion. Our conclusion is not modified is respect of this matter.

Omolola Alebiosu
FRC/2012/PRO/ICAN/004/00000000145
For Ernst & Young
Lagos, Nigeria
27th February 2024

Ernst & Young
10th & 13th Floor
UBA House
57 Marina
P.O. Box 2442. Marina
Lagos, Nigeria.

Tel: +234 (01) 631 4500
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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

Scope

We have audited the financial statements of Nestlé Nigeria Plc ('the Company'), which comprise the statement of financial position as at 31 December 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (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 Matter

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

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

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Audit of the Financial Statements - continued

Key Audit matter - continued

Key Audit Matter	How the matter was addressed in the audit
Measurement of Other long-term employee benefits	
As of 31 December 2023, the Company calculated and recorded other long-term employee benefits of N4.04 billion (2022: N4.35 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. • Assess the assumption for salary increases against the Company's historical trend and expected future outlook; vis – a – vis current year changes. • Evaluate 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.

Independent Auditor's Report

To the Members of Nestlé Nigeria Plc

Report on the Audit of the Financial Statements - continued

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 2023", 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 International Financial Reporting Standards, 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.

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.

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 2023. 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 27 February 2024. That report is included on page 47-48 of the financial statements.

Omolola Alebiosu

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

27th February 2024

Statement of Profit or loss and other Comprehensive Income

For the year ended 31 December, 2023

In thousands of Naira	Note	2023	2022
Revenue	9	547,118,754	446,819,260
Cost of Sales	11c	(329,945,347)	(291,054,270)
Gross Profit		**217,173,407**	**155,764,990**
Marketing and distribution expenses	11c	(73,779,995)	(57,331,351)
Administrative expenses	11c	(20,089,038)	(10,935,972)
Write back/ (impairment) of financial assets	11b	483,222	(29,043)
Results from operating activities		**123,787,596**	**87,468,624**
Finance income	10	5,690,939	4,777,113
Finance costs	10	(233,503,964)	(21,136,366)
Net finance cost		**(227,813,025)**	**(16,359,253)**
(Loss)/profit before income tax		(104,025,429)	71,109,371
Income tax credit/ (expense)	13a	24,551,648	(22,143,883)
(Loss)/profit for the year		**(79,473,781)**	**48,965,488**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss)/income for the year		**(79,473,781)**	**48,965,488**
(Loss)/profit for the year is attributable to:			
Owners of the company		(79,473,781)	48,965,488
(Loss)/earnings per share			
Basic (loss)/earnings per share	16	**(100.26)**	**61.77**
Diluted (loss)/earnings per share	16	**(100.26)**	**61.77**

The accompanying notes on pages 60 to 114 form an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 December, 2023

In thousands of Naira	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	15a	165,383,791	116,739,370
Right of Use Assets	15b	5,437,253	4,976,420
Long term receivables	17	3,122,574	2,816,337
Deferred tax assets	14	46,487,437	-
Prepayments	18	97,566	-
Total non-current assets		**220,528,621**	**124,532,127**
Current assets			
Inventories	19a	87,792,561	88,340,532
Right of return assets	19c	60,714	72,879
Trade and other receivables	20	102,227,370	82,237,026
Prepayments	18	3,430,134	1,929,038
Cash and short term-deposit	21	167,735,007	117,932,430
Total current assets		**361,245,786**	**290,511,904**
Total assets		**581,774,407**	**415,044,031**
Equity			
Issued Share capital	22 (a)(i)	396,328	396,328
Share premium	22 (a)(ii)	32,262	32,262
Share based payment reserve	22 (a)(iii)	169,481	90,127
Retained (loss)/earnings		(78,633,227)	29,772,507
Total Equity		**(78,035,156)**	**30,291,224**
Liabilities			
Non- current liabilities			
Interest bearing Loans and borrowings	23	365,127,523	147,006,556
Employee benefits	24	4,044,331	4,359,648
Lease liabilities	28	-	127,889
Deferred tax liabilities	14	-	14,854,152
Total non- current liabilities		**369,171,854**	**166,348,245**
Current liabilities			
Trade and other payables	26	197,279,592	166,161,861
Contract liabilities	27	20,063,006	16,548,425
Refund liabilities	19c	99,931	112,333
Current tax liabilities	13b	35,110,603	26,208,706
Lease liabilities	28	179,323	53,717
Interest bearing Loans and borrowings	23	37,192,043	8,293,512
Provisions	25	713,211	1,026,008
Total current liabilities		**290,637,709**	**218,404,562**
Total liabilities		**659,809,563**	**384,752,807**
Total equity and liabilities		**581,774,407**	**415,044,031**

The Board approved the financial statements on 26th February 2024

Gbenga Oyebode
Chairman
FRC/2013/NBA/00000002546

Wassim Elhusseini
Managing Director
FRC/2020/003/00000022041

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

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

Statement of Changes in Equity
For the year ended 31 December, 2023

Attributable to equity holders of the company

In thousands of Naira	Note	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
As at 1 January 2023		396,328	32,262	90,127	29,772,507	30,291,224
Loss for the year		-	-	-	**(79,473,781)**	**(79,473,781)**
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss for the year; 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	22a (iii)	-	-	202,882	-	202,882
Share based payment recharge	22a (iii)	-	-	(123,528)	-	(123,528)
Balance as at 31 December 2023		**396,328**	**32,262**	**169,481**	**(78,633,227)**	**(78,035,156)**
Balance as at 1 January 2022		**396,328**	**32,262**	**113,459**	**20,836,160**	**21,378,209**
Profit for the year		-	-	-	48,965,488	48,965,488
Other comprehensive income for the year; net of taxation		-	-	-	-	-
Total comprehensive income; net of taxation		-	-	-	**48,965,488**	**48,965,488**
Transactions with owners, recorded directly in equity						
Dividend to equity holders		-	-	-	(40,029,141)	(40,029,141)
Share based payment contribution	22a (iii)	-	-	131,787	-	131,787
Share based payment recharge	22a (iii)	-	-	(155,119)	-	(155,119)
Balance as at 31 December 2022		**396,328**	**32,262**	**90,127**	**29,772,507**	**30,291,224**

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

Statement of Cash Flows

For the year ended 31 December, 2023

In thousands of Naira	Note	2023	2022
Cash flows from operating activities			
(Loss)/ profit before tax*		(104,025,429)	71,109,371
Adjustments to reconcile (loss)/ profit before tax to net cash flows from operating activities:			
Depreciation of property, plant and equipment and right of use asset	15(a)&(b)	11,672,988	9,752,565
Finance income	10	(5,690,939)	(4,777,113)
Net foreign exchange difference on financing-(Unrealised)	10(iii)	172,975,554	7,488,633
Net foreign exchange difference on others--(Unrealised)	10(iii)	9,355,684	8,015,968
Finance costs	10	38,430,966	12,682,244
Equity settled share based payment transactions	22a(iii)	202,882	131,787
Net service cost for other long term employee benefits**	24	542,241	518,475
Actuarial gain on remeasurement of employee benefits**	24	(922,216)	(168,636)
(Profit)/ loss on the disposal of property, plant and equipment	15(d)	(41,862)	47,542
Expected credit loss/ (write back) on treasury bills	21	30,970	(23,465)
Expected credit loss/ (write back) on intercompany receivables	31	98,827	(75,086)
(Write back)/ expected credit loss trade receivables	29(ii)	(613,019)	127,595
Bad debt recovered***	29(ii)	-	(379,592)
Write down of inventories	19	1,168,227	3,238,111
(Profit)/ loss on the derecognition of right-of-use assets		-	10,648
Loss/ (gain) on lease modification	15f	204,426	(335,438)
		123,182,896	**107,363,608**
Increase in long term receivables		(306,237)	(315,048)
Increase in inventories		(620,256)	(32,612,496)
Decrease/ (increase) in right of return assets		12,165	(27,436)
Increase in trade and other receivables***		(19,269,750)	(38,607,185)
Increase in prepayments		(1,598,663)	(835,197)
Increase/ (decrease) in trade and other payables		6,599,834	(16,243,107)
Increase in contract liabilities		3,514,581	1,096,071
(Decrease)/ increase in refund liabilities		(12,402)	33,370
Decrease in provisions		(312,797)	(1,675,490)
Cash generated from operating activities		**111,189,371**	**18,177,091**
Income tax paid	13b	(27,888,044)	(21,950,370)
Other long term employee benefit paid	24	(474,969)	(504,565)
Share based payment recharge paid	22a(iii)	(123,528)	(155,119)
Net cash from/ (used in) operating activities		**82,702,831**	**(4,432,963)**
Cash flows from investing activities			
Interest on securities and bank deposits	10	5,690,939	4,777,113
Proceeds from sale of property, plant and equipment	15d	444,701	78,402
Acquisition of property, plant and equipment and right of use assets	15 (a)&(b)	(61,247,957)	(27,723,666)
Net cashflows used in investing activities		**(55,112,317)**	**(22,868,150)**

Statement of Cash Flows - continued

For the year ended 31 December, 2023

In thousands of Naira		Note	2023	2022
Cash flows from financing activities				
Proceeds from loans obtained				
-- Intercompany loan		23a	58,166,740	51,567,250
-- Bank loan	- Import Trade Finance Faciliies (ITFF)	23a	90,159,897	50,436,243
Loan repayment	- Import Trade Finance Faciliies (ITFF)	23a	(74,355,075)	(42,911,281)
Lease payment		28	(227,385)	(41,800)
Finance cost paid		23a	(38,681,098)	(782,027)
Dividends paid		22b(ii)	(13,769,740)	(14,026,589)
Net cashflows provided/(used in) by financing activities			**21,293,339**	**44,241,796**
Net increase in cash and cash equivalents			48,883,853	16,940,683
Cash and cash equivalents at January 1st			117,981,705	100,588,547
Effect of exchange rate fluctuations on cash held			949,693	452,475
Cash and cash equivalents at 31 December		**21**	**167,815,251**	**117,981,705**

*In the year ended 31 December 2022 profit after tax was used in reconciliation of cash movement from operating activities, this was adjusted in current year to profit before tax to align with current year presentation.

**Actuarial gain on remeasurement of employee benefits was included in net service cost in the year ended 31 December 2022, this has been presented as a separate line item in 2023 to align with current year disclosure.

***Included in the cash flows from operating activities in 31 December 2022 is the bad debt recovered on expected credit loss on trade receivable to ensure consistency with 31 December 2023 disclosure.

The accompanying notes on pages 60 to 114 form an integral part of these financial statements.

Good food, Good life

Notes to the Financial Statements

Nourishing individuals and families since 1961

Notes to the financial statements

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1. Reporting entity

Nestlé Nigeria Plc ("the Company") is a company domiciled in Nigeria. The address of the Company's registered office is at 22-24, Industrial Avenue, Ilupeju, Lagos. The Company is listed on the Nigerian Stock Exchange. The principal activities of the Company continue to be the manufacturing, marketing and distribution of food products including purified water throughout the country. The Company also exports some of its products to other countries within and outside Africa.

2. Basis of accounting

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria (Amended) Act 2023. They were authorised for issue by the Company's Board of Directors on 26th February 2024.

b) Basis of measurement

The financial statements have been prepared on historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

- Obligations for equity-settled share-based payment arrangements.
- The present value of the defined benefit obligation relating to long service awards.
- Inventory at lower of cost and net realisable value.
- Zero depreciation for Land.
- Financial assets and financial liabilities measured at fair value.

c) Functional and presentation currency

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

d) Composition of the Financial Statement

Financial statements consist of:
(i) Statement of profit or loss and other comprehensive statement
(ii) Statement of the financial position
(iii) Statement of changes in equity
(iv) Statement of cash flows

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.

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 & Cash Equivalents

The Company considers three categories as Cash and Cash Equivalents. Cash and Bank balances which comprises of cash at bank and in hand including cash in transit, commercial papers and time deposits whose contractual maturities (or maturities at inception) are of three months or less. Short term investments which includes commercial paper and time deposits whose contractual maturities (or maturities at inception) are comprised 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).

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

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

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

- 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.

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial 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 consider;
- 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.

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

Derecognition of financial assets

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

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

vi) Impairment of Financial assets (including trade receivables)

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

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

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

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

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

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

II) Financial liabilities

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

Subsequent measurement

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

Financial liabilities 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 method.

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

Interest bearing Loans and borrowings

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

Derecognition of financial liabilities

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

When the Company exchanges with the existing lender one debt instrument into another one with 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.

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.

The cost of certain items of property, plant and equipment at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to its fair value at that date.

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Depreciation methods, assets' residual values and useful life 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.

Depreciation

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

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

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

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

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

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

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

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

- The Lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used.

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

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

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

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

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

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

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

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

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

The Company as lessor

The Company was not part of any lease agreement as a lessor in 2023.

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

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

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

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.

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/2013/004/00000002010.

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) for its management employees whereby it awards shares to deserving employees.

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

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

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

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

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

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.

-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) Advance payment to contractors

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

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.

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 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.

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

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2023.

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 five accounting standards/amendments issued by the International Accounting Standards Board (IASB) which became effective for annual periods beginning on or after January 2023.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(a) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

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

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

(i) Replacement of the term ‘significant’ with ‘material

In the absence of a definition of the term ‘significant’ in IFRS, IASB decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and their nature. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have also been added.

(ii) Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the IASB agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed. The amendments to the Practice Statement 2 also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.

(iii) Disclosure of immaterial information

The amendments to IAS 1 require that if an entity decides to disclose accounting policy information that is not material, it needs to ensure that this immaterial information does not obscure material information.

(iv) Transition

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

(v) Impact

The amendments has no impact on the accounting policy disclosures of the company. The accounting policies adopted are consistent with those of the previous audited financial year.

(b) Definition of Accounting Estimates - Amendments to IAS 8

These amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

(i) Changes in accounting estimates

The amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the IASB.

(ii) Transition

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

(iii) Impact

The amendments has no impact on the accounting estimates adopted in the preparation of these financial statements. In preparing these annual financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the previous company's financial statements.

(c) Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12 Income Taxes, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

(i) Determining the tax base of assets and liabilities

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

(ii) Changes to the initial recognition exception

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the IASB expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

(iii) Transition

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

(v) Impact

The amendments has no impact on the company's financial statements.

(d) International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

In May 2023, IASB issued amendments to IAS 12, which introduced a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes,' respectively.

(I) Disclosures

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

(ii) Transition

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023 but are not required for any interim period ending on or before 31 December 2023.

(iii) Impact

The amendments has no impact on the company's financial statements.

(e) IFRS 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and reinsurance), regardless of the issuing entities, as well as to certain guarantees and financial instruments.

(i) Key Requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent than IFRS 4. IFRS 17 provides a broad model for insurance contracts covering all relevant accounting areas. The core of IFRS 17 is the general model, supplemented by:

a) Accounting for contracts with direct participation features (the variable fee approach)

b) Accounting for short-duration contracts (premium allocation approach

(ii) Transition

In terms of transition, IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17.

The IASB decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

1. Modified retrospective approach - based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application.
2. Fair value approach - the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 Fair Value Measurement and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date).

(iii) Impact

The amendments has no impact on the company's financial statements.

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

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however the company has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the company's financial statements.

(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 seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application).

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

(b) 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.

(c) 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.

(i) Right to defer settlement

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

(ii) Existence at the end of the reporting period

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

(iii) Management expectations

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

(iv) Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or noncurrent. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or noncurrent. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

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

(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.

(e) 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.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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.

  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 assesses when control is transferred using the indicators below:

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

c) Key sources of estimation uncertainty

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.

(i) 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 2023 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

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.

Food Segment

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

Beverages Segment

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

b Information about reportable segment

In thousands of naira	Food		Beverage		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
External Revenues	353,698,856	271,991,171	193,419,898	174,828,089	-	-	547,118,754	446,819,260
Interest revenue	-	-	-	-	5,690,939	4,777,113	5,690,939	4,777,113
Interest expense					(233,503,964)	(20,534,225)	(233,503,964)	(21,136,366)
Depreciation	(7,777,800)	(6,019,743)	(3,909,499)	(3,732,823)			(11,672,988)	(9,752,565)
Reportable segment (loss)/profit before income tax	**71,404,688**	**53,960,631**	**51,259,928**	**32,905,852**	**(226,690,046)**	**(15,757,112)**	**(104,025,429)**	**71,109,371**

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

In thousands of naira

Revenues

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

Profit or loss	2023	2022
In thousands of naira		
Total profit or loss for reportable segments	123,787,597	87,468,624
Other corporate expenses and income	(227,813,026)	(16,359,253)
(Loss)/profit before income tax	**(104,025,429)**	**71,109,371**

Other material items 2023

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

8. Geographical information

In thousands of naira	2023	2022
	Revenue	Revenue
Nigeria	545,936,036	443,408,376
Ivory Coast	155,804	77,111
Ghana	745,694	2,735,293
Burkina Faso	281,220	598,480
Other countries	-	-
Total revenue from contracts with customers	**547,118,754**	**446,819,260**

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	2023	2022
Nigeria	545,936,036	443,408,376
Export	1,182,718	3,410,885
Total revenue	**547,118,754**	**446,819,260**

9.1 Disaggregated revenue information

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**

Timing of revenue recognition	For the year ended 31 December 2022		
	Food	Beverage	Total
Goods transferred at a point in time	271,991,171	174,828,089	446,819,260
Total revenue	271,991,171	174,828,089	**446,819,260**

Disaggregation of revenue—quantitative disclosure

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

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

9.2 Contract balances

In thousands of naira	2023	2022
Trade receivables (Note 20)	4,951,820	4,087,639
Contract liabilities (Note 27)	20,063,006	16,548,425

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.

10. Net finance cost

In thousands of naira	2023	2022
Interest income on Securities and bank deposits	5,690,939	4,777,113
	5,690,939	**4,777,113**
Finance cost		
Interest expense on financial liabilities	(38,430,966)	(12,682,244)
Net exchange difference on translation of foreign currency denominated balances*	(195,072,998)	(8,454,122)
	(233,503,964)	(21,136,366)
Net finance cost	**(227,813,026)**	**(16,359,253)**

*An amount of N602.141 million representing exchange difference on valuation of cash and short-term deposit in 2022 was reclassified from finance cost to administrative expenses for appropriate and consistent disclosure in 2023.

(I) Analysis of Interest Expense

In thousands of naira	2023	2022
Interest expense -- Loan	(37,803,788)	(12,183,974)
Interest expense – Employee benefits	(539,627)	(475,774)
Interest expense – Lease Liabilities	(87,551)	(22,496)
	(38,430,966)	**(12,682,244)**

Included in interest expense on financial liabilities measured at amortised cost is interest expense on intercompany loan amounting to approximately N33.2 billion (2022:N11.4 billion) excluding the impact of foreign exchange differences (realized/unrealized). Interest income is from investment in short term treasury bills of 90 to 180 days.

(ii) Analysis of Foreign exchange Difference

In thousands of naira	2023	2022
Realised exchange loss – loan	(21,147,751)	(513,015)
Unrealised exchange loss – loan	(173,925,247)	(7,941,107)
	(195,072,998)	**(8,454,122)**

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

In thousands of naira	2023	2022
Unrealised exchange loss – loan	(173,925,247)	(7,941,107)
Unrealised exchange gain--Cash and short-term deposits	949,693	452,475
Net foreign exchange difference on financing	**(172,975,554)**	**(7,488,633)**
Unrealised exchange loss on trade payables	(10,114,604)	(8,077,975)
Unrealised exchange gain on inter-group receivables	758,920	62,007
Net unrealised foreign exchange difference on others	**(9,355,684)**	**(8,015,968)**

11. (Loss)/ profit before income tax

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

In thousands of naira	Note	2023	2022
Depreciation of property, plant and equipment and right-of-use assets		11,672,988	9,752,565
Auditor's remuneration		67,951	43,000
Directors' remuneration	12	927,532	560,117
Personnel expenses	12(a)	40,816,181	34,787,521
*Net unrealised foreign exchange difference on others		9,355,684	8,015,968
Net unrealised exchange difference on financing	10(iii)	172,975,554	7,488,633
Expected credit loss /(write back) on treasury bills	21	30,970	(23,465)
Expected credit loss /(write back) on intercompany receivables	31e(ii)	98,827	(75,086)
(Write back)/ expected credit loss on trade receivables		(613,019)	127,595
(Profit)/ loss on the derecognition of right-of-use assets		-	10,648
(Profit)/ loss on property, plant and equipment disposed		(41,862)	47,542
Gain on lease modification	15f	(204,426)	(335,438)
General licence fees		21,310,249	16,779,702

Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results.

* 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 currency.

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

In thousands of naira	Note	2023	2022
Expected credit loss /(write back) on treasury bills	21	30,970	(23,465)
Expected credit loss /(write back) on intercompany receivables	31e(ii)	98,827	(75,086)
(Write back)/expected credit loss on trade receivables	29	(613,019)	127,595
		(483,222)	**29,043**

Non-audit Services

Apart from the statutory and group audit, the firm of EY also offered consultancy services to Nestlé 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 N61.769 million (2022:N29.540 million) was paid to EY for non-audit service in current year 2023. Breakdown of non- audit fees paid to EY during the year are as follows:

In thousands of naira	2023	2022
Immigration Services (Processing of CERPAC Permits)	38,451	26,961
Transfer Price documentation review	3,318	2,579
Attestation of Internal Control Over Financial Reporting Report	20,000	-
	61,769	**29,540**

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

Name of 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/2013/004/00000002010	Valuation of long service awards liability

c) Expenses by nature

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

In thousands of naira	2023	2022
Depreciation of property, plant and equipment and right of use asset (Note 15e)	11,672,988	9,752,565
Auditor's remuneration	67,951	43,000
(Profit)/ loss on property, plant and equipment disposed	(41,862)	47,542
Personnel expenses	40,816,181	34,787,521
General licence fees	21,310,249	16,779,702
Raw materials, purchased finished goods and consumables	284,156,447	223,681,354
Bad debts recovered	(206,403)	(379,592)
Distribution expense	22,511,574	20,902,806
Net unrealised exchange difference on cash and short-term deposits	(807,749)	(602,141)
Advertising	14,350,526	4,613,937
Sales promotion	2,814,722	7,236,364
Factory overheads	26,810,916	23,964,524
Donations	355,568	235,789
Other expenses	3,273	18,258,222
	423,814,380	**359,321,593**

Other expenses* include marketing expenses, product related overheads and trade asset related expenses.

Certain prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results.

Summarised as follows:

	2023	2022
Cost of sales	329,945,347	291,054,270
Marketing and distribution expenses	73,779,995	57,331,351
Administrative expenses	20,089,038	10,935,972
	423,814,380	**359,321,593**

12. Personnel expenses

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

In thousands of naira	2023	2022
Salaries, wages and allowances	21,206,304	17,721,738
Directors' remuneration	927,532	560,117
Contributions to compulsory pension fund scheme	1,937,663	1,861,925
Contributions to defined contribution gratuity scheme	2,088,368	1,772,257
Employee short term bonus	2,120,699	1,606,702
Training, recruitment and meal expenses	2,666,668	2,558,398
Insurance expenses	741,327	484,394
Transport subsidies	2,320,447	1,400,817
Housing subsidies	5,200,104	4,295,053
Medical expenses	1,238,397	788,818
Equity-settled share-based payment transactions	202,882	131,787
Other personnel expenses*	165,790	1,605,515
	40,816,181	**34,787,521**

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

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

			2023	2022
N		N	Number	Number
2,500,001	-	3,000,000	0	45
3,000,001	-	3,500,000	0	25
3,500,001	-	4,000,000	78	8
4,000,001	-	4,500,000	19	424
4,500,001	-	5,000,000	336	89
5,000,001	-	7,000,000	459	546
7,000,001	and	above	1483	1,183
			2,375	**2,320**

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

	2023	2022
	Number	Number
Production	1843	1760
Supply chain	93	98
Sales and marketing	352	365
Administration	87	97
	2,375	**2,320**

c) Directors remuneration

Remuneration paid to directors of the Company was as follows:

In thousands of naira	2023	2022
Directors' Emoluments:		
Non Executive directors	102,344	42,000
Executive directors	825,188	518,117
	927,532	**560,117**
The directors' remuneration shown above includes:		
Chairman	52,303	13,500
Highest paid director	428,367	266,023

*Included in the Chairman remuneration is N43 million exit allowance paid to him for his retirement from office.

In thousands of naira	2023	2022
Other directors received emoluments in the following ranges:		
N N	Number	Number
1 - 10,700,000	3	-
10,700,000 - 11,500,000	-	3
Above 11,500,000	7	5
	10	**8**

13. Taxation

a) Income tax expense

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

In thousands of naira	2023	2022
Current tax expense		
Current period income tax	32,879,735	21,442,851
Current period tertiary education tax	3,910,206	2,267,966
Nigerian Police Trust Fund	-	2,350
Over provision of prior year tax	-	(3,835,719)
	36,789,941	**19,877,447**
Deferred tax (credit)/ expense		
Origination and reversal of temporary differences	(61,341,589)	2,266,436
Total income tax (credit)/ expense	**(24,551,648)**	**22,143,883**

b) Current tax liabilities

In thousands of naira	2023	2022
Movement in current tax liabilities account during the year was as follows		
At 1 January	26,208,706	28,281,629
Charge for the year	36,789,941	19,877,447
Payments in the year	(27,888,044)	(21,950,370)
At 31 December	**35,110,603**	**26,208,706**

c) Reconciliation of effective tax rate

In thousands of naira	2023	2023	2022	2022
(Loss)/ profit for the year		(79,473,781)		48,965,488
Total income tax (credit)/expense		(24,551,648)		22,143,883
(Loss)/ profit before income tax		(104,025,429)		71,109,371
Income tax using the Company's domestic tax rate	30.0%		30.0%	21,332,811
Education tax	-3.8%	3,910,206	3.2%	2,267,966
Nigerian Police Trust Fund	0.0%	-	0.0%	2,350
Non-deductible expenses*	-3%	3,133,366	5.2%	3,710,713
Tax exempt income	0.0%	(26,706)	-0.8%	(545,946)
Tax incentives	0.3%	(360,885)	-0.6%	(401,024)
Recognition of previously unrecognised tax items	0.0%	-	-0.3%	(220,496)
Prior year over provision of CIT	0.0%	-	-5.4%	(3,835,719)
Other tax differences	0.0%	-	-0.2	(166,771)
	23.6%	**(24,551,648)**	**31.1%**	**22,143,883**

14. Deferred tax (assets)/ liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax liabilities are attributable to the following:

In thousands of naira	Assets		Liabilities		Net	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Property, plant and equipment	-	-	22,178,247	19,147,830	22,178,247	19,147,830
Employee benefits	135,374	(1,395,088)	-	-	135,374	(1,395,087)
Unrealised exchange loss	(68,785,892)	(2,854,482)	-	-	(68,785,892)	(2,854,482)
Share based payment	(15,166)	(44,109)	-	-	(15,166)	(44,109)
Tax (asset)/liabilities	**(68,665,684)**	**(4,293,679)**	**22,178,247**	**19,147,830**	**(46,487,437)**	**14,854,152**

In thousands of naira	Balance 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2022	Balance 1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2023
Property, plant and equipment	16,925,408	2,222,422	-	19,147,830	19,147,830	3,030,417	-	22,178,247
Employee benefits	(1,292,352)	(102,735)	-	(1,395,087)	(1,395,087)	1,530,461	-	135,374
Unrealised exchange difference	(3,009,032)	154,550	-	(2,854,482)	(2,854,482)	(65,931,410)	-	(68,785,892)
Share based payment	(36,308)	(7,801)	-	(44,109)	(44,109)	28,943	-	(15,166)
	12,587,716	**2,266,436**	**-**	**14,854,152**	**14,854,152**	**(61,341,589)**	**-**	**(46,487,437)**

15. Property, plant and equipment (PPE)

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

In thousands of naira	Land	Bulding	Plant & Machinery	Motor Vehicles	Furniture & Fittings	IT Equipment	Capital Work in Progress	Total
Cost								
Balance at 1 January 2022	1,214,588	35,132,497	86,064,961	5,457,116	13,137,032	2,182,795	24,483,186	167,672,177
Additions	-	381,390	4,149,156	583,738	691,873	554,106	20,559,598	26,919,862
Disposals	-	-	(340,745)	(424,300)	(163,780)	(19,741)	-	(948,566)
Reclassification	-	1,417,126	8,713,842	137,350	931,376	133,469	(11,333,164)	-
Balance at 31 December 2022	1,214,588	36,931,013	98,587,214	5,753,904	14,596,501	2,850,630	33,709,620	**193,643,473**
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	193,643,473
Additions	-	833,323	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	41,509,889	113,679,231	7,863,514	16,669,137	3,387,776	67,450,390	**251,774,525**
Accumulated depreciation and impairment losses								
Balance at 1 January 2022	-	10,915,617	43,571,914	3,022,790	9,423,595	1,774,103	-	68,708,019
Depreciation	-	965,076	5,531,548	905,079	1,273,405	343,598	-	9,018,705
Disposals	-	-	(215,986)	(424,300)	(163,010)	(19,326)	-	(822,622)
Balance at 31 December 2022	-	11,880,694	48,887,476	3,503,569	10,533,990	2,098,375	-	**76,904,103**
Balance at 1 January 2023	-	11,880,694	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	55,105,998	4,127,453	11,640,421	2,529,469	-	**86,390,734**
Carrying amounts								
At 1 January 2022	1,214,588	24,216,880	42,493,046	2,434,326	3,713,437	408,691	24,483,186	**98,964,157**
At 31 December 2022	1,214,588	25,050,319	49,699,739	2,250,336	4,062,512	752,256	33,709,619	**116,739,370**
At 31 December 2023	1,214,588	28,522,496	58,573,233	3,736,061	5,028,716	858,307	67,450,390	**165,383,791**

(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 N21.832 billion
(ii) As at 31 December 2023, no item of property, plant and equipment was pledged as security for liabilities (2022: Nil)
(iii) There is no impairment of fixed assets recognized during the year 2023.
(iv) The capital work-in-progress of N67.4 billion (2022: N33.7 million) represents buildings and plant and machinery under construction and other property, plant and equipment not available for use in the manner intended by management.

b) Right of Use Assets

The reconciliation of the carrying amount is as follows:

In thousands of naira	Land	Building	Total
Cost			
As at 1 January 2022	4,133,280	1,423,585	5,556,865
Additions	-	803,804	803,804
Modification	-	923,203	923,203
Derecognition	-	(798,723)	(798,723)
Balance as at 31st December 2022	**4,133,280**	**2,351,869**	**6,485,148**
As at 1st January 2023	4,133,280	2,351,869	6,485,148
Additions	-	1,574,912	1,574,912
Modification	-	(66,365)	(66,365)
Derecognition	-	(453,171)	(453,171)
Balance as at 31st December 2023	**4,133,280**	**3,407,245**	**7,540,524**
Accumulated depreciation and impairment losses			
As at 1 January 2022	275,627	432,506	708,133
Depreciation	70,460	663,400	733,860
Derecognition	-	854,810	854,810
Balance as at 31st December 2022	**346,087**	**1,162,641**	**1,508,728**
As at 1 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 as at 31st December 2023	**416,547**	**1,686,724**	**2,103,271**
Carrying amounts			
As at 1 January 2022	**3,857,653**	**991,079**	**4,848,732**
As at 31 December 2022	**3,787,193**	**1,189,228**	**4,976,420**
As at 31 December 2023	**3,716,733**	**1,720,521**	**5,437,253**

As at 31 December 2023, no item of right-of-use assets was pledged as security for liabilities (2022: Nil).

c) Capital commitments

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	2023	2022
Approved and contracted	5,463,310	20,475,000
Approved but not contracted	-	123,800
	5,463,310	**20,598,800**

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

In thousands of naira	2023	2022
Proceed from the disposal	444,701	78,402
Carry amount of plant, property & equipment disposed	(402,839)	(125,944)
Profit/ (loss) on disposal	**41,862**	**(47,542)**

e) Analysis of depreciation of property, plant and equipment

In thousands of naira	2023	2022
Depreciation of property, plant and equipment	10,625,785	9,018,705
Depreciation of right-of-use assets	1,047,203	733,860
	11,672,988	**9,752,565**

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

In thousands of naira	2023	2022
Modification of right-of-use asset during the year	66,365	(923,203)
Depreciation of the right-of-use asset modified	511	854,810
Modification of lease obligation	137,550	(267,045)
	204,426	**(335,438)**

16. (Loss)/earnings and declared dividend per share

a) Basic (loss)/earnings and declared dividend per share are based on (loss)/profit attributable to the owners of the Company for the year of (N79,473,781) (2022: N48,965,488) and declared dividend of Nil (2022: N40.03 million) respectively and on 792,656,252 (2022: 792,656,252) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

In thousands of naira	2023	2022
(Loss)/ profit for the year attributable to shareholders	(79,473,781)	48,965,488
	Number ('000)	Number ('000)
Weighted average number of ordinary shares as at 31 December	792,656	792,656
Basic (loss)/ earnings (Naira)	(100.26)	61.77
Diluted (loss)/ earnings (Naira)	(100.26)	61.77

16. (Loss)/earnings and declared dividend per share (continued)

b) Diluted (loss)/ earnings per share of -N100.26 (2022: N61.77) is based on the (loss)/ profit attributable to ordinary shareholders of (N79,473,781) (2022: N48,965,488), and on the 792,656,252 (2022: 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 (2022: 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	2023	2022
Long term staff receivable *	2,692,073	2,390,905
Amount receivable from customers on account of trade assets deployed **	430,501	425,432
	3,122,574	**2,816,337**

* 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.

18. Prepayments

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

In thousands of naira	2023	2022
Rent prepaid*	489,395	282,226
Insurance prepaid	2,376,292	1,417,288
Other prepayment**	662,013	229,523
	3,527,700	**1,929,038**

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

In thousands of naira	2023	2022
Current Asset	3,430,134	1,929,038
Non-current Asset	97,566	-
	3,527,700	**1,929,038**

*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.

19. Inventories

a) Inventories

In thousands of naira	2023	2022
Raw and packaging materials	38,235,636	50,093,925
Product in process	2,737,059	2,710,068
Finished products	21,178,655	21,317,683
Engineering spares	12,277,378	8,249,342
Goods in transit	13,363,832	5,969,514
	87,792,561	**88,340,532**

b) Write-down of inventory to net realisable value

In thousands of naira	2023	2022
Technical Spare Parts	4,259,600	3,060,644
Raw materials	51,310	177,466
Finished Goods	95,427	-
	4,406,338	**3,238,111**
Movement in write-down of inventory		
At 1 January	3,238,111	-
Charge during the year	1,168,227	3,238,111
At 31 December	**4,406,338**	**3,238,111**

c) Right of return assets and refund liabilities

In thousands of naira	2023	2022
Right to returned goods asset	60,714	72,879
Refund liabilities		
Arising from rights of return	99,931	112,333

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

20. Trade and other receivables

In thousands of naira	Note	2023	2022
Trade receivables		9,251,627	9,000,465
Loans to key management personnel		24,993	10,910
Staff loans		3,142,448	2,977,722
Trade receivables due from related parties	31(e)(ii)	2,846,337	1,383,988
Deposit with Company registrars for dividend	22(b)ii	1,800,010	2,537,334
Allowance for expected credit losses	29	(4,299,807)	(4,912,826)
Expected credit loss on intercompany	31e(ii)	(149,647)	(50,820)
Loans and receivables		**12,615,961**	**10,946,772**
Advance payment to suppliers*		81,647,212	55,541,577
Deposit for Import		3,707,313	12,902,762
Other receivables**		7,379,458	5,662,251
		105,349,944	**85,053,363**
Non-current - reclassified to long term receivables		3,122,574	2,816,337
Current		102,227,370	82,237,026
		105,349,944	**85,053,363**

*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, 2024.

**Included in other receivables are input taxes and vehicle infrastructural support to customers.

Trade receivables

In thousands of naira	Note	2023	2022
Receivables from third-party customers		9,251,627	9,000,465
Allowance for expected credit losses	29	(4,299,807)	(4,912,826)
		4,951,820	**4,087,639**

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 deposit

In thousands of naira	2023	2022
Cash in Hand	38,770	7,969
Cash at Bank	25,171,308	17,168,615
Treasury Bills	142,522,557	100,053,345
Time Deposits	82,616	751,776
Cash and cash equivalents in the statement of cash flows	167,815,251	117,981,705
Allowance for expected credit losses:		
Short term Investments	(80,244)	(49,275)
Cash and short-term deposit in the statement of financial position	**167,735,007**	**117,932,430**
Analysis of ECL		
Opening Balance	49,275	72,740
Charge/ (write back)	30,970	(23,465)
Closing Balance	**80,244**	**49,275**

Cash and cash equivalents included restricted cash of N7.755bn (2022: N7.582bn) 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.

22. Capital, reserves and dividends

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

	2023	2022
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	2023	2022
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 Companies and Allied Matter Act, 2020.

(iii) Share based payment reserves

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

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 2021	3,194	3 years' service
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

The fair value of the PSU is determined on the basis of the market price of Nestlé S.A. shares at grant date, adjusted for the present value of dividends that participants are not entitled to receive during the restricted period of 3 years. The weighted average fair value at the date of exercise of the performance stock units granted in 2023 is N339,851,315 (2022:N373,987,989).

Total share based payment expense recognised in the profit or loss for the year amounted to N202,882,005 (2022: N131,787,000). 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	2023	2022
At 1 January	90,127	113,459
Share based payment contribution	202,882	131,787
Share based payment recharge	(123,528)	(155,119)
At 31 December	**169,481**	**90,127**

b) Dividend

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

	2023		2022	
	Per Share (N)	N'000	Per Share (N)	N'000
Final dividend - 2022/2021	36.50	28,931,953	25.50	20,212,734
Interim dividend	-	-	25.00	19,816,406
	36.50	**28,931,953**	**50.50**	**40,029,140**

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

(ii) Movement in dividend payable

In thousands of naira	2023	2022
At 1 January	10,119,609	9,401,674
Dividend transferred from retained earning during the year	28,931,953	40,029,141
Group dividend transferred to inter group payables	(15,726,014)	(25,284,617)
Payments during the year	(13,769,740)	(14,026,589)
At 31 December	**9,555,808**	**10,119,609**

As at 31 December 2023, N1.80 billion (2022: N2.54billion) of the total dividend payable is held with the Company's registrar, Greenwich Registrars & Data Solutions Limited. The balance of N7.755 billion represents unclaimed dividend (2022: N7.582 billion) which was returned to the Company by the Registrar and has been invested in treasury bills.

23. Interest bearing loans and borrowings

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

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

In thousands of naira	Note	2023	2022
At 1 January		155,300,068	76,864,802
Addition -- intercompany loan		58,166,740	51,567,250
Addition -- bank loan		90,159,897	50,436,243
Repayment -- bank loan		(74,355,075)	(42,911,281)
Interest expense		37,803,788	12,183,974
Interest paid		(38,681,098)	(782,027)
Unrealised exchange loss	10	173,925,247	7,941,107
At 31 December		**402,319,567**	**155,300,068**

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

In thousands of naira	2022	2021
Current liabilities	37,192,043	8,293,512
Non-current liabilities	365,127,523	147,006,556
	402,319,567	**155,300,068**

Terms and debt repayment schedule

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

In thousands		2023			
	Notes	Nominal interest rate	Year of maturity	USD	NGN
Loan from related party	(I)	SOFR + 11.34%	2027	112,053	101,644,397
Loan from related party	(ii)	SOFR + 7.47%	2027	108,815	98,707,175
Loan from related party	(iii)	SOFR + 12.11%	2028	60,165	54,576,273
Loan from related party	(iv)	SOFR + 9.91%	2029	57,037	51,738,833
Loan from related party	(v)	SOFR + 9.95%	2030	64,447	58,460,846
Import trade obligations	(vi)	SOFR + 9.00%	2023	41,001	37,192,043
				443,518	**402,319,567**

In thousands		2022			
	Notes	Nominal interest rate	Year of maturity	USD	NGN
Loan from related party	(I)	SOFR + 11.34%	2027	126,914	58,570,728
Loan from related party	(ii)	SOFR + 7.47%	2027	110,550	51,018,981
Loan from related party	(iii)	SOFR + 12.11%	2028	51,473	23,754,913
Loan from related party	(iv)	SOFR + 9.91%	2029	29,603	13,661,934
Import trade obligations	(v)	SOFR + 6.00%	2023	17,972	8,293,512
				336,512	**155,300,068**

(I) A loan of US$ 100 million was approved for the Company by Nestlé S.A. in April 2020 of which US$100 million was drawn down as at 31st December 2023. The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from April 2020. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 1134 basis points.

(ii) An additional US$ 100 million was approved for the Company by Nestlé S.A. in September 2020 of which US$100 million was drawn down as at 31st December 2023.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from September 2020. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 747 basis points.

(iii) An additional US$ 50 million was approved for the Company by Nestlé S.A. in May 2021 of which US$ 50 million was drawn down as at 31st December 2023.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from May 2021. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 1211 basis points.

(iv) An additional US$ 50 million was approved for the Company by Nestlé S.A. in December 2022 of which US$ 50 million was drawn down as at 31st December, 2023.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 Nestlé S.A. in March 2023 of which US$ 62.25 million was drawn down as at 31st December, 2023.The loan has tenor of 7 years (inclusive of moratorium period of 2 years on interests payment only) commencing from March 2023. The facility which is unsecured attracts interest at 3 months USD SOFR plus a margin of 995 basis points.

(vi) Import trade obligations for Letters of Credit raised under the Import Finance Facilities from our banks in 2023 stood at NGN 39billion as at 31st December 2023. The obligations have a tenor between 90 days and 120 days at SOFR+ 9% interest rate.

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 year was as follows:

In thousands of naira	2023	2022
Balance at 1 January	4,359,648	4,038,600
Net service cost for the year*	542,241	518,475
Interest expense for the year	539,627	475,774
Re-measurement gain - discount rate*	(453,921)	(398,363)
Re-measurement (gain)/ loss - financial assumption*	(208,629)	568,084
Re-measurement gain - demographic assumption*	(157,847)	(327,016)
Re-measurement gain experience*	(101,819)	(11,341)
Payments during the year	(474,969)	(504,565)
Balance 31 December	**4,044,331**	**4,359,648**

*Actuarial gain was included in net service cost in the year ended 31 December 2022, this has been presented as a separate line item in 2023 to align with current year disclosure.

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.

	2023	2022
Long term average Discount rate (p.a.)	16.5%	14.5%
Average Pay Increase (p.a.)	14.5%	14.5%
Benefit awards inflation (p.a.)	15.0%	21%

Demographic assumptions

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

Mortality in Service

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

Sample age	Number of deaths in year out of 10,000 lives	
	2023	2022
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	
	2023	2022
Less than or equal to 30	7.0%	5.1%
31-34	6.8%	4.5%
35 – 39	7.0%	5.1%
40 – 54	4.0%	5.3%
55 – 59	29.7%	10.6%

Sensitivity analysis

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

31 December 2023	Employee benefit obligation	
Effects In thousands of naira	Increase	Decrease
Benefit awards inflation (1% movement)	64,921	(163,757)
Discount Rate (1% movement)	160,898	203,682
Future salary growth (1% movement)	148,689	(457,611)
Mortality Experience (1 year movement)	254,106	135,878

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

In thousands of naira	2023	2022
Within the next 12 months (next annual reporting period)	550,191	420,969
Between 2 and 5 years	2,206,669	1,989,411
Beyond 5 years	8,489,094	3,882,401
Total expected payments	**11,245,954**	**6,292,781**

25. Provisions

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

In thousands of naira	2023	2022
Balance at 1 January	1,026,008	2,701,498
Reversals made during the year	-	(1,588,341)
Provisions used during the year	(312,797)	(87,149)
Balance at 31 December	**713,211**	**1,026,008**
Current	**713,211**	**1,026,008**

26. Trade and other payables

In thousands of naira	Note	2023	2022
Trade payables		35,620,775	36,622,733
Other payables and accruals*		32,417,384	19,775,025
Trade and dividend payables due to related parties	31(e)(I)	119,685,625	99,644,494
Dividend payable to local shareholders	22(b)(ii)	9,555,808	10,119,609
		197,279,592	**166,161,861**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29. Included in other payables and accruals are output taxes and other unpaid invoices under general procurement agreement. Also Included in trade payables and intercompany payables is an amount due to related parties of N52.875 billion dividend payable to Nestlé SPN Switzerland. This has been accounted for in inter group payables (Note 31 (e)(i)).

27. Contract Liabilities

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

In thousands of naira	2023	2022
Customer's down payment	11,893,376	10,828,421
Trade incentives	8,169,630	5,720,004
	20,063,006	**16,548,425**

a) Customer's down payment movements

In thousands of naira	2023	2022
Balance at 1 January	10,828,421	9,615,059
Customer's down payment during the year	214,441,269	224,622,992
Sales during the year	(213,376,314)	(223,409,630)
Balance at 31 December	**11,893,376**	**10,828,421**

b) Trade Incentives movements

In thousands of naira	2023	2022
Balance at 1 January	5,720,004	5,837,296
Charge during the year	24,620,344	21,447,324
Payment	(22,170,718)	(21,564,616)
Balance at 31 December	**8,169,630**	**5,720,004**

28. Lease Liabilities (Obligation under leases)

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

In thousands of naira	2023	2022
As at 1 January	181,607	467,956
Addition	-	-
Modification	137,550	(267,045)
Interest Expense	87,551	22,496
Payments	(227,385)	(41,800)
As at 31 December	**179,323**	**181,607**

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

In thousands of naira	2023	2022
0-12 months	179,323	53,717
2-5 years	-	127,889
	179,323	**181,607**

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's 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's 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.

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

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

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

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

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

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

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

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

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

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

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

i Exposure to credit risk

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

		Carrying amount	
In thousands of naira	Note	2023	2022
Loan and receivables		17,065,415	15,910,419
Cash and short-term deposits		167,815,251	117,981,705
		184,880,666	**133,892,123**

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

		Carrying amount	
In thousands of naira	Note	2023	2022
Distributors		9,251,627	9,000,465
Related parties		2,846,337	1,383,988
Loans to key management personnel		24,993	10,910
Staff loans and advances		3,142,448	2,977,722
Dividend with the company registrar		1,800,010	2,537,334
		17,065,415	**15,910,419**

The Company's most significant customer, accounts for N458.9million (2022: N456.4 million) of the trade and other receivables carrying amount at 31 December 2023.

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 2023 using a provision matrix:

31 December 2023	Trade receivables Days past due						
In thousands of naira	Current	1- 30 days	30 - 60 days	61 - 90 days	91 - 120 days	>120 days	Total
Expected credit loss rate	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	(85,967)	(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**

31 December 2022	Trade receivables Days past due						
In thousands of naira	Current	1- 30 days	30 - 60 days	61 - 90 days	91 - 120 days	>120 days	Total
Expected credit loss rate	0.3%	1.4%	20.6%	34.6%	55.4%	99.7%	
Estimated total gross carrying amount at default	3,620,068	395,121	18,342	86,600	2,296	4,878,038	9,000,465
Expected credit loss	(10,796)	(5,525)	(3,773)	(30,002)	(1,271)	(4,861,459)	(4,912,826)
	3,609,272	**389,596**	**14,569**	**56,598**	**1,025**	**16,579**	**4,087,639**

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

In thousands of naira	2023	2022
As at 1 January 2023	4,912,826	5,164,823
(Write-back)/ charge for the year	(406,616)	127,595
Recovered	-	(379,592)
Balance at 31 December	**4,299,807**	**4,912,826**

The impairment loss as at 31 December 2022 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.

(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 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	197,279,592	199,342,518	(199,342,518)	-	-	-	-
	599,599,158	**622,993,844**	**(217,585,215)**	**(22,296,630)**	**-**	**(169,743,204)**	**(213,368,794)**

31 December 2022							
In thousands of naira	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loans	8,293,512	9,039,928	(4,067,968)	(4,971,960)	-	-	-
Unsecured intercompany loans	147,006,556	147,006,556	-	-	-	-	(147,006,556)
Trade and other payables	166,161,861	166,161,861	(166,161,861)	-	-	-	-
	321,461,929	**322,208,345**	**(170,229,829)**	**(4,971,960)**		**-**	**(147,006,556)**

(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.

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.

(IV) 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

EUR Euro

GBP Pounds Sterling

SGD Singaporean Dollar

CHF Swiss Franc

	As at 31 December 2023				
Amount In thousands	EUR	USD	CHF	SGD	GBP
Intergroup Loan	-	(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	**(23,351)**	**(450,682)**	**(3,578)**	**(31)**	**(8)**

	As at 31 December 2022				
Amount In thousands	EUR	USD	CHF	SGD	GBP
Intergroup Loan	-	(318,541)	-	-	-
Intergroup Receivable	1,093	2,203	-	-	-
Intergroup payable	(9,638)	(98,551)	(3,637)	(30)	(4)
3P payables	(25,568)	(10,985)	-	-	(118)
Net exposure	**(34,113)**	**(425,873)**	**(3,637)**	**(30)**	**(122)**

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

	Year end closing rate	
	2023	2022
Euro	1,003.10	487.70
USD	907.11	461.50

Sensitivity analysis

A weakening of the Naira, as indicated below, against the Euro and US Dollar at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed for USD and Euro being the most significant currency risk the Company is exposed to and on the same basis for 2023, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

At 31 December 2023	On Equity	In Profit or loss
Euro (10 percent weakening of Naira)	(2,342,353)	(2,342,353)
USD (10 percent weakening of Naira)	(40,881,822)	(40,881,822)
At 31 December 2022		
Euro (10 percent weakening of Naira)	(2,091,533)	(2,091,533)
USD (10 percent weakening of Naira)	(24,402,586)	(24,402,586)

ii Interest rate risk

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

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

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

		Carrying Amount	
In thousands of naira	Note	2023	2022
Fixed rate instruments			
*Financial assets (Treasury bills)	21	142,522,557	100,004,071
**Financial liabilities		-	-
		142,522,557	**100,004,071**
Variable rate instruments			
Financial assets		-	-
**Financial liabilities	23a	402,319,567	155,300,068
		402,319,567	**155,300,068**

*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.

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
At 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
At 31 December 2022				
Variable rate instruments	(1,553,001)	1,553,001	(1,553,001)	1,553,001
Cash flow sensitivity (net)	(1,553,001)	1,553,001	(1,553,001)	1,553,001

(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.

(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

	2023		2022	
In thousands of naira	Carrying amount	Fair value	Carrying amount	Fair value
Long term receivables	3,122,574	3,122,574	2,816,337	2,816,337
Loans and receivables*	9,475,205	9,475,205	8,130,436	8,130,436
Cash and short term deposits	167,735,007	167,735,007	117,932,430	117,932,430
	180,332,786	**180,332,786**	**128,879,203**	**128,879,203**

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

Financial liabilities measured at amortized cost

	2023		2022	
In thousands of naira	Carrying amount	Fair value	Carrying amount	Fair value
Unsecured intercompany loan	365,127,523	365,127,523	147,006,556	147,006,556
Secured bank loans	37,192,043	37,192,043	8,293,512	8,293,512
Trade and other payables	197,279,592	197,279,592	166,161,861	166,161,861
	599,599,158	**599,599,158**	**321,461,929**	**321,461,929**

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

c) Capital management

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

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

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

In thousands of naira	2023	2022
Total liabilities	659,809,563	384,752,807
Cash and cash equivalents	(167,735,007)	(117,932,430)
Net Debt	**492,074,556**	**266,820,377**
Total Equity	(78,035,156)	30,291,224
Total Debt and Equity	**414,039,400**	**297,111,601**
Debt to capital ratio at December 31	**1.2:1**	**0.9:1**

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 2023 amounted to N663.2 (2022: N708.5 million). While the contingent assets in respect of pending litigations for the year ended 31 December 2023 amounted to N18.4 million (2022: N443.3 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 2023 was N18.97 billion (2022: N14.7 billion). In 2023, the total value of the Bill held for collection is N353.8 million (2022: N302.1 million). The total worth of loan facilities offered amounted to N58.9 billion (2022: N32.2 billion). The Company also obtained bank guarantees with a value of N509.4 million (2022: N509.4 million).

31. Related parties

a) Parent and ultimate controlling party

As at the year ended 31 December 2023, Nestlé Switzerland (Société Des Produits), the ultimate holding Company owned 66.18% (2022: 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 Société Des Produits Nestlé S.A. The agreement was renewed in 2021 for a period of three (3) years, with effect from 1 January 2021. The technical fee recognised in the current year was N21.3 billion (2022: 16.78 billion). See Note 11a and 11b.

Shared Service Agreement

Nestlé Nigeria Plc also has an agreement with Nestlé Central and West Africa Limited (Nestlé CWA) whereby Nestlé CWA provides and charges for certain common shared services to the Company at a service cost. Service cost as defined by the terms of the contract means: all direct and indirect expenses charges, overheads and administration costs reasonably incurred by Nestlé CWA from time to time during the term of the agreement in providing the shared services, plus a 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 Produits)., incorporated in Switzerland.

c) Transactions with key management personnel

Loan to key management personnel

New loan of N13.6 million was granted to key management personnel during the year ended 31 December 2023 (2022: Nil) . 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 2023, the balance outstanding was N25.0 million (2022: N10.9 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:

In thousands of naira	2023	2022
Short-term employee benefits	199,281	176,355
Contribution to compulsory pension fund scheme	24,593	21,573
Defined contribution gratuity scheme	30,204	26,402
Share based payments	123,528	155,119
	409,197	**379,449**

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 2023.

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

(I) Intercompany payables

In thousands of naira		Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party	Nature of transaction	2023	2022	2023	2022
Nestlé Ghana Limited	Finished goods	6,193,537	2,205,160	5,059,568	925,016
Nestlé World Trade Corporation	PPE/ Services	166,012	5,084,398	97,228	15,901,437
Nestlé Netherlands	Finished goods	121,629	27,258	284,237	235,655
Nestlé Australia Ltd.	IT/IS	4,010,555	2,061,940	2,723,852	2,411,180
Nestlé Cote D'Ivoire	Finished goods	5,791,388	5,037,992	6,743,012	3,717,566
Globe Centre AOA	IT/IS	23,895	31,696	100,324	25,109
Nestlé Portugal, S.A.	Finished goods	192,941	203,785	272,578	234,206
Nestlé R&D Center (Pte) Ltd	Product development	157,062	114,028	286,665	26,341
Nestlé Singapore (Pte) Ltd	Finished goods	181,017	126,557	226,549	128,817
Nestlé Suisse S.A.	Raw materials	13,486	9,983	217,280	82,170
Nestle Cameroun	Spare parts	23,035	4,752	64,748	88,424
Nestlé France Limited	Finished goods	1,872	7,218	839,179	375,296
Société Des Produits Nestlé S.A.	General Lincense Fee/Dividend	41,739	13,833,525	70,058,077	47,431,290
Nestlé Central and West Africa	Management fee	10,234,877	6,998,177	12,385,449	14,502,572
Wyeth Nutritional Singapore	Finished Goods	5,230,268	5,077,579	2,963,486	2,098,253
Nestlé S.A.	Services (Dividend Payable)	123,528	155,119	2,483,155	903,483
Nestlé Mexico, S.A. De C.V.	Goods	16,507,264	12,493,763	13,736,714	9,092,222
Others		2,699,223	3,354,906	1,143,524	1,465,455
		51,713,330	56,827,835	119,685,625	99,644,494

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		Transaction value Year ended 31 December		Balance outstanding as at 31 December	
Related Party	Nature of transaction	2023	2022	2023	2022
Nestlé Burkina	Finished goods and Services	254,891	918,477	389,400	258,323
Nestlé Central and West Africa Limited	Finished goods and Services	1,698,325	57,035	251,612	-
Nestlé Ghana	Finished goods and Services	1,152,478	3,249,700	982,753	770,653
Nestlé Cote D'Ivoire	Finished goods and Services	214,886	97,718	191,843	51,466
Nestlé Angola Lda	Finished goods and Services	6,974	10,851	22,148	7,917
Nestlé Senegal	Finished goods and Services	6,690	-	1,458	-
Nestlé Cameroun	Finished goods and Services	365,870	190,307	980,449	203,012
Nestlé Middle East	Services	-	10,192	-	10,438
Nestec S.A.	Services	6,492	-	2,010	-
Others	Finished goods and Services	75,058	1,705,603	24,664	82,179
Gross Balance		**3,781,665**	**6,239,883**	**2,846,337**	**1,383,988**
Expected Credit Loss				(149,647)	(50,820)
Net Balance		**3,781,665**	**6,239,883**	**2,696,690**	**1,333,168**

Movement in expected Credit Loss

	2023	2022
Opening Balance	50,820	125,906
(Write back) / Charge for the year	98,827	(75,086)
Closing Balance	**149,647**	**50,820**

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

The Company made a net loss of N79 billion (2022: net profit N49 billion) for the year ended 31 December 2023 and as at that date, its total liabilities exceeded its total assets by N78 billion (2022: net asset N30 billion).

In 2023, the company's revenue grew by 22.4%, an increase of 100billion and the operating profit increased by 41.2%. The net cashflow of the company remained positive at 49billion. Further, the company invested 61 billion in the expansion of its lines at the three factories located in Agbara, Sagamu and Abaji. We also invested in the enhancement of our distribution center (DC) operations at Sagamu, Ogun State.

The company launched 5 new products and ventured into affordable plant-based nutrition through NIDO Soya. Other promissory new products that were introduced to the Nigerian customers are Maggi Soya Chunks, Milo 3-in-1, Cerelac Bag-n-Box, Milo Enersnakz and NIDO Soya.

Despite the strong operational performance, the net profit is impacted by significant devaluation of the Naira. The company believes that as macroeconomic situation stabilizes, the same would yield positive impact to the overall economy as well as company results. The company has taken robust margin management and cost management initiatives to address significant forex volatility and cost inflation.

On route to market, the company has expanded its footprints into 46 new towns and increased the base of the distributors by 48 distributors. We also expanded our reach to 223,923 outlets. To strengthen our nutrition offering, we have strengthened our medical delegate to reach more hospitals and towns.

The company recruited 250 additional Staff. 5 technical trainees were also sent to the Group headquarters, at Switzerland, for capability development. The company has focused on enhancing capabilities in the domain of energy efficiency and invested 815million in new LNG plant at Agbara factory. The startup LNG facility will help us to further reduce costs and improve operational efficiency.

During the course of the year, the company received multiple awards as "Best Contributing Employer in training activities for 2023 within the Isolo Area Jurisdiction", "Winner of the HR Best Practice Award in the FMCG Sector in Nigeria", "Best Employer in Food and Beverage Category", "Best Company in Rural Population Integration", "Best Company in Food Security", "Most Responsible Organization in Africa: 2nd Runner-up", "One of the Top 20 companies in Environmental Sustainability", "Best Company in Corporate Social Responsibility", "Best In Community Relations", "Best in Internal Communications and Employee Engagement", "Organization with the Highest Number of Job Placements for Technical Trainees" and "1st Runner Up for the overall HR Best Practice Award in Nigeria".

The company remains committed to serving Nigerian consumers with its world class products, by offering nutrition at affordable pricing. Specific actions are being undertaken by the management to improve the overall profitability of the company in a very difficult operating environment, which the company plans to roll out in subsequent year, subject to the shareholder's approval, to improve the operational and financial performance of the Company.

The financial statements of Nestlé Nigeria Plc have been prepared on a going concern basis which assumes the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the forseeable future as the Company has a continuing support from her parent company, Société Des Produits Nestlé S.A. Switzerland.

33. Subsequent Events

There are no significant subsequent events which could have a material effect on the results of the Company as at 31 December 2023 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.

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Other National Disclosures

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Value Added Statement

In thousands of naira	2023	%	2022	%
Revenue	547,118,754		446,819,260	
Brought in materials and services				
- Local	(166,878,895)		(132,220,430)	
- Imported	(203,963,094)		(182,590,119)	
	176,276,766		132,008,711	
Finance Income	5,690,939		4,777,113	
Value Added	**181,967,704**		**136,785,824**	
Distribution of Value Added:				
To Employees:				
- Employees as wages and salaries and end of service benefits	40,816,181	23	34,787,521	26
To Providers of Finance:				
- Finance Costs	233,503,964	128	21,136,366	15
- Company tax	36,789,941	20	19,877,447	15
Retained in the business:				
- Depreciation of PPE and ROU assets	11,672,988	6	9,752,565	7
- Deferred tax	(61,341,589)	-34	2,266,436	2
- (Loss)/ profit transferred to reserves	(79,473,781)	-44	48,965,488	36
	181,967,704	**100**	**136,785,824**	**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

In thousands of naira	Note	2023	2022	2021	2020	2019
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		169,481	90,127	113,459	113,811	123,076
Retained Earnings		(78,633,227)	29,772,507	20,836,160	28,754,583	45,005,964
Shareholder's Fund		(78,035,156)	30,291,224	21,378,209	29,296,984	45,557,630
Current Liabilities		290,637,709	218,404,562	195,517,985	166,030,351	125,535,430
Non-current Liabilities		369,171,854	166,348,245	93,342,310	50,857,661	22,281,255
		581,774,407	**415,044,033**	**310,238,504**	**246,184,996**	**193,374,314**
Asset Employed						
Non Current assets		220,528,621	124,532,127	106,314,178	94,683,541	86,336,830
Current assets		361,245,786	290,511,904	203,924,326	151,501,455	107,037,484
		581,774,407	**415,044,031**	**310,238,503**	**246,184,996**	**193,374,314**

In thousands of naira	Note	2023	2022	2021	2020	2019
Revenue		**547,118,754**	**446,819,260**	**351,822,329**	**287,084,087**	**284,035,255**
(Loss)/profit before income tax		(104,025,429)	71,109,371	61,875,342	60,638,443	71,123,824
(Loss)/profit for the year		(79,473,781)	48,965,488	40,037,277	39,212,025	45,683,113
Other comprehensive (loss)/ income, net of tax		-	-	-	-	-
Total comprehensive (loss)/ income, net of tax		(79,473,781)	48,965,488	40,037,277	39,212,025	45,683,113
Declared dividend*		28,931,953	40,029,141	47,955,703	55,485,937	50,333,672
Per 50k share data:						
Basic (loss)/earnings per share		(100.26)	61.77	50.51	49.47	57.63
Diluted (loss)/ earnings per share		(100.26)	61.77	50.51	49.47	57.63
Dividend paid		36.50	50.50	60.50	70.00	63.50
Net assets per share		(100.26)	38.21	26.97	36.96	57.47

* 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 2023

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.

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Additional Corporate Information

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Shareholders' Information

Ten Year Dividend History

Year	Dividend No.	Profit After Taxation (N'000)	Dividend Declared (Gross) (N'000)	Dividend Per Share (kobo)	Dividend Type
2014	59	22,235,640	7,926,562	1000	Interim
	60		13,871,484	1750	Final
2015	61	23,736,777	7,926,562	1000	Interim
	62		15,060,468	1900	Final
2016	63	7,924,968	7,926,562	1000	Final
2017	64	33,723,730	11,889,843	1500	Interim
	65		21,798,046	2750	Final
2018	66	43,008,026	15,853,125	2000	Interim
	67		30,517,265	3850	Final
2019	68	45,683,113	19,816,406	2500	Interim
	69		35,669,531	4500	Final
2020	70	39,212,025	19,816,406	2500	Interim
	71		28,139,296	3550	Final
2021	72	40,037,277	19,816,406	2500	Interim
	73		20,212,734	2550	Final
2022	74	48,965,488	19,816,406	2500	Interim
	75		28,931,953	3650	Final
2023		(79,473,781)	Nil	Nil	

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

31 Dec	Turnover (N'000)	Profit Before Tax (N'000)	Taxation (N'000)	Profit After Tax (N'000)
2014	143,328,982	24,445,978	2,210,338	22,235,640
2015	151,271,526	29,322,477	5,585,700	23,736,777
2016	181,910,977	21,548,408	13,623,440	7,924,968
2017	244,151,411	46,828,682	13,104,952	33,723,730
2018	266,274,621	59,750,846	16,742,820	43,008,026
2019	284,035,255	71,123,824	25,440,711	45,683,113
2020	287,084,087	60,638,443	21,426,418	39,212,025
2021	351,822,329	61,875,342	21,838,065	40,037,277
2022	446,819,260	71,109,371	22,143,883	48,965,488
2023	547,118,754	(104,025,429)	24,551,648	(79,473,781)

Shareholders' Information (cont'd)

Share Capital History

The share capital of the Company is as indicated below. The issued and paid up capital of the Company as at 31 December 2023 is N396,328,126.

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

Unclaimed Dividend Warrants, Bonus and Rights Certificates

Div. Number	Date of Payment	Unclaimed Dividend N'
49	December 7, 2009	18,570,927.32
50	April 28, 2010	116,935,910.82
51	January 10, 2011	47,010,571.05
52	April 29, 2011	213,872,365.98
53	December 12, 2011	26,566,084.35
54	April 27, 2012	189,565,399.43
55	December 24, 2012	30,209,843.70
56	May 10, 2013	344,065,506.75
57	December 9, 2013	28,441,908.00
58	May 13, 2014	452,292,198.43
59	December 8, 2014	158,755,599.00
60	May 12, 2015	316,773,292.50
61	December 7, 2015	182,535,380.00
62	May 24, 2016	336,089,454.00
63	May 24, 2017	182,927,073.00
64	December 11, 2017	258,746,813.20
65	May 22, 2018	568,408,076.50
66	December 10, 2018	406,852,504.00
67	May 28, 2019	782,516,962.15
68	December 9, 2019	516,741,370.00
69	July 2, 2020	907,836,129.00
70	December 7, 2020	515,646,727.50
71	June 22, 2021	728,686,308.95
72	December 7, 2021	540,573,210.00
73	June 29, 2022	580,091,289.00
74	December 5, 2022	534,219,255.00
75	May 18, 2023	554,841,135.50

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

For Unclaimed Dividend warrants, Please contact:

The Managing Director,

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

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

Head Office

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

Factories/Distribution Centres

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

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

ABAJI FACTORY
Plot No CP/ED1395 Phase II Extension,
Layout II, FCT, Abuja Tel: 08052797010

DISTRIBUTION CENTRES

Km 7, Idi-Iroko Road, Sango-Ota, Ogun State

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

Branch Offices

LAGOS
No. 10, C.D.E. Industrial Crescent
Ilupeju, Lagos.
Tel: 08052797830

IBADAN
Plot 6a Commercial Reservation,
opposite Christian Missions For
The Deaf, Kudeti Avenue,
Onireke G.R.A., Ibadan,
Oyo State.
Tel: 08052797075

ENUGU
No. 1, Coal Garden City Estate,
off Okpara Avenue, Enugu
Tel: 08052797091

PORT HARCOURT
No. 89 Stadium Road, Beside
Fedex Office, Port Harcourt
Tel: 08052797092

ABUJA
Plot 348. M B Aliu Mustapha
Boulevard, Wuye District, Abuja.
Tel: 08052797387

KANO
22 Gashash Road, off Race
Course Road, Beside Well Care
Supermarket, Kano.
Tel: 08052797156

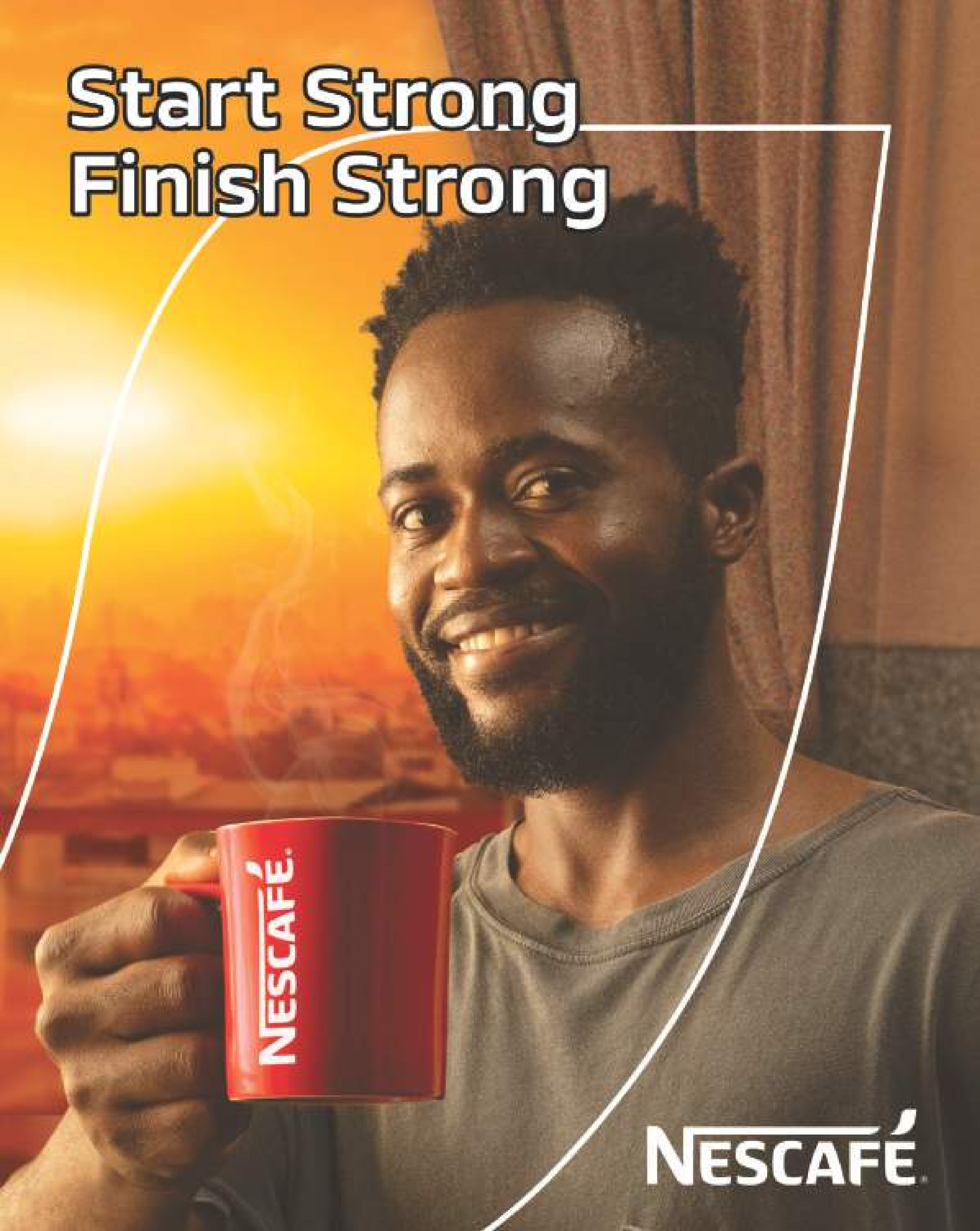
JOS
Nicon Building, No 4 State
Secretariat Road Jos,
Plateau State.
Tel: 08052797144

Nestlé

Good food, Good life

Our Leading Brands

Nourishing individuals and families since 1961



Start Strong
Finish Strong
NESCAFÉ
NESCAFÉ

NESCAFÉ

NESCAFÉ has over the years maintained it's category leadership and a strong brand presence in the Nigerian market, offering consumers a consistent unique Coffee experience, with mild, stimulating attributes (Taste and Aroma) connecting its consumers to the world of Coffee, making it the most loved instant Coffee brand in Nigeria.

In the past year, we have continued to recruit new users into the world of coffee, morning after morning, cup after cup; amplifying our brand offering through locally relevant communication positioning NESCAFÉ as the ideal morning ally to start the day strong. We continue to provide our consumers with exciting ways to enjoy their favorite Coffee beverages, with the portfolio offering – **NESCAFÉ 3in1 Original, NESCAFÉ Pure Soluble Coffee, NESCAFÉ 3in1 Malty and NESCAFÉ Ready-To-Drink".**

In addition, we have continued to provide value offers to our consumers in a bid to cushion the economic realities and shrinking out of pocket spend through promotions that offer free sachets / rolls to shoppers and retailers, respectively.

NESCAFÉ Original

3in1 (25g Sachet)

Is an instant mix of Coffee, Creamer and Sugar; keeps you alert and helps you make the best of your day.

NESCAFÉ Malty

3 in 1 (25g Sachet)

is a unique blend of Coffee, Creamer, Sugar, and Malt. Giving consumers that delicious taste with the goodness of malt.

Through these actions,

194 million cups

of NESCAFÉ (Mixes) were consumed in Nigeria in 2023.

We believe that our brand is more than just Coffee. It represents the spirit of the Nigerian people and the values that make our country great. We remain focused on our commitment to over delivering high-quality Coffee products and providing exceptional experiences to our consumers, we aim to make every day better, with great tasting Coffee, cup after cup.

Start Strong, Finish Strong


A NEW
LOOK TO
Nestlé
Purelife
Nestlé PureLife
PROTECT

Nestlé Pure Life® continues to be the world's leading bottled water brand, providing pure, safe water in over 40 countries across five continents. Our commitment to healthy hydration is unwavering, as we strive to make it accessible and affordable for all. Our bottle formats are designed to be both economical and convenient, ensuring high-quality refreshment is always within reach to quench your thirst on-the-go.

We believe in creating shared value for society, and our efforts to optimize packaging have significantly reduced PET consumption. As we boldly engage in the future, **our purpose remains clear: championing pure water for healthier generations.** This mission is rooted in the belief that water is essential to life and should be cherished.

Today, we offer a range of Skus for every family's need:

Nestlé Pure Life Regular
Easy-to-grip, reasonable plastic bottled water that's perfect for lunch, or to bring to work or class. Our 60cl bottle will keep you hydrated whenever and wherever you are.

Nestlé Pure Life Protect
provides an added boost with zinc, supporting your body's natural defenses further demonstrating our commitment to health.

Nestle Pure Life's Journey Towards a Sustainable Future in Nigeria

Imagine a world where our waste becomes a valuable resource.
Nestlé Pure Life is at the forefront of this movement. We understand the gravity of plastic waste and are taking concrete steps to "Close the Loop."

We embarked on a remarkable journey, not just reducing plastic usage by over 15% since 2013, but also achieving a groundbreaking milestone: 50% of our bottles in Nigeria now contain recycled PET (rPET)! This means every sip you take contributes to a cleaner, greener future. This pioneering move, a first for both the bottled water industry and companies in Nigeria, signifies a major leap towards a greener future. Nestlé's ambition is that 100% of our packaging is reusable or recyclable by 2025 and as such Nestlé Pure Life is committed to collect as many plastic bottles as we produce by 2030.

But our journey doesn't stop there. We joined forces with partners like ALEF Recycling Company to establish a reliable source of food-grade rPET within Nigeria. This not only reduces dependence on virgin plastic but also creates a self-sustaining cycle for plastic waste management.

Imagine used plastic bottles transformed not into landfill burdens, but into the building blocks for new Nestlé Pure Life bottles. This circular economy ensures less reliance on virgin plastic, significantly reducing environmental impact.

Nestlé Pure Life's story is one of innovation, collaboration, and a deep commitment to sustainability. Our focus on increasing rPET usage and building a strong recycling infrastructure paves the way for a future where plastic waste becomes a thing of the past. We are leading the charge towards a cleaner, greener Nigeria. Our vision is that none of our packaging, including plastics, ends up in landfill, oceans, and rivers. We are working hard to deliver on it and help achieve a waste-free future. We are committed to preserving the environment and to help protect, renew, and restore planet earth's resources. We aim at zero impact of our packaging, and we are striving to achieve plastic neutrality by 2025.

Join the movement. Recycle. Repurpose. Reimagine. Together, let's close the loop and create a more sustainable future for generations to come.

Nestlé Pure Life®: Your trusted partner for healthy hydration and a sustainable future.

Every Nestle Pure Life bottle contains 50% recycled plastics!
This means that every sip you take contributes to a cleaner, greener future.

MAGGI
MAGGI CUBE
MAGGI CUBE

MAGGI believes in the power of cooking, because the way we cook everyday impacts on us and on the planet. So, we craft natural tasty and nutritious meals and together, we simply Cook the Difference.

Our MAGGI Seasoning Cube is a unique bouillon made from carefully selected natural ingredients, one of which is Soya beans, using a process that only MAGGI knows, to bring out the authentic taste in our dishes. It is a good source of Iron and Iodine.

MAGGI is available in different variants and flavors (**Maggi Star, Maggi Chicken, Maggi Crayfish, Maggi Signature Jollof Powder, Maggi Mixpy Powder and Maggi Soya Chunks**) to cater to every moment of the cooking experience.

MAGGI has continued the “reiMAGGIne” journey, which has now defined a set of values and commitments that impacts the way we support individuals and families to make healthier and tastier food choices.

Our 'Simply Good' philosophy means that amongst other commitments, “MAGGI is committed to inspire and help you cook good food with fresh ingredients every day; for your family”. We are driving our evolution based on a set of values that impact the way we craft products and services. Anchored in taste and balance principles, the objective of 'Simply Good' is to build trust with transparency in our products and processes. These commitments respond to the preference of today's consumers for products with more familiar and common ingredients, natural or organic, with minimal processing.

MAGGI brings one of its 'Simply Good' commitments, of 'Raising awareness about healthy lifestyle, cooking and diets', to life through its engagement platforms (**MAGGI Caravan activation, MAGGI Let's Jollof Activation, MAGGI Diaries, and Food and Everything Else**) with more than 20mio people reached online and offline in 2023.

Also, as part of our commitments to supporting individuals and families to making healthier and tastier food choices, MAGGI was proud to introduce a new baby into the family in December 2023. Maggi Soya Chunks which is a tasty, affordable, plant based ready to cook protein dish which will bring nutritious protein to consumers in an affordable and sustainable way.

Made from soy, each pack provides enough protein for up to eight people, with less saturated fats and cholesterol, at lower cost when compared to animal protein. To help address the main micronutrient deficiencies in the region, they are fortified with iron and zinc.

The soya chunks have a taste, texture, and functionality that is close to meat, making them a versatile protein source for a variety of family meals such as rice dishes, stews, and spaghetti.

The product comes in a shelf-stable format, making it accessible to a wide range of consumers, including those in areas where there is a limited cold supply chain. During cooking, the chunks become hydrated and develop the tasty meat like texture.

Being the market leader in a highly competitive environment, MAGGI will continue to be the number one partner/ally to our consumers and enable them to make a difference through their everyday cooking and everyday life.

Soya Chunks

Made from soy, each pack provides enough protein for up to eight people, with less saturated fats and cholesterol


Nestlé
GOLDEN MORN
100%
Naija Maize and Soya
Iron, Vitamins C, B1, B5
Nestlé.
Good Food, Good Life

The GOLDEN MORN Advantage:

495million bowls
consumed in 2023

63.0% market share
of the total RTE cereal consumed in the year

100% local sourcing
of the maize and soya used in production

12,015 grain farmers trained
on best agricultural practices

124 Young Agri-preneurs empowered

Nestlé GOLDEN MORN ™ #MoreThanACereal

Golden Morn™ has maintained its position as the number one breakfast cereal in Nigeria. Our locally sourced Maize and Soya cereal is fortified with GRAINSMART, a smart blend of Iron, Vitamins B1, B5, and C that facilitates the efficient release of energy. This not only provides delicious nourishment but also enables consumers to make the most of everyday, promoting optimal nutritional health.

Our commitment to delivering shared value remains steadfast. We partnered with local farmers and collaborated with the Enterprise Development Center of the Pan-Atlantic University to empower young Nigerian farmers through our Agri-preneur Webinar series. Additionally, we awarded grants to 24 businesses to support their growing Agri-business.

To effectively engage our consumers, we leveraged various channels including media and digital platforms. We also implemented innovative campaigns and activations such as the "Arewa Experience" in the North, a sampling activation platform aimed at driving penetration and increasing our market share. Similarly, the "Golden Moments" activation in the South enhanced consumer engagement and solidified brand loyalty. These initiatives ensured continuous consumer interaction and reinforced our brand's positioning. Other Initiatives like "The Blue Bowl Podcast" also catered to a youthful audience, facilitating vibrant discussions on life and social issues.

As we set our sights on the future, we remain resolute in our objective to maintain our position as the authority in breakfast nutrition and enhance the quality of life for consumers nationwide. We remain focused on delivering superior value, nourishing individuals and families across Nigeria, maintaining our strong market share leadership, and driving shared value and sustainability goals to achieve outstanding success in the coming year.


START THEIR DAYS WITH NOURISHING ENERGY!
Nestlé MILO
NEW GREAT TASTE
Nestlé MILO
ENERGY FOOD DRINK
SUPPORTS ENERGY RELEASE
Nestlé
Good Food, Good Life

MILO – the energy food drink of future champions – proudly maintains its position as Nigeria's market leader in the Cocoa Malt Beverage category. Renowned for our delicious taste, energizing properties, and unwavering commitment to promoting sports and healthy development among children, MILO remains an integral part of Nigeria's breakfast table.

Market Leadership and Expansion

In 2023, MILO consolidated its position as the market leader within the Cocoa malt beverage category, gaining back 620 basis points of market share. This success highlights our continued commitment to delivering quality products that resonate with our consumers' tastes and preferences.

Launch of MILO 3in1 and Smart Mum Campaign

A significant milestone of the year was the successful launch of MILO 3in1, accompanied by the innovative Smart Mum Campaign. Understanding the challenges faced by mothers in balancing nutrition and taste for their families, MILO introduced the Smart Mum Campaign. This campaign aimed to provide value for money by offering a nutritious breakfast solution that children love. By combining the goodness of MILO with the creaminess of milk, MILO 3in1 ensures that children enjoy a healthy start to their day while easing the burden on mothers.

MILO Sports Development Program

Our dedication to promoting grassroot sports and a healthy lifestyle was further demonstrated through the MILO Sports Development Program. In 2023, we reached over 4,000 schools across Nigeria, impacting the lives of more than 3.5 million children and parents. By integrating breakfast and sports education into school curriculums, we aimed to instill the values that sports teach while building healthy habits in the younger generation, therefore building well rounded adults in the future.

"The energy food drink of future champions"

23rd MILO Basketball Championship

The 23rd edition of the MILO Basketball Championship continued to inspire young athletes and basketball enthusiasts nationwide. With 11,038 schools and over 220,000 students participating, the championship showcased the immense talent and passion for the sport across Nigeria. Partnering with the Nigerian Schools Sports Federation (NSSF) and the National Collegiate Sports Foundation, MILO provided a platform for young athletes to compete and excel on a national stage.

The championship culminated in thrilling victories for Government Secondary School Karu in the boys' category and Topfield College in the girls' category. However, beyond the winners, this year's championship was marked by a heartwarming story of inclusion. MILO's initiative to include children with special needs reaffirms our commitment to diversity and empowerment through sports. This groundbreaking initiative received widespread praise, highlighting MILO's role in fostering inclusivity and providing equal opportunities for all aspiring athletes and kids.

As we reflect on the achievements of 2023, MILO remains steadfast in its commitment to empowering future champions and promoting a healthy and active lifestyle across Nigeria. Through innovative products, impactful initiatives, and strategic partnerships, we endeavour to inspire the next generation of champions and leaders, fueling their journey towards success.

In 2023, we impacted more than
3.5 million
children and parents
in Nigeria through the MILO sports development program


Choose Double Goodness
Milk & Soya
Nestlé
NIDO
DELICIOUS MILKY TASTE
FORTIFIED WITH IRON
MILK & SOYA
Instant Powder Mix
Net Weight
12g
Double Goodness
Adult's GDA*
Nestlé
Good Food, Good Life

"The Double Goodness of Milk and Soya"

Milk is an important source of nutrients like protein, calcium, and vitamins, and provides several health benefits across all life stages. On the other hand, plant-based ingredients are also an important source of protein, essential amino acids, healthy fats, other nutrients, and come with sustainability benefits. To deliver the best of both worlds, we are innovating products that are made with a blend of milk and plant ingredients.

We have recently launched the company's first affordable and nutritious instant powder in Nigeria that is made with a blend of milk and plant ingredients. By combining the double goodness of milk and locally sourced soy, it contains essential nutrients such as protein and fiber and is a source of iron and calcium. Developed locally by Nestlé experts at the regional R&D center in Abidjan, Côte d'Ivoire, the versatile product can be enjoyed with a variety of cereals, porridges, and drinks.

For over six decades, Nestlé has been committed to enhancing the daily nutrition of Nigerian households. The new NIDO Milk & Soya Instant Powder Mix marks another step in this journey as it reinforces our commitment to providing affordable, nutritious options that benefit individuals, families, communities, and the environment.

Nido® Milk & Soya is now available in Nigeria

Nestlé
Good food, Good life

Distributors

Nourishing individuals and families since 1961

List of Distributor

#08VIC Enterprises	247 Household Ventures	2Nd Home Restaurant
A A Chambers	A D Basharu And Sons Nigeria	A M B Shamak'S Enterprises
A. E. Chrismerchants Ltd	A. I Zidan Trust Nigeria Limited	A.A Dayi Nigeria Ltd
A.M.Z. Global Investment Nig. Ltd	ABJ Fountains Blessed	Ablettdrive Impact Solutions Limited
Ablettmax Investment LIMITED	Abstol Global Procurements ltd	Abu Haneefah Links Global Concept
Achida Saidu Usman and Sons	Acute Index Limited	Acute Waters & More Limited
Adbak Global Enterprises	Ade Distribution And Investment	Ade Ventures
Adebukola and Sons Limited	Ademoj Integrated Services	Adetimehin Integrated Investment
Adsahab Trading & Investment Ltd.	Africom Wholesales LIMITED	Aishamin Commercial Enterprises
Ajoke Stores Limited	Akbro Limited	Akuwen Investment Limited
AL-Babello Trading Company Limited	Al-Haqq Air Travels & Tours LTD	Al-Wadud Ventures Limited
Alabum Global Services	Albajo Associates LIMITED	ALBAWA INTERNATIONAL INVESTMENT LTD
Alerzo Limited	ALH ABUBAKAR ZAMAU	Alh Ibrahim Usman Achida & Sons Ltd
Alh Sani Sale Kunini & Sons Venture	Alh Yasir A Umar Ent	ALH. RUFAI MUHAMMAD NIG. ENTERPRISE
Alhaji A M Ibrahim Maizare	Alhaji Amadu Hussaini & Sons Multi	Alhaji Dalha Garba and Sons Limited
Alhaji Garba Dankane Jega	Alhaji Mohammad Monguno	Alhaji Salihu Dan Halima Nig.Co.Ltd
Alhaji.M.Idris & Sons Ltd	Ali Sa'adu Muhammed	Allanka Nigeria Limited
Amaechi Ike and Company (Nig)	Amana Superstores	Aminami Global Ventures
Ammak Global Ventures	Anas Ibrahim SO Enterprises	Anema Ventures LIMITED
ANIKE FASEYINTAN TRADING ENT.	Apuma Trading Stores	Arindan & Sons Enterprise
Atamin Global Integrated Investment	Atreos Retail Platform Limited	AV-TEC Limited
Baklat Nigeria Limited	Bampeals Enterprises LIMITED	BANESTO GLOBAL RESOURCES LTD
Basrose Stores	Bayham Ideas Limited	Bellamat Gold Limited
Bells Stores	Beuvic International Nigeria	Bimpeolas Ventures Limited
Bisbell International Ventures	Blaystone Resources Limited	Bobby Viana Ventures
Braw Multiservices	C & C Cleotel Nigeria Limited	C I Obioha and Sons
C N Honesty Enterprise	C. Ifeanyi Onyems and Sons	Casanthonio Nig. Ltd
CEC Global Ventures	Cee Jay & Glo Resources	Celah Global Concepts Limited

List of Distributors

Centre Stage Merchants LTD	Chamuze Nigeria Limited.	Chiresa Nigeria Enterprise
Chyzon Phones	Commints Foods LIMITED	Consecration Limited
CVC Consult and Services	D05 Enterprise	Dan Kano Stores
Darot General Enterprises	Darvon Resources	Daslad Heritage Company
Davnic Kings Limited	Daybos Venture Nigeria Enterpise	Daydun Link Stores
Dayo Onigbinde Enterprise	De Impress Mart	De Majok Global Ent
Debby Mega Merchants Limited	Dei Fille Consult LIMITED	Deke Supermarket
Delifrost Caterers Nig Ltd	Demyke Global Oil & Gas Ltd	Digital Frontiers Solution Limited
Dile Nigeria Limited	Diligent Pharmacy Limited	Divine Dopacy Nigeria Limited
Divine Touch Party Rental	Dokkalhairu Investment Nigeria	Dolat Multi Enterprises
Dom Tom Venture	Domase Nigeria Enterprises	Doney Dot Limited
Doosam Continental Concepts	E H Okika	E V Okpalaoka and Sons Nig Ltd
E.Mekar	Ebebiz Investments Nig Ltd	Ebi Ayoni Resource Concept Limited
Ecart Internet Services Nig. Ltd	ED Financials and Project MGT	Edinwo Supermarket Ltd
EDLP Nigeria Limited	Egatee Online Ng Limited	EK Glory Limited
Ekogees Resources Ltd	El-Dorado Multipurpose Int'l	Elegant Fabrics Ventures
Elymay Nigeria Limited	Emmanuel Bakeries Limited	Emmatage Services
Enjeck Dynamic Concept limited	Enstore Nigeria Limited	Esuko And Sons Enterprises
Eunima Global Resourses	Everyday Supamarket Nigeria Ltd	Ezenduka Automobile Nigeria Ltd
Fastrack Engineering Limited	Fauziya Investment Limited	FB Multi-Services Limited
FEZACHI INTERNATIONAL LTD	Fola-Imran Farms	Fomi Faith Nigeria Ltd
Food Concept Limited	Fortunes Renaissance Enterprises	Frantella Igwilo & Sons Limited
Fremani Global Resources Limited	Funky Stores Nigeria Limited	Fusaha Ventures
G Growth Agro Allied Ltd	Garmas and Sons Nigeria Limited	Gartma Ventures Ltd.
Gazillion Global Resourses	Gbol-Fem Ventures	Gbolade Adedoyin Investment Limited
Genesis Foods Nigeria LIMITED	Gifus Al'ways Ltd	Glachu Ventures Nigeria
Globus Supermarket Limited	Glokesh Ventures	Glorious Peak Ventures

List of Distributors

Glovoapp Nigeria Ltd	Godandi Resources Nigeria	Godenchi Nigeria Limited
Golden Axis Limited	Gomel Consult Nig.	GPPO Enterprises
Grace Assets Limited	Grand Products Company Limited	Great Possiblizers LIMITED
Green Health Consult	H-MEDIX PHARM LTD	Hadimash Enterprises
Hadoram Enterprises	Hambasit Global Business Ventures	HAMIR INVESTMENT NIG. LTD
Hammersmith Group of Coys Ltd	Hassan Abdullahi and Sons	Hembmic Global Consult
Heritage Spring Ventures	His Grace Ify Enterprises	Hobby's Circle Recreations Limited
HOPE AND LIFE NIG LTD	Horvertz Engineering Services	Hotoro Shagma Ventures
Hussaini Umar General Enterprises	Hyco Integrated Resources Nig Ltd	Hyper City Retail Limited.
I.M Billah Global Resources	Ibbi Standard Nig. Ltd	Ibrahim Mikailu S O And Sons
Ife Oluwa Store LIMITED	IFJANE NIGERIA LIMITED	Ikal Global Ltd
Immaculate Beverages Limited	Innovation Era	Ismade Integrated Nigeria Limited
IUA Nakowa Intl Resources	IYANU BUSINESS VENTURES LIMITED	Izeza Investment Company Ltd
J-Six Trading and Logistix Limited	J. J. Nnoli and Sons	J. O. Adebiyi and Sons Nigeria
J.A Delight Collection	J.O Adegboyega Enterprises	Jaychucks Enterprises
Jetimak Resources Limited	Jevinik Restaurant	Jifatu General Enterprises Nigeria
Joc Dona Investments Limited	Joe-Kate Enterprises	Joemich Global Ventures Enterprises
Jokran Enterprises Ltd	Jomarmay Nig Ltd	Josmanuel Enterprise
Jumapet Ventures	Justrite Limited	Justsports Nig. Ltd
JV 901 Nigeria LIMITED	JVN Products Nigeria Ltd.	KAIMA INTEGRATED NETWORK
Kams-Kai Global Ventures	Karabinery Resources Ltd	Keem David Limited
Kenabasmad General Enterprises	Kenoli Supreme Ventures	Kenuellark Resources
Keytrade Global Services Limited	KOCE Enterprises Limited	Kofaj Nigeria Enterprises
Konga Online Shopping Ltd	Kowope Business Ventures	Kuli Barde Enterprises
Kwesifin Ventures	Labelle Inter Nigeria Limited	Lady V stores limited
Lasomis & Sons Co. Ltd	Lefatshe La Metsi Ventures	Lexicon-Ha Auto-Care Limited
Liamart Concept Service Ltd	Light for Living Enterprises	Limat Couture

List of Distributors

Lion Way Ventures Ltd	Livoken Ventures Co. Ltd	Lizkamstel Limited
Longer Life Healthcare Ltd	Lonpe Enterprises	M. A. Onigbinde and Sons Limited
M.S Maina Global Resources	Macden Communications Limited	Madaci Pharmaceutical Company Ltd
Madeleke Distributors Nigeria Limit	Mafaks Consultancy Services Ltd	Magulf Global Enterprises
Mainframes International	Makemx Nigeria Limited	Maman Tee N Kay
Mano Tech Limited.	Marbliks Supplies	Marginal Concepts Ltd
Marhaba Blocks Enterprises	Marketforce Technologies Limited	Mc Igwe Nig. Ent.
MD Mart Nigeria Ltd	Mekus Paddy feeding Limited	Mene Mene Inter Ventures
Mertesacker Nig Ltd	Metos International Limited	Mirarob Integrated Services
Mjie Enterprises	Mm22 Ventures	Mobik Chris Nig. Enterprises
Mobimp Dynamic Nig. Ltd	Modu Director and Sons Limited	More Options Nigeria Ltd.
Moregrace Electrical & Electronic	Motlead Projects Limited	Moyin Oluwa Trading Store
Mozey Ennyz Enterprises	Mplify Limited	Muabsa Integrated Services
Mubys Enterprises Nigeria	Muhammad Munzali Zakari Enterprise	Muhammad Nafiu Brothers & Sisters
Muhmud M. J. Ventures	Multi Quest Limited	Muna and Zara Enterprises
Mut-Keem Concepts	Mutmainal Nig. Ent	Mytom Ventures Services
NACO Commercial Ent	Nafab Stores	Naheem Heights Limited
NbJ Nigeria Limited	NCS Pharmacy Ltd.	ND Togo Enterprise
Needs and Wants Ventures	Next Cash and Carry	Nikslaj Ventures
Nimpat International Ltd	Nondios Nigeria Enterprises	Nortex Business Link
O.R.L Support Services Limited	O2O Network Limited	Obi-Kass Limited
Ochiagha Udo Ventures	Oghaleoghene Global Ventures	Oil Bliss Enterprise
Ok. Kanice Investment Company Ltd	Olafik Global Interlinks Ltd	Olakanbe Nig Ltd
OLANIYI BADMUS NIG LTD	Olayiwola Stores	Oluwafirepemi Concept
Omofade Ventures	Opeyemi Baking Industry Limited	Oritseweyinmi Ventures Limited
Orlak-Fem Nigeria Limited	Orobs Int'l Links & Services Ltd	Otosi Nigeria Enterprises
P.M.O Nig Enterprise	Paragon FB Ltd	Park N Shop

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Nestlé
Good food, Good life

2023 in Retrospect

Nourishing individuals and families since 1961

Structure

Introducton

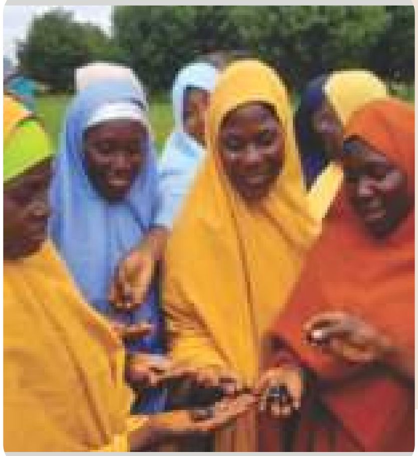
Individuals and families:

Nutrition

- Food Fortification
- Empowering children for a healthier life through N4HK
- Nestlé Cares Orphanage Outreach

Innovation: Brands

Promoting Nutrition Reporting



Our communities

Water

Provision of water and sanitation facilities

Youth Empowerment

Alliance for Youth Nigeria

Community Scholarship Scheme

Technical Training Centers

Empowering healthcare practitioners

Nestlé Cares

Media Capacity Development

Farmers Capacity Development & Dairy Development Project

Rural Women Empowerment Program

Our Planet

Our Sustainability Journey

Recognitions

Introduction

Nestlé is a Force for good.

We believe in the power of food to enhance quality of life. It is this belief that fuels our commitment to use our scale, resources and expertise to contribute to a healthier future.

We strongly believe that our long-term success depends on creating value for both our shareholders and society, therefore we work with all stakeholders to drive positive social impact. Creating Shared Value (CSV) is at the heart of Nestlé's business strategy. We build long-term value for society and shareholders at a meaningful scale. This approach supports our company's purpose of unlocking the power of food to enhance quality of life for everyone, today and for generations to come. This purpose drives us to make a positive impact in the lives of people, our communities and the environment, now and in the future.

Trust is fundamental to our culture and to the value chain evolution we are leading. We continue working to earn trust as an ethical and sustainable business.

During the year under review, Nestlé Nigeria made significant strides, creating value across our impact areas, individuals and families, our communities and the planet, in line with our commitment to be a 'force for good'.

Nestlé

Good food, Good life

Individuals and Families

Nourishing individuals and families since 1961

11.6 billion servings of
FORTIFIED products
per annum

Over 80% of our brands are fortified

NESTLÉ for HEALTHIER KIDS

Enabling healthier living among children through N4HK

Nestlé is committed to preparing and equipping children for a healthier future.

The Nestlé for Healthier kids is a global flagship initiative that federates all our efforts to support parents and caregivers on their journey to raise healthier and happier kids.

In Nigeria, the initiative is a school-based nutrition education program that addresses the need for nutrition education early in life. Through the initiative, we help children imbibe healthy habits including good nutrition, good hygiene practices, healthy hydration, and active lifestyles through adequate physical activity, providing a good foundation early in life.

Healthy **Nutrition**

Healthy **Hydration**

Good **Hygiene**

Maintaining active **Physical lifestyles**

Key highlights of the program during the period under review:

- Nutrition Quiz competitions for the 30 schools in the Federal Capital Territory and Ogun State. Wesley Memorial School, Sagamu, Ogun State and UBE Primary School, Pasali, Abuja emerged winners of the competition
- Sustainability Training implemented in collaboration with the International Climate Change Development Initiative, reaching over 750 children in Ogun State and the FCT
- Educational tours and workshops at Nestlé factories to commemorate the World Water Day and International Chefs Day
- Teachers' training reaching over 160 teachers in Ogun State and the FCT
- Distribution of educational materials to children in all 30 beneficiary schools

Trained **160** Teachers

Sustainability Training for **750** Children

Nutrition Quiz competitions for **30** schools

NESTLÉ for HEALTHIER KIDS


Winners of the Nutrition Quiz Competition in Abuja


Cross section of participants at the Abuja Teachers Training


Program Stakeholders


Commemorating the International Chefs Day at the Flowergate Factory

Commemorating the 2023 World Water Day at the Agbara Factory

Relaunched in Nigeria in 2018, the program is supported by the Federal Ministry of Education, the Federal Ministry of Health, Nutrition Society of Nigeria, Ogun State Universal Basic Education Board and the FCT Universal Basic Education Board .

In 2022, N4HK reached over 160 teachers and 8,000 children in 30 schools closest to Nestlé Nigeria's operations in Ogun State and the Federal Capital Territory.

NESTLÉ CARES
For individuals and families • For our communities • For the planet

Nestlé Cares Orphanage Outreach

we made donations to over
950 children
in 24 orphanages and NGOs across the country

Nestlé Nigeria employees extended love and kindness to over 950 vulnerable children in 24 orphanages and NGOs across the country with the donations of food, beverages and personal hygiene products, under its Global Employee Volunteer Programme, Nestlé Cares. The relief materials donated by staff were matched by the company.

Nestlé Cares is aimed at enhancing volunteer activities and providing an opportunity for Nestlé employees to give back to society by offering their time, talent and resources.

The donations, now in its fifth season, is an annual event aimed at putting smiles on the faces of the vulnerable children within Nestlé host communities.


Lagos


Ibadan


Ota


Enugu


Kano

Nestlé

Good food, Good life

Innovation Brands

Nourishing individuals and families since 1961

NIDO® Milk & Soya Instant Powder Mix, launched in October 2023, is the first affordable fortified dairy and plant blend in the Nigerian market.

This innovative product combines the double goodness of milk and soya, fortified with iron to provide consumers with an affordable, delicious and nutritious creamy milk and plant-based complement for beverages and cereals.

NEW

MILO® Enersnakz

In June 2023, MILO® launched "MILO® Enersnakz," into Nigeria's snacking market.

MILO® Enersnakz is a delicious crunchy cereal snack made with the natural goodness of Naija maize, malt, milk and cocoa. This nourishing snack is designed to refuel kids at breaktime – providing them with much needed Calcium, Iron & Fiber to keep them winning in their busy ways.

Maggi® proudly introduced the Maggi® Soya Chunks, made from soya, in December 2023. Maggi® Soya Chunks is a tasty, affordable, plant based, ready to cook, protein dish which brings nutritious protein to consumers in an affordable and sustainable way. The product which is fortified with iron and zinc, is part of the brands effort to help address the burden of micronutrient deficiencies in the region.

Maggi® Soya chunks have a taste, texture, and functionality that is close to meat, making them a versatile protein source for a variety of family meals such as rice dishes, stews, and spaghetti.

A NEW LOOK TO PureLife

Our Bottles Now Include

50% Recycled PET(rPET)

In December 2023, Nestlé Nigeria introduced new bottles including fifty percent recycled polyethylene terephthalate (rPET), effectively reducing the use of virgin plastics in its packaging by 50%.

This milestone in the company’s journey towards 100% plastics neutrality also ensures the last mile for plastics circularity.

Individuals and Families

Promoting Nutrition Reporting in Nigeria – Nestlé Nigeria Media Awards

The Nestlé Nigeria Media Awards, instituted in 2021, aims to reward professionalism and excellence in reporting and storytelling around Nestlé's focus areas comprising – Affordable Nutrition, Environmental Sustainability, Youth Empowerment, Women Empowerment, Engendering Thriving Communities, and Agriculture.

The third edition of the awards, held in December 2023, is a testament to the company's commitment to recognizing and rewarding outstanding professionalism and media excellence. The awards serve to acknowledge the media's consistent support of the company's activities throughout the year under review, and is focused on key areas.

Participation is open to mainstream and online journalists from all over Nigeria for published stories within the year on Nestlé's focus areas.

Awards

Photojournalism Category
Adekunle Ajayi

Agriculture Category
Edet Udoh

Nutrition Category
Ramatullah Mahmud

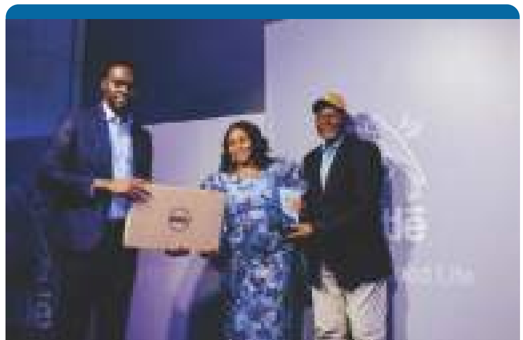
Community Development Category
Edet Udoh

Environment Category
Amaechi Obiakpu

Finance Category
Chioma Umeha

Women Empowerment Category
Vivian Ihechu

Youth Empowerment Category
Edet Udoh



Nestlé

Good food, Good life

Our Communities

Nourishing individuals and families since 1961

Access to water and sanitation facilities within N4HK beneficiary schools

Hygiene education is a fundamental pillar of the school-based Nestlé for Healthier Kids program. However, the practical implementation of effective hygiene practices poses challenges in the absence of readily available access to water and sanitation facilities.

We recognize the fact that water and sanitation are essential to life and wellbeing. They are therefore, at the core of improving livelihood in any community. This is why Nestlé Nigeria has been at the forefront of actions to increase access to water and sanitation facilities in the communities closest to its operations, especially in the Nestlé for Healthier Kids (N4HK) beneficiary schools.

In 2023, Nestlé Nigeria successfully completed water and sanitation facilities to two schools in communities around our operations - Wesley School 2, Sagamu, Ogun State and Local Government Primary School, Ketu Adie Ovie, Ado Odo Ota, both in Ogun State. These facilities will be commissioned in Q1 2024. Through the new facilities, over 930 learners and teachers in these schools, now have access to clean and safe drinking water and sanitation facilities.

Local Government Primary School, Ketu Adie Ovie, Ado Odo Ota, Ogun State

NESTLÉ CARES

For individuals and families • For our communities • For the planet

12,000 students

undergone mentoring by Nestlé Nigeria

About 280 Nestlé Nigeria volunteers, including the MD and CEO, participated in the Youth Leadership Mentoring Programme, mentoring over 12,000 students in JSS2, SS1 and SS2 classes in 23 public secondary schools across Nigeria.

Through the program, Nestlé Nigeria and REVAMP Africa are equipping young individuals across the six geopolitical zones in the country, with the skills, knowledge, and confidence needed to excel in an ever-evolving world.

The Youth Leadership Mentoring Programme aims to instill the right values, skills and attitudes requisite for success and positive personal development from an early age in children.

Lagos

Enugu

Abaji

Agbara

Nestlé Community Scholarship Scheme

Nestlé Nigeria continued the implementation of her Community Scholarship Scheme in 2023.

The scheme offers indigent youths from our host communities in senior secondary and tertiary institutions the opportunity to obtain quality education through educational funding.

The scheme which is in two categories (Senior Secondary and Tertiary), covers all our factory host communities – Agbara, Sagamu, Owode in Ogun State and Abaji in the Federal Capital Territory.

The shortlisting and verification processes for the 2023/2024 session is currently ongoing for both categories across all communities

Nestlé Technical Training Centers

Nestlé is committed to helping young Nigerians build the capabilities and skills to find fulfilling jobs or create their businesses as the Company believes that young people have a key role to play in building thriving, resilient communities.

The Nestlé Technical Training Program through which the company reiterates its commitment to youth empowerment under its global flagship program, 'Nestlé Needs Youth', was inaugurated in 2011 with the aim to bridge the technical skills gap by equipping youth with the required expertise to support industrialization and ensure that youth within her communities are future-ready. The Agbara Center was commissioned in 2011 and the Abaji Center was commissioned in 2017.

In 2023, Nestlé commissioned her third training center located at her Flowergate Factory by Sagamu Interchange in Ogun State, with 20 students (12 males and 8 females) in the maiden batch.

Same year, the third batch of trainees at the Abaji Center comprising 20 students graduated from the program and were all employed by Nestlé. In addition, the top 5 students from the Agbara Center participated in a 3month internship program at Nestlé factories in Switzerland.

The training follows an intensive 18-month theoretical and practical engineering syllabus, and covers vocational training in machining, mechanical fitting operations, electrical operations, instrumentation operations, and automation, culminating in the prestigious City and Guilds London technician certifications.

The program in Nigeria is supported by NECA, ITF and the Swiss Embassy.

Nestlé Milo BasketBall Championship

150,000
children
participated in MILO Secondary School Basketball Championship

Nestlé MILO, one of Nestlé's leading brands, has been at the forefront of grassroots sports development, promoting an active lifestyle to help children stay healthier. For the past 25 years, the MILO Secondary School Basketball Championship has played a pivotal role in elevating the basketball scene in Nigeria and has nurtured young talents by providing a launching pad for Nigerian athletes to make their mark on the national and global stage.

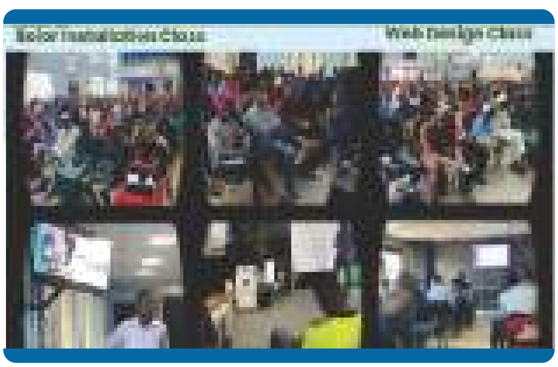
The 23rd edition of the MILO Secondary School Basketball Championship was a thrilling display of talent and intense competition.

In 2023, over 150,000 children drawn from over 11,000 schools across the 36 states and the FCT participated in the championship. Government Secondary School Karu emerged winners in the Boys category and Topfield College from Ajegunle, Lagos, in the girls' category.

A significant aspect of the 2023 championship was the inclusion of children with special needs in the final games, demonstrating Nestlé's commitment to fostering diversity and inclusivity.

The Championship provides a platform to help the young people (both boys and girls) imbibe values that set the right foundation for their future, as they learn grit – perseverance through hardship, courage to overcome fear, ability to work in a team, self-belief, respect, and leadership. The experience promotes the skills for success in any area of their lives, on or off the court. The championship has also served as a platform to unify children from different tribes and regions across the country.

The championship which is wholly sponsored by Nestlé, is held in collaboration with the Nigeria Schools Sports Federation (NSSF) and the National Collegiate Sports Foundation.



Alliance for Youth Nigeria

The Alliance, launched in 2021, is a business-driven movement of organizations passionate about working together to help young people around the country acquire the necessary skills to thrive in the world of work or create their own enterprise.

The member organizations have positioned themselves to invest in joint and individual projects to give young Nigerians meaningful work experience, internships, readiness-for-work training, and mentoring opportunities and are committed to contributing towards the United Nations Sustainable Development Goal 8 - to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all by 2030, and Goal 17, Partnerships for the Goals.

In 2023, the Alliance empowered over XXX young people with employability and entrepreneurial trainings, internship and mentoring opportunities equipping them for the world of work and business. The Alliance also provided start up kits to 26 young people, high-flyers of the vocational skills training in Oyo and Kano States, to enable them set up their own businesses.

Currently, the Alliance consists of 6 member organizations, Nestlé Nigeria, Jobberman Nigeria, Big Bottling Company, UN Global Compact Nigeria Network, U-Connect HR Limited and Bukka Hut Hospitality Limited and 3 Partner Organizations, Lagos State Employment Trust Fund, Activate Success International and the Federal Ministry of Youth and Sports Development

Media Capacity Development

Nestlé Nigeria, in collaboration with Lagos Business School Sustainability Centre (LBSSC) continued the implementation of the 'Nestlé Advancing Nutrition, Health and Environmental Awareness Through the Media' training.

The training aims to equip print, broadcast and online journalists with fundamental knowledge of Shared Value, Sustainability trends, Solution Journalism, Nutrition, Health and Environment and their impact on business, agriculture and society in general.

Media professionals are upskilled to develop compelling stories, video contents and podcasts, enhancing their communication on best practices, lifestyle choices, and policy direction, ultimately fostering sustainability of food systems, individuals, communities and the environment while driving behavioral change.

144 journalists and media practitioners participated in the training.

The faculty included the School of Media and Communications (SMC), Nestlé, as well as Media and Industry experts.

Supporting Livelihoods, Promoting Local Sourcing

Agriculture in Africa is one of the most important economic sectors, employing the majority of the population, especially women, and accounting for 14% of sub-Saharan Africa GDP. However, the main agricultural challenges across the continent include productivity (yield), quality, logistic, access to finance, price and environmental protection.

As a food and beverage manufacturing company, Nestlé relies on secure supplies of high-quality raw materials and ingredients. Cereals and grains such as soybean, maize and sorghum are important for the company as they are key ingredients for many of our major brands such MAGGI®, MILO®, CERELAC®, GOLDEN MORN®.

Ensuring the safety and quality of the ingredients used in our products is a top priority to Nestlé. We therefore support agricultural communities to improve their product quality and output, livelihoods and quality of life.

Our approach is to develop relevant value chains by helping farmers improve their incomes in multiple ways, such as training in good agricultural practices, provision of technical support and access to seed funding for their businesses.

Over the years, Nestlé has worked in partnership with various Local and International Organizations (e.g. 2Scale, USAID, AGRA etc) in developing various agricultural value chains including grains and cereals, cassava, palm oil etc. and in promoting local sourcing and supporting livelihoods of famers in communities around our operations.

Developing the Grains Value Chain in Nigeria

- Since 2006, Nestlé Nigeria has supported smallholders' farmers and suppliers to improve the quality and the quantity of their cereals and grains crops, in partnership with stakeholder organizations including the International Institute of Tropical Agriculture (IITA), the USAID Agency, the Sustainable Trade Initiative (IDH), Cultivating New Frontiers in Agriculture (CNFA) and TechnoServe (TNS).
- To further develop the cereals and grains value chain, Nestlé commenced a partnership with IDH and TechnoServe for the Developing Inclusive Grain Value Chains in Nigeria (DIGVCN) aimed at enhancing the quality of grains delivered to Nestlé through adoption of Good Agronomic Practices (GAP), promotion of climate smart agricultural practices in targeted communities and improvement of supply chain linkages.

Key Achievements of the Developing the Grains Value Chain in Nigeria Project

2023 Key Results DIGVCN Project – CUMULATIVE

22,110 farmers
trained on environmentally friendly agriculture

22,115 Farmers
profiled/trained

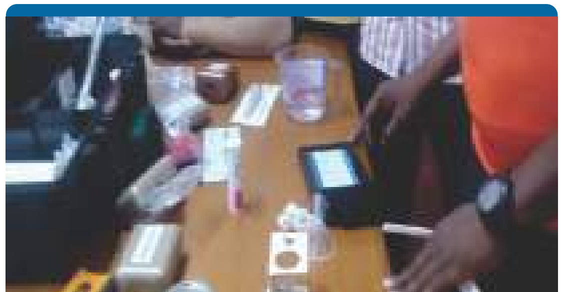
15,635 farmers
had access to finance (inputs)
• Average finance value 444 Euro

68% men
32% women

<1 % rejection rate
on all grains consignment to Agbara Factory at CAT norm

10,438 youths
are beneficiaries

Yield Impact Maize: 6.25% Sorghum: 5% Soya bean: 35.7%



Delivering Regenerative Agriculture

2023 ACHIEVEMENT

31 demo plots (85 acres) set up to showcase RegenAg approach to farmers

1031 smallholder farm trained on regenerative agriculture

74 tons of maize, soybean & sorghum harvested translating into 0.41% of Nestle Nigeria 2023 grain utilization

47 tCO2e estimated carbon benefit to be validated on soil analysis

The project also delivered a pilot project on regenerative agriculture within the grains value chain through the setting up of 85 acres of demonstration plots to educate farmers on the sustainable agriculture approach.

Discussions ongoing for massive scale up in 2024 to 2026.

Grain harvested on RegenAg field. Farmer got 50% yield increase

Dairy Development Project

In 2023, we made progress in our commitment to help build the local dairy industry through our **Dairy Development Program**. The project locations are Paikon Kore Grazing Reserve in the FCT and Laduga Grazing Reserve in Kaduna State.

2023 Key Milestones

8 boreholes drilled
and 2 refurbished to provide drinking water for cows and households across 7 communities.

9 solar-powered milk collection points (milk banks)
deployed in 6 communities

Cows introduced into the project
(20 pregnant Jersey cows and 30 local cows) in the FCT and Kaduna State respectively

2,147 pastoralists
trained on herd health, milk hygiene, and farming best practices.

2,000 cattle vaccinated
against Foot & Mouth disease

1 dairy farm constructed
in FCT fully funded by Nestlé and another developed in partnership with the Kaduna State Government.

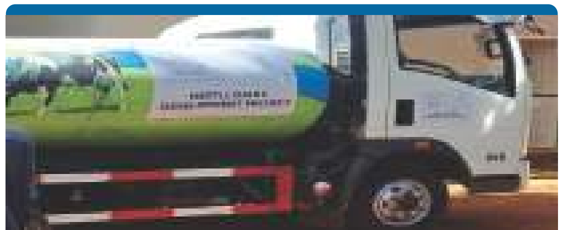
71 Cooperatives
(through 45 aggregators) actively supplied milk to the project in 2023, a 33% increase from 2021.

Improved access to market
with the availability of fresh milk to over 15 off-takers for the manufacturing of yoghurt, and other products

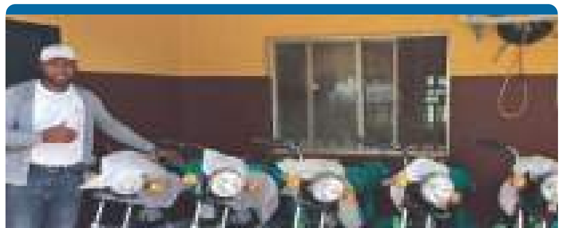
NGN 190 Mio paid
to milk producers alone and about >N 38 Mio to young aggregators for milk collection

FMD vaccination

Solar powered milk collection centers



Consistent Milk Supply for Off-takers



Motorbikes for aggregators

Community engagement

Mowing and bailing of fodder in Ladduga

GOLDEN MORN® AGRIPRENEURSHIP WEBINAR SERIES -

Attracting & empowering the next generation of farmers

GOLDEN MORN®, one of Nestlé Nigeria's leading brands, initiated the Agripreneurship Webinar Series in 2021 in collaboration with the Enterprise Development Center of the Pan Atlantic University. The series aims to promote sustainable food systems by increasing youth participation in Agriculture.

The program provides training, financial assistance, mentorship, and networking opportunities to young entrepreneurs involved in, or aspiring to venture into agriculture, particularly in the cereals value chain.

In 2023, over 900 young agripreneurs were trained in 5 series of the program. In addition, the Brand presented seed funds to help 25 young agripreneurs who emerged as winners of the Agripreneurship program in 2023 to scale their businesses. Through initiatives such as this, Nestlé demonstrates her dedication to helping young people develop the capabilities and skills they need to drive innovation in agriculture.

Nestlé Empowering Rural Women in Nigeria

332 women

from the South-East, North-East, South-South and South-West regions of the country have benefitted from the program since inception

In 2023, Nestlé extended the coverage for her empowerment program to Ikorodu, Lagos State and Sagamu, Ogun State.

The program is one of the Nestlé's Creating Shared Value initiatives to help build thriving communities by improving livelihoods. It is designed to help rural women retailers in Nestlé's value chain scale up their businesses and sustain the new level of up to three times the size of their existing business.

Beneficiaries receive grants valued at 300% of their monthly sales in form of Nestlé products, participate in training and mentorship programs to build their businesses and increase their household incomes.

Nestlé increased the reach of the program from 50 female retailers in Abuja's suburbs when the program commenced in August 2021 to 332 women from the South-East, North-East, South-South and South-West regions of the country by the end of 2023.

Through the program, Nestlé is helping rural women in Nigeria build financial security to improve their standard of living.

Nestlé
Good food, Good life

Our Planet

Nourishing individuals and families since 1961

Our Sustainability Journey

Nestlé is committed to developing products that are good for you and good for the planet. Our purpose is to unlock the power of food to enhance quality of life for everyone, today and for generations to come. Creating Shared Value (CSV) is the way we set out to achieve that purpose. It is an approach to business that seeks to be good for us, our shareholders, society and the planet
.
The climate crisis is exacerbating the global food crisis. An unsustainable food system – responsible for up to a third of the world's emissions – is making the problem worse. We must continue to accelerate the shift to a better way of nourishing our growing planet, equitably, affordably, and sustainably.

We aim to halve our carbon footprint by 2030. To achieve that, we're transforming every aspect of our business.

Nestlé Cares: Clean-up Exercises

6660kg of waste

and 78kg of recyclables was removed from the environment through the exercise

For the fifth year in a row, over 300 Nestlé volunteers took to 12 markets across the country for clean-up, advocacy and sensitization in commemoration of the World Clean-Up Day. The exercise implemented in collaboration with African Clean-Up Initiative, under the company's global volunteering initiative, Nestlé Cares, is in line with the broader vision to achieve a waste-free future. Over 6660kg of waste and 78kg of recyclables was removed from the environment through the exercise. Nestlé remains committed to protecting the planet for future generations and promoting a clean and healthy environment.

Nnewi

Enugu

Agbara

Jos

Lagos

Port Harcourt

Abaji

Sagamu

Plastic Neutrality

Our vision is that none of our packaging, including plastics, ends up in landfill, oceans, lakes and rivers. We are working hard to deliver on it and help to achieve a waste-free future.

Nestlé's vision is that none of its packaging, including plastics, ends up in landfills or as litter. To this end, Nestlé Nigeria has been at the forefront of efforts to develop well-functioning collection, sorting and recycling systems for plastics in Nigeria, collaborating with other industry stakeholders in the Food and Beverage Recycling Alliance, (FBRA). As a Founding Member of the FBRA, Nestlé continues to lead advocacy towards a circular economy for post-consumer packaging waste including plastics.

In addition to these efforts Nestlé Nigeria works with plastic waste collection partners including Wecyclers, Chanja Datti, Maladase Ecopreneur Management (MECOM) Limited to recover post-consumer plastic waste for recycling. Through these efforts, 19,411 tons of plastic waste was removed from the environment for recycling in 2023 136% over and above 14,271 tons of plastics used in our production in same year

19,411

tons of plastic waste removed from the environment for recycling in 2023.

As we worked on our journey to plastic neutrality, we stayed committed to building the recycling eco-system. In addition to advocacy and thought leadership , we launched the Plastics Advantage Project in collaboration with Chanja Datti, where we engaged Plastic Waste Aggregators in an incentivised program with relevant trainings on Waste collection best practices including traceability, human rights, health and safety.

Our purpose was to increase plastic waste collection and recycling while enabling the Aggregators' small business to thrive through incentives and equipment support.

Incentives were paid out in December 2023.

Training of Aggregators in May 2023

Incentives pay-out in December 2023

Plastic Neutrality – I am a Force for Good

Nestlé is committed to being a Force for Good, we continued to drive this objective internally through the Nestlé Employee Plastics Collection Scheme launched in 2022 in collaboration with Wecyclers to create an opportunity for our people to contribute towards a waste free future.

In 2023, the scheme was extended to all Nestlé factory locations: Agbara, Flowergate and Abaji and new collection partners were signed on to ensure traceability and recycling of the collected plastics.

These new collaborators are Tomovic Naturecure Nig. Ltd. (Agbara), and Orange Strategy Recyclers (Flowergate). Through the scheme, 1,163Kg of plastics was collected for recycling in return for points and recognition by the CEO as climate champions!

The Reduce Single Use Plastic Project was also Launched to drive behaviour change instill the Reduce, Reuse and Recycle culture amongst employees.

Employee Plastics Collection Scheme launched across our factory locations

Launch of the Reduce Single Use Plastics Project

Leveraging partnerships for CIRCULARITY; 50% rPET inclusion

- We are on track to reduce our use of virgin plastics in by 2025 and are pioneering alternative packaging materials to facilitate recycling.
- To this end, since 2018, Nestlé Nigeria teamed up with ALEF Recycling in 2021 to produce international standard food-grade recycled plastics (rPET).
- In December 2023, we launched the first ever water bottles with 50% rPET inclusion in Nigeria.
- We recognize the collaboration and support of the regulatory agencies including, NAFDAC, SON and NESREA who ensured compliance to the highest quality standards.

Strengthening Trust and Reputation as a Force for Good

Increasing Visibility through Sustainability

1. **Media Consortium Award:** Sustainability Focused Company of the year
2. **SERAS Award:** Most Responsible Organisation in Africa, Africa's Sustainability Professional of the Year

Nestlé

Good food, Good life

Notable Awards in 2023

Nourishing individuals and families since 1961

Recognitions

Notable Awards in 2023

Nestlé Nigeria received multiple awards from esteemed organizations in recognition of her exceptional performance across various business metrics including people practices, food security, creating shared value, sustainability, diversity and inclusion:

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

- Winner of the HR Best Practice Award in the FMCG Sector in Nigeria.
- 1st Runner Up (second place) for the overall HR Best Practice Award in Nigeria.

2. NECA-ITF Technical Skill Development Project

Organization with the Highest Number of Job Placements for Technical Trainees

3. Industrial Training Fund

Best Contributing Employer in training activities within the Isolo Area Jurisdiction.

4. NECA Employers Excellence Awards

- Best Employer in Food and Beverage
- Investment in Sustainability and Green Initiatives
- Exemplary Investment in Diversity and Inclusion
- Recognition of Efforts towards the elimination of Child Labor in the Workplacediction.

5. SERAS (Sustainability, Enterprise and Responsibility Awards) CSR Awards

- Best Company in Rural Population Integration
- Best Company in Food Security
- Most Responsible Organization in Africa: 2nd Runner-up

6. Environmental Sustainability Conference, Expo and Awards (ECOSEA)

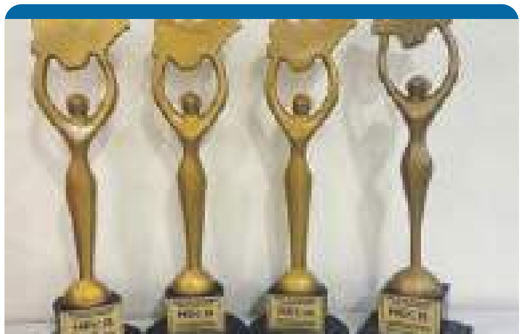
One of the Top 20 companies in Environmental Sustainability

7. Lagos Public Relations Industry Gala and Awards (LAPRIGA)

- Best Company in Corporate Social Responsibility
- Best In Community Relations

SERAS Awards

SERAS Awards

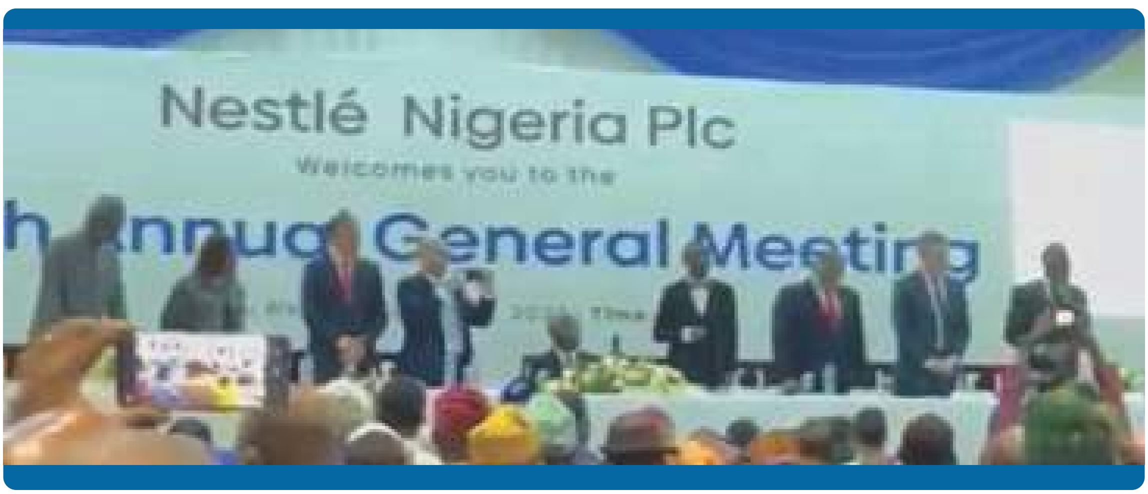


NECA Awards

Pictures taken at the 54th Annual General Meeting held on 17 May 2023

Pictures taken at the 54th Annual General Meeting held on 17 May 2023

Shareholders and directors singing to celebrate Mr. David Ifezulike on his retirement after ten years as the Chairman of the Board of the Directors of Nestlé Nigeria PLC.



Application Form for e-Bonus and e-Dividend

Dear Shareholder(s)

Shareholder's Data Update

In our quest to update shareholders data with the current technology in the Capital Market (i.e. e-Bonus and e-Dividend), we request you to complete this form with the following information:

Tel No: ______________________

CSCS A/C No: ______________________

Stock Broking Firm: ______________________

E-mail Address: ______________________

Name of Bank: ______________________

Branch of Bank: ______________________

Bank Acct No: ______________________

Branch Code: ______________________

No of Units held: ______________________

Name of Shareholder/Corporate Shareholder

and Current Address: ______________________

Registrars' use

Name: ______________________

Signature: ______________________

Date: ______________________

Signature/Right Thumb print of Shareholders

Name of Company in which you have shares:
Nestlé Nigeria Plc

In case of Corporate Shareholders, use company seal

Please notify our Registrars, Greenwich Registrars & Data Solutions Limited, of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
NESTLÉ NIGERIA PLC

Greenwich Registrars & Data Solutions Limited

Bode Ayeku
Company Secretary/Legal Adviser

Note: ** Please be informed that by filling and sending this form to our Registrars, Greenwich Registrars & Data Solutions Limited, for processing, you have applied for the e-Dividend and e-Bonus; thereby, authorising NESTLE NIGERIA PLC to credit your account in respect of dividends and bonuses electronically

Please Complete And Return To
Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos.

Affix N50.00
Postage Stamp
Here

The Managing Director
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way,
Alagomeji, Yaba,
P.M.B. 12717, Apapa,
Lagos.

Proxy Form

55TH ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M. ON WEDNESDAY, 22 MAY 2024

AT THE MUSON CENTRE, 8/9 MARINA, ONIKAN, LAGOS.

I/We*. ....being a member/members of NESTLÉ NIGERIA PLC hereby appoint ** ....

of...or failing him the Chairman of the Meeting as my/our Proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on 22 May 2024 and at any adjournment thereof

Dated this .... day of 2024

Signature..

Ordinary Business	For	Against
To elect / re-elect Directors:		
Mr. Namit Mishra		
Mrs. Maryam Mohammed		
Mr. Mauricio Alarcon		
To authorise Directors to fix the remuneration of Auditors		
To elect members of the Audit Committee		
Special Business		
To fix the remuneration of Directors		
To authorize the Company to procure goods and services necessary for its operations from related companies		

Please indicate with 'X' in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain/ from voting at his/her discretion.

NOTES:
Please sign this form and deposit it with the Registrars, Greenwich Registrars & Data Solutions Limited, 274 Murtala Muhammed Way, Alagomeji, Yaba, Lagos, P.M.B. 12717, Lagos or send it via E-mail to: info@gtlregistrars.com not later than 48 hours before the time of the meeting. If executed by a corporation, this form should be sealed with its common seal.

*Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, anyone of such may complete this form, but the names of all joint holders must be inserted.

**Following the normal practice, the Chairman of the Meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead

A member voting in his own right as a member and voting as proxy or representative for another or other members should fill one voting paper for his own holding and a separate paper for each of the members he is representing.

Similarly, those present who are acting as proxy for more than one other members must complete a separate voting form for each member they represent.

NESTLÉ NIGERIA PLC 55TH ANNUAL GENERAL MEETING ADMISSION CARD

Please admit the shareholder on this form or his / her duly appointed proxy to the Annual General Meeting to be held at the MUSON Centre, 8/9 Marina, Onikan, Lagos at 11.00 a.m. on Wednesday, 22 May 2024

....	....	....
Name of Shareholder / Proxy & Address	Number of shares held	Signature of person attending

Shareholder's Admission Form
Note: This card is to be signed at the venue of the meeting in the presence of the Registrars

Affix N50.00
Postage Stamp
Here

The Managing Director
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way,
Alagomeji, Yaba,
P.M.B. 12717, Apapa,
Lagos.

Affix Current Passport Photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks Are Acceptable

Date | DD | MM | YY

Instructions

Please complete **all sections** of this form to make it eligible for processing and return to the address below:

The Registrar
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way, Yaba, Lagos

Bank Mandate Information

I\We hereby request that henceforth, all the Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number	
Bank Name	
Bank Account Number	
Account Opening Date	DD MM YY

Shareholders Account Information

Surname/Company Name	First Name	Other Name(s)

Address

City	**State**	**Country**

Previous Address (if any)

CSCS Clearing House Number	**Email Address**
Mobile Number (1)	**Mobile Number (2)**
Shareholder's Signature	**2nd Signatory** (Joint/Company Accounts)
Company Seal (if applicable)	

Tick	Company Name	Shareholders Account No.
	11 PLC	
	2LP Management Company Limited Series 1	
	Abplast Products PLC	
	Allianz Nigeria Plc (erstwhile Union Assurance Company Limited; Ensure Insurance)	
	Aluminum Extrusion PLC	
	Axxela Bond	
	Cashew Nuts Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ekiti State Bond Tranche 2	
	Ekiti State Government Bond	
	EKOCORP PLC	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria LTD	
	Great Nigeria Insurance PLC	
	Greenwich Alpha ETF	
	Greenwich Money Market Fund	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Local Contractors Receivables Bond Tranche 1, 2 & 3	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Entertainment Fund	
	Nigeria Reinsurance	
	Nigerian Enamelware PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Nova Bond Series I	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	Primero BRT Securitization SPV	
	Studio Press Nigeria PLC	
	Sush SPV Bond II	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	Unilever Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	Wema Bank PLC	
	Wema Funding SPV Plc Bond Series I & II	

Affix N50.00
Postage Stamp
Here

The Managing Director
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way,
Alagomeji, Yaba,
P.M.B. 12717, Apapa,
Lagos.

Notes

Nestlé

Good food, Good life

Nourishing individuals and families since 1961