Nigerian Breweries Plc
RC: 613

2022 Annual Report & Accounts

Winning with Nigeria


Brewed
for that
refreshing
first sip.
Heineken

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Vision

Wow Nigerians with our great brands, passionate people and world class performance.

Mission Statement

To be the leading beverage company in Nigeria, marketing high quality brands to deliver superior customer satisfaction in an environmentally friendly way.

Core Values

Respect; Passion for Quality; Enjoyment and Performance.

Corporate Profile

Nigerian Breweries Plc, the pioneer and largest brewing Company in Nigeria was incorporated in 1946 as "Nigerian Brewery Limited". In June 1949, the Company recorded a landmark when the first bottle of STAR lager beer rolled out of its Lagos Brewery bottling lines.

In 1957, the Company commissioned its second brewery in Aba and the name became "Nigerian Breweries Limited". This was followed by Kaduna Brewery in 1963 and Ibadan Brewery in 1982. Following the coming into effect of the now repealed Companies and Allied Matters Act in 1990, the name of the company was changed to "Nigerian Breweries Plc" to reflect its public limited liability status.

In 1993, the Company acquired its fifth brewery in Enugu and in 2003, a sixth brewery (Ama Brewery), sited at Amaeke Ngwo in Enugu State was commissioned. Operations in the old Enugu Brewery were discontinued in 2004 following the completion of Ama Brewery. An ultra-modern malting plant was acquired in Aba in 2008.

In October 2011, the Company acquired majority equity interests in two companies, Sona Systems Associates Business Management Limited ("Sona Systems"), with two breweries in Ota and Kudenda, Kaduna, and Life Breweries Company Limited ("Life Breweries") with a brewery in Onitsha. Another malting plant (located in the Kudenda, Kaduna Brewery) was acquired as part of the Sona Systems acquisition. Sona Systems and Life Breweries were merged with the Company in the middle of 2012. At the end of 2014, an enlarged Nigerian Breweries Plc emerged from a merger with Consolidated Breweries Plc. Three breweries at Imagbon, near Ijebu Ode, Awo-Omamma, near Owerri and Makurdi were added to the existing eight breweries as a result of the merger. The Onitsha and Makurdi locations were subsequently developed into Distribution Centres.

Thus, from a humble beginning in 1946, the Company now has nine fully operational breweries from which its high quality products are produced and distributed to all parts of Nigeria, in addition to the two malting plants in Aba and Kaduna. It also has Sales Offices and Distribution Centres across the country.

Nigerian Breweries Plc has a rich portfolio of high quality brands: Star lager beer was launched in 1949, followed by Gulder lager beer in 1970. Maltina, the nourishing malt drink, was introduced in 1976, followed by Legend Extra Stout in 1992 and another malt drink, Amstel Malta in 1994. Heineken lager beer was re-launched into the Nigerian market in 1998. Fayrouz, the premium non-alcoholic soft drink, was launched in 2006 while Climax herbal energy drink was launched in 2010. Following the acquisition of Sona Systems and Life Breweries in 2011, Goldberg lager, Malta Gold malt drink and Life Continental lager, were added to the brand portfolio. The Company increased its portfolio of brands in 2014 with the addition of two line extensions of the Star brand - Star Lite and Star Radler. Also in 2014, as a result of the merger with Consolidated Breweries Plc, "33" Export lager beer, Williams dark ale, Turbo King dark ale, More lager beer and a malt drink, Hi Malt, became part of the Company's product offering. The Ace brand in the Ready-to-Drink (RtD) category was launched in 2015 while Tiger lager beer, an international premium brand was added to the portfolio of brands in 2018. In 2020, the Company further expanded its rich portfolio of brands with the launch of two variants of the Maltina brand, Maltina Pineapple and Maltina Vanilla. Other brands launched in 2020 were Amstel Malta Ultra, an extension of the Amstel Malta brand, Star Radler Red Fruits, a variant of the Star Radler brand, and Desperados, another international premium beer brand with a distinctive tequila flavour. In 2022, the Company launched the Zagg brand, a malt-infused energy drink brewed to perfection.

The Company has an export business which dates back to 1986. The current export destinations are the United Kingdom, The Netherlands, United States of America, Canada, some parts of Africa and parts of the Middle East and Asia.

As a major brewing company, Nigerian Breweries Plc encourages, and continues to play major roles in, the establishment of ancillary businesses. These include manufacturers of bottles, cans, crown corks, labels, cartons and plastic crates as well as service providers including those in the hospitality sector, distribution, transport, event management, advertising and marketing communication.

The Company was listed on the floor of The Nigerian Stock Exchange "NSE" (now Nigerian Exchange Limited – "NGX") in 1973. As at 31st December, 2022, it had a market capitalisation of approximately ₦337 billion, making it one of the largest companies in Nigeria by market capitalisation. It has received several awards in the capital market including, The NSE President's Merit Award in the Brewery Sector, The NSE Quoted Company of the Year Award, The NSE CEO's Distinguished Award for Compliance and The NSE CEO's award as the Most Compliant Listed Company on The Nigerian Stock Exchange. Nigerian Breweries Plc has also been a recipient of awards for excellence in corporate governance matters including the Institute of Chartered Secretaries and Administrators (ICSAN) Award for Excellence in Corporate Governance (Corporate Category) and the Institute of Directors' Nigeria Corporate Governance Award.

Nigerian Breweries is also a recipient of several awards and recognitions in other areas of its operations including product quality, marketing excellence, productivity and innovation, health and safety, public relations, corporate social responsibility and sustainability.

Nationwide Presence

Headquarters
Iganmu House
Abebe Village Road, Iganmu
P.O. Box 545, Lagos
Tel: (01) 2717400-20 Ext. 1804

Brewery/Malting Plant Locations

Lagos Brewery
Abebe Village Road, Iganmu
P.O. Box 86, Apapa -Lagos
Tel: (01) 2717400 Ext. 2734

Ibadan Brewery
Ibadan/Ife Road
P.O. Box 12176, Ibadan
Tel: (01) 2717400 Ext. 5718

Kudenda Brewery/Malting Plant
1A, Kudenda Industrial Area
Plot A4-C2, P.O. Box 6010
Kaduna South
Tel: (01) 2717400 Ext. 87719

Aba Malting Plant
Ohuru Village
Ogbor Hill Industrial
Obingwa, Aba
Tel: (01) 2717400 Ext. 6499

Aba Brewery
Industry Road
P.O. Box 497, Aba
Tel: (01) 2717400 Ext. 3995

Ama Brewery
Amaeke Ngwo. 9^{th} Mile Corner
P.M.B. 01781, Enugu
Tel: (01) 2717400 Ext. 7136

Awo-Omamma Brewery
Km 24, Owerri/Onitsha Road
Awo-Omamma, Imo State
Tel: (01) 2717400 Ext. 83711

Kakuri Brewery
Industrial Layout, Kakuri
P.M.B. 2116, Kaduna
Tel: (01) 2717404 Ext. 4717

Ota Brewery
Km 38 Lagos/Abeokuta Expressway
Sango Ota
Tel: (01) 271400 Ext.86734

Ijebu – Ode Brewery
Epe Road,
Imagbon Village, Ogun State
Tel: (01) 2717400 Ext. 84711

Sales Offices and Distribution Centres

Lagos Sales Office
Headquarters Annex
Abebe Village Road, Iganmu
P.O. Box 86, Apapa, Lagos
Tel: (01) 2717400 Ext. 2816

Ibadan Sales Office
KM 3, Ibadan-Ife Road
P.O. Box 813, Ibadan
Tel: (01) 2717400 Ext. 5801

Benin Sales Office
1 Jalo Close
Off Aiguobansinmwin Road
GRA, Benin City
Tel: (01) 2717400 Ext. 6504

Jos Sales Office
1B, Gold and Base Junction
Rayfield, Jos

Uyo Sales Office
Plot 166, Lagos Street
Unit A,Ewet Housing Estate
Uyo, Akwa Ibom State

Abuja Sales Office
Plot 413, Idu Industrial Layout
Abuja
FCT
Tel: (01) 271400 Ext. 6201

Kaduna Sales Office
Industrial Layout, Kakuri
Kaduna
Tel: (01) 2717400 Ext. 4801

Port Harcourt Sales Office
Plot 130, Woji Road
G.R.A Phase 2
Port Harcourt

Onitsha Distribution Centre
87/89 Port Harcourt Road
P.O. Box 5417, Onitsha
Tel: (01) 2717400 Ext. 88732

Akure Sales Office
KM 4, Ondo Road
Adjacent Ondo Garage
Akure, Ondo State

Enugu Sales Office
Old Enugu Brewery
9^{th} Mile Corner
Nsude, Enugu
Tel : (01) 2717400 Ext. 6319

Aba Sales Office
Industry Road
P.O. Box 496, Aba
Tel: (01) 2717400 Ext. 3801

Warri Sales Office
Kilometre 6, NPA Expressway
Ekpan, Effurun,
Warri

Makurdi Distribution Centre
Km 5, Gboko Road
Makurdi, Benue State

Directors and Other Corporate Information

Directors:

I.	Chief Kolawole B. **Jamodu,** CFR	- Chairman
ii.	Mr. Hans **Essaadi** (Dutch)	- Managing Director/CEO
iii.	Mrs. Juliet **Anammah**	- Independent Non-Executive
iv.	Mrs. Adeyinka O. **Aroyewun**	- Independent Non-Executive
v.	Mr. Sijbe “Siep” **Hiemstra** (Dutch)	- Non-Executive
vi.	Mr. Asue **Ighodalo**	- Non-Executive
vii.	Mrs. Ndidi O. **Nwuneli,** MFR	- Independent Non-Executive
viii.	Mrs. Ifueko M. Omoigui **Okauru,** MFR	- Non-Executive
ix.	Mr. Roland **Pirmez** (Belgian)	- Non-Executive
x.	Mr. Ibrahim A. **Puri** *(appointed effective 01/08/22)*	- Non-Executive
xi.	Mrs. Yeliz **Yedikardesler** (Turkish) *(appointed effective 01/04/22)*	- Non-Executive
xii.	Mr. Bernardus A. **Wessels Boer** (Dutch) *(appointed effective 01/09/2022)*	- Finance Director
xiii.	Mr. Steven L.M. **Siemer** (Dutch) *(resigned effective 31/03/2022)*	- Non-Executive
xiv.	Mr. Rob **Kleinjan** (Dutch) *(resigned effective 31/08/2022)*	- Finance Director

Company Secretary: Uaboi G. **Agbebaku,** Esq.

Registered Office:
1, Abebe Village Road
Iganmu
P. O. Box 545, Lagos
Tel: (01) 2717400-20
www.nbplc.com

Registration No: RC: 613

Independent Auditor:
Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Tel: (01) 9041700
www.deloitte.com.ng

Registrars:
First Registrars and Investor Services Limited
No. 2, Abebe Village Road
Iganmu
P.M.B. 12692
Marina, Lagos
Tel (01) 2701079; 2799880
www.firstregistrarsnigeria.com

Company Results at a Glance

	2022	2021	% Change
In millions of Naira			
Net Revenue	550,478	437,196	25.9
Results from operating activities	52,555	41,812	25.7
Profit for the year	13,925	12,927	7.7
Declared dividend*	12,979	8,748	48.4
Share capital	5,138	4,038	27.2
Total equity	180,879	172,139	5.1
Data per 50 kobo share in Kobo			
Earnings	168	161	4.3
Declared dividend*	160	109	46.8
Net Assets	2,180	2,140	1.9
Dividend per 50 kobo share in respect of current year results only (in kobo)			
Interim dividend declared	40	40	0.0
Final dividend proposed**	103	120	(14.2)
Stock Exchange information			
Stock Exchange quotation in Naira per share	41	50	(18.0)
Number of shares listed	8,220,906	8,075,832	1.8
Market capitalisation in ₦: million	337,057	403,792	(16.5)
Number of employees	2,685	2,740	(2.0)
Ratios			
Declared dividend coverage			
(Earnings per share / declared dividends per share)	1.05	1.48	(29.1)
Current assets/current liabilities	0.39	0.44	(11.4)
Interest coverage Interest coverage (Results from operating activities/interest expense)	6.21	2.30	170.1

NOTE: * Declared dividend represents the final dividend per share proposed for the preceding year (120 kobo) but declared in the current year and the interim dividend per share declared during the year (40 kobo).

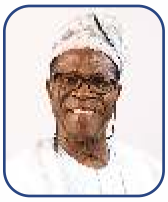
**The Directors propose a final dividend of 103 kobo per share (2021: 120 kobo per share) based on the issued share capital of 10,276,132,378 (2021: 8,075,831,900) ordinary shares of 50 kobo each subject to approval by the Shareholders at the Annual General Meeting fixed for 26th April, 2023.


Gulder
18+
SENIOR MAN
... ULTIMATE
Gulder

Board Of Directors

(L-R): Mr. Bernardus A. Wessels Boer (Finance Director); Mrs. Ifueko M. Omoigui Okauru, MFR (Non-Executive); Mr. Asue Ighodalo (Non-Executive); Mrs. Yeliz Yedikardeslar (Non-Executive); Mr. Ibrahim A. Puri (Non-Executive); Mrs. Adeyinka O. Aroyewun (Non-Executive); Chief Kola Jamodu, CFR (Chairman); Mr. Hans Essaadi (Managing Director/CEO); Mrs. Ndidi O. Nwuneli, MFR (Non-Executive); Uaboi G. Agbebaku, Esq. (Company Secretary); Mr. Sijbe "Siep" Hiemstra (Non-Executive); Mrs. Juliet Anammah (Non-Executive); Mr. Roland Pirmez (Non-Executive).

Board of Directors' Profile



Chief Kolawole B. Jamodu, CFR
Non-Executive Chairman

Chief Jamodu was appointed to the Board of Directors as a Non-Executive Director effective the 1st of March, 2006 and became the Chairman of the Board effective the 1st of January, 2008.

An alumnus of the Harvard Business School, Chief Jamodu is a Fellow of the Institute of Chartered Accountants, Nigeria; a Fellow of the Chartered Institute of Taxation, Nigeria; a Fellow of the Chartered Institute of Management Accountants, London; and a Fellow of the Institute of Chartered Secretaries & Administrators. He is also a Distinguished Fellow of the Institute of Directors, Nigeria.

Chief Jamodu had a stint with UAC/Unilever Nigeria Plc where he acquired varied production, commercial and financial experience before joining PZ Cussons Group where he rose to become the Chairman/Chief Executive and later, Non-Executive Chairman until he was appointed Minister of Industry of the Federal Republic of Nigeria. He returned to PZ as the Non-Executive Chairman in 2014 and served in that capacity until his retirement in December, 2020. He is a former Chairman of Universal Trust Bank Plc and former Non-Executive Director of United Bank for Africa Plc. He is also a past President of both the Harvard Business School Alumni Association of Nigeria and the Manufacturers' Association of Nigeria (MAN).

Chief Jamodu is currently the Chairman of British American Tobacco Nigeria Foundation and a Member of the Board of Trustees of Bells University of Technology, Ota where he had previously served as the Pro-Chancellor & Chairman of the Governing Council of the Institution. He is also a consultant to and has affiliations with other reputable companies in Nigeria.

Mr. Hans Essaadi
Managing Director/CEO

Mr. Hans Essaadi was appointed the Managing Director/CEO and a member of the Board of Directors effective the 31st of July, 2021.

Mr. Essaadi joined the Heineken N.V. Group in 1991 as a Sales Representative. He subsequently took up increasingly senior roles within the Heineken NV Group in Sales, Export and Marketing. He commenced his international career with Heineken Puerto Rico as the Country Manager, and thereafter became the General Manager, Brau Union International (the Heineken OpCo in Austria) before becoming the General Manager, Sirocco (the Heineken Joint Venture with the Emirates in Dubai). After his stint at Sirocco, he was appointed Managing Director, HEINEKEN Malaysia Berhad, a listed Company in Malaysia.

Prior to his current position in the Company, Mr. Essaadi was the Managing Director of Al Ahram Beverages, the HEINEKEN operating company in Egypt.

Mrs. Juliet Anammah
Independent Non-Executive Director

Mrs. Juliet Anammah became a member of the Board of Directors effective 1st January, 2022.

Mrs. Anammah has over 30 years of professional experience covering Consulting, Consumer Goods, Sales, Marketing, E-Commerce and Sustainability. She is the immediate past Chair Nigeria and Chief Group Sustainability Officer, Jumia, having previously held the role of Chief Executive Officer with Jumia. She had also served as the Managing Director, Accenture LLC in charge of the firm's Consumer Goods Practice, Retail and Transportation practice in West Africa. She serves on the boards of local and international organisations, including Flour Mills of Nigeria Plc.

She is a member of the Board's Governance Committee.

Mrs. Adeyinka O. Aroyewun
Independent Non-Executive Director

Mrs. Aroyewun joined the Board of Directors effective the 1st of January, 2019.

Mrs. Aroyewun is an internationally accredited mediator of the Centre for Effective Dispute Resolution (CEDR), UK; a member of the Chartered Institute of Arbitrators, UK; and an IMI Certified Mediator. She is the immediate past Director of the Lagos Multi-Door Courthouse. She is an experienced trainer in Alternative Dispute Resolution (ADR) techniques and was part of a team of certified trainers on the World Bank project for the expansion of ADR mechanisms and institutions in Nigeria.

Mrs. Aroyewun is a Fellow of the Institute of Management Consultants. She was a British Council-appointed consultant and mediation skills trainer, coach, assessor and mentor for a mediation skills training programme, and also consulted for the Justice for All Programme of the British Council on improving the efficiency and respect for human rights in traditional justice systems in Lagos State.

Mrs. Aroyewun sits on the Governing Council of the University of Lagos; Negotiation and Conflict Management

Group College of Negotiation; the Edo State Multi-Door Courthouse; and the Oyo State Multi-Door Courthouse. She is on the panel of Neutrals of the Nigerian Communications Commission.

She is a member of the Board's Risk Management and Ethics Committee.

Mr. Sijbe "Siep" Hiemstra
Non-Executive Director

Mr. Hiemstra joined the Board of Directors effective the 1^{st} of August, 2011.

He served as the Regional President for Africa and Middle East of the Heineken N.V. Group between August 2011 and August 2015 and had also occupied the position of Regional President for the Asia Pacific Region of Heineken N.V. between 2005 and 2011. Mr. Hiemstra started his Heineken career in January 1978 and held commercial, general management and technical positions in different parts of Europe, Africa and Asia/Pacific. He retired as an Executive from the Heineken N.V. Group on 17^{th} August, 2015 but has remained with the group in other capacities.

Mr. Hiemstra is a member of the Board's Governance Committee.

Mr. Asue Ighodalo
Non-Executive Director

Mr. Ighodalo became a member of the Board of Directors of the Company effective 1^{st} January, 2022.

He is a lawyer with over 35 years of experience and is a founding partner of Banwo & Ighodalo, a leading full service law firm in Nigeria. His core areas of practice are Corporate Finance, Project Finance, Securities and Capital Markets, Energy & Natural Resources, Mergers & Acquisitions and Corporate Governance. He is recognised as a leading figure in corporate Nigeria and sits on the Boards of reputable organisations including Sterling Bank Plc and Levene Energy Group both of which he chairs, and Okomu Oil Palm Plc.

Mr. Ighodalo is a member of the Board's Governance Committee.

Mrs. Ndidi O. Nwuneli, MFR
Independent Non-Executive Director

Mrs. Nwuneli joined the Board of Directors effective the 5^{th} of December, 2014.

Mrs. Nwuneli is an alumnus of the Wharton School, University of Pennsylvania (First Degree) and the Harvard University Graduate School of Business Administration (Master's Degree). She is the Founder of LEAP Africa and Co-Founder of AACE Food Processing & Distribution, and Sahel Consulting Agriculture & Nutrition Ltd. Mrs Nwuneli is the Founder and Executive Chair of African Food Changemakers which works across Africa, enabling the scaling of a million sustainable agribusinesses that nourish Africa and change global narratives. She has over two decades of private sector and international development experience. She is on the Boards of the Rockefeller Foundation, Godrej Consumer Products, India; AGRA, the Bridgespan Group, the Young Global Leaders of the World Economic Forum and the Nigerian Economic Summit Group.

She is the Chair of the Board's Governance Committee.

Mrs. Ifueko M. Omoigui Okauru, MFR
Non-Executive Director

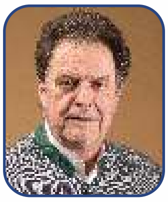
Mrs. Omoigui Okauru was appointed to the Board of Directors effective the 20^{th} of February, 2013.

Mrs. Omoigui Okauru has over three decades of work experience with proven leadership ability at board and executive management levels in both private and public sectors. She was the Executive Chairman of the Federal Inland Revenue Service (FIRS) which she led meritoriously for two consecutive terms. Mrs. Omoigui Okauru also served as member of the National Economic Management Team headed by the President of the Federal Republic of Nigeria. She is currently the Managing Partner of Compliance Professionals Plc, a consultancy company and also sits on the Boards of ReStraL Ltd, MTN Nigeria Communications Plc and PZ Cussons Nigeria Plc, which she chairs.

Mrs. Omoigui Okauru is a Commissioner of a non-partisan body, the Independent Commission for the Reform of International Corporate Taxation (ICRICT). She is also the immediate past Chairperson of the Board of Trustees of the Lagos State Employment Trust Fund. She served as a Member of the Technical Committee (representing the private sector) set up by the Federal Government of Nigeria to work on the details and implementation of the new Minimum Wage for Nigerian workers.

Board of Directors' Profile (Cont'd)

She is a member of the Board's Risk Management and Ethics Committee and a member of the Company's Statutory Audit Committee.



Mr. Roland Pirmez
Non-Executive Director

Mr. Pirmez joined the Board of Directors effective the 1st of September, 2015 shortly after becoming the Heineken Regional President for Africa, Middle East and Eastern Europe. He started his Heineken career in 1995 and has held general management positions within the Heineken N.V. Group in Africa, Asia and Europe, including the position of the Regional President for Asia Pacific.

He is the Chairman of the Board's Risk Management and Ethics Committee.

Mr. Ibrahim A. Puri
Non-Executive Director

Mr. Puri was appointed as a Non-Executive Director and member of the Nigerian Breweries Plc Board effective 1st of August, 2022. Mr. Puri has over 35 years of cognate banking experience encompassing operations, marketing, retail, corporate banking, and human resource management.

Until July 2022, He was an Executive Director with United Bank for Africa Plc, responsible for the bank's operations in Northern Nigeria and prior to this, he managed Universal Trust Bank's business in Northern Nigeria for more than a decade.

Mr. Puri is a member of the Board's Risk Management and Ethics Committee.

Mr. Bernardus A. Wessels Boer
Finance Director

Mr. Wessels Boer was appointed the Finance Director and a member of the Board of Directors effective the 1st of September 2022. Prior to his appointment to the Board, he was the Finance Director of Al-Ahram Beverages Company, the HEINEKEN operating company in Egypt. He joined the HEINEKEN N.V. Group in 2004 and thereafter held senior management positions within the Group in finance, control, and accounting across operating companies in Europe and the Americas.

Mrs. Yeliz Yedikardesler
Non-Executive Director

Mrs. Yedikardesler joined the Board as a Non-Executive Director effective the 1st of April, 2022. She is currently the Senior Director Finance, Africa, Middle East, and Eastern Europe of HEINEKEN. Mrs. Yedikardesler has over twenty-three (23) years of experience in the FMCG industry with specialization in Finance and Strategy.

She possesses a wealth of knowledge and experience in commercial and financial management, financial operations, strategy development, risk management, corporate finance, environment, sustainability and governance, business integration and transformational projects.

Mrs. Yedikardesler is a member of the Company's Statutory Audit Committee.

Uaboi G. Agbebaku, Esq.
Company Secretary

Mr. Agbebaku was appointed as Secretary to the Board of Directors and the Legal Adviser effective the 1st of January, 2008. He joined the Company in January, 2003 as the Legal Affairs Manager. Before then, he was in private practice with the law firm of David Garrick & Co. He is a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria. Mr. Agbebaku is also the Company's Legal Director.

Executive Committee

Back Row (L-R): Mr. Bernardus A. Wessels Boer (Finance Director);
Mrs. Philomena Aneke (Digital and Technology Director); Mr. Uche Unigwe (Sales Director);
Mr. Martin Kochl (Supply Chain Director); Mr. Emmanuel Oriakhi (Marketing Director)
Front Row (L-R): Mrs. Sade Morgan (Corporate Affairs Director);
Mr. Hans Essaadi (Managing Director/CEO); Mrs. Grace Omo-Lamai (Human Resource Director);
Uaboi G. Agbebaku, Esq. (Company Secretary/Legal Director).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 77th Annual General Meeting of Nigerian Breweries Plc ("the Company") will be held in the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos State on Wednesday, 26th April 2023 at 10:00 a.m. for the following purposes:

A. ORDINARY BUSINESS

1 To lay before the Meeting, the Financial Statements for the year ended 31st December, 2022 and the Reports of the Directors, the Independent Auditor and the Audit Committee thereon.

2 To declare a dividend.

3 To elect and re-elect Directors.

4 To authorise the Directors to fix the remuneration of the Independent Auditor.

5 To elect members of the Audit Committee.

6 To disclose the remuneration of the Managers.

B. SPECIAL BUSINESS

7 To fix the remuneration of the Directors.

8 To consider and if thought fit, 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 amongst others the procurement of goods and services, on normal commercial terms be and is hereby renewed."

9 To authorise the Company to obtain an intercompany loan of €110,000,000.00 (one hundred and ten million Euros) from Heineken International (see Note i below).

Dated the 22nd day of March, 2023.

By Order of the Board.

Uaboi G. Agbebaku, Esq.
Company Secretary
FRC/2013/NBA/00000001003

Iganmu House
Abebe Village Road
Iganmu, Lagos
Nigeria.

NOTES:

(a) PROXIES
A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend instead of him/her/it. A proxy for a Corporation may vote on a show of hands and on a Poll. A proxy need not be a member. A blank Proxy Form is attached to the Annual Report and Accounts. To be valid for the Annual General Meeting ("AGM"), a duly completed Proxy Form must be received in the office of the Registrar, First Registrars and Investor Services Limited, No 2, Abebe Village Road, Iganmu, Lagos State or sent by e-mail to info@firstregistrarsnigeria.com or ebusiness@firstregistrarsnigeria.com not later than Monday, 24th April 2023.

(b) AUDIT COMMITTEE MEMBERS
In accordance with Section 404(6) of the Companies and Allied Matters Act (CAMA) 2020, a Shareholder may nominate another Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary, not later than twenty one (21) days before the date of the AGM.

(c) DIVIDEND & CLOSURE OF REGISTER
The Board has recommended for Shareholder's approval, a total dividend of **₦13.87 billion** that is, 143 **(One hundred and forty-three) kobo** per share. The Board having earlier approved an interim dividend of **₦3.29 billion**, that is, **40 (forty) kobo** per share, the final dividend will therefore be **₦10.58 billion**, that is, **103 (one hundred and three) kobo** per share. If approved, the final dividend will be subject to deduction of withholding tax at the appropriate rate and the dividend will become payable on the 26th of April, 2023, to Shareholders whose names appear on the Company's Register of Members as at the close of business on Thursday 16th March, 2023. The Register will be closed from Friday, 17th March 2023 to Tuesday, 21st March, 2023 (both dates inclusive) for the purpose of updating the Register.

(d) GENERAL MANDATE
In line with The Nigerian Exchange Limited ("NGX") Rules on Transactions with Related Parties, the Company is required to seek a renewal of the general mandate from Shareholders as per item 8 of the agenda above. Members had given the general mandate to the Company at prior AGMs to enable it to enter into related party transactions required for the Company's day-to-day operations. See further Note (j) below.

(e) SHAREHOLDERS' RIGHT TO ASK QUESTIONS
A Shareholder has the right to ask questions prior to the AGM. Such questions should be submitted in writing to the Company Secretary not less than a week before the date of the AGM via the email address: mynbshares@heineken.com.

(f) ELECTRONIC VERSION OF THE ANNUAL REPORT AND ACCOUNTS
Electronic version (e-copy) of the 2022 Annual Report and Accounts will be available online for viewing and download via the Company's website, www.nbplc.com and that of the Registrar, www.firstregistrarsnigeria.com. Shareholders who have updated their records with their email address will also receive an e-copy of the document.

(g) E-DIVIDEND MANDATE
Shareholders who are yet to complete the e-Dividend Form or who need to update their records and relevant bank accounts are urged to complete the e-Dividend Form which can be detached/downloaded from the Annual Report and Accounts as well as from the website of the Company, www.nbplc.com or that of the Registrar, www.firstregistrarsnigeria.com. The duly completed form should be returned to First Registrars and Investor Services Limited at No 2, Abebe Village Road, Iganmu, Lagos State.

(h) UNCLAIMED DIVIDEND
Shareholders are hereby informed that some dividends have remained unclaimed and returned to the Registrar. The list of all unclaimed dividends will be circulated to all affected Shareholders and they are advised to contact the Registrar, First Registrars and Investor Services Limited, No 2, Abebe Village Road, Iganmu, Lagos State or via the e-mail address, info@firstregistrarsnigeria.com or ebusiness@firstregistrarsnigeria.com to resolve any issue they may have with claiming the dividends.

(i) INTER COMPANY LOAN
Due to the unavailability of Foreign Exchange ("Forex") at the official window and rate, the Company has accumulated overdue foreign currency-denominated payment obligations for business-critical imports. The Company is seeking an Inter Company Loan of €110m from Heineken International to enable it settle the overdue payments and ensure business continuity amongst others. In compliance with the NGX Rules on Related Party Transactions, the approval of the Shareholders is being sought for the proposed loan, given that the value of the transaction is more than 5% of the Net Tangible Assets of the Company. Explanatory Notes on the loan request detailing the terms of the loan and other relevant information are on page 143 of the Annual Report and Accounts. See further, Note (j) below.

(J) NO VOTING BY RELATED PARTIES
In line with the NGX Rules on Related Party Transactions, Heineken N.V. has undertaken to ensure that its proxies, representatives or associates shall abstain from voting on the resolution approving items 8 and 9 on the agenda at the AGM and also ensured that its representatives did not vote on the concerned items at the Board meeting.

ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18.

Chairman's Address

Chief Kolawole B. Jamodu, CFR
Chairman, Board of Directors

My dear fellow Shareholders, distinguished ladies and gentlemen, it gives me great pleasure to welcome you, on behalf of the Board of Directors ("the Board"), to the 77^{th} Annual General Meeting ("AGM") of our great Company, Nigerian Breweries Plc ("NB") holding on the 26^{th} of April, 2023. I am excited to present to you my address together with the 2022 Annual Report and Accounts.

Let me start by taking you through a short recap of the 2022 operating environment and its impact on businesses. I will also touch on some aspects of our operations as well as a brief outlook for the year 2023.

The 2022 Operating Environment

The year 2022 started with enthusiasm across the world due to the post-covid recovery that started in 2021. However, the entire globe was jolted by the outbreak of the Russia-Ukraine war which compounded the existing macro-economic challenges that the world was coping with. The war led to huge supply chain disruptions and sharp increases in the price of grains and crude oil worldwide.

While the higher crude oil prices provided an opportunity for increased revenue for Nigeria, one of the biggest oil producers in the world, pipeline vandalisation and oil theft however made it difficult for the country to meet its full production quota and increase its revenue. Furthermore, dependence on the subsidised imported Premium Motor Spirit (PMS) equally meant higher cost for the Government. Consequently, the Government's borrowing soared thereby increasing the country's debt profile. The external reserve witnessed continuing decrease, due mainly to weak oil earnings, low capital inflow and shortfall in diaspora remittances.

The energy crisis brought about by the Russia-Ukraine war increased the energy cost for businesses to unprecedented levels. Added to the existing socio-economic challenges, 2022 was another difficult year for the populace in general and businesses in particular. Inflation (including food inflation) was at its highest level in twenty five years as it crossed the 20% mark in 2022. Insecurity including banditry, kidnapping and extra judicial killings remained at a high level with negative impact on agriculture and other production activities as well as social and economic activities. Despite the efforts of the Central Bank of Nigeria ("the CBN"), availability of Foreign Exchange ("Forex") continued to constrain businesses. For the manufacturing sector, it was challenging to import critical materials and to meet payment obligations to overseas partners. The liquidity issue made it difficult for foreign investors to repatriate the proceeds of their investments and also created a wide disparity between the official exchange rate and the autonomous market rate, with huge cost implications for businesses. With a view to curbing inflation, the Monetary Policy Rate was raised several times thereby keeping lending rates at high levels and putting pressure on costs for businesses. The year also witnessed a high level of talent loss in the country as more Nigerians especially the youths, relocated abroad with their families (the *Japa* Syndrome) as well as an eight-month long closure of public universities due to strike by the academic staff. In addition to these headwinds, the country witnessed its biggest flooding disaster in ten years. Twenty states were impacted leading to destruction of farmland, property and social infrastructure as well as the displacement of millions of people and loss of hundreds of lives. According to the National Bureau of Statistics, about 63% of Nigerians (nearly 133 million people) were multi-dimensionally poor in 2022.

The Nigerian Exchange Limited ("NGX") report for 2022 showed that the NGX All Share Index grew by 20% despite foreign portfolio outflows. The growth was driven by corporate earnings, attractive dividend yield on some stocks compared to treasury bills and other fixed income investments, repatriation trades and improved sentiments by domestic retail investors. The equities market capitalisation grew by 25% from ₦22.3 trillion in 2021 to ₦27.9 trillion, buoyed by a couple of new listings. NB remained one of the most capitalised companies on the NGX with a market capitalisation of ₦337.1 billion at the end of 2022.

The Brewed Product Market in 2022

While the resurgence in the brewed product market witnessed in 2021 continued in the first five months of 2022, it was a reversal thereafter as the impact of the headwinds mentioned earlier came to bear. Although there was a bit of rebound at the tail end of the year, it was not enough to compensate for the volume decline that characterised the major part of the year. The total market ended with a medium to high single-digit volume decline. Despite that and the competitive market we encountered, we were able to maintain our market leadership position while also ensuring that we added value to the business and for you, our esteemed Shareholders.

Review of 2022 Operations

Our operations in 2022 were impacted and influenced by the external socioeconomic factors earlier highlighted. It was a case of persevering and succeeding against all odds. And this we were able to do on the foundation of our Evergreen Strategy to Win anchored on the pillars of **Leading and Accelerating Premium Lager** led by Heineken®, **Creating Value in Mainstream Lager** with our regional brands, **Intentionally Expanding Beyond Beer** with non-alcoholic and adjacencies portfolio, **Enhancing our Route to Consumer (RtC**) whilst improving customer experience, and **Building a Compliant Value Creating Digital Eco-System.**

Supported by data driven insights and digital tools, we enhanced our RtC through our omni-channel initiatives which have helped us to be more agile in meeting the expectations of customers and consumers. We are proud to be the No. 1 company in the food and beverage sector with the biggest call centre in Nigeria and this underlines our customer centric mind-set. Our digital agenda anchored on being the best-connected brewer has been critical in improving our RtC.

We leveraged our global platforms to enhance our premium portfolio. The ***Heineken®*** *UEFA Champions League (UCL) Trophy Tour* passed through Nigeria in 2022. It was another opportunity for football fans to see the prestigious UEFA Champions League trophy. The Dutch football star, Clarence Seedorf, the only player to have won the trophy with three different clubs was part of the HEINEKEN and UEFA team. They were hosted in Lagos by the Executive Governor of Lagos State, His Excellency Mr. Babajide Sanwo-Olu and in Abuja by the Honourable Minister of Youth and Sports Development, Mr. Sunday Dare. Two new pack offerings were launched for ***Tiger*** lager beer. The two offerings, 45cl and draught, give consumers more options to enjoy their ***Tiger*****,** the fastest growing international premium lager beer.

With our regional mainstream brands, we continued the promotion of cultural cues blended with modernity. We had ***Goldberg's*** *Ariya Omoluabi* campaign and *Osun Osogbo* festival, ***Life's*** highlife festival and *Turu Ugo Lota* campaigns as well as the renewal of contracts with ***Life*****'s** brand ambassadors - Flavour, Phino and Yul Edochie. ***Life*** was relaunched with a *Double-Brewed* campaign. With our flavoured and non-lager brands, we excited consumers with differentiation messages and high energy platforms including the ***Legend Extra Stout*** *Felabration* activation, the ***Desperados*** *Made to be Different* campaign, and ***Star Radler*** refresh the moment campaign. Other activities included the *"33" Export* campaigns in support of the Super Eagles at the African Cup of Nations and World Cup qualifiers, the ***Gulder*** *Senior Man* and brand ambassador launch, and the ***Star*** *Turn Up the Star* campaign.

With our non-alcoholic portfolio, we continued to drive differentiation in the malt, energy and soft drinks categories. ***Maltina*** launched a new advertising campaign of *Together, Happiness Happens* and continued with the sponsorship of *Maltina School Games* which helps to discover athletes for the nation. ***Amstel Malta*** maintained its support for the entertainment industry through the sponsorship of the *African Magic Viewers' Choice Awards* and movie premieres. The ***Amstel Malta Ultra*** *Choose Your Way to Live* campaign was also launched. In 2022, we added a new energy malt brand,

Zagg, to our portfolio. ***Zagg*** gives us an opportunity to stretch the malt portfolio and drive value in the segment. The ***Fayrouz*** plastic bottle (PET) pack was relaunched.

Our renewable energy initiatives aimed at reducing energy costs and carbon footprint were extended in 2022 with long-term contracts. These included contracts for the supply of hydro energy power to our two breweries in Kaduna, and expansion of the solar projects in Ibadan and Ama Breweries. The Ama Brewery project will involve the construction of a solar field that is equivalent to the size of eight and half football pitches. As promised in my address at the last AGM, the Ama Brewery capacity expansion project was completed in 2022, thereby putting us in a ready position once the market rebounds. The expansion will help us to grow our revenue and equally contribute to boosting economic activities in Enugu State. The HEINEKEN Executive Board Chairman and CEO, Mr. Dolf van den Brink and the CFO, Mr. Harold van den Broek, together with the representatives of the Enugu State Governor, His Excellency, Mr. Ifeanyi Ugwuanyi, the Honourable Minister of Industry, Trade and Investment, Mr. Niyi Adebayo, and the CBN Governor, Mr. Godwin Emefiele, as well as other Government officials, joined us in Enugu to commission the completed project.

With People as our greatest asset, people development remains a core agenda. Our learning philosophy is based on Learn, Share and Reapply. Employees were exposed to learning opportunities including on the job learning, project opportunities and formal learning platforms. Through the HEINEKEN N.V. expatriation programme, we had thirty seven NB employees on short-and long-term assignments in different parts of the world in 2022, with three of them occupying Managing Director positions. The expatriation programme equally allows us to benefit from the experience and expertise that those seconded to NB bring to bear in the Company. We are grateful to HEINEKEN N.V. for the programme which has continued to be of immense benefit to our business in particular and the country in general.

Our collaborative manpower development programme with the Industrial Training Fund and the Nigeria Employers' Consultative Association (NECA) which started in 2010 continued in 2022. Sixty seven Mechatronics Technicians graduated from the programme while thirty new intakes were enrolled. The programme continues to provide technical work force to the industrial sector in the areas of computer technology, mechanical engineering and automation.

Distinguished Shareholders, I am glad to report that 2022 was another year of awards and recognitions for our Company, the brands, processes and people. These included the **Lagos Advertising & Ideas Festival Awards** for ***Life*** and ***Goldberg***; the **Marketing Edge Awards** for NB, ***Heineken®***, Mr. Hans Essaadi, the Managing Director/CEO, Mr. Uche Unigwe, the Sales Director and Ms. Sandra Amachree, the Senior Media and PR Manager; and the **Advertisers Association of Nigeria** Awards for ***Maltina***, ***Life*** and ***Goldberg***. Others were the inaugural **Nigerian Marketing Awards** for NB, ***Star***, ***Maltina***, ***Heineken®*** *UCL Trophy Tour*, ***Goldberg*'s** *Eku-Ise* campaign, ***Desperados***, ***Goldberg***, and Mr. Okwudili Nwakobi, the Brand Manager, International Brands; **the Brandcom Awards for *Maltina*, *Amstel Malta*,** Mr. Emmanuel Oriakhi, the Marketing Director, Mrs. Onyebuchi Allanah, the Senior Brand Manager (***Maltina*** and ***Malta Gold***), Mrs. Elohor Olumide-Awe, the Portfolio Manager, Adjacencies and Ms. Sandra Amachree; **the Most Trusted Brands Awards for *Heineken®*** and ***Maltina***; and the **Women in Marketing & Communications Awards** for Mrs. Sade Morgan, the Corporate Affairs Director, Ms. Sandra Amachree and Mrs. Elohor Olumide-Awe. There were also the **NECA Excellence in Workplace Health & Wellbeing Award** and the **Top 50 HR Leader Award** for Mrs. Grace Omo-Lamai, the Human Resource Director by the African Human Resources Innovation Awards.

More awards and recognitions were the **Manufacturers Association of Nigeria (Apapa Branch) Award** for The Best Kept Industrial Premises (Lagos Brewery); the **Lagos State Environmental Protection Agency Award** for Best Chemical Storage Facility; the **Kaduna State Investment and Promotion Agency Award** for Best Corporate Social Responsibility Company; the **National Environmental Compliance Award**; the **LEAP Africa Impact Partner Award**; the **Lagos PR Industry Gala & Awards** for Best in Internal Communications & Employee Engagement; the Award of Excellence for Outstanding Community Relationships by the **Nigerian Union of Journalists Correspondents Chapel, Enugu State.**

For details of our other corporate social responsibility and sustainability initiatives during the year, please refer to pages 47 and 48 of the Annual Report and Accounts.

2022 Company Results

As stated above under the Brewed Product Market section, we saw a market upswing in the first five months of the year upturned by a monthly volume decline until the final weeks of the year. The total market decreased by a mid to high single-digit reflecting pressure on consumer disposable income as well as naira devaluation and inflation. Nevertheless, we outperformed the market led by our strong premium portfolio.

Driven by brand mix improvements and strong pricing, our Net Revenue grew by 26% from **₦437.2 billion** in 2021 to **₦550.5 billion** in 2022. Cost of Sales, Marketing, and Distribution expenses were under pressure due mainly to inflation,

devaluation of the naira and high energy cost. Although the Operating Margin was flat, the Operating Profit grew by 26% from ₦41.8 billion to ₦52.6 billion. Our Profit after Tax margin went down driven mainly by the increase in Forex losses due to the naira devaluation and foreign currency scarcity. Nevertheless, the Profit after Tax went up by 8% from ₦12.9 billion to ₦13.9 billion. We were again able to grow value for you, our esteemed Shareholders despite the headwinds we had to confront in 2022.

2022 Financial Year Dividends

My dear fellow Shareholders, it is with pleasure that the Board is recommending for your approval, a total dividend of **₦13.87** billion that is, **143 (One hundred and forty-three) kobo** per share. You will recall that in October 2022, the Board approved an interim dividend of **₦3.29 billion**, that is, **40 (forty) kobo** per share. The final dividend will therefore be **₦10.58 billion**, that is, **103 (one hundred and three) kobo** per share. If approved, the final dividend, which will be subject to deduction of withholding tax at the appropriate rates, would become payable on the **26th of April, 2023.** Shareholders entitled to the final dividend are those whose names were in the Company's Register of Members at the close of business on Thursday, 16th March, 2023.

My fellow Shareholders, I want to again use this opportunity to request any Shareholder who is yet to complete the e-dividend form to do so. This will make it easier and faster for you to receive your dividend in your bank account as well as help to reduce in the short term, and eliminate in the long term, the issue of unclaimed dividends. An e-dividend form for your use is included in the Annual Report and Accounts. Please complete and return it to the Registrar (First Registrars & Investor Services Limited). The form is also available for download on our website (www.nbplc.com) and that of the Registrar (www.firstregistrarsnigeria.com).

Board of Directors

There were changes in the Board after the last AGM. **Mr. Ibrahim A. Puri** joined the Board effective the 1st of August 2022 as a Non-Executive Director, to fill a vacancy on the Board. **Mr. Rob Kleinjan**, who was our Finance Director, completed his expatriation assignment with NB at the end of August 2022 and subsequently took up another assignment within the HEINEKEN Group. On your behalf, we thanked Mr. Kleinjan for his contributions to the growth and development of our Company. **Mr. Bernardus A. Wessels Boer** was appointed effective 1st September 2022 to replace Mr. Kleinjan on the Board and as the Finance Director. Messrs Puri and Wessels Boer will be presented to Shareholders at the AGM for the approval of their appointments.

In line with the provisions of our Articles of Association, the three Directors due for retirement at the forthcoming AGM and who, being eligible, have offered themselves for re-election are **Mrs. Adeyinka O. Aroyewun, Mr. Sijbe "Siep" Hiemstra and Mrs. Ndidi O. Nwuneli,** MFR.

The profiles of all Directors are available on pages 10 to 12 of the Annual Report & Accounts.

Inter Company Loan

My dear Shareholders, Forex loss was a major impact on our profitability in 2022. Access to Forex continues to be a major issue for NB. The increase in our trade payables has been driven majorly by outstanding payments to our foreign trade partners as a result of unavailability of enough Forex at the official windows. The biggest hit trade partner is IBECOR, a Belgian company (also part of the HEINEKEN group) that supports us in the sourcing and procurement of critical raw and packaging materials required for our operations. To enable us settle the long overdue payables to IBECOR, HEINEKEN International is ready to make available a €110m loan to NB. Being an inter-company loan and considering the amount involved, Shareholders approval is required. The Board has reviewed the rationale for, and the terms of the loan. It will, amongst others, ensure that there is no stoppage of production or any other disruption to our operations. It is also a ready and cheaper source of the much needed Forex. The interest rate and the tenor of the loan are better and more flexible than other alternative sources. The Board therefore recommends the loan to you for approval at the AGM. More details of the loan request are contained in the Explanatory Notes on page 143 of the Annual Report and Accounts.

Looking Ahead: 2023

Operating Environment

The 2023 National Budget was passed into law by President Muhammadu Buhari in January. With a total revenue of ₦10.49 trillion and total expenditure of ₦21.83 trillion, there is a budget deficit of ₦11.34 trillion which is expected to be funded by local borrowing. This has the potential of crowding out funds that would have gone into businesses for investment purpose. The provision in the budget for subsidy on PMS indicates that after the first five months of the year, the product would no longer be subsidised by the Government. While this is expected to reduce Government's cost, it is expected to further depress consumer purchasing power.

At the time of putting this address together, the 2023 general elections had been concluded. The elected President,

Chairman's Address (Cont'd)

Governors (governorship elections took place in majority of the states) and lawmakers at the Federal and State levels are expected to be in place by June. The myriad of socio-economic challenges that the new Government are expected to immediately start finding solutions to include slow economic growth, inflationary pressure, rising interest rates, convergence of Forex rates, implementation of naira re-design/cashless policy, fuel subsidy removal, rising debt burden, insecurity, lack of social infrastructure, a more stable academic calendar at the tertiary level, and continuing brain drain. The expectation however, are that 2023 would be transitional and gradual for the new administration with current policies shaping its actions and activities.

In the first quarter of this year, we have seen a massive impact of the naira re-design policy and lower disposable income on sales and depletion. The cash crunch faced across the country had a huge impact on commercial and social activities with the brewery sub-sector not left out. Again, this is in addition to the headwinds carried over from 2022. There are also expectations that excise duty on brewed products would be raised, with implications for pricing. It therefore looks set to be another challenging year where amongst others, margins would be under significant pressure. Nevertheless, the Board is confident that with our pricing strategy and cost-value agenda, together with our nationwide production footprint, our dedicated people and our brands, we are poised to navigate the challenges in the short-term to enable us deliver long-term sustainable value to our Shareholders.

Conclusion
My dear esteemed Shareholders, I want to once again, use this opportunity to thank you, on behalf of the Board, Management and other employees, for your support, advice and encouragement over the years. We look forward to a continuation of all of these.

The support of our parent company, HEINEKEN N.V., cannot be overemphasised; that support is the main reason why our Company continues to deliver value to all Shareholders and other stakeholders. It has been more than seventy six years of confidence, and continuing the investment in Nigeria and we cannot thank HEINEKEN N.V. enough for the invaluable support that has also made us to remain one of the top companies in Nigeria.

We also thank all our other stakeholders, including our distributors/customers, transporters, consumers, suppliers, professional advisers, the Government at all levels and our host communities. We look forward to a continuation of the mutually beneficial respective relationships.

To my fellow Board Members, the Management Team and employees at all levels, I thank you for the individual and collective contributions that enabled us to persevere and succeed against all odds in 2022. More of your support is required to cope with the challenges that 2023 would bring.

Finally, I give glory to God.

Thank you and God bless you.

Chief Kolawole B. JAMODU, CFR
Chairman, Board of Directors.


MALTINA
Together Happiness happens
Share Happiness

Directors' Report

Mr. Hans Essaadi
Managing Director/CEO

The Directors are pleased to present their annual report together with the audited financial statements of the Group and Company for the year ended 31st December, 2022.

1. **Legal Status**
   Nigerian Breweries Plc, a public company quoted on The Nigerian Exchange Limited ("The NGX"), was incorporated on the 16th of November, 1946, under the name, Nigerian Brewery Limited. The name was changed on the 7th of January, 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990. The Company is a subsidiary of Heineken N.V. of the Netherlands, which held 56.69% interest in the equity of the Company as at 31st December, 2022.

2. **Principal Activities**
   During the year under review, the principal activities of the Company remained brewing, marketing and selling of lager, stout, non-alcoholic malt drinks and soft drinks.

3. **Progress Trust (CPFA) Limited**
   Progress Trust (CPFA) Limited was incorporated by the Company and is a duly registered Closed Pension Fund Administrator. Its sole activity is the administration of the pension and the defined (employer's contribution) gratuity scheme for employees and former employees of Nigerian Breweries Plc.

4. **The Nigerian Breweries-Felix Ohiwerei Education Trust Fund**
   The Nigerian Breweries-Felix Ohiwerei Education Trust Fund was incorporated by the Company and is a sponsored charitable Trust. The proceeds from its investments are disbursed solely for the promotion of education.

5. **Benue Bottling Company Limited**
   Following the merger with Consolidated Breweries Plc, the enlarged Company acquired an 89.3% majority equity interest in Benue Bottling Company Limited ("BBCL"). The entity, which has no business activity, holds land, buildings and some idle production assets. The financial position entity has been consolidated in these financial statements. At the time of the acquisition, all productive assets were impaired. BBCL is currently undergoing a liquidation process.

6. **234 Stores Limited**
   234 Stores Limited is a subsidiary of the Company established to explore opportunities in the route-to-market. Its financial position has been consolidated in these financial statements.

7. **Review of Operations**
   A summary of the company results for the year is shown below:

	2022	2021	% Change
	₦' millions	₦' millions	
Revenue	550,478	437,196	26
Results From Operating Activities	52,555	41,812	26
Profit Before Taxation	18,093	23,930	-24
Taxation	(4,167)	(11,003)	-62
Profit After Tax	13,926	12,927	8

8. Dividend

The Board is pleased to recommend to Shareholders at the forthcoming Annual General Meeting ("AGM"), the declaration of a total dividend of ₦13,872,778,710 (thirteen billion, eight hundred and seventy-two million, seven hundred and seventy-eight thousand, seven hundred and ten naira only) that is, 143 (One hundred and forty-three) kobo per ordinary share of 50 (fifty) kobo each. The total dividend comprises an interim dividend of ₦3,288,362,361 (three billion, two hundred and eighty eight million, three hundred and sixty two thousand, three hundred and sixty one naira only), that is, 40 (forty) kobo per share which had earlier been paid and a final dividend of **₦10,584,416,349 (ten billion, five hundred and eighty four million, four hundred and sixteen thousand, three hundred and forty nine naira only), that is, 103 (one hundred and three) kobo per share.**

If the final dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate and the dividend will become payable on the 26th of April, 2023, to Shareholders whose names appear on the Company's Register of Members as at the close of business on Thursday 16th March, 2023.

9. Shareholding, Substantial Shareholders and Free Float Declaration

The issued and fully paid-up Share Capital of the Company as at 31st December, 2022 was 10,276,132,378 Ordinary Shares of 50 kobo each. The Register of Members shows that three companies: Heineken Brouwerijen B.V. holding 38.32%, Distilled Trading International B.V. holding 15.63% and Stanbic Nominees Nigeria Limited holding 11.81% held more than 10% of the Company's issued share capital as at the said date. The remaining 34.24 % of the issued shares were held by other individuals and institutions. Aside the aforementioned three companies, no other Shareholder held more than 5% of the issued share capital of the Company as at 31st December, 2022. Heineken Brouwerijen B.V. and Distilled Trading International B.V. are part of the Heineken N.V. Group.

The Company complied with the free float requirement of the NGX for companies listed on the Main Board. The Company had a free float value of ₦178.28 billion as at 31st December, 2022. Details of the free float are on page 135 of this Annual Report and Accounts.

10. Distributors

The Company delivers most of its products nationwide through an extensive network of key distributors, wholesalers, bulk breakers and major retail stores. The names of the major customers are listed on page 137 of this Annual Report and Accounts.

11. Board of Directors

The composition of the Board of Directors since after the last AGM is as shown on page 5 hereof. The Board is at present made up of ten (10) Non-Executive Directors (including the Chairman) and two (2) Executive Directors.

There were changes on the Board since after the last AGM. Following his picking up another appointment in the Heineken N.V. Group outside Nigeria, Mr. Rob Kleinjan resigned from the Board and as the Finance Director effective the 31st of August, 2022. Consequently, Mr. Bernardus A. Wessels Boer was appointed to the Board and as the Company's Finance Director effective the 1st of September, 2022. On behalf of Shareholders, the Board thanked Mr. Kleinjan for his significant contributions to the growth of Company. Also, Mr. Ibrahim A. Puri was appointed to fill a vacancy on the Board effective the 1st of August, 2022 in line with Article 95 of our Articles of Association. As required under Section 274 (2) of the Companies and Allied Matters Act, 2020 ("CAMA"), Messrs Wessels Boer and Puri will be presented to Shareholders at the AGM for the approval of the appointments.

The Directors to retire by rotation at the forthcoming AGM in conformity with the Articles of Association, and who, being eligible, have offered themselves for re-election at the meeting are Mrs. Adeyinka O. Aroyewun, Mr. Sijbe "Siep" Hiemstra and Mrs. Ndidi O. Nwuneli, MFR.

12. Record of Directors' Attendance

Further to the provisions of Section 284(2) of CAMA, the Record of Directors' Attendance at Board Meetings during the year under review will be available at the Annual General Meeting for inspection. See also, item 20(a) below for the same information.

13. Directors' Interest in Shares

(a) Direct Holding

The direct interest of each current Director in the issued share capital of the Company, as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 301 of CAMA and disclosed in accordance with Section 385 also of CAMA as well as the Listing Rules of the NGX, is as follows:

Directors' Report (Cont'd)

Name	As at 31st December, 2022	As at 31st December, 2021
Chief Kolawole B. **Jamodu**, CFR	1,144,337	874,065
Mr. Hans **Essaadi**	Nil	Nil
Mrs. Juliet **Anammah**	Nil	N/A*
Mrs. Adeyinka O. **Aroyewun**	52,108	1,687
Mr. Sijbe "Siep" **Hiemstra**	Nil	Nil
Mr. Asue **Ighodalo**	Nil	N/A*
Mrs. Ndidi O. **Nwuneli**, MFR	Nil	Nil
Mrs. Ifueko M. Omoigui **Okauru**, MFR	44,990	35,992
Mr. Roland **Pirmez**	Nil	Nil
Mr. Ibrahim Ajimasu **Puri**	Nil	N/A*
Mr. Bernardus Antonius **Wessels Boer**	Nil	N/A*
Mrs. Yeliz **Yedikardesler**	Nil	N/A*

**N/A. - Not applicable as the Director was not on the Board as at that date.*

(b) Indirect Holding.

There was no indirect holding by any of the Directors.

14. Agricultural/Raw Materials Improvements

Nigerian Breweries Plc continues to invest resources in local development, improvement and commercialisation of its agricultural raw materials. Our collaboration with relevant local and international research institutes has been expanded to further assess and improve the performance and adaptability of selected registered local sorghum varieties and to develop new sorghum varieties with improved quality for the industry and increased yield for the farmers. To increase the positive impact of local sourcing of its agricultural raw materials, Nigerian Breweries Plc has also continuously expanded its sorghum sourcing areas to new communities.

15. Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 13 to the financial statements.

16. Gifts and Donations

In 2022, the Company made gifts and donations amounting to ₦113,165,507 (2021: ₦262,003,401) as follows:

Beneficiary/Project	Naira
Youth Entrepreneurship Support Programme	74,968,997
Umuezeani Community Scholarship/Bursary	3,786,656
U-tolf Project – Gender Balance and youth Empowerment Programme	3,026,875
Rehabilitation of Umuezeani Community School	6,189,313
Renovation of Eziama Police Station, Aba	3,714,750
Awo Omamma Community Football Tournament	2,998,734
Sponsorship of Kaduna Investment Forum (Bronze Category)	15,000,000
Donation of Motorcycles and Helmets to Kano State Road Traffic Agency	2,885,838
Partnership with the Federal Road Safety Corps on Responsible Consumption	594,344
	113,165,507

In accordance with Section 43(2) of CAMA, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

17. Employees and Employment

(a) Employment of Physically Challenged Persons

Nigerian Breweries Plc is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability, there could be immense ability. At present, we have fourteen (14) physically challenged persons in our employment.

(b) Employee Involvement and Training

In today's competitive business landscape, human capability has been found to be a key factor for corporate success. The critical challenge towards continuous performance improvement remains the capability and speed of response to changes in the business environment through people development. Thus, a drive in the right direction for employees' development is imperative for sustainable superior company performance. In Nigerian Breweries Plc, we believe strongly that we must win with our people. We must not only enable employees to perform in their day-to-day jobs, but must unlock their potentials and make it possible for them to unleash energy to achieve business goals.

Continuous training and upgrading of skills at all levels of the Company is therefore the key to achieving a meaningful competitive advantage and long-term business success. We provide our employees both operational and leadership training within and outside Nigeria to expose them to best practices and improve knowledge transfer at international level.

(c) Health, Safety and Welfare

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, there are on-site clinics manned by qualified medical personnel in all our brewery locations that provide primary health care and some degree of secondary health care round the clock for employees at work. Furthermore, top health care providers have been carefully selected under a managed care scheme to look after the health care needs of employees and their dependants. We comply with relevant statutory provisions and regulations on health, safety and welfare matters as well as providing the education required to enable compliance by employees. As a good corporate citizen, we recognise the threat of HIV/AIDS in sub-Saharan Africa. Hence, as an extension of our medical policy, Nigerian Breweries Plc operates a comprehensive workplace HIV/AIDS programme spanning the continuum of policy to treatment.

Although COVID-19 cases were on the decrease in the course of the year, however, Nigerian Breweries Plc continued to demonstrate its commitment towards stemming the tide of the virus through its corporate social responsibility. Internally, awareness creation on COVID-19 preventive measures were continued, while emergency preparedness and response activities were further strengthened under the steering of the COVID-19 Crises Management Team. A work from home programme leveraging on technology was sustained along with a segmented work on site programme. The Company also continued to ensure ease of access to COVID-19 vaccines through onsite vaccinations at the various brewery locations.

18. Integrated (QFHSE) Policy Statement

Nigerian Breweries Plc is a responsible corporate citizen and operating company of Heineken N.V., with a mission to be the leading beverage company in Nigeria marketing high quality brands to deliver superior customer satisfaction in a safe and environmentally friendly way. The Management of Nigerian Breweries Plc, through an Integrated Management System that meets internationally recognised standard for Quality, Food Safety, Environment and Occupational Health and Safety is committed to:

- Produce and market high quality beverages that are safe for consumption, consistently meet customer requirements and deliver consumer satisfaction.
- Protecting the environment and preventing pollution in all areas of our environmental impact.
- Preventing injuries and ill health of all our employees and those affected by our operations through the elimination of hazards and reduction of occupational health and safety risks.
- Fulfilling all legal and other compliance obligations for the Integrated Management System.
- Continually improving our systems through regular consultations and participation of employees, improving employees' competencies and the use of Total Productive Management and other relevant tools to enhance performance.

19. Business Conduct

Our business is conducted with integrity and due regard to the legitimate interest of all stakeholders. As part of this, we have adopted policies such as the Code of Business Conduct which provide amongst others for:

(a) Respect for Law

Nigerian Breweries Plc ensures that its existence and operations remain within the ambit of all applicable laws. Our employees are expected to comply with the laws and regulations of Nigeria.

(b) Business Integrity

We believe that corruption is evil in the business environment as it is in the society generally. We maintain appropriate anti-corruption policies and programmes in our business. Accordingly, Nigerian Breweries Plc does not give or receive, whether directly or indirectly, bribes or any other incentive to obtain improper advantages for business or financial gain.

(c) Corporate Social Responsibility

As an integral part of the Nigerian society playing varied roles as an employer, supplier, customer, partner, taxpayer and competitor all at the same time, the Company impacts the society. Where possible, we aim to establish sustainable partnerships with our stakeholders within our policy guidelines on community involvement. A Corporate Social Responsibility and Sustainability Report detailing some of the ways we collaborated with our various stakeholders during the year under review are on pages 47 and 48.

(d) Conflict of Interest

Nigerian Breweries Plc recognises and respects the right of its employees to engage in external activities so long as these activities do not impair, interfere or conflict with the conscientious performance of their duties and do not involve damage to or misuse of the Company's name, trademarks, products, property, reputation, goodwill, confidential information or other resources.

When an employee is engaged in carrying out a task on behalf of the Company and that employee has a factual or potential private interest in the outcome of the task, which is contrary to the best interests of the Company or is substantial enough to affect the employee's unbiased judgment, the Company expects the employee to disclose this as appropriate. Failure to comply with this policy will have serious career consequences for the employee. Nigerian Breweries Plc maintains policies (for instance, on purchasing) that severely reduce the risk of harm to the Company due to a conflict of interest.

20. Corporate Governance

Nigerian Breweries Plc adopts a responsible attitude towards corporate governance. The Board continues to ensure that the Company complies with relevant corporate governance provisions and principles as well as adopt best corporate governance practices. The Board remains committed to implementing the corporate governance principles and guidelines contained in the 2018 Nigerian Code of Corporate Governance, the 2020 Securities and Exchange Commission's Corporate Governance Guidelines and CAMA.

(a) The Board of Directors

The Board of Directors is made up of ten (10) Non-Executive Directors, including the Chairman, and two (2) Executive Directors. Three (3) of the Non-Executive Directors qualify as Independent Directors. They are: Mrs. Juliet Anammah; Mrs. Adeyinka O. Aroyewun; and Mrs. Ndidi O. Nwuneli; MFR. The Board has a formal guideline and process for appointment of Directors.

The Board is inter alia, responsible for supervising the conduct of business by Management as well as the general course of affairs in the Company; assessing the Company's corporate strategy and general policy; the development of the Company's financial position, risk management systems and other systems; the Company's organisational structure; and the Company's social policy.

The Board has a formal schedule of meetings each year and met seven (7) times in the course of the year under review made up of five (5) scheduled meetings and two (2) special meetings. The record of attendance at those meetings by the current Directors who served during the year under review is set out below:

	16/02/22	18/03/22	22/04/22	28/07/22	26/10/22	15/11/22	08/12/22
Chief Kolawole B. **Jamodu**, *CFR*	P	P	P	P	P	P	P
Mr. Hans **Essaadi**	P	P	P	P	P	P	P
Mrs. Juliet **Anammah**	P	P	P	P	P	P	P
Mrs. Adeyinka O. **Aroyewun**	P	P	P	P	P	P	P
Mr. Sijbe "Siep" **Hiemstra**	P	P	P	P	P	P	P
Mr. Asue **Ighodalo**	P	P	P	P	P	P	P
Mrs. Ndidi O. **Nwuneli**, *MFR*	P	P	P	P	P	A	P
Mrs. Ifueko M. **Omoigui Okauru**, *MFR*	P	P	P	P	P	A	P
Mr. Roland **Pirmez**	P	P	P	A	P	P	P
Mr. Ibrahim A. **Puri**	N.A.	N.A.	N.A.	N.A.	P	P	P
Mr. Bernardus A. **Wessels Boer**	N.A.	N.A.	N.A.	N.A.	P	P	P
Mrs. Yeliz **Yedikardesler**	N.A.	N.A.	P	P	P	P	A

P – Present
A – Absent with Apology
N.A. – Not a member of the Board of Directors as at that date.

(b) Governance Committee

The responsibilities of the Committee include making recommendations to the Board on candidates for appointment as Directors based on the guidelines set by the Board as well as reviewing executive remuneration and determining specific remuneration packages for Directors. Also, the Committee is responsible for ensuring the development of corporate governance policies and procedures in the Company in accordance with national and international best practices.

The composition of the Governance Committee as well as the record of attendance at the Committee's meetings during the year in review were as follows:

		10/02/22	25/10/22
Mrs. Ndidi O. **Nwuneli** *MFR*	Chair	P	P
Mrs. Juliet **Anammah**	Member	N.A.	P
Mr. Sijbe "Siep" **Hiemstra**	Member	P	P
Mr. Asue **Ighodalo**	Member	N.A.	N.A.

P – Present
N.A. – Not a member of the Committee as at that date.

(c) Risk Management and Ethics Committee

The Committee determines the risk management and ethics standards, policies, procedures and processes of the Company (including the Code of Business Conduct) and is also responsible for assessing the adequacy and effectiveness of the Company's management of the risk and compliance function of the Company.

Members of the Executive Committee as well as the Head of Process & Control Improvement Department (responsible for internal audit), attend the meetings of the Committee that are dedicated to issues of Risk Management.

The composition of the Committee as well as record of attendance at its meetings, during the year, were as follows:

Mr. Roland **Pirmez**	Chairman	A	A	P	P
Mrs. Adeyinka O. **Aroyewun**	Member	P	P	P	P
Mrs. Ifueko M. Omoigui **Okauru**, MFR	Member	P	P	P	P
Mr. Ibrahim A. **Puri**	Member	N.A.	N.A.	N.A.	P

P – Present
A – Absent with Apology
N.A. – Not a member of the Committee as at that date.

(d) Statutory Audit Committee

The Committee, as part of its functions, reviews the Company's overall control systems, financial reporting arrangements and standards of business conduct. Members of the Audit Committee have direct access to the Process & Control Improvement Department and the Independent Auditor. The statutory functions of the Committee are provided for in Section 404(7) of CAMA.

The Audit Committee is composed of three (3) Shareholders' representatives and two (2) Directors' representatives.

The record of attendance at the meetings by members of the Committee who served during the year under review is set out below:

		15/02/22	21/04/22	27/07/22	06/12/22
Chief Timothy A. **Adesiyan**	Chairman	P	P	P	P
Mazi Samuel C. **Mpamaugo**	Member	P	P	P	P
Mr. David O. **Oguntoye**	Member	P	P	P	P
Mrs. Ifueko M. **Omoigui Okauru**, *MFR*	Member	P	P	P	P
*Mrs. Yeliz **Yedikardesler**	Member	N.A.	N.A	P	P
*Mr. Steven **Siemer**	Member	P	N.A	N.A.	N.A.

*In the course of the year, Mrs. Yedikardesler replaced Mr. Siemer as a Directors' Representative in the Committee.
P – Present
N.A. – Not a member of the Committee as at that date.

(e) Executive Committee

The Executive Committee ("ExCo") is the Management Team and is responsible for agreeing priorities, allocating resources, setting overall corporate targets, agreeing and monitoring divisional strategies and plans. It has responsibilities for superintending the affairs of the business on a day-to-day basis. It is chaired by the Managing Director/Chief Executive Officer of the Company. The record of attendance of the Current ExCo members at the formal ExCo meetings during the year under review is set out below:

Name	Role	No. of Meetings	No. Attended
Mr. Hans **Essaadi**	Managing Director/ CEO	20	20
Mrs. Philomena **Aneke**	Digital and Technology Director	20	18
Mr. Martin **Kochl**	Supply Chain Director	20	20
Mrs. Sade **Morgan**	Corporate Affairs Director	20	18
Mrs. Grace **Omo-Lamai**	Human Resource Director	20	15
Mr. Emmanuel **Oriakhi**	Marketing Director	20	18
Mr. Uche **Unigwe**	Sales Director	20	18
Mr. Bernardus A. **Wessels Boer**	Finance Director	8*	6
Uaboi G. **Agbebaku**, Esq.	Company Secretary/Legal Director	20	20

** After becoming a member of the Committee*

(f) Board Evaluation

The Board undertook a Board Evaluation exercise for the year 2022. The results of the exercise revealed that the Board recorded improvements in the areas of overall performance, effectiveness, conduct of meetings, interactions with Management, responsibilities and reporting as well as in the effectiveness of Board committees.

The Board also identified a few areas for continuous improvement to make the Board perform even better.

(g) Regulations for Dealing in Shares

In compliance with the Listing Rules of The NGX, Nigerian Breweries Plc has in place regulations to guide the Board and other employees when effecting transactions in the Company's shares and other securities. The Company's Regulations for Dealing in Shares and other Securities ("the Regulations") provide amongst others, the period when transactions are not allowed to be effected on the Company's shares and other securities ("Closed Period") as well as disclosure requirements when effecting such transactions. All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares and securities. The Company regularly notifies The NGX of its Closed Periods.

The Company made inquiries from all affected persons and is not aware of any non-conformity with the Listing Rules or the Regulations during the year under review.

(h) Complaints Management Policy

Nigerian Breweries Plc has in place a Complaints Management Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission. The Policy sets out the broad framework for handling shareholder complaints in a fair, impartial, efficient and timely manner. The Policy can be accessed via the Company's website.

(i) Communications Policy

Nigerian Breweries Plc has in place a Communication Policy ("the Policy") in accordance with the requirements of the Securities and Exchange Commission. The Policy is available on the Company's website.

The Board recognises the need to communicate and disseminate information regarding the operations and management of the Company to all relevant stakeholders (including Shareholders, regulatory authorities, media, analysts and the general public).

(j) Inclusion & Diversity Policy

Our Ambition is to develop and embed Inclusion and leverage Diversity to create value in a fast-changing and complex environment, which positively impact our employees, customers and consumers. Wherever we operate and across every part of our business, we are passionate about creating an inclusive environment which caters to differences and fosters inclusion and equity through our core values of Passion, Care, Courage and Enjoyment.

(k) Whistle Blowing Framework

The Company has a whistleblowing system in place called, "Speak Up". This provides an avenue for employees and third parties dealing with the Company to report concerns about any suspected misconduct which may arise from the violation of laws and regulations, the Company's Code of Business Conduct or the various policies, rules, standards and procedures under which the Company operates. By creating the Speak Up channel (a safe, secured and confidential channel of communication) and an effective reporting system, the Company believes that it can promote a positive work environment.

Directors' Report (Cont'd)

21. Independent Auditor

The firm of Deloitte & Touche served as the Independent Auditor during the year under review. In accordance with Section 401(2) of CAMA, the firm has indicated its willingness to continue in office as the Independent Auditor to the Company.

Dated the 23rd day of February, 2023.

By Order of the Board.

Uaboi G. Agbebaku, Esq.
Company Secretary
FRC/2013/NBA/00000001003

Iganmu House
Abebe Village Road
Iganmu, Lagos, Nigeria.


18+
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TIGER 44CL CAN
LAGER BEER
PREMIUM QUALITY
Tiger
SINCE 1932
World Acclaimed
LAGER BEER
PREMIUM QUALITY
5% Alc./Vol.
NET CONTENT: 44CL
SAME CRISP TASTE
Tiger
LIVE UNCAGED


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FLAVOUR
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PREMIUM SPARKLING SOFT DRINK
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TASTE.
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Presentation of the ₦6.5 million Grand Prize to the Winner of the 2022 Maltina Teacher of the Year Competition by the Vice President, Federal Republic of Nigeria, Prof. Yemi Osinbajo, (third right) and other dignitaries at the Grand Finale held in Lagos.

The HEINEKEN CEO, Mr. Dolf van den Brink (third left), with other dignitaries during the civil works commissioning ceremony for Ama Brewery expansion in Enugu State.

The European Union delegation led by its Ambassador to Nigeria and ECOWAS, Ms. Samuela Isopi (right), during a courtesy visit to NB Plc's headquarters in Lagos.

The Netherlands Consul-General to Nigeria, Mr. Michel Deelen (middle), and his delegation with members of NB Plc management during a courtesy visit to NB Plc's headquarters in Lagos.

Presentation of The National Environmental Compliance Award to NB Plc by The National Environmental Standards And Regulations Enforcement Agency (NESREA) in Abuja.

The contract signing ceremony between NB Plc and Cross Boundary Energy on renewable energy (Solar) expansion for Ibadan Brewery and Ama Brewery.

The signing of a ten-year power purchase agreement on renewable energy between NB Plc and Konexa at NB Plc Headquarters in Lagos.

Presentation of the Mandatory Conformity Assessment Programme (MANCAP) certificate to NB Plc, by the Director General, Standard Organization of Nigeria (SON), Mr. Salim Farouk (middle).

A cross-section of NB Plc's Shareholders and others during the 76th Annual General Meeting (AGM) held in Lagos.

A cross-section of NB Plc's Shareholders at the Extraordinary General Meeting held in Lagos.

(L-R): The leadership team of HEINEKEN Mr. Harold van den Broek, CFO; Mr. Dolf van den Brink, CEO; Mr. Roland Pirmez, Regional President for Africa, Middle East and Eastern Europe, adorned in traditional regalia during the visit to Ama Brewery in Enugu.

The leadership team of HEINEKEN led by Mr. Dolf van den Brink and members of the Board and Management of NB Plc and the Top 10 Customers during the commissioning of a Logistics Service Provider project in Enugu.

Presentation of the Best Kept Industrial Premises (Multinational category) award to NB Plc by the Manufacturers Association of Nigeria (MAN), Apapa Branch, in Lagos.

The signing of a Memorandum of Understanding (MOU) between NB Plc and ITF-NECA Technical Skills Development Project (TSDP) in Abuja.

The Management team of NB Plc, led by the Managing Director, Mr. Hans Essaadi, during a courtesy visit to the Ojora of Ijora, HRM Oba Fatai Aremu Aromire in Lagos.

The Corporate Affairs Director, NB Plc, Mrs. Sade Morgan, with dignitaries during the graduation ceremony of 2022 NB Plc's Youth Empowerment Programme in Abuja.

Presentation of certificate to NB Plc by the National Office for Technology Acquisition and Promotion (NOTAP) in recognition of the Company's active support for the NOTAP-Industry Technology Transfer Fellowship scheme in Lagos.

NB Plc receiving the Merit Award of Recognition during the celebration of the 2022 World Customs Day in Abuja.

Presentation of a cheque to LOOPLab Innovator Cohort 2022 by NB Plc in Lagos.

The Lagos State Commissioner for Women Affairs and Poverty Alleviation, Mrs. Bolaji Dada (second right), the Ojora of Ijoraland and Iganmu Kingdom, HRH, Oba Abdulfatai Oyeyinka Aromire (second left) and other guests at the graduation ceremony of the NB Plc's Youth Empowerment Programme in Lagos.

Presentation of Impact Partner award to NB Plc by LEAP Africa at LEAP Africa's 20th Anniversary Gala and Award Night celebration held in Lagos.

Presentation of the Best Corporate Social Responsibility Company award to NB Plc by the Kaduna State Government.

Presentation of the award of the Most Outstanding Company in Gender Inclusion to NB Plc at the Women in Marketing & Communications Award by Brand Communicators held in Lagos.

Presentation of Platinum Award to NB Plc at the 2022 Marketing Edge Excellence Award held in Lagos.

Skaters enjoying Zagg Energy Drink with Malt at the Consumer Launch Event.

Goldberg’s Eku Ise 2.0 Campaign.

Fun moments with participants at the 2022 Maltina School Games

The prolific Ogiame Erejuwa II played to over 3000 Nigerians on Christmas Day in December, 2022. People cried, laughed and at the end, gave a standing Ovation. It was an honor to have His Royal Majesty The Olu of Warri accompanied by the Olowo of Owo grace the event as well as Amstel Malta's brand ambassador- Dakore Akande

Consumers enjoying Legend Extra Stout at the Kizz Daniel Live Concert.

Chief Priest, Larry Gaga and Pere were unveiled as ambassadors for the Gulder brand at the launch of the Senior Man campaign.

NB Plc's Management and Marketing Team with the Brand Marketing Awards.

Tiger brand ambassadors with the Tiger brand team.

New Yam Festival: Life Beer identifies and celebrates with Igbos at cultural and festive events particularly in the East.

NB Plc Team with legendary Nollywood actor Pete Edochie, at the launch of Life Lager's *Turu Ugo Lota* (Bring Home the Glory) campaign.

Brand ambassadors educating a consumer about Star Radler at Flytime Experience.

Shutabug (second left) and Kemismallz (second right) with the brand team at the Desperados' Collectives – celebrating content creators.

(L-R): Mr. Emmanuel Oriakhi, NB Plc’s Marketing Director; Mr. Daniel Amokachi, Ex-Super Eagles footballer; Mr. Sunday Dare, Minister of Youth and Sports Development; Mr. Clarence Seedorf, Heineken UCL Trophy Tour Ambassador; Mr. Austin “Jay-Jay” Okocha, Ex-Super Eagles footballer; and Mrs. Sade Morgan, NB Plc’s Corporate Affairs Director, posing with the coveted UEFA Champions League Trophy sponsored by Heineken.

Pre Grammy Award Nomination Party sponsored by Heineken.

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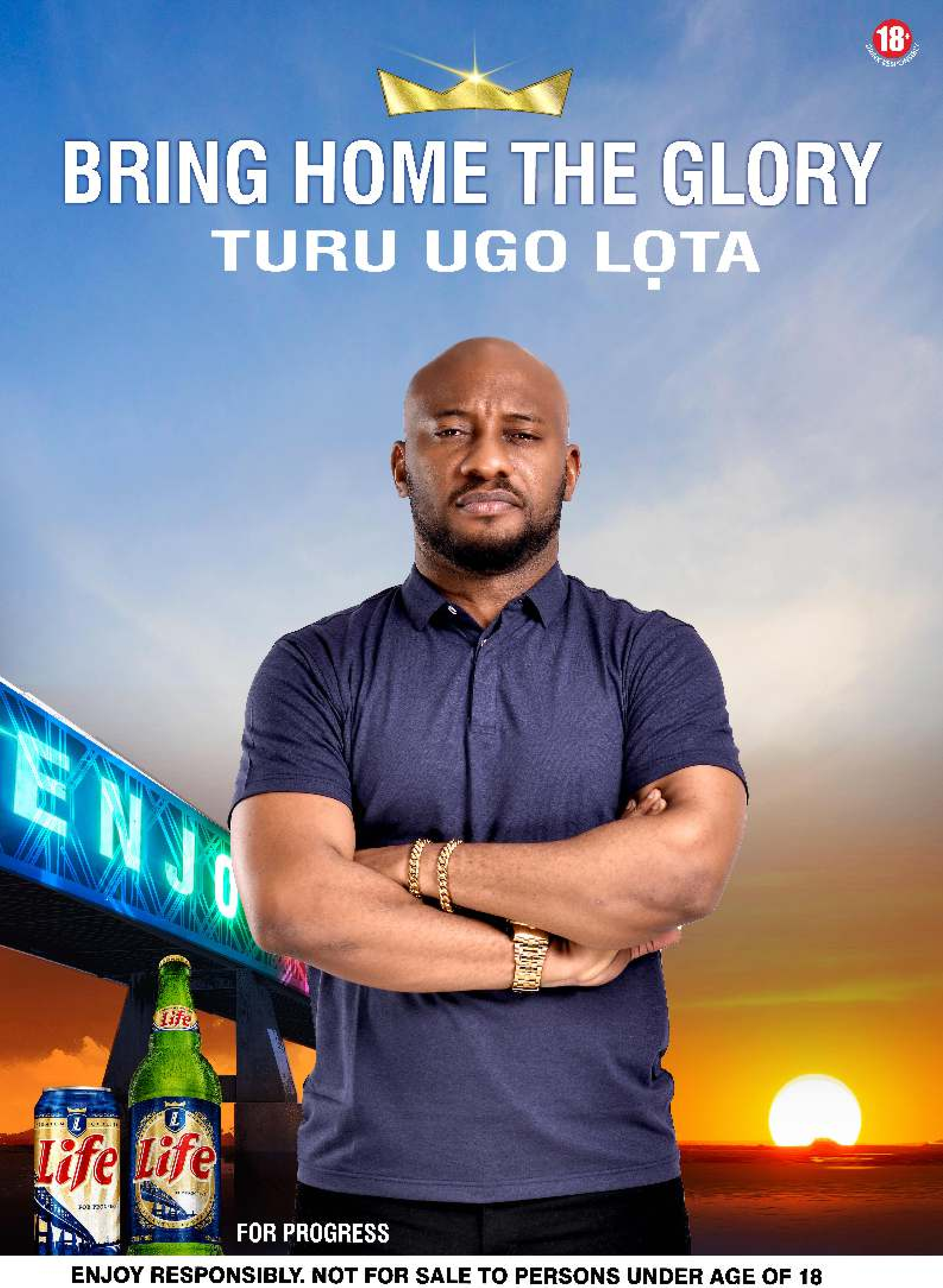
OUR KIND OF
ENERGY
ZAGG
ENERGY DRINK
WITH MALT


18+
DRINK RESPONSIBLY
IT FLOWS
LEGEND
EXTRA STOUT
LEGEND
EXTRA STOUT
PREMIUM QUALITY
Full Brewed
6.5% ALC./VOL • NET CONT. 60CL.
LEGEND
EXTRA STOUT



ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER AGE OF 18

Our 2022 Corporate Social Responsibility and Sustainability Report outlines our activities and interventions across the 3 main pillars of our long term Sustainability agenda – Brew a Better World. These three main pillars - Environmental, Social and Responsible, further broken down into 9 ambition areas cover carbon reduction, circularity, watershed protection, inclusion and diversity, safety, community impact, addressing the harmful use of alcohol, promoting moderation and providing non-alcoholic options for our consumers. Overall, they support the delivery of the United Nations Sustainable Development Goals and ensure that our operations continue to protect the environment, ensure a fair, inclusive and equitable world and make a positive contribution to society.

ENVIRONMENTAL

In keeping with our ambition of Net Zero emissions by 2040, we sustained progress on our decarbonisation journey by executing key projects on renewable energy in 2022.

In May, we signed a power purchase agreement with Konexa, an integrated energy development and investment company to deliver 100% renewable energy that will fully cover the electricity needs of our Kakuri and Kudenda breweries. The terms of the 10-year agreement ensures that power supply needed for both breweries are sourced from full-service renewable hydro-power solutions.

In November, Nigerian Breweries Plc and CrossBoundary Energy announced the commencement of two renewable energy (solar and battery storage hybrid) projects at our Ibadan and Ama breweries in Oyo and Enugu States. As part of this agreement, CrossBoundary Energy will expand the current renewable energy system at Ibadan Brewery from a 663 kWp solar PV plant to a hybrid solar-plus-storage facility consisting of a 3 MWp solar PV system and a 2 MW/2 MWh battery energy storage system (BESS). Ama brewery will receive a 4 MWp solar PV plant and a 2 MW/2 MWh BESS. The solar plants combined will supply approximately 10 GWh annually to Ibadan and Ama breweries at a significant reduction of their CO_2 emissions by 100,000 tonnes over the lifespan of the plants.

We concluded the year by achieving zero-waste-to-landfill at 7 of our production locations – Awo-Omamma, Ijebu-Ode, Lagos, Ota, Aba, Kakuri and Kudenda, which contributed to our overall performance of 97.05% waste diversion to landfill. This is an improvement from our performance of 95.6% in 2021.

Through our collaboration with the Food and Beverage Recycling Alliance (FBRA), we supported the activities of the alliance to recover 11,846 metric tonnes of plastic waste from the environment in 2022. We sustained NB Recycles, our internal plastic drive that complements our efforts through FBRA, promotes employee engagement and encourages our employees to recycle.

Also in the year, we continued the reforestation project in the Olokomeji Forest Reserve in Abeokuta in partnership with the International Institute for Tropical Agriculture (IITA) and the Ogun State Ministry of Forestry. With this project, we aim to balance the water used in four of our breweries that are located in water-stressed regions. We planted 54,734 trees in 2022 bringing the total number of trees planted since the inception of the project to 85, 234 on 125 hectares of land. The project is scheduled to run until 2030 by which time we will have planted 600,000 trees on 500 hectares within the forest reserve. In further demonstration of our commitment to responsible use of water resources, our average water consumption reduced from 3.70hl for every hectolitre of beer produced, to 3.67hl for every hectolitre of beer produced.

SOCIAL

We made progress on our journey to an inclusive, fair and equitable company and World by continuing with the Fair Wage Gap closure for Non-Employee Workers using the SMART Outsourcing principles. We achieved the 25% target for the year and also maintained 100% of our employees above fair wage.

With support from our Heineken Africa Foundation we launched Phase 3 of the Water, Sanitation and Hygiene (WASH) project in collaboration with our globally reputed partners, WaterAid Nigeria. Through the project, we plan

(L-R): Second runner-up, Ms. Ifeoma Ifediba; Winner, Mr. Alaku Ayiwulu; and first runner-up, Mr. Musa Saidu at the Grand Finale of the 2022 MTOTY Competition in Lagos.

to continue empowering vulnerable communities in Bauchi, Enugu and Oyo States with hygiene behaviour-change promotion tools that are context-specific, as well as materials, designed to help them protect themselves from infectious diseases.

In collaboration with our host communities, we trained and equipped 472 young Nigerians in 6 of our locations with vocational skills and start-up tools through the Nigerian Breweries Plc Empowerment Programme. The programme which was implemented at a cost of ₦75 million is targeted at promoting entrepreneurship and financial independence for young people in disadvantaged communities.

Through The Nigerian Breweries – Felix Ohiwerei Education Trust Fund, we sustained our support for the development of the Nigerian educational sector by organising the 8th edition of our Maltina Teacher of the Year (MTOTY) competition. In total, we celebrated 30 state champions. MTOTY initiative has so far recognised and rewarded a total of 211 teachers and 8 National Winners across Nigeria.

RESPONSIBLE

We continued to advocate for responsible consumption through our partnership with the Beer Sectoral Group (BSG) of the Manufacturers Association of Nigeria (MAN). THESPIAN Family Theatre and Productions carried out the SMASHED Campaign, which is a global theatre in education program against alcohol abuse. In 2022, the SMASHED Campaign reached 16,714 under-18 students and 467 teachers in 75 schools with messaging discouraging and educating on the dangers of alcohol abuse.

Also in partnership with the BSG, we continued with our advocacy on discouraging drink driving with the 'Don't Drink and Drive' Campaign of the FRSC. We organised rallies in two of the largest commercial motor parks in Lagos where we educated commercial drivers on the dangers of alcohol abuse. We also donated 7 breathalysers, 15 breathalyser calibration devices, 5, 345 mouthpieces and 400 thermal print paper to the FRSC to support their drive to reduce incidents of drink driving amongst commercial drivers.

We sustained the use of non-contact breathalysers on all truck drivers operating from our premises to contribute to ensuring safety on the road and deter drivers from driving under the influence.

Presentation of Special Recognition Award to the Former Chairman, NB Plc, Elder Felix Ohiwerei (right) by the Vice President, Federal Republic of Nigeria, Professor Yemi Osinbajo at the 2022 MTOTY Competition in Lagos.

NB Plc Team with Principal, James Hope College, Mr. Abraham Swart (left): Winner, 2021 MTOTY, Mr. Taye Abanika (middle); at the presentation of computers to James Hope College in honour of the winner of the 2021 MTOTY Competition.

Statement of Directors' Responsibilities

The Companies and Allied Matters Act, 2020 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;
b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other regularities; and
c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and both the requirements of the Financial Reporting Council of Nigeria Act, 2011 and the Companies and Allied Matters Act, 2020.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affair s of the Company and of its profit. The Directors further accept responsibility for the maintenance of accounting rec ords that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Company's current liabilities exceeded its current assets by ₦251 billion (2021: ₦151 billion). The Directors believe this is not indicative of going concern issues as there are sufficient credit lines available to the Company to meet its working capital requirements on an ongoing basis for at least twelve months from the date of approval of the annual financial statements. There are no restrictions to the Company's ability to access the facilities. The financial statements have therefore been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Directors have made this assessment based on the current financial position of the company, its projected cash flows, and other relevant factors.

Signed

Chief Kolawole B. Jamodu
Chairman, Board of Directors
FRC/2013/ICAN/00000001617

Mr. Hans Essaadi
Managing Director/CEO
FRC/2022/PRO/DIR/003/195502

Certification of the Audited Financial Statements

Further to the provisions of section 405 of the Companies and Allied Matters Act, 2020, we the Managing Director/CEO and Finance Director of Nigerian Breweries Plc (“the Company”) respectively hereby certify as follows:

a) That we have reviewed the Audited Financial Statements (AFS) of the Company for the year ended 31st December, 2022.
b) That the AFS represents the true and correct financial position of our Company as at the said date of 31st December, 2022.
c) That the AFS does not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
d) That the AFS fairly presents, in all material respects, the financial condition and results of operat ion of the company as of and for the year ended 31st December, 2022.
e) That we are responsible for establishing and maintaining internal controls and affirm that the company’s internal controls were effective as of 31st December, 2022.
f) That all significant deficiencies in the design or operation of internal controls which could adversely affect the Company’s ability to record, process, summarise and report financial data have been disclosed to the Independent Auditor and the Audit Committee.

Signed

Mr. Hans Essaadi
Managing Director/CEO
FRC/2022/PRO/DIR/003/195502

Mr. Bernardus A. Wessels Boer*
Finance Director

Mr. Wessels Boer has a waiver from the Financial Reporting Council of Nigeria (“FRCN”) to sign the Financial Statements while processing his FRCN registration with the Council.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Audit Committee's Report

In accordance with the provisions of section 404(7) of the Companies and Allied Matters Act, 2020, the Members of the Audit Committee of Nigerian Breweries Plc having carried out our statutory functions under the Act, hereby report that:

a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

b) the scope and planning of both the external and internal audit for the year ended 31st December, 2022 are satisfactory. The internal audit programmes reinforce the Company's internal control system; and

c) having reviewed the Independent Auditor's memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management responses thereon.

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

Members of the Audit Committee are:

1)	Chief Timothy A. **Adesiyan**	(Shareholders' Representative)	Chairman
2)	Mazi Samuel C. **Mpamaugo**	(Shareholders' Representative)	Member
3)	Mr. David O. **Oguntoye**	(Shareholders' Representative)	Member
4)	Mrs. Ifueko M. Omoigui **Okauru**, MFR	(Directors' Representative)	Member
5)	Mrs. Yeliz **Yedikardesler**	(Directors' Representative)	Member

The Company Secretary served as the Secretary to the Committee.

Dated the 22nd of February, 2023.

____

Chief Timothy A. Adesiyan
FRC/2013/IODN/00000003745

L-R: Mr. David O. Oguntoye; Mrs. Yeliz Yedikardeslar;
Chief Timothy A. Adesiyan; Mrs. Ifueko Omoigui Okauru, MFR
and Mazi Samuel C. Mpamaugo

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Independent Auditor's Report

To the Shareholders of Nigerian Breweries Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Nigerian Breweries Plc** and its subsidiaries (the Group and Company) set out on pages 57 to 130, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Nigerian Breweries Plc** as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act 2011.

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 Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated Financial Statements in Nigeria.

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 matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How the matter was addressed in the audit
Returnable Packaging Materials	
Included in Trade and Other Payables as disclosed in Note 29 to the consolidated and separate financial statements is Deposit for Returnable Packaging Materials (RPMs) of about N31.1billion received as deposits from customers for breakable bottles and crates used to distribute products sold to them. The Company provides RPMs to its customers in which products are distributed for which in most instances the Company collects deposits. The deposit is in turn refunded to the customer upon returning of these packaging materials to the Company failing which the deposit is forfeited by the customer and released to the statement of profit or loss of the company.	In evaluating the value of the outstanding deposit liability our procedures incorporated a combination of test of the company's controls relating to the estimation of the deposit liability and the following substantive procedures: • Assess management judgements applied in determining the relevant base month to perform annual re-assessment of market loss and testing reasonability of data inputs (mainly market loss rates and cycle times) applied by management, in comparison to the company's policy in respect of the returnable packaging material.

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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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance we determine those matters that were of most significance in the audit of the consolidated and separate 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 requirements of the Fifth Schedule of the Companies and Allied Matters Act, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Chigozie Okoro, FCA - FRC/2013/ICAN/00000004457
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
23 February, 2023

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Returnable Packaging Materials	
Judgement is required by the directors in assessing the carrying value of the outstanding customers' deposit liability for RPMs. Accordingly, for the purposes of our audit, we identified the assessment of outstanding customers' deposit liability for RPMs as a key audit matter. The assumptions with the most significant impact in the assessment of outstanding liability for returnable packaging were: • The market loss rate, which is subjective since it is based on the directors' experience and expectations in addition to lack of readily available market data. The market loss rates are estimated for bottle/crate sizes. • The cycle time of RPMs, i.e. the time it takes for RPM to be returned to the entity which is based on the directors' estimates as RPMs are not tagged and are interchangeable which makes the calculation of the RPMs cycle times to be subjective.	• Re-compute market loss rate and perform a retrospective assessment of market loss rate to assess the reasonableness of the assumptions and ensure consistency in the judgements applied by management. • Reassess the adequacy of closing balance of deposit liability reported at period end. • Assess the adequacy of disclosures in the financial statements. The market loss rates used in the valuation were found to be appropriate. The rates used appeared to be reasonable in line with the supporting information provided. Overall, no material misstatement was noted.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

Consolidated and Separate Statements of Profit or Loss

	Notes	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Revenue	6	**550,637,994**	**550,477,627**	**437,285,189**	**437,195,534**
Cost of sales	9c	(337,310,437)	(337,310,437)	(276,871,996)	(276,871,996)
Gross profit		**213,327,557**	**213,167,190**	**160,413,193**	**160,323,538**
Other income	7	2,986,746	2,986,746	4,626,570	4,626,570
Selling and distribution expenses	9c	(135,829,790)	(135,829,790)	(98,358,455)	(98,358,455)
Administrative expenses	9c	(28,153,418)	(27,193,836)	(26,241,295)	(25,833,927)
Net release of expected credit* loss on financial assets	9c	(575,074)	(575,074)	1,054,261	1,054,261
Profit from operating activities		**51,756,021**	**52,555,236**	**41,494,274**	**41,811,987**
Finance income	8(a)	349,192	349,192	313,523	313,523
Net loss on foreign exchange transactions		(26,342,415)	(26,342,415)	(7,041,448)	(7,041,448)
Finance costs	8(b)	(8,422,249)	(8,469,483)	(11,065,209)	(11,154,266)
Net finance costs		**(34,415,472)**	**(34,462,706)**	**(17,793,134)**	**(17,882,191)**
Profit before tax		**17,340,549**	**18,092,530**	**23,701,140**	**23,929,796**
Income tax expense	11(a)	(4,153,788)	(4,167,444)	(11,029,181)	(11,002,633)
Profit after tax		**13,186,761**	**13,925,086**	**12,671,959**	**12,927,163**
Profit for the year attributable to:					
Owners of the Company		13,182,211	13,925,086	12,665,701	12,927,163
Non-controlling interest		4,550	-	6,258	-
Profit for the year		**13,186,761**	**13,925,086**	**12,671,959**	**12,927,163**
Earnings per share					
Basic earnings per share (kobo)	12(a)	158	168	157	161
Diluted earnings per share (kobo)	12(b)	158	168	157	161

The notes on pages 65 to 126 are an integral part of these financial statements.

* In accordance with IAS 1 paragraph 82 (ba), Net release of expected credit loss on financial assets have been presented separately on the consolidated and separate statements of profit or loss. The amount of ₦1,054,261,000 was previously included in operating expenses and has been reclassified in the comparative for both Group and Company.

Consolidated and Separate Statements of Other Comprehensive Income

	Notes	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Profit for the year		**13,186,761**	**13,925,086**	**12,671,959**	**12,927,163**
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gains	26(f)	55,571	55,571	3,084,305	3,084,305
Other comprehensive income, net of tax		55,571	55,571	3,084,305	3,084,305
Total comprehensive income for the year		**13,242,332**	**13,980,657**	**15,756,264**	**16,011,468**
Total comprehensive income for the year attributable to:					
Owners of the Company		**13,237,782**	**13,980,657**	**15,750,006**	**16,011,468**
Non-controlling interest		4,550	-	6,258	-
Total comprehensive income for the year		**13,242,332**	**13,980,657**	**15,756,264**	**16,011,468**

The notes on pages 65 to 126 are an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position

As at 31st December 2022

		31st December 2022		31st December 2021	
		Group	Company	Group	Company
ASSETS	**Notes**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	13(a-b)	358,967,704	357,922,963	257,216,814	255,630,534
Right-of-use assets	14(a)	9,901,779	9,828,656	12,520,277	12,364,126
Intangible assets and goodwill	15	93,425,102	93,425,102	94,334,332	94,334,332
Investments	16	150,000	929,625	150,000	929,625
Other receivables	17	2,022,169	2,022,169	1,134,459	1,134,459
Non-current assets		**464,466,754**	**464,128,515**	**365,355,882**	**364,393,076**
Inventories	19	83,517,310	83,344,213	62,191,510	62,067,403
Trade and other receivables	20	40,709,753	42,837,156	26,500,516	24,714,756
Prepayments	18	1,958,201	1,958,201	2,852,868	2,852,868
Deposit for imports	21	6,898,323	6,898,323	11,891,422	11,891,422
Cash and cash equivalents	22	22,180,841	22,151,846	16,730,029	16,720,040
Assets held for sale	13(g)	157,500	-	-	-
Current assets		**155,421,928**	**157,189,739**	**120,166,345**	**118,246,489**
Total assets		**619,888,682**	**621,318,254**	**485,522,227**	**482,639,565**
EQUITY					
Share capital	23	5,138,066	5,138,066	4,037,916	4,037,916
Share premium		82,943,935	82,943,935	77,499,797	77,499,797
Share based payment reserve		944,383	944,383	170,753	170,753
Retained earnings		90,773,894	91,852,695	90,094,911	90,430,837
Equity attributable to owners of the Company		**179,800,278**	**180,879,079**	**171,803,377**	**172,139,303**
Non-controlling interest		**113,437**	**-**	**108,887**	**-**
Total equity		**179,913,715**	**180,879,079**	**171,912,264**	**172,139,303**
LIABILITIES					
Loans and borrowings	25(a)	2,425,875	2,425,875	4,097,694	4,097,694
Lease liabilities	14(c)	14,622	14,622	2,733,579	2,733,579
Employee benefits	26	11,422,347	11,422,347	10,964,102	10,964,102
Deferred tax liabilities	28	18,407,463	18,407,463	23,281,997	23,281,997
Non-current liabilities		**32,270,307**	**32,270,307**	**41,077,372**	**41,077,372**
Loans and borrowings	25 (a)	119,824,926	119,824,926	23,887,436	23,887,436
Lease liabilities	14(c)	17,313	17,313	654,631	654,631
Current tax liabilities	11(c)	13,002,683	13,002,683	10,623,647	10,547,531
Dividend payable	24(b)	9,007,012	9,007,012	10,437,847	10,437,847
Trade and other payables	29(a)	264,089,648	264,553,856	226,418,019	223,384,434
Provisions	31	1,763,078	1,763,078	511,011	511,011
Current liabilities		**407,704,660**	**408,168,868**	**272,532,591**	**269,422,890**
Total liabilities		**439,974,967**	**440,439,175**	**313,609,963**	**310,500,262**
Total equity and liabilities		**619,888,682**	**621,318,254**	**485,522,227**	**482,639,565**

Approved by the Board of Directors on the 23rd of February 2023 and signed on its behalf by:

Chief Kolawole B. Jamodu
(Chairman)
FRC/2013/ICAN/00000001617

Mr. Hans Essaadi
(Managing Director/CEO)
FRC/2022/PRO/DIR/003/195502

Mr. Bernardus A. Wessels Boer*
(Finance Director)

Mr. Wessels Boer has a waiver from the Financial Reporting Council of Nigeria ("FRCN") to sign the Financial Statements while processing his FRCN registration with the Council.

The notes on pages 65 to 126 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000	Non-Controlling Interest ₦'000	Total Equity ₦'000
Balance at 1st January 2022		**4,037,916**	**77,499,797**	**170,753**	**90,094,911**	**171,803,377**	**108,887**	**171,912,264**
Profit for the year		-	-	-	13,182,211	13,182,211	4,550	13,186,761
Other comprehensive income for the year		-	-	-	55,571	55,571	-	55,571
Total Comprehensive income for the year		-	-	-	13,237,782	13,237,782	4,550	13,242,332
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Issue of ordinary shares	27	1,100,150	5,444,138	-	-	6,544,288	-	6,544,288
Share based payment charge		-	-	1,307,194	-	1,307,194	-	1,307,194
Share based payment recharge		-	-	(533,564)	-	(533,564)	-	(533,564)
Dividends	24(b)	-	-	-	(12,979,360)	(12,979,360)	-	(12,979,360)
Unclaimed dividends written back		-	-	-	420,561	420,561	-	420,561
Total contributions and distributions		**1,100,150**	**5,444,138**	**773,630**	**(12,558,799)**	**(5,240,881)**	**-**	**(5,240,881)**
Total transactions with owners of the Company		**1,100,150**	**5,444,138**	**773,630**	**678,983**	**7,996,901**	**4,550**	**8,001,451**
Balance at 31st December, 2022		**5,138,066**	**82,943,935**	**944,383**	**90,773,894**	**179,800,278**	**113,437**	**179,913,715**

The notes on pages 65 to 126 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity (Cont'd)

Company

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2022		**4,037,916**	**77,499,797**	**170,753**	**90,430,837**	**172,139,303**
Profit for the year		-	-	-	13,925,086	13,925,086
Other comprehensive income for the year		-	-	-	55,571	55,571
Total comprehensive income for the year		-	-	-	**13,980,657**	**13,980,657**
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Issue of ordinary shares		1,100,150	5,444,138	-	-	6,544,288
Share based payment charge	27	-	-	1,307,194	-	1,307,194
Share based payment recharge		-	-	(533,564)	-	(533,564)
Dividends	24(a)	-	-	-	(12,979,360)	(12,979,360)
Unclaimed dividends written back	24(b)	-	-	-	420,561	420,561
Total contributions and distributions		**1,100,150**	**5,444,138**	**773,630**	**(12,558,799)**	**(5,240,881)**
Total transactions with owners of the Company		**1,100,150**	**5,444,138**	**773,630**	**1,421,858**	**8,739,776**
Balance at 31st December, 2022		**5,138,066**	**82,943,935**	**944,383**	**91,852,695**	**180,879,079**

The notes on pages 65 to 126 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity (Cont'd)

Group	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total ₦'000	Non-Controlling Interest ₦'000	Total Equity ₦'000
Balance at 1st January 2021		**3,998,451**	**73,770,356**	**214,506**	**83,093,100**	**161,076,413**	**102,629**	**161,179,042**
Profit for the year		-	-	-	12,665,701	12,665,701	6,258	12,671,959
Other comprehensive loss for the year		-	-	-	3,084,305	3,084,305	-	3,084,305
Total comprehensive income for the year		-	-	-	15,750,006	15,750,006	6,258	15,756,264
Transaction with owners, recorded directly in equity								
Contributions and distributions								
Issue of ordinary shares	27	39,465	3,729,441	-	-	3,768,906	-	3,768,906
Share based payment charge		-	-	(387,156)	-	(387,156)	-	(387,156)
Share based payment recharge		-	-	343,403	-	343,403	-	343,403
Dividends	24(b)	-	-	-	(8,748,195)	(8,748,195)	-	(8,748,195)
Total contributions and distributions		**39,465**	**3,729,441**	**(43,753)**	**(8,748,195)**	**(5,023,042)**	**-**	**(5,023,042)**
Changes in ownership interest								
Total transactions with owners of the Company		**39,465**	**3,729,441**	**(43,753)**	**7,001,811**	**10,726,964**	**6,258**	**10,733,222**
Balance at 31st December, 2021		**4,037,916**	**77,499,797**	**170,753**	**90,094,911**	**171,803,377**	**108,887**	**171,912,264**

The notes on pages 65 to 126 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity (Cont'd)

Company

	Notes	Share Capital ₦'000	Share Premium ₦'000	Share Based Payment Reserve ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
Balance at 1st January 2021		**3,998,451**	**73,770,356**	**501,557**	**89,294,198**	**167,564,562**
Profit for the year		-	-	-	12,927,163	12,927,163
Other comprehensive loss for the year		-	-	-	3,084,305	3,084,305
Total comprehensive income for the year		-	-	-	**16,011,468**	**16,011,468**
Transaction with owners, recorded directly in equity						
Contributions and distributions						
Issue of Ordinary shares		39,465	3,729,441	-	-	3,768,906
Share based payment charge	27	-	-	(387,156)	-	(387,156)
Share based payment recharge		-	-	343,403	-	343,403
Dividends	24(a)	-	-	-	(8,748,195)	(8,748,195)
Total contributions and distributions		**39,465**	**3,729,441**	**(43,753)**	**(8,748,195)**	**(5,023,042)**
Total transactions with owners of the Company		**39,465**	**3,729,441**	**(43,753)**	**7,263,273**	**10,988,426**
Balance at 31st December, 2021		**4,037,916**	**77,499,797**	**170,753**	**90,430,837**	**172,139,303**

The notes on pages 65 to 126 are an integral part of these financial statements.

Consolidated and Separate Statement of Cash Flows

	Notes	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Profit for the year		13,186,761	13,925,086	12,671,959	12,927,163
Adjustments for:					
Depreciation	9(d)	38,033,326	37,516,197	39,777,442	39,528,146
Amortisation of intangible assets	15	1,567,363	1,567,363	1,522,215	1,522,215
Finance income	8(a)	(349,192)	(349,192)	(313,523)	(313,523)
Interest expenses	8(c)	8,422,249	8,469,483	11,065,209	11,154,266
Gain/ (Loss) on foreign exchange transactions **		(122,480)	(122,480)	46,463	46,463
Employee benefit charge	26(c)	1,661,588	1,661,588	298,482	298,482
Share based payment charge		1,307,194	1,307,194	(43,753)	(43,753)
Gain on sale of property, plant and equipment	9(e)	(692,924)	(692,924)	(2,982,451)	(2,982,451)
Changes in provisions	31	1,252,067	1,252,067	475,157	475,157
Income tax expense	11(a)	4,153,788	4,167,444	11,029,181	11,002,633
		68,419,740	**68,701,826**	**73,546,381**	**73,614,798**
Changes in:					
Inventories		(21,325,800)	(21,276,810)	(26,104,300)	(26,075,231)
Trade and other receivables	20(b)	(15,096,947)	(19,010,110)	(15,306,177)	(14,480,404)
Prepayments		894,667	894,667	892,554	892,554
Trade and other payables	29(b)	21,853,544	25,351,337	96,538,921	94,847,431
Deposit for imports		4,993,099	4,993,099	(315,912)	(315,912)
Cash generated from operating activities		**59,738,303**	**59,654,009**	**129,251,467**	**128,483,236**
Income tax paid	11(c)	(6,675,437)	(6,612,977)	(8,142,435)	(8,142,435)
Gratuity paid	26(a)	(930,560)	(930,560)	(823,757)	(823,757)
Other long term employee benefits paid	26(b)	(1,379,880)	(1,379,880)	(694,629)	(694,629)
Share-based payment		(533,564)	(533,564)	-	-
VAT paid*		(27,690,633)	(27,690,633)	(27,975,295)	(27,975,295)
Net cash from operating activities		**22,528,229**	**22,506,395**	**91,615,351**	**90,847,120**
Cash flows from investing activities					
Finance income	8	349,192	349,192	313,523	313,523
Proceeds from sale of property, plant and equipment		434,826	434,826	54,576	54,576
Acquisition of property, plant and equipment	13(e)	(97,860,954)	(97,860,530)	(59,406,797)	(58,614,233)
Acquisition of right-of-use asset	14(b)	(1,523,596)	(1,473,958)	(1,390,308)	(1,315,340)
Acquisition of intangible assets	15	(658,133)	(658,133)	(584,229)	(584,229)
Net cash used in investing activities		**(99,258,665)**	**(99,208,603)**	**(61,013,235)**	**(60,145,703)**
Cash flows from financing activities					
Repayment of loans and borrowings	25(a)	(66,782,300)	(66,782,300)	(95,449,588)	(95,449,588)
Proceeds from loans and borrowings	25(a)	161,047,971	161,047,971	67,601,949	67,601,949
Repayment of lease liabilities	14(c)	(113,540)	(113,540)	(8,638,138)	(8,638,138)
Interest paid	8(c)	(4,648,017)	(4,695,251)	(5,461,161)	(5,550,218)
Cash received from Registrars	24(b)	141,441	141,441	2,730,756	2,730,756
Dividends paid	24(b)	(7,586,787)	(7,586,787)	(4,979,289)	(4,979,289)
Net cash from (used in) financing activities		**82,058,768**	**82,011,534**	**(44,195,471)**	**(44,284,528)**
Net increase (decrease) in cash and cash equivalents		**5,328,332**	**5,309,326**	**(13,593,355)**	**(13,583,111)**
Effect of foreign exchange rate changes on cash and cash equivalent		122,480	122,480	(46,463)	(46,463)
Cash and cash equivalents at 1st January		16,730,029	16,720,040	30,369,847	30,349,614
Cash and cash equivalents at 31st December	22	**22,180,841**	**22,151,846**	**16,730,029**	**16,720,040**

The notes on pages 65 to 126 are an integral part of these financial statements.

* Value Added Tax (VAT) paid shown separately above has been adjusted for in deriving the change in trade and other payables.

** In accordance with IAS 7 paragraph 28 unrealised gains or losses arising from changes in foreign currency exchange rates have been presented separately on the statement of cash flows. The amount of ₦46m was previously not adjusted for after the profit and has now been adjusted in the comparative for both Group and Company.

Notes to the Consolidated and Separate Financial Statements

1. Reporting entity

Nigerian Breweries Plc (the 'Company'), a public company quoted on the Nigerian Exchange Limited, was incorporated in Nigeria on the 16th November 1946, under the name, Nigerian Brewery Limited. The name was changed on the 7th January 1957, to Nigerian Breweries Limited and thereafter to Nigerian Breweries Plc in 1990 when the Companies and Allied Matters Act (now repealed) of that year came into effect. The Company is a subsidiary of Heineken N.V. of the Netherlands, the latter having approximately 57% interest in the equity of Nigerian Breweries Plc. The address of the Company's registered office is 1 Abebe Village Road, Iganmu, Lagos. The Company is primarily involved in the brewing, marketing and selling of lager, stout, non -alcoholic drinks and soft drinks.

As a consequence of the merger with Consolidated Breweries Plc in 2014, the Group comprises of the Company and its 89.3% majority equity interest in Benue Bottling Company Limited (BBCL). The subsidiary, BBCL, is an entity with no business activities that holds land, buildings and some idle production assets. The financial position of the subsidiary has been consolidated in these financial statements.

234 Stores Limited is also a subsidiary of the Company which was incorporated on 7th November 2018 to explore opportunities in the route-to-market. The subsidiary became fully operational in 2020 and its financial position has been consolidated in these financial statements.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were authorised for issue by the Board of Directors on 23rd February 2023 and will presented at the Annual General Meeting of Shareholders on 26th April 2023.

(a) Basis of measurement

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

- Liabilities for equity-settled share-based payment arrangements – stated at fair value
- Defined benefit obligations – stated at present value of the obligation

The methods used to measure fair values are discussed further in note 4.

(b) Functional and presentation currency

These financial statements are presented in Naira, which is the Group/Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand unless stated otherwise.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Where relevant, the information is added to the notes

The following notes contain the most significant estimates and judgements:

Note 26 - Measurement of defined benefits obligations: key actuarial assumptions
Note 29 - Returnable Packaging material
Note 32 - Contingent liabilities

(d) Measurement of fair values

A number of the Group/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at th e end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included in Financial Instruments – Financial risk management and fair values (note 30).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Basis of consolidation

(i) Business combinations

The Company measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

The Company has applied IFRS 3 on business combinations involving entities under common control.

(ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore no goodwill is recognised as a result of such transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are modified where necessary to align them with the policies adopted by the Company. Separate disclosure is made for non-controlling interest.

(iv) Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Structured entities

Structured entities are entities in which the Company is involved and which are designed so that their activities are not governed by way of voting rights. The Company either holds an interest or does not hold an interest but is a sponsor. The Company considers itself a sponsor of a structured entity when it facilitates the establishment of that structured entity. In assessing whether the Company has power over such entities in which it has an interest, the Company considers factors such as the purpose and design of the investee; its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee.

For additional disclosures on the Company's involvement in unconsolidated structured entities, see notes 16 and 36.

(vi) Loss of control

On the loss of control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or at cost less impairment losses depending on the level of influence retained.

(b) Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences arising on translation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Financial instruments

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss or deferred and amortised over the period of the transaction, in specific cases.

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.

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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Company may irrevocably designate a debt investment that meets the amortised cost or criteria as measured at fair value through the statement of profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand; cash balances with banks and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group/Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

(ii) Financial liabilities
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through the statement of profit or loss.

The Company derecognises a financial liability when it has lapsed, when an existing financial liability is replaced by another from the same lender on substantially different terms.

Financial guarantee contract liabilities
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

(iii) Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by S.145(4) of CAMA. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset 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 including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised as profit or loss in the statement of profit or loss. De-recognition of assets is performed at time of disposal.

(ii) Subsequent costs

Subsequent expenditure is capitalised only it is probable that the future economic benefits associated with the expenditure will flow to the Group/Company and its cost can be measured reliably. 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 recognised 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 is not charged until the assets are available for use.

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

• Leasehold land	-	Lease period
• Buildings	-	15 to 40 years
• Plant and Machinery	-	5 to 30 years
• Motor Vehicles	-	5 years
• Furniture and Equipment	-	3 to 5 years
• Returnable Packaging Materials	-	7 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. When a lease agreement results in the transfer of ownership for the underlying asset or the cost of the right-of-use asset takes into account the Group/Company's intention to exercise a purchase option, the corresponding right-of-use asset is depreciated based on the useful life of the underlying asset.

(e) Right-of-use assets

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (lower than two million four hundred and fifty thousand Naira). For these leases, the Group 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 or incremental borrowing rate where rate cannot be readily determined.

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 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

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

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see Note 3a(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses, see Note 3i (ii). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Other Intangible assets

Other intangible assets that are acquired by the Group/Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The Group/Company's intangible assets with finite useful lives comprise acquired software and a distribution network acquired as part of a business combination. The acquired distribution network provides the Company with opportunities for increased market penetration.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific Intangible asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation of Intangible assets other than goodwill

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised. The estimated useful life for the current and comparative period is as follows:

Computer software - 3 to 7 years
Distribution network - 15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials-purchase cost on a weighted average basis including spare parts and purchased finished goods transportation and clearing costs.

Brewed finished products and products-in-process - weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating capacity.

Inventory-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 to completion and selling expenses.

(i) Returnable packaging materials

Returnable packaging materials (RPM) may be classified as property, plant and equipment or inventory. The classification mainly depends on whether ownership is transferred and if the company has the legal or constructive obligation to buy back the materials. Below is a flow chart used in RPM Classification.

The assumptions to classify as PP&E is that the Company have it included on our customer contracts, the ownership of the RPM is not transferred to the customer and the Company has a legal or constructive obligation to buy back, hence concluding that the RPM is treated as PP&E.

(j) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets which continue to be measured in accordance with the Group/Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(k) Impairment

(i) Financial assets

A financial asset subsequently measured at amortised cost, 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 Group/Company on terms that the Group/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.

Definition of default

The Group/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 Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off-policy
The Group/Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial asset written off may still be subject to enforcement activities under the Group's/Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The Group/Company has adopted the provision matrix expected credit loss, see Note 30.

In assessing collective impairment the Group/Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement 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 recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised 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) Non-financial assets - Goodwill
The carrying amounts of the Group/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.

To determine fair value the company adopts level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

(l) Employee benefits

(i) Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Group/Company pays fixed contributions into a separate entity. The Group/Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the provisions of the Pension Reform Act 2014, the Group/Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Group/Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees.

Employees (non-management and management respectively) contribute 7% and 8% of their Basic salary, Transport and Housing Allowances to the Fund on a monthly basis. The Group/Company's contribution is 12% and 10% of each employee's Basic salary, Transport & Housing Allowances for non-management and management employees respectively.

(ii) Gratuity

The Group/Company currently operates two gratuity schemes, a defined benefit scheme and a defined contribution scheme:

(a) Defined benefit gratuity scheme

The Company has a defined benefit gratuity scheme for certain employees. The Company's net obligation in respect of defined benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognised fully in Other Comprehensive Income. The effect of any curtailment is recognised in full in the profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Re-measurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring cost or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit cost are split into three categories:

- Service cost, which includes current service cost, past services cost and gain and losses on curtailments and settlements;
- Net interest expense or income; and
- Re-measurements.

The Group/Company recognise service cost within profit or loss as cost of sales and administration expenses (see note 25a)

Net interest expense or income is recognised within finance costs (see note 25a).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(b) Defined contribution gratuity scheme

The Company has a defined contribution scheme for certain employees which is funded through fixed contributions made by the Company over the service life of the employees and charged accordingly as employee benefit expense in profit or loss. The funds are managed and administered by Progress Trust (CPFA) Limited. Progress Trust (CPFA) Limited is a duly registered closed Pension Fund Administrator whose sole activity is the administration of the pension and gratuity (defined benefit contribution) schemes for employees and former employees of the Company. Nigerian Breweries Plc has no recourse to the funds, which is managed in accordance with the Pension Reform Act of 2014 and regulated by the Pension Commission.

(c) Post-retirement medical benefit scheme

The Company has a post-employment medical benefits scheme for its pensioners and employees, including their spouses.

The recognised liability is determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation are recognised fully in Other Comprehensive Income. The effect of any curtailment is recognised in full in the profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the Company's obligation. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(iii) Other long-term employee benefits

The Company's other long-term employee benefits represents Long Service Awards scheme instituted for all permanent employees and post-employment medical benefit for pensioners and employees on the defined benefit gratuity scheme including their spouses. The Company's obligations in respect of these schemes are the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Any actuarial gains and losses are recognised in profit or loss.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(iv) 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.

(v) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

(vi) Share-based payment transactions

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. All other share based payment arrangements are accounted for as cash settled. As from 1st January 2006 Heineken N.V., the parent Company, established a share based payment plan for key management personnel, including certain senior management of Nigerian Breweries Plc. The grant date fair value of the share rights granted is recognised as personnel expenses with a corresponding increase in equity (Share-based payment reserve) as a capital contribution from Heineken N.V, over the period that the employees become unconditionally entitled to the share rights.

A recharge arrangement exists between Heineken N.V and Nigerian Breweries Plc whereby vested shares delivered to employees' by Heineken N.V are recharged to Nigerian Breweries Plc. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in equity (Share-based payment reserve) for the capital contribution recognised in respect of the share-based payment.

At each reporting date, the estimate of the number of share rights that are expected to vest is revised for internal performance conditions. The impact of the revision of original estimates (only applicable for internal performance conditions), if any, is recognised in profit or loss, with a corresponding adjustment to equity. The fair value of the share plan is measured at grant date taking into account the terms and conditions of the plan.

(m) Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, the Group/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. The amount recognised as Provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a Provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for restructuring is recognised when the Group/Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

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.

(n) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, excise duties, sales returns, trade discounts and volume rebates. Revenue is recognised by identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price and when we the performance obligation is satisfied. The Company main performance obligation is to ensure the products are dispatched to the Customer upon acceptance of the dispatch order from the customer. The revenue is recognised at the moment the respective product is dispatched in accordance to the Company's performance obligation.

The Company fulfils the transfer of ownership at time of dispatch. Customers are able to collect the goods or choose to be delivered where the Company arranges transportation. If the latter is chosen, the transportation costs are included in the price and not charged separately. The Company does not retain the risks of the products such as physical damage, returns in case the product is not sold by the customer and payment only after the customer sells the product. In case the performance obligation of delivery is not fulfilled, the Company intermediates the compensation of the customer via deduction of the fee of the supplier of the transportation. These costs are not absorbed by the Company, but directly deducted from the transporters. Hence, transfer of control of the goods remains at time of dispatch.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. As the customers have a right to return goods under specific conditions agreed on contract, an estimation of probable returns is recognised as the sales are recognised, based on historic ratios, management information and the return clause included in the customer' contracts.

(o) Other Income

Income other than sale of goods is recognised as 'Other Income' when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(p) Finance income and finance costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on employee benefits and changes in the fair value of financial assets at fair value through profit or loss except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets, are recognised in profit or loss using the effective interest method.

Net Loss on Foreign Exchange Transactions is disclosed separately than finance income and finance costs on the statement of Profit or Loss, due to materiality in line with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and they do not relate to the borrowings of the company.

(q) Income and deferred tax

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 recognised 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 profit or loss account except to the extent that it relates to a transaction that is recognised directly in equity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 enacted or substantively 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.

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 not recognised for the following temporary differences:

i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

iii. temporary differences arising on the initial recognition of goodwill.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest maybe due. The assessment relies on estimates and assumptions and may involve a series of judgements about future event. New information may become available that causes the company to adjust its judgements regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact tax expenses in the period that such a determination is made.

(r) Earnings per share (EPS)

The Group/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.

(s) Segment reporting

An operating segment is a distinguishable component of the Group/Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

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

All operating segments' operating results are reviewed regularly by the Executive Committee, which is considered to be the chief operating decision maker for the Group/Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Where applicable, segment results that are reported include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. As the Company do not operate on different business segments, segmentation is not presented.

The Company has one segment report as none of the assets are generating individual cash flows, there is no separate market for outputs and all management decision is done as a whole, as well as allocation of resources.

(t) Loans and borrowings

"Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Loans obtained at below market rate are treated as governments grants, if the Company has reasonable assurance that will comply to the conditions attached and grants will be received. These loans are recorded at fair value at inception and the benefits, if any, are included in deferred income."

Loans and borrowings, for which the Group/Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date, are classified as non - current liabilities.

(u) 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. Interest paid is also included in financing activities while finance income is included in investing activities.

(v) Dividends

Dividends are recognised as liability in the period they are declared and approved.

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 432 of CAMA are written back to retained earnings.

(w) Cost of Goods Sold

The cost of goods sold (COGS) represents the direct expenses incurred to produce the goods sold by the company during a given period. This includes the cost of materials, labour, and other direct expenses associated with the production of the goods.

The company uses the weighted average cost method to calculate the cost of goods sold. Under this method, the cost of goods sold is determined by taking the weighted average of all the costs associated with the inventory items available for sale during the accounting period.

The direct expenses associated with the cost of goods sold will be recorded in the accounting period in which they are incurred. This includes the cost of raw materials, direct labour, and other direct expenses related to the production of the goods sold.

(x) Investment

Investments are initially recognised at cost, which is the amount paid to acquire the investment, plus any directly attributable transaction costs.

Investments are subsequently measured at cost, unless there is objective evidence of impairment, in which case the carrying amount of the investment is reduced to its recoverable amount, and the impairment loss is recognised in profit or loss. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Investments are assessed for impairment on a regular basis. If there is objective evidence of impairment, the carrying amount of the investment is reduced, and the impairment loss is recognised in profit or loss. The impairment loss is calculated as the difference between the carrying amount of the investment and its recoverable amount.

When an investment is disposed of, the difference between the carrying amount and the proceeds from disposal is recognised in profit or loss. Gains and losses on disposal are recognised in profit or loss.

4.a Determination of fair values

A number of the Group/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. See note 28 (g) for basis of determination of fair value for financial assets and liabilities. 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

Trade receivables are short term in nature, sold on arms lengths terms and therefore fair value is determined to be the transaction price.

(ii) Share-based payment transactions

The fair value of the share-based payment plan is measured at the grant date taking into account the terms and conditions of the plan.

(iii) Non-derivative financial instruments

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.

4.b. Fair value as a result of business combinations

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on the quoted market prices for similar items when available and depreciated replacement cost based on independent valuation when appropriate.

(ii) Intangible assets

The fair value of the distribution network acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

5 New and amended IFRS standards

a New and amended IFRS standards that are effective for the current year

Amendments to IAS 16 property plant and Equipment - proceeds before intended Use

The Group has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capab le of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements to IFRS Standards 2018-2020 cycle make amendments to the following standards:

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

No new standards or amendments to existing standards, effective in 2022, had a significant impact on the Company's financial statements.

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

No new standards or amendments to existing standards, effective in 2023, will have a significant impact on the Company's financial statements.

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

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

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

Amendments to IAS 8 - Definition of Accounting Estimates

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

6 Revenue	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Nigeria	550,427,416	550,267,049	437,157,072	437,067,417
Export	210,578	210,578	128,117	128,117
Revenue	**550,637,994**	**550,477,627**	**437,285,189**	**437,195,534**

Customers are able to collect the goods or choose to be delivered where the Company arranges transportation. If the latter is chosen, the transportation costs are included in the price and not charged separately and they are presented here as part of the Revenue. The costs incurred on Transportation of goods to customers is disclosed on the note 9(c). For more details on performance obligation, transfer of control and revenue recognition, please refer to Note 3 (n).

6.1 Operating Segment

a. General Overview
Refer to the accounting policy on note 3('r)

b. Operating performance
Nigeria is the Group/Company's primary geographical segment as over 99% of the Group/Company's sales are made in Nigeria. Additionally, all of the Group/Company's sales comprise of brewed products with similar risks and returns. Accordingly, no further business or geographical segment information is reported.

c. Information about major customers
No single customer either within or outside Nigeria contributed up to 10% of the revenue for the year. Therefore information on major customers is not presented.

7. Other income	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Sale of scrap	1,412,285	1,412,285	1,452,884	1,452,884
Management services	64,209	64,209	135,068	135,068
Gain on disposal of property, plant and equipment	284,438	284,438	32,203	32,203
Gain on right-of-use derecognition	408,486	408,486	2,950,248	2,950,248
Income from insurance claims	817,328	817,328	56,167	56,167
	2,986,746	**2,986,746**	**4,626,570**	**4,626,570**

8. Finance income and finance costs

(a) Finance income represents interest income earned on bank deposits.

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Interest income on bank deposits	349,192	349,192	313,523	313,523

(b) Finance cost represents charges during the year as shown below.

Interest expense on loans and borrowings	7,184,298	7,231,532	4,704,026	4,793,083
Unwinding of discount on employee benefits	1,188,819	1,188,819	873,335	873,335
Interest expense on lease liabilities	49,132	49,132	5,487,848	5,487,848
Finance cost	**8,422,249**	**8,469,483**	**11,065,209**	**11,154,266**

(c) Interest expense in the statement of cash flows

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Finance cost per income statement	**8,422,249**	**8,469,483**	**11,065,209**	**11,154,266**
Unwinding of discount on employee benefits	(1,188,819)	(1,188,819)	(873,335)	(873,335)
Interest expense on lease liabilities	(49,132)	(49,132)	(5,487,848)	(5,487,848)
Interest paid on employee benefits	-	-	873,335	873,335
Interest accrual	(2,536,281)	(2,536,281)	(116,200)	(116,200)
Interest paid per statement of cash flows	**4,648,017**	**4,695,251**	**5,461,161**	**5,550,218**

An amount of ₦3,582,696,000 has been reclassified from Interest on overdraft to Interest expense on loans and borrowings in the comparative for both Group and Company.

9 Profit before taxation

(a) Profit before taxation is stated after charging/(crediting):

	Notes	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Depreciation of property, plant and equipment	13	36,774,613	36,390,150	34,117,266	33,867,970
Depreciation of right-of-use asset	13	1,258,713	1,126,047	5,660,176	5,660,176
Amortisation of intangible assets	14	1,567,363	1,567,363	1,522,215	1,522,215
Auditors' remuneration*		80,542	70,589	70,589	70,589
Personnel expenses	10	51,338,482	51,083,811	49,605,575	49,605,575
Directors' remuneration	9(b)	684,906	684,906	525,640	525,640
Gain on disposal of property, plant and equipment		(284,438)	(284,438)	(32,203)	(32,203)
Gain on right-of-use derecognition		(408,486)	(408,486)	(2,950,248)	(2,950,248)
Royalty and technical assistance fees	9(c)	12,407,887	12,407,887	9,623,865	9,623,865

* Apart from the statutory fee, Deloitte received ₦82.9 million (2021: ₦82.1 million) for the audit of group reporting and ₦5 million (2021: ₦5 million) for quarterly certification of National Office for Technology Acquisition and Promotion (NOTAP) related payments.

(b) Remuneration, excluding certain benefits of Directors of the Company, who discharged their duties mainly in Nigeria, is as follows:

	Company 2022 ₦'000	Company 2021 ₦'000
Fees:		
Chairman (Non-Executive)*	6,500	4,700
Other Non-Executive Directors	40,400	21,250
	46,900	25,950
Other emoluments:		
Chairman (Non-executive)	14,111	13,726
Other Non-executives Directors	90,679	70,973
	104,790	84,699
Remuneration as Executive Directors	533,216	501,473
	684,906	**612,122**

*Other allowances, reimbursable expenses/payments for the Non-Executive Directors were: ₦18.3 million in 2022 (2021: ₦18.7 million).

The emolument (excluding pension contributions) of the highest paid Director was ₦319,781,240.28 (2021: ₦243,088,621).

The number of other Directors (excluding the Chairman and highest paid Director) who received emoluments excluding pension were within the following ranges:

	Group 2022 Number	Company 2022 Number	Group 2021 Number	Company 2021 Number
₦4,000,001 - ₦30,000,000	8	8	8	8
₦30,000,001 and above	3	3	3	3
	11	**11**	**11**	**11**

(c) Analysis of expenses by nature

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Raw materials and consumables	246,722,480	246,722,480	197,821,763	197,821,763
Advertising and sales promotion	57,068,804	57,068,804	40,530,114	40,530,114
Depreciation of property, plant and equipment*	36,774,613	36,390,150	34,117,266	33,867,970
Depreciation of right-of-use asset	1,258,713	1,126,047	5,660,176	5,660,176
Amortisation of intangible assets	1,567,363	1,567,363	1,522,215	1,522,215
Employee benefits (see note 10)	51,338,482	51,083,811	49,605,575	49,605,575
Transportation	56,348,879	56,348,879	19,802,355	19,802,355
Repairs and maintenance	16,925,649	16,925,649	17,316,474	17,316,474
Royalty and technical service fees	12,407,887	12,407,887	9,623,865	9,623,865
Variable lease expenses	1,117	1,117	7,614,891	7,614,891
Release of expected credit loss on financial assets	575,074	575,074	(1,054,261)	(1,054,261)
Others**	20,879,658	20,691,876	17,857,052	17,698,980
Total cost of sales, selling & distribution and administration expenses	**501,868,719**	**500,909,137**	**400,417,485**	**400,010,117**
Cost of sales	337,310,437	337,310,437	276,871,996	276,871,996
Selling and distribution expenses	135,829,790	135,829,790	98,358,455	98,358,455
Administrative expenses	28,153,418	27,193,836	26,241,295	25,833,927
Net release of expected credit loss on financial assets	575,074	575,074	(1,054,261)	(1,054,261)
Total cost of sales, selling & distribution and administration expenses	**501,868,719**	**500,909,137**	**400,417,485**	**400,010,117**

* A market loss of Returnable Packaging Material (RPM) is calculated with sufficient data for a reliable estimation and the respective release of deposit liability is recognised as a reduction of depreciation expenses.

** Others include a number of expenses by nature like third party contractors, utilities (water, electricity, telecom, etc), consultants, office expenses, donation amongst others.

***Included in Selling and Distribution is transportation with a balance of ₦56b (2021: ₦20b) which represents payment to transporters for delivery of products.

(d) Depreciation in statement of cash flows

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Depreciation of property, plant and equipment	36,774,613	36,390,150	34,117,266	33,867,970
Depreciation of right-of-use asset	1,258,713	1,126,047	5,660,176	5,660,176
Depreciation per statement of cash flows	**38,033,326**	**37,516,197**	**39,777,442**	**39,528,146**

(e) Gain on sale in statement of cash flows

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Gain on disposal of property, plant and equipment	(284,438)	(284,438)	(32,203)	(32,203)
Gain on right-of-use derecognition	(408,486)	(408,486)	(2,950,248)	(2,950,248)
Gain on sale per statement of cash flows	**(692,924)**	**(692,924)**	**(2,982,451)**	**(2,982,451)**

10. Personnel expenses

(a) Staff costs including the provision for gratuity liabilities and other long term employee benefits:

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Salaries, wages and allowance	36,760,927	36,506,256	40,346,162	40,346,162
Pension and gratuity	6,316,297	6,316,297	5,825,479	5,825,479
Expenses/(release) related to defined benefit plans	88,138	88,138	(89,340)	(89,340)
Training, recruitment and canteen expenses	2,149,426	2,149,426	1,376,756	1,376,756
Share based payments expense/(release)	1,307,194	1,307,194	(387,156)	(387,156)
Medical expenses	1,056,172	1,056,172	1,202,638	1,202,638
Other personnel expenses*	3,660,328	3,660,328	1,331,036	1,331,036
	51,338,482	**51,083,811**	**49,605,575**	**49,605,575**

* Other personnel expenses relate to transportation benefits, cars, uniforms, relocation, etc.

(b) The number of persons employed as at 31st December are:

	Group/Company 2022 Number	Group/Company 2021 Number
Production	1,479	1,461
Distribution	252	254
Commercial	610	665
General administration	344	360
	2,685	**2,740**

(c) Number of employees of the Company as at 31st December, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group/Company 2022 Number	Group/Company 2021 Number
₦500,000 and below	-	12
₦500,001 - ₦600,000	-	5
₦600,001 - ₦700,000	-	-
₦700,001 - ₦800,000	1	62
₦800,001 - ₦900,000	2	-
₦900,001 - ₦1,000,000	1	1
₦1,000,001 - ₦1,100,000	14	1
₦1,100,001 - ₦1,200,000	-	1
₦1,200,001 - ₦1,300,000	37	-
₦1,300,001 - ₦1,400,000	1	6
₦1,400,001 - ₦1,500,000	8	-
₦1,500,001 - ₦1,600,000	1	-
₦1,600,001 - ₦1,700,000	-	-
₦1,700,001 - ₦1,800,000	-	2
₦1,800,001 - ₦1,900,000	-	1
₦1,900,001 - ₦2,000,000	-	-
₦2,000,001 - ₦2,250,000	4	16
₦2,250,001 - ₦2,500,000	3	-
₦2,500,001 - ₦2,750,000	7	25
₦2,750,001 - ₦3,000,000	21	6
₦3,000,001 - ₦3,500,000	79	77
₦3,500,001 - ₦4,000,000	90	28
₦4,000,001 - ₦5,000,000	143	449
₦5,000,001 - ₦6,000,000	346	503
₦6,000,001 - ₦8,000,000	751	619
₦8,000,001 - ₦10,000,000	428	270
₦10,000,001 - ₦15,000,000	364	336
₦15,000,001 - ₦20,000,000	171	160
₦20,000,001 - ₦30,000,000	116	88
₦30,000,001 and above	97	72
	2,685	**2,740**

11. Taxation

(a) Income tax expense

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

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Current tax expense				
Income tax	7,520,806	7,534,462	5,863,175	5,836,627
Tertiary education tax	1,533,667	1,533,667	1,189,561	1,189,561
	9,054,473	**9,068,129**	**7,052,736**	**7,026,188**
Deferred tax expense				
Origination and reversal of temporary differences	(4,900,685)	(4,900,685)	3,976,445	3,976,445
	4,153,788	**4,167,444**	**11,029,181**	**11,002,633**

(b) Reconciliation of effective tax rate

	%	Group 2022 ₦'000	%	Company 2022 ₦'000	%	Group 2021 ₦'000	%	Company 2021 ₦'000
Profit before income tax		**17,340,549**		**18,092,530**		**23,701,140**		**23,929,796**
Income tax using the statutory tax rate	31.2	5,414,103	30.0	5,427,759	30.4	7,205,487	30.0	7,178,939
Impact of tertiary education tax	8.8	1,533,667	8.5	1,533,667	5.0	1,189,561	5.0	1,189,561
Effect of tax incentives and exempted income	(5.3)	(913,719)	(5.1)	(913,719)	(2.8)	(654,572)	(2.7)	(654,572)
Non-deductible expenses	(0.8)	(132,758)	(0.7)	(132,758)	(4.1)	(969,294)	(4.1)	(969,294)
Effect of derecognition of deferred tax on ROUA*	(14.9)	(2,585,081)	(14.3)	(2,585,081)	18.5	4,379,273	18.3	4,379,273
Other items**	4.8	837,576	4.6	837,576	(0.5)	(121,274)	(0.5)	(121,274)
	24.0	**4,153,788**	**23.0**	**4,167,444**	**46.5**	**11,029,181**	**46.0**	**11,002,633**

*Right Of Use Asset

**Other items relate mainly to additional deferred tax asset on Returnable Packaging Material (RPM) and Police Trust Fund Tax.

(c) **Movement in current tax liability**

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Balance at 1st January	10,623,647	10,547,531	11,713,346	11,663,778
Payments during the year	(6,675,437)	(6,612,977)	(8,142,435)	(8,142,435)
Charge for the year	9,054,473	9,068,129	7,052,736	7,026,188
Balance at 31st December	**13,002,683**	**13,002,683**	**10,623,647**	**10,547,531**

12 Earnings per share

(a) Basic earnings per share

Basic earnings per share of 168 kobo (2021: 161 kobo), for Group is 159 kobo (2021: 157 kobo), is based on the profit attributable to ordinary shareholders of ₦13,925,086,000 (2021: ₦12,927,163,000), and on the 8,298,839,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2021: 8,042,944,463):

	Group 2022	Company 2022	Group 2021	Company 2021
Weighted average number of ordinary shares				
Issued ordinary shares at 1st January	8,042,944,463	8,042,944,463	7,996,902,051	7,996,902,051
Scrip and bonus issues*	255,895,374	255,895,374	46,042,412	46,042,412
Weighted average number of ordinary shares at 31st December	**8,298,839,837**	**8,298,839,837**	**8,042,944,463**	**8,042,944,463**

*On the 22nd of April 2022, the Company issued 145,074,002 ordinary shares to shareholders as scrip dividends and issued on the 8th of December 2022, another 2,055,226,476 ordinary shares as bonus shares.

(b) Diluted earnings per share

Diluted earnings per share of 168 kobo (2021: 161 kobo), for Group is 159 kobo (2021: 157 kobo), is based on the profit attributable to ordinary shareholders of ₦13,925,086,000 (2021: ₦12,927,163,000), and on the 8,298,839,837 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue (2021: 8,042,944,463) after adjustment for the effects of all dilutive potential ordinary shares:

Weighted average number of ordinary shares

	Group 2022	Company 2022	Group 2021	Company 2021
Issued ordinary shares at 1st January	8,042,944,463	8,042,944,463	7,996,902,051	7,996,902,051
Scrip and bonus issues	255,895,374	255,895,374	46,042,412	46,042,412
Weighted average number of ordinary shares at 31st December	**8,298,839,837**	**8,298,839,837**	**8,042,944,463**	**8,042,944,463**

(c) Dividend declared per share

Dividend declared per share of 160 kobo (2021: 109 kobo) is based on total declared dividend of ₦12,979,360,640 (2021: ₦8,748,195,175) and on 10,276,132,378 ordinary shares of 50 kobo each, being the ordinary shares in issue (2021: 8,075,831,900).

Notes to the Consolidated and Separate Financial Statements (Cont'd)

13 Property, plant and equipment

(a) The movement on these accounts during the year 2022 and 2021 was as follows:

Group	Freehold Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Cost								
Balance at								
1st January 2021	**3,891,117**	**70,088,281**	**196,786,978**	**29,355,135**	**34,980,641**	**136,908,030**	**16,343,248**	**488,353,430**
Additions	-	2,124,562	10,806,721	3,007,970	4,177,943	11,611,464	46,215,660	77,944,320
Disposals	-	(135,135)	(2,186,698)	(641,885)	(4,759,439)	-	-	(7,723,157)
Transfers from capital work-in-progress*	-	910,890	5,276,983	118,067	3,992,367	1,184,739	(11,483,046)	-
Balance at 31st December 2021	**3,891,117**	**72,988,598**	**210,683,984**	**31,839,287**	**38,391,512**	**149,704,233**	**51,075,862**	**558,574,593**
1st January 2022	3,891,117	72,988,598	210,683,984	31,839,287	38,391,512	149,704,233	51,075,862	558,574,593
Reclassification (Note 13 f)	(2,341,041)	(8,868)	(3,331,062)	(1,161,416)	80,666	133,953	-	(6,627,768)
Additions	-	4,588,676	8,258,130	3,648,038	9,285,015	30,810,558	82,242,974	138,833,391
Disposals	-	(424,767)	(3,139,039)	(4,158,396)	(1,089,554)	-	-	(8,811,756)
Transferred to Asset held for sale	-	(245,428)	-	-	-	-	-	(245,428)
Transfers from capital work-in-progress*	-	2,346,776	8,784,716	502,800	3,749,912	1,473,424	(16,857,628)	-
Balance at 31st December 2022	**1,550,076**	**79,244,987**	**221,256,729**	**30,670,313**	**50,417,551**	**182,122,168**	**116,461,208**	**681,723,032**
Accumulated Depreciation and impairment								
Balance at 1st January 2021	**2,341,041**	**28,992,332**	**114,871,995**	**18,369,884**	**25,033,690**	**85,332,355**	**-**	**274,941,297**
Depreciation for the year	-	2,421,037	9,756,609	4,137,923	4,108,662	13,693,035	-	34,117,266
Disposals	-	(135,135)	(2,186,692)	(619,524)	(4,759,433)	-	-	(7,700,784)
Balance at 31st December 2021	**2,341,041**	**31,278,234**	**122,441,912**	**21,888,283**	**24,382,919**	**99,025,390**	**-**	**301,357,779**
Balance at 1st January 2022	2,341,041	31,278,234	122,441,912	21,888,283	24,382,919	99,025,390	-	301,357,779
Reclassification (Note 13 f)	(2,341,041)	(8,868)	(3,331,059)	(1,161,417)	80,660	133,957	-	(6,627,768)
Depreciation for the year	-	2,715,868	10,820,168	3,587,918	5,310,810	14,339,849	-	36,774,613
Disposals	-	(424,603)	(3,135,697)	(4,012,468)	(1,088,600)	-	-	(8,661,368)
Transferred to Asset held for sale	-	(87,928)	-	-	-	-	-	(87,928)
Balance at 31st December 2022	**-**	**33,472,703**	**126,795,324**	**20,302,316**	**28,685,789**	**113,499,196**	**-**	**322,755,328**
Carrying amount								
At 31st December 2022	**1,550,076**	**45,772,284**	**94,461,405**	**10,367,997**	**21,731,762**	**68,622,972**	**116,461,208**	**358,967,704**
At 31st December 2021	**1,550,076**	**41,710,364**	**88,242,072**	**9,951,004**	**14,008,593**	**50,678,843**	**51,075,862**	**257,216,814**

(b) The movement on these accounts during the year 2022 and 2021 was as follows:

Company	Freehold Land ₦'000	Buildings ₦'000	Plant and Machinery ₦'000	Motor Vehicles ₦'000	Furniture and Equipment ₦'000	Returning Packaging materials ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
Cost								
Balance at								
1st January 2021	3,891,117	69,594,118	196,630,017	29,177,737	34,781,475	136,908,031	16,117,670	487,100,165
Additions	-	2,083,513	10,806,722	3,007,970	4,124,498	11,611,464	45,517,589	77,151,756
Disposals	-	(135,135)	(2,186,698)	(641,885)	(4,759,439)	-	-	(7,723,157)
Transfers from capital work-in-progress*	-	672,779	5,193,893	35,169	3,683,303	1,184,739	(10,769,883)	-
Balance at 31st December 2021	**3,891,117**	**72,215,275**	**210,443,934**	**31,578,991**	**37,829,837**	**149,704,234**	**50,865,376**	**556,528,764**
1st January 2022	3,891,117	72,215,275	210,443,934	31,578,991	37,829,837	149,704,234	50,865,376	556,528,764
Reclassification (Note 13 f)	(2,341,041)	(8,868)	(3,331,062)	(1,161,416)	80,666	133,953		(6,627,768)
Additions	-	4,603,767	8,258,130	3,648,038	9,284,591	30,810,558	82,227,883	138,832,967
Disposals	-	(424,767)	(3,139,039)	(4,158,396)	(1,089,554)	-	-	(8,811,756)
Transfers from capital work-in-progress*	-	2,280,935	8,747,032	502,800	3,667,218	1,473,423	(16,671,408)	-
Balance at 31st December 2022	**1,550,076**	**78,666,342**	**220,978,995**	**30,410,017**	**49,772,758**	**182,122,168**	**116,421,851**	**679,922,207**
Accumulated Depreciation and impairment								
1st January 2021	2,341,041	28,890,585	114,826,186	18,339,259	25,001,617	85,332,356	-	274,731,044
Depreciation for the year	-	2,346,918	9,695,119	4,093,832	4,039,066	13,693,035	-	33,867,970
Disposals	-	(135,135)	(2,186,692)	(619,524)	(4,759,433)	-	-	(7,700,784)
Balance at 31st December 2021	**2,341,041**	**31,102,368**	**122,334,613**	**21,813,567**	**24,281,250**	**99,025,391**	**-**	**300,898,230**
1st January 2022	2,341,041	31,102,368	122,334,613	21,813,567	24,281,250	99,025,391	-	300,898,230
Reclassification (Note 13 f)	(2,341,041)	(8,868)	(3,331,059)	(1,161,417)	80,660	133,957	-	(6,627,768)
Depreciation for the year	-	2,549,505	10,780,356	3,535,860	5,184,581	14,339,848	-	36,390,150
Disposals	-	(424,603)	(3,135,697)	(4,012,468)	(1,088,600)	-	-	(8,661,368)
Balance at 31st December 2022	**-**	**33,218,402**	**126,648,213**	**20,175,542**	**28,457,891**	**113,499,196**	**-**	**321,999,244**
Carrying amount								
At 31st December 2022	**1,550,076**	**45,447,940**	**94,330,782**	**10,234,475**	**21,314,867**	**68,622,972**	**116,421,851**	**357,922,963**
At 31st December 2021	**1,550,076**	**41,112,907**	**88,109,321**	**9,765,424**	**13,548,587**	**50,678,843**	**50,865,376**	**255,630,534**

(c) Capital Work-in-Progress

Closing balance of Capital Work-in-Progress is analysed as follows:

	Company 2022 ₦'000	Company 2021 ₦'000
Plant and Machinery	103,081,657	45,578,664
Buildings	3,165,469	838,869
Others	10,174,725	4,447,843
	116,421,851	**50,865,376**

(d) Capital commitments

Capital expenditure commitments at the year-end authorised by the Board of Directors comprise:

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Approved and contracted	47,624,671	47,624,671	12,637,858	12,637,858
Approved but not contracted	74,652,379	74,652,379	68,757,514	68,757,514
	122,277,050	**122,277,050**	**81,395,372**	**81,395,372**

(e) Additions in statement of cash flows

Additions per note 14 a – c	138,833,391	138,832,967	77,944,320	77,151,756
property plant and equipment in transit*	(40,972,437)	(40,972,437)	(18,537,523)	(18,537,523)
Acquisition of property plant and equipment per statement of cash flows	**97,860,954**	**97,860,530**	**59,406,797**	**58,614,233**

*Property plant and equipment in transit relates to purchase which the Company has control but not yet available for use. These are mainly related to FOB purchases in which the goods have already being shipped, the risk and rewards have been transferred to the Company, but are still in transit.

(f) PPE Reclassification

This relates to compensating differences in cost and depreciation arising from reconciliation done during the year to align general ledger and the property, plant and equipment register. This has nil effect on the carrying amount of property, plant and equipment.

(g) Assets held for sale

The asset held for sale comprises land and buildings in Benue Bottling Company Limited, which is currently undergoing liquidation. The Company remains committed to a plan to sell these assets and a sale is expected during 2023 as buyers have shown interest.

14. Leases

(a) Right-of-use assets

Group	Leasehold Land	Buildings	Plant and Machinery	Motor Vehicles	Total
Cost	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at					
1st January 2021	8,862,375	1,297,770	99,996	37,627,627	47,887,768
Additions	-	1,390,307	-	2,840,742	4,231,049
De-recognition	(25,333)	(694,009)	-	(36,043,144)	(36,762,486)
Balance at 31st December 2021	**8,837,042**	**1,994,068**	**99,996**	**4,425,225**	**15,356,331**
1st January 2022	**8,837,042**	**1,994,068**	**99,996**	**4,425,225**	**15,356,331**
Additions	225,100	1,298,496	-	-	1,523,596
De-recognition	(254,519)	(251,719)	-	(4,425,225)	(4,931,463)
Balance at 31st December 2022	**8,807,623**	**3,040,845**	**99,996**	**-**	**11,948,464**
Accumulated Depreciation and impairment					
Balance at 1st January 2021	509,053	746,640	35,292	3,680,819	4,971,804
Depreciation for the year	228,299	521,089	15,486	4,895,302	5,660,176
De-recognition	(25,333)	(674,967)	-	(7,095,626)	(7,795,926)
Balance at 31st December 2021	**712,019**	**592,762**	**50,778**	**1,480,495**	**2,836,054**
1st January 2022	**712,019**	**592,762**	**50,778**	**1,480,495**	**2,836,054**
Depreciation for the year	233,466	948,412	15,486	61,349	1,258,713
De-recognition	(254,519)	(251,719)	-	(1,541,844)	(2,048,082)
Balance at 31st December 2022	**690,966**	**1,289,455**	**66,264**	**-**	**2,046,685**
Carrying amount					
At 31st December 2022	**8,116,657**	**1,751,390**	**33,732**	**-**	**9,901,779**
At 31st December 2021	**8,125,023**	**1,401,306**	**49,218**	**2,944,730**	**12,520,277**

Company	Leasehold Land	Buildings	Plant and Machinery	Motor Vehicles	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Gross Book Value					
Balance at					
1st January 2021	8,835,254	1,227,099	99,996	37,627,627	47,789,976
Additions	-	1,315,339	-	2,840,742	4,156,081
De-recognition	(25,333)	(694,009)	-	(36,043,144)	(36,762,486)
Balance at 31st December 2021	**8,809,921**	**1,848,429**	**99,996**	**4,425,225**	**15,183,571**
1st January 2022	**8,809,921**	**1,848,429**	**99,996**	**4,425,225**	**15,183,571**
Additions	225,100	1,248,858	-	-	1,473,958
De-recognition*	(254,519)	(251,719)	-	(4,425,225)	(4,931,463)
Balance at 31st December 2022	**8,780,502**	**2,845,568**	**99,996**	**-**	**11,726,066**
Accumulated Depreciation and impairment					
Balance at 1st January 2021	481,932	757,152	35,292	3,680,819	4,955,195
Depreciation for the year	228,299	521,089	15,486	4,895,302	5,660,176
De-recognition	(25,333)	(674,967)	-	(7,095,626)	(7,795,926)
Balance at 1st January 2021	**684,898**	**603,274**	**50,778**	**1,480,495**	**2,819,445**
1st January 2022	**684,898**	**603,274**	**50,778**	**1,480,495**	**2,819,445**
Depreciation for the year	233,466	815,746	15,486	61,349	1,126,047
De-recognition	(254,519)	(251,719)	-	(1,541,844)	(2,048,082)
Balance at 31st December 2022	**663,845**	**1,167,301**	**66,264**	**-**	**1,897,410**
Carrying amount					
At 31st December 2022	**8,116,657**	**1,678,267**	**33,732**	**-**	**9,828,656**
At 31st December 2021	**8,125,023**	**1,245,155**	**49,218**	**2,944,730**	**12,364,126**

Notes to the Consolidated and Separate Financial Statements (Cont’d)

(b) Additions in statement of cash flows

	Group 2022 ₦’000	Company 2022 ₦’000	Group 2021 ₦’000	Company 2021 ₦’000
Additions per note 13 a – c	1,523,596	1,473,958	4,231,049	4,156,081
Addition lease liability (non-cash)	-	-	(2,840,742)	(2,840,742)
Acquisition of right-of-use asset per statement of cash flows	**1,523,596**	**1,473,958**	**1,390,307**	**1,315,339**

*In 2022, the company has re-negotiated the terms of the contracts with one of its transportation suppliers that were previously classified as a lease. The change in the terms of the contracts resulted in the assessment of Lease under IFRS 16 no longer be classified as lease, hence the company has de-recognised the Right of Use Asset and corresponding Lease Liability related to these contracts which resulted in a net impact of ₦408 million in 2022.

(c) Lease liabilities

Movement in lease liabilities:

	2022 ₦’000	2021 ₦’000
Balance at 1st January	3,388,210	35,614,566
Additions to leases	-	2,840,742
Repayment	(113,540)	(8,638,138)
Interest	49,132	5,487,848
Lease de-recognition	(3,291,867)	(31,916,808)
31st December	31,935	3,388,210
Presented as:		
Non-current	17,313	654,631
Current	14,622	2,733,579
31st December	**31,935**	**3,388,210**

On repayment of lease liabilities, it includes the full contractual amount paid to the suppliers, which includes both principal and interest, as disclosed on the statement of cash flows.

15. Intangible assets and goodwill

(a) The movement on these accounts during the year 2022 and 2021 was as follows:

Group/ Company

	Goodwill ₦'000	Software ₦'000	Distribution Network ₦'000	Work-in-Progress ₦'000	Total ₦'000
Cost					
Balance at 1st January 2021	**84,722,719**	**3,553,017**	**17,381,436**	28,945	105,686,117
Additions	-	584,229	-	-	584,229
Transfers from capital work in progress	-	28,945	-	(28,945)	-
Balance at 31st December 2021	**84,722,719**	**4,166,191**	**17,381,436**	**-**	**106,270,346**
Additions	-	656,486	-	1,647	658,133
Transfers from capital work in progress	-	1,647	-	(1,647)	-
Balance at 31st December 2022	**84,722,719**	**4,824,324**	**17,381,436**	**-**	**106,928,479**
Accumulated amortisation					
Balance at 1st January 2021	-	2,604,223	7,809,576	-	10,413,799
Amortisation for the year	-	295,342	1,226,873	-	1,522,215
Balance at 31st December 2021	-	2,899,565	9,036,449	-	11,936,014
Amortisation for the year	-	408,583	1,158,780	-	1,567,363
Balance at 31st December 2022	**-**	**3,308,148**	**10,195,229**	**-**	**13,503,377**
Carrying amount					
At 31st December 2022	**84,722,719**	**1,516,176**	**7,186,207**	**-**	**93,425,102**
At 31st December 2021	**84,722,719**	**1,266,626**	**8,344,987**	**-**	**94,334,332**

(b) The amortisation charge of all intangible assets is included in administrative expenses in the statement of profit or loss.

(c) Effective 31st December 2014, Nigerian Breweries Plc acquired all the shares of Consolidated Breweries Plc through an effected Scheme of Merger. The goodwill arising from this transaction repre sents synergies that can be derived from increased economies of scale, deepened brand portfolio, access to new markets and enhanced operating and administrative efficiencies.

Effective 17th October 2011, Nigerian Breweries Plc acquired Sona System s Associates Business Management Limited and Life Breweries Company Limited from Heineken International B.V. The goodwill arises from numerous synergies that can be harnessed from the breweries acquired to maximise value for the Company's shareholders and other stakeholders.

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.

15. Intangible assets and goodwill

(c) To determine fair value the Company adopts level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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"). The Company has one CGU as the assets are not generating independent cash flows and there is no separate market for the output.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes

The useful life of Goodwill at the reporting date is assessed to be indefinite with no impairment losses.

16 Investments	**Group 2022 ₦'000**	**Company 2022 ₦'000**	**Group 2021 ₦'000**	**Company 2021 ₦'000**
Progress Trust CPFA Limited	150,000	150,000	150,000	150,000
Benue Bottling Company Limited	-	679,625	-	679,625
234 Stores Limited	-	100,000	-	100,000
Investments	**150,000**	**929,625**	**150,000**	**929,625**

(a) Progress Trust CPFA Limited

Investment of ₦150 million represents the cost of the Group/Company's 100% equity investment in Progress Trust CPFA Limited, incorporated in Nigeria. Progress Trust CPFA Limited is an unconsolidated structured entity licensed by the National Pension Commission to conduct the business of a closed pension fund administrator and manages the pension and gratuity funds of employees and former employees of Nigerian Breweries. The activities of Progress 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 Progress Trust CPFA Limited accrue principally to members of the pension and gratuity schemes and the Group/Company has no exposure to variable returns arising from its involvement.

The Group/Company's residual interest in Progress Trust CPFA Limited is immaterial. The funds and assets of both the pension and defined contribution gratuity scheme are held by an Independent Licensed Pension Fund Custodian in line with the Pension Reform Act, 2014. As a result of the above, Progress Trust CPFA Limited has not been consolidated.

The Company supports the sourcing of resources to Progress Trust CPFA Limited at cost and intends to continue to provide support into the future.

(b) Benue Bottling Company Limited

Through the merger with Consolidated Breweries Plc on 31st December 2014, the Company obtained an 89.3% shareholding in Benue Bottling Company Limited, an entity with no business activity. The Investment of ₦679.6 million represents the Company's historical cost of the 89.3% share in the equity of Benue Bottling Company Limited as at 31st December 2022 (2021: ₦679.6 million).

(c) 234 Stores Limited

234 Stores Limited is a subsidiary of the Company established to explore opportunities in the route-to-market. Its financial position has been consolidated in these financial statements.

17 Other receivables

Non-current other receivables of ₦2 billion (2021: ₦1.1 billion) represent the long-term portion of car grants, and loans granted to the Company's employees, which are secured by the employees' retirement benefit obligations.

18 Prepayments

Prepayments of ₦2 billion (2021: ₦2.9 billion) refer mainly to insurance expenses and short term rentals.

19 Inventories

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Raw materials	22,433,847	22,433,847	15,271,058	15,271,058
Products in process	5,984,573	5,984,573	6,018,004	6,018,004
Finished products	9,465,263	9,292,166	4,578,277	4,454,170
Non-returnable packaging materials	20,718,777	20,718,777	12,395,908	12,395,908
Spare parts	14,401,839	14,401,839	16,397,846	16,397,846
Goods-in-transit	14,624,075	14,624,075	10,460,268	10,460,268
Provision for write down on stock	(4,111,064)	(4,111,064)	(2,929,851)	(2,929,851)
	83,517,310	**83,344,213**	**62,191,510**	**62,067,403**

The company's policy is to age spares based on the last consumption date on the assumption that there is a risk of obsolescence spares that have remained unused for more than 2 years. A 10% provision rate is made for spares unused between 2-3 years and 20% thereafter for every additional year. Included in cost of sales is an expense of ₦1.2 billion (2021: ₦0.6 billion) in respect of write downs of slow moving inventory (spares) to net realisable value, and has been reduced by ₦0.5 billion (2021: ₦0.2 billion) in respect of the reversal of such write-downs. Previous write-downs have been reversed as a result of increased activities. Other inventories are provided for when it is close to its best before date or the item has been discontinued from use.

20 (a) Trade and other receivables

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Trade receivables	20,224,565	20,224,565	3,039,680	3,039,680
Advances	2,959,262	2,959,262	17,212,728	17,212,728
Other receivables	13,509,589	15,636,992	2,723,853	938,093
Due from related parties (Note 33a)	4,016,337	4,016,337	3,524,255	3,524,255
	40,709,753	**42,837,156**	**26,500,516**	**24,714,756**

Advances mainly relate to advance to suppliers for the supply of packaging and raw materials.
Other receivables mainly relate to employee and payroll advances, and the reclassification of payables debit balances.

The Company/group's exposure to credit risks and expected credit losses related to trade and other receivables is disclosed in Note 30 (a).

Expected credit losses of ₦ 174,392,000 has been reclassified from expected credit losses on Trade receivables to expected credit losses on Other receivables in the comparative for both Group and Company.

(b) Reconciliation of changes in trade and other receivables included in consolidated statement of cash flows:

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Movement in trade and other receivables (Note 20a)	(14,209,237)	(18,122,400)	(15,083,093)	(14,257,320)
Movement in other receivables (Note 17)	(887,710)	(887,710)	(223,084)	(223,084)
Changes in trade and other receivables per statement of cash flows	**(15,096,947)**	**(19,010,110)**	**(15,306,177)**	**(14,480,404)**

21 Deposit for imports

Deposits for imports of ₦6.9 billion (2021: ₦11.9 billion) represent naira deposits for foreign currencies purchased for funding of letters of credit and forwards, as well as futures. All related to imported raw materials, spare parts and machinery.

22 Cash and cash equivalents

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Bank balances	21,399,190	21,370,195	13,487,090	13,477,101
Call deposits	777,797	777,797	3,242,459	3,242,459
Cash in hand	3,854	3,854	480	480
Cash and cash equivalents	**22,180,841**	**22,151,846**	**16,730,029**	**16,720,040**
Cash and cash equivalents in the statement of cash flows	**22,180,841**	**22,151,846**	**16,730,029**	**16,720,040**

23 Share capital

(a) Authorised ordinary shares of 50k each

	Company 2022	Company 2021
In number of shares		
At 1st January	10,000,000,000	10,000,000,000
At 31st December	10,276,132,378	10,000,000,000

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

In number of shares		
At 1st January	8,075,831,900	7,996,902,051
Share issuance	2,200,300,478	78,929,849
At 31st December	**10,276,132,378**	**8,075,831,900**
In Naira	**₦'000**	**₦'000**
At 1st January	4,037,916	3,998,451
Share issuance	1,100,150	39,465
Share value in Naira	**5,138,066**	**4,037,916**

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

24 Dividends

(a) Declared dividends

The following dividends were declared and paid by the Company during the year:

	Company 2022 ₦'000	Company 2021 ₦'000
40 kobo interim dividend declared (2021: 40 kobo)	3,288,362	3,230,333
120 kobo per qualifying ordinary share in 2021 (2021: 69 kobo)	9,690,998	5,517,862
	12,979,360	**8,748,195**

After the respective reporting dates, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	Company 2022 ₦'000	Company 2021 ₦'000
103 kobo per qualifying ordinary share (2021: 120 kobo)	10,584,416	9,690,998

(b) Dividend payable

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
At 1st January	10,437,847	10,437,847	7,707,091	7,707,091
Declared dividend (note 23 (a))	12,979,360	12,979,360	8,748,195	8,748,195
Payments (cash)	(7,445,346)	(7,445,346)	(2,248,533)	(2,248,533)
Payments (scrip issue)	(6,544,288)	(6,544,288)	(3,768,906)	(3,768,906)
Unclaimed dividend transferred to retained earnings	(420,561)	(420,561)	-	-
At 31st December	**9,007,012**	**9,007,012**	**10,437,847**	**10,437,847**

(i) Unclaimed dividend transferred to general reserve represents dividend which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with Section 432 of CAMA.

(ii) As at 31st December 2022, ₦1.2 billion (2021: ₦1.3 billion) of the total dividend payable is held with the Company's registrar, First Registrars and Investor Services Limited. The remaining dividend payable of ₦7.8 billion (2021: ₦9.1 billion) holds ₦3 billion (2021: ₦4.5 billion) due to foreign shareholders. The total remaining balance of ₦4.8 billion represents unclaimed dividends, which have been returned to the Company by the Registrar over the years.

(iii)

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Cash paid to registrar	(7,586,787)	(7,586,787)	(4,979,289)	(4,979,289)
Cash received from registrar	141,441	141,441	2,730,756	2,730,756
Payments (Cash)	(7,445,346)	(7,445,346)	(2,248,533)	(2,248,533)

25 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. The borrowings are unsecured. For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 30.

(a)

	1 January **2022** **₦'000**	Proceeds **₦'000**	Repayment **₦'000**	31 December **2022** **₦'000**
Bank loans	22,174,700	161,047,971	(65,040,325)	118,182,346
Loans from Government	5,810,430	-	(1,741,975)	4,068,455
Total	27,985,130	161,047,971	(66,782,300)	122,250,801
Non-current	**4,097,694**			**2,425,875**
Current	**23,887,436**			**119,824,926**
	27,985,130			**122,250,801**

	1 January **2021** **₦'000**	Proceeds **₦'000**	Repayment **₦'000**	31 December **2021** **₦'000**
Bank loans	4,614,040	63,058,500	(45,497,840)	22,174,700
Loans from Government	8,069,923	-	(2,259,493)	5,810,430
Commercial Paper	43,148,806	4,543,449	(47,692,255)	-
Total	55,832,769	67,601,949	(95,449,588)	27,985,130
Non-current	**7,348,322**			**4,097,694**
Current	**48,484,447**			**23,887,436**
	55,832,769			**27,985,130**

(b) The Company has revolving credit facilities with Nigerian banks to finance its working capital. The approved limit of the loan with each of the banks are ₦6 billion and ₦15 billion (total of ₦21 billion) at a rate of NIBOR plus two percent with a tenor of one year. This is yet to be utilised at the reporting date.

(c) The Bank of Industry (BoI), a Government Parastatal, provides mid to long-term financing for establishment, expansion or diversification of large, medium and small projects which may be new or existing. The Company obtained capital and working capital finance from the BoI in 2019. The loan has been recognised at fair value in line with the provisions of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance). Included in Bank Loan obtained/(repaid) during the year is related deferred income amounting to ₦0.5 billion (2021:₦0.9 billion), of which ₦0.4 million has been released to income statement in 2022 (2021: ₦0.9b), and no new capitalisation in 2022 (2021: Nil) in accordance to the Company's accounting policies on Note 3(s).

26 Employee benefits

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Recognised liability for defined benefit obligation (Note 26 a)	6,748,615	6,748,615	6,867,415	6,867,415
Recognised liability for other long-term employee benefits (Note 26 b)	4,673,732	4,673,732	4,096,687	4,096,687
Total employee benefit liabilities	**11,422,347**	**11,422,347**	**10,964,102**	**10,964,102**

(a) **Movement in the present value of the defined benefit obligation**

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Defined benefit obligations at 1st January	6,867,415	6,867,415	11,709,191	11,709,191
Benefits paid by the plan	(930,560)	(930,560)	(823,757)	(823,757)
Current service costs and interest (see below)	893,481	893,481	517,723	517,723
Actuarial gains recognised in other comprehensive income (see note (f))	(81,721)	(81,721)	(4,535,742)	(4,535,742)
Defined benefit obligations at 31st December	**6,748,615**	**6,748,615**	**6,867,415**	**6,867,415**

In 2011, the Company introduced a post-employment medical benefit for pensioners and employees on the defined benefit gratuity scheme including their spouses. The liability for this scheme in the current year amounted to ₦2.8 billion (2021: ₦3 billion). Defined benefit expense recognised in income statement for defined benefit obligation.

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Current service costs	88,138	88,138	31,264	31,264
Interest on obligation	805,343	805,343	486,459	486,459
	893,481	**893,481**	**517,723**	**517,723**

(b) Movement in other long-term employee benefits

The movement on the long service awards benefit plan liability during the year was as follows:

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Obligation at 1st January	4,096,686	4,096,686	5,010,557	5,010,557
Charge for the year	1,956,926	1,956,926	(219,241)	(219,241)
Payments	(1,379,880)	(1,379,880)	(694,629)	(694,629)
Obligation at 31st December	**4,673,732**	**4,673,732**	**4,096,687**	**4,096,687**

(b) Movement in other long-term employee benefits (cont'd)

Defined benefit expense/(income) recognised in the statement of profit or loss for long service awards obligation.

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Current and past service costs	350,246	350,246	611,775	611,775
Interest on obligation	383,476	383,476	386,876	386,876
Actuarial losses/(gains)	1,223,204	1,223,204	(1,217,892)	(1,217,892)
	1,956,926	**1,956,926**	**(219,241)**	**(219,241)**

This movement does not include share based payment which is included in the statement of changes In equity.

(c) Adjustments for the employee benefit in cashflow

	Group Group ₦'000	Company Company ₦'000	Group Group ₦'000	Company Company ₦'000
Current service costs 26(a)	88,138	88,138	31,264	31,264
Current and past service costs 26(b)	350,246	350,246	611,775	611,775
Actuarial losses/(gains) 26(b)	1,223,204	1,223,204	(1,217,892)	(1,217,892)
Obligation at 31st December	**1,661,588**	**1,661,588**	**(574,853)**	**(574,853)**

(c) Pension payable

The balance on the pension payable account, included in trade and other payables, represents the amount due to the Pension Fund Administrators which is yet to be remitted at the year end. The movement on this account during the year was as follows:

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Obligation at 1st January	444,789	444,789	405,644	405,644
Charge for the year	2,625,291	2,625,291	2,345,082	2,345,082
Payments	(2,571,933)	(2,571,933)	(2,305,937)	(2,305,937)
Obligation at 31st December	**498,147**	**498,147**	**444,789**	**444,789**

(d) The movement on the defined contribution plan obligation during the year was as follows:

	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Obligation at 1st January	285,882	285,882	(16,372)	(16,372)
Charge for the year	3,329,955	3,329,955	3,194,661	3,194,661
Payments	(3,713,879)	(3,713,879)	(2,892,407)	(2,892,407)
Obligation at 31st December	**(98,042)**	**(98,042)**	**285,882**	**285,882**

The obligation represents the amount yet to be remitted at the year end to the defined benefit contribution plan and has been included in non-trade and accrued expenses (note 29a).

(e) The employee benefits related expense are recognised in the following line items in the profit or loss:

	Cost of sales		Marketing		Administrative expenses		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Defined benefit	38,794	12,851	29,295	11,507	20,049	6,906	88,138	31,264
Pension expense	1,155,532	963,957	872,576	863,117	597,182	518,007	2,625,290	2,345,081
Defined contribution plan	1,465,694	1,313,182	1,106,787	1,175,808	757,474	705,671	3,329,955	3,194,661
Long service awards	861,349	(90,120)	650,429	(80,693)	445,147	(48,428)	1,956,925	(219,241)
	3,521,369	**2,199,870**	**2,659,087**	**1,969,739**	**1,819,852**	**1,182,156**	**8,000,308**	**5,351,765**

(f) Actuarial gains and losses on defined benefit obligation are recognised in other comprehensive income. The movement on the cumulative amount included in retained earnings as at the year-end was as follows:

	Group	Company	Group	Company
	2022	**2022**	**2021**	**2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cumulative amount at 1st January	**3,068,929**	**3,068,929**	**3,068,929**	**3,068,929**
Gain recognised during the year	(81,721)	(81,721)	(4,535,742)	(4,535,742)
Deferred tax	26,151	26,151	1,451,438	1,451,438
Recognised during the year net of tax	(55,570)	(55,570)	(3,084,304)	(3,084,304)
Amount accumulated in retained earnings at 31st December	**3,013,359**	**3,013,359**	**(15,375)**	**(15,375)**

The Company recognised ₦82 million (2021 ₦4.5 billion loss) of actuarial gains in other comprehensive income during the period in respect of its defined benefit obligations. These gains and losses primarily relate to the changes in observed salary increases, changes in benefits payments and the change in discount rate. The actuarial gains and losses recognised during the year are analysed as follows:

	Group	Company	Group	Company
	2022	**2022**	**2021**	**2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Financial assumption – gains	(636,731)	(636,731)	(4,611,562)	(4,611,562)
Experience Assumption – losses	555,010	555,010	75,820	75,820
Recognised during the year	**(81,721)**	**(81,721)**	**(4,535,742)**	**(4,535,742)**

(g) Actuarial assumptions

The calculation was carried out by PWC (Omobolanle Adekoya, FRC/2013/004/00000002010), as of 31st December 2022

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group	Company	Group	Company
	2022	**2022**	**2021**	**2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Discount rate (p.a.)	14.3%	14.3%	12.2%	12.2%
Average pay increase (p.a.)	5.0%	5.0%	5.0%	5.0%
Average rate of inflation (p.a.)	8.0%	8.0%	8.0%	8.0%
Weighted average duration of the plan (years)	4.98	4.98	5.02	5.02
Average medical rate of inflation	5.00%	5.0%	5.00%	5.00%

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK as follows:

Mortality in service

	2022	2021
Sample age	**Number of deaths in year out of 10,000 lives**	**Number of deaths in year out of 10,000 lives**
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

(g) Actuarial assumptions (cont'd)

Mortality in retirement

Sample age	Expectation of Life (Completed years)		
	Management	Non-Management	PA 90
50	29	28	27
55	24	24	22
60	20	20	19
65	17	16	15
70	13	13	12
75	10	9	9
80	6	6	7

Withdrawals/Turnover

It is assumed that all the employees covered by the defined end of service benefit scheme would retire at age 60 (2021: age 60).

(h) Sensitivity analysis

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

		Long Service Awards ₦'000	Unfunded Retirement Benefit ₦'000	Post employment medical benefit ₦'000
Discount rate	+0.25%	(616,120)	221,244	(215,985)
	-0.25%	(537,155)	338,735	(102,594)
	+0.50%	(654,402)	164,635	(269,289)
	-0.50%	(496,426)	399,716	(42,255)
Salary increase	+0.25%	(542,280)	-	-
	-0.25%	(611,228)	-	-
	+0.50%	(506,920)	-	-
	-0.50%	(644,840)	-	-
Benefit Inflation rate	+0.25%	(570,271)	344,914	(99,506)
	-0.25%	(583,707)	215,064	(219,000)
	+0.50%	(563,380)	412,067	(51,692)
	-0.50%	(590,257)	152,280	(275,241)
Mortality experience	+1	-	164,602	(191,620)
	-1	-	391,507	(129,424)
Pre-retirement	+1	(758,330)		(144,605)
	-1	(412,349)		(184,256)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

27 Share-based payment

Since the 1st of January 2006 Heineken N.V, the parent Company, established a share-based payment plan for key management personnel, including certain senior management of Nigerian Breweries Plc. The grant date fair value of the share rights granted is recognised as personnel expenses with a corresponding increase in equity (equity-settled) as a capital contribution from Heineken N.V, over the period that the employees becom e unconditionally entitled to the share rights. All equity settled share-based payment transactions are accounted for in the share based payment reserve account.

A recharge arrangement exists between Heineken N.V and Nigerian Breweries Plc whereby vested shares delivered to employees by Heineken N.V are recharged to Nigerian Breweries Plc. The recharge transaction is recognised as an intercompany liability with a corresponding adjustment in the share-based payment reserve for the capital contribution recognised in respect of the share-based payment.

All rights are to be settled by delivery of shares. The terms and conditions relating to the grants of the rights are as follows:

Grant date/employees entitled	Number*	Based on share price (Euro)	Vesting conditions	Contractual life of rights
Share rights granted to key management personnel in 2020	6,787	94.92	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2021	7,255	91.42	Continued service, 100% internal performance conditions	3 years
Share rights granted to key management personnel in 2022	6,824	98.86	Continued service, 100% internal performance conditions	3 years

* The number of shares is based on target performance.

The number and weighted average share price per share is as follows:

	Weighted average share price (Euro)	Number of share rights	Weighted average share price (Euro)	Number of share rights
	2022	2022	2021	2021
Outstanding at 1st January	-	27,991		13,753
Granted during the year	98.86	6,824	91.42	7,255
Vested during the year	86.58	(4,867)		(1,207)
Forfeited during the year		-		-
Performance adjustment		6,142		9,715
Transfer in		3,012		3,167
Transfer out		(4,053)		(4,692)
Outstanding as at 31st December		35,049		27,991

Employee expenses	**2022**	**2021**
	₦'000	**₦'000**
Share rights granted in 2019	142,858	(71,429)
Share rights granted in 2020	459,742	(138,114)
Share rights granted in 2021	543,362	(177,613)
Share rights granted in 2022	161,232	-
Total expense/(income)recognised as employee costs	**1,307,194**	**(387,156)**

28 Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

Group/ Company	**Assets**		**Liabilities**		**Net**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	-	-	(27,382,960)	(25,048,621)	(27,382,960)	(25,048,621)
Intangible assets	-	-	(3,639,511)	(3,580,506)	(3,639,511)	(3,580,506)
Right-of-use assets	-	-	-	-	(11,865)	-
Inventories	1,034,850	832,461	-	-	1,034,850	832,461
Employee benefits	4,408,009	3,729,412	-	-	4,408,009	3,729,412
Unrealised exchange differences	5,696,925	527,873			5,696,925	527,873
Lease liability	10,379				10,379	
Other items	1,476,710	257,384	-	-	1,476,710	257,384
Net tax assets/(liabilities)	**12,626,873**	**5,347,130**	**(31,022,471)**	**(28,629,127)**	**(18,407,463)**	**(23,281,997)**

Movement in temporary differences during the year

	Balance 1st Jan 2021	**Profit or loss and OCI**	**Balance 31st Dec 2021**	**Profit or loss and OCI**	**Balance 31st Dec. 2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	(24,442,377)	(606,244)	(25,048,621)	(2,334,339)	(27,382,960)
Intangible assets	(3,531,065)	(49,441)	(3,580,506)	(59,005)	(3,639,511)
Inventories	682,241	150,220	832,461	202,389	1,034,850
Employee benefits	5,361,793	(1,632,381)	3,729,412	678,597	4,408,009
Other items	4,075,293	(3,290,036)	785,257	6,386,892	7,172,149
Net tax assets/(liabilities)	**(17,854,115)**	**(5,427,882)**	**(23,281,997)**	**4,874,534**	**(18,407,463)**

The net movement during the year ended 31st December 2022, includes a debit amount of ₦26 Million (2021: ₦1.4billion) recorded in other comprehensive income as deferred tax on employee benefits.

29 (a) Trade and other payables

	Group 2022	**Company 2022**	**Group 2021**	**Company 2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Trade payables	67,573,401	68,119,938	107,325,077	103,611,007
Deposit for RPM*	31,082,051	31,082,051	24,665,879	24,665,879
Non-trade payables and accrued expenses	71,365,119	71,282,790	33,258,836	33,939,321
Amount due to related parties	94,069,077	94,069,077	61,168,227	61,168,227
	264,089,648	**264,553,856**	**226,418,019**	**223,384,434**

*** Returnable Packaging Material**

The Company has the legal or constructive obligation to take back the materials from the market. A deposit value is generally charged upon sale of the finished product, which is reimbursed when the empty returnable packaging material is returned. The company apply judgement to assess the carrying value of the outstanding customer's deposit liability. The most significant assumptions are on market loss rate, which is estimated based on measurements on a monthly basis, market possession and circulation times of the returnable packaging material. The measurements and estimates are monitored on a monthly basis and the deposit liability assessment is done annually.

(b) Reconciliation of changes in trade and other payables included in the statement of cash flows:

	Group 2022	**Company 2022**	**Group 2021**	**Company 2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Movement in trade and other payables	37,671,629	41,169,422	87,217,349	85,525,859
Accrued additions to property plant and equipment	(40,972,437)	(40,972,437)	(18,537,523)	(18,537,523)
Interest accrual	(2,536,281)	(2,536,281)	(116,200)	(116,200)
VAT paid	27,690,633	27,690,633	27,975,295	27,975,295
Changes in trade and other payables per statement of cash flows	**21,853,544**	**25,351,337**	**96,538,921**	**94,847,431**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29(b).

30 Financial instruments - financial risk management and fair values

The Company has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Operational risk
- Capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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 and Ethics 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 Committee is assisted in its oversight role by the Process and Control Improvement ("P&CI") Department which performs the internal audit and internal control functions in the Company.

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 by the Risk Management and Ethics Committee 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 Risk Management and Ethics 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. Internal Audit undertakes both regular and ad hoc reviews of compliance with established controls and procedures, the results of which are reported to Senior Management of the Company at Assurance meetings.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Group 2022 ₦'000	Company 2022 ₦'000	Group 2021 ₦'000	Company 2021 ₦'000
Other receivables (non-current)	17	2,022,169	2,022,169	1,134,459	1,134,459
Trade and other receivables	20	40,709,753	42,837,156	26,500,516	24,714,756
		42,731,922	**44,859,325**	**27,634,975**	**25,849,215**
Cash and bank	22	22,180,841	22,151,846	16,730,029	16,720,040
		64,912,763	**67,011,171**	**44,365,004**	**42,569,255**

Trade and other receivables

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes specified cash deposits by new customers. Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Credit Committee reviews each customer's credit limit in line with the customers' performance in the preceding quarter and perceived risk factor assigned to the customer.

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 key distributor or retail distributor, geographic location, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers with no trading activities for a period of up to one year are placed on a dormant customer list, and future sales are made on a prepayment basis only with approval of management.

The Company establishes an allowance for impairment that represents its estimate of expected 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 customers with outstanding amounts but have not placed orders/trade for a prolonged period of time (usually one year).

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

The aging of trade receivables for the company and its expected loss (ECL) rates at the reporting date was:

	As at 31 December 2022			As at 31 December 2021		
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
	Exposure	Expected Credit Loss	Net Exposure	Exposure	Expected Credit Loss	Net Exposure
Trade receivables	24,619,731	(4,395,166)	20,224,565	6,896,937	(3,857,257)	3,039,680
Other receivables (non-current)	2,022,169	-	2,022,169	1,134,459	-	1,134,459
Due from related parties	4,016,337	-	4,016,337	3,524,255	-	3,524,255
Advances	2,959,262	-	2,959,262	17,212,728	-	17,212,728
Other receivables	15,785,544	(148,552)	15,636,992	1,112,485	(174,392)	938,093
Cash and bank	22,151,846	-	22,151,846	16,720,040	-	16,720,040
Total Credit risk	**71,554,889**	**(4,543,718)**	**67,011,171**	**46,600,904**	**(4,031,649)**	**42,569,255**

Expected credit losses

The Company applies the IFRS 9 simplified approach for trade receivables, simplification allows a loss allowance to be recognised based on lifetime expected loss and does not require you to determine if there has been a significant increase in credit risk. However, it should be noted that the requirement to assess the impact on expected future credit losses of economic scenarios are still required under the simplified approach.

In other to determine the loss rates the single loss rate approach which determines loss as the ratio of all unpaid invoices per period to total invoice issued for the period has been adopted.

The steps used in determining the loss rates include:

Step 1. Determine the default definition/trigger.
Management has determined default as receivables that have remained unpaid after aging receivables into the following buckets (0 -15 days, 16-30 days, 31-60 days, 61-90 days, 91-180 days, 181- 365 days, Over 365 days).

Step 2. Obtain monthly historical receivables settlement data, using the different aging buckets identified above. Data should be from March 2011 to the reporting, example, December 2022.

Step 3. Compute the repayment pattern by determining what portion of the total receivables issued is repaid in each aging bucket. Do this by expressing the receivables in each bucket over the total receivables issued for that month.

Step 4. Compute the monthly loss rate by applying the formula:
open/unpaid receivables

(Total receivables - receivables in 0-15 days bucket*)
* Receivables within the 0-15 days bucket are assumed to be current hence the exclusion in determining loss rates.

Step 5. Determine a single loss rate by taking an average of all the monthly loss rates.

Step 6. Determine optimistic and downturn repayment patterns by applying the repayment pattern for the least loss rate as optimistic and applying the repayment pattern for the most lost rate as downturn. The base repayment pattern represents the repayment pattern for the average loss rate.

30 Financial instruments - financial risk management and fair values (cont'd)

Step 7
Using the determined repayment patterns, apportion the single loss rate into buckets using the formula;

$$\text{Base Loss rate per bucket} = \frac{\text{Base loss rate}}{\text{(1-cumulative repayment)}}$$

Where;
Base loss rate per bucket = the Loss rate for each of the buckets (0 -15 days, 16-30 days etc.) Base loss rate = the single loss rate determined from the average of all monthly loss rates.

Cumulative repayment = the total percentage repaid so far counting from the earliest bucket.

ECL model being used resulted the following based on historical data of invoices from March 2010 to December 2022. Assessment seeks to evaluate how efficient is the customer payment of invoices

	Base	Optimistic	Downturn
Scenario Weights Modelled	8.45%	89.44%	2.11%

IFRS 9 specifies that ECLs should include a forward-looking element which translates into an allowance for changes in macroeconomic conditions and forecasts when estimating lifetime ECLs. It is important to understand the effect of forecasted changes in the macroeconomic environment on ECLs, so that an appropriate level of provisions can be raised.

The most acceptable way of allowing for macroeconomic conditions is to build a regression model that aims to explain and predict the impact of macroeconomic indicators on default rates. Such regression models are usually built on a history of default rates and macroeconomic variables covering at least one economic cycle, but preferable more.

Management made use of historical loss rate adjusting for forward-looking information within the Nigerian macroeconomic indicators. Quarterly average loss rates were relied on as the dependent variable .

i. ECONOMIC GROWTH
Management builds internal estimates in relation to expected economic growth and activities taking into consideration local context and global impacts in the economy.

ii. GOVERNMENT POLICIES:
Management builds internal estimates in relation to CBN and other governmental bodies that impacts interest rates, FX availability and liquidity, exchange rate, federal reserves, policies that supports economic activities, amongst others.

iii. INFLATION:
Management builds internal estimates on inflation rates and impact on specific industry.

Considering the above outlook for the future, it was decided to moderate the ECL provision as follows:

	Base	Optimistic	Downturn
Scenario Weights Judgment	14.00%	75.00%	11.00%

Notes to the Consolidated and Separate Financial Statements (Cont'd)

The aging of trade receivables for the company and its expected loss (ECL) rates at the reporting date was:

	Base	*Optimistic*	*Downturn*
Scenario Weights Modelled	8.45%	89.44%	2.11%
Scenario Weights Judgment	14%	75%	11%
Selected Weights	14.00%	75.00%	11.00%

Age Band	**Outstanding Receivables**	**Loss Rates**			**ECL**			**Weighted Average ECL**
		Base	**Optimistic**	**Downturn**	**Base**	**Optimistic**	**Downturn**	
0-15	13,460,775	0.07%	0.00%	4.18%	9,919	-	562,040	63,213
16-30	1,457,659	0.25%	0.00%	47.32%	3,591	-	689,791	76,380
31-60	1,908,502	1.45%	0.00%	69.02%	27,698	-	1,317,263	148,777
61-90	530,082	9.64%	0.00%	89.88%	51,092	-	476,448	59,562
91-180	680,017	17.67%	0.00%	94.25%	120,142	-	640,917	87,321
181-365	556,722	31.12%	0.00%	96.34%	173,261	-	536,340	83,254
>365		100.00%	100.00%	98.85%	6,025,974	6,025,974	5,956,791	6,018,364
Expected post 365 days Recover	6,025,974	-0.34%	-47.32%	-0.02%	(20,452)	(2,851,602)	(1,268)	(2,141,705)
	24,619,731							**4,395,166**

	Base	*Optimistic*	*Downturn*
Scenario Weights Modelled	38.46%	31.54%	30.00%

Age Band	**Outstanding Receivables**	**Loss Rates**			**ECL**			**Weighted Average ECL**
		Base	**Optimistic**	**Downturn**	**Base**	**Optimistic**	**Downturn**	
0-15	724,124	0.07%	0.00%	0.16%	506	7	1,133	537
16-30	890,909	0.18%	0.01%	0.20%	1,564	103	1,806	1,176
31-60	492,429	1.02%	0.33%	0.71%	5,034	1,638	3,472	3,494
61-90	177,855	13.23%	0.55%	8.81%	23,531	980	15,660	14,057
91-180	415,076	26.58%	5.32%	19.20%	110,346	22,091	79,679	73,312
181-365	531,492	49.97%	6.50%	46.43%	265,588	34,569	246,768	187,082
>365		100.00%	100.00%	95.78%	3,665,052	3,665,052	3,510,272	3,618,618
Expected post 365 days Recover	3,665,052	-0.28%	-0.08%	-3.28%	(10,436)	(2,955)	(120,245)	(41,019)
	6,896,937							**3,857,257**

30 Financial instruments - financial risk management and fair values (cont'd)

The group/company's movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2022 ₦'000	2021 ₦'000
Balance at 1st January	(4,031,649)	(5,270,352)
Trade receivables written-off	63,005	184,442
Lifetime expected credit loss	(575,074)	1,054,261
Balance at 31st December	**(4,543,718)**	**(4,031,649)**

No interest is charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses.

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

Cash and bank

The Group/Company held cash and bank of ₦22.2 billion as at 31st December 2022 (2021: ₦16.7 billion), which represents its maximum credit exposure on these assets. The Company mitigates its credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance.

Credit quality of cash and cash equivalents

Credit ratings	2022 ₦'000	2021 ₦'000
AAA	694,705	1,874,277
AA-	-	23,210
A+	1,378,357	2,032,055
A-	3,270,091	-
BBB	463,170	-
B	7,005,122	6,718,800
B-	9,340,401	6,081,207
	22,151,846	**16,729,549**

AAA - A financial institution with the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA - A financial institution of good condition and strong capacity to meet its obligations with expectations of very low default risk. It indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A + (plus) or – (minus) may be added to a rating. A plus added to a rating indicates that the rating may be raised. A minus means that the rating may be lowered. When no plus or minus is added to the rating, this means that the rating is unlikely to change. A positive or negative added to a rating is therefore a reflection of the rating outlook.

A - A financial institution of good financial condition and strong capacity to meet its obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in risk attributable to an exposure to this financial institution. However, financial condition and ability to meets its obligations as and when they fall due should remain largely unchanged.

BBB - A financial institution of satisfactory financial condition and adequate financial capacity to meet its obligations as and when they fall due. It may have one major weakness which, if addressed, should not impair its ability to meets obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a medium increase in risk attributable to an exposure to this financial institution.

BB - ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

B - A financial institution where a material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

All other financial assets are not rated.

(b) 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.

The Company has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Company has various credit arrangements with some banks which can be utilised to meet its liquidity requirements.

Typically the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide 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 undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount	Contractual cash flows	12 months or less	>12 months
Non-derivative financial liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**
31st December 2022				
Loans	122,250,800	127,043,364	124,132,122	2,911,242
Lease liabilities	31,935	37,199	17,149	20,050
Dividend payable	9,007,012	9,007,012	9,007,012	-
Trade and other payables	264,089,648	264,089,648	264,089,648	-
	395,379,395	**400,177,223**	**397,245,931**	**2,931,292**

Company	Carrying amount	Contractual cash flows	12 months or less	>12 months
Non-derivative financial liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**
31st December 2022				
Loans	122,250,799	127,043,364	124,132,122	2,911,242
Lease liabilities	31,935	37,199	17,149	20,050
Dividend payable	9,007,012	9,007,012	9,007,012	-
Trade and other payables	264,553,856	264,553,856	264,553,856	-
	395,843,602	**400,641,431**	**397,710,139**	**2,931,292**

Group	Carrying amount	Contractual cash flows	12 months or less	>12 months
Non-derivative financial liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**
31st December 2021				
Loans	27,985,130	29,245,784	24,665,984	4,579,800
Lease liabilities	3,388,210	4,644,113	1,145,124	3,498,990
Dividend payable	10,437,847	10,437,847	10,437,847	-
Trade and other payables	226,418,019	226,418,019	226,418,019	-
	268,229,206	**270,745,763**	**262,666,974**	**8,078,790**

Company	Carrying amount	Contractual cash flows	12 months or less	>12 months
Non-derivative financial liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**
31st December 2021				
Loans	27,985,130	29,245,784	24,665,984	4,579,800
Lease liabilities	3,388,210	4,644,113	1,145,124	3,498,990
Dividend payable	10,437,847	10,437,847	10,437,847	-
Trade and other payables	223,384,434	223,384,434	223,384,434	-
	265,195,621	**267,712,178**	**259,633,389**	**8,078,790**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The Company has contingent liabilities in respect of guarantees provided to certain bankers relating to loans obtained by the staff from the banks amounted to ₦4.2 billion (2021: ₦3.95 billion), which represents its maximum liquidity exposure. The guarantee provided by the Company is backed by the employees' gratuity.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 through various cost optimisation programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

The Group/Company is exposed to currency risk on sales and purchases and borrowings that are denominated in a currency other than the functional currency of the Company, which is the Naira. The currencies in which these transactions are primarily denominated are Euro (EUR), US Dollars (USD) and Pounds Sterling (GBP). 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.

Exposure to currency risk

The Group/Company's transactional exposure to British Pounds (GBP), US Dollar (USD) and Euro (EUR) is as follows:

	31st December 2022			**31st December 2021**		
In thousands	**EUR**	**GBP**	**USD**	**EUR**	**GBP**	**USD**
Financial asset						
Group receivables	1,540	-	788	1,283	-	37
Cash and cash equivalent	702	139	1,183	1,075	44	1,626
Deposit for imports	-	-	27,227	-	-	27,227
Financial liability						
Group payables	(137,272)	-	(148)	(74,900)	-	(179)
Trade payables	(4,114)	(1)	1,011	(9,416)	(14)	1,209
Net exposure	**(139,144)**	**138**	**30,061**	**(81,958)**	**30**	**29,920**

	Increase/(decrease) in profit or loss ₦'000
31st December 2022	
EUR (5 percent weakening of the Naira)	(3,427,218)
GBP (5 percent weakening of the Naira)	3,829
USD (5 percent weakening of the Naira)	693,835
31st December 2021	
EUR (5 percent weakening of the Naira)	(1,970,141)
GBP (5 percent weakening of the Naira)	862
USD (5 percent weakening of the Naira)	635,221

A strengthening of the Naira against the above currencies at 31st December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates were applied:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
	₦	₦	₦	₦
Euro	484.87	484.87	480.77	480.77
British Pounds	564.06	564.06	572.33	572.33
US Dollar	410.01	410.01	424.61	424.61

(d) Interest rate risk profile

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates would have an impact on profit. The Company opts for a mix of fixed and variable interest rates in its financing operations, combined with the use of other financial instruments. Currently, The Company's interest rate position is more weighted towards floating than fixed. Financial instruments used during the period include commercial papers.

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

	Carrying amount			
	Group	**Company**	**Group**	**Company**
	2022	**2022**	**2021**	**2021**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Fixed rate instruments				
Loans	122,250,799	122,250,799	27,985,130	27,985,130
Financial liabilities	**122,250,799**	**122,250,799**	**27,985,130**	**27,985,130**

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 end of the reporting period would not affect profit or loss.

(e) 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 risk is assigned to management and the executive committee. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- documentation of processes, controls and procedures
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified by the risk management committee
- training and professional development of employees
- appropriate segregation of duties, including the independent authorisation of transactions
- monitoring of compliance with regulatory and other legal requirements
- requirements for reporting of operational losses and proposed remedial action
- development of contingency plans for various actions
- reconciliation and monitoring of transactions
- development, communication and monitoring of ethical and acceptable business practices
- risk mitigation, including insurance when this is effective.
- monitoring of business process performance and development and implementation of improvement mechanisms thereof

Compliance with the Company's standards, established procedures and controls is supported by periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management to which they relate, with summaries submitted to the Audit Committee and senior management of the Company at Assurance Meetings.

(f) 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. Management monitors the return on capital, which the Company defines as result from operating activities divided by total Shareholders' equity. Management also monitors the level of dividends to all Shareholders.

The Company monitors capital using adjusted debt to equity ratio. At the end of the reporting period, adjusted net debt to capital ratio was as follows:

	Group 2022 ₦'000	**Company 2022 ₦'000**	**Group 2021 ₦'000**	**Company 2021 ₦'000**
Total liabilities	439,974,967	440,439,175	313,609,963	310,500,262
Less: cash and bank	(22,180,841)	(22,151,846)	(16,730,029)	(16,720,040)
Adjusted net debt	417,794,126	418,287,329	296,879,934	293,780,222
Total equity	179,800,278	180,879,079	171,803,377	172,139,303
Adjusted debt to capital ratio	2.32	2.31	1.73	1.71

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.

(g) Accounting classification and fair values

Fair values versus carrying amounts

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

Group	Note	2022 Carrying amount ₦'000	2022 Fair value amount ₦'000	2021 Carrying amount ₦'000	2021 Fair value amount ₦'000
Assets carried at amortised cost					
Other receivables (non-current)	17	2,022,169	2,022,169	1,134,459	1,134,459
Trade and other receivables	20	40,709,753	40,709,753	26,500,516	26,500,516
Cash and cash equivalents	22	22,180,841	22,180,841	16,730,029	16,730,029
		64,912,763	**64,912,763**	**44,365,004**	**44,365,004**
Liabilities carried at amortised cost					
Loans and borrowings	25	122,250,800	122,250,800	31,373,340	31,373,340
Lease liability	14(c)	31,935	-	3,388,210	-
Dividend payable	24b	9,007,012	9,007,012	10,437,847	10,437,847
Trade and other payables	29	264,089,648	264,089,648	226,418,019	226,418,019
		395,379,395	**395,347,460**	**271,617,416**	**268,229,206**

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

Company	Note	2022 Carrying amount ₦'000	2022 Fair value amount ₦'000	2021 Carrying amount ₦'000	2021 Fair value amount ₦'000
Assets carried at amortised cost					
Other receivables (non-current)	16	2,022,169	2,022,169	1,134,459	1,134,459
Trade and other receivables	19	42,837,156	42,837,156	24,714,756	24,714,756
Cash and cash equivalents	21	22,151,846	22,151,846	16,720,040	16,720,040
		67,011,171	**67,011,171**	**42,569,255**	**42,569,255**
Liabilities carried at amortised cost					
Loans and borrowings	24	122,250,800	122,250,800	31,373,340	31,373,340
Dividend payable	23b	9,007,012	9,007,012	10,437,847	10,437,847
Trade and other payables	28	264,553,856	264,553,856	223,384,434	223,384,434
		395,811,668	**395,811,668**	**265,195,621**	**265,195,621**

Trade and other receivables, bank overdrafts dividend payables and trade and other payables are the Group/Company's short-term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

The discounted cash flow valuation technique has been used to determine the fair value of the unsecured bank loans and other long term receivables. The valuation model considers the present value of expected cash flows discounted using market related interest rates.

The future cash flows are based on contractual amounts and considers the probability of occurrence of the cash flow. There are no significant unobservable inputs. The fair values were determined on the same basis in prior year and there have been no transfers between levels during the year.

31 Provision

The Company has provision related to claims and penalties assessed as probable:

	2022	2021
	₦'000	₦'000
As at 1st January	511,011	35,854
Additions	1,252,067	499,618
Reclassification to accruals	-	(24,461)
As at 31st December	**1,763,078**	**511,011**

32 Contingencies

(a) Guarantees and contingent liabilities

Contingent liabilities in respect of guarantees provided to certain banks in respect of loans obtained by the staff from the banks amounted to ₦4.16 billion (2021: ₦3.97 billion). This guarantee is backed by employees' gratuity. Accordingly, management believes that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Contingent liabilities in respect of guarantees provided to the Nigerian Customs in respect of customs duty on behalf of the Company amounted to ₦6.6 billion (2021: ₦5.8 billion) which represents its maximum liquidity exposure.

(b) Pending litigation and claims

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to ₦2.5 billion (2021: ₦1billion) as at 31st December 2022. In the opinion of the Directors and based on independent legal advice, the risk of loss is lower than 50%, thus no provision has been made in these financial statements.

(c) Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

In the normal course of the business, the company uses letter of credit to import materials. The total value of open letters of credit as at 31st December was ₦ 58.7 billion (2021: ₦21.7billion)

33 Related parties

(a) Parent and ultimate controlling entity

Related parties include the parent Company, Heineken N.V. and Heineken group entities. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Company are considered as 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.

As at the year ended 31st December 2022 Heineken Brouwerijen B.V., Distilled Trading International B.V. and Heineken International B.V. owned 38.32% and 15.63%, and 2.74% respectively of the issued share capital of Nigerian Breweries Plc. The ultimate holding company is Heineken N.V.

The Company has transactions with its parent, and other related parties who are related to the Company only by virtue of being members of the Heineken Group. The net position of the total amounts due to and due from related parties by the nature of the transaction are shown below:

	Transaction value		Balance due (to)/from	
	2022	2021	2022	2021
	₦'000	₦'000	₦'000	₦'000
Purchases - other related parties	(90,666,234)	(71,841,550)	(52,380,293)	(33,667,118)
Contract brewing services with:				
- Other related parties		(421,068)	568,567	298,892
Technical Service fees & royalties:				
- Parent	(2,276,803)	(1,610,627)	(3,099,860)	(823,056)
- Other related parties	(10,125,797)	(8,013,238)	(14,834,178)	(4,850,945)
Total technical and royalty fees	(12,402,600)	(9,623,865)	(17,934,038)	(5,674,001)
Sales and others				
- Other related parties	3,532,572	2,671,925	(20,306,976)	(18,601,744)

All outstanding balances with these related parties are to be settled in cash within twelve months of the reporting date. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2021: Nil). This assessment is undertaken each financial year. Included in the Other related parties is a loan amount to ₦1 billion (2021: ₦1 billion) from BBCL.

(b) Key management personnel remuneration

In addition to their salaries, the Company also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, Directors and executive officers retire at age 60 and are, including their spouses, entitled to receive post- employment benefits.

Executive officers also participate in the Heineken Group share-based payment plan (see note 26) and the Company's long service awards scheme. 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:

	2022 ₦'000	2021 ₦'000
Executive Committee / Management Team	1,508,534	1,075,494
Other managers	1,432,619	1,107,044
Short-term employee benefits	2,941,153	2,182,538
Long-term employee benefits:		
Post-employment benefits	175,373	134,480
Share based payments	82,036	(352,086)
	3,198,562	1,964,932

(c) The Nigerian Breweries-Felix Ohiwerei Education Trust Fund

The Nigerian Breweries-Felix Ohiwerei Education Trust Fund (The Trust Fund) is an unconsolidated sponsored structured entity incorporated by Nigerian Breweries Plc in November 1994 as a charitable Trust for the advancement of education at all levels in Nigeria. The Company made a capital grant of ₦100 million to The Trust Fund in 1994 which The Trust Fund has continued to invest in quoted shares and fixed deposits. The capital grant was recognised as an expense by the Company in the year it was made. The proceeds from the investments are disbursed solely for the promotion of education in Nigeria. The Company is not exposed to variability of returns from its involvement in The Trust Fund. According to the constitution of The Trust Fund, the Company has no residual interest in The Trust Fund on its dissolution. As a result of the above, The Trust Fund has not been consolidated.

The Company provides managerial support to The Trust Fund at no cost and intends to continue to provide the support into the future. During the year, the Company paid for certain expenses of The Trust Fund for which it was reimbursed at cost.

As at year end The Trust Fund held 28,752,100 (2021: 25,101,680) number of shares in the Company.

34 Subsequent events

There are no significant subsequent events, which could have had a material effect on the state of affairs of the Group as at 31st December 2022 that have not been adequately provided for or disclosed in the financial statements.

35 Going concern

The Company's current liabilities exceeded its current assets by ₦251 billion (2021: ₦151 billion). The Directors believe this is not indicative of going concern issues as there are sufficient credit lines available to the Company to meet its working capital requirements on an ongoing basis for at least twelve months from the date of approval of the annual financial statements. There are no restrictions to the Company's ability to access the facilities. The financial statements have therefore been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Directors have made this assessment based on the current financial position of the company, its projected cash flows, and other relevant factors.

36 Condensed financial data of consolidated entities

(a) Condensed statement of financial position

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries* ₦'000
ASSETS				
Property, plant and equipment	358,967,704	-	357,922,963	1,044,741
Right-of-use assets	9,901,779	-	9,828,656	73,123
Intangible assets and goodwill	93,425,102	-	93,425,102	-
Investments	150,000	(779,625)	929,625	-
Other receivables	2,022,169	-	2,022,169	-
Non-current assets	**464,466,754**	**(779,625)**	**464,128,515**	**1,117,864**
Inventories	83,517,310	-	83,344,213	173,097
Trade and other receivables	40,709,753	(3,104,912)	42,837,156	977,509
Prepayments	1,958,201	-	1,958,201	-
Deposit for imports	6,898,323	-	6,898,323	-
Cash and cash equivalents	22,180,841	-	22,151,846	28,995
Assets held for sale	157,500	-	-	-
Current assets	**155,421,928**	**(3,104,912)**	**157,189,739**	**1,337,101**
Total assets	**619,888,682**	**(3,884,537)**	**621,318,254**	**2,454,965**
EQUITY				
Share capital	5,138,066	(105,220)	5,138,066	105,220
Share premium	82,943,935	(743)	82,943,935	743
Share based payment reserve	944,383	-	944,383	-
Retained earnings	90,773,894	(787,099)	91,852,695	(291,702)
Equity attributable to owners of the Company	**179,800,278**	**(893,062)**	**180,879,079**	**(185,739)**
Non-controlling interest	113,437	113,437	-	-
Total equity	**179,913,715**	**(779,625)**	**180,879,079**	**(185,739)**
LIABILITIES				
Loans and borrowings	2,425,875	-	2,425,875	-
Lease liabilities	14,622		14,622	
Employee benefits	11,422,347	-	11,422,347	-
Deferred tax liabilities	18,407,463	-	18,407,463	-
Non-current liabilities	**32,270,307**	**-**	**32,270,307**	**-**
Loans and Borrowings	119,824,926	-	119,824,926	-
Lease liabilities	17,313		17,313	
Current tax liabilities	13,002,683	-	13,002,683	-
Dividend payable	9,007,012	-	9,007,012	-
Trade and other payables	264,089,648	(3,104,912)	264,553,856	2,640,704
Provisions	1,763,078	-	1,763,078	-
Current liabilities	**407,704,660**	**(3,104,912)**	**408,168,868**	**2,640,704**
Total liabilities	**439,974,967**	**(3,104,912)**	**440,439,175**	**2,640,704**
Total equity and liabilities	**619,888,682**	**(3,884,537)**	**621,318,254**	**2,454,965**

***234 Stores Limited and Benue Bottling Company Limited**

(b) Condensed statement of profit or loss

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries* ₦'000
Net Revenue	**550,637,994**	**-**	**550,477,627**	**505,682**
Cost of sales	(337,310,437)	345,315	(337,310,437)	(345,315)
Gross profit	**213,327,557**	**345,315**	**213,167,190**	**160,367**
Other income	2,986,746	-	2,986,746	-
Marketing and distribution expenses	(135,829,790)	-	(135,829,790)	-
Administrative expenses	(28,153,418)	-	(27,193,836)	(959,582)
Net release of expected credit loss on financial assets	(575,074)	-	(575,074)	-
Profit/(loss) from operating activities	**51,756,021**	**345,315**	**52,555,236**	**(799,215)**
Finance income	349,192	(47,234)	349,192	47,234
Net loss on foreign exchange transactions	(26,342,415)	-	(26,342,415)	-
Finance costs	(8,422,249)	47,234	(8,469,483)	-
Net finance (costs)/income	**(34,415,472)**	**-**	**(34,462,706)**	**47,234**
Profit/(loss) before tax	**17,340,549**	**345,315**	**18,092,530**	**(751,981)**
Income tax expense	(4,153,788)	-	(4,167,444)	13,656
Profit/(loss) after tax	**13,186,761**	**345,315**	**13,925,086**	**(738,325)**
Profit for the year attributable to:				
Owners of the Company	13,182,211	-	13,925,086	(738,325)
Non-controlling interest	4,550	-	-	-
Profit for the year	**13,186,761**	**-**	**13,925,086**	**(738,325)**

(c) Condensed statement of other comprehensive income

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries* ₦'000
Profit/(loss) for the year	13,186,761	-	13,925,086	(738,325)
Actuarial gains	55,571	-	55,571	
Total comprehensive income/(loss) for the year	**13,242,332**	**-**	**13,980,657**	**(738,325)**
Total comprehensive income for the year attributable to:				
Owners of the Company	13,237,782	-	13,980,657	(738,325)
Non-controlling interest	4,550	-	-	-
Total comprehensive income/(loss) for the year	**13,242,332**	**-**	**13,980,657**	**(738,325)**

***234 Stores Limited and Benue Bottling Company Limited**

36 Condensed financial data of consolidated entities

(d) Condensed statement of cash flows

	Group ₦'000	Elimination entries ₦'000	Nigerian Breweries ₦'000	Subsidiaries* ₦'000
Cash flows from operating activities				
Net profit/(loss)	**13,186,761**	**-**	**13,925,086**	**(738,325)**
Adjustments for:				
Depreciation and impairment loss	36,774,613	-	36,390,150	384,463
Depreciation of right-of-use asset	1,258,713	-	1,126,047	132,666
Amortisation of intangible assets	1,567,363	-	1,567,363	-
Finance income	(349,192)	47,234	(349,192)	(47,234)
Finance expenses	8,422,249	(47,234)	8,469,483	-
Gain/ (Loss) on foreign exchange transactions	(122,480)	-	(122,480)	-
Employee benefit charge	1,661,588	-	1,661,588	-
Share based payment charge	1,307,194	-	1,307,194	-
Gain on sale of property, plant and equipment	(284,438)		(284,438)	
Gain on right-of-use derecognition	(408,486)	-	(408,486)	-
Income tax expense	4,153,788	-	4,167,444	(13,656)
Change in inventories	(21,325,800)	-	(21,276,810)	(48,990)
Change in trade and other receivables	(15,096,947)	(663,517)	(19,010,110)	202,322
Change in prepayments	894,667	-	894,667	-
Change in trade and other payables	21,853,544	663,517	25,351,337	213,048
Provisions	1,252,067	-	1,252,067	-
Change in deposit for imports	4,993,099	-	4,993,099	-
Cash generated from operating activities	**59,738,303**	**-**	**59,654,009**	**84,294**
Income tax paid	(6,675,437)	-	(6,612,977)	(62,460)
Gratuity paid	(930,560)	-	(930,560)	-
Other long term employee benefits paid	(1,379,880)	-	(1,379,880)	-
Share based payment	(533,564)	-	(533,564)	-
VAT paid	(27,690,633)	-	(27,690,633)	-
Net cash from operating activities	**22,528,229**	**-**	**22,506,395**	**21,834**
Cash flow from investing activities				
Finance income	349,192	47,234	349,192	47,234
Proceeds from sale of property plant and equipment	434,826	-	434,826	-
Acquisition of property plant and equipment	(97,860,954)	-	(97,860,530)	(424)
Acquisition of right-of-use asset	(1,523,596)	-	(1,473,958)	(49,638)
Acquisition of intangible assets	(658,133)	-	(658,133)	-
Net cash (used)/from investing activities	**(99,258,665)**	**47,234**	**(99,208,603)**	**(2,828)**
Proceeds of loans and borrowings	161,047,971	-	161,047,971	-
Repayment of loans and borrowings	(66,782,300)	-	(66,782,300)	-
Repayment of lease liabilities	(113,540)	-	(113,540)	-
Interest paid	(4,648,017)	(47,234)	(4,695,251)	-
Change in deposit at registrars related unclaimed dividends	141,441	-	141,441	-
Dividends paid	(7,586,787)	-	(7,586,787)	-
Net cash used in financing activities	**82,058,768**	**(47,234)**	**82,011,534**	**-**
Net increase in cash and cash equivalents	5,328,332	-	5,309,326	19,006
Effect of foreign exchange rate changes on cash and cash equivalent	122,480	-	122,480	-
Cash and cash equivalents at 1st January	16,730,029	-	16,720,040	9,989
Cash and cash equivalents at 31st December	**22,180,841**	**-**	**22,151,846**	**28,995**

***234 Stores Limited and Benue Bottling Company Limited**

Other National Disclosures

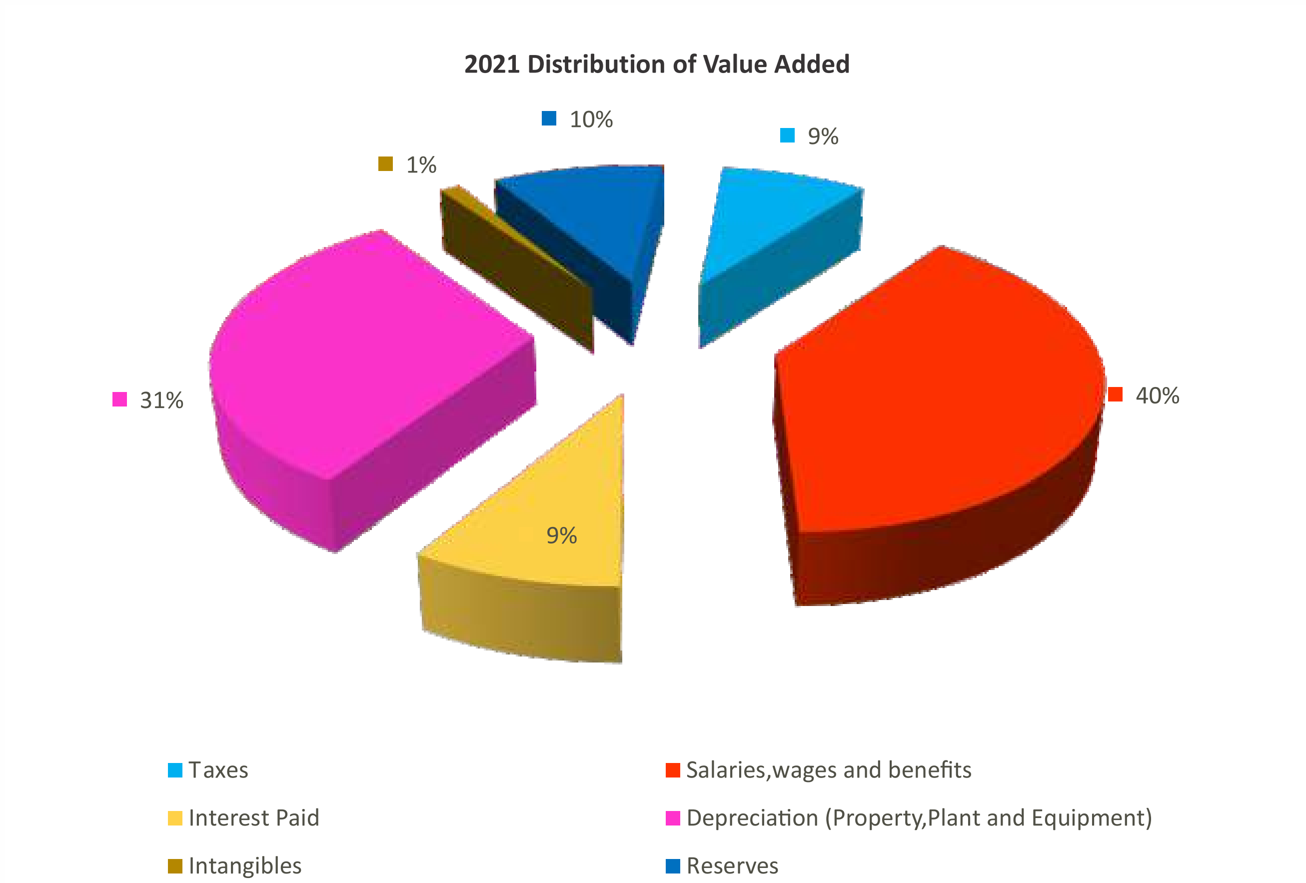
(a) Value Added Statement

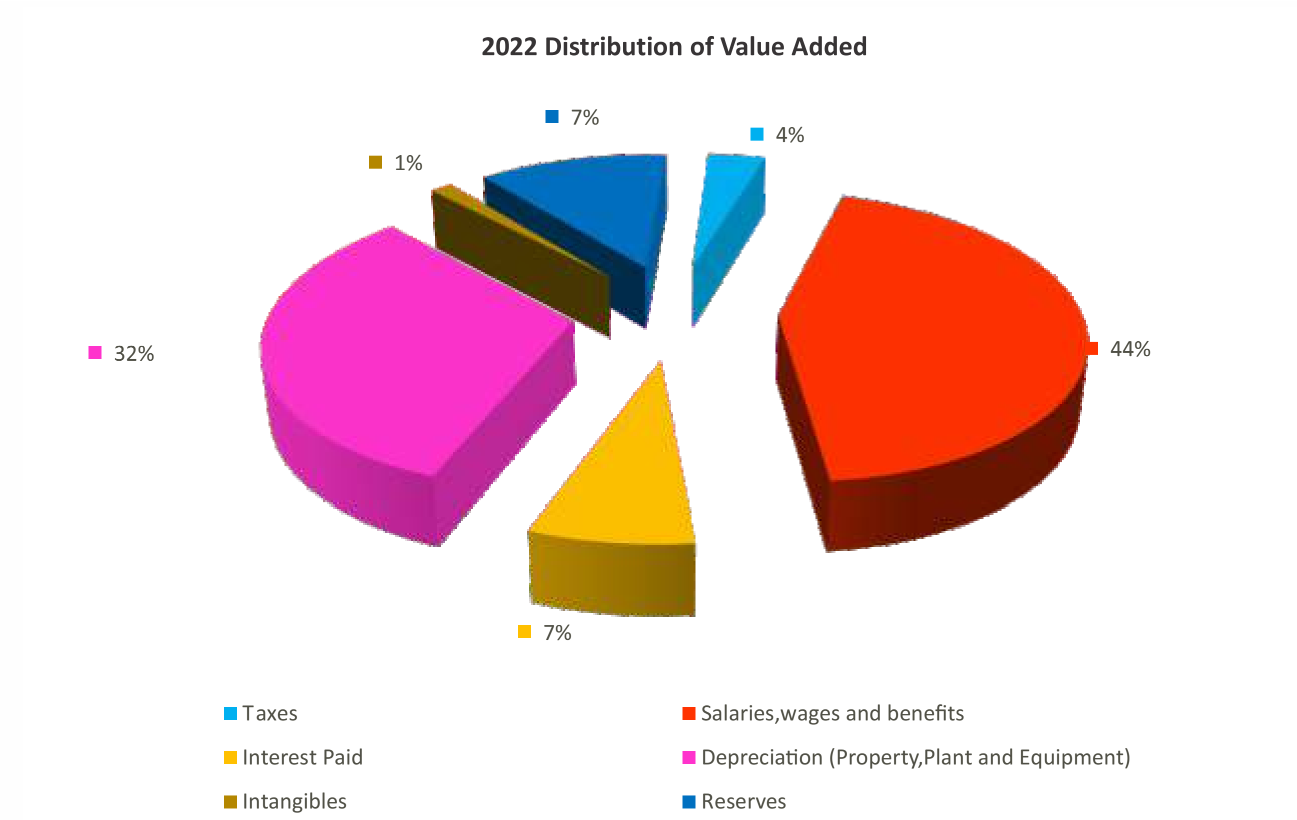
	Group				Company			
	2022	%	2021	%	2022	%	2021	%
	₦'000		₦'000		₦'000		₦'000	
Revenue	550,637,994		437,285,189		550,477,627		437,195,534	
Bought in materials and services								
- Imported	(90,666,234)		(71,841,550)		(90,666,234)		(71,841,550)	
- Local	(351,884,286)		(240,735,706)		(351,441,833)		(240,577,634)	
	108,087,474		**124,707,933**		**108,369,560**		**124,776,350**	
Other income	2,986,746		4,626,570		2,986,746		4,626,570	
Finance income	349,192		313,523		349,192		313,523	
Value added by operating activities	**111,423,412**	**100**	**129,648,026**	**100**	**111,705,498**	**100**	**129,716,443**	**100**
Distribution of value added								
To Government as:								
Taxes	3,732,755	4	11,029,181	9	3,746,411	3	11,002,633	9
To Employees:								
Salaries, wages, fringe and end of service benefits	51,083,811	46	49,605,575	38	51,083,811	46	49,605,575	38
To Providers of Finance:								
- Finance cost (interest expenses)	8,422,249	8	11,065,209	9	8,469,483	8	11,154,266	9
Retained in the Business								
To maintain and replace;								
-Property, plant and equipment	38,033,326	34	39,777,442	31	37,516,197	34	39,528,146	31
- Intangible assets	1,567,363	1	1,522,215	1	1,567,363	1	1,522,215	1
Deferred tax charge/(credit) for the year	(4,900,685)	(5)	3,976,445	2	(4,900,685)	(5)	3,976,445	2
To augment reserves	13,607,794	12	12,671,959	10	14,346,119	13	12,927,163	10
Value added	**111,546,613**	**100**	**129,648,026**	**100**	**111,828,699**	**100**	**129,716,443**	**100**
Dividends to shareholders from reserves	**12,979,360**		**8,748,195**		**12,979,360**		**8,748,195**	

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth between government, employees, providers of capital and that retained for future creation of more wealth.

Other National Disclosures (Cont'd)

(a) Value Added Statement (Cont'd)





Other National Disclosures (Cont'd)

(b) Company Five-Year Financial Summary

Group	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Statement of comprehensive income					
Revenue	**550,477,627**	**437,195,534**	**337,006,267**	**323,002,120**	**324,388,500**
Results from operating activities	52,555,236	41,811,987	29,817,785	35,254,672	36,956,798
Profit before taxation	18,092,530	23,929,796	11,707,745	23,327,090	29,359,828
Profit for the year	13,925,086	12,927,163	7,525,621	16,104,763	19,401,169
Comprehensive income for the year	13,980,657	16,011,468	6,882,441	19,209,057	17,928,093
Ratios					
Earnings per share (kobo)	168	161	94	201	243
Share price at year end (Naira)	41	50	56	59	86
Declared dividend per share (kobo)	160	109	176	233	373
Dividend coverage (times)	1.05	1.48	0.52	0.86	0.65
Net assets per share (kobo)	2,180	2,140	2,015	2,095	2,084
Statement of financial position					
Employment of Funds					
Property, plant and equipment	357,922,963	255,630,534	212,369,121	201,362,280	203,317,850
Right-of-use assets	9,828,656	12,364,126	42,834,781	10,992,267	-
Intangible assets	93,425,102	94,334,332	95,272,318	96,465,642	97,135,708
Investments	929,625	929,625	929,625	929,625	829,625
Other receivables	2,022,169	1,134,459	911,375	651,781	662,022
Prepayments (long-term)	-	-	-	-	538,187
Net current liabilities	(250,979,129)	(148,442,822)	(84,667,388)	(67,338,421)	(54,100,219)
Loans and borrowings	(2,425,875)	(6,831,273)	(39,636,707)	(38,893,313)	(41,127,565)
Lease Liability	(14,622)	(2,733,579)	(32,288,385)	-	-
Employee benefits	(11,422,347)	(10,964,102)	(16,719,748)	(13,434,272)	(16,056,953)
Deferred tax liabilities	(18,407,463)	(23,281,997)	(17,854,115)	(23,171,027)	(24,554,471)
Net assets	**180,879,079**	**172,139,303**	**161,150,877**	**167,564,562**	**166,644,184**
Funds Employed					
Share capital	5,138,066	4,037,916	3,998,451	3,998,451	3,998,451
Share premium	82,943,935	77,499,797	73,770,356	73,770,356	73,770,356
Share based payment reserve	944,383	170,753	214,506	501,557	750,534
Retained earnings	91,852,695	90,430,837	83,167,564	89,294,198	88,124,843
	180,879,079	**172,139,303**	**161,150,877**	**167,564,562**	**166,644,184**

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

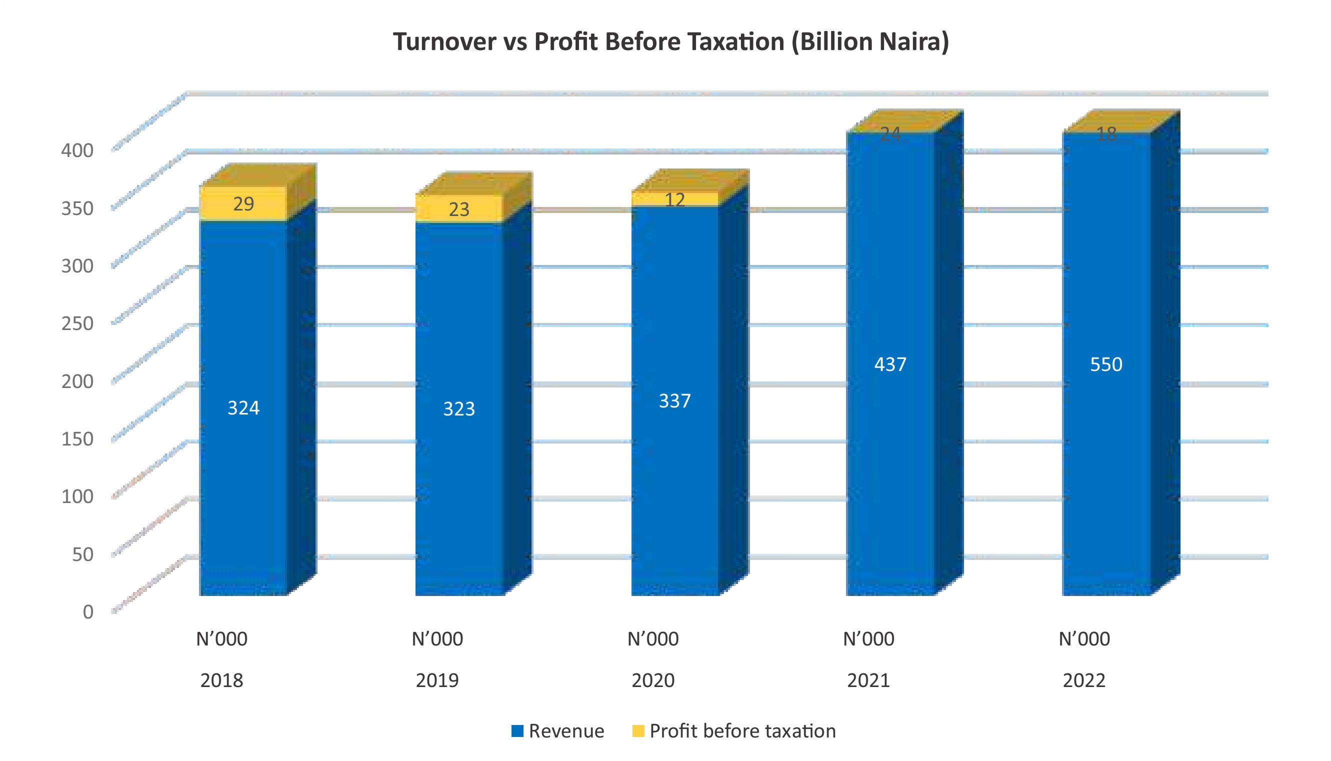
(c) Group Five-Year Financial Summary

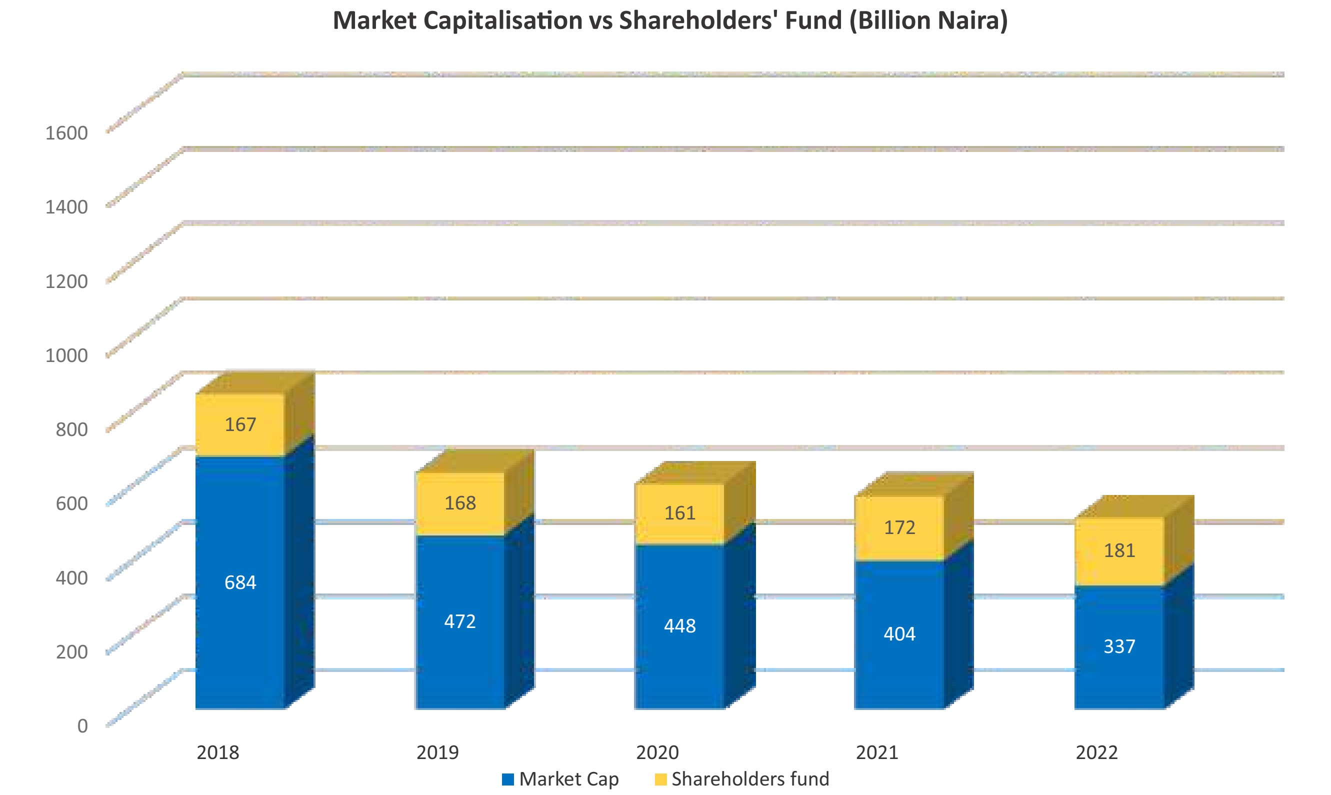
Group	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Statement of comprehensive income					
Revenue	**550,637,994**	**437,285,189**	**337,046,213**	**323,007,470**	**324,388,500**
Results from operating activities	51,756,021	41,494,274	29,605,001	35,205,600	36,951,548
Profit before taxation	17,340,549	23,701,140	11,576,545	23,351,754	29,421,952
Profit for the year	13,186,761	12,671,959	7,368,369	16,105,912	19,437,944
Comprehensive income for the year	13,242,332	15,756,264	6,725,189	19,210,206	17,964,868
Ratios					
Earnings per share (kobo)	168	161	92	201	243
Share price at year end (Naira)	41	50	56	59	86
Declared dividend per share (kobo)	160	109	176	233	373
Dividend coverage (times)	1.05	1.48	0.53	0.86	0.65
Net assets per share (kobo)	2,168	2,137	2,016	2,098	2,086
Statement of financial position					
Employment of Funds					
Property, plant and equipment	358,967,704	257,216,814	213,412,133	201,907,332	203,492,850
Right-of-use assets	9,901,779	12,520,277	42,915,964	11,073,782	-
Intangible assets	93,425,102	94,334,332	95,272,318	96,465,642	97,135,708
Investments	150,000	150,000	150,000	150,000	150,000
Other receivables	2,022,169	1,134,459	911,375	651,781	662,022
Prepayments (long-term)	-	-	-	-	538,187
Net current liabilities	(252,282,732)	(149,632,667)	(84,983,793)	(66,999,946)	(53,411,326)
Loans and borrowings	(2,425,875)	(6,831,273)	(39,636,707)	(38,893,313)	(41,127,565)
Lease Liability	(14,622)	(2,733,579)	(32,288,385)	-	-
Employee benefits	(11,422,347)	(10,964,102)	(16,719,748)	(13,434,272)	(16,056,953)
Deferred tax liabilities	(18,407,463)	(23,281,997)	(17,854,115)	(23,171,027)	(24,554,471)
Net assets	**179,913,715**	**171,912,264**	**161,179,042**	**167,749,979**	**166,828,452**
Funds Employed					
Share capital	5,138,066	4,037,916	3,998,451	3,998,451	3,998,451
Share premium	82,943,935	77,499,797	73,770,356	73,770,356	73,770,356
Share based payment reserve	944,383	170,753	214,506	501,557	750,534
Retained earnings	90,773,894	90,094,911	83,093,100	89,382,366	88,216,674
Non-Controlling Interest	113,437	108,887	102,629	97,249	92,437
	179,913,715	**171,912,264**	**161,179,042**	**167,749,979**	**166,828,452**

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

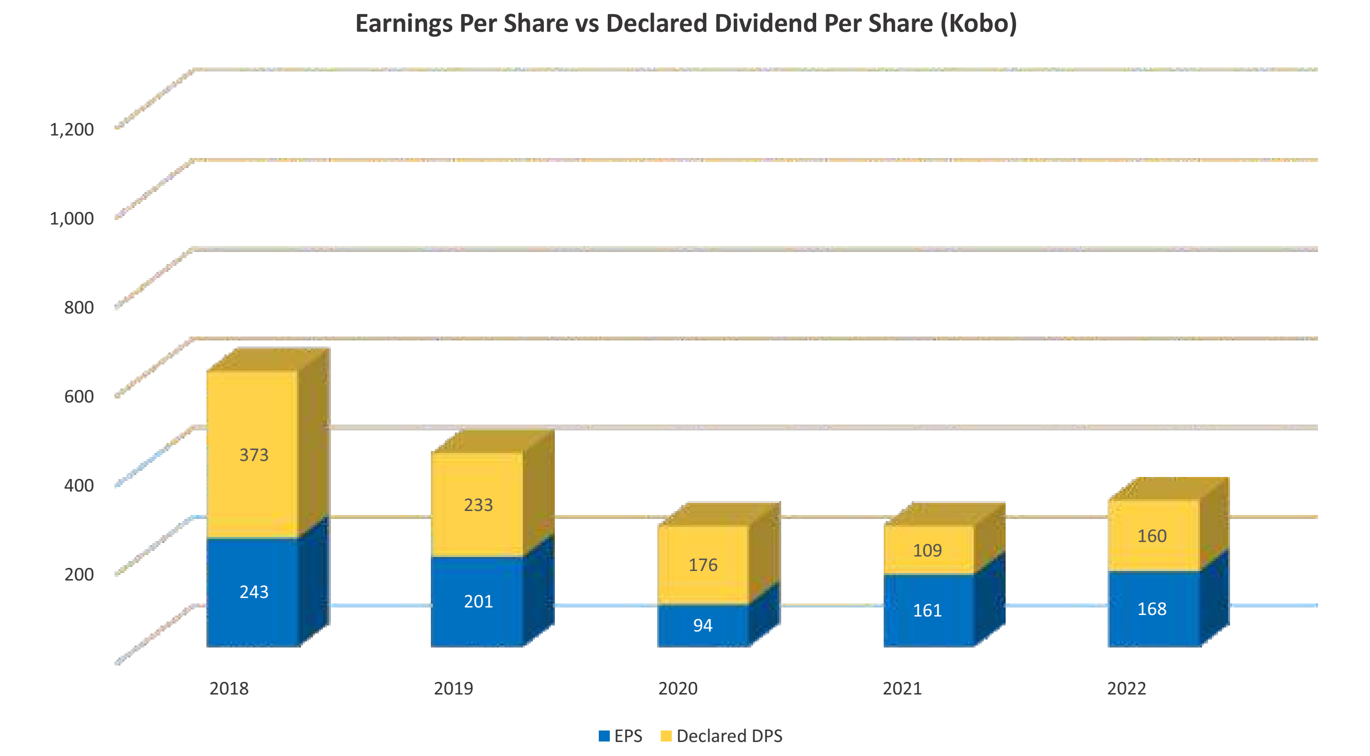
Other National Disclosures (Cont'd)

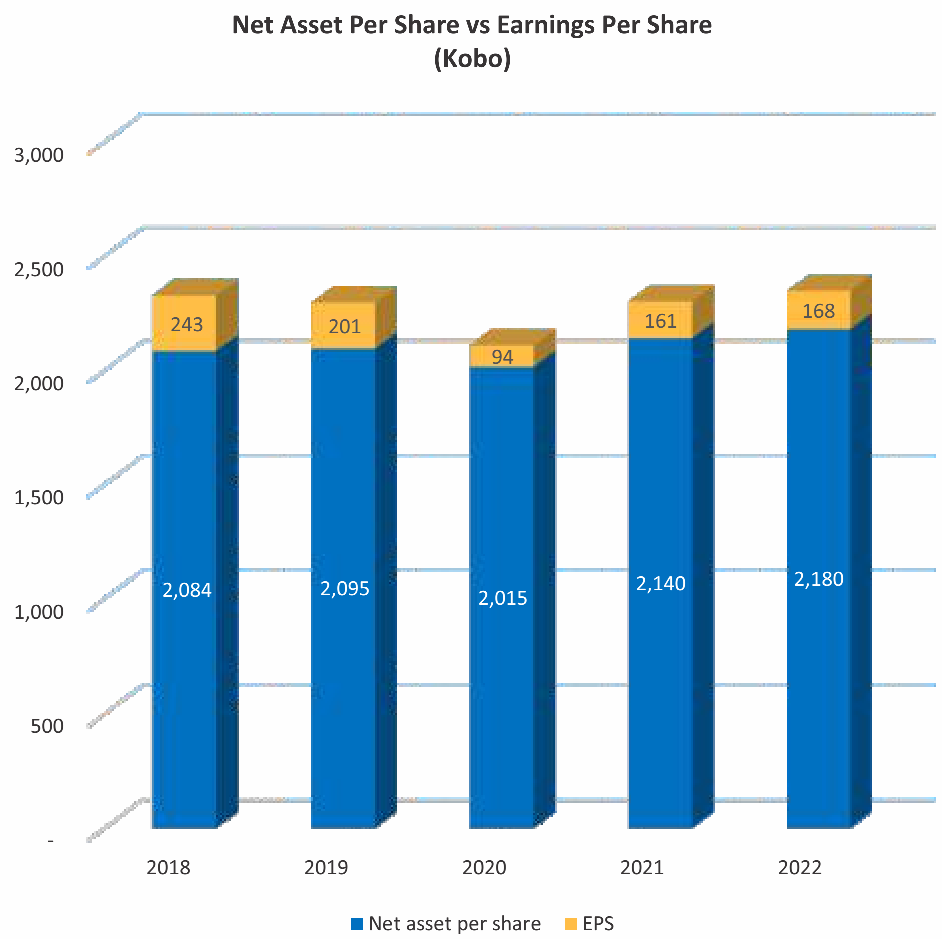
(d) Performance Indicators





Other National Disclosures (Cont'd)





Shareholders' Information

(a) Substantial Interest in Shares:

According to the Register of Members, the following shareholders held more than 5% of the issued share capital of the Company on 31st December, 2022.

Shareholder	Number of Shares	Percentage
Heineken Brouwerijen B.V.	3,937,890,521	38.32
Distilled Trading International B.V.	1,606,123,477	15.63
Stanbic Nominees Nigeria Limited	1,213,526,565	11.81
Total	**6,757,540,563**	**65.76**

(b) Statistical Analysis of Shareholding

(i) The issued and fully paid-up Share Capital of the Company as at 31st December, 2022 was 10,276,132,378 Ordinary Shares of 50 kobo each. According to the Register of Members, the same three companies listed in the last paragraph above, held more than 10% of the Issued Share Capital as at 31st December, 2022. The remaining 3,518,591,815shares (representing 34.24%) were held by other individuals and institutions.

(ii) The Registrar advised that the range of shareholding as at 31st December, 2022, was as follows:

Range	No. of Holders	Holders %	Units	Units %
1 - 1,000	38,502	34.42	15,400,183	0.15
1,001 - 5,000	35,943	32.13	85,109,785	0.83
5,001 - 10,000	10,309	9.22	74,576,279	0.73
10,001 - 50,000	17,905	16.01	409,163,639	3.98
50,001 - 100,000	5,893	5.27	415,822,584	4.05
100,001 - 500,000	2,865	2.56	538,456,022	5.24
500,001 - 1,000,000	217	0.19	150,407,279	1.46
1,000,001 - 5,000,000	175	0.16	324,397,293	3.16
5,000,001 - 10,000,000	11	0.01	75,121,895	0.73
10,000,001 - 50,000,000	21	0.02	495,028,368	4.82
50,000,001 - 100,000,000	5	0.00	343,229,650	3.34
100,000,001 - 10,276,132,376	11	0.01	7,349,419,401	71.52
	111,857	**100**	**10,276,132,378**	**100**

Shareholders' Information (Cont'd)

(c) Share Capital History

Date	Authorised (₦)		Issued and Fulled Paid (₦)		
	Increase	Cumulative	Increase	Cumulative	Consideration
January 1976	0	8,000,000	0	6,100,000	Cash
June 1976	1,150,000	9,150,000	3,050,000	9,150,000	Scrip/Bonus (1:2)
February 1977	9,150,000	18,300,000	9,150,000	18,300,000	Scrip/Bonus (1:1)
February 1978	3,660,000	21,960,000	3,660,000	21,960,000	Scrip/Bonus (1:5)
July 1979	7,320,000	29,280,000	7,320,000	29,280,000	Scrip/Bonus (1:3)
June 1980	7,320,000	36,600,000	7,320,000	36,600,000	Scrip/Bonus (1:4)
June 1981	9,150,000	45,750,000	9,150,000	45,750,000	Scrip/Bonus (1:4)
June 1983	11,437,750	57,187,000	11,437,500	57,187,500	Scrip/Bonus (1:4)
June 1986	28,593,750	85,781,250	28,593,750	85,781,250	Scrip/Bonus (1:2)
June 1990	28,593,750	114,375,000	28,593,750	114,375,000	Scrip/Bonus (1:3)
June 1993	114,375,000	228,750,000	114,375,000	228,750,000	Scrip/Bonus (1:1)
June 1995	228,750,000	457,500,000	228,750,000	457,500,000	Scrip/Bonus (1:1)
June 1999	305,000,000	762,500,000	305,000,000	762,500,000	Scrip/Bonus (2:3)
June 2000	737,500,000	1,500,000,000	182,225,000	944,725,000	Conversion
December 2001	0	1,500,000,000	570,000	945,295,000	Conversion
June 2002	500,000,000	2,000,000,000	945,294,827	1,890,589,827	Scrip/Bonus (1:1)
December 2002	0	2,000,000,000	12,000	1,890,601,827	Conversion
December 2003	0	2,000,000,000	39,000	1,890,640,827	Conversion
June 2004	2,000,000,000	4,000,000,000	1,890,640,827	3,781,281,170	Scrip/Bonus (1:1)
May 2012	0	4,000,000,000	71,046	3,781,352,216	Merger
December 2014	0	4,000,000,000	183,198,228	3,964,550,444	Merger
June 2017	1,000,000,000	5,000,000,000	33,990,582	3,998,451,026	Scrip Dividend
June 2021	0	5,000,000,000	39,464,924	4,037,915,950	Scrip Dividend
June 2022	0	5,000,000,000	72,537,001	4,110,452,950	Scrip Dividend
December 2022	138,066,189	5,138,066,189	1,027,613,239	5,138,066,189	Scrip/Bonus (1:4)

(d) Scrip/Bonus Shares History

Date Issued	Ratio
19 June 1976	One for two
26 February 1977	One for one
25 February 1978	One for five
11 July 1979	One for three
28 June 1980	One for four
19 June 1981	One for four
29 June 1983	One for four
25 June 1986	One for two
27 June 1990	One for three
30 June 1993	One for one
28 June 1995	One for one
30 June 1999	Two for three
27 June 2002	One for one
30 June 2004	One for one
8 December 2022	One for four

Shareholders' Information (Cont'd)

(e) Shareholding Pattern and Free Float Declaration*

	31st December, 2022		31st December, 2021	
Share Price (Naira)	**41.00**		**50.00**	
	Units	*% (issued share capital)*	*Units*	*% (issued share capital)*
Issued Share capital	**8,220,905,900**	**100.00%**	**8,075,831,900**	**100.00%**
Substantial Shareholdings (5% and above)**				
Heineken Brouwerijen B.V.	3,150,312,417	38.32%	3,074,655,845	38.07%
Distilled Trading International B.V.	1,284,898,782	15.63%	1,254,041,196	15.53%
Total Substantial Shareholdings	**4,435,211,199**	**53.95%**	**4,328,697,041**	**53.60%**
Directors' Shareholding (direct and indirect, excluding directors with substantial interest				
Chief. Kola B. Jamodu (Direct)	915,470	0.01%	874,065	0.01%
Mrs. Ifueko Omoigui Okauru, MFR (Direct)	35,992	0.00%	35,992	0.00%
Mrs. Adeyinka O. Aroyewun (Direct)	41,687	0.00%	1,687	0.00%
Mr. Rob Kleinjan (Direct)***	-	-	19,302	0.00%
Total Directors' Shareholdings	**993,149**	**0.01%**	**931,046**	**0.01%**
Other Influential Shareholdings				
Heineken International B.V.	225,612,066	2.74%	220,192,862	2.75%
The Nigerian Breweries-Felix Ohiwerei Education Trust Fund	23,001,680	0.28%	25,101,680	0.31%
Progress Trust CPFA Limited	3,305,837	0.04%	3,262,000	0.04%
Government and Institutional shareholdings	54,114,620	0.66%	54,804,721	0.69%
Total Other Influential Shareholdings	**306,034,203**	**3.72%**	**303,362,263**	**3.79%**
Free Float in Units and Percentage	**3,478,667,349**	**42.31%**	**3,442,841,550**	**42.63%**
Free Float in Value (in Naira)	**142,625,361,309**		**172,142,127,500**	

* The shareholding pattern and free float declaration are based on the pre-bonus shares position of the Company's shareholding structure. The bonus shares arising from Shareholders' approval at the Extra-ordinary General Meeting of 8th December 2022 were yet to be listed for trading as at 31st December 2022 by The Nigerian Exchange Limited. The registration of the bonus shares by the Securities and Exchange Commission was pending as at that date.

**While Stanbic Nominees Nigeria Limited held 11.66% of the Company's shares as at 31st December 2022, these shares are held on behalf of various shareholders. Consequently, the shares are considered as free floats and available for trading on the floor of The Exchange.

*** Mr. Rob Kleinjan resigned his appointment from the Board effective 31st August 2022. A notification of the sale of his Share was sent to the Nigerian Exchange Limited on 10th August 2022.

Shareholders' Information (Cont'd)

(f) Dividend Overview

Members are hereby informed that Nigerian Breweries Plc declared the following dividends in the last twelve years:

Year	Dividend No.	Taxation (₦'000)	Dividend (₦'000)	Dividend per Share (Kobo)	Date approved
2011	97	38,408,846	22,687,687	300	16th May, 2012
2012	98	38,042,714	22,668,113	300	15th May, 2013
2013	99	43,080,349	34,032,170	450	14th May, 2014
2014	100 (Interim)		9,453,381	125	22nd October, 2014
2014	101	42,520,253	27,751,853	350	13th May, 2015
2015	102 (Interim)		9,514,921	120	21st October, 2015
2015	103	38,059,684	28,544,763	360	11th May, 2016
2016	104 (Interim)		7,929,101	100	26th October, 2016
2016	105	28,396,777	20,457,080	258	3rd May, 2017
2017	106 (Interim)		7,996,902	100	25th October, 2017
2017	107	33,009,292	25,030,303	313	20th April, 2018
2018	108 (Interim)		4,798,141	60	25th October, 2018
2019	109	19,401,169	14,603,028	243	17th May, 2019
2019	110 (Interim)		3,998,451	50	25th October, 2019
2020	111	16,104,763	12,075,322	151	23rd June, 2020
2020	112 (Interim)		1,999,226	25	29th October, 2020
2021	113	7,517,088	5,517,862	69	22nd April, 2021
2021	114 (Interim)		3,230,333	40	29th October, 2021
2022	115	12,927,163	9,690,998	120	22nd April, 2022
2022	116 (Interim)		3,288,362	40	26th October, 2022

(g) Unclaimed dividend warrants and share certificates.

We hereby notify our numerous Shareholders that some dividends arising from the list above have remained unclaimed as per our records. Also, a number of share certificates have been returned to us as unclaimed because the addresses on them could not be traced or the Shareholders did not collect them from the Post Office in good time. The affected shareholders are hereby requested to contact the Registrar, First Registrars and Investor Services Limited, No. 2 Abebe Village Road, Iganmu, P.M.B. 12693, Marina, Lagos, Nigeria.

Major Customers

1	A O Amuta & Sons Trading Co Ltd
2	A S Yakubu & Sons Nig Ltd
3	A.B.B Kofar Marke General
4	Abikka Trading Company Limited
5	Adeleke Mary Oluwafunmilayo Venture
6	Amanchuks Ventures Co. Nigeria Ltd.
7	Anaebo Global Services Limited
8	Anason Associates Nigeria Limited
9	Andy Global Services
10	Ashade Joseph
11	Auscatec Merchants Ltd
12	Austino Enterprises
13	Bolaji Karounwi
14	Bufa Investment Company Ltd.
15	Bumzer Classic Multi Ventures Ltd.
16	C.N. Anyoha And Sons Limited
17	Cele O Que Enterprises Nig. Ltd
18	Chibros Multi Resources Ltd.
19	Chidi Ndupu Enterprises Limited
20	Chrisemua And Sons Nigeria Ltd.
21	Chuks & UC Nwaubani Investment Ltd.
22	De Chimax Enterprises Nigeria
23	Denike Agoro Enterprises
24	Egwin Holdings
25	Eja Golden Motel Ltd.
26	Ejike Okolie
27	Elma-Paul Logistics Ltd.
28	Emma- Star Enterprises Nig Ltd
29	Enoba and Sons Enterprises
30	Ensik Global Ventures
31	Etigwam Nigeria Ltd.
32	Fidelity Structures Ltd
33	Fortunes Renaissance Enterprises
34	Franklouse Nig Ltd
35	G A Dike And Sons Ltd
36	Ginika Store
37	Glopet Resort Ltd
38	God's Love International Services &
39	Grace Grand & Co Ltd.
40	Hotel De James
41	Ifejiofor and Sons
42	Ifekwesi Ventures Limited
43	Ifeoma Chukwuka Nig. Ltd.
44	Immaculate Suite and Apartment Ltd
45	Innovation Era Nigeria Limited
46	Isimemene Okoh Business Venture
47	J. C. Moghalu & Sons Nigeria Ltd.
48	J. Jocac Company Nigeria Limited
49	J. Ogungbola & Sons Ltd.
50	J.O. Azubogu & Co Nig Ltd
51	Jb Ent
52	Jekok Nigeria Limited
53	Joacson Multi Concept Ltd.
54	K.C. Investment Nigeria Limited
55	Kele Geo & Sons Limited
56	Ken Maduakor Group Ltd.
57	Lexican Investment Limited
58	Link-Up Supplies
59	LittleSpring Universal Concepts
60	Lukuyawa Communications Company Ltd.
61	M.O. Nkala Nigeria Limited
62	Magulf Global Enterprises
63	Malexchilo Global Ltd.
64	Marcellinus And Brothers Elite Ltd
65	MCM Ltd.
66	MGBVentures Enterprises
67	Modafe Global Resources Nigeria
68	Modupe Stores
69	Momoreoluwa Nig. Ltd.
70	Moses & Kossy Nig. Enterprise
71	Nathan Ofoma And Sons Limited
72	Ngozi Global Stores Ltd.
73	O-Fage Ent Nig. Ltd.
74	Oficon Nigeria Limited
75	Ogedegbe Abunukeke And Sons Nigeria
76	Olat Multi Mega Business Nig. Ltd.
77	Omotayo Stores
78	Onike Stores Limited
79	P.N. Dibor And Company Ltd.
80	Paddymann Nigeria Limited
81	Patrick Telford
82	Pauline-Chimex Nigeria Limited
83	R N Okeke & Sons
84	R.A.Olaiya Limited
85	Rayd Global Solution Ltd.
86	Redemption Resources International
87	Retail Supermarkets Nig. Ltd
88	Rithcharley and Sons Ventures
89	Rommy & Bros
90	Sammy Mautin Nig. Ltd
91	Senna Atlantic Limited
92	Sical Global Ideal Investment Ltd.
93	Skyward Resources Ltd.
94	Steve Imafidon & Sons Limited
95	Sufaye Investments Ltd
96	Tasho Nig. Ltd
97	Thames Aghedo Enterprises Ltd.
98	Thompson Global Links Ltd.
99	Timercy Heritage Ltd
100	Tina U and Associate Ltd.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Williams
DARK ALE
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DARK ALE
ENJOY RESPONSIBLY. NOT FOR SALE TO PERSONS UNDER THE AGE OF 18

E-DIVIDEND FORM

To:

The Registrar
First Registrars and Investor Services Limited
2, Abebe Village Road, Iganmu
P.M.B. 12692
Lagos, Nigeria.

Only Clearing Banks are acceptable

I/We hereby request that from now on, all dividend warrant(s) due to me/us from my/our holding(s) in **NIGERIAN BREWERIES Plc**, be paid directly to my/our Bank named below.

Shareholder's Full Name:

Surname first

Shareholder's Address:

Shareholder's E-mail:

Shareholder's GSM Number:

Single Shareholder's Signature:

Joint Shareholders'/Company Signatures:

(1)

(2)

Company Seal:

Name of Bank:

Branch Address of Bank:

Bank Account No.

Bank Sort Code:

Bank Authorised Signatures & Stamp:

(1)

Please include Page No.

(2)

Please include Page No.

Proxy Form

Nigerian Breweries Plc
RC: 613

77TH ANNUAL GENERAL MEETING to be held in the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos State, on **Wednesday, 26th April, 2023** at **10:00 a.m.**

I/WE*...
(Name of Shareholder)

of ....

.... being a member/ members of NIGERIAN BREWERIES PLC hereby appoint

....

or failing him/her, the Chairman of the Meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 26th April, 2023.

Dated this...................... day of ...., 2023.

Shareholder's signature ....

**Delete as necessary.*

Notes:

i. *A member who is unable to attend the Annual General Meeting is allowed by law to vote by proxy and this Proxy Form has been prepared to enable such shareholder exercise the right to vote despite not being physically present at the meeting.*

ii. *Please sign this Proxy Form and post or deliver it to reach the address overleaf or send via e-mail to info@firstregistrarsnigeria.com or ebusiness@firstregistrarsnigeria.com or mynbshares@heineken.com not later than **10:00 a.m.** on the **24th of April, 2023.***

iii. *If executed by a Corporation, the form must be sealed with the Common Seal or under the hand of an officer or attorney duly authorised.*

iv. *The proxy must produce the Admission Card issued by the Registrar to obtain entry to the meeting.*

No. of Shares	

Resolutions	For	Against	Abstain
To declare a dividend.			
To re-elect Mrs. Adeyinka O. Aroyewun as a Director.			
To re-elect Mr. Sijbe “Siep” Hiemstra as a Director.			
To re-elect Mrs. Ndidi o. Nwuneli, MFR as a Director.			
To approve the appointment of Mr. Bernardus A. Wessels Boer as a Director.			
To approve the appointment of Mr. Ibrahim A. Puri as a Director.			
To authorise the Directors to fix the remuneration of the Independent Auditor.			
To elect members of the Audit Committee.			
To fix the remuneration of the Directors.			
To renew the general mandate for related party transactions.			
To authorise the Company to obtain an intercompany loan of €110,000,000.00 (one hundred and ten million Euros) from Heineken International.			

Please indicate with an "x" in the appropriate box how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

SECOND FOLD HERE

Please affix
postage stamp

FIRST FOLD HERE

First Registrars and Investor Services Limited
2, Abebe Village Road
Iganmu
P.M.B. 12692
Marina, Lagos

THIRD FOLD HERE AND INSERT

Explanatory Notes from the Chairman to the Shareholders of Nigerian Breweries Plc (“NB”) on proposed €110 million Inter Company Loan

Rationale for the Proposed Foreign Currency Inter Company (IC) Loan from Heineken International B.V.

Over the last few years, it has been increasingly difficult for manufacturers like NB to source Foreign Exchange (FX) due to FX shortages at the official window and at the Central Bank of Nigeria's specified rate. NB's foreign payables to its trading partners have steadily increased since 2018 despite exploring all possible options to lawfully source FX to settle the obligations, and despite having the Naira reserves to meet its FX obligations.

The Belgian company, International Beverages Corporation SA (“IBECOR”), a member of the Heineken N.V. group, supports NB and other Heineken subsidiaries (to assure quality, standards, competitive pricing and procurement convenience) in the sourcing and procurement of critical imports including raw, packaging and Capex materials required for our operations. The outstanding and overdue payables in favour of IBECOR is over €100m. NB needs to urgently reduce this outstanding to avoid a partial or total shut down of operations if the mounting debt prevents IBECOR from further providing its support services to NB.

Given the above, and to assist NB to reduce its huge FX denominated foreign payables, the Board of Directors (“the Board”) is proposing to obtain an Inter Company Loan (ICL) of €110m from Heineken International B.V. to enable the Company settle the overdue payables to IBECOR.

Based on the Heineken intercompany loan transfer pricing model, the interest rate will be 9.5% (EURIBOR + 6%). This interest rate is lower than other comparable FX denominated loans available to NB, thereby leading to a lower net finance cost. The proposed ICL will not increase the FX exposure for NB except for the interest charges on the loan. The tenor will also be flexible, between five and seven years to accommodate FX developments in the country. The flexible tenor gives NB enough time to repay the loan; there is no immediate repayment pressure.

Benefits of the Proposed Intercompany (IC) loan to NB and its Shareholders

The proposed IC loan will help NB to:

- Ensure business continuity whereby IBECOR continues to help NB source and procure critical imported raw, packaging and capex materials for the business. The risk of partial or full shutdown of production or any other activity of the operations will therefore be avoided. Shareholders' interests and investments are thereby protected.
- Have quick access to the volume of FX required by NB to immediately settle most of the overdue payables.
- The lower interest rate means a lower cost of funds for this business. This will help to reduce the interest cost impact on the Company's profitability and on dividends.
- The long term nature of the loan assures NB's financial stability.

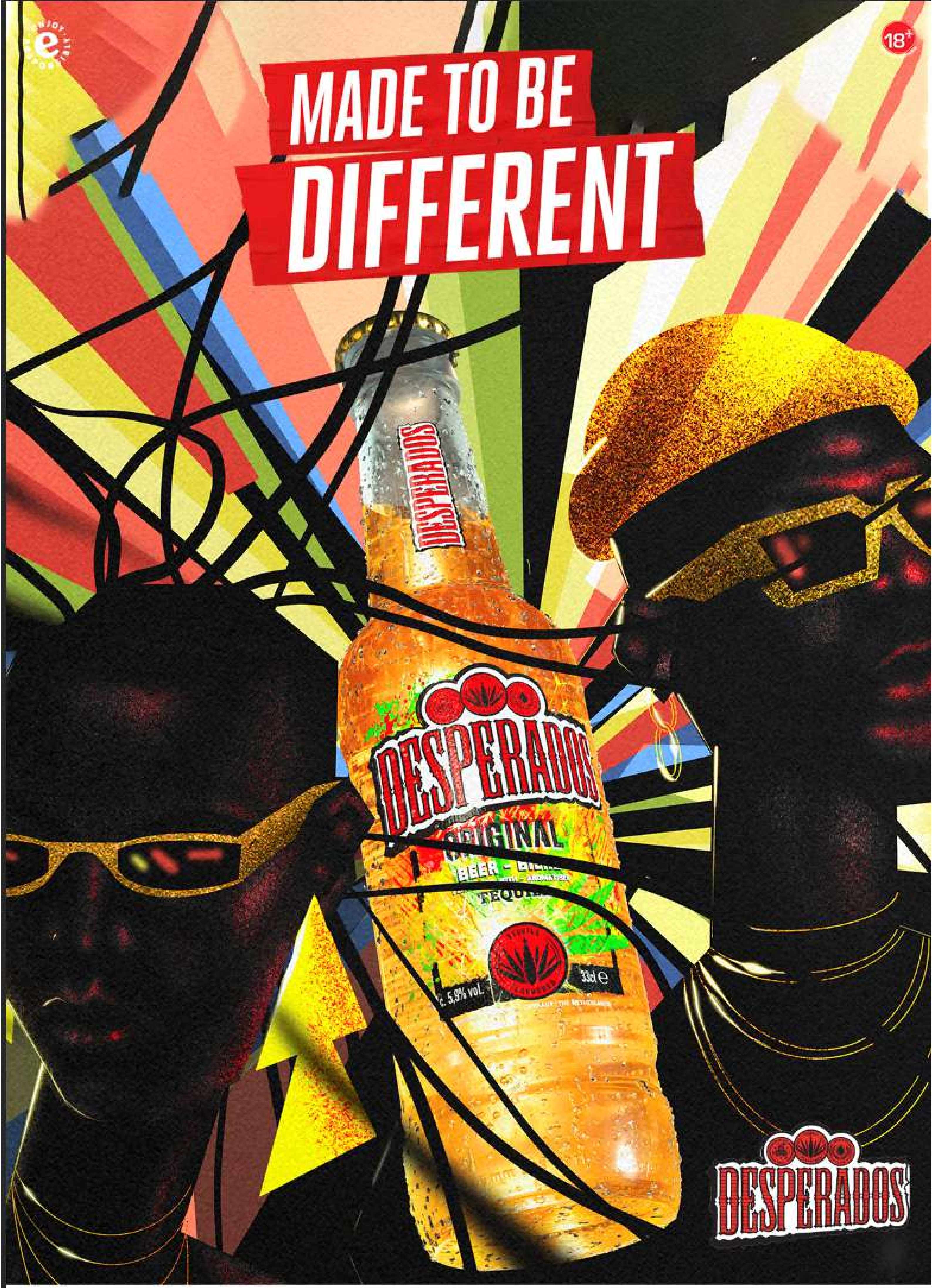
Recommendation

The Board has reviewed the terms of the proposed loan as well as obtained an independent advice from Ernst & Young on the transfer pricing/arm's length aspects of the proposed loan. The Company also obtained tax advice from its tax advisers, PriceWaterhouseCoopers and another from KPMG Professional Services on the proposed loan.

The Board, supported by all the advice from the professional advisers mentioned above, is satisfied that the proposed loan serves the best interest of the Company in the present circumstances. The Board therefore strongly recommends that you vote in favour of the resolution on the proposed ICL at the Annual General Meeting scheduled for 26th April 2023. The Statutory Audit Committee was involved in the review process and supports the recommendation.

Thank you.

Chief Kolawole B. Jamodu, CFR.
Chairman of the Board.


18+
MADE TO BE
DIFFERENT
DESPERADOS
DESPERADOS
ORIGINAL
33cl
DESPERADOS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Drink Responsibly
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TASTE
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