Champion Breweries Plc.

Excellence, The New Frontier

2023 ANNUAL REPORT

WE ARE
CHAMPION

Since the launch of our brands in 1976, we have been guided by the sterling values of safety, quality, discipline, people development and team spirit to deliver to our consumers premium quality brands for responsible enjoyment.

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OUR PROFILE

CORPORATE INFORMATION

Country of Incorporation and Domicile:	Nigeria
Date of Incorporation:	31 July 1974
Registration Number:	RC 13388
TIN:	00463544-0001
Company's Website:	www.championbreweries.com
Registered Office:	Industrial layout, Aka Offot, PMB 1106 Uyo Akwa Ibom State Nigeria
Directors:	Mr Jacob Imo-Abasi – Chairman *(Appionted July 27th 2023)* Dr Adoga Inalegwu – MD (Appionted December 1st 2023) Dr. Elijah Akpan – Chairman *(Resigned July 27th 2023)* Mr. Georgios Polymenakos (Greek) – Director *(Resigned December 1st 2023)* Mr. Samson Aigbedo – Director Mrs. Helen Umanah – Director Mr. Thompson Owoka – Director Alhaji Shuaibu Ottan – Director Mr. Olufunminiyi Alabi – Director Mr. Frederik Williem Kurt Linck (Dutch) – Director Mr. Kevin James Albert Santry (British) – Director
Company Secretary:	Chief Tosan Atle Aiboni
Independent Auditor:	Deloitte & Touche Nigeria Chartered Accountants Civic Towers Plot G1, Ozumba Mbadiwe Avenue Victoria Island, Lagos www.deloitte.com.ng
Registrars:	African Prudential Registrars Plc 220B, Ikorodu Road Palmgrove, Lagos Nigeria info@africaprudentialregistrars.com
Bankers:	Access Bank Plc First Bank of Nigeria Ltd First City Monument Bank Plc Guaranty Trust Bank Plc Stanbic IBTC Bank United Bank for Africa Plc Zenith Bank Plc

CHAMPION BREWERIES PLC

BRANDS for CHAMPIONS

...extending our frontiers

COMPANY PROFILE

> "With high quality and good market performance, Champion Lager Beer and Champ Malta won several awards which was not limited to the Silver Medal at an international contest in Paris, International Medal for Quality at the 16th World Selection for Beers and non-alcoholic beverages in Luxemburg, Pearl highest Share Price Appreciation in the Nigerian Stock market in 2002, NIS Silver Award in 2005 and NIS Gold Award in 2006 and such other awards won till date."

Champion Breweries Plc the "Company" was incorporated as a private limited liability Company in Cross-River State in the year 1974 with the name Southeast Breweries Limited. This was changed to Cross River Breweries Limited and thereafter to Champion Breweries Limited.

The Company became a public limited liability company and was known as "Champion Breweries Plc" on the 1st of September 1992 and was listed on the Nigerian Stock Exchange on September 1, 1993.

In December 1976, "Champion Lager beer" was officially commissioned and successfully launched into the market. Production capacity was increased from 150,000 to 500,000 hectoliters which led to the official commissioning of the second production line in December 1979.

With high quality and good market performance, Champion Lager Beer and Champ Malta won several awards which was not limited to the Silver Medal at an international contest in Paris, International Medal for Quality at the 16th World Selection for Beers and non-alcoholic beverages in Luxemburg, Pearl highest Share Price Appreciation in the Nigerian Stock market in 2002, NIS Silver Award in 2005 and NIS Gold Award in 2006 and such other awards won till date.

The Company embarked on a third expansion plan which gulped substantial resources and could not be recouped by the business. The non-completion of the expansion projects with lack of working capital and inadequate maintenance of the Plants, forced the Company to close its doors for business for 11 years from 1990.

The re-activated Brewery was officially commissioned in October 2001. In addition, the Company successfully held an Extra-Ordinary General Meeting of its Shareholders during which Approval was given for the authorized Share Capital of the Company to be increased from N 26 million to N 450 million.

In January 2011, Heineken acquired an indirect interest in the Company through its acquisition of Messrs. Montgomery Ventures Incorporated (MVI) of Panama. On 28 December 2011, Consolidated Breweries acquired a 57% equity stake in Champion Breweries which was previously held by Montgomery Ventures Inc. (Panama). In December 2013, the Securities and Exchange Commission approved the sale of Consolidated Breweries holding in the Company to The Raysun

Nigeria Limited "Raysun", a wholly owned subsidiary of Heineken, via a Scheme of Arrangement. The sale was concluded in December 2013. As a result, Raysun held a 57% equity stake in the Company. Raysun was incorporated in February 2010 as a holding company for Heineken's Nigerian entities.

With the drive to re-capitalize the Company as well as pay-off her debts, the shareholders approved an increase in the Company's authorized share capital to N 4.5 Billion in 2014. This provided the opportunity to embark on a Rights Issue for all shareholders and commence the process of a Private Placement for some identified shareholders (The Raysun Nigeria Limited and Akwa Ibom Investment Corporation) in 2014. The successful conclusion of the Rights Issue led to the Company raising the sum of Thirteen Billion, Seven Hundred Million Naira (N13,700,000,000.00) to pay her pending debts.

Champion Breweries has consistently operated with a blend of local content and international best practices and standards. This has resulted in the Company achieving an operational profit in her 2014 results. The Company has become debt-free, attractive to credit and positioned for sustainable growth forthwith.

In 2018, the Company embarked on a Capital Reduction scheme leading to the balance of 8.57 Billion in the Company's Accumulated Loss account being transferred to the Company's Share Premium Account as at December 31, 2019. This has paved the path of Company into achieving profitability within a short while.

Champion Breweries Plc still maintains its high-quality Champion Lager Beer brand (with her rebranded Bottle and Labels) and remains a pride to the people of Akwa Ibom and neighboring states within the South-South region of Nigeria. Champ Malta was also re-introduced into the market in 2015 to increase the Company's brand portfolio and overall volumes.

In 2021, The Raysun Nigeria Limited acquired additional shares duly increasing her shareholding to 84.71%. In line with regulatory requirements, The Raysun Nigeria Limited undertook a Mandatory Takeover Bid for 1,196,799,164 ordinary shares representing the 15.3% equity stake in the Company. This resulted to an increase of The Raysun Nigeria Limited's shareholding to 86.34% in the Company.

With a resilient Board, workforce, and bu siness stakeholders, Champion Breweries Plc has successfully changed her narrative from loss to profitability in recent years.

CORPORATE GOVERNANCE

FINANCIAL **HIGHLIGHTS**

for the year ended 31 December 2023

	2023 ₦ 000	Restated 2022 ₦ 000
Revenue	12,704,274	12,288,893
Operating Profit	603,966	2,271,277
Profit Before Tax	445,344	2,248,908
Income Tax Expense	(74,781)	(841,245)
Profit	370,563	1,407,663
Other Comprehensive Loss Net of Tax	(89,724)	(25,587)
Total Comprehensive Income For The Year	280,839	1,382,076
Stock Exchange Information:		
Stock Exchange Quotation in Naira Per Share	4.15	5.50
Number of Shares Issued (in Millions)	7,829	7,829
Market Capitalization (in Millions)	32,492	43,062

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the **48th Annual General Meeting of Champion Breweries PLC** will be held on Tuesday 21st May 2024 at **Oriental Hotel, 3 Lekki Road, Victoria Island**, Lagos at 12.00 noon to:

A. ORDINARY BUSINESS

1. Lay before members, the audited financial statements for the year ended December 31, 2023, and the Directors', Auditors', and Audit Committee's Reports thereon.
2. Elect/re-elect Directors as may be applicable.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. Elect/re-elect shareholders' representatives on the Audit Committee.

B. SPECIAL BUSINESS

1. To approve the remuneration of Directors.
2. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company;
   "That a general mandate be and is hereby given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms."
3. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company;
   i. That the following proposals by the Directors in connection with the 2023 financial year be and are hereby approved:
   (a) "That 559,249,714 unallocated and unissued ordinary shares of 0.50 kobo each in the authorized share capital of the Company be and are hereby allotted to shareholders whose names appear in the Register of Members of the Company as at the close of business on May 10, 2024, based on a ratio of one (1) ordinary share for every seven (7) ordinary shares held, to be financed with Five Hundred & Nineteen Million (N519,100,000.00) from the Share Premium Account of the Company and Forty Million, One Hundred Thousand Naira (N40,149,714.00) from the retained earnings of the Company.
   (b) That upon completion of the process for the issuance of the 559,249,714-bonus share, and in compliance with Section 124 of the Companies and Allied Matters Act. No. 3 of 2020 (as amended) and the Companies Regulations 2021, the shareholders hereby approve the cancellation of the remaining 26,002,286 unissued shares of the Company and authorize the Directors to take all such lawful steps as may be required by statute and/or regulations for implementing the cancellation of the Company's unissued shares.
   (c) That the Directors be and are hereby authorized to take all such lawful steps, pass all requisite resolutions and do all such other lawful acts and/or things as may be necessary for and/or incidental to giving effect to the resolution above; and all prior lawful steps taken by the Directors in the above regard be and are hereby ratified.
4. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company.
   i. That after the cancellation of all of the unissued shares in the capital of the Company by the resolution above, Clause 5(a) of the Memorandum of Association of the Company be amended as necessary to reference only the issued shares in the share capital of the Company.

VOTING BY INTERESTED PERSONS

In line with the provisions of Rule 20.8(h) Rules Governing Related Party Transaction of Nigerian Exchange Limited, interested persons have undertaken to ensure that their proxies, representatives, or associates shall abstain from voting on resolution 6 above.

NOTE:

1. PROXIES

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his/her/its stead. A Proxy need not be a member of the Company. A form for proxy is supplied with the notices circulated to members and if it is to be valid for the purpose of the meeting, it must be duly completed, stamped and deposited at the office of the Registrars to Champion Breweries Plc, Africa Prudential Registrars Plc, 220 B, Ikorodu Road, Palmgrove, Lagos not less than 48 hours before the time of the meeting.

A Shareholder entitled to attend and vote at the Meeting can appoint a proxy to attend and vote in his/her/its stead. The proxy does not need to be a shareholder. Consequently, Members are required to appoint a proxy of their choice to represent them at the Meeting.

A form for proxy is supplied with the notices circulated to members and if it is to be valid for the purpose of the meeting, it must be duly completed, stamped and deposited at the office of the Registrars to Champion Breweries Plc, Africa Prudential Registrars Plc, 220 B, Ikorodu Road, Palmgrove, Lagos or sent by e-mail to *cxc@africaprudential.com* not less than 48 hours before the time of the meeting. The Company shall bear the cost of the stamp duty payable on this Proxy Form.

2. NOMINATION OF MEMBERS OF THE AUDIT COMMITTEE

Any member of the Company may nominate a Shareholder as a member of the Audit Committee of the Company by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

3. CLOSURE OF REGISTER

The Register of Members shall be closed from Monday 13 May 2024, to Friday May 27, 2024, whilst the qualification date be Friday, May 10, 2024, for the purpose of updating the Register.

4. RIGHT TO ASK QUESTIONS

In line with Rule 19.12, The Rule Book of The Exchange, 2015, Part 11, Issuers' Rules. Shareholders of the Company have the right to ask questions not only at the Annual General Meeting but also in writing prior to the meeting. Written questions must be submitted to the Company Secretary, at least 48 hours days before the Annual General Meeting at Oriental Hotel, 3 Lekki Road, Victoria Island, Lagos Nigeria or by email at *info@championbreweries.com* or *info@victoriachmabers.com.ng*

5. ELECTRONIC VERSION OF THE ANNUAL REPORT AND ACCOUNTS

Electronic versions of the 2023 Annual Report and Accounts are available online for viewing and download via the Company's website, *www.championbreweries.com* and that of the Registrar, *www.africaprudential.com*

6. LIVE STREAMING OF THE AGM

The AGM will be streamed live online. This will enable Shareholders and other relevant Stakeholders who will not be attending the meeting physically to also be part of the proceedings. The link for the live streaming will be made available on the Company's website: *www.championbreweries.com* and by the Registrar, in due course.

Dated 26th March 2024.
By Order of the Board

Chief Tosan Atle Aiboni
Company Secretary/Legal Adviser
FRC No: FRC/2014/PRO/NBA/002/00000006228
Registered Office:
Industrial Layout,
Aka Offot, Uyo, Akwa Ibom State.

Mr Jacob Imo-Abasi
Chairman

Chairman's Statement

Dear Shareholders,

I am honored to present the Chairman's Statement for the 2023 Annual Report of Champion Breweries Plc. As we reflect on the events of the past year and look ahead to the future, I am pleased to share our company's progress, achievements, and strategic initiatives.

Global and Nigeria Economy Review

The year 2023 unfolded against a backdrop of global and local economic dynamics, presenting both challenges and opportunities for businesses worldwide. The brewing industry, amidst these fluctuations, demonstrated resilience and adaptability.

Globally, geopolitical tensions stemming from the Russian and Ukrainian War influenced the economic landscape. The conflict led to disruptions in global supply chains and commodity markets, impacting various industries. Despite this, the global brewing industry showcased resilience, with a modest growth rate of approximately 2.5% compared to the previous year.

In Nigeria, the brewing industry witnessed a modest recovery amidst challenges such as inflation, currency fluctuations, and infrastructure gaps. Nigeria's GDP growth rate stood at approximately 2.8% in 2023, reflecting gradual economic recovery. However, inflation remained high, averaging around 15%, leading to reduced consumer purchasing power and shifts in spending patterns.

Persistent insecurity, including banditry and regional disruptions, posed significant hurdles to business development and growth in Nigeria. In 2023, Nigeria experienced an increase in security challenges, with reported incidents of banditry and attacks on businesses and infrastructure. These security concerns impacted transportation, supply chains, and overall business operations.

Despite these challenges, Champion Breweries maintained its focus on operational efficiency, supply chain optimization, and enhanced security measures. The company's proactive approach enabled it to mitigate risks and sustain growth amidst the evolving economic and security landscape.

Operating Results and Performance

I am delighted to report that Champion Breweries made substantial progress in 2023, as evidenced by our audited financial results. The Company achieved positive performance across various financial indicators, reflecting our commitment to profitability and sustainability.

In 2023, revenue experienced a modest increase of 3.4% compared to the previous year, despite a significant contraction in market demand. However, operating costs escalated due to unfavorable macroeconomic conditions, leading to a 73.4% decrease in operating profit from the previous year, resulting in an operating profit of N604 million for the year. Despite the challenging business environment that significantly impacted the manufacturing

Chairman's Statement

sector, the company achieved a profit after tax of N371 million, demonstrating our capacity to generate sustainable profits and create value for our stakeholders.

These achievements mark a significant milestone for Champion Breweries, underscoring our successful implementation of strategic initiatives and efforts to drive profitability and shareholder value.

Board Matters
I am pleased to announce recent changes on our Board of Directors. Dr. Elijah Akpan stepped down from his position as Chairman, and effective July 27, 2023, I took over as Chairman immediately. Additionally, I am delighted to announce that Dr. Inalegwu Adoga succeeded Mr. Georgios Polygmenakos as Managing Director/CEO, effective December 1, 2023. With over 25 years of experience in production and leadership, Dr. Adoga brings to the Board invaluable expertise and unwavering commitment to the success of Champion Breweries. We extend our gratitude to Dr. Akpan for his service and leadership and wish him well in his future endeavours. Furthermore, we express our appreciation to Mr. Polygmenakos for his contributions, which have played a crucial role in the brewery's turnaround during his tenure.

Having been appointed as a director within the year, I will subject myself to election by my esteemed shareholders in the meeting. Mr. Samson Aigbedo and Alhaji Shuaibu A. Ottan will be retiring by rotation and have offered themselves for re-election. These appointments and re-elections ensure continuity and bring valuable expertise to our Board.

Management Affairs
In 2023, Champion Breweries faced significant challenges due to economic factors such as a cash crunch, removal of fuel subsidy, and foreign exchange rate fluctuations, impacting operational costs and volumes. Despite these hurdles, the Company achieved several milestones, including the successful launch of three new products and the commissioning of a new Mash Filter. Additionally, significant cost-savings measures were implemented to offset high raw material input costs. Furthermore, Champion Breweries engaged in community-focused initiatives such as the "Don't Drink and Drive" campaign and the 2023 Cultural Day Celebration to promote diversity and inclusivity in the workplace.

As a Heineken OpCo within the year under review, Champion Breweries aligned its sustainability strategy with Heineken’s Brew A Better World agenda, focusing on environmental, social, and responsible practices. Key achievements under these pillars included initiatives to reduce environmental impact through waste management and energy efficiency measures. The company also enhanced advocacy efforts on responsible alcohol consumption, partnering with the Federal Road Safety Corps for the "Don’t Drink & Drive" campaign and conducting internal campaigns on alcohol and drug abuse. Additionally, social initiatives included sponsoring training programs for indigenes and implementing employee wellness programs such as PEER Educator Program and Aerobic sessions.

Looking ahead, Champion Breweries reaffirmed its commitment to responsible leadership and sustainability, aiming to drive employee functionality, operational efficiency, and corporate sustainability. The Company emphasized the importance of remaining competitive and fit for purpose in the industry landscape, underscoring its dedication to achieving long-term profitability and organizational agility.

Strategic Acquisition
I am pleased to announce that EnjoyCorp Limited, a holding company for food, beverage, and hospitality brands, has acquired 100% of Heineken B.V.'s shareholding in The Raysun Nigeria Company Limited. This acquisition, which includes an 86.4% stake in Champion Breweries Plc, strengthens our position in the market and opens new avenues for growth and collaboration.

EnjoyCorp Limited is a prominent holding company with a diverse portfolio of food, beverage, and hospitality brands. Founded on principles of excellence and innovation, EnjoyCorp has established itself as a leader in the industry, known for its commitment to

Chairman's Statement

quality and customer satisfaction.

With a strategic focus on growth and expansion, EnjoyCorp has consistently sought opportunities to enhance its market presence and create value for its stakeholders. The Company's extensive network and industry expertise enable it to identify and capitalize on emerging trends and opportunities in the food, beverage, and hospitality sectors.

Through strategic partnerships and acquisitions, EnjoyCorp has successfully diversified its portfolio and strengthened its position in key markets. The acquisition of Heineken B.V.'s shareholding in The Raysun Nigeria Company Limited, including an 86.5% stake in Champion Breweries Plc, represents a significant milestone for EnjoyCorp, underscoring its commitment to growth and expansion in Nigeria's dynamic market.

As EnjoyCorp integrates Champion Breweries into its portfolio, it is poised to leverage synergies and unlock new avenues for growth and collaboration. With a shared vision of excellence and innovation, EnjoyCorp and Champion Breweries are well-positioned to drive sustainable growth and create value for their stakeholders in the years to come.

Future Outlook
As we look ahead to 2024, Champion Breweries anticipates operating within a dynamic business environment characterized by evolving consumer behavior, regulatory changes, and geopolitical dynamics. We recognize the need for agility and strategic foresight to navigate around these challenges and capitalize on emerging opportunities effectively.

Evolving Consumer Behavior: Consumer preferences and behaviours are continuously evolving, influenced by factors such as technological advancements, changing lifestyles, and shifting socio-economic trends. Champion Breweries remains committed to understanding and adapting to these changes, ensuring that our product offerings align with consumer demands and preferences. We will continue to invest in research and development, innovation, and marketing strategies to meet the evolving needs of our target market.

Regulatory Changes: Regulatory frameworks and policies governing the brewing industry may undergo revisions or amendments, impacting various aspects of our operations, including production, distribution, marketing, and compliance. Champion Breweries is committed to maintaining compliance with all relevant regulations while proactively engaging with regulatory authorities to shape policies that support industry growth and sustainability. We will monitor regulatory developments closely and adjust our strategies and operations accordingly to ensure continued adherence and competitiveness.

Geopolitical Dynamics: Geopolitical factors, both domestically and internationally, can influence market conditions, trade dynamics, and business operations. Champion Breweries recognizes the importance of monitoring geopolitical developments and their potential implications on our supply chain, market access, and overall business environment. We will adopt a proactive approach to assess risks, identify opportunities, and implement contingency plans to mitigate any adverse effects on our operations.

Improvement in Profitability and Share Price: Champion Breweries is dedicated to enhancing profitability and delivering value to our shareholders. We will focus on optimizing operational efficiency, reducing costs, and maximizing revenue streams to improve our bottom line. Additionally, we will implement strategies to enhance shareholder value, including dividend payments, share buybacks, and initiatives to drive share price appreciation. By demonstrating strong financial performance and generating sustainable returns, we aim to attract investors and strengthen confidence in our company's prospects.

Sustainable Growth and Value Creation: Amidst evolving market dynamics and uncertainties, Champion Breweries remains steadfast in its

Chairman's Statement

I also want to extend a hand of fellowship to EnjoyCorp for their commitment to take Champion Breweries on a growth trajectory in the years ahead. Their acquisition has opened new opportunities and strengthened our position in the market.

commitment to delivering sustainable growth and value for our shareholders. We will focus on optimizing operational efficiency, enhancing product quality, expanding market reach, and fostering strategic partnerships to drive revenue growth and profitability. Additionally, we will continue to prioritize corporate social responsibility initiatives, sustainability practices, and stakeholder engagement to ensure long-term value creation and positive societal impact.

Accordingly, we are well-positioned to navigate the dynamic business environment with resilience, adaptability, and strategic focus. By leveraging our strengths, embracing innovation, and staying true to our core values, we are confident in our ability to seize opportunities, overcome challenges, and deliver sustainable growth and value for our shareholders, employees, customers, and communities we serve.

Conclusion
I extend my sincere appreciation to Heineken for its invaluable contribution to Champion Breweries and its role in shaping our company's success. We are grateful for the partnership and support over the years.
I also want to extend a hand of fellowship to EnjoyCorp for their commitment to take Champion Breweries on a growth trajectory in the years ahead. Their acquisition has opened new opportunities and strengthened our position in the market.

We are deeply thankful to the Akwa Ibom State Government for providing a conducive business environment and unwavering support for our operations. Their leadership and collaboration have been instrumental in our achievements.

To our esteemed shareholders, I extend my deepest appreciation for your trust, confidence, and unwavering support for Champion Breweries. Your continued investment and belief in our company's potential has enabled us to strive for excellence and create value.

In addition, I extend my gratitude to the management team, employees, and stakeholders of Champion Breweries for their dedication, resilience, and unwavering commitment. It is through their collective efforts that we have achieved the successes we celebrate today.

Together, we will continue to build a world-class company, drive innovation, and create value in the brewing industry.

Thank you.

Mr. Imo-Abasi Jacob
Chairman

DIRECTORS' REPORT
for the year ended 31 December 2023


Dr Adoga Inalegwu
Managing Director/CEO

The Directors are pleased to present the annual report of Champion Breweries Plc ("the Company"), together with the independent auditor's report for the year ended 31 December 2023.

1. Legal Form and Principal Activity

The Company was incorporated in Nigeria as a limited liability company on 31 July 1974 and was later converted to a public limited liability company on 1 September 1992. The Company's principal activities continue to be brewing and packaging of Champion Lager Beer and Champ Malta as well as the provision of contract brewing services to Nigerian Breweries Plc, a related party within the Heineken group of the Netherlands. The immediate parent Company is The Raysun Nigeria Limited, a Company incorporated in Nigeria. The ultimate controlling entity of the entity is Heineken N.V.

2. Operating Results

A summary of the Company's operating results is shown below:

	2023	2022 Restated
	₦'000	₦'000
Revenue	12,704,274	12,288,893
Operating profit	603,966	2,271,277
Profit before tax	445,344	2,248,908
Income tax expense	(74,781)	(841,245)
Profit after income tax	370,563	1,407,663
Other comprehensive (loss), net of tax	(89,724)	(25,587)

3. Dividend

The Directors did not recommend any dividend during the year (2022: Nil).

4. Board of Directors

The Directors are responsible for oversight of the business, long-term strategy, objectives, and the Company's risks. The Directors are also responsible for evaluating and directing the implementation of the Company's controls and procedures including, in particular, maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets.

5. Directors and their Interests

The names of directors who held office during the year as well as their interest in the issued shares of the Company as recorded in the Register of Members and / or notified by the Directors in compliance with Section 301 of the Companies and Allied Matters Act, 2020 were as follows:

Directors	Position	Nationality	Number of Ordinary Shares 2023	Number of Ordinary Shares 2022
Mr Jacob Imo-Abasi**	Chairman	Nigerian	-	-
Dr Adoga Inalegwu*	Managing Director	Nigerian	-	-
Mr. Thompson Owoka**	Director	Nigerian	500,000	500,000
Alhaji Shuaibu Ottan***	Director	Nigerian	165,916	165,916
Mr Santry Kevin James Albert**	Director	British	-	-
Mr. Olufunminiyi Alabi**	Director	Nigerian	-	-
Mrs. Helen Umanah**	Director	Nigerian	8,110	8,110
Mr. Frederik Williem Kurt Linck**	Director	Dutch	-	-
Mr. Samson Aigbedo**	Director	Nigerian	-	-

Executive Director*   * Non-executive Director*   **** Independent Non-executive Director*

DIRECTORS' REPORT
for the year ended 31 December 2023

5. Directors and their Interests (continued)

In accordance with Section 303 of the Companies and Allied Matters Act, 2020, none of the Directors notified the Company of any declarable interest in any contract in which the Company was involved during the year under review (2022: Nil).

Declaration:

(a) Champion Breweries Plc with a free float percentage of 3.58% as at 31 December 2023, is not compliant with The Exchange's free float requirements for companies listed on the Main Board.
(b) Champion Breweries Plc with a free float value of N1,162,550,867 as at 31 December,2023, is not compliant with The Exchange's free float requirements for companies listed on the Main Board.
(c) No other individual(s) hold(s) 5% and above of the issued and fully paid shares of the Company;

6. Analysis of Shareholding

As at prior and current reporting dates, the Company's ordinary shares were held as follows:

	%	2023 Ordinary shares of 50K each Number '000	Share capital ₦'000	%	2022 Ordinary shares of 50K each Number '000	Share capital ₦'000
The Raysun Nigeria Limited	86.4	6,761,283	3,380,641	86.4	6,761,283	3,380,641
Akwa Ibom Investment Corporation	10.1	787,407	329,757	10.1	787,407	329,757
Other shareholders	3.5	280,806	204,350	3.5	280,806	204,350
Subtotal	100	7,829,496	3,914,748	100	7,829,496	3,914,748

7. Property, plant and equipment

Information relating to movement in property, plant and equipment during the year is disclosed in Note 17 to the financial statements.

8. Donations and sponsorship

The Company gave donations and provided sponsorship as follows:

	2023 ₦'000	2022 ₦'000
Community Bursary Award	1,698	3,600
Donation of schools (Desks, Chairs and Books)	-	8,372
Donation of exercise books	-	2,922
Scholarship of sports tournament	-	215
Sponsorship of beauty pageant	-	1,000
Donation to Manufacturers Association of Nigeria	200	200
Sponsorship to Fashion, Catering & Event Mgt	3,845	-
Graduate trainee	1,200	-
Newspaper & Subscription	125	-
ITF Vocational Training	218	-
	7,286	**16,309**

In accordance with Section 43(2) of the Companies and Allied Matters Act, 2020 ("CAMA"), the Company did not make any donation or give gifts to any political party, political association or for any political purpose during the year (2022: Nil).

9. Business Review and Future Development

The Company intends to continue the fulfilment of its objectives as indicated in its Memorandum and Articles of Association.

10. Corporate Governance

The Directors are committed to ensuring that best practices in corporate governance are adopted in all areas of the Company's business. The Company's policies on corporate governance are continually reviewed with focus on high ethical standards of transparency, integrity, accountability and honesty. The Board continues to formulate policies aimed at creating a well-positioned Company that is keen on constantly harmonizing the interests of various stakeholders to the business.

DIRECTORS' REPORT
for the year ended 31 December 2023

11. Code of Business Conduct

The Company has in place a Code of Business Conduct ('the Code') which provides guidance to all its users on the importance of high ethical values in sustainable business growth. The Code is subscribed to by all members of the Board of Directors and all employees of the Company.

12. Distribution of Company's Products

The Company's products are sold by distributors within the country. The list containing names of such distributors is available at the Commercial Department of the Company.

13. Employment and Employees

(a) Employment of physically challenged persons

It is the policy of the Company that there should be no discrimination in considering applications for employment, including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. There was no physically challenged person in employment as at reporting date (2022: Nil).

(b) Employee training and consultation

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and seeking employees' views when necessary.

In-house and external training and development programs are organized for employees to meet the Company's growth strategy.

The Company continues to place premium on its Human Capital Development arising from the fact that this would ensure improved efficiency of the business and maintain strategic advantage over competition.

(c) Health, safety at work and welfare of employees

The Company maintains a clinic within the brewery which provide medical services to employees. Severe medical conditions are referred to designated hospitals whose services are retained by the Company through its health management organization. Such hospitals are located in areas within the convenient reach of employees.

The Company ensures that safety standards, procedures and regulations are in place in all locations of the Company through clear policies and employees are well informed about compliance with and development of safety regulations.

The Company has a canteen where employees are served good and nutritious meals on a daily basis.

14. Independent Auditors

Deloitte & Touche Nigeria was appointed by the Board at the 2022 annual general meeting as the Company's Independent Auditors. The SEC Code of Corporate Governance requires that Independent Auditors be retained for ten years; thus, Deloitte & Touche will continue in office as the Company's Independent Auditors for the next 8 years.

By Order of the Board

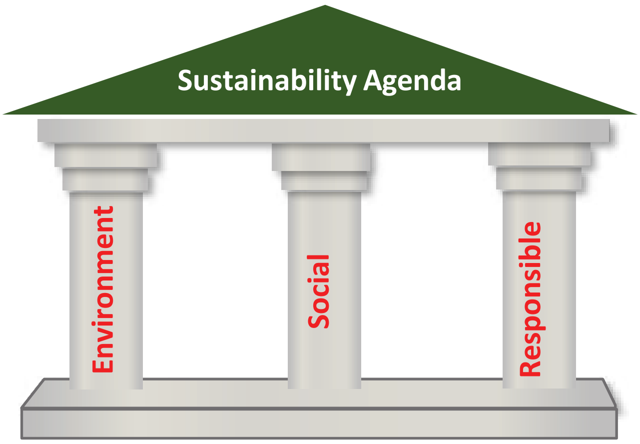
Chief Tosan Atle Aiboni
Company Secretary
FRC/2014/NBA/00000006228
26 March 2024

2023 Sustainability

And Corporate Social Responsibility Report

At Champion Breweries Plc, Sustainability is not just a buzzword, it is a critical element of our business model and strategy.

As a Heineken company, our sustainability strategies are driven by our Brew A Better World agenda which is further driven under the three essential pillars listed below;



In 2023, we tasked ourselves on innovative approaches to reduce the impact of our business on the environment, with more focus on our production waste management, actively and proactively engaging in actions that demonstrate our care for people and planet, raising our voices on moderation in the consumption of alcohol, and promoting inclusion and diversity in the workplace.

ENVIRONMENT

We made progress in our efforts towards our carbon footprints and waste management. We ended the year at 90% zero waste to landfill, representing a significant improvement from previous years. We completed the installation of a spent yeast autolyzing unit.

We invested in solar lights in the brewery to reduce our energy consumption and resultantly, reduce our carbon emissions.

Additionally, we reduced the number of plastic wastes arising from the company, by providing every employee with a reusable water flask. By this action, we are able to reduce the number of plastic bottle wastes in our environment by about 600 bottles per week.

2023 Sustainability
And Corporate Social Responsibility Report

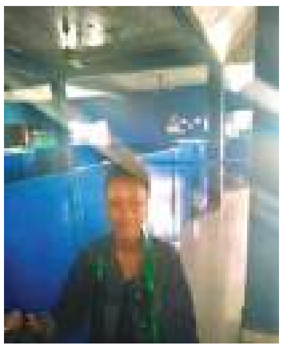
SOCIAL

We have remained steadfast in our journey to achieve an inclusive, fair, and equitable company and society. On corporate social responsibility, we focused largely on education and career development in 2023. As a firm advocate of continuous learning, we enrolled 10 indigenes of Akwa Ibom state, selected across the three senatorial districts at the Nigerian Breweries Supply Chain Academy, Ibadan. They were enrolled into the Mechatronics and Brew-Tech programs that lasted for nine months. At the same time, we enrolled another five indigenes of our host communities into different skills acquisition programs under the Industrial Training Fund.

Also in the year, we inaugurated a PEER Educator Program in the company, selecting individual influencers across the various functions of the business to promote and influence healthy living and positive lifestyles.

We also rolled out aerobic programs, where people come together during the weekends for physical health and fitness exercises. By these, we are improving the lives of employees and everyone in Champion Breweries, which in turn, will enhance productivity and reduce the amount of hospital visits.

As a company that is committed to diversity and inclusion, we celebrated in grand style, “A Fusion of Our Cultural Diversity” as a theme for our 2023 Champion Breweries Cultural Day Celebration, hosting everyone in the company to the eye-catching displays of various cultural attires, foods, dances, histories, customs, and traditions.



2023 Sustainability
And Corporate Social Responsibility Report

RESPONSIBLE

In the year, we enhanced our advocacy on responsible consumption of alcohol. We continue to educate the public through our campaigns.

In partnership with the Federal Road Safety Corps, we actively championed the "Don't Drink & Drive" campaign. The campaign was taken to active road users, educating them on the dangers of drink driving.

As a company whose average workforce age is between 30 – 40, we partnered with National Drug Law Enforcement Agency to campaign against Drug and Alcohol Abuse.

We remain committed to ensuring a sustainable environment and we have earmarked more measures to continuously curb our impact on the environment, eliminate carbon emissions from our operations, promote a more inclusive workforce, accelerate our efforts towards the social agenda and be bolder in our campaign on responsible drinking.

BOARD OF **DIRECTORS**

Mr Jacob Imo-Abasi
Chairman

Mr. Imo-Abasi Jacob is the Chairman of Champion Breweries PLC.
He holds a BSc Management Studies (First Class) Honours and a Fellowship (FCA) of the Institute of Chartered Accountants of Nigeria.
He joined the Board of Champion Breweries in July 2023 upon his appointment as the Managing Director/CEO of Akwa Ibom Investment Corporation.
Imo-Abasi is presently the Chairman of the board of Directors of Ibom Airlines Limited (Ibomair).
He is an accomplished business educationist, management consultant, and accountant, having over 41 years of professional experience in the defunct Andersen as a Partner in the audit practice.
He joined the Board on July 27, 2023.

Dr Adoga Inalegwu
Managing Director/CEO

Dr. Inalegwu Adoga is the Managing Director/CEO of Champion Breweries Plc. He is a Heineken trained and IBD certified Master Brewer with over 25 years' experience in the FMCG industry.
Dr Adoga holds a Bachelors degree in Microbiology from the University of Nigeria, Nsukka, a Master of Brewing Operations (MBrew) from the Institute of Brewing and Distilling, UK, a Master of Business Administration (MBA) from the University of Gloucestershire, UK, and a PhD in view in Environmental Microbiology. In recognition of his outstanding business management and leadership, he was conferred a PhD in Business Administration (DBA) from Prowess University, Delaware, US.
He is a product of many corporate and strategic programs of prestigious business schools across the globe.
He joined the Board of Champion Breweries in December 2023.

Mr. Samson Aigbedo
Director

Mr. Samson E. Aigbedo is a Non-Executive Director of Champion Breweries Plc. He holds a bachelor's degree in Biochemistry from the University of Ilorin, Nigeria (1981). He joined Heineken in 1982 in the Technological and Production Department, where he held several roles with increasing responsibility within the supply chain division until his retirement in 2019.
He joined the Board of Champion Breweries Plc in December 2015.

BOARD OF **DIRECTORS**

Mrs. Helen Umanah
Director

Mrs. Helen A. Umanah is a Non-Executive Director of Champion Breweries Plc. She has performed various roles in the Petroleum Industry and diplomatic community within Nigeria and abroad. She was a shareholder member of the Audit Committee of Champion Breweries till May 2015.

Mrs. Umanah joined the Board of Champion Breweries Plc in December 2015 duly representing minority shareholders.

Mr. Thompson Owoka
Director

Mr. Thompson S. B. Owoka is a Non-Executive Director of Champion Breweries Plc. He holds a Higher National Diploma in Accountancy from Yaba College of Technology, Lagos (1986) and is a Fellow of the Institute of Chartered Accountants of Nigeria (ACA 1989 and FCA 1999).

Mr. Owoka retired as a Public Affairs Manager of Nigerian Breweries Plc in 2015. He was the Acting Managing Director of Champion Breweries Plc and Executive Director of Sona Breweries Plc and currently seats on numerous Boards which include SuperBru Ltd, Jos International Breweries Plc and West African Glass Industries Plc, Covenant University etc.

He joined the Board of Champion Breweries Plc in 2000.

Alhaji Shuaibu Ottan
Director

Alhaji Shuaibu A. Ottan is an Independent Non-Executive Director of Champion Breweries Plc. He holds a bachelor's degree in Economics from Ahmadu Bello University, Zaria (1980). His work experiences include Commercial Officer, Kwara Ministry of Commerce and Industry, and the Nigerian Industrial Development Bank Limited (now Bank of Industry), where he worked for 31 years before his retirement in June 2013 as Head of Southern Operations of the Bank's SME Directorate.

Alhaji Ottan is currently engaged in the provision of business development and consulting services in the areas of Project Management, Fund Sourcing, Insolvency a n d Manpower Development as the Chief Executive Officer of First Fiducia Projects Limited. He also chairs the Board of Directors of Powersave Engineering Company Limited and Shaybis Nigeria Limited which are notable players in power conservation and renewable energy businesses in Nigeria.

He joined the Board of Champion Breweries Plc on 14 February 1998

BOARD OF **DIRECTORS**

Mr. Olufunminiyi Alabi
Director

Mr. Olufunminiyi Alabi is a Non-Executive Director of Champion Breweries Plc. He possesses a Bachelor's degree in Food Technology from the University of Ibadan (1981).
Mr. Alabi has over 32 years of experience in Human Resources Management, mostly in multinational companies. He commenced his Human Resources career in 1982 at the Industrial Training Fund as a Training Development Officer, further worked in various capacities at FrieslandCampina WAMCO Nigeria Plc, and retired from Nigerian Breweries Plc.
He joined the Board of Champion Breweries Plc in 2016.

Mr. Frederik Williem Kurt Linck
Director

Mr. Frederik Willem Kurt Linck is a Non-Executive Director of Champion Breweries Plc.
He possesses a Master's Degree in Business Economics from the Erasmus University, Rotterdam, Netherlands. Mr. Linck has had a successful career in General Management and Leadership which has spanned for over 29 years. He joined the Heineken Group in 1995 and is currently the Managing Director Export Africa, Middle East and Central Asia.
His appointment as a Director of the Company is effective January 1, 2020.

Mr. Kevin James Albert Santry
Director

Mr. Kevin Albert Santry is a Non-Executive Director of Champion Breweries Plc.
He is currently the Regional Legal Counsel Africa Middle East to Heineken Group. He has provided Legal Support to various operating companies of Heineken globally and joined the Heineken Group in 2008. Mr. Santry commenced his legal career at a leading international law firm in New York (Linklaters). He grew as a M&A Legal Counsel in some global leading international law firms and beverage companies till his current role in Heineken.
His appointment as a Director is effective January 1, 2020.

Chief Tosan Atle Aiboni
Secretary

Chief Tosan Atle Aiboni was appointed as Company Secretary/ Legal Adviser on 13 June 2013. He was called to the Nigerian Bar in 2002. He worked in the public sector as Senior Legal Officer (National Commission for Museums & Monuments). He later moved into private practice as a Partner of a private legal firm (Victoria Chambers). He also worked at the legacy Consolidated Breweries Plc as the Legal Manager, appointed as the Company Secretary/Legal Adviser of Benue Bottling Company Limited and became the Legal Manager – Operations of Nigerian Breweries Plc (sequel to the merger between Consolidated Breweries Plc and Nigerian Breweries Plc in 2015).
Chief Tosan Aiboni has gone back to private practice and rejoined Victoria Chambers as a Partner.

CORPORATE **GOVERNANCE REPORT**

Champion Breweries Plc upholds a responsible stance towards corporate governance. The Board adheres to the Code of Corporate Governance for Public Companies in Nigeria ("the Code") released by the Securities & Exchange Commission in 2011. The Board strives to ensure that the Company complies with the provisions of the Code or discloses any inability to comply.

The Board convened the minimum required number of meetings as stipulated by the Code.

During the year under review, the company incurred penalties from both the Nigerian Exchange Group (NGX) and the Financial Reporting Council (FRC) as detailed below:

NGX imposed a penalty of One Million, Six Hundred Thousand Naira (N1,600,000.00) only. This penalty was levied due to default filing of the 2022 Annual Financial Statements (AFS), which occurred sixteen (16) days after the regulatory due date of 31 March 2023.
FRC imposed a Compliance Charge Review amounting to 8,550,161 Naira for the year ended December 2021.

The Board of Directors

The Board comprises of Nine Non-Executive Directors, One Independent Non-Executive Director and One Executive Director. The Directors held four Board meetings in the year under review. Details of the meetings are as follows:

a. February 27 2023
b. April 6 2023
c. May 4 2023
d. October 26 2023
e. December 7 2023

The record of attendance of members at the meetings is set out below:

Name	No. of Meetings Held	No. of Meetings Attended
1. Mr. Imo-Abasi Jacob*	3	3
2. Dr. Elijah W. Akpan*	3	2
3. Mr. Georgios Polymenako*	4	3
4. Dr. Inalegwu Adoga	5	5
5. Mr. Samson Aigbedo	5	5
6. Mr. Olufunminiyi Alabi	5	5
7. Mr. Frederik Williem Kurt	5	5
8. Mr. Thompson S. B. Owoka	5	5
9. Alhaji Shuaibu A. Ottan	5	5
10. Mr. Kevin Albert Santry	5	4
11. Mrs. Helen Umanah	5	5

*During his/her tenure as a member of the Board

CORPORATE **GOVERNANCE REPORT**

Board Committees:

i. Governance/Remuneration Committee: The Committee comprises of five Non-Executive Directors
The Governance/Remuneration Committee held three meetings in the year under review. Details of the meetings are as follows:

a) May 3 2023
b) July 26 2023
c) October 25 2023
d) December 6 2023

The record of attendance of members at the meeting is set out below:

Name	No. of Meetings Held	No. of Meetings Attended
a) Alhaji Shuaibu A. Ottan	4	4
b) Mr. Olufunminiyi Alabi	4	4
c) Mr. Samson Aigbedo	4	4
d) Mr. Kevin Albert Santry	4	3

ii. **Risk Management Committee:** The Committee comprises of five Non-Executive Directors and one Executive Director.

The Risk Management Committee held three meetings in the year under review. Details of the meetings are as follows:
a) May 32023
b) July 26 2023
c) October 25, 2023
d) December 10 2023

The record of attendance of members at the meeting is set out below:

Name	No. of Meetings Held	No. of Meetings Attended
a) Mr. Thompson S. B. Owoka	4	4
b) Mr. Georgios Polygmenakos*	3	2
c) Dr. Inalegwu Adoga*	4	4
d) Mr. Frederik Williem Kurt	4	4
e) Alhaji Shuaibu A. Ottan	4	4
f) Mrs. Helen Umanah	4	4

*During his/her tenure as a member of the Committee

CORPORATE **GOVERNANCE REPORT**

REGULATIONS FOR DEALING IN SHARES

Champion Breweries Plc has in place Regulations to guide the Board and other employees when effecting transactions in the Company's shares. The Company's Regulations for Dealing in Shares and other Securities provide amongst others, the periods when transactions are not allowed to be effected on the Company's shares as well as disclosure requirements upon effecting such transactions. All concerned are obliged to observe the provisions of the Regulations when dealing in the Company's shares.

INCORPORATION AND SHARE CAPITAL HISTORY

Champion Breweries was incorporated as a limited liability company on 31 July 1974 with a share capital of ₦1,900,000 and was converted to a public limited liability company on 01 May 1992.The Company currently has an authorized share capital of ₦4,500,000,000 comprising 9,000,000,000 ordinary shares of 50 kobo each, and an issued share capital of ₦3,914,748,232 comprising 7,829,496,464 ordinary shares of 50 kobo each. The changes in the share capital of Champion Breweries since inception are summarized below:

	Authorized (N)		Issued & fully paid up (N)		Consider
year	Increase	Cumulative	Increase	Cumulative	
1974	-	1,900,000	1,900,000	1,900,000	cash
1976	550,000	2,450,000	220,007	2,120,007	cash
1977	-	2,450,000	269,993	2,390,000	cash
1978	4,050,000	6,500,000	2,392,344	4,782,344	cash
1979	-	6,500,000	1,476,150	6,258,494	cash
1981	8,500,000	15,000,000	13,129,247	19,387,741	cash
1983	11,000,000	26,000,000	-	19,387,741	cash
2001	424,000,000	450,000,000	-	19,387,741	cash
2003	1,550,000,000	2,000,000,000	430,612,259	450,000,000	cash
2013	-	2,000,000,000	450,000,000	900,000,000	cash
2014	2,500,000,000	4,500,000,000	6,300,000,000	7,200,000,000	cash
2015	-	4,500,000,000	629,496,464	7,829,496,464	cash

OWNERSHIP STRUCTURE

As at 31 December 2023, the 7,829,496,464 ordinary shares of 50 kobo each in the issued share capital of Champion Breweries were beneficially held as follows:

S/n	Name		2023 Holding ₦000	2022 Holding ₦000	%
1	Raysun Nigeria Limited		6,761,283	6,761,283	86.4
3	Akwa Ibom State Government		787,407	787,407	10.01
4	Others Shareholders		280,806	280,806	3.5

CORPORATE GOVERNANCE REPORT

DISCLOSURE OF INTEREST

The interests of the Directors of Champion Breweries in the issued share capital of the Company as at 31, December 2023 were as follows:

Name	2023	2022
Mr. Imo-Abasi Jacob (Chairman)**		
Dr. Elijah W. Akpan (Outgoing) **	–	–
Dr. Inalegwu Adoga (Managing Director/CEO)*	–	–
Mr. Georgios Polygmenakos (Outgoing)*	–	–
Mr. Samson Aigbedo**	–	–
Mr. Olufunminiyi Alabi**	–	–
Mr. Frederik Williem Kurt (Dutch)**	–	–
Mr. Thompson S. B. Owoka**	500,000	500,000
Alhaji Shuaibu A. Ottan**	165,910	165,910
Mr. Kevin Albert **	–	–
Mrs. Helen Umanah**	8,110	8,110

*Executive Director
**Non-Executive Director

COMPLAINTS MANAGEMENT POLICY

The Company's Complaints Management Policy ("the Policy") establishes a comprehensive framework for addressing shareholder complaints in a manner that is fair, impartial, efficient, and timely. Aligned with the regulations set forth by the Securities and Exchange Commission, this policy can be readily accessed through the Company's website.

FINANCIAL STATEMENTS

STATEMENT OF **DIRECTORS' RESPONSIBILITIES**
for the year ended 31 December 2023

The Directors of Champion Breweries plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011 (now amended 2023).

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

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

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

The annual report and financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 26 March 2024.

Signed on behalf of the Board of Directors By:

Mr Jacob Imo-Abasi (Chairman)
FRC/2018/ICAN/00000018401
26 March 2024

Dr Adoga Inalegwu (Managing Director)
FRC/2023/PRO/IODN/002/264925
26 March 2024

CERTIFICATION OF **FINANCIAL STATEMENTS**
for the year ended 31 December 2023

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(a) Audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(b) Audited financial statements and all other financial information included in the state ments fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements

We state that management and directors

(a) Are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to the officer by other officers of the Company, particu larly during the period in which the audited financial statement report is being prepared.

(b) Has evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and

(c) Certifies that the Company's internal controls are effective as of that date

We have disclosed:

(a) 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 finan cial data, and has identified for the Company's auditors any material weaknesses in internal controls, and

(b) Whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and

(c) As indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses

The financial statements of the Company for the year ended 31 December 2023 were approved by the directors on 26 March 2024

Dr Adoga Inalegwu (Managing Director)
FRC/2023/PRO/IODN/002/264925
26 March 2024

Mr Rasheed Adebiyi (Chief Finance Officer)
FRC/2023/PRO/ICAN/001/423509
26 March 2024

AUDIT COMMITTEE'S **REPORT**
for the year ended 31 December 2023

To the members of Champion Breweries Plc

In compliance with Section 404(7)of the Companies and Allied Matters Act (CAMA) 2020,we have reviewed financial statements of the Company for the year ended 31 December 2023 and report as follows:

(a) The scope and planning of internal audit for the year ended 31 December 2023 are satisfactory. The internal audit programmes reinforce the Company's internal control system;

(b) The scope and planning of statutory independent audit for the year ended 31 December 2023 are satisfactory;

(c) Having reviewed the independent auditors' management letter on accounting procedures and internal controls, we are satisfied with management's responses thereon;

(d) The accounting and reporting policies for the year ended 31 December 2023 are in accordance with International Financial Reporting Standards and applicable regulatory requirements.

The independent auditors confirmed that the scope of their work was not restricted in any way.

Mr. Thompson Owoka
FRC/2015/ICAN/00000012404
26 March 2024

Members of the Audit Committee

Mr. Thompson Owoka	Chairman/Director
Mr. Kevin Santry	Member/Director
Mr. Olayemi Olatunde	Member/Director
Mr. Godwin A. Anono	Member/Shareholder
Chief Peter Mgbeahuru	Member/Shareholder

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Independent Auditor's Report

To the Shareholders of Champion Breweries Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Champion Breweries Plc** set out on pages 38 to 88, which comprise the statements of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended and the notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of the Financial Statements in Nigeria.

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

Key Audit Matter

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

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Liabilities for returnable packaging materials Indicated in Trade and other payables in Note 32.2 to the financial statement is Liabilities for Returnable Packaging Materials ("RPM") of about N391,473,000 received as deposit from customers for breakable bottles and crates used to distribute product sold to them. The company provides RPM 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 the return of these packaging materials to the company failing which the deposit is forfeited by the customer and released to the statement of profit and loss of the company. Judgement is required by the directors in assessing the carrying value of the outstanding customers' deposit liability for RPMs. Accordingly, for the purpose of our audit, we identified the assessment of outstanding customer 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 director's experience and expectations in addition to lack of readily available market data. The market loss rate is estimated for bottle crate sizes. ● The cycle times of RPMs i.e., the time it takes for RPM to be returned to the entity, which is based on the Directors' estimates, is determined using samples which makes the calculation of the RPMs cycle times to be subjective.	In evaluating the value of the outstanding deposit liability, our procedures incorporated a test of the design and implementation of the company's controls relating to the estimation of the deposit liability and the following substantive procedures. ● Assessed management's judgements applied in determining the relevant base month to perform annual reassessment of market loss and testing reasonability of data inputs (mainly market loss rates and cycle times) applied by management, in comparison to the company policy in respect of returnable packaging materials. ● Confirmed reasonability of the base month by determining that the correct peak season was used. ● The accuracy and completeness of the data input for market loss and cycle times which includes volume shipped, returns, and finished products were tested independently. ● Recomputed market loss rate and the circulation time. ● We assessed the reasonableness of the assumptions and ensured consistency in the judgement applied by management. ● Reassessed the adequacy of closing balance of deposit liability reported at period end. ● Assessed the adequacy of disclosures in the financial statements. Based on the procedures performed, management's conclusion on the adequacy and reasonability of the estimate and related disclosures were found to be adequate.

Emphasis of matter

We draw attention to Note 36 of the financial statements, which describes the effects of restatement of certain comparative figures in the financial statements. Our opinion is not qualified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Social Responsibility Report, Statement of Directors' Responsibilities, Certification of the financial statements, Audit Committee's Report and other national disclosures (Statement of value added and Financial Summary) which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

Deloitte.

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

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

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

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

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth Schedule of Companies and Allied Matters Act, we expressly state that:

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

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

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

Ngozika Emeka-Eze - FRC/2013/PRO/ICAN/004/00000001817
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
30 **March 2024**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0658812

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Note	2023 ₦ '000	Restated 2022 ₦ '000
Revenue	5	12,704,274	12,288,893
Cost of sales **	7.1	(7,634,375)	(6,478,361)
Gross profit		**5,069,899**	**5,810,532**
Other income	6	120,290	183,529
Selling and distribution expenses **	7.2	(3,034,815)	(2,285,755)
Impairment loss on financial assets	8	(20,369)	(5,787)
Administrative expenses **	7.3	(1,531,039)	(1,431,242)
Operating profit		**603,966**	**2,271,277**
Finance income	9	11,289	94,334
Finance costs	10	(169,911)	(116,703)
Profit before taxation		**445,344**	**2,248,908**
Taxation **	14	(74,781)	(841,245)
Profit for the year		**370,563**	**1,407,663**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit liability, net of tax	24.2	(89,724)	(25,587)
Other comprehensive income for the year net of taxation		**(89,724)**	**(25,587)**
Total comprehensive income for the year		**280,839**	**1,382,076**
Earnings per share			
Basic and diluted earnings per share (kobo)	13	5	18

** See note 36 for disclosure on restatement.

The accompanying notes on pages 42 to 88 form an integral part of the financial statements.

STATEMENT OF **FINANCIAL POSITION**
As of 31 December 2023

	Note	31 December 2023 ₦ '000	Restated 31 December 2022 ₦ '000	Restated 1 January 2022 ₦ '000
Assets				
Non-Current Assets				
Property, plant and equipment	17	15,117,284	10,298,837	8,894,854
Right-of-use assets	18	233,243	482,335	511,873
		15,350,527	**10,781,172**	**9,406,727**
Current Assets				
Inventories	21	2,226,251	1,401,426	1,023,969
Trade and other receivables	19	384,066	73,196	59,135
Prepayments	23	92,885	61,957	60,245
Other asset	20	54,735	947,029	50,994
Cash and cash equivalents	22	2,444,615	2,188,805	2,872,024
		5,202,552	**4,672,413**	**4,066,367**
Total Assets		**20,553,079**	**15,453,585**	**13,473,094**
Equity and Liabilities				
Equity				
Share capital	26	3,914,748	3,914,748	3,914,748
Share premium	26	519,100	519,100	519,100
Other reserve	27	3,701,612	3,701,612	3,701,612
Retained earnings **		3,059,839	2,779,000	1,396,924
		11,195,299	**10,914,460**	**9,532,384**
Liabilities				
Non-Current Liabilities				
Lease liabilities	31	127,062	445,076	468,607
Retirement benefit obligation	24	629,808	448,260	362,815
Long service award	25	47,637	30,787	-
Deferred tax liabilities **	16	584,867	688,041	12,888
		1,389,374	**1,612,164**	**844,310**
Current Liabilities				
Trade and other payables	32	5,553,164	1,951,516	2,563,571
Borrowings	29	1,346,065	-	-
Lease liabilities	31	118,084	79,023	71,182
Contract liabilities	30	308,355	227,676	13,503
Current tax payable	15	133,865	178,699	80,378
Provisions	28	508,873	490,047	367,766
		7,968,406	**2,926,961**	**3,096,400**
Total Liabilities		**9,357,780**	**4,539,125**	**3,940,710**
Total Equity and Liabilities		**20,553,079**	**15,453,585**	**13,473,094**

The financial statements were approved by the board of directors on the 26 March 2024 and were signed on its behalf by:

Mr Jacob Imo-Abasi	**Dr Adoga Inalegwu**	**Mr Rasheed Adebiyi**
Chairman	**Managing Director**	**Chief Finance Officer**
FRC/2018/ICAN/00000018401	**FRC/2023/PRO/IODN/002/264925**	**FRC/2023/PRO/ICAN/001/423509**

** See note 36 for disclosure on restatement

The accompanying notes on pages 42 to 88 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital ₦ '000	Share premium ₦ '000	Other reserve ₦ '000	Restated Retained earnings ₦ '000	Total equity ₦ '000
Balance at 1 January 2022 as previously reported	3,914,748	519,100	3,701,612	1,423,333	9,558,99
Prior year adjustments	-	-	-	(26,609)	(26,609)
Balance at 1 January 2022 as restated	**3,914,748**	**519,100**	**3,701,612**	**1,396,924**	**9,532,384**
Profit for the year	-	-	-	1,407,663	1,407,663
Other comprehensive income	-	-	-	(25,587)	(25,587)
Total comprehensive income for the year	**-**	**-**	**-**	**1,382,076**	**1,382,076**
Balance at 31 December 2022	**3,914,748**	**519,100**	**3,701,612**	**2,779,000**	**10,914,460**
Balance at 1 January 2023	**3,914,748**	**519,100**	**3,701,612**	**2,779,000**	**10,914,460**
Profit for the year	-	-	-	370,563	370,563
Other comprehensive income	-	-	-	(89,724)	(89,724)
Total comprehensive income for the year	**-**	**-**	**-**	**280,839**	**280,839**
Balance at 31 December 2023	**3,914,748**	**519,100**	**3,701,612**	**3,059,839**	**11,195,299**

** See note 36 for disclosure on reclassification

The accompanying notes on pages 42 to 88 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note(s)	2023 ₦ '000	2022 ₦ '000
Profit before taxation		445,344	2,248,908
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	17	1,923,328	1,479,126
Depreciation of right of use asset	18	105,792	46,211
Transfer of work-in-progress to expenses	17	-	5,451
Gain on disposal of property, plant and equipment	6	-	(37,439)
Impairment on trade receivables	8	20,369	5,787
Movement in retirement beneft obligation	24	41,981	101,612
(Gain)/Loss on terminated leases	6	(51,615)	113
Long service award movement	25	23,115	(4,457)
Provision release on inventories	21	30,357	103,736
Interest income	9	(11,289)	(94,334)
Finance costs	10	169,911	116,703
Changes in working capital:			
(Increase) in inventories		(855,182)	(481,193)
(Increase) in trade and other receivables		(331,239)	(19,849)
(Increase) in prepayments		(30,928)	(1,712)
Decrease/(increase) in contract assets		892,294	(896,035)
Increase/(decrease) in trade and other payables		3,601,647	(612,054)
Increase in contract liabilities		80,679	214,174
Increase in provision		18,826	122,280
Cash generated from operations		**6,073,390**	**2,297,028**
Defined benefit paid	24	(60,486)	(71,235)
Tax paid	15	(178,699)	(55,453)
Long service awards paid	25	(11,448)	(4,500)
Net cash from operating activities		**5,822,757**	**2,165,840**
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(6,593,111)	(2,888,560)
Proceeds from sale of property, plant and equipment	6	-	37,439
Interest received	9	11,289	94,334
Net cash used in investing activities		**(6,581,822)**	**(2,756,787)**
Cash flows from financing activities			
Repayment of Lease liabilities	31	(85,399)	(33,741)
Payment of interest on lease liabilities	31	(38,143)	(58,531)
Loans obtained	29	1,528,688	-
Repayment of borrowings- principal	29	(390,271)	-
Net cash generated from/used in financing activities		**1,014,875**	**(92,272)**
Total cash movement for the year		**255,810**	**(683,219)**
Cash and cash equivalents at the beginning of the year		2,188,805	2,872,024
Cash and cash equivalents at the end of the year	22	**2,444,615**	**2,188,805**

The accompanying notes on pages 42 to 88 form an integral part of the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

1 Corporate information

Champion Breweries Plc ('the company') was incoporated in Nigeria as a limited liability company on 31 July 1974 and was later converted to a public limited liability company on 1 September 1992. The address of the Company's registered office is Industrial Layout, Aka Uffot, Uyo, Akwa Ibom State, Nigeria.

1.1 Principal activity

The Company is involved in the brewing and marketing of Champion Lager Beer and Champ Malta. The Company also provides contract brewing and packaging services to Nigerian Breweries Plc, a sister Company within the Heineken group of the Netherlands, the Ultimate parent Company of Champion Breweries Plc. The immediate parent Company is The Raysun Nigeria Limited, a subsidiary of the Heineken Group.

1.2 Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 (now amended 2023). Details of the Company's accounting policies are included in Note 2. These financial statements were authorised for issue by the Board of Directors on 26 March 2024.

1.3 Basis of preparation

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items, which are measured on an alternative basis on each reporting date:

- defined benefit obligations - measured at present value of obligation
- inventory - lower of cost and net realisable value
- lease liabilities- measured at present value of future lease payments
- provisions - measured at present value of the obligations

1.4 Functional and presentation currency

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

1.5 Financial period

These financial statements cover the financial year ended 31 December 2023, with comparative amounts for the financial year ended 31 December 2022.

1.6 Composition of financial statements

The financial statements of Champions Breweries Plc for the year ended 31 December 2023 comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements

NOTES TO THE **FINANCIAL STATEMENTS**

2 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Foreign currency transactions

Transactions in foreign currencies are translated to Naira at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Naira at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Naira at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

2.2 Financial instruments

2.2.1 Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.2.2 Classification and subsequent measurement

All financial assets and liabilities are initially recognized at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at their transaction price, determined in accordance with the Company's accounting policies for revenue. Subsequently, measurement depends on the financial assets are measured as follows:

- *Financial assets measured at amortized cost (AC)*

Financial assets are held at amortized cost when they arise from contracts which give rise to contractual cash flows which are solely principal and interest and are held in a business model which mainly holds the assets to collect contractual cash flows.

These assets are measured at amortized cost using the effective interest method and are also subject to impairment losses. Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated on the amortized cost (i.e. gross carrying amount less loss allowance). Interest income is included in finance income. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

2. Material accounting policies (continued)

2.2.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.2.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.3 Share capital and share premium

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

2.4 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE **FINANCIAL STATEMENTS**

2.5 Property, plant and equipment

2.5.1 Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

2.5.2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The cost of routine maintenance of property, plant and equipment is recognised in profit or loss when incurred.

2.5.3 Derecognition

The carrying amount of disposed items of property, plant and equipment are derecognised. Any gain or loss on sale of an item of property, plant and equipment is recognised in profit or loss.

2.5.4 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values on a straight-line basis over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land and capital work-in-progress are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives of property plant and equipment for current and comparative periods are as shown below:

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Item	Depreciation method	Average useful life
Buildings	Straight line	40 to 50 years
Plant and machinery	Straight line	5 to 30 years
Furniture and fittings	Straight line	3 to 5 years
Motor vehicles:		
- Cars and trucks	Straight line	5 years
- Forklifts	Straight line	5 years
Returnable packaging materials:		
- Bottles	Straight line	5 years
- Crates	Straight line	8 years

NOTES TO THE **FINANCIAL STATEMENTS**

2.6 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process. Inventories are measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs incurred in bringing them to their existing location and condition. Cost incurred on each product is based on:

Raw and packaging materials	● weighted average cost including transportation costs
Finished products and Products-in-process	● weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity
Engineering spares	● purchase cost on a weighted average cost basis, including transportation and clearing costs

Net realizable value is the estimated selling price in the ordinary course of business, less the estimatedcosts to completion and selling expenses.

Inventories are regularly assessed for obsolescence, or whether their carrying amount exceeds their net realizable value (sales price less costs to sell) and appropriate provisions are recognized. Inventory values are adjusted for obsolete, slow- moving or defective items.

After write-down has been made, net realizable value should be re-assessed in each subsequent period. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent. Similarly, if there is a clear evidence that the net realizable value has increased because of changed economic circumstances, the write-down is reversed. The new carrying value of the inventory would then be the lower of cost and the revised net realizable value.

2.7 Returnable Packaging Materials and Deposit Liability

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. The assumptions to classify as property plant and equipment 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 property plant and equipment. The recognition of deposit liabilities for RPM items occurs when the company becomes obligated, either contractually or constructively, to refund cash to the customer or issue a credit note upon the return of the RPM item. The initial measurement of the deposit liability is based on the nominal amount expected to be refunded to the customer upon return of the RPM item, without any discounting applied. Subsequent measurement of the RPM deposit liability involves accounting for market loss using reliable Supply Chain measurements spanning at least 12 months. This ensures a robust estimation of market loss, with adjustments made to account for seasonality.

Once sufficient reliable data is available and the market loss percentage is deemed reasonable, the deposit liability is released monthly to reflect the estimated market loss based on the monthly sales volume. Additionally, the company assess the reasonableness of the deposit liability at least annually, particularly during peak seasons when circulation time is measured. This assessment is conducted in collaboration with the Supply Chain department to ensure reliability. Depending on local circumstances, a threshold may be applied before the release is recorded to account for estimation uncertainty.

2.8 Impairment

2.8.1 Non-derivative financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs. The ECLs for trade and other receivables are estimated using a provision matrix based on the Company's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current as well as the forecast direction of conditions at the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the non derivative financial asset at the reporting date. Non derivative financial assets are then grouped in such a manner that they share similar credit risk characteristics.

2.8 Impairment (continued)

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

An impairment loss is recognized if the carrying amount of a financial asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

2.8.2 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets 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 the other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

NOTES TO THE **FINANCIAL STATEMENTS**

2.8 Impairment (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss and are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Borrowings and loans

Recognition and measurement

Borrowings and loans are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (Note 10.)

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to Note 34 for details of risk exposure and management thereof.

2.10 Employee benefits

2.10.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

2.10.2 Defined contribution plans

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as personnel expense in the periods during which services are rendered by employees. Under this scheme, employees contribute 8% of their basic salary, transport and housing allowances to a fund on a monthly basis. The Company's contribution is 10% of each employee's basic salary, transport and housing allowances to the fund.

Obligations for contributions to defined contribution plans are recognised as personnel expense in profit or loss in the periods during which related services are rendered by employees.

2.10.3 Defined benefit plans

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligations is performed annually by Alexander Forbes Consulting Actuaries Nigeria Limited using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income.

NOTES TO THE **FINANCIAL STATEMENTS**

2.10 Employee benefits (continued)

The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net other expenses related to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.10.4 Other long-term employee benefits (Long service awards)

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements recognised in profit or loss in the period in which they arise. The calculation of defined benefit obligations is performed annually by Alexander Forbes Consulting Actuaries Nigeria Limited using the projected unit credit method.

2.11 Provisions and contingent liabilities

Provision

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

In determining the amount of provisions to be recognised, the Company takes into account the impact of exposures and fines and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments events. New information may become available that causes the Company to change its judgment regarding the adequacy of existin provisions; such changes to provisions will impact profit or loss in the period that such determination is made.

Contingent liabilities

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

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obli reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement announcing its main features to those affected by it.

NOTES TO THE **FINANCIAL STATEMENTS**

2.11 Provisions and contingent liabilities (continued)

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

2.12 Revenue

The Company principally generates revenue from the sale and delivery of its product. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Nature and timing of satisfaction of performance obligation

Customer gain control of goods when the goods have been delivered and accepted at their premises or when the goods are picked up by the customer. Invoices are generated at that point in time. Invoices are usually payable within 30 days. 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.

Product Sales

The sale and delivery of products are identified as one performance obligation and are not separately identifiable. Revenue from product sales is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises or when the goods are picked up by the customer.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

2.13 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs or income taxes.

NOTES TO THE **FINANCIAL STATEMENTS**

2.14 Tax

Current tax assets and liabilities

Income tax expense comprises current tax (Company Income Tax, Tertiary Education Tax and Nigeria Police Trust Fund levy) and deferred tax. It is 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. The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Deferred tax

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 assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are offset if, and only if the Company:

i. has a legally enforceable right to set off current tax assets against current tax liabilities; and

ii. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or
- different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

NOTES TO THE **FINANCIAL STATEMENTS**

2.14 Tax (continued)

Minimum tax

The Company is subject to the Finance Act of 2021 which amended the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

2.15 Earnings per share

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

2.16 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term as this is the shorter of lease term and the estimated useful live of the assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets below N5m

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases, including its property rental for key management personnel. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company is not a lessor in any lease arrangement.

NOTES TO THE **FINANCIAL STATEMENTS**

2.16 Leases (continued)

2.17 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized in profit or loss on a time proportion basis using the effective interest method.

Finance costs comprise interest expense on lease liabilities, unwinding of the discount on provisions, interest expense on defined benefit obligation, interest expense on factoring of trade receivables recognized on financial assets, except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the related assets, are recognized in income statement using the effective interest method.

2.18 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in items on the statement of financial position that have not resulted in actual cash flows are eliminated. Interest received is included in investing activities.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for monitoring, allocating resources and assessing performance of the operating segments and has been identified as the Managing Director.

3. Significant judgements and sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3.1 Critical judgements in applying accounting policies

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Capitalisation of borrowing cost

The company capitalizes borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets. Capitalization of the actual borrowing costs relating to newly installed Marsh filter equipment is included in PPE addition. Management deems capitalization appropriate to the tune of incurred amount as at the date of capitalization. Borrowing costs incurred post capitalization date are expensed in the income statement.

Leases

Judgement is required to determine the lease term and the incremental borrowing rate. The assessment of whether the company is reasonably certain to exercise extension options or not to make use of termination options impacts the lease term, which as a result could affect the amount of lease liabilities recognised. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognised.

The Company applies the following practical expedients for the recognition of leases:

- The short-term lease exemption, meaning that leases with a duration of less than a year are expensed in the income statement on a straight-line basis.
- The low value lease exemption, meaning that leased assets with an individual value of N5m or less if bought new, are expensed in the income statement on a straight-line basis.

NOTES TO THE **FINANCIAL STATEMENTS**

3. Significant judgements and sources of estimation uncertainty (continued)

3.2 Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Retirement benefit plan

The defined benefit obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields, if the return on plan asset is below this rate, it will create a plan deficit. Currently the scheme does not have a plan asset.

The Company also sponsors a long service award plan for all its confirmed employees. Under the plan, the employees are entitled to cash award, service plaque as well as other non cash benefit on attainment of 5 years of service. The current number of employees covered under this plan is 150 (2022: 140) and there are no segregated fund assets as benefit payment are met on a pay-as-you go basis.

Calculation of loss allowance

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. 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.

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Estimated useful lives of property, plant and equipment

Management reviews the useful lives of tangible and intangible assets on an annual basis. Estimates are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realized when assets are disposed of at the end of their useful lives. Changes in estimated useful lives are accounted for on a prospective basis.

Liability for returnable packaging material

The Company sells its products in returnable bottles and crates for which it collects a fixed amount as deposit from customers. The Company has an obligation to refund this deposit when the customers return the crates and bottles. In the current year, the management assessed the deposits to determine the estimates of breakages and other losses of returnable packaging materials in trade using an average market loss rate. The market loss rate of returnable packaging material is calculated using the historical loss rate and a reliable estimate of customer behaviour with sufficient data for a reliable estimation. Based on this estimate, an amount is released to the income statement to account for the losses and breakages. A yearly assessment of the RPM deposit liability account is also carried out and Deposit liability amount adjusted to the assessed amount of Goods net movement.

NOTES TO THE **FINANCIAL STATEMENTS**

3. Significant judgements and sources of estimation uncertainty (continued)

Provision

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.

4. New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The company has adopted the amendment for the first time in the 2023 annual report and financial statements.

The impact of the amendment is not material.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The company has adopted the amendment for the first time in the 2023 annual report and financial statements.

The impact of the amendment is not material.

NOTES TO THE **FINANCIAL STATEMENTS**

4. New Standards and Interpretations (continued)

Definition of accounting estimates: Amendments to IAS 8

The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The company has adopted the amendment for the first time in the 2023 annual report and financial statements.

The impact of the amendment is not material.

4.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2024 or later periods:

Lease liability in a sale and leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The effective date of the amendment is for years beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

The company expects to adopt the amendment for the first time in the 2024 annual report and financial statements.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

NOTES TO THE **FINANCIAL STATEMENTS**

4. New Standards and Interpretations (continued)

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that arepart of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

It is unlikely that the amendment will have a material impact on the company's annual report and financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

	Notes(s)	2023 ₦ '000	2022 ₦ '000

5. Revenue

Sale of goods		12,704,274	12,288,893

The Company generates revenue primarily from the sale of the Company's products (Champion beer and Champ Malta).

6. Other income

Sale of scrap materials		8,814	35,792
Sale of by-products		57,310	62,767
Sale of packaging materials		2,551	33,384
Gain/(loss) on derecognition of leased asset		51,615	(113)
Gain on disposal of Property, plant and equipment		-	37,439
Other income *		-	14,260
		120,290	**183,529**

* Other income relates to recovery of VAT paid in May, June, July and August 2022.

7. Analysis of expenses by nature

Raw materials and consumables		4,016,780	3,915,287
Provision release on inventories		(30,357)	(103,736)
Advertising and promotion		447,514	214,596
Depreciation of property, plant and equipment		1,923,328	1,479,126
Depreciation of Right of use asset		105,792	46,211
Personnel expenses	12	1,540,724	1,452,314
Outsourced staff	12	137,733	333,282
Stationeries, rates and licences		82,570	76,179
Audit fee	11	36,800	25,000
Professional fees		49,299	104,678
Electricity		420,927	337,663
Gas for boiler		811,763	546,824
Utilities - Diesel fuel		189,301	60,713
Fuel - Vehicles and Equipment		408,449	149,190
Meetings and conferences		96,027	71,393
Donations		7,286	16,309
Cleaning, catering and other administrative expenses		153,439	153,909
Insurance, subscription and publication		50,907	48,977
Short term leases *		556	2,650
Repairs and maintenance		1,084,025	717,288
Security and IT infrastructure		192,729	144,841
Transportation and delivery		811,793	706,417
RPM deposit liability release	32.2	(337,156)	(303,753)
Total cost of sales, selling and administrative expenses		**12,200,229**	**10,195,358**

* Short term lease relates to lease expense on leases with a lease term of 12 months and below for which the recognition exemption in line with IFRS 16 has been applied.

During the year, the company's auditors Deloitte & Touche provided a non-audit service- ICFR review. The fee earned for this service is ₦13.5 million and is included in professional fees.

These expenses are further analysed as follows:

NOTES TO THE **FINANCIAL STATEMENTS**

	Note	2023 ₦ '000	2022 ₦ '000
7. Analysis of expenses by nature (continued)			
Cost of sales **		7,634,375	6,478,361
Selling and distribution expenses **		3,034,815	2,285,755
Administrative expenses **		1,531,039	1,431,242
		12,200,229	**10,195,358**
7.1 Cost of Sales **			
Raw materials and consumables		4,016,780	3,915,287
Provision release on inventory		(30,357)	(103,736)
Personnel expenses		626,597	570,082
Outsourced staff		56,015	135,309
Depreciation- property, plant and equipment		504,355	442,119
Depreciation right of use asset		96,271	42,052
Utilities-electricity, gas and diesel fuel		1,426,789	909,079
Repair and Maintenance		937,925	568,169
		7,634,375	**6,478,361**
7.2 Selling and distribution expenses **			
Advertising and promotion		447,514	214,596
Personnel expenses		389,642	355,901
Outsourced staff		34,832	113,588
Depreciation- property, plant and equipment		1,336,916	981,024
Transportation and delivery		734,411	645,562
Utilities - fuel motor vehicles		282,556	129,718
Repair & maintenance		146,100	149,119
RPM deposit liability release		(337,156)	(303,753)
		3,034,815	**2,285,755**
7.3 Administrative expenses **			
Personnel expenses		524,485	526,330
Outsourced staff		46,886	84,385
Depreciation- property, plant and equipment		82,057	55,984
Depreciation- right of use assets		9,521	4,159
Audit fees		36,800	25,000
Professional fees		49,299	104,678
Utilities - electricity and fuel motor vehicles		121,095	55,593
Meetings and conferences		96,027	71,393
Stationeries, rates and licences		82,570	76,179
Short term leases		556	2,650
Transport & accomodation		77,382	60,855
Insurance, subscription and publication		153,439	153,909
Cleaning, catering and other expenses		50,907	48,977
Security and IT infrastructure		192,729	144,841
Donations		7,286	16,309
		1,531,039	**1,431,242**

**See Note 36 for disclosure on reclassification

	Note	2023 ₦ '000	2022 ₦ '000
8. Impairment loss on financial assets			
Trade receivables	19.3	20,369	5,787

NOTES TO THE **FINANCIAL STATEMENTS**

	Notes(s)	2023 ₦ '000	2022 ₦ '000
9. Finance income			
Interest income on short term deposits		11,289	94,334
10. Finance costs			
Exchange difference on foreign currency letter of credit	29	55,865	-
Interest expense on lease liabilities	31	39,504	59,796
Interest expense on Retirement Benefit	24	66,240	52,345
Interest expense on Long service award	25	5,183	4,562
Interest on loan	29	151,783	-
Total finance costs		**318,575**	**116,703**
Less Interest on loan Capitalised to qualifying assets		(148,664)	-
Total finance costs expensed		**169,911**	**116,703**

11. Profit before taxation

Profit before taxation for the year is stated after charging (crediting) the following, amongst others:

	2023 ₦ '000	2022 ₦ '000
Audit fees	36,800	25,000
Personnel expenses	1,540,724	1,452,314
Outsourced staff	137,733	333,282
Movement in impairment loss allowance	20,369	5,787
Finance cost	169,911	116,703
Depreciation of property, plant and equipment	1,923,328	1,479,126
Depreciation of right-of-use assets	105,792	46,212

12. Employee costs

	2023 ₦ '000	2022 ₦ '000
Direct employee costs		
Salaries and wages	1,046,290	1,007,585
Pension	65,439	33,056
Defined benefit obligation charge	41,981	101,612
Long service award charge	23,115	(4,457)
Other personnel related expenses	269,676	240,204
Medical fees	94,223	74,314
	1,540,724	**1,452,314**
Indirect employee costs		
Outsourced staff	137,733	333,282
Total employee costs		
Direct employee costs	1,540,724	1,452,314
Indirect employee costs	137,733	333,282
	1,678,457	**1,785,596**

NOTES TO THE FINANCIAL STATEMENTS

12. Employee costs (continued)

	2023 ₦ '000	2022 ₦ '000
Average number of persons employed during the year		
Production	75	71
Logistics	11	9
Sales and Marketing	34	34
Administration	30	29
	150	**143**

The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

	2023	2022
N.1,400,001 - N.1,600,000	-	-
N.1,600,001 - N.1,800,000	5	-
N.1,800,001 - N.2,000,000	7	-
N.2,000,001 - N.2,500,000	16	3
N.2,500,001 - N.3,000,000	20	7
N.3,000,001 - N.3,500,000	23	18
N.3,500,001 - N.4,000,000	14	20
N.4,000,001 - N.4,500,000	10	20
N.4,500,001 - N.5,000,000	12	18
Above N5,000,000	43	57
	150	**143**

13. Earnings per share

	2023	2022
Profit for the year (A)	370,563	1,407,663
Weighted number of shares at the end of the year (B)	7,829,496	7,829,496
Basic and diluted earnings per share (A/B)-(kobo)	5	18

There were no potential dilutive ordinary shares during the year.

NOTES TO THE **FINANCIAL STATEMENTS**

	Notes(s)	2023 ₦ '000	2022 ₦ '000
14. Taxation			
Major components of the tax expense			
Current			
Minimum tax		69,861	67,732
Tertiary education tax		63,982	86,042
Nigeria Police Trust Fund Levy (NPTF)		22	-
		133,865	153,774
Deferred			
Originating and reversing temporary differences		(59,084)	687,471
Income tax charged to Proft or Loss		74,781	841,245
Items that will not be reclassified to profit or loss			
- Amount recognised in other comprehensive income	24.2	(44,090)	(12,318)
Reconciliation of the tax expense			
Accounting profit		445,344	2,248,908
Tax at the applicable tax rate of 30% (2022: 30%)		133,603	674,516
Nigerian Police Trust Fund Levy		22	-
Tertiary education tax		63,982	86,042
Tax effect of adjustments on taxable income			
- Non taxable income		(153,694)	(149,114)
- Capital allowances		(639,818)	(1,043,742)
- Non- deductible expenses		659,909	506,951
- Minimum tax		69,861	67,732
- Under /(Over)provision for current tax in the prior years		-	11,389
- Effect of temporary difference		(59,084)	687,471
		74,781	841,245
15. Current tax payable			
Balance beginning of the year		178,699	80,378
Minimum tax		69,861	67,732
Tertiary Education Tax for the year		63,982	86,042
Nigeria Police Trust Fund Levy		22	-
Payments during the year		(178,699)	(55,453)
		133,865	178,699

Minimum tax in current year has been computed based on 0.5% of turnover in line with the finance act of 2020 and this amounts to ₦69.8 million (2022: ₦67.7 million).

NOTES TO THE **FINANCIAL STATEMENTS**

	2023 ₦ '000	2022 ₦ '000
16. Deferred tax		
Deferred tax liability	(584,867)	(688,041)

Movement in deferred tax balances

2023	Net balance at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognised in other comprehensive income ₦'000	Net ₦'000	Deferred tax assets ₦'000	Deferred tax liabilities ₦'000
Property, plant and equipment	(948,300)	147,906	-	(800,394)	840,361	(1,640,755)
Defined benefit	(4,455)	-	44,090	39,635	39,635	-
Provisions	203,896	21,154	-	225,050	225,050	-
Revaluations	(109,514)	-	-	(109,514)	-	(109,514)
Exchange difference	-	18,426	-	18,426	18,426	-
Other deferred tax items/lease liabilities	170,332	(128,402)	-	41,930	41,930	-
	(688,041)	**59,084**	**44,090**	**(584,867)**	**1,165,402**	**(1,750,269)**

2022	Net balance at 1 January ₦'000	Recognised in profit or loss ₦'000	Recognised in other comprehensive income ₦'000	Net ₦'000	Deferred tax assets ₦'000	Deferred tax liabilities ₦'000
Property, plant and equipment	(296,712)	(651,588)	-	(948,300)	490,528	(1,438,828)
Defined benefit	(16,773)	-	12,318	(4,455)	-	(4,455)
Provisions	234,681	(30,785)	-	203,896	203,896	-
Revaluations	(109,514)	-	-	(109,514)	-	(109,514)
Other Deferred tax items/Lease liabilities	175,430	(5,098)	-	170,332	170,332	-
	(12,888)	**(687,471)**	**12,318**	**(688,041)**	**864,756**	**(1,552,797)**

NOTES TO THE FINANCIAL STATEMENTS

17. Property, plant and equipment

	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor vehicles	Returnable Packaging Materials	Capital -Work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
At 1 January 2022	954,100	2,697,052	6,310,003	512,333	772,460	3,914,547	768,218	15,928,713
Additions	-	170,398	132,794	191,457	240,250	1,929,267	224,394	2,888,560
Disposals	-	-	(46,904)	-	(3,413)	-	-	(50,317)
Reclassifications	-	92,885	66,926	10,860	10,467	18,740	(199,878)	-
Transfer to expenses	-	-	-	-	-	-	(5,451)	(5,451)
At 31 December 2022	**954,100**	**2,960,335**	**6,462,819**	**714,650**	**1,019,764**	**5,862,554**	**787,283**	**18,761,505**
At 1 January 2023	954,100	2,960,335	6,462,819	714,650	1,019,764	5,862,554	787,283	18,761,505
Additions	-	219,234	1,882,886	54,096	71,514	3,325,743	1,039,638	6,593,111
Borrowing costs capitalised	-	-	148,664	-	-	-	-	148,664
Transfers	-	7,036	31,925	-	-	-	(38,961)	-
At 31 December 2023	**954,100**	**3,186,605**	**8,526,294**	**768,746**	**1,091,278**	**9,188,297**	**1,787,960**	**25,503,280**
Accumulated Depreciation								
At 1 January 2022	-	(1,242,831)	(3,346,783)	(394,945)	(482,625)	(1,566,675)	-	(7,033,859)
Depreciation	-	(131,871)	(310,247)	(55,984)	(123,942)	(857,082)	-	(1,479,126)
Disposals	-	-	46,904	-	3,413	-	-	50,317
At 31 December 2022	**-**	**(1,374,702)**	**(3,610,126)**	**(450,929)**	**(603,154)**	**(2,423,757)**	**-**	**(8,462,668)**
At 1 January 2023	-	(1,374,702)	(3,610,126)	(450,929)	(603,154)	(2,423,757)	-	(8,462,668)
Depreciation	-	(159,448)	(344,908)	(82,057)	(144,193)	(1,192,722)	-	(1,923,328)
At 31 December 2023	**-**	**(1,534,150)**	**(3,955,034)**	**(532,986)**	**(747,347)**	**(3,616,479)**	**-**	**(10,385,996)**
Carrying amount								
Cost	954,100	2,960,335	6,462,819	714,650	1,019,764	5,862,554	787,283	18,761,505
Accumulated depreciation	-	(1,374,702)	(3,610,126)	(450,929)	(603,154)	(2,423,757)	-	(8,462,668)
At 31 December 2022	**954,100**	**1,585,633**	**2,852,693**	**263,721**	**416,610**	**3,438,797**	**787,283**	**10,298,837**
Cost	954,100	3,186,605	8,526,294	768,746	1,091,278	9,188,297	1,787,960	25,503,280
Accumulated depreciation	-	(1,534,150)	(3,955,034)	(532,986)	(747,347)	(3,616,479)	-	(10,385,996)
At 31 December 2023	**954,100**	**1,652,455**	**4,571,260**	**235,760**	**343,931**	**5,571,818**	**1,787,960**	**15,117,284**

NOTES TO THE **FINANCIAL STATEMENTS**

17. Property, plant and equipment (continued)

Borrowing costs capitalised

During the year, borrowing cost of ₦148.66 million was capitalised to property, plant and equipment (2022: Nill) calculated at an average interest rate of 14%.

Impairment loss during the year

Management has assessed its items of property, plant and equipment for impairment and has not identified any impairment. Therefore, no impairment loss was recognised during the year (2022: Nill).

Capital work-in-progress

Capital work in progress includes of packer and unpacker machine and others under construction.

Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment during the year (2022: Nill).

Assets pledged as security

There were no lien or encumbrances on any asset (2022: Nill).

18. Right of Use Assets

	Buildings	Property, plant and equipment	Total
	₦ '000	₦ '000	₦ '000
Cost			
At 1 January 2022	16,526	558,371	574,897
Additions	23,786	-	23,786
Derecognition of right of use asset	(16,526)	-	(16,526)
At 31 December 2022	**23,786**	**558,371**	**582,157**
At 1 January 2023	23,786	558,371	582,157
Additions	-	315,953	315,953
Derecognition of right of use asset*	-	(558,373)	(558,373)
At 31 December 2023	**23,786**	**315,951**	**339,737**
Depreciation and impairment			
At 1 January 2022	(7,059)	(55,964)	(63,023)
Derecognition of right of use asset	9,412	-	9,412
Depreciation	(15,976)	(30,235)	(46,211)
At 31 December 2022	**(13,623)**	**(86,199)**	**(99,822)**
At 1 January 2023	(13,623)	(86,199)	(99,822)
Derecognition of right of use asset *	-	99,120	99,120
Depreciation	(5,947)	(99,845)	(105,792)
At 31 December 2023	**(19,570)**	**(86,924)**	**(106,494)**
Carrying amount			
Cost	23,786	558,371	582,157
Accumulated depreciation and impairment	(13,623)	(86,199)	(99,822)
At 31 December 2022	**10,163**	**472,172**	**482,335**
Cost	23,786	315,951	339,737
Accumulated depreciation and impairment	(19,570)	(86,924)	(106,494)
At 31 December 2023	**4,216**	**229,027**	**233,243**

* During the fiscal year ended 31 December 2023, the Company terminated its lease agreement for certain power generating equipment (the "old lease") and entered into a new lease agreement (the "new lease") for new power generating equipment. The termination of the old lease resulted in the derecognition of right-of-use (ROU) assets associated with the old lease.

NOTES TO THE **FINANCIAL STATEMENTS**

	Notes(s)	2023 ₦ '000	2022 ₦ '000
19. Trade and other receivables			
Trade receivables		407,069	79,141
Less: Impairment loss allowance on trade receivables	19.3	(54,637)	(34,268)
Trade receivables at amortised cost		352,432	44,873
Other receivables	19.1	28,905	28,323
Amounts due from related parties	33	2,729	-
Total trade and other receivables		**384,066**	**73,196**

19.1 Other receivables

		2023	2022
Staff car grant		6,202	823
Withholding tax on fixed deposit placement		22,703	27,500
		28,905	**28,323**

19.2 Exposure to credit risk for trade receivables

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due. Trade receivables are non-interest bearing and are generally on terms of 0 - 30 days.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2023	2023	2022	2022
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due: 0.57% (2022: 0.07%)	341,724	1,941	27,920	20
Less than 30 days past due: 2.02% (2022: 0.14%)	7,624	154	14,345	20
31 - 60 days past due: 26.82% (2022: 25.3%)	235	63	729	184
61 - 90 days past due: 51.25% (2022: 50.09%)	178	92	478	239
91 - 180 days past due: 75.63% (2022: 75.05%)	15,105	11,411	3,625	2,721
More than 180 days past due: 97.09% (2022: 97.01%)	42,203	40,976	32,044	31,084
Total	**407,069**	**54,637**	**79,141**	**34,268**

19.3 Movement in loss allowances on trade receivables

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	2023 ₦'000	**2022 ₦'000**
Opening balance	(34,268)	(154,597)
Amount written off	-	126,116
Changes in loss allowance	(20,369)	(5,787)
Closing balance	**(54,637)**	**(34,268)**

NOTES TO THE **FINANCIAL STATEMENTS**

	2023 ₦ '000	2022 ₦ '000
20. Other asset		
Other asset	54,735	947,029

Other asset relates to advances to vendors for raw materials supplied.

	2023 ₦ '000	2022 ₦ '000
21. Inventories		
Raw materials	648,197	433,998
Work in progress	194,622	118,118
Finished goods	140,378	65,417
Non-returnable packaging materials	392,221	210,634
Engineering spares	880,826	633,609
	2,256,244	1,461,776
Provision for obsolete stock		
- raw materials	-	(23,253)
- engineering spares	(29,993)	(37,097)
	(29,993)	(60,350)
	2,226,251	**1,401,426**
Movement in provision for obsolete stock		
Opening balance	(60,350)	(164,086)
Write off of provision	30,357	103,736
Closing balance	**(29,993)**	**(60,350)**
22. Cash and cash equivalents		
Cash at bank	2,444,615	1,538,805
Short-term deposits	-	650,000
	2,444,615	**2,188,805**

Short-term deposits represents investments in short term liquid deposits with a tenor of 60 days.

	2023 ₦ '000	2022 ₦ '000
23. Prepayments		
Prepaid rent*	2,778	2,208
Prepaid insurance	55,551	31,776
Prepaid Employee medical expenses (HMO)	34,556	27,973
	92,885	**61,957**

* Prepaid rent represent leases for which management elected not to recognise right-of-use assets and lease liabilities as the leases are 1 year or below and management has assessed that it is not reasonably certain the tenor will be extended.

NOTES TO THE **FINANCIAL STATEMENTS**

24. Retirement benefit obligation

Defined benefit plan

The Company sponsors a retirement benefit obligation (defined benefit plan) and Long service award for its qualifying employees. The Company operates an unfunded defined benefit scheme for its employees which is remeasured using the Projected Unit Credit method by an Actuarial Consultant, Wayne van Jaarsveld FRC/2021/002/00000024507 of Alexander Forbes Consulting Actuaries Nigeria: FRC/2012/0000000000504.

Gratuity benefit	**Years of service**
Senior management staff	
7 weeks basic salary for each completed year of service	5<10 years
7 weeks of total emolument (Basic salary + Transport allowance + Housing allowance + Meal allowance) for each completed year of service.	10 years and above
Junior staff	
5 weeks basic salary for each completed year of service	5<10 years
7 weeks of total emolument (Basic salary + Transport allowance + Housingallowance + Meal allowance) for each completed year of service.	10 years and above

The plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the scheme does not have plan asset.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used in determining pension obligations for the Company's plans are shown below:

	2023	**2022**
Discount rate (p.a)	15.00 %	14.40 %
Salary increase rate	12.00 %	7.50 %

The Movement in present value of defined benefit obligation are set out below:

	Note(s)	2023 ₦ '000	2022 ₦ '000
Opening defined benefit obligation		448,260	327,633
Current service cost	12	41,981	36,878
Past service cost	12	-	64,734
Interest cost	10	66,240	52,345
Included in other comprehensive income			
Remeasurements arising from changes in economic assumptions		107,712	(21,200)
Remeasurements arising from demographic assumptions		26,101	59,105
Experience adjustments		-	-
Payments		**(60,486)**	**(71,235)**
		629,808	**448,260**

NOTES TO THE **FINANCIAL STATEMENTS**

24. Retirement benefit obligation (continued)

24.1 Amounts recognised in profit or loss

	Note(s)	2023 ₦ '000	2022 ₦ '000
Current service costs		42,036	36,878
Past service costs		-	64,734
Interest expense	10	66,240	52,345
		108,276	153,957

24.2 Amounts recognised in other comprehensive income:

	Note(s)	2023	2022
Actuarial (gain)/loss arising from:			
Changes in financial assumptions		107,712	(21,200)
Changes in experience adjustments		26,101	59,105
		133,813	37,905
Related tax	16	(44,090)	(12,318)
Remeasurement of the net defined benefit liability		89,723	25,587

24.3 Sensitivity analysis of the defined benefit obligation

	2023	2022
Base	629,808	448,205
Discount rate:		
1% increase	(28,337)	(17,574)
1% decrease	31,220	19,185
Future salary increases:		
1% increase	33,181	21,484
1% decrease	(30,540)	(19,926)
Mortality		
Increase by 1 year	(12)	93
Decrease by 1 year	11	(83)

Sensitivity to each actuarial assumption was determined while other assumptions were held constant. There has not been a change from the sensitivity approach adopted in prior years. 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.

24.4 Pension liabilities

Balance on the pension payable account represents the amount due to the Pension Fund Administrators which was yet to be remitted as at the year end. This is presented under trade and other payables (Note 32(a)). The movement on this account during the year was as follows:

	2023 ₦'000	2022 ₦'000
1 January	-	13,363
Charge for the year & Staff deduction	126,214	105,507
Remittances	(126,214)	(118,870)
31 December (included in trade and other payables)	-	-

NOTES TO THE **FINANCIAL STATEMENTS**

25. Long service awards

The Company sponsors a long service award plan for all confirmed employees. Under the plan, the employees are entitled to the following based on the attainment of milestone years of service:

Long service awards	
10 crates of Company's products and plaque	5 years
1-month basic salary, N150,000 in lieu of gift item, plaque and 15 cratesof Company's products	10 years
1.5 months basic salary, N200,000 in lieu of gift item, plaque and 20crates of Company's products	15 years
2 months basic salary, N250,000 in lieu of gift item, plaque and 25 cratesof Company's products	20 years

The most recent actuarial valuations of the long service award were carried out at 31 December 2023 by an Actuarial Consultant, Wayne van Jaarsveld FRC/2021/002/00000024507 of Alexander Forbes Consulting Actuaries Nigeria: FRC/2012/0000000000504. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used in determining pension obligations for the Company's plans are shown below: The assumptions used are financial and demographic assumptions.

	2023	2022
Financial assumptions		
Discount rate (p.a)	15.00 %	14.40 %
Salary increase rate	12.00 %	7.50 %
Benefit increase rate	7.50 %	7.50 %

Demographic assumptions

Mortality in service

The rates of mortality assumed for employees are the rates published in the A1967/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	Number of deaths in year of age out of 10,000 lives
25	7
30	7
35	9
40	14
45	26
50	48
55	84
60	144

Withdrawal from service

Age band			Rate
18	-	24	15%
25	-	29	15%
30	-	34	10%
35	-	39	7%
40	-	44	5%
45	-	49	4%
50	-	54	3.5%
55	-	59	2%
60	and	above	0%

The same mortality assumption was used in the 2022 valuation .

NOTES TO THE **FINANCIAL STATEMENTS**

25. Long service awards (continued)

Sensitivity analysis on long service awards:

	2023 ₦ '000	2022 ₦ '000
Base	**47,637**	**30,787**
Discount rate:	-	-
1% increase	(1,658)	(972)
1% decrease	1,790	1,045
Future salary increase:	-	-
1% increase	1,743	1,042
1% decrease	(1,693)	(983)
Mortality experience	-	-
Age rated up by 1 year	(64)	(36)
Age rated down by 1 year	57	33

The reconciliation of the changes in present value of long service award are set out below:

	Note(s)	2023 ₦ '000	2022 ₦ '000
Opening balance		30,787	35,182
Current service cost		4,759	3,929
Interest cost	10	5,183	4,562
Past service cost		12,325	(2,561)
Payment of Long service award		(11,448)	(4,500)
Remeasurements arising from demographic assumptions		3,199	(4,672)
Remeasurements arising from changes in economic assumptions		2,832	(1,153)
		47,637	30,787

Amount recognised in profit or loss in respect to long service awards are as follows:

	Note(s)	2023 ₦ '000	2022 ₦ '000
Current service cost		4,759	3,929
Past service cost on long service award		12,325	(2,561)
Actuarial losses/(gains) arising from changes in economic assumptions		2,832	(1,153)
Actuarial losses/(gains) arising from demographic assumptions		3,199	(4,672)
	12	23,115	(4,457)
Interest cost	10	5,183	4,562
		28,298	105

Long service award has been presented separately for fair presentation.

NOTES TO THE **FINANCIAL STATEMENTS**

	2023 ₦ '000	2022 ₦ '000

26. Share capital and share premium

	2023 ₦ '000	2022 ₦ '000
Authorised		
9,000,000,000 ordinary shares of 50k each	4,500,000	4,500,000
Issued and fully paid		
7,829,496 ordinary shares of 50k each	3,914,748	3,914,748
Share premium	519,100	519,100
	4,433,848	4,433,848

27. Other reserve

On 1 January 2011 (date of transition to IFRS), the Company applied optional exemptions of deemed cost for measurement of property, plant and equipment. Other reserve was created to recognise differences between the carrying amounts and fair value of property, plant and equipment on the date of transition to IFRS.

28. Provisions

Provisions represent the Directors' best estimate of the amount of resources embodying economic benefits that may be required to settle regulatory-related exposures.

	2023 ₦ '000	2022 ₦ '000
Opening balance	490,047	367,766
Additions	18,826	122,281
Closing balance	508,873	490,047

Management expects the cash outflows relating to the provisions to occur within the next financial year based on expected timing of settlement of the related matters. Accordingly, the provision has not been discounted. Provision during the year have been recognised in respective expense heads during the year

29. Borrowings

	2023 ₦ '000	2022 ₦ '000
Measured at amortised cost		
Letter of credit	1,346,065	-
Split between non-current and current portions		
Non-current liabilities	-	-
Current liabilities	1,346,065	-
	1,346,065	-

Details of Letter of Credit

A cash Back/clean line letter of credit with 18% interest rate was acquired to fund the purchase of Marsh filter and accessories, repayment was expected to be as soon as it is settled by the bank but due to scarcity of forex, the payment is still pending.

NOTES TO THE **FINANCIAL STATEMENTS**

29. Borrowings (continued)

29.1 Movements in Borrowings

	2023 ₦ '000	2022 ₦ '000
Opening balance	-	-
Additions during the year	1,528,688	-
Accrued interest	151,783	-
Repayment- principal	(390,271)	-
Effect of exchange difference	55,865	-
Closing balance	**1,346,065**	**-**

Interest on borrowing amounting to ₦148.66 million was capitalized to property, plant and equipment as addtion to Marsh filter equipment.

30. Contract liabilities

	2023 ₦ '000	2022 ₦ '000
Contract liabilities	**308,355**	**227,676**

Split between non-current and current portions

	2023 ₦ '000	2022 ₦ '000
Non-current liabilities	-	-
Current liabilities	308,355	227,676
	308,355	**227,676**

Movement in contract liabilities

	2023 ₦ '000	2022 ₦ '000
Opening balance	227,676	-
Additional deposit by customer	195,627	227,676
Utilization of deposit during the year	(114,948)	-
Closing balance	**308,355**	**227,676**

Contract liabilities relates to the company's obligation to transfer goods to a customer for which the entity has received consideration.

NOTES TO THE **FINANCIAL STATEMENTS**

31. Lease Liability

Lease liabilities relate to the present value of future lease payment on the Company's rented gas generator and properties.

The Company leases a Gas generator equipment and apartment (building) for its key management personnel for the purpose of accomodation.

Gas generator equipment

The management recognised right-of-use assets and lease liabilities with respect to a gas generator after assessing that the Company will continue to demand for power from the lessor of the gas generator for the foreseeable future.

The movement in the lease liability during the year is as follows:

	2023 ₦'000	2022 ₦'000
Balance as at 1 January	524,099	539,789
Addition	315,953	23,786
Accrued lease interest	39,504	59,796
Payment of lease liabilities	(85,399)	(33,741)
Payment of lease interest	(38,143)	(58,531)
Derecognised lease *	(510,868)	(7,000)
Balance as at 31 December	**245,146**	**524,099**

* During the year, the Company terminated its lease agreement for certain power generating equipment (the "old lease") and entered into a new lease agreement (the "new lease") for new power generating equipment. The termination of the old lease resulted in the derecognition of lease liabilities associated with the old lease.

Maturity analysis:		
Less than 1 year	142,401	79,023
Between 1 - 2 years	128,831	92,489
Between 2 - 5 years	7,765	237,067
Above 5 years	-	521,517
Less unearned interest	(33,851)	(405,997)
	245,146	**524,099**

Analysed as:		
Current	118,084	79,023
Non-current	127,062	445,076
Balance as at 31 December	**245,146**	**524,099**

Management elected not to recognise right-of-use assets and lease liabilities for leases of one year or below for which it is not reasonably certain the tenor will be extended. These have been classified as prepayments in the statement of financial position.

31.1 Amounts recognised in profit or loss

Interest on lease liabilities	39,504	59,796
Expenses relating to short-term leases	556	2,650
Depreciation of right of use asset	105,792	46,211
	145,852	**108,657**

31.2 Extension options

The generator and building leases contain extension options exercisable by the Company at the end of the non-cancellable contract periods. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

NOTES TO THE **FINANCIAL STATEMENTS**

	Notes(s)	2023 ₦ '000	2022 ₦ '000
32. Trade and other payables			
Financial instruments:			
Trade payables		1,972,423	592,186
Amounts due to related parties	33	2,062,066	568,567
Other payable	32.1	555,771	234,619
		4,590,260	1,395,372
Non-financial instruments:			
Liabilities for returnable packaging materials	32.2	391,473	335,351
Accrued expenses		571,431	220,793
		5,553,164	1,951,516

32.1 Other payables

	2023 ₦ '000	2022 ₦ '000
Value added taxes payable	374,025	108,224
Pay as you earn payable	8,902	-
Excise duties	101,984	51,091
Vendor withholding tax payable	70,860	75,304
	555,771	234,619

32.2 Liabilities for returnable packaging materials

Reconciliation of changes in returnable packaging materials liability.

	2023 ₦ '000	2022 ₦ '000
Opening balance	335,351	246,136
Additional customer deposit during the year	6,195,902	5,849,853
Returns during the year	(5,802,624)	(5,456,885)
Release of liability	(337,156)	(303,753)
Closing balance	391,473	335,351

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.

NOTES TO THE **FINANCIAL STATEMENTS**

		2023 ₦ '000	2022 ₦ '000
33. Related parties			
Relationships			
Ultimate holding company	Heineken N.V.		
Parent company	The Raysun Nigeria Limited		
Entity under common control	Nigerian Breweries Plc		
Related party balances			
Amounts owed to related parties			
Nigerian Breweries Plc		2,062,066	568,567
Amounts due from related parties			
Nigerian Breweries Plc		2,729	-
Related party transactions			
Purchases of goods			
Nigerian Breweries Plc		2,325,927	2,059,932
Management fee:			
The Raysun Nigeria Limited		-	404,960
Compensation to directors and other key management			
Directors' fees		6,000	14,020
Other remuneration		30,130	21,395
		36,130	**35,415**

34. Financial instruments and risk management

34.1 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of its equity balance. The capital structure of the Company comprises issued share capital and retained earnings.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Note(s)	2023 ₦'000	2022 ₦'000
Borrowings	29	1,346,065	-
Cash and cash equivalents	22	(2,444,615)	(2,188,805)
Net borrowings		**(1,098,550)**	**(2,188,805)**
Equity		11,195,299	10,914,460
Gearing ratio		(10)%	(20)%

NOTES TO THE FINANCIAL STATEMENTS

34. Financial instruments and risk management (continued)

34.2 Categories of financial instruments

2023

		Carrying value			Fair value			
		Financial assets	Financial liabilities		Level			
	Note(s)	**Amortised cost**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
Cash and cash equivalents	22	2,444,615	-	2,444,615	2,444,615	-	-	2,444,615
Trade and other receivables	19	384,066	-	384,066	-	384,066	-	384,066
Trade and other payables	32	-	4,590,260	4,590,260	-	4,590,260	-	4,590,260
Borrowings	29	-	1,346,065	1,346,065	-	1,346,065	-	1,346,065
		2,828,681	**5,936,325**	**8,765,006**	**2,444,615**	**6,320,391**	**-**	**8,765,006**

2022

		Carrying value			Fair value			
		Financial assets	Financial liabilities		Level			
	Note(s)	**Amortised cost**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
Cash and cash equivalents	22	2,188,805	-	2,188,805	2,188,805	-	-	2,188,805
Trade and other receivables	19	73,196	-	73,196	-	73,196	-	73,196
Trade and other payables	32	-	1,395,372	-	-	1,395,372	-	1,395,372
		2,262,001	**1,395,372**	**2,262,001**	**2,188,805**	**1,468,568**	**-**	**3,657,373**

NOTES TO THE **FINANCIAL STATEMENTS**

34. Financial instruments and risk management (continued)

34.3 Financial risk management

34.3.1 Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Company has a Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, and monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management 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 risk management controls and procedures, the results of which are reported to the Audit Committee and Risk Management Committee.

34.3.2 Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting year represented below is the worst case scenario of credit risk exposure

Trade and other receivables

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

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

The Company reviews amounts due in respect of other receivables on a periodic basis taking into consideration factors such as continued employment relationship. All employee advances are recovered through payroll deductions and there has been no history of default. Accordingly management considers employee advances as recoverable.

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

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

Loss rates are based on actual credit loss experience over the years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The increase in loss allowance is mainly attributable to the increase in the gross carrying amounts of trade receivables that are aged above 180 days. The methodology for the calculation of ECL is the same as described in the last annual financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

34. Financial instruments and risk management (continued)

Cash and cash equivalents

The Company held cash and cash equivalents of ₦2.44 billion at 31 December 2023 (2022: ₦2.18 billion), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks. The Company manages the risk associated with its cash and cash equivalents by selecting banks with strong financial position and history of good performance.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment Nil in current year (2022; Nil) was immaterial. The assessment is based on various bank ratings

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
	Note(s)	**Gross carrying amount** ₦'000	**Credit loss allowance** ₦'000	**Amortised cost / fair value** ₦'000	**Gross carrying amount** ₦'000	**Credit loss allowance** ₦'000	**Amortised cost / fair value** ₦'000
Trade and other receivables	19	438,703	(54,637)	384,066	107,464	(34,268)	73,196
Cash and cash equivalents	22	2,444,615	-	2,444,615	2,188,805	-	2,188,805
		2,883,318	**(54,637)**	**2,828,681**	**2,296,269**	**(34,268)**	**2,262,001**

34.3.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting 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 an appropriate liquidity risk management framework for addressing its short- , medium- and long-term liquidity requirements and makes monthly cash flow projections which assists in monitoring cash flow requirements and optimizing cash return on investments.

To ensure that the company continually meets its current and future operating cash flow obligations, the board has approved long-term security facilities from the Bank of Industry.

The maturity profile of contractual cash flows of non-derivative financial liabilities and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

NOTES TO THE **FINANCIAL STATEMENTS**

34. Financial instruments and risk management (continued)

2023

	Note(s)	Less than 3 months	3 - 12 months	1 to 2 years	Over 2 years	Total	Carrying amount
Non-derivative financial liabilities							
Trade and other payables	32	3,479,787	1,110,472	-	-	4,590,259	4,590,260
Borrowings	29	-	1,346,065	-	-	1,346,065	1,346,065
Lease liabilities	31	34,128	108,273	128,831	7,765	278,997	245,146
Contract liabilities	30	306,004	2,351	-	-	308,355	308,355
		3,819,919	**2,567,161**	**128,831**	**7,765**	**6,523,676**	**6,489,826**
Non-derivative financial assets							
Trade and other receivables		358,278	25,788	-	-	384,066	384,066
Cash and cash equivalents		2,444,615	-	-	-	2,444,615	2,444,615
		2,802,893	**25,788**	**-**	**-**	**2,828,681**	**2,828,681**
		1,017,026	**2,541,373**	**128,831**	**7,765**	**3,694,995**	**3,661,145**

2022

		Less than 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total	Carrying amount
Non-derivative financial liabilities							
Trade and other payables	32	1,395,372	-	-	-	1,395,372	1,395,372
Lease liabilities	31	19,485	59,538	92,489	758,584	930,096	524,099
Contract liabilities	30	227,676	-	-	-	227,676	227,676
		1,642,533	**59,538**	**92,489**	**758,584**	**2,553,144**	**2,147,147**
Non-derivative financial assets							
Trade and other receivables		72,373	823	-	-	73,196	73,196
Cash and cash equivalents		2,188,805	-	-	-	2,188,805	2,188,805
		2,261,178	**823**	**-**	**-**	**2,262,001**	**2,262,001**
		(618,645)	**58,715**	**92,489**	**758,584**	**291,143**	**(114,854)**

34.3.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return.

The Company manages market risks by keeping costs low through various cost optimization programmes. Moreover, market developments are monitored and discussed regularly and mitigating actions are taken where necessary.

NOTES TO THE **FINANCIAL STATEMENTS**

34. Financial instruments and risk management (continued)

34.3.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered in foreign currencies.

The company is exposed to foreign currency risk as a result of borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily is US Dollars.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
US Dollar exposure:

	2023 $	2022 $
Current liabilities:		
US Dollars - Borrowings	1,496,637	-
Net US Dollar exposure	**1,496,637**	**-**

Exchange rates

	2023 ₦	2022 ₦
Naira per unit of foreign currency:		
US Dollar	899.93	-

Foreign currency sensitivity analysis

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

	2023 ₦'000	2023 ₦'000	2022 ₦'000	2022 ₦'000
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
US Dollar 10% (2022: 10 %)	(134,687)	134,687	-	-

NOTES TO THE **FINANCIAL STATEMENTS**

34. Financial instruments and risk management (continued)

34.3.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate profile

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

	Note(s)	2023 ₦'000	2022 ₦'000
Fixed rate instruments:			
Liabilities			
Borrowings	29	1,346,065	-

Interest rate sensitivity analysis

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

	2023 ₦'000	2023 ₦'000	2022 ₦'000	2022 ₦'000
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Borrowings 5% (2022: 5%)	(8,480)	8,480	-	-

35. Fair value information

Fair value hierarchy

The table in note 34.2 analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

NOTES TO THE **FINANCIAL STATEMENTS**

36. Restatement of comparative information

36.1 Effects of restatements on the statement of profit & loss

	31 December 2022		
	As previously reported ₦'000	**Reclassification/ Restatement ₦'000**	**Amount as adjusted ₦'000**
Revenue	12,288,893	-	12,288,893
Cost of sales	(7,511,096)	1,032,735	(6,478,361)
Gross profit	**4,777,797**	**1,032,735**	**5,810,532**
Other income	183,529	-	183,529
Selling and distribution expenses	(1,382,888)	(902,867)	(2,285,755)
Administrative expenses	(1,301,374)	(129,868)	(1,431,242)
Impairment (loss)/gain	(5,787)	-	(5,787)
Operating profit	**2,271,277**	**-**	**2,271,277**
Finance income	94,334	-	94,334
Finance cost	(116,703)	-	(116,703)
Profit before tax	**2,248,908**	**-**	**2,248,908**
Income tax	(662,930)	(178,315)	(841,245)
Profit after tax	**1,585,978**	**(178,315)**	**1,407,663**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability, net of tax	(25,587)	-	(25,587)
Other comprehensive income/(loss), net of tax	**(25,587)**	**-**	**(25,587)**
Total comprehensive income	**1,560,391**	**(178,315)**	**1,382,076**

NOTES TO THE **FINANCIAL STATEMENTS**

36. Restatement of comparative information (continued)

36.2 Effect of restatements on statement of financial position

	31 December 2022			1 January 2022		
	As previously reported ₦'000	Adjustment ₦'000	Amount as adjusted ₦'000	As previously reported ₦'000	Adjustment ₦'000	Amount as adjusted ₦'000
Assets						
Non-current Assets						
Property, plant and equipment	10,298,837	-	10,298,837	8,894,854	-	8,894,854
Right of use asset	482,335	-	482,335	511,873	-	511,873
Deferred tax assets	-	-	-	13,721	(13,721)	-
	10,781,172	**-**	**10,781,172**	**9,420,448**	**(13,721)**	**9,406,727**
Current Assets						
Inventories	1,401,426	-	1,401,426	1,023,969	-	1,023,969
Trade and other receivables	73,196	-	73,196	59,135	-	59,135
Contract assets	947,029	-	947,029	50,994	-	50,994
Prepayments	61,957	-	61,957	60,245	-	60,245
Cash and cash equivalents	2,188,805	-	2,188,805	2,872,024	-	2,872,024
	4,672,413	**-**	**4,672,413**	**4,066,367**	**-**	**4,066,367**
Total assets	**15,453,585**	**-**	**15,453,585**	**13,486,815**	**(13,721)**	**13,473,094**
Equity						
Share capital	3,914,748	-	3,914,748	3,914,748	-	3,914,748
Share premium	519,100	-	519,100	519,100	-	519,100
Other reserve	3,701,612	-	3,701,612	3,701,612	-	3,701,612
Retained earnings	2,983,924	(204,924)	2,779,000	1,423,533	(26,609)	1,396,924
	11,119,384	(204,924)	10,914,460	9,558,993	(26,609)	9,532,384
Non-current liabilities						
Retirement benefit obligation	448,260	-	448,260	327,633	-	327,633
Long service award	30,787	-	30,787	35,182	-	35,182
Deferred tax liabilities	483,117	204,924	688,041	-	12,888	12,888
Lease liabilities	445,076	-	445,076	468,607	-	468,607
	1,407,240	204,924	1,612,164	831,422	12,888	844,310
Current liabilities						
Current tax payable	178,699	-	178,699	80,378	-	80,378
Lease liabilities	79,023	-	79,023	71,182	-	71,182
Trade and other payables	1,951,516	-	1,951,516	2,563,571	-	2,563,571
Contract liabilities	227,676	-	227,676	13,503	-	13,503
Provisions	490,047	-	490,047	367,766	-	367,766
	2,926,961	-	2,926,961	3,096,400	-	3,096,400
Total liabilities	**4,334,201**	**204,924**	**4,539,125**	**3,927,822**	**12,888**	**3,940,710**
Total Equity and Liabilities	**15,453,585**	**-**	**15,453,585**	**13,486,815**	**(13,721)**	**13,473,094**

NOTES TO THE **FINANCIAL STATEMENTS**

36. Restatement of comparative information (continued)

36.3 Effects of restatement on equity

	31 December 2022 ₦'000	1 January 2022 ₦'000
Total equity previously stated	11,119,384	9,558,993
Restatement of deferred tax	(204,924)	(26,609)
Total restated equity	**10,914,460**	**9,532,384**

36.4 The details of the items are as follows:

a. Reclassification of expenses

Nature of the reclassification

The company had previously recognized transportation and traveling expenses, as well as logistic and administrative staff costs, under cost of sales in the prior year. These have been reclassified in the prior year.

The effects of the reclassification are as follows:

	31 December 2022		
	As previously reported ₦'000	Reclassification ₦'000	Amounts as reclassified ₦'000
Raw materials and consumables	4,397,133	(481,846)	3,915,287
Release of provision on inventories	-	(103,736)	(103,736)
Advertising and promotion	214,596	-	214,596
Depreciation- property, plant and equipment	1,479,126	-	1,479,126
Depreciation- right of use assets	46,211	-	46,211
Personnel expenses	1,452,314	-	1,452,314
Outsourced staff	333,282	-	333,282
Electricity	337,663	-	337,663
Gas for boiler	546,824	-	546,824
Utilities - Diesel fuel	-	60,713	60,713
Steam	60,713	(60,713)	-
Fuel- vehicle and equipment	149,190	-	149,190
Short term leases	2,650	-	2,650
Repair and maintenance	717,288	-	717,288
Audit fee	25,000	-	25,000
Professional services	56,546	48,132	104,678
Security and IT infrastructure	144,841	-	144,841
Transportation and travelling	120,835	585,582	706,417
Meetings and conferences	71,393	-	71,393
Insurance, rates and licenses	98,962	(98,962)	-
Insurance, subscription and publication	-	48,977	48,977
Donation	16,309	-	16,309
Stationeries, rates and licences	-	76,179	76,179
Subscription and publications	43,839	(43,839)	-
Cleaning, catering and other administrative expenses	184,396	(30,487)	153,909
RPM deposit liability release	(303,753)	-	(303,753)
	10,195,358	**-**	**10,195,358**

NOTES TO THE **FINANCIAL STATEMENTS**

36. Restatement of comparative information (continued)

These expenses are analysed as follows:

	31 December 2022		
	As previously reported ₦'000	Reclassification ₦'000	Amounts as reclassified ₦'000
Cost of Sales	7,511,096	(1,032,735)	6,478,361
Selling and distribution expenses	1,382,888	902,867	2,285,755
Administration expenses	1,301,374	129,868	1,431,242
	10,195,358	**-**	**10,195,358**
Cost of sales			
Raw materials and consumables	4,397,133	(481,846)	3,915,287
Provision release on inventory	-	(103,736)	(103,736)
Personnel expenses	1,269,654	(699,572)	570,082
Outsourced staff	-	135,309	135,309
Depreciation- property, plant and equipment	415,744	26,375	442,119
Depreciation right of use asset	46,212	(4,160)	42,052
Utilities-electricity, gas and diesel fuel	-	909,079	909,079
Repair and maintenance	-	568,169	568,169
Other production cost	1,382,353	(1,382,353)	-
	7,511,096	**(1,032,735)**	**6,478,361**
Selling and distribution expenses			
Advertising and promotion	-	214,596	214,596
Personnel expenses	250,354	105,547	355,901
Outsourced staff	-	113,588	113,588
Depreciation- property, plant and equipment	857,082	123,942	981,024
Selling and distribution expenses	214,596	(214,596)	-
Transportation and accomodation	60,856	584,706	645,562
Utilities- fuel motor vehicles	-	129,718	129,718
Repair and maintenance	-	149,119	149,119
RPM deposit liability release	-	(303,753)	(303,753)
	1,382,888	**902,867**	**2,285,755**
Administrative expenses			
Personnel expenses	268,237	258,093	526,330
Outsourced staff	-	84,385	84,385
Depreciation- property, plant and equipment	206,300	(150,316)	55,984
Depreciation- right of use assets	-	4,159	4,159
Audit fees	-	25,000	25,000
Professional fees	-	104,678	104,678
Utilities- electricity and fuel motor vehicles	-	55,593	55,593
Meetings and conferences	-	71,393	71,393
Donations	-	16,309	16,309
Stationeries, rates and licences	-	76,179	76,179
Short term leases	-	2,650	2,650
Transport and accomodation	60,855	-	60,855
Insurance, subscription and publication	-	48,977	48,977
Cleaning, catering and other expenses	-	153,909	153,909
Operating expenses	765,982	(765,982)	-
Security and IT infrastructure	-	144,841	144,841
	1,301,374	**129,868**	**1,431,242**

NOTES TO THE **FINANCIAL STATEMENTS**

36. Restatement of comparative information (continued)

Reason for the reclassification

The company reclassified and represented its cost of sales, selling & distribution expenses, and administrative expenses to align with the nature of the transactions in accordance with the requirements of the applicable International Financial Reporting Standards (IFRS). Consequently, the presentation of the comparative figures and the prior year's balances has been reclassified in accordance with IAS 1 (Presentation of Financial Statements) for meaningful comparison.

b. Restatement of deferred tax

In prior year 2021, no deferred tax on freehold was recognised, while in 2022 there was a deferred tax asset which invariably should be a deferred tax liability. This has fully been applied and prior year re-stated with adjustments.

Income tax expense

	31 December 2022		
	As previously reported ₦'000	Adjustment ₦'000	Amount as adjusted ₦'000
Current tax expense:			
Minimum tax	67,732	-	67,732
Tertiary education tax	86,042	-	86,042
Nigeria Police Trust Fund Levy (NPTF)	-	-	-
	153,774	**-**	**153,774**
Deferred tax expenses:			
Originating and reversing temporary difference	509,156	178,315	687,471
Income tax charged to profit or loss	**662,930**	**178,315**	**841,245**
Items that will not be reclassified to profit or loss			
-Amount recognised in other comprehensive income	(12,318)	-	(12,318)

Deferred tax

	31 December 2022			1 January 2022		
	As previously reported ₦'000	Adjustment ₦'000	Amount as adjusted ₦'000	As previously reported ₦'000	Adjustment ₦'000	Amount as adjusted ₦'000
Property, plant and equipment	(948,300)	-	(948,300)	(197,040)	(99,672)	(296,712)
Employee benefits	199,441	(203,896)	(4,455)	123,729	(140,502)	(16,773)
Trade and other receivables	95,410	(95,410)	-	54,966	(54,966)	-
Inventories	170,332	(170,332)	-	32,06	(32,066)	
Provisions	-	-	203,896	-	234,681	234,681
Revaluation	-	(109,514)	(109,514)		(109,514)	(109,514)
Other Deferred tax items/Lease liabilities	-	170,332	170,332		175,430	175,430
	(483,117)	**(204,924)**	**(688,041)**	**13,721**	**(26,609)**	**(12,888)**

NOTES TO THE **FINANCIAL STATEMENTS**

37. Segment reporting

Nigeria is the Company's primary geographical segment as the Company's revenue is entirely earned from sales of similar product in Nigeria. The Company has only one business operating segment namely- sale of goods.

Accordingly, no business or geographical segment information is reported.

38. Commitments

The Company has no commitments towards capital expenditure as at 31 December 2023 (2022: 1.3 billion).

39. Contingencies

The Company is a defendant in various lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation at year end amounted to N1.802 billion (2022:N1.034 billion). In the opinion of the Directors, none of the lawsuits will result in a liability, thus no provision was made for them in these financial statements.

40. Events after the reporting period

There are no other events which could have had a material effect on the financial position of the Company as at 31 December 2023 and its financial performance for the year then ended that have not been adequately provided for or disclosed in these financial statements.

However, EnjoyCorp Limited, a holding company established for food, beverages, and hospitality brands, has reached an agreement with Heineken B.V., to acquire 100% of its shareholding in the Raysun Nigeria Company Limited, which in turn holds an 86.5% stake in Champion Breweries Plc.

This event occurred after the reporting period and is disclosed for informational purposes to provide stakeholders with relevant information about subsequent significant transactions affecting the Company's interests.

OTHER NATIONAL **DISCLOSURES**

VALUE ADDED **STATEMENT**

	2023 ₦ '000	2023 %	2022 Restated ₦ '000	2022 %
Value Added				
Value added by operating activities				
Revenue	12,704,274		12,288,893	
Locally procured materials and services	(7,644,171)		(5,819,476)	
	5,060,103	**98**	**6,469,417**	**97**
Other income	120,290	-	183,529	
	120,290	**2**	**183,529**	**3**
Value Added	**5,180,393**	**100**	**6,652,946**	**100**
Distribution of Value Added				
To Pay Government				
Excise duties	1,027,472		1,093,104	
Income tax	133,865		153,774	
	1,161,337	**22**	**1,246,878**	**19**
To Pay Employees				
Personnel expenses	1,540,724		1,452,314	
Outsourced staff	137,733		333,282	
	1,678,457	**33**	**1,785,596**	**27**
Retained in the Business:				
For expansion and future growth				
- Depreciation of Property, plant and equipment	1,923,328		1,479,126	
- Depreciation of right of use asset	105,792		46,212	
- Deferred tax	(59,084)		687,471	
	1,970,036	**38**	**2,212,809**	**33**
Retained profit	370,563		1,407,663	
	370,563	**7**	**1,407,663**	**21**
Value Distributed	**5,180,393**	**100**	**6,652,946**	**100**

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

FIVE YEAR **FINANCIAL SUMMARY**

	2023 ₦ '000	Restated 2022 ₦ '000	Restated 2021 ₦ '000	Restated 2020 ₦ '000	2019 ₦ '000
Statement of Financial Position					
Assets					
Non-current assets	15,350,527	10,781,172	9,406,727	9,561,179	8,643,870
Current assets	5,202,552	4,672,413	4,066,367	1,807,338	2,337,513
Total assets	**20,553,079**	**15,453,585**	**13,473,094**	**11,368,517**	**10,981,383**
Liabilities					
Non-current liabilities	1,389,374	1,612,164	844,310	1,073,866	385,131
Current liabilities	7,968,406	2,926,961	3,096,400	2,001,467	2,564,456
Total liabilities	**9,357,780**	**4,539,125**	**3,940,710**	**3,075,333**	**2,949,587**
Net assets	**11,195,299**	**10,914,460**	**9,532,384**	**8,293,184**	**8,031,796**
Equity					
Share capital	3,914,748	3,914,748	3,914,748	3,914,748	3,914,748
Share premium	519,100	519,100	519,100	519,100	519,100
Other Reserves	3,701,612	3,701,612	3,701,612	3,701,612	3,701,612
Retained earnings	3,059,839	2,779,000	1,396,924	157,724	(103,664)
Total equity	**11,195,299**	**10,914,460**	**9,532,384**	**8,293,184**	**8,031,796**
Total equity and liabilities	**20,553,079**	**15,453,585**	**13,473,094**	**11,368,517**	**10,981,383**
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	12,704,274	12,288,893	9,559,079	7,051,806	6,927,177
Operating profit	**603,966**	**2,271,277**	**1,874,474**	**481,358**	**241,480**
Profit before taxation	**445,344**	**2,248,908**	**1,842,177**	**436,045**	**241,480**
Profit for the year	**370,563**	**1,407,663**	**1,046,784**	**158,793**	**168,508**
Total comprehensive income for the year	**280,839**	**1,382,076**	**1,239,200**	**11,198**	**96,264**
Per share data					
Basic and diluted earnings per share (kobo)	5.00	18.00	13.37	2.02	2.15

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Bank Account Number:

Account Opening Date: DD MM YYYY

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Surname/Company's Name First Name Other Name

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Previous Address (if any)

Clearing House Number (CHN) (if any) C

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14. CSCS PLC	☐
15. CHAMPION BREWERIES PLC	☐
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53. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

USE GUM ONLY

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ________ **"the company"**. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES ________
Surname First Name Middle Name

ADDRESS: ________

GSM NUMBER: ________ E-MAIL: ________

GENER: Male ☐ Female ☐ CSCS INVESTOR'S A/C NO.: ________

C ________ REGISTRAR'S ID NO (RIN): ________

BANK DETAILS FOR DIRECT SETTLEMENT :

ACCOUNT NAME: ________ BANK ________

BANK A/C NUMBER: ________ BVN: ________ AGE OF A/C: DD MM YYYY
Must be NUBAN | Must be confirmed by bank | Must be confirmed by bank

Authorized Signature (1)
(and stamp of Stockbroker)

Authorized Signature (2)
(and stamp of Stockbroker)

Shareholder's Signature & Date

Shareholder's Signature & Date (2)
(if applicable)

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above the holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and for Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsover. I I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

dated this ____ day of ____, 20 ____

Name: ________

Signature: ________

Joint (2) (if applicable): ________

Joint (3) (if applicable): ________

Company Seal

In the Presence of:

Name: ________ GSM NO: ________

Address: ________ Signature: ________

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S, BANKER OR INSURANCE COMPANY

On behalf of ________ Plc/Ltd, we hereby agree jointly and severally to keep the company and / or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, Liabilities, claims, losses, damages, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments , losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1): ________ Authorised Signatory (2): ________

Company Seal

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

CHAMPION BREWERIES PLC

PROXY FORM

THE 48th ANNUAL GENERAL MEETING TO BE HELD at ORIENTAL HOTEL, 3 LEKKI ROAD, VICTORIA ISLAND, LAGOS ON TUESDAY, 21ST MAY 2024

I/We*...of.. being member(s) of CHAMPION BREWERIES PLC hereby appoint**.. or failing him, (a) MR. IMO-ABASI JACOB (Chairman); (b) DR. INALEGWU ADOGA (Managing Director/CEO); MRS. HELEN UMANAH (Non-Executive Director) 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 by proxy on Tuesday, 21st May 2024 and any adjournment(s) thereof.

Signature .... Dated this .... day of 2024

Number of Shares held				
RESOLUTION		**For**	**Against**	**Abstain**
"That the Financial Statements for the year ended December 31, 2023, the Directors', Auditors' and Audit Committee's Reports thereon be and hereby received, considered and passed"				
To elect Mr. Imo-Abasi Jacob as a Director of the Company				
To re-elect Mr. Samson Aigbedo as a Director of the Company				
To re-elect Alhaji Shuaibu A. Ottan as a Director of the Company				
" To authorize the Directors to fix the remuneration of the Auditors.."				
"To elect/re-elect shareholders' representatives on the Audit Committee."				
B. SPECIAL BUSINESS				
i. That the Directors be authorized to fix their remuneration in respect of the year ending December 31, 2023."				
ii. To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company: "That a general mandate be and is hereby given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms."				

Dated this ....day of ...., 2024.

NOTES

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his/her/its stead. A Proxy need not be a member of the Company. A form for proxy is supplied with the notices circulated to members and if it is to be valid for the purpose of the meeting, it must be duly completed, stamped and deposited at the office of the Registrars to Champion Breweries Plc, Africa Prudential Registrars Plc, 220 B, Ikorodu Road, Palmgrove, Lagos not less than 48 hours before the time of the meeting.

A Shareholder entitled to attend and vote at the Meeting can appoint a proxy to attend and vote in his/her/its stead. The proxy does not need to be a shareholder. Consequently, Members are required to appoint a proxy of their choice to represent them at the Meeting.

A form for proxy is supplied with the notices circulated to members and if it is to be valid for the purpose of the meeting, it must be duly completed, stamped and deposited at the office of the Registrars to Champion Breweries Plc, Africa Prudential Registrars Plc, 220 B, Ikorodu Road, Palmgrove, Lagos or sent by e-mail to cxc@africaprudential.com not less than 48 hours before the time of the meeting. The Company shall bear the cost of the stamp duty payable on this Proxy Form.

BEFORE POSTING THE ABOVE FORM, PLEASE TEAR OFF THIS PART AND RETAIN IT FOR ADMISSION TO THIS MEETING

CHAMPION BREWERIES PLC

THE 48TH ANNUAL GENERAL MEETING TO BE HELD at ORIENTAL HOTEL, 3 LEKKI ROAD, VICTORIA ISLAND, LAGOS ON TUESDAY, 21ST MAY 2024

PLEASE ADMIT

Name (of person attending) ____________ Admission Slip No. of Shares ____________

The 48th Annual General Meeting to be held at Oriental Hotel, 3 Lekki Road, Victoria Island, Lagos on Tuesday, 21st May 2024

Signature of the person attending ____________ Name and Signature Of Shareholder ____________

NOTE

The Shareholder or his/her Proxy must produce this Admission Slip in order to be admitted at the meeting. Shareholders or other proxies are requested to sign the Admission Slip at the entrance (venue) of the AGM in the presence of the Registrar on the day of the Annual General Meeting

The Company Secretary
Champion Breweries Plc
Industrial Layout
Aka Offot Uyo
Akwa Ibom State

The Registrar
Africa Prudential
Registrars
220B, Ikorodu Road,
Palm Grove, Lagos

SECOND FOLD HERE

Please Affix Postage

FIRST FOLD HERE

AFRICA PRUDENTIAL PLC
220B, Ikorodu Road, Palmgrove, Lagos.
Tel: 01-4606460, Lagos.

THIRD FOLD HERE AND INSERT