



# 2023

## ANNUAL REPORT & FINANCIAL STATEMENTS



# THE ONLY TOTAL BEVERAGE ALCOHOL COMPANY IN NIGERIA



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## Financial Highlights

	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>%</b>
<b>Results</b>			
Revenue	229,440,861	206,822,127	11%
Profit from operating activities	23,357,684	23,900,060	(2)%
(Loss)/profit for the year	(18,168,041)	15,651,362	(216)%
Total comprehensive (loss)/income for the year	(18,168,041)	15,599,736	(216)%
Declared dividend	15,639,333	1,007,576	1452%
Total equity	56,424,616	89,979,391	(37)%
<b>Data per 50 kobo share (in kobo)</b>			
Basic and diluted earnings per share	(829)	715	(216)%
Declared dividend per share	714	46	1452%
<b>Net assets per share</b>	<b>2,576</b>	<b>4,108</b>	<b>(37) %</b>



# Notice of Annual General Meeting

Notice is hereby given that the 73rd Annual General Meeting of the Members of Guinness Nigeria Plc will be held at the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos State on Tuesday, 24th October 2023 at 11.00 o'clock in the forenoon to transact the following businesses:

## AGENDA

### Ordinary Business

1. To lay the Report of the Directors, the Financial Statements for the year ended 30th June 2023 and the Reports of the Independent Auditors and the Statutory Audit Committee thereon.
2. To approve the appointments of Mr. John Musunga as an executive director; Mrs. Grainne Wafer as a non-executive director and Ms. Joan Hodgins as a non-executive director and Vice Chair of the Board of the Company.
3. To re-elect Directors retiring by rotation.
4. To disclose the remuneration of Managers of the Company.
5. To authorise Directors to fix the remuneration of the Independent Auditors.
6. To elect members of the Statutory Audit Committee.

### Special Business

7. To fix the remuneration of the Directors..
8. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, in compliance with the rules of the Nigerian Stock Exchange now known as Nigerian Exchange Limited (NGX) governing transactions with related parties or interested persons, the general mandate granted to the Company in respect of all recurrent transactions entered into with related parties or interested persons which are of a revenue or trading nature or are necessary for the Company's day to day operations including but not limited

to the procurement of goods and services on normal commercial terms be and is hereby renewed".

### 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 8 above.

### NOTES:

#### 1. PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

A form of proxy is enclosed and if it is to be valid for the purposes of the Meeting, it must be completed, duly stamped and must be deposited at the office of the Registrar, Veritas Registrars Limited, Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos not less than 48 hours before the time for holding the Meeting.

#### 2. CLOSURE OF REGISTER

The Register of Members and Transfer Book will be closed from 25th September 2023 to 29th September 2023 both days inclusive for the purpose of updating the Register of Members.

#### 3. STATUTORY AUDIT COMMITTEE

In accordance with Section 404(6) of the Companies and Allied Matters Act, 2020, a nomination (in writing) by any member or a



## NOTICE OF ANNUAL GENERAL MEETING

Shareholder for appointment to the Statutory Audit Committee should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

#### 4. UNCLAIMED DIVIDENDS

Shareholders are hereby informed that some dividend warrants have been returned to the Registrars as unclaimed while some have neither been presented to the Banks for payment nor to the Registrars for revalidation. A list of such unclaimed dividends will be circulated with the Annual Reports and Financial Statements and is also available on our website, [www.guinness-nigeria.com](http://www.guinness-nigeria.com).

Affected members are by this notice, advised to contact the Registrars at Veritas Registrars Limited, 89a Ajose Adeogun Street, Victoria Island, Lagos, P.O. Box 75315, Victoria Island or via email at [enquiry@veritasregistrars.com](mailto:enquiry@veritasregistrars.com).

#### 5. E-DIVIDEND

Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend payment. A detachable e-dividend payment mandate and change of address form is attached to the Annual Report to enable shareholders furnish particulars of their bank and CSCS Accounts numbers to the Registrar. The e-dividend payment mandate form is also available on our website - [www.guinness-nigeria.com](http://www.guinness-nigeria.com) as well as the website of our Registrars [www.veritasregistrars.com](http://www.veritasregistrars.com).

#### 6. GENERAL MANDATE CIRCULAR

A circular on the resolution for shareholders' renewal of the general mandate for recurrent

transactions with related parties which provides the rationale for the mandate sought is included in the Annual Report and Financial Statements.

#### 7. RIGHTS OF SECURITIES' HOLDERS TO ASK QUESTIONS

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company Secretary on or before 9th October 2023.

Dated:  
26th day of July 2023  
By Order of the Board



**Rotimi Odusola**  
Company Secretary  
FRC/2016/NBA/00000015186

#### REGISTERED OFFICE:

Guinness Nigeria Headquarters  
Cocoa Industries Road (Guinness Road),  
Ogba - Ikeja, Lagos  
Private Mail Bag 21071,  
Ikeja, Lagos.  
[www.guinness-nigeria.com](http://www.guinness-nigeria.com)



\* Shareholders who are interested in accessing or downloading an electronic copy of the 2023 Annual Report should note that the Annual Report is accessible on [www.guinness-nigeria.com](http://www.guinness-nigeria.com) and [www.veritasregistrars.com](http://www.veritasregistrars.com).

The Annual General Meeting will be streamed live for shareholders and relevant stakeholders too as observers. The link will be made available on the Guinness Nigeria website before the date of the meeting.



# General Mandate Circular

In order to ensure that its day to day operations are carried out in the most efficient manner possible, the Company would like to continue to enter into transactions with related parties and interested persons that have been identified as necessary for such day-to-day operations. These transactions have been assessed to exceed 5% of the value of the net tangible assets or issued share capital of the Company.

In compliance with the provisions of **Clause 6 of the Rules of the Nigerian Exchange Group Plc (NGX) Governing Related Parties or Interested Persons (“the Rules”)**, the Company hereby seeks the approval of Shareholders to the grant of a general mandate in respect of such recurrent transactions. The relevant items for consideration of the shareholders are as stated below:

- i. The transactions for which this general mandate is sought are those of a trading nature and/ or those which are necessary for the day to day operations of the Company and include but are not limited to the following:
  - a. Technical Know-How and Support Services Agreements between the Company and its Parent Company, Diageo Plc and/ or other companies or entities within the Diageo Group;
  - b. Trademark and Quality Control Agreement between the Company and its Parent Company, Diageo Plc and/ or other companies or entities within the Diageo Group;
  - c. Distribution Agreements between the Company and its Parent Company, Diageo Plc and/ or other Companies or entities within the Diageo Group;
  - d. Production and Distribution Agreements between the Company and its Parent

Company, Diageo Plc and/ or other Companies or entities within the Diageo Group;

- e. Arrangements for the provision of specialist support to the Company by its Parent Company, Diageo Plc and/ or other Companies or entities within the Diageo Group;
  - f. Contract manufacturing purchase or packaging arrangements between the Company and its Parent Company, Diageo Plc and/ or other companies or entities within the Diageo Group;
  - g. Arrangements for the sale and/ or purchase of raw materials or finished goods, technical equipment and spare parts by or to the Company by its Parent Company, Diageo Plc and/ or other Companies or entities within the Diageo Group.
- ii. The class of related Parties and interested Persons upon which the Company will be transacting include Shareholders, Employees and their Family Members, Companies or Entities within the Parent Company Diageo Plc Group and subsidiaries of the Company, etc.
  - iii. The rationale for the transactions are that they are necessary for the operations of the Company, the discharge of legal and contractual obligations currently binding on the Company, are of strategic importance to the

continued operations of the Company, they guarantee the uninterrupted supply of goods and services necessary for the operation of the Company as a going concern, and is carried out on a transparent basis and remains effective and performs efficiently and effectively.

- iv. The methods and procedures for determining transaction prices are based on the Company's transfer pricing policy and are, where applicable, subject to the approval of the National Office for Technology Acquisition and Promotion (NOTAP).
- v. Messrs. Ernst & Young, has provided independent financial opinion that the methods and procedures in the Company's transfer pricing policy referred to in paragraph (iv) above, are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority Shareholders.
- vi. The Company shall obtain a fresh mandate from the shareholders if the methods or procedures in (iv) become inappropriate.
- vii. Any person identified as an interested person as defined under the Rules shall abstain and undertake to ensure that its associates abstain from voting on the resolution approving the transaction.

# Board of Directors & Corporate Information

## Directors

Dr Omobola Johnson	Board Chair, Independent Non-Executive Director
J. Hodgins (Irish)*	Vice-Chair, Non-Executive Director
J. Musunga (Kenyan)**	Managing Director/Chief Executive Officer
E. Difom (Cameroonian)	Finance & Strategy Director
N. Edozien (Ms.)	Independent Non-Executive Director
L. Breen (British)	Non-Executive Director
G. Wafer (Irish)***	Non-Executive Director
M. O. Ayeni (Mrs.)	Independent Non-Executive Director
F. Ajogwu, SAN (Prof.)	Independent Non-Executive Director
T. Gbadegesin (Mrs)	Independent Non-Executive Director
B. Magunda (Ugandan)****	Outgone Managing Director/Chief Executive Officer
M. D. Sandys (British) *****	Non-Executive Director
D. Nayager (South African)*****	Outgone Vice Chairman/Non Executive Director
S. T. Dogonyaro OON*****	Independent Non-Executive Director

\*J. Hodgins was appointed to the Board effective 1st July 2023

\*\*J. Musunga (Kenyan) was appointed to the Board effective 1st November 2022

\*\*\*G. Wafer was appointed to the Board effective 25th January 2023

\*\*\*\*B. Magunda (Ugandan) retired from the Board effective 31st October 2022

\*\*\*\*\*M. D. Sandys retired from the Board effective 25th January 2023

\*\*\*\*\*D. Nayager (South African) retired from the Board effective 30th June 2023

\*\*\*\*\*S.T. Dogonyaro retired from the Board effective 31st August 2023

\*\*\*\*\*T. Gbadegesin (Mrs.) was appointed Independent Non Executive Director effective 27th July 2022

## Company Secretary

Rotimi Odusola  
Guinness Nigeria H/quarters  
Cocoa Industries Road  
(Guinness Road),  
Ogba - Ikeja, Lagos  
P.M.B. 21071, Ikeja  
Tel: (01) 2709100

## Independent Auditor

PricewaterhouseCoopers  
(PwC)  
(Chartered Accountants)  
Landmark Towers  
Plot 5B, Water Corporation Rd.  
Victoria Island, Lagos  
www.pwc.com/ng/en

## Registrars and Transfer Office

Veritas Registrars Limited  
Plot 89A, Ajose Adeogun Street  
Victoria Island, Lagos.  
www.veritasregistrars.com

## Bankers

Access Bank Plc  
Citibank Nigeria Limited  
First Bank of Nigeria Limited  
First City Monument Bank Plc  
Guaranty Trust Bank Plc  
Stanbic IBTC Bank Plc  
Standard Chartered Bank Nigeria Ltd.  
United Bank for Africa Plc  
Union Bank of Nigeria Plc  
Zenith Bank Plc

## Registered Office

Guinness Nigeria H/quarters  
Cocoa Industries Road  
(Guinness Road),  
Ogba - Ikeja, Lagos.  
P.M.B. 21071, Ikeja, Lagos

## Registration No.

RC 771

## Head Office

Guinness Nigeria H/quarters,  
Cocoa Industries Road (Guinness  
Road), Ogba Ikeja, Lagos.  
P.M.B. 21071 Ikeja  
Tel: (01) 2709100  
Fax: (01) 2709338  
www.guinness-nigeria.com

## Breweries

### Ogba Brewery

Acme Road  
Industrial Estate, Ogba  
Tel: (01) 2709100  
Fax: (01) 2709338

### Benin Brewery

Benin-Asaba Road  
Oregbeni Industrial Estate  
Ikpoba Hill, Benin City  
Tel: (01) 2709100  
Fax: (01) 2709338

### Aba Logistics Centre

Osisioma Industrial Layout  
Aba, Abia State  
Tel: (01) 2709100  
Fax: (01) 2709338



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# Board Chair's Statement

## INTRODUCTION

Distinguished Shareholders, representatives of regulatory agencies present, gentlemen of the press, esteemed Ladies and Gentlemen, it is with great pleasure that I welcome you, on behalf of the Board of Directors, to the 73rd Annual General Meeting of Guinness Nigeria Plc holding in Lagos.

It is my honor and privilege to present to you the audited Financial Statements and Report of the Directors for the financial year ended 30 June 2023. First, permit me to highlight some of the key issues in the Nigerian business environment that influenced and impacted our performance in the period under review.

### 2022/23 Business/ Operating Environment

The disruption to global supply chain occasioned by the impact of the ongoing Ukraine – Russia war continued unabated leading to rising prices globally. Whilst the Nigerian economy showed resilience against the impact of COVID 19 pandemic, the macro-economic environment experienced headline inflation rising (by 1.29% points) to 24.08% in July 2023 from 22.79% in June 2023.

Similarly, the report released by the Nigerian Bureau of Statistics in May 2023 revealed growth in Gross Domestic Product (GDP) by 2.31% (year-on-year) in real terms in the first quarter of 2023. This growth rate declined from the 3.11% growth recorded in the similar period of 2022 and was attributed to the adverse effects of the Naira cash crunch experienced during the quarter.

The challenges of the operating environment during the period under review have become more profound. These have

been exacerbated by the severe unavailability of forex, rising energy costs and high inflation, all leading to significant increase in the cost of production. The implementation of the Central Bank of Nigeria redesign of the Naira also caused major scarcity of cash and severe hardship to Nigerians in general and also affected our industry.

The new Government finally implemented the removal of the subsidy on Premium Motor Spirit (PMS) with an expectation that this should lead to increase in the resources available to the government. Other fiscal policies including the unification of exchange rates introduced by the new administration have impacted our performance. The Government unified all exchange rate windows towards the end of June 2023, resulting in a huge devaluation of the official rate of the Naira from N419 to N760 to US\$1.

Notwithstanding the various macro-economic headwinds, Guinness Nigeria has remained resilient.

### Our Performance

Despite these huge challenges in the business environment, the Company posted an impressive performance with strong growth in all our key categories. The Company's strategy as the pioneer and foremost Total Beverage Alcohol player in the industry, our strategy of focusing on margin accretive categories has resulted in a commendable performance this financial year.

In 2023FY, our Company recorded a growth of 11% in Revenue from N206.8 billion in 2022 to N229.4 billion. Similarly, the business delivered N23.4 billion operating profit for the year ended June 30, 2023.

The intense volatility in the value of the Naira and the unavailability of forex in the official foreign exchange window adversely impacted the company's financial performance. Specifically, the Central Bank





## BOARD CHAIR'S STATEMENT

*As Guinness Nigeria marks another significant milestone with the commemoration of its 73rd anniversary and progresses into the future, the business continues to realign and reposition itself with the required agility, to effectively adjust to the changing landscape of the FMCG sector in Nigeria.*

of Nigeria unified all exchange rate windows towards the end of June 2023. Consequent upon this, the Company had to revalue its foreign currency denominated obligations, resulting in N49.1billion unrealized forex loss in the Company's Income Statement for the year ending 30th June 2023.

Despite these macro-economic challenges, the Board maintains confidence in the company's well-considered strategy, anticipating continued strong value creation for all stakeholders in the medium to long term.

### Our Business

As Guinness Nigeria marks another significant milestone with the commemoration of its 73rd anniversary and progresses into the future, the business continues to proactively realign and reposition itself with the required agility, to effectively adjust to the changing landscape of the FMCG sector in Nigeria. We continue to place a premium on the consistent delivery of quality products to our consumers in relentless pursuit of our aim to be the **best performing, most respected consumer products company in Nigeria.**

### Innovation

As part of our strategy to improve on the consumer experience with our brands, we have continued to implement our brand revitalization program through delivery of innovative products.

In 2023, Smirnoff Ice, the world's number one Ready To Serve (RTS) brand, launched a new variant Smirnoff Ice Pineapple Punch in both glass and cans; we also unveiled Smirnoff Ice Double Black with Guarana in Returnable Glass Bottle (RGB) packaging.

The launch of the new products and SKUs will support our overall strategic business objectives on margin expansion and move us closer to delivering the Company's objectives.

### Sustainability / Corporate Social Responsibility

Our Sustainability and Environmental Social and Governance agenda, under the **Diageo Society 2030: Spirit of Progress** plan is fully focused on the sustainable management of the most material issues within our organisation, the environment, our investors, customers, consumers, and the society at large. Society 2030: Spirit of Progress is our 10-year action plan towards the achievement of the United Nations Sustainable Development Goals (SDGs) in our business, within our communities and for society, and it is underpinned by 3 major pillars:

- Promoting Positive Drinking,
- Championing Inclusion & Diversity and
- Pioneering Grain to Glass Sustainability.

Guinness Nigeria continues to advocate vigorously for responsible consumption of alcoholic beverages and uses various programs to convey this message to consumers in general while targeting the most vulnerable groups. The positive drinking pillar of our Spirit of Progress agenda continues to receive amplification through the successful implementation of our programs on **SMASHED**, Wrong Side of The Road and **DrinkiQ** initiatives.

On Diversity and Inclusion, I am indeed pleased by the impressive and increasing female representation evidenced in our very distinguished gender-diverse Board of Directors, the pioneer all



female STEM Graduate trainee program among other initiatives demonstrate our commitment to improving diversity and inclusion across all facets of our business.

In addition, the business prides itself in water efficiency initiatives put in place in its operations. This has been further enhanced through our recently commissioned water recovery plants both at our breweries in Ogba, Lagos and Benin, Edo State. I am pleased to highlight that the water recovery plant in Lagos recently received written commendation from the Lagos State Environmental Protection Agency as a demonstration of commitment to sustainability.

In addition, public health and social welfare issues continue to receive attention through our investments in the establishment and continued support of the Guinness Eye Hospitals (Onitsha and Lagos), Water of Life projects across the country, Guinness Nigeria Undergraduate Scholarship Scheme and the Guinness Nigeria Plan-W empowerment program for women, now expanded to include women living with disabilities.

Our **Water of Life** programme continues to deliver on its key focus of providing potable water as well as health and sanitation enlightenment to various communities across the nation, an additional estimated 5000 residents of Eruwa Township, New Eruwa and Lanlate communities in Ibarapa East Local Government Area

of Oyo state will be benefiting from the 50,000 m<sup>3</sup> per annum solar-powered borehole system this year.

In line with our continuing pledge to promoting inclusion and diversity within communities where we source, sell and live, employees of Guinness Nigeria yet again commemorated this year's Valentine Day celebration by spending quality time with children in orphanages within our host communities in Lagos and Benin donating food, household items and groceries as a show of love and care to them. It is noteworthy that this was an initiative funded by the employees of Guinness who pooled resources together to make this happen.

Our commitments to the principles of good environment, social and governance practices remain strong and we are making significant progress in enhancing our diversity and inclusion credentials in all aspects of our corporate endeavours including our employee base, third party contractors and supply chain, as well as in the leadership of the organisation as reflected in the composition of our Management team and Board.

### **Human Capital Development**

We remain focused and committed to amplifying our diversity and inclusion initiatives, and in that regard Disability Inclusion Guidelines have now been created for employees, in consultation with Disability:IN, the leading non-

profit resource for business disability inclusion worldwide. The Guidelines provide practical tips and advice for improving digital and physical accessibility across Guinness Nigeria and Diageo.

It is also with pleasure that I report that in a recent Gender Assessment Report independently done by the International Finance Corporation (IFC) in Nigeria (2022), Guinness Nigeria was spotlighted as the only FMCG in the Top 5 performing organisations. Thirty (30) most capitalized companies listed on the Nigerian exchange were assessed using the Equileap Scorecard, and Guinness Nigeria Plc. emerged No 4, and the only FMCG organization among the Top 5 performing companies.

### **Our Response to the Naira Cash Crisis**

During the year under review, the country was hit with cash availability crisis due to the Central Bank's move to redesign high-denomination currencies of the Naira. This had a crippling effect on the Nigerian economy.

The resultant cash scarcity increased the number of Nigerians signing up for digital payments and electronic banking services. This prompted an acceleration in the activities of payment platforms and digital banks springing up all over the country.

Guinness Nigeria was proactive and responsive in the move to digitize. We entered into

## BOARD CHAIR'S STATEMENT

mutually beneficial partnerships with fin-tech and e-Commerce platforms where our distributors connected, interacted and transacted with wholesalers and retailers seamlessly, thereby mitigating the effect of the cash crisis on our operations. These interventions have led to the successful onboarding of 80% of our TBA Key Distributors with Payment Service Banks (PSBs) across the country leading to seamless sales transactions and enhanced customer experience.

### Board and Management Changes

I would like to take this opportunity to inform our distinguished shareholders about the recent changes on the Board of the Company that took place since the last Annual General Meeting.

It is with mixed feelings that I inform you of the retirement of Mr. Baker Magunda from the board of the Company (and from Diageo) effective from the 31st of October 2022, after about twenty-three years of excellent service and contribution to the growth of Diageo and most recently in Guinness Nigeria. Mr. Magunda was a truly valued leader in Guinness Nigeria who led and inspired a remarkable turnaround in the Company as evidenced in the Company's outstanding 2022 audited results.

In anticipation of the approval of our distinguished shareholders, Mr. John Musunga was appointed as Managing Director/Chief Executive Officer of Guinness Nigeria Plc and a member of the Board of the Company effective the 1st of November 2022. Mr. Musunga brings to the Board extensive experience in business transformation within the consumer goods industry, having previously held leadership roles in commercial, sales and marketing positions in the FMCG sector across the world. Please join me in welcoming John to the Guinness Nigeria family.

Similarly, within the financial year and effective on the 25th of January 2023, Mr. Mark Sandys retired from the Board of Guinness Nigeria to take up a new role in Diageo. He joined the board on August 30, 2017, and until his retirement, he served as a member of the Nomination, Governance and Remunerations Committee of the board. The Board of Guinness Nigeria Plc appreciates Mr. Sandys for his innovative contributions, strong strategic drive and commitment to the success of the Company and wishes him success in his new role in Diageo.

With the retirement of Mr. Sandys, Mrs. Grainne Wafer has been appointed as a Non-Executive Director of the company. She is the current Diageo Global Brand Director, Guinness and Malta Guinness, and brings to the board extensive marketing experience, having held leadership roles across commercial, innovation and marketing functions in multiple countries within the Diageo business. Please join me in welcoming Mrs. Wafer to the Guinness Nigeria family.

Following recent developments within our parent company's Global Management structure, Mr. Dayalan Nayager retired as a non-executive director and Vice Chair of the Company effective 30th June 2023 to assume other responsibilities at the Diageo Group Senior Management level. We must express our appreciation to Mr. Nayager for his brief but impactful period on the Board.

The Board has appointed Ms. Joan Hodgins, Diageo's Global Talent Director as a Non-Executive Director and Vice Chair of the Board of Guinness Nigeria Plc with effect from the 1st of July 2023. With the appointment of Ms. Hodgins, we are delighted to achieve the feat of being a foremost company quoted on the Nigerian Stock Exchange with females as both Chair and Vice Chair of the Board while also having a majority of female directors on the Board.

Furthermore, in line with the term limits under the Company's Board Charter and corporate governance requirements, I wish to announce that the Board received the notice of retirement from Ambassador Sunday Dogonyaro effective from 31st August 2023 having completed his term of nine years on the Board. Permit me to extol the calm and exemplary qualities of this distinguished gentleman and his invaluable contributions to the business throughout his tenor on the Board. Kindly join me in wishing Ambassador Dogonyaro a very successful retirement.



## BOARD CHAIR'S STATEMENT

We would undoubtedly miss Mr. Magunda, Mr. Sandys, Mr. Nayager and Ambassador Dogonyaro for their immense contributions, wise counsel, support, and professional approach to issues affecting the business and thank them for their outstanding contributions to the growth of the Company.

### Demise of Ivan Menezes

On the 7th of June 2023, we received the sad news of the passing of a true Diageo Icon and our Global CEO, Sir Ivan Menezes after some health challenges. We recognise Ivan as a great Diageo leader who was so passionate about its people, our brands, and of course Africa's growth. He was truly committed to the success of the business of Guinness Nigeria Plc and we will forever appreciate his leadership, guidance, and dedication to our success over the years.

Our thoughts and prayers are with Sir Ivan's family, his wife, Shibani, and their two children, Nikhil and Rohini. We pray that God grants his family the strength and courage to bear the loss.

I also wish to formally notify our esteemed shareholders of the demise of our distinguished Prof. Joe Irukwu, SAN as announced by his family at the ripe old age of 89 years, which sad event took place on 7th of July 2023. Prof. Irukwu, a doyen of insurance law and practice in Nigeria, served meritoriously on the Board of Guinness Nigeria for almost two decades before his retirement from the Board in

2018. We pray of the peaceful repose of his soul and for comfort and fortitude to his family.

### The Future

Fellow distinguished Shareholders and stakeholders, on behalf of the Board and Management of this great Company, I am pleased to report that despite major headwinds faced by the business for the year under review, the business remained resilient. The tenacity of the business to come out strong in the 2023 financial year is a testament of the commitment of the Board and Management to continuously deliver value to all its stakeholders.

While we acknowledge the impact of the Government's monetary policy decision to unify the various exchange rate windows that led to the significant forex losses that hit our financials so close to the end of the 2023 financial year and affected our ability to propose payment of dividends, the Board and Management remain confident that the business remains strong and is still on course to a bright future.

As we take learnings from FY2023, we are confident of improved performance in 2024 financial year with the TBA strategy and focus on margin accretive categories. The business will continue to proactively improve its agility in tackling the macro-economic challenges that are bound to remain with us.

### Conclusion

I would like to particularly thank the entire Management team of the Company for recording an impressive performance feat despite the challenges faced in the 2023 financial year. Our employees equally deserve due recognition for their contributions to the impressive performance this year.

In addition, I must specially thank you all our shareholders for your continuous faith in our Company and for your understanding in the face of recent challenges.

The Board of Directors remains optimistic and as determined as ever to take the current and future business challenges in 2024 financial year head-on, sustain the profitability of our business and deliver good returns to our valued shareholders.

Thank you.



**Dr Omobola Johnson**

Board Chair/Independent Non-Executive Director  
Guinness Nigeria Plc

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# Directors' Report

The Directors are pleased to present to members their report together with the financial statements of Guinness Nigeria Plc (the Company) for the year ended 30 June 2023.

## Legal Form and Principal Activities

Guinness Nigeria Plc, a public limited company quoted on the Nigerian Stock Exchange and was incorporated on 29 April 1950 as a trading company importing Guinness Stout from Dublin. The Company has since transformed into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing, and selling of Guinness Foreign Extra Stout, Guinness Smooth, Malta Guinness, Guinness Gold, Harp Lager, Smirnoff Ice, Smirnoff Pineapple, Dubic Malt, Snapp, Orijin Spirit Mixed Drink, Orijin Bitters, Smirnoff Ice Double Black with Guarana, Orijin Zero and Orijin Herbal Gin, Baileys Delight, Gordons Moringa, Gordons Pineapple and Orange, Captain Morgan among others.

Following the approval of the Board of Directors ("the Board"), Guinness Nigeria Plc acquired the rights to import, market, distribute and sell in Nigeria the International Premium Spirit brands of Diageo plc ("Diageo"), its parent company with effect from 1st January 2016. The Company now has exclusive distribution rights to Diageo's iconic brands in Nigeria including Baileys, Smirnoff, Gordons, Captain Morgan, Tanqueray, Ciroc, Singleton and the Johnnie Walker range.

Guinness Nigeria Plc also acquired the right to manufacture locally some of the most successful mainstream spirits brands in Nigeria that are part of Diageo brands including Baileys Delight, Smirnoff Vodka with Chocolate and Gordons Gin with Moringa. Our relationship with Diageo has also enabled us to acquire the right to import, market, sell as well as the right to produce locally the world famous MrDowell's whiskey and Royal Challenge whiskey in Nigeria. More recently in the past financial year, the Company launched recent variants of its iconic brands including Gordons Pineapple and Orange and Smirnoff Pineapple within the Nigerian market. This exciting diverse portfolio of fantastic brands makes Guinness Nigeria Plc the only Total Beverage Alcohol (TBA) business in Nigeria with the experience and unique capacity to cater for the needs of all consumer tastes and segments while delivering great value to its shareholders.

## Operating Results

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

	2023 ₦'000	2022 ₦'000
Revenue	229,440,861	206,822,127
Profit from operating activities	23,357,684	23,900,060
Net finance costs	(45,496,283)	(225,899)
(Loss)/profit before income tax	(22,138,599)	23,674,161
Tax credit/(expense)	3,970,558	(8,022,799)
(Loss)/profit for the year	(18,168,041)	15,651,362
Other comprehensive loss, net of tax	—	(51,626)
Total comprehensive (loss)/income for the year	(18,168,041)	15,599,736

## Dividend

No dividend has been recommended by the Board of Directors for approval at the forthcoming Annual General Meeting (2022: N15,639 million).

## DIRECTORS' REPORT

### Board Changes

There have been some changes in the Board composition since the last Annual General Meeting held on the 25th October 2022. However, the Board remains adequately resourced and well-structured to provide the requisite strategic direction for Management and general oversight for the company.

In the 2023 financial year, the Company witnessed the retirement of Mr. Baker Magunda from Diageo Plc after over 23 years of service and consequently, his resignation from the Board of Guinness Nigeria Plc as the Managing Director/Chief Executive of the Company effective 31st October 2022.

Mr. John Musunga was appointed as the Managing Director/Chief Executive Officer of Guinness Nigeria Plc and a member of the Board of the Company with effect from the 1st of November 2022.

Similarly, during the year, Mr. Mark Sandys took up a new role within Diageo as the Chief Innovation Officer and consequently retired from the Board of Guinness Nigeria effective 25th of January 2023 after over 5 years of delivering excellent service on the Board of our dear Company. The Board also approved the appointment of his successor in the person of Mrs. Grainne Wafer as a Non-Executive Director of Guinness Nigeria Plc with effect from the 25th of January 2023.

Following recent developments within the organization's parent company Diageo Plc., Mr. Dayalan Nayager retired as a non-executive director and Vice Chair of the Company effective 30th June 2023 to assume more elaborate responsibilities at the Senior Group Management level. Similarly, the Board appointed Ms. Joan Hodgins, Diageo's Global Talent Director as a Non-Executive Director and Vice Chair of the Board of Guinness Nigeria Plc with effect from the 1st of July 2023. Furthermore and in line with the Company's Board Charter on the term limits of non-executive directors, the Board received the notice of retirement from Amb. Sunday Thomas Dogonyaro effective 31st August 2023 having served meritoriously for 9 years as a director of the Company.

In accordance with the Articles of Association of the Company and the provisions of the Companies and Allied Matters Act Cap C20 2020, Mr. John Musunga, Mrs. Grainne Wafer and Ms. Joan Hodgins are hereby presented to the members for ratification of their appointment effective 1st November 2022, 25th January 2023 and 1st July 2023 respectively.

The Directors to retire by rotation are Ms. Ngozi Edozien, Mrs. Yemisi Ayeni and Mrs. Tariye Gbadegesin and being eligible hereby offer themselves for re-election.



## DIRECTORS' REPORT

### Record of Directors' Attendance

The register showing directors' attendance at Board Meetings will be made available for inspection at the Annual General Meeting as required by Section 284(2) of the Companies and Allied Matters Act, 2020.

### Directors and their interests

The interests of Directors who served on the Board in the issued share capital of the Company during the financial year as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act 2020 and in compliance with the listing requirements of the Nigerian Exchange Limited are as follows:

Directors	As at 30 June 2023 No. of Shares	As at 30 June 2022 No. of Shares
Dr Omobola Johnson	10,000	10,000
J. Hodgins	Nil	Nil
J. Musunga	Nil	Nil
E. Difom	Nil	Nil
N. Edozien	Nil	Nil
L. Breen	Nil	Nil
G. Wafer	Nil	Nil
M. O. Ayeni	75,000	75,000
F. Ajogwu, SAN	Nil	Nil
T. Gbadegesin	Nil	Nil
B. Magunda	Nil	Nil
M. D. Sandys	Nil	Nil
D. Nayager	Nil	Nil
S.T. Dogonyaro OON	Nil	Nil

### Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act 2020 of any declarable interest in contracts in which the Company is involved.

### Shareholding and Substantial Shareholder

The Share Capital of the Company stands at N1,095,191,409.50k divided into 2,190,382,819 ordinary shares of 50 kobo each by reason of the Corporate Affairs Commission's approval of the cancellation of 309,617,181 units of unissued share capital of the company on the 9th of November 2022.

As at 30th June 2023, the issued and fully paid-up share capital of the Company is 2,190,382,819 ordinary shares of 50 kobo each (2022: 2,190,382,819 ordinary shares of 50 kobo each).

The Register of Members shows that the following shareholders held 5% and above of the issued share capital:

- Guinness Overseas Limited (a subsidiary of Diageo plc) with 1,099,230,804 ordinary shares (2022: 1,099,230,804 ordinary shares) constituting 50.18% shareholding (2022: 50.18% shareholding);

## DIRECTORS' REPORT

- Atalantaf Limited (a subsidiary of Diageo plc) with 171,712,564 ordinary shares (2022: 171,712,564 ordinary shares) constituting 7.84% shareholding (2022: 7.84% shareholding);
- Stanbic IBTC Nominees Limited with 140,075,979 ordinary shares (2022: 136,610,979 ordinary shares) constituting 6.40% shareholding (2022: 6.24% shareholding);
- Mutima Opportunity Fund LP with 122,857,111 ordinary shares (2022: 112,502,111 ordinary shares) constituting 5.61% shareholding (2022: 5.14% shareholding).

Diageo Plc is the parent company of Guinness Overseas Limited and Atalantaf Limited and that Messrs Nayager, Breen, Sandys, Ms. Hodgins and Mrs. Wafer who served as non-executive directors of Guinness Nigeria Plc at various times during the year are employees of Diageo Plc.

### Report on Corporate Governance

Good corporate governance practices constitute the hallmark of our corporate culture in Guinness Nigeria Plc. Our actions and interactions with our consumers, customers, employees, government officials, suppliers, shareholders, and other stakeholders reflect our values, beliefs, and principles.

Our business is largely self-regulated, and we pride ourselves as leading our peers in the industry and in Nigeria in this regard. In addition to self-regulation at standards often above the minimum legal or regulatory requirements, we are committed to conducting

business in line with best practice, in accordance with applicable laws and regulations in Nigeria, in line with the requirements of the Nigerian Stock Exchange (now NGX) as well as in compliance with the Code of Corporate Governance in Nigeria.

To further sustain our commitment to ethical business standards, values of integrity, honesty, and fairness, as well as good corporate governance, Guinness Nigeria Plc signed up to and has remained a member of the Convention on Business Integrity in Nigeria since September 2011. The Board and the Company was also successfully re-certified under the Corporate Governance Rating System (CGRS) implemented by the Nigerian Stock Exchange.

The Company complied with other corporate governance requirements during the year under review as set out below:

#### 1. Board of Directors

The Board is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing implementation of Company controls and procedures including maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. There are currently four (4) regularly scheduled Board meetings during each financial year, and the Board meets whenever required to ensure the discharge of its functions. In the past financial year, the Board met a total of four (4) times to deliberate on matters related to the Company with active participation from all Directors.

#### 2. Composition of the Board of Directors and Procedure for Board Appointments

During the financial year 2023, the Board consisted of the Board Chair, 10 Non-Executive directors and 2 Executive Directors. Six (6)



of the non-executive directors are independent as defined under the provisions of the Code of Corporate Governance 2018. The Board is independent of Management of Guinness Nigeria Plc and its parent company Diageo, and the members of the Board are free from any constraints, which may materially affect the exercise of their judgement as directors of the Company.

All directors are selected and appointed on the basis of core competencies that strengthens the capacity of the Board including experience in marketing, general operations, strategy, law, corporate governance and compliance, business consulting, human resources, technology, media or public relations, finance or accounting, retail, consumer products, international business/markets, diplomacy, public affairs and government relations, logistics, product design, merchandising, general management or other relevant experience. In addition to having one or more of these core competencies, candidates for appointment as Directors are identified and considered based on their knowledge, experience, integrity, diversity, leadership, reputation, and ability to understand and contribute to the enhancement of the Company's business.

### 3. Separation of the positions of Chairman and Managing Director

In accordance with good corporate governance practices, the positions of the Managing Director and that of the Chair of the Board are occupied by different persons; and the Managing Director is responsible for implementation of the Company's business strategy set by the Board and for the day-to-day management of the business.

### 4. Schedule of Matters Reserved for the Board

The following are the matters reserved for the Board of Directors of the Company:

#### i. Strategy and management

- Input into the development of the long-term objectives and overall commercial strategy of the Company.
- Oversight of the Company's operations.
- Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

#### ii. Structure and capital

- Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans) and share buy backs.
- Major changes to the Company's corporate structure.
- Changes to the Company's management and control structure.
- Any changes to the Company's listing or its status as a publicly listed company.

#### iii. Financial reporting and controls

- Approval of preliminary announcements of interim and final results.
- Approval of the annual report and accounts, including the corporate governance statement.
- Approval of the dividend policy.
- Declaration of the interim dividend and recommendation of the final dividend.
- Approval of any significant changes in accounting policies or practices.
- Approval of treasury policies including foreign currency exposure.

#### iv. Internal controls

Ensuring maintenance of a sound system of internal control and risk management including:

## DIRECTORS' REPORT

- Receiving reports from the Finance, Audit and Risk Committee and reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives.
- Undertaking an annual assessment of these processes through the Finance, Audit and Risk Committee.
- Approving an appropriate statement for inclusion in the annual report.

### v. Contracts

- Major capital projects.
- Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example bank borrowings and acquisitions or disposals of fixed assets of amounts above the threshold reserved for executive directors under the Schedule of Limits and Authorities.
- Contracts of the Company (or any subsidiary) not in the ordinary course of business, for example loans and repayments; foreign currency transactions and; major acquisitions or disposals of amounts above the thresholds reserved for Executive directors under the Schedule of Limits and Authorities.
- Major investments including the acquisition or disposal of interests of more than five (5) percent in the voting shares

of any company or the making of any takeover offer.

### vi. Communication

- Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- Approval of all circulars and listing particulars (approval of routine documents such as periodic circulars about scrip dividend procedures or exercise of conversion rights could be delegated to a committee).
- Approval of press releases concerning matters decided by the Board.

### vii. Board membership and other appointments

- Changes to the structure, size and composition of the Board, following recommendations from the Nominations, Governance and Remuneration Committee.
- Ensuring adequate succession planning for the Board and senior management following recommendations from the Nominations, Governance and Remuneration Committee.
- Appointments to the Board, following recommendations by the Nominations, Governance and Remuneration Committee.
- Approval of appointment of the Chairman of the Board following recommendations by the Nominations,

Governance and Remuneration Committee.

- Appointment of non-executive directors including independent directors following recommendations by the Nominations, Governance and Remuneration Committee.
- Membership and Chairmanship of Board Committees.
- Continuation in office of directors at the end of their term of office, when they are due to be re-elected by shareholders at the Annual General Meeting and otherwise as appropriate.
- Continuation in office of non-executive directors at any time.
- Appointment or removal of the company secretary following recommendations by the Nominations, Governance and Remuneration Committee.
- Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the Finance, Audit and Risk Committee.

### viii. Remuneration

- Approval of the remuneration policy for the directors, company secretary and other senior executives following recommendations by the Nominations, Governance and Remuneration Committee.
- Approval of the remuneration



of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate following recommendations by the Nominations, Governance and Remuneration Committee.

- The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval following recommendations by the Nominations, Governance and Remuneration Committee.

**ix. Delegation of authority**

- The division of responsibilities between the Board Chair and the Chief Executive Officer, which should be in writing.
- Approval of terms of reference of Board Committees.
- Receiving reports from Board Committees on their activities.

**x. Corporate governance matters**

- Undertaking a formal and rigorous review of its own performance, that of its Committees, Appointed Chair and individual Directors.
- Determining the independence of Directors.
- Considering the balance of interests between shareholders, employees, customers and the community.

- Review of the Company's overall corporate governance arrangements.
- Receiving reports on the views of the Company's shareholders.

**5. Induction and Training**

The Company has in place a formal induction program for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and familiar with the Board Chair and senior management team. Newly appointed Directors are also conducted round the production facilities of the Company to gain first-hand knowledge of the production process and the emphasis placed on health and safety by the Company.

The Nominations, Governance and Remuneration Committee is responsible for evolving a continuing education programme to ensure existing Directors stay current with the Company's business and objectives as well as relevant industry information and other external factors such as corporate governance requirements and best practices. As part of the programme, Directors are encouraged to periodically attend appropriate continuing capacity enhancement programmes which would be beneficial to the company and the Directors' service on the Board.

**6. Performance Evaluation process**

The Board established a system to undertake a formal and effective annual evaluation of its performance and that of its Committees, the Board Chair, and the individual directors. The assessment is conducted to ensure the Board, Committees, and individual directors are effective and productive and to identify opportunities for improvement especially in the light of the constantly changing dynamics of the business world and the industry in which the Company operates.

In 2023, the firm of DCSL Corporate Services Ltd was engaged as external Consultants to carry out the Performance Evaluation of the Board and Corporate Governance audit of the Company for the year ended 30th June 2023.

**7. Attendance at Board Meetings**

The Board held four (4) regular quarterly meetings during the 2023 financial year. The following table shows the membership and attendance of directors at Board meetings during the 2023 financial year:

## DIRECTORS' REPORT

Directors	27/07/22 Quarterly Board Meeting	25/10/22 Quarterly Board Meeting	25/01/23 Quarterly Board Meeting	26/04/23 Quarterly Board Meeting	Total Number of Meetings Attended
1 O. Johnson (Dr.)	P	P	P	P	4
2 D. Nayager	P	P	P	P	4
3 J. Musunga**	N/A	N/A	P	P	2
4 E. Difom	P	P	P	P	4
5 S. T. Dogonyaro (Amb.)	P	P	P	P	4
6 N. Edozien (Ms.)	P	P	P	P	4
7 L. Breen	P	P	P	P	4
8 G. Wafer****	N/A	N/A	N/A	P	1
9 M. O. Ayeni (Mrs.)	P	P	P	P	4
10 F. Ajogwu, SAN (Prof.)	P	P	P	P	4
11 T. Gbadegesin*****	N/A	P	P	P	3
12 B. Magunda*	P	P	N/A	N/A	2
13 M. Sandys***	P	P	N/A	N/A	2

**P** – Present    **N/A** – Not Applicable as Director did not hold this office at the time

\* B. Magunda (Ugandan) retired from the Board effective 31st October 2022

\*\* J. Musunga (Kenyan) was appointed to the Board effective 1st November 2022

\*\*\* M. Sandys (British) retired from the Board effective 25th January 2023

\*\*\*\* G. Wafer (Irish) was appointed to the Board effective 25th January 2023

\*\*\*\*\* T. Gbadegesin (Mrs.) was appointed to the Board effective 27th July 2022

### 8. Board Committees

The Board undertook a review and re-evaluation of performance of its Committees, their constitution, functions, and composition during the outgoing financial year in the light of the new Code of Corporate Governance 2018. The rationale for the changes to the Composition of the Board Committees were to achieve adequate spread of the workload and rotation of directors taking into cognizance skill set and experience of members of the Board. As at the date of this report, the Company has in place, the following Board Committees:

#### A. Nominations, Governance and Remuneration Committee

Among other responsibilities, the Nominations, Governance and Remuneration Committee is charged with instituting a transparent procedure for the appointment of new directors to the Board and making recommendations to the Board regarding the tenures, re-appointment, and remuneration of Non-Executive Directors on the Board.

The Committee was recently reconstituted and renamed with its role and responsibilities expanded in line with the provisions of the Code of Corporate Governance of 2018. The Committee provides a written report highlighting its deliberations and recommendations to the Board on a quarterly basis.

The Committee comprised of the following members during the financial year:



## DIRECTORS' REPORT

Mr. D. Nayager - Committee Chairman  
 Amb. S. T. Dogonyaro - Committee Vice Chairman  
 Mr. Mark Sandys - Ceased to be a Member effective 25th January 2023  
 Mrs. Grainne Wafer - Appointed Member effective 26th April 2023  
 F. Ajogwu, SAN (Prof.) - Member

The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

Directors	26/7/ 2022	21/10/ 2022	19/1/ 2023	24/4/ 2023	Total No. of Meetings Attended
1 D. Nayager	P	P	P	P	4
2 Amb. S. T. Dogonyaro	P	P	P	P	4
3 Mark Sandys	P	P	P	N/A	3
4 F. Ajogwu, SAN (Prof.)	P	P	P	P	4

**P** – Present | **N/A** – Not Applicable as Director did not hold this office at the time

### B. Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee continued to discharge its role and responsibilities in line with the provisions of the Code of Corporate Governance of 2018. The Committee is responsible for monitoring the integrity of the financial statements of the Company and reviewing the effectiveness of the Company's internal control and risk management system. It performs the Board audit functions among other responsibilities. The Committee comprises four (4) Non-Executive Directors who are mostly independent and with a wide range of financial, commercial, and international experience. Members of the Committee as constituted and who served during the year are:

M. O. Ayeni (Mrs.) – Committee Chair  
 N. Edozien (Ms.) – Member  
 Prof. F. Ajogwu – Member  
 L. Breen – Member

The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

Directors	26/7/2022	21/10/2022	24/1/2023	25/4/2023	Total No. of Meetings Attended
1 M. O. Ayeni (Mrs.)	P	P	P	P	4
2 N. Edozien (Ms.)	P	P	P	P	4
3 Prof.F. Ajogwu	P	P	P	P	4
4 L. Breen	P	P	P	P	4

**P** – Present | **N/A** – Not Applicable as Director did not hold this office at the time

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## DIRECTORS' REPORT

Each of the Committee's meetings was attended by the Finance and Strategy Director, the Financial Controller, the Head of Business Integrity, the Legal Director and the Head of Corporate Security and Brand Protection; and each provided updates and assurances to the Committee on the adequacy of the actions being taken to mitigate any risks identified in the areas of the business they are responsible for. The engagement partner of the external auditors, PwC, was also present with other key members of his team. Other senior management members were invited from time to time to brief the Committee on agenda items related to their areas of responsibilities.

During the year, the Committee reviewed the Company's quarterly financial reports, the annual report and accounts and the management letter before recommending their approval to the Board. The Committee also reviewed the critical accounting policies, judgements and estimates applied in the preparation of the financial statements.

Similarly, the Committee reviewed reports on significant tax risks, management of the risk of fraud, risks relating to elections in certain parts of the country held during the financial year, other current and emerging risk issues affecting the Company's operations, as well as the related controls and assurance processes designed to manage and mitigate such risks. The focus of the Committee also included the risks posed to the Company by the general elections and security situation across the company's operational sites, the significant risk of lack of access to adequate foreign exchange required for the operations of the Company as well as the inflationary trends within the country's macroeconomy. This is in addition to receiving regular updates on the Company's controls and governance environment.

The Committee reviews the plans of both the internal and external auditors and approves the plans at the beginning of the financial year. The Board was kept updated and informed at its regular quarterly meetings of the activities of the Finance, Audit and Risk Committee through the minutes of the Committee meeting and verbal updates provided to the Board by the Chair of the Committee which is included as a regular item on the agenda of Board meetings.

### **C. Statutory Audit Committee**

The Company has a Statutory Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act. The Committee consists of five members comprising of three elected members representing shareholders and two non – executive directors. The membership of the Statutory Audit Committee is in accordance with the provisions of applicable extant laws from time to time. The Committee evaluates annually, the independence and performance of external auditors, receives the interim and final audit presentation from the external auditors and reviews with management and the external auditors the annual audited financial statements before its submission to the Board.

During the year, the Committee reviewed and approved the audit plan and scope of the external auditors for the financial year and reviewed the quarterly and half-yearly financial results before presentation to the Board. The Committee also makes recommendations to the Board on the appointment and remuneration of external auditors and received reports from Management on the accounting system and internal controls framework of the Company. The members of the Committee also periodically participate in training sessions specifically targeted at improving their performance and oversight capacity.



## DIRECTORS' REPORT

The members of the Statutory Audit Committee during the 2023 financial year are as follows:

M. O. Igbrude	– Chairman/Shareholder
N. Okwuadigbo	– Shareholder
G. O. Idhabe	– Shareholder
N. Edozien	– Independent Non - Executive Director
T. Gbadegesin (Mrs.)	– Independent Non-Executive Director (appointed a member with effect from 27th July 2022)

The Committee met four (4) times during the year. The following table shows the attendance of the members of the Committee at the meetings:

Members	26/7/ 2022	24/10/ 2022	24/1/ 2023	25/4/ 2023	Total No. of Meetings Attended
1 M. O. Igbrude	P	P	P	P	4
2 G. O. Ibhade	P	P	P	P	4
3 N. Okwuadigbo	A	P	A	A	1
4 N. Edozien (Ms.)	P	P	P	P	4
5 T. Gbadegesin (Mrs.)*	N/A	P	P	P	3

**P – Present | A – Absent | N/A – Not Applicable as Director did not hold this office at the time**

\* T. Gbadegesin (Mrs.) was appointed to the Board effective 27th July 2022

### D. Special Projects Committee

The Special Projects Committee was set up in accordance with the provisions of the Company's Articles of Association and the Companies and Allied Matters Act 2020 and has as oversight responsibilities in relation to special projects to be undertaken by the business.

The members of the Special Projects Committee during the 2023 financial year are as follows:

M. O. Ayeni (Mrs.)	– Committee Chair
Amb. Sunday Dogonyaro, OON	– Member
Prof. Fabian Ajogwu, SAN	– Member

During the financial year under review, this Committee did not meet as there were no relevant special project matters for consideration.

### 9. Code of Business Conduct and Code of Governance for Directors

As a responsible member of the corporate society in which we operate, we are not only interested in being the best performing consumer products company, but we are also as equally committed to our ambition to become the most trusted and respected business in Nigeria. Our company is rooted in the responsible business practices that have been adopted and it is important to protect our value chain and the communities in which we operate.

## DIRECTORS' REPORT

The Company has a Code of Business Conduct (COBC) which is based on our purpose and core values as an organization. The COBC is our minimum standards and at the heart of it is a culture of "Acting with Integrity" at all times as we interact with internal and external stakeholders. The COBC is applicable to all employees, directors, and business partners of the Company. Our COBC covers salient topics which include Health, Safety and Personal Security, Countering Corruption, Responsible Drinking, Illicit Trade, Discrimination and Human Rights, Information Management and Security, Quality, Insider trading, Conflict of Interest, Competition and Anti-Trust, Data Privacy, Relationships with customers, suppliers and other business partners, External Communications, and social media amongst others.

Integrity, Fairness and transparency are the principles that are applied in every of our business dealings as entrenched in our COBC and in line with international best practices. Training, awareness and communication programs as well as compliance monitoring mechanisms are in place to ensure that all relevant stakeholders remain aware of and continue to comply with the provisions of our COBC and policies. Policy refresher trainings are also carried out for internal stakeholders and with third party partners.

During the year, we sustained continuous engagements with our people (contractors and employees) in building understanding of our Code, Policies and Corporate Governance principles and to further embed our ethical standards in their daily activities. This way, we expect that they will choose to do the right thing everyday and everywhere. Key policies covered in these engagements are Countering Corruption, Health, Safety and Wellbeing, Competition and Anti-Trust, Responsible Drinking, Conflict of Interest Declaration, Dignity at Work and Data Privacy. All directors subscribe to and re- certify their commitment to the COBC on an annual basis. Our employees and contractors also completed the mandatory policy trainings rolled out by Diageo and signed up to our Annual Certificate of Compliance.

We have also created and continually work to sustain a culture in which employees feel comfortable raising concerns about potential breaches of our COBC or policies. We expect anyone who identifies a breach to report it immediately, either through a confidential and independently managed whistleblowing helpline- Speak-Up, to their Line Managers, to a member of the Business Integrity team, the Human Resources or Legal teams. Our approach to breach management is stated in the Diageo Breach Management Standard and our local Disciplinary Policy. All allegations are taken seriously and those that require action are investigated and addressed promptly. We monitor breaches to identify trends or common areas where further action may be required, and learnings are used to further educate our people.

### **10. Statement of Company's Risk Management Policies and Practices**

The Board of Directors has the responsibility of ensuring the maintenance of a sound system of internal control and risk management which it does through its Finance, Audit and Risk Committee. In compliance with the requirements of the Code of Corporate Governance and with extant regulations as may be revised from time to time, Management provided assurances to the Board during the financial year that the risk management, control and compliance systems in Guinness Nigeria Plc are operating efficiently and effectively. These assurances are examined critically by the Board through its Finance, Audit and Risk Committee at its quarterly meetings and its findings are reported to the Board on a quarterly basis.

Guinness Nigeria Plc's approach to risk management is in line with Diageo's Global Risk Management Standard. On an annual basis, we undertake a holistic risk mapping and assessment to identify top internal and external existing or emerging risks which are thereafter ranked based on their likelihood of occurrence and their impact on the business. These risks are assigned to specific owners who are then tasked with ensuring that robust plans are in place to mitigate these risks or prevent them



## DIRECTORS' REPORT

from crystallizing. These risks and mitigation plans are reviewed on a quarterly basis at the Risk Management Committee (RMC) meeting which is chaired by the Managing Director and comprise the heads of functions and other extended leadership team members.

We have continued to sustain a strong control program through our Controls Assurance and Risk Management (CARM) framework, which also ensures Guinness Nigeria Plc complies with all relevant local and international legislations including the Sarbanes Oxley Act 2002.

Speed and agility to quickly adapt to change are now critical success factors for any business particularly on account of the heightened national security issues, significant inflationary environment, forex inaccessibility and impact of the pandemic in our business world, all of which have now been further compounded by the impact of the war in Ukraine on global supply chains. Guinness Nigeria Plc continues to improve its flexibility and implement strategies that enable the business to adapt to the changes that are continuously happening in the economy.

During the outgoing year, the Board ensured that all emerging risks were carefully managed to ensure our robust control environment and assurance program remains effective while adapting to the rapid changes that the business experienced.

There remains a regular review and monitoring of the overall risk and control environment of the business by the Risk Management Committee at management level and by the Finance, Audit and Risk Committee of the Board; and implementation of Crisis Management and Business Continuity Plans which are regularly tested for effectiveness.

### **Compliance**

Responsible business practices serve as the foundation of our Company's success and is imperative to protecting our value chain and the communities in which we operate. We nurture a culture of ethical leadership and integrity in our diverse, skilled workforce committed to serving all those who count on us to provide high-quality, safe and reliable products. Whether we are seeking to protect the data and privacy of our business partners and consumers, being transparent about our business activities, engaging with suppliers or assessing options for safe and ethical decision-making, we seek to sustain the trust earned over the course of our seven decades of business operations in Nigeria.

### **Ethics and Anti-Corruption**

Guinness Nigeria has an Antibribery and Corruption Policy, and a Competition and Anti-trust Policy which all employees must comply with. As a subset of the Anti-Bribery and Corruption Policy is the Gifts

and Entertainment Rules which provides mandatory guidance on giving and receiving of gifts and entertainment to mitigate against the risks of conflict of interest and engaging favours for payments, especially to Government Officials.

Our employees, business partners, including customers and vendors, are constantly engaged on our anti-corruption drive through policy trainings, onboarding programs, contracts or policy refresh activities.

### **Transparent Grievance Mechanism Process**

Our internal and external reporting and complaints channels are supported by a whistleblowing line, set up to encourage employees anonymously report infringements of our Code of Business Conduct, internal standards, or applicable laws. Improper conduct is never in Guinness Nigeria's interest and being fully aware that improper conduct can damage our reputation and trustworthiness, we ensure all our employees place great importance on ethically impeccable norms.

Through the whistleblowing line, employees are advised to report unethical or unlawful behaviour and actual or suspected breaches of all internal policies or laws and regulations that are capable of undermining our integrity or that may pose a threat to our business. Employees may report to: Line

## DIRECTORS' REPORT

Managers, Legal, Corporate Security, Human Resources, Business Integrity (BI) or SpeakUp by calling 2000 or 07080601240, or via the dedicated SpeakUp web reporting channel at [www.diageospeakup.com](http://www.diageospeakup.com). Business Partners and Customers are also encouraged to report actual or suspected breaches via the aforementioned SpeakUp channels.

### Diversity and Inclusion

At Guinness Nigeria, we understand that for us to thrive and achieve our goal as the best performing, most trusted and respected consumer products company in Nigeria, we must build a diverse and inclusive workforce that reflects the totality of our customer and consumer base. We believe we have a stronger company when the diversity of our employees reflects the customer, communities and people who are bonded by our products.

We are aware that teams consisting of persons with varying opinions and experiences

generate more insights and ideas. By sharing candid, collaborative and productive conversations we can solve our toughest challenges. For Guinness Nigeria Plc, diversity is viewed as an enabler for organizational growth and sustenance and we possess overarching values and purpose that accommodate and respect the contribution of each team member.

### Creating Direct and Indirect Employment

As a manufacturer of fast moving consumer goods, we foster operational efficiency to ensure that gaps are non-existent in terms of availability of our products. As such, we engage people and provide jobs in different spheres including production, logistics, marketing, sales and administration – across the country. For the reporting year, we subscribed to local suppliers in the agricultural value chain, logistics and in some of our packaging materials. Our retail and hospitality sectors are not left out, as they serve as the vehicle through which our products reach our consumers, also generating indirect employment for individuals.

### 11. Dealings in Securities Code

In line with relevant legal and regulatory provisions, the Company continues to monitor compliance with its Dealings in Securities Code (DSC), which prescribes a code of behaviour by directors and senior employees, as well as those in possession of market sensitive information relating to the Company. Affected persons are prohibited from dealing in the Company's securities during closed periods and are mandated to obtain consent to deal from appropriate senior executives of the Company. During the year under review, the Company Secretary, who is the designated Code Manager tasked with ensuring adherence to the provisions of the DSC, regularly issued Closed Period Notifications to directors, employees, and other relevant persons under the DSC.

### Sustainability Statement

Guinness Nigeria Plc's sustainability strategy is fully aligned with Diageo's global Environment Social Governance agenda, and it is focused



on addressing the most material issues within our organisation, the environment, with our investors, customers, consumers, and the society at large. Society 2030: Spirit of Progress is our 10-year action plan to help create a more inclusive and sustainable world and it is underpinned by 3 major pillars: **Promote Positive Drinking, Championing Inclusion & Diversity** and **Pioneering Grain to Glass Sustainability**.

Our aim is to be recognized as the best performing, most trusted and respected consumer products. company in Nigeria and we understand that to achieve this we need to deliver on our sustainable development commitments. Details of our sustainability activities in the year ended 30 June 2023, are in the sustainability section of our Annual Report.

**Health And Safety**

Guinness Nigeria is dedicated to safeguarding the health, safety, and wellbeing of our employees, contractors, and visitors. We continue to operate our sites and operations in strict compliance with the applicable local and international Safety & Wellbeing regulations, and guidelines. Our repertoire of organizational policies, standards, and best practices has continued to make our sites a safer place to visit and work. These guidelines outline procedures for identifying hazards, implementing controls, and promoting safe work culture across all levels in the organization.

We continue to intensify our efforts towards achieving zero harm while consciously building a proactive safety culture where everyone working for and on behalf of Guinness Nigeria understands that Occupational Health and Safety incidents are preventable, and act in such a manner that demonstrates personal commitment to our collective safety. In F23, we built on the gains already achieved in F22 in line with our commitment to continuous improvement. Our winning strategies include:

- Involvement of the leadership team in our leading for safety programs (a good example of this is when the Guinness Board and leadership team joined employees in celebrating the world safety day).

- Increasing employee safety & wellbeing awareness through our weekly 15 mins safety alone 'stop and think' sessions.
- Learning from safety incidents of other Diageo markets.

We continued with safety transform programs – Brightmile driving on roads safety, Enablon IMS reporting, implementation of occupational health & Safety management System for Office safety in GNHQ. This year we celebrated the World Health and Safety Day at work in grand style. The impact of these programs and other safety initiatives implemented is visible across our key safety indicators (Table 1.1), a 29% improvement over last year.

Despite the economic and security challenges Nigeria faced within the period under review, Guinness Nigeria was able to safeguard the safety and wellbeing of every employee via the implementation of robust crisis management/business continuity plans, and various employee wellness programs.

Type of incident	Number of Incidents in F22	Number of Incidents in F23	Commentary
1 Occupational Illnesses	—	—	None for both years
2 First Aid Injuries in Supply	1	1	No change
3 Total Reportable Accidents in Supply	3	2	33% reduction vs F22
4 Road Traffic Accident	3	2	33% reduction vs F22
5 Employee Fatality	—	—	None for both years
6 Contractor Fatality	—	—	None for both years

## DIRECTORS' REPORT

As we go into F24, we will continue to collaborate with all stakeholders on safety, ensuring rigorous and dynamic risk assessment, employee, and third-party safety capability improvement, and putting safety at the heart of all we do. Ours still remains a growing commitment to positive safety culture driven by collaborative effort of senior management, line managers, employees, and contractors, ensuring that everyone goes home every day, everywhere.

### **Company's Policies/Strategy for addressing and managing the impact of HIV/AIDS, Malaria and other serious diseases on the Company's employees and their families.**

Guinness Nigeria Plc is committed to protecting the health, safety and wellbeing of its employees in line with all relevant legislative requirements and best practice principles. In line with this, Guinness Nigeria Plc currently has two robust policies on this:

- Guinness Nigeria HIV/Aids Policy; and
- Guinness Nigeria Policy on Wellness



### **Guinness Nigeria Plc HIV/Aids Policy**

We recognize that the potential social and economic consequences of HIV/AIDS in Nigeria and in Sub-Saharan Africa are enormous; however, there is hope, if the government and civil society collaborate and are mobilized to fight the spread of the disease together.

Guinness Nigeria Plc is determined to play its part with respect to this and the HIV/AIDS policy is a statement of our commitment to prevent the spread of HIV/AIDS in our workplaces and communities and to care for our employees and their dependents who suffer from its effects. The Policy follows guidelines from the Nigerian National Action Committee on AIDS (NACA) and forms part of the overall plan for the protection and enhancement of health of all our employees.

Some of the elements of the Policy include:

- Measures to prevent the spread of HIV/AIDS such as education and awareness campaigns.
- Strategies to reduce the impact of the epidemic in the workplace.
- Plans to protect employees and their families from HIV/AIDS and its effects.
- Confidentiality and non-discrimination towards employees with HIV/AIDS thereby promoting appropriate and effective ways of managing HIV/AIDS in the workplace.
- Promotion of a non-discriminatory working environment in which employees living with HIV/ AIDS are able to speak about their HIV/AIDS status without fear of stigmatization or rejection.
- Management of HIV/AIDS via voluntary counselling and testing.

Guinness Nigeria Plc is an active participant in business coalitions and other fora (Nigeria Business Coalition Against Aids (NIBUCAA), National Action Committee on AIDS (NACA) and State Agency for the Control of Aids (SACA)) leading the national response to HIV/AIDS in Nigeria. Through our HIV/AIDS education and awareness programs we encourage employees to adopt personal behavior which minimizes the risks of their contracting HIV/AIDS. Through these and the development of our own workplace programs, the Company sustains its advocacy role in promoting awareness and understanding of the disease of HIV/AIDS and its impact at global, national, community and workplace levels.

### **Guinness Nigeria Plc Wellness Policy:**

Wellbeing is defined as positive state of being well, contented, and healthy. A state of wellbeing therefore encompasses achieving, amongst other things, good work life balance, the management of stress at work and providing a work environment that is free from discrimination, bullying and harassment. The policy aims to assist employees in



maintaining a healthy level of wellbeing and outlines the support available to employees in achieving this. Some of the ways in which Guinness Nigeria Plc supports the principles of wellbeing include:

- Providing occupational health support services to enhance employee wellbeing.
- Providing training and support to line managers on good management practices encouraging a partnership approach between employees and line managers that fosters trust, openness and honesty and recognizes their joint responsibility to find workable solutions to problems at work.
- Undertaking regular review of policy practice, procedure and initiatives to ensure that they maximize employee wellbeing.

We encourage employees to live a healthy well balanced life and we have a number of programs and facilities to assist employees to either evaluate their current level of wellbeing or to re-establish and maintain it and this is done via various channels including but not limited to: informal dialogue, occupational health information and advices, health screening for all employees (pre-employment health screening, post employment risk assessment for all employees, once in 2 years comprehensive health screen etc.).

### Employment And Employees

#### (a) Human Rights Policy

At Guinness Nigeria Plc we are committed to becoming the best performing, most trusted and respected consumer products company in Nigeria. As part of this vision, we pride ourselves in our commitment to human rights and are guided by the Global Human Rights & Anti-discrimination Policy.

In our workplaces, and the communities in which we operate we believe a serious commitment to respecting human rights is fundamental to our way of business. We value each other and respect each other's human rights as articulated in the Universal Declaration of Human Rights, a declaration we are committed to delivering in its entirety, throughout our business and value chain.

#### b) Equality and Diversity Policy

At Guinness Nigeria, we believe the most inclusive and diverse culture makes for a better business and a better world and our commitment is to attract and retain the most diverse talent while creating the most inclusive culture.

We are proud to be a multi-cultural community, operating in an increasingly competitive and diverse business world, committed to creating the most inclusive and diverse culture, as well as shaping

market-leading policies and practices because it is both the right thing to do and helps our business to grow. This is core to our purpose of "celebrating life every day everywhere".

We value equality and diversity and are committed to creating a working environment where we:

- Treat all individuals fairly, with dignity and respect.
- Provide open opportunities to all.
- Provide a safe, supportive and welcoming environment for all employees and visitors.

We aim to be a true reflection of the cultural groups in the regions we serve. On this basis, we continue to be guided by these key elements of the Policy which includes:

#### - Employment Equity and Equality

Equity and Equality are a key part of to our purpose of 'Celebrating life, every day, everywhere'. We remain committed to equal treatment of employees regardless of age, gender, race, ethnic origin, religion or belief, disability, marital status, pregnancy, sexual orientation, number of dependents, part-time or fixed-term status, creed, color, nationality, membership, or non-membership of a trade union.

## DIRECTORS' REPORT



### - Diversity and Inclusion

At Guinness Nigeria, we believe that having the best and most diverse talent drives our innovation and commercial performance, aimed at delivering our strategic outcomes of consistency in value creation, credibility, trust and engaged employees. As such, In the 2023 financial year, our Diversity and Inclusion (D&I) agenda remained focused on embedding sustainable policies and initiatives among all employees.

Inclusion & diversity is at the heart our ways of working across; from the way we attract, develop, retain, and recruit the very best diverse talent, to the way we source services and progressively portray diversity through our brands. We are determined to remove barriers,

while having a positive impact on our employees, partners, suppliers, and communities in which we do business. We believe that the most inclusive and diverse culture makes for a better business and a better world.

### - Dignity at Work

Our aim is to promote a climate in which employees feel able to raise complaints of harassment, bullying or discrimination without fear of victimisation. We regard harassment, bullying and discrimination (which may lead to civil claims against the harasser or Guinness Nigeria and in certain circumstances criminal claims against the harasser) as unacceptable and offensive to employees, employers, and customers alike.

### - The Guinness Nigeria Spirited Women Network

This is a strong network of women anchored by senior management employees and female members of the Board of Directors which further provides support and mentorship to female employees across the business. As a Company in a traditionally male-dominated industry, the Company encourages initiatives that provide female employees with the opportunity to maximize their potential and take full advantage of the opportunities offered by the Company in their careers.

### - Employment of Physically Challenged Persons

Guinness Nigeria Plc is an equal opportunity employer and does not discriminate on any grounds. Thus, to provide



employment opportunities to physically challenged persons, we have partnered with leading organizations such as Sight Savers and the Nigerian Business Disability Network to help strengthen our ability to support such employees and gain access to talents with these peculiarities.

**c) Dissemination of Information**

Having embraced Hybrid Working model, our objective has been to ensure all employees have a common understanding of our Mission, Goals as well as Business initiatives by leveraging our available communication channels for frequent dissemination of important and critical information.

We use both one way and two-way modes of communication

- leveraging digital means
- Zoom meetings and our internal communication channels “Yammer”, Monthly townhalls and physical meetings to drive this objective.

**d) Staff Diversity, Employee Development and Training Initiatives:**

At the end of the 2023 financial year, we had a staff strength of 791 (538 males and 253 females). Our female population accounted for 32% of the total population; and 61% of our new hires in F23 were females.

Learning and development opportunities within the Company focus on mandatory training, capability development, career development and personal development. Our Learning and

Development Policy aims to ensure employees are provided with the necessary support to enable them grow and deliver in their current and future roles. This is achieved by driving a learning culture across the organisation through a wide variety of learning materials available on our platform, **My Learning Hub**.

Priority is given to learning and development opportunities that are a part of an individual’s partnership commitment or Development Plan. In addition, there is also opportunity for support for courses or professional programmes for employees in line with their development plan based on our Further Education policy. Our people are also encouraged and supported to be members of professional institutions in furtherance of their career aspirations.



# Sustainability and Social Responsibility Report

Over the past seven decades, we have maintained our rich heritage and a great track record of economic growth and strong performance. We remain the foremost **Total Beverage Alcohol** company in Nigeria today renowned across the continent and internationally for our high-quality brands and strong believe in enriching the communities where we operate, source, sell and live through investment and positive investment and active participation.



Our Environmental Social and Governance agenda is fully focused on the management of the most material issues within our organisation, the environment, our investors, customers, consumers, and the society at large. **Society 2030: Spirit of Progress** is our 10-year action plan towards the achievement of the United Nations Sustainable Development Goals in our company, with our communities and for society, and it is underpinned by 3 major pillars: **Promote Positive Drinking, Championing Inclusion & Diversity** and **Pioneering Grain to Glass Sustainability**.

In the year ended 30 June 2023, we implemented a variety of programmes towards advancing Society 2030: Spirit of Progress agenda.

## Promoting Positive Drinking

We want to change the way the world drinks for better, by celebrating moderation and continuing to address harm related to excessive consumption of alcohol, expanding our programmes that address under-age drinking, binge drinking and drink-driving.

We have developed several initiatives and partnerships to help drive this all-important message of moderation over the years, some of which are:





### SMASHED

SMASHED is our theatre -in-education programme targeted at tackling underage drinking amongst youth using drama and other interactive educational tools. The initiative is aimed at instructing students that no amount of under-age drinking is safe by providing facts, causes, and consequences of under-age drinking. Smashed launched in the UK over a decade ago and has now been delivered in several countries around the world. Since its introduction into the Nigeria academic space in 2018, we have reached over 142,000 students aged 13 – 17 across the country. In the year under review, we reached 37,461 students across 80 government public and private schools within Ogun and Oyo State; and piloted

## DIRECTORS' REPORT



**142,000**  
students aged 13 - 17 reached in Nigeria academic space since introduction in 2018.

the delivery of the programme to hearing-impaired students in Oyo state by employing the services of sign language instructors who interpreted the play to the students. It is the first time in Africa, that this programme has been delivered in this manner.

## DRINKIQ.com

### DrinkIQ Campaign

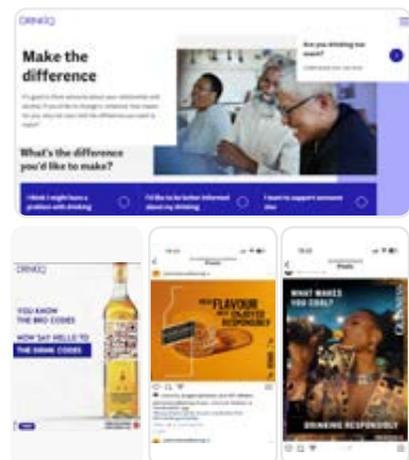
DrinkIQ is Diageo's global resource created to help people make responsible choices about drinking – or not drinking, the programme is delivered through training, providing information and practical advice online. The platform is designed to educate people on the risks of alcohol related harm and is part of our wider 2030 targets on positive drinking which includes reaching one billion people with a dedicated message of moderation from our brands.

**1,400,000**  
reached via social media campaign to drive engagement

In FY23, we ran digital campaigns across several social media platforms to drive engagement with this resource resulting in over 1.4m Reach; 23m Impressions and over 52,000 unique site visits. Our Brand Moderation campaign (campaigns and trainings designed specifically to promote moderation) garnered a whopping 137,095,743m vs Full Year target of 8m!

**23million**

impressions garnered through our digital campaigns on social media platforms





## WRONG SIDE OF THE ROAD

**Wrong Side of The Road** is our latest **Don't Drink & Drive** initiative. An authentic and immersive learning experience which allows users to have an interactive conversation with real drink-drivers, real people, real stories, and real consequences. The e-learning module aims to address the erroneous thinking



# 30,000+

number of people reached in F23, with about 20% reporting attitude change towards drinking and driving

that it is socially acceptable to drink and drive; it's a hard-hitting, gut-wrenching real-life experience of everyday people, who took the wrong decision to drive impaired; We are leveraging our long-standing relationship and partnership with key stakeholders in the transportation industry to drive the adoption of

this module by driving schools in Nigeria as well as running several offline roadshows to drive engagement with commercial drivers and other road users. In F23, we reached over 30,000 people with about 20% reporting attitude change towards drinking and driving.



### EMBER MONTH CAMPAIGN

## DON'T DRINK AND DRIVE



Our annual **Ember Month Campaign** in collaboration with the Federal Road Safety Corp is another platform with which we discourage the harmful use of alcohol. During the last quarter of every calendar year when festivities peak and road travels tend to increase, we run **Don't Drink & Drive** campaigns

at strategic motor parks across the metropolis engaging with key stakeholders in the transportation industry educating them about the dangers of driving impaired. We also use this opportunity to provide basic health check services to commercial motor drivers. During the year under review, we partnered with the Edo State Command of the Federal Road Safety to engage commercial drivers and other road users at the Tipper Park, Benin Edo state. We also partnered with the Beer Sectoral Group of MAN alongside other players in the alcohol beverage industry to run road shows across different motor parks in Lagos..





## Championing Inclusion and Diversity

We believe that a most inclusive and diverse culture makes for a better business and a better society, we therefore continue to champion diversity and inclusion across our business, with our partners and communities, to help celebrate diversity and shape a more tolerant society.

Increasing Female representation in our employee base continues to remain a core focus area for us. Presently, 33% of our Executive Leadership team are women, not to mention Guinness Nigeria's first female Board Chair in its 73-year history in Nigeria.

Guinness Nigeria also has one of the most gender diverse Boards of all the companies listed on the Nigerian Stock Exchange with five highly reputable female Independent Non-Executive Directors out of nine (44%).

We pioneered an all-Female STEM (Science, Technology, Engineering and Mathematics), Commercial & Marketing Graduate program, the first of its kind in the sector, to grow our own diverse talent and to contribute to the growth of women in the Fast-Moving Consumer Goods sector. This has now been replicated in other Diageo Africa markets with 60 graduate trainees across functions.



**Plan W**  
Empowering women through learning



### Plan W

Under our Learning for Life and Skills programmes Plan W, we facilitated improved employability and economic empowerment for 350 women in Ogun and Cross River states. This capability building training covers general business skills, business modelling and simple business arithmetic as well as provision of trade assets and seed capital to start off small scale product distribution businesses. This initiative debuted in 2019 and has thus far benefitted 900 women across different geo-political zones in Nigeria. This year, we partnered with Sightsavers, Nigeria to extend the initiative to people living with disabilities.



### Undergraduate Scholarship Scheme

The Guinness Undergraduate Scholarship scheme provides a platform for our business to support youth development across the country. We awarded scholarships to 25 additional students who were successful in the screening process for

FY23, this brings to 76, the total number of awardees currently benefiting from the scheme. The scholarship covers the tuition and accommodation fees of the beneficiaries. Under this scheme, each beneficiary now get the sum of Two Hundred Thousand Naira Only (N200,000) – a 100% increase from last year, for each year of undergraduate study.



### Guinness Creates a Smile

Our employee volunteering programme Guinness Creates a Smile is another platform for community inclusion where employees come together from time to time to show love and care for the communities around us by visiting orphanages to donate household items, participating in community clean-up programmes. This year, our employees donated food items and household materials worth millions of naira towards the outreaches in Lagos and Benin. We visited the Federal Society for the Blind, Oshodi and Ivbore

Primary School for the Blind Benin on Valentines Day to celebrate and show love to the PLWD community.

In commemoration of World Clean Up Day and World Environment Day this year, our employees came out again to walk the talk on their commitment to preserving the natural resources around us. We partnered with several environmental and advocacy groups to carry out Clean up activities around Agege Under Bridge, Coastal Clean ups at Elegushi Beach and so on.



### Pioneering Grain to Glass Sustainability

We recognise that our continued long-term success depends on the people and planet around us and understand that this success is threatened by climate change, water stress, biodiversity loss and other environmental factors. We have taken it upon ourselves to ensure that our people, our suppliers, our consumers, and society at large all thrive as a result of our business. That means working with our whole value chain – the people, resources and environment that contribute to our success, from grain to glass by helping to preserve water for life, accelerate to a low carbon world and becoming sustainable by design.

### Preserving Water for Life

Water practice in an environmentally sustainable way is an important part of protecting the planet and has become even more imperative with the growing water stress in several locations across the world.

Our Water stewardship journey has been a progressive success



## DIRECTORS' REPORT

story since 2020 when our water usage efficiency was recorded at 4.5 (l/l) and has increasingly become more efficient till date.

Today, we have achieved ~ 40% reduction in our water usage versus our 2030 Target of 30% less water!

The progress recorded so far has been largely driven by several water efficiency initiatives put in place by our operations team, and further enhanced by our recently commissioned Water Recovery Plant (WRP) - a facility which takes treated effluent from

our Effluent Treatment Plant (ETP) and further purifies it, using state of the art technology, to portable water standard. The recovered water is then applied to other non-product contact processes to reduce the burden of water extraction from underground sources. We are confident of even better efficiency by the time the WRP facility is fully optimized.

During an inspection of our Ogba Brewery production site recently, officials of the Lagos State Environmental Protection Agency (LASEPA) were taken on a tour of the WRP facility, and they could

not stop commending Guinness Nigeria Plc on this initiative, according to them, the facility is a 'first of its kind' in the entire country to date!

To demonstrate their appreciation of our environmentally friendly Water practices, which has been further enhanced by the commissioning of the Water Recovery Plant, they wrote us a commendation letter endorsed by the General Manager of the agency and referenced the alignment of the initiative with Lagos State's circular economy strategy.



**~ 40%**  
**reduction in  
our water usage**  
versus our 2030 Target  
of 30%



**Zero Waste to Landfill**

Efficient waste management has been one of our key pillars in driving grain to glass sustainability. We adopt the principle of 3Rs to segregate and manage our waste from source. Our ambition is to prevent the incidence of our waste finding its way to a landfill, thereby polluting the environment in which we operate and beyond. Key focus has been as much as possible eliminate or reduce the quantity of waste we generate from our operations, re-use the components we can for other processes and engage vendors who are able to recycle or re-use the waste in other applications. We have also onboarded a waste vendor that has the capacity to incinerate the non-recyclable/non-reusable components of our waste. With the above initiatives, we have sustained zero waste to Landfill from direct operations in the last few years.



**Elimination of non-recyclable packaging**

In consideration of end-of-life impact on the environment, Guinness Nigeria plc has commenced focusing on the recyclability of our packaging. We have also adopted the same principle of reduction and end of life application as key inputs into our packaging designs. Our key focus is to ensure our packaging are widely recyclable and can serve as input in the production of new packs or other applications. Recently, we eliminated sachets

from our portfolio to reduce the burden of non-recyclable waste in the environment.

**Recycled content in PET (rPET)**

We recently partnered with a PET supplier to develop r-PET with up to 40% recycled content. This is still undergoing quality/product compatibility testing. The essence of this project is to encourage the withdrawal and recycling of PET bottles to reduce the pollution impact in the environment.

**Partnership with Food & Beverage Recycling Alliance**

The Food & Beverage Recycling Alliance is a team of 30 member organizations set up to tackle the issue of post-consumer waste in Nigeria. FBRA's core focus is accelerating recycling and re-using of waste materials (Plastics, cans, cartons) that would have ended up in landfills for the benefit of the environment while at the same time providing a means for livelihood for waste collectors and recyclers.



**Disposal of part of the Guinness Nigeria Plc's Aba Brewery**

During the year under review, Guinness Nigeria received an indicative offer from Ultimium Limited on the Aba Brewery disposal transaction, negotiations progressed accordingly between the parties including satisfactory KYC checks and alignment on commercial terms for the asset acquisition.

The proposed acquisition covers part of the Guinness Aba Brewery property (which comprises the main brewery section and palm plantation) measuring 7.846 hectares, and situated in Osisioma Industrial layout, Aba, Abia State, represented by a Certificate of Occupancy dated 21st August 2006, registered as No. 49 at Page 49 in Volume 90 of the Lands Deeds Registry Office, Abia State. The disposal transaction which is in tranches, is being monitored by Management for timely and satisfactory consummation

**Acquisition of own shares**

The Company did not purchase any of its own shares during the 2023 financial year (2022: Nil).

**Property, plant and equipment**

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

**Distribution**

The Company's products are distributed through numerous key

distributors who are spread across the country. Our distributors are our strategic business partners who contribute immensely to the success of our business and also benefit mutually from their relationship with Guinness Nigeria Plc. The Company also has distribution agreements with distributors who export its products to the United Kingdom and South Africa in addition to strategic alliances on distribution with other companies within the Diageo group in several African countries.

**Events after the Reporting Date**

Other than the disclosure in Note 32, there are no other events after the statement of financial position date which could have had a material effect on the state of affairs of the Company as at this date or the financial results for the year ended 30 June 2023 which has not been adequately provided for.

**Royalty And Technical Services Agreements**

It has been the practice for the Company to maintain a close relationship with Diageo plc as technical partner and adviser. In this capacity, we receive technical and commercial support from certain members of the Diageo group under various Technical Services Agreements and Trademark and Quality Control Agreements.

**Independent Auditor**

PricewaterhouseCoopers acted

as the Company's independent auditor during the year under review. The independent auditors' report was signed by Mr. Edafe Erhie, a partner in the firm, and a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) with FRCN registration number FRC/2013/ICAN/00000001143.

PricewaterhouseCoopers has indicated willingness to continue in office as auditor in accordance with Sec 401(2) of the Companies and Allied Matters Act 2020.



By Order of the Board

**Mr. John Musunga**  
FRC/2023/PRO/DIR/003/432832  
Managing Director  
26 July 2023

## DCSL Corporate Services Limited

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RC NO. 352393

18th July 2023

### REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS OF GUINNESS NIGERIA PLC FOR THE YEAR-ENDED 30TH JUNE 2023

DCSL Corporate Services Limited ("DCSL") was engaged by Guinness Nigeria Plc ("Guinness", "the Company") to carry out a performance evaluation of the Board of Directors for the year-ended 30th June 2023, in line with the provisions of **Principle 14.1 and 15.1 of the Nigerian Code of Corporate Governance, 2018 ("NCCG")**, and **Guideline 9 of the Securities and Exchange Commission (SEC) Corporate Governance Guidelines for Public Companies in Nigeria issued in 2020 ("SCGG")**.

To ascertain the extent of compliance with relevant corporate governance principles, and appraise the performance of the Board, we benchmarked the Company's corporate governance structures, policies, and processes against the above-mentioned Codes as well as global best practices and considered the following seven key corporate governance themes:

1. Board Structure and Composition;
2. Strategy and Planning;
3. Board Operations and Effectiveness;
4. Measuring and Monitoring of Performance;
5. Risk Management and Compliance;
6. Corporate Citizenship; and
7. Transparency and Disclosure.

In conducting the appraisal, we reviewed the Company's corporate and statutory documents, Minutes of Board and Committee meetings, policies, processes, and ancillary documents made available to us. We also administered questionnaires and interacted with some members of the Board.

Our review confirms that Guinness Nigeria Plc has substantially complied with the provisions of the SCGG and NCCG, and that the activities of the Board and the Company significantly align with relevant legislation, regulations, and corporate governance best practices. The Directors' Peer Assessment and Chairman's Leadership Assessment indicate that individual Directors discharged, satisfactorily, their governance responsibilities, performed creditably against the set objectives and continue to demonstrate strong commitment to enhancing the Company's growth.

Details of our key findings and recommendations are contained in our detailed Reports.

Yours faithfully,  
for: **DCSL Corporate Services Limited**



**Bisi Adeyemi**  
Managing Director  
FRC/2013/NBA/00000002716

Directors: ■ Abel Ajayi (Chairman) ■ Obi Ogbuchi ■ Adeniyi Obe ■ Dr. Anino Emuwa ■ Adebisi Adeyemi (Managing Director)

**DCSL**  
DCSL Corporate Services Limited



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# Board of Directors & Company Secretary





1.

**Dr. Omobola Johnson**

Board Chair & Independent Non-Executive Director (INED)

An alumnus of the prestigious University of Manchester, University of London and Cranfield University, Dr. Johnson started her professional career in management consulting in the London Office of Arthur Andersen/Andersen Consulting (now known as Accenture) in 1985.

In 2005, Dr. Johnson was appointed as the Country Managing Director for Accenture. In March 2010, she sought early retirement from Accenture to enable her to pursue other interests. She was appointed as a member of Nigeria's Presidential Advisory Council in 2010 providing support to the Acting President Goodluck Jonathan.

In 2011, she was appointed as Nigeria's pioneer Minister of Communication Technology. During her four-year tenure at the Ministry, she oversaw the launch and execution of the National Broadband Plan and the pioneering involvement of government in a local VC fund and a network of start-up incubators. She served meritoriously in that capacity until May 2015.

In 2015 she joined TCom Capital LLP, a technology venture capital fund, as a Senior Partner focused on investment and value generation for technology companies in sub-Saharan Africa. She is a Fellow of the Aspen Global Leadership Network (AGLN) and serves on the boards

of several blue-chip companies. Dr. Johnson is an Independent Non-Executive Director and Board Chair effective 1st July 2021. She brings to the Board over 30 years of experience from both the private and public sectors of the Nigerian economy. She was appointed to the Board with effect from 29th January 2016. She resides in Nigeria.

2.

**Ms. Joan Hodgins**

Vice Chair & Non-Executive Director

Ms. Joan Hodgins holds a Bachelor's degree in Pure Psychology from the University College Dublin in 1992 and Master's degree in Human Resource and occupational Psychology from the University College Cork in 1993.

She has over 25 years commercial experience, both consulting and in-house in a range of HR roles including consulting with a range of blue-chip companies in the areas of Development, Assessment and Diversity.

Joan joined Diageo in 2002 and has effectively delivered in a range of Global Strategic roles (including Leadership Development and Talent Director roles) as well as market HRD roles (in North America, Australia, Europe and Turkey).

Her purpose is to transform businesses by building effective organisations, using her talents to help people shine to deliver extraordinary growth and performance.

Ms. Hodgins was appointed Global Talent Director for Diageo in January 2022. She was appointed to the Board as a Non Executive Director and Vice Chair with effect from 1st July 2023. She is also the Chair of the Nominations, Governance and Remuneration Committee of the Board.

3.

**Mr. John Musunga**

Managing Director/Chief Executive Officer

John is known for his passion for driving business results through the power of strong teams and creating an environment where people can be at their best.

John is an astute leader who joined Diageo in March 2021 as Managing Director of Kenya Breweries Limited. Prior to this, John had a highly successful career at GSK where he gained more than 25 years' experience in senior local, regional and global roles.

He has also served as a Non-Executive Director for the Vision 2030 Board in Kenya, as well as chairing the Kenya Association of Pharmaceuticals Industry and the Kenya HIV/AIDS Business Council. John joined the Guinness Nigeria team on November 1st, 2022, with a wealth of international and global leadership experience. He is married with children.



4.  
**Mr. Emmanuel Difom**  
Finance & Strategy Director

Emmanuel is a Certified Public Accountant from Paris Academy in France and member of the Cameroon's Institute of Chartered Accountants. He holds a master's degree in Management from Yaoundé University and several other professional certifications including the Diploma of Certified Public Accountants (D.E.C) – French Republic; D.S.G.C – CNAM-INTEC of Paris (France); D.S.C.G – Académie de Nantes (France) and D.E.F.C - CNAM-INTEC of Paris (France).

Emmanuel has over fifteen years of experience as Finance Director across industries and global companies. With an exciting career that has taken him through 17 different geographies, he is a highly accomplished executive with strong experience in Business Strategy, Finance and Tax management supported by a solid background in FMCG, Oil and gas and Banking sectors.

Prior to joining Diageo, Emmanuel worked as Finance Director at British America Tobacco (BAT) across many markets including Cameroon, Senegal and Nigeria from where he was covering 12 other markets in west and central Africa. He led the transformation of Operations Finance and Controls for 17 markets, including Nigeria, before leaving BAT in 2018.

Before BAT, he also had an amazing career working in oil and gas (Exxon Mobil), as well as the

banking sector (Société Générale). Emmanuel joined Guinness Nigeria in September 2021 as the Finance & Strategy Director. Before then, he was Finance Director for Guinness Cameroon, a position he held since March 2018.

He was appointed an Executive Director of the Company with effect from 1st November 2021. He resides in Nigeria.

5.  
**Ms. Ngozi Edozien**  
Independent Non-Executive Director (INED)

Ms. Edozien has over 30 years' experience in consulting, finance/private equity, general management and business development functions with multinational companies in Europe, USA and Africa.

She is an alumna of Harvard and Radcliffe Colleges, Harvard University and Harvard Business School, Harvard University. Post an initial career in investment banking with JP Morgan, Ms Edozien joined McKinsey & Company in late 1991. She served clients in the Healthcare and Consumer Goods sectors out of the London and Paris offices until 1999 when she left the Firm as an Associate Principal to pursue an industry role. Ms Edozien joined Pfizer Inc. as Vice President, Pfizer Global Pharmaceuticals (PGP) Strategic Planning and Business Development, a position she held until her appointment as the Regional Director, East, Central and Anglophone West Africa for Pfizer from 2005 through 2008.

From 2009 to 2014 Ms. Edozien was the Head of West Africa for Actis LLP an emerging markets private equity firm where she completed a number of transactions and managed a portfolio of investments in the Consumer Goods, Financial Services, Industrials and Oil and Gas sectors.

She is the founder and Managing Director of Invivo Partners Limited, a consulting, advisory and investment firm in Nigeria with a portfolio of early-stage businesses in various sectors. In addition to this, she serves or has served on the Boards of top tier companies listed on the Nigeria, Johannesburg and London (FTSE) Stock Exchanges in addition to a number of privately held businesses.

Ms. Edozien was appointed to the Board with effect from 26 November 2015 and is a member of the Finance Audit and Risk Committee of the Board and the Statutory Audit Committee. She resides in Nigeria.

6.  
**Mr. Leo Breen**  
Non-Executive Director (NED)

Mr. Leo Breen holds a Bachelor of Arts in Philosophy from Newcastle University and is a member of the Chartered Institute of Management Accountants. He has over 29 years of experience with Diageo Group and has overseen Finance operations for Diageo businesses in over 40 countries across Europe, Asia and Africa. Leo was appointed Regional

Finance Director for Diageo Africa in 2017 and is based out of London. He was appointed to the Board as a Non-Executive Director with effect from 25th April 2017. He is a member of the Finance, Audit & Risk Committee of the Board.

7.

**Mrs. Gráinne Wafer**

Non-Executive Director (NED)

Gráinne Wafer obtained an MA in Modern English & American Literature from University College Dublin in 1991 and a BA in English and German in 1990 from University College Dublin. She is a highly experienced Senior Marketing Executive with over 25 years' marketing experience in blue chip Companies. She has worked for Diageo Plc for 25 years in different capacities including Marketing Director Guinness & Smithwicks Ireland, Innovation & Spirits Marketing Director Ireland, Innovation Commercialization Director, Europe, Global Marketing Director, Guinness, Global Brand Director Baileys & Roe; Global Brand Director, Guinness & Malta Guinness.

Gráinne was appointed Global Director of Beer, Baileys, Smirnoff for Diageo Plc in August 2022. She was appointed to the Board as a Non-Executive Director with effect from 25th January 2023 and represents the Board as a member of the Nominations, Governance & Remunerations Committee of the Board. She resides in Ireland.

8.

**Mrs. Yemisi Ayeni**

Independent Non-Executive Director (INED)

Mrs. Mojisola Oluyemisi Ayeni retired as Managing Director of Shell Nig. Closed Pension Fund Administrator Limited in April 2015. She is a 1985 honours graduate of Economics from the prestigious University of Manchester, UK, and a 1989 Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales.

Mrs. Ayeni started her professional career with Price Waterhouse, London in 1985 where she spent 5 years working her way through a variety of increasingly senior Audit roles before moving to the Firm's Corporate Reconstruction and Insolvency team in 1990. She returned to Nigeria in 1991 as a Senior Manager in the Corporate Finance Team of Price Waterhouse, Lagos.

In 1994, Mrs. Ayeni joined Shell Nigeria and held a wide variety of roles during her 21 years with Shell. In November 2004, she was appointed Finance Director, Shell Nigeria Exploration & Production Company Ltd. (SNEPCo), earning her the distinction of being the first Nigerian woman to be appointed to the Board of a Shell Company in Nigeria.

Until her retirement, Mrs. Ayeni was a Council Member of the Nigerian Stock Exchange now, Nigerian Exchange Group Plc (NGX) and the Chair of the Exchange's Demutualization and Technical Committees. She was also Vice Chair, Pension Fund Operators' Association and the

Chair of the Association's Institute Committee.

She is currently the Chairperson of NASCON Allied Industries Plc and Non-Executive Director of Stanbic IBTC Pension Managers Ltd. She is also a member of the Leadership Council of the Aig-Imoukhuede Foundation and Vice-Chair of the Queen's College Old Girls' Association's Board of Trustees. She was appointed to the Board as a Non-Executive Director with effect from 1st September 2018 and represents the Board as the Chair of the Finance, Audit and Risk Committee and the Special Projects Committee. She resides in Nigeria.

9.

**Prof. Fabian Ajogwu, SAN**

Independent Non-Executive Director (INED)

Fabian Ajogwu is a Senior Advocate of Nigeria with Kenna Partners, and Lagos Business School Professor of Corporate Governance. He is an Alumnus of the Said Business School of Oxford University, and an Alumnus of the Lagos Business School. Professor Ajogwu holds a Doctorate in Law from University of Aberdeen, Scotland; an MBA from the IESE Business School, Barcelona; and Law degrees from the University of Nigeria the University of Lagos.

Professor Ajogwu is the Founder of the Society for Corporate Governance Nigeria; a Fellow of the Nigerian Institute of Chartered Arbitrators, the African Leadership Initiative West Africa, Henry Crown Global Leadership of the Aspen



Institute, the AIFA Reading Society, the Society for Art Collection, and a member of the Oxford Philosophical Society, Royal Institute of Philosophy London, and Royal African Society, UK. He is the President of the Nigerian Institute of Chartered Arbitrators. He served on the Governing Council of the Pan-Atlantic University, the General Council of the Bar, and the Council of Legal Education (Nigerian Law School) as the statutorily designated Distinguished Legal Author. He is a member of the International Council for Commercial Arbitration; and London Court of International Arbitration.

He is the author of the books – ‘The Law & Practice of Private Equity’; ‘Ship Acquisition & Finance: Law & Practice’; ‘Corporate Governance & Group Dynamics’; ‘Corporate Governance in Nigeria: Law and Practice’; ‘Commercial Arbitration in Nigeria: Law and Practice’; ‘Fair Hearing’; ‘Mergers & Acquisition in Nigeria: Law and Practice’; ‘Law & Society’; and ‘Decoupling Ownership from Management of Companies.’ He co-authored the books – ‘Outcomes-Based Governance: Modern Perspectives to Corporate Governance’ with Professor Mervyn King SC; ‘Petroleum Law and Sustainable Development’ with Dr Oscar Nliam; ‘Legal & Regulatory Aspects of Commerce’; ‘Trade & Investments in Nigeria: Legal & Regulatory Aspects’; ‘Oral and Written Advocacy: Law & Practice’ with Chief Folake Solanke, SAN; and ‘Collecting Art: A Handbook’ with Dr Jess Castellote.

Professor Ajogwu assisted the Securities and Exchange

Commission in drafting Nigeria’s pioneer Code of Corporate Governance. He chaired the Nigerian Communications Commission Committee on Corporate Governance for the Telecommunication sector. He served on the Financial Reporting Council of Nigeria Committee on the National Code of Corporate Governance. He chaired ARM Harith Infrastructure Ltd (Nigeria’s pioneer infrastructure fund) and chairs the Body of Senior Advocates of Nigeria Committee on Continuing Legal Education; Novare Group in Nigeria, and NES Global. He serves on the boards of Stanbic IBTC Holdings Plc, and Seplat Energy Plc. He was appointed to the Board of Guinness Nigeria on November 1, 2018 and represents the Board on the Nominations, Governance & Remunerations Committee, the Finance, Audit and Risk Committee and the Special Projects Committee.

10.  
**Mrs. Tariye Gbadegesin**  
Independent Non-Executive Director (INED)

Tariye Gbadegesin is the Chief Executive Officer of ARM-Harith Infrastructure Investment Ltd, a leading West Africa focused private equity infrastructure fund, that is a joint venture between Asset & Resource Management Holding Company Limited (ARM), Nigeria’s largest non-bank financial services provider and Harith General Partners, a leading Pan-African infrastructure fund manager based in South Africa. ARM-Harith manages capital from the African pension fund sector

and international capital from development finance institutions and family offices. The fund invests in sustainable infrastructure with a strong emphasis on ESG and climate action.

An investment professional with over 20 years’ experience in finance, principal investments, and infrastructure, Tariye has global experience spanning roles at the Africa Finance Corporation, the International Monetary Fund, the Boston Consulting Group, & PricewaterhouseCoopers.

Tariye is the co-chair of the steering committee for the Voluntary Carbon Markets Integrity Initiative (VCMI) launched by the UK Government and the Children’s International Investment Fund (CIFF) and is also a member of the African Advisory Committee of the Glasgow Financial Alliance for Net Zero (GFANZ). Tariye is a member of the Advisory Committee on Infrastructure for the United Nations Principles for Responsible Investing (PRI) and is a board member of the African Infrastructure Developers Association (AFIDA). Tariye is also a Non-Executive Director for Guinness Nigeria PLC, a member of the Diageo Group and a publicly listed company on the Nigerian Stock Exchange.

She holds a bachelor’s degree in Economics from Amherst College, and an MBA from the Harvard Business School.

11.

**Mr. Dayalan Nayager**

Outgone Non- Executive Director & Vice Chairman

Dayalan Nayager was the Managing Director for Diageo Great Britain and was a member of the Diageo Europe Executive team. In this role he was responsible for Diageo's home market. Diageo is the world's leading premium drinks business operating in 180 countries with a collection of over 400 brands including Johnnie Walker, Smirnoff, Captain Morgan, Tanqueray and Guinness.

Prior to this role, Dayalan was Managing Director for Diageo Travel Retail, one of the company's key markets. Before being appointed Managing Director for Global Travel Retail, he served as Regional Director for GTME Europe. During his time in Global Travel he transformed commercial delivery across the region, developed a high performing cross-functional team and embarked on an ambitious strategy that successfully grew Diageo's travel retail business.

Before joining the Global Travel business, Dayalan was Commercial Director of Brandhouse in Diageo South Africa where he led a bold commercial strategy with the 650-strong dedicated sales team that over-delivered performance and deepened customer partnerships.

Dayalan has extensive experience in the consumer-packaged goods industry, having previously held

leadership roles across Commercial, Supply Chain, R&D and Marketing positions for Mars and Heinz in Africa. He is passionate about developing strong talent and is known for his ability to implement a structured and disciplined approach that drives stronger performance and sustainable growth.

Dayalan holds a Bachelor of commerce in Marketing from the University of KwaZulu-Natal, a Bachelor of Commerce in Business Management from the University of South Africa and an MBA from the University of Oxford.

He was appointed a NonExecutive Director of the Company and Vice Chairman of the Board with effect from 1st July 2022. He is also the Chairman of the Nomination, Governance and Remunerations Committee of the Board. He resides in the United Kingdom. He retired from the Board effective 30th June 2023.

12.

**Ambassador Sunday Thomas Dogonyaro, OON**

Independent Non-Executive Director (INED)

Amb Dogonyaro is an alumnus of Ahmadu Bello University, Zaria; London School of Economics & Political Science (LSE) of the University of London, London and the National Institute for Policy and Strategic Studies (NIPSS), Kuru, Jos, where he did his undergraduate and graduate studies. He is a member of the

Institute (mni) and Institute of Directors (M IoD) Nigeria.

He had a brief stint in academia but built much of his career and held several leadership positions in the Nigerian Federal Government at home and Nigeria's Foreign Missions in London, Pretoria, Sao Tome and the New Partnership for Africa's Development (NEPAD) Secretariat in Midrand, South Africa. He was Ambassador in -situ at and Coordinator of Programmes at NEPAD and Ambassador to Sao Tome and Principe.

He is the Co-Founder of African Policy Research Institute, Abuja. He was conferred the National Honour of Officer of the Order of Niger (OON) in 2002 for outstanding services to the country.

Amb. Dogonyaro was appointed an Independent Non-Executive Director with effect from 4th September 2014 and currently is the Vice Chairman of the Nominations, Governance & Remunerations Committee and a member of the Special Projects Committee of the Board. He resides in Nigeria. He retired from the Board effective 31st August 2023.

13.

**Rotimi Odusola**

Company Secretary

Rotimi qualified as a Legal Practitioner and was called to the Nigerian Bar in December



1993. He started his career first with the prestigious law firm of Aluko & Oyeboade where he worked till February 2003 and left as a Senior Associate. He joined the Legal Department of MTN Nigeria Communications Limited contributing to the development and strengthening of the legal and regulatory function of the company and rising to the position of Senior Manager, Commercial Legal and Deputy Head of the Legal Department. In November 2014, Rotimi joined the Diageo Group as Legal Director and was later appointed as the Company Secretary of Guinness Nigeria PLC in January 2016 alongside his role as Legal Director. He also held the role of Company Secretary/Legal Adviser of Diageo Brands Nigeria Limited. Rotimi currently holds the position of Corporate Relations Director & Company Secretary for Guinness Nigeria PLC with oversight for a wide spectrum of stakeholder relationships management cutting across government agencies, regulatory bodies and public institutions. He also has responsibility for sustaining the deeply embedded corporate governance practices of the company.

Rotimi is an experienced business leader with vast corporate commercial legal experience in areas including company secretarial, corporate governance, compliance and ethics, corporate relations and regulatory affairs management, aviation and maritime law, intellectual property, banking, telecommunications, oil & gas, matrimonial causes and inheritance. He also has extensive experience in litigation

management, courtroom advocacy and dispute resolution, having conducted proceedings before all Superior Courts in Nigeria. As an in-house solicitor, his experience spans the telecoms, oil & gas, information & technology and FMCG sectors.

He is a member of the Nigerian Bar Association (particularly the Section on Business Law and Corporate Counsel Forum), the International Bar Association as well as the Association of Corporate Counsel. Rotimi served as a Member of the Legal Profession Regulations Review Committee set up by the NBA in December 2016. He is also a member of the Institute of Chartered Secretaries & Administrators (ACIS) in Nigeria as well as the Institute of Directors (IoD Nigeria), currently serving as a member of the IoD Ethics Committee on the Review of Ethics for its Members and Employees from 2019 till date.

He is a 2014 Alumnus of the International Visitors Leadership Program of the US Department of State. He is passionate about mentoring and developing young people, particularly younger colleagues in the legal profession. He is currently a member of the Board of Governors of a reputable private secondary school in Lagos. Rotimi graduated from the Ogun State University, Ago-Iwoye (1992) and the Nigeria Law School, (1993). He also holds an MBA (Honours) from the University of Leicester, UK (2014). He is a sports enthusiast and has served as the 2nd Vice Chairman of the Lagos State Scrabble Sports Association

(2013) and as a member of the Ad-Hoc Committee on the establishment of a Lagos Football Super League (2012).

# Guinness Leadership Team



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9.

1. **John Musunga**  
Managing Director/CEO
2. **Viola Graham-Douglas**  
Director, International Premium Spirits (IPS),  
Reserve & Modern Trade.
3. **Emmanuel Difom**  
Finance & Strategy Director
4. **Isaac Tosu**  
Supply Chain Director
5. **Adebayo Alli**  
Commercial Director
6. **Suzanne Butah**  
Head of Business Support Services
7. **Rotimi Odusola**  
Corporate Relations Director / Company Secretary
8. **Ayodeji Ajibola**  
Human Resources Director
9. **Mark Mugisha**  
Marketing & Innovations Director

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# CORPORATE & BRAND EVENTS >





## Guinness Nigeria visits Key Stakeholders in Edo State

Guinness Nigeria led by our Managing Director, John Musunga, paid a courtesy visit to the governor of Edo state, Mr Godwin Obaseki, and His Royal majesty, Omo’N Oba N’Edo Uku Akpolopkolo, Oba Ewuare 11, Oba of Benin, reiterating our commitment to more socio-economic engagement programmes in Edo state while to sustaining the cordial relationship with the state government and the community.



## Guinness Nigeria celebrates World Anti-Counterfeiting Day

Every June 10, the world celebrates World Anti-Counterfeiting Day to focus on the damage that counterfeit products can cause and how to prevent it. Guinness Nigeria joined the rest of the world with a World Anti-Counterfeiting Day awareness session well attended by industry partners and employees. Guinness Nigeria commemorated the World Anti-Counterfeiting Day on the 20th of June 2023 with an event themed “Clearing the Path, Enabling Value”.

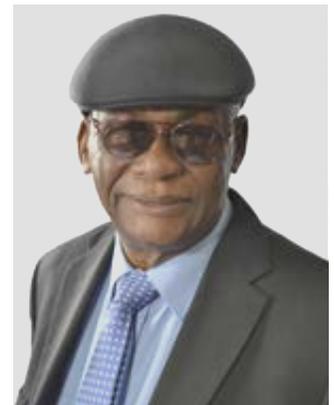
Able represented and in attendance were stakeholders cutting across law enforcement agencies and regulatory authorities such as Customs, National Food and Drug Administration (NAFDAC), National Drug Law Enforcement Agency (NDLEA).

## Guinness Nigeria joins the rest of Diageo to Celebrate Late Sir Ivan Menezes.



## Professor Joseph Ogbonnaya Irukwu passes on...

Professor Irukwu – one of the longest serving members of the Guinness Board of Directors until his retirement in August 2018 passed on at the age of 89 on the 7th of July, 2023. The Board and Management of Guinness Nigeria Plc mourn with his family and pray his soul is granted eternal rest.





## Guinness Nigeria Executive Team visits the Nigerian Exchange

Members of the Guinness Nigeria Leadership team paid a courtesy visit to the Nigerian Exchange to further solidify the relationship between the two organizations. Speaking at the session, the Managing Director/Chief Executive Officer, Guinness Nigeria, John Musunga, noted that Guinness Nigeria continues to be a proud member of the NGX and Guinness Nigeria would continue to innovate and continuously grow its margins so that its shareholders can have value for the business they invested in. The visit ended with a closing gong ceremony for Guinness Nigeria, which signifies the end of trading on the day of the visit.



## Guinness Nigeria celebrates **Outstanding Business Trade Partners** at it's 2023 Business Sales Conference & Award Ceremony

Just as we ended F23, Guinness Nigeria hosted its trade business partners in a two-day business conference to restate its commitment to its business trade partners across the country, while celebrating their contributions to what has been a challenging but remarkable fiscal year 2023.

The conference and award ceremony tagged “**Igniting the Future for Growth**” which held at the prestigious Eko Hotel and Suites, Lagos, kicked off with a business meeting which included a review of the year’s performance, along with deliberations for the new year. Later on, attendees were treated to an elaborate award dinner cum gala night with comedy highlights, musical performances and awards presentation to many of the trade partners that performed exceptionally in the F’23 fiscal year.

The major highlight of the award ceremony came when some select trade partners were rewarded in cash and gifts for their exceptional sales performance for the 2023 business year with each of them winning in different categories.



## Guinness Nigeria holds 5th Edition of it's Annual 'May Is For Mentoring' activity for female colleagues!

For the past five years, every May, female employees of Guinness Nigeria, also called the spirited women's network experience the most amazing 'May is for Mentoring' classes where leading and inspiring career women from all over the world give their time to share with our women from their wealth of wisdom and experience.

The 5th edition of this annual mind-blowing and powerful event held in F23 with inspiring mentors across spheres and industries in Nigeria.



## Guinness Nigeria hosts Ambassador of Ireland to Nigeria, Peter Ryan.

On Wednesday, 15th March 2023, Guinness Nigeria played host to Ambassador of Ireland to Nigeria, Peter Ryan, Second Secretary Shane Rice and Political Advisor John Kehkeh, from the Embassy of Ireland.

Peter, who only recently started his assignment in Nigeria, commended Guinness Nigeria's rich heritage in Nigeria, our economic and social

investments in Nigeria, as well as our commitment to diversity and Inclusion. He was also so thrilled about the local manufacture of our brands when he toured our Lagos brewery.

Peter was very grateful for the warm reception and commits to supporting GN with our advocacy needs in matters relating to government policies.

This particular visit is in furtherance to maintaining the close ties we have with the Irish government in Nigeria - as you know, Ireland is home to our Guinness beer.



## Guinness Nigeria Celebrates 73 Years in Nigeria

On April 29th 2023, Guinness Nigeria marked its 73rd anniversary with an employee connect event. Some highlights from the night included the launch of the exciting Smirnoff Pineapple Punch and a lovely Malta Guinness Ramadan Experience.





## Guinness Nigeria Celebrates 2023 International Women's Day

It was an amazing time of rich and enlightening discussions with inspiring African leaders at our **International Women's Day #EmbraceEquity** panel session held in commemoration of the 2023 International Women's Day. Such real conversations on acknowledging differences as a positive enabler for better family and work relationships, and for achieving an inclusive world.

A big thank you to our speakers; our Board Chair, Dr. Omobola Johnson, our Managing Director, John Musunga; MD Transcorp Hotels Plc., Mrs Dupe Olusola; Doctor of Philosophy, Lagos state Ministry of Education, Dr Rita Kienka; and CEO Studio Brat, Award-winning Musician, Simisola Ogunleye.

## Guinness Nigeria holds Employees' End Of Year Parties across its Benin & Lagos sites

Employees had a nice time living and celebrating our purpose with an end-of-year party themed "**Back to the 90s**", girating to Ace Musician 9ice A.K.A Alapomeji evergreen tunes.



## Guinness Nigeria welcomes new Managing Director, John Musunga

Guinness Nigeria welcomed John Musunga as Managing Director and Chief Executive Officer with a number of employee engagement activities. This included an employee townhall across Lagos and Benin breweries, a 'fire-side chat with John' session, and a bespoke newsletter. It's been a sweet transition for the Guinness Nigeria business as John has met more than half the business already, because he has been very intentional about interacting and engaging with all employees - a true 'People Person'.



## Lagos State Environmental Agency commends Guinness Nigeria on Circular Economy Initiative



EPA/IMP/401/S.001/16

8<sup>th</sup> JUNE, 2023

The Managing Director,  
GUINNESS NIG. PLC,  
Ogba Brewery,  
Plot 78, Acme Road, Ogba Industrial Estate,  
Ikeja, Lagos.

### LETTER OF COMMENDATION

The Agency writes to recognise and commend your organization for the efficient treatment of industrial wastewater generated within your premises.

2. This commendation is as a result of our recent inspection to your facility where we discovered that your method of collection and recycle of the same wastewater for other purposes by installing a Water Recovery Plant is in line with the Agency's Circular Economy Initiative and Mr Governor's Themes Agenda.

3. Your effort in reducing the discharge of your generated effluent highly commendable and we urge you to keep up the good practice.

4. Thank you.

*[Handwritten Signature]*  
General Manager

*Congratulations!*

LAS/PA BUILDING, Governor's Avenue, The Secretariat, Alimosho, Lagos, Nigeria.  
Tel: +234-708-635-1135 - +234-815-043-8839 - +234-815-545-8838. Email: [info@nsepa.gov.ng](mailto:info@nsepa.gov.ng) Website: [www.usopa.gov.ng](http://www.usopa.gov.ng)

## Guinness Nigeria says Farewell to Baker Magunda

Following the announcement of Baker Magunda's retirement after over twenty three years of service to Diageo, Guinness Nigeria celebrated Baker Magunda in a very elaborate and well-deserved manner – an industry/external stakeholder farewell event and an internal employee farewell party. Baker will always be remembered for leading the remarkable return to profitability for Guinness Nigeria in a very challenging covid-era during his time as Chief Executive Officer.



## Guinness Nigeria hosts Key Corporate Stakeholders at Guinness' 'Black Shines The Brightest' Nigerian Athletes' Celebration Event.

Guinness Nigeria on Thursday, September 22nd 2022 hosted Tobi Amusan, Ese Brume and other extraordinary female Athletes and Para-Athletes who represented Nigeria at 2022 Commonwealth

Games and World Athletics Championship to a celebratory reception at the new Guinness Headquarters in Ikeja, Lagos.

The celebrated team were hosted amidst pomp and pageantry, and some of our corporate stakeholders were invited to be a part of the extraordinary evening. Throughout the course of the celebratory occasion, invited guests relished a true Guinness VIP

experience with loads of exciting activities. The highlight of the event was an incredible toast to the athletes at 17:59 Guinness time, closely followed by the reward presentation of N2,000,000 to the 100 metres hurdles Guinness world record holder, N1,000,000 to all gold medalists, N750,000 to all silver medalists and N500,000 to all bronze medalists for their astonishing sporting achievements.





## Guinness Nigeria Shines at the 2022 ECOWAS Manufacturing Excellence Awards

The leadership of Guinness Nigeria in the manufacturing Industry was reaffirmed, as we shone with not one, but three prestigious Awards at the ECOWAS Manufacturing Excellence Awards. The Awards ceremony, which celebrates excellence in organisation's Supply and Manufacturing processes is the only convergence of this sort across the West African sub-region. The Award ceremony was held on Friday 26th August and Guinness Nigeria shone with three prestigious awards!!!

They are:

- o Guinness Nigeria as Beer Manufacturing Company of the year
- o Guinness Nigeria as Malt Drink Manufacturing Company of the year
- o Guinness Nigeria as Best Manufacturing Company in Health, Safety and Environment

## Guinness Nigeria hosts Diageo President Africa, Dayalan Nayage, holds Board Meeting

Dayalan spent a good amount of time interacting with employees and stakeholders during his first visit to Nigeria since appointment as Diageo President for Africa, and Guinness Nigeria's Board Vice- Chair.



## Guinness Nigeria's 72nd Annual General Meeting





## GN Water Replenishment Project: WOL

On the World Water Day 2023, we announced an additional 8000+ people in Adamawa and Bauchi states received access to clean potable water through our Water of Life (WOL) programme in partnership with WaterAid Nigeria.

The solar-powered water projects sited in 5 communities across the two states have a combined annual yield of over 63,000 m<sup>3</sup> of water. In addition to this, over 3000 community members were reached with Hygiene Behavior Change campaigns to help maximize the benefits of having access to clean water among which is improved health and productivity courtesy reduced incidences of water borne diseases.



## Guinness Nigeria renovates Oluwole Water Of Life Facility

The Oluwole Water Project which was first commission over a decade ago, was recently upgraded to a solar powered facility as well as refurbished to enhance provision of potable water to the community



**Guinness Creates A Smile 3.0:**  
**Chronicles of our Valentine’s Day**  
**Community Outreach to PLWD (People**  
**Living with Disabilities) in Lagos and Benin**

For the celebration of Valentine’s Day in 2023, Guinness Nigeria visited groups of people living with disabilities within our communities in Lagos and Benin – The Federal Society for the Blind, Lagos and Ivbiore Primary School for the Blind, Benin. Our employees’ selfless donations went a long way in showing vulnerable people within our host communities that, not only is Guinness Nigeria Plc as an organization relentless in its commitment towards creating positive impact in society, its employees in their individual capacities also share and are sold out to the same vision and back it up with real action.



**Guinness Nigeria holds**  
**Undergraduate Scholarship**  
**Award Ceremony**

On Wednesday 24th August 2022, Guinness Nigeria held the 2022 Scholarship Award Presentation Ceremony at the GNHQ. Twenty-five (25) additional undergraduate students joined our ongoing scholarship scheme to enjoy financial support to the tune of N100,000 every year of their tertiary education until graduation. The 2023 GUINNESS NIGERIA UNDERGRADUATE SCHOLARSHIP SCHEME Opened up in April and process to onboard more beneficiaries is ongoing.



**Guinness Nigeria**  
**kicks off its**  
**Smashed Live Tour**

Our F23 Smashed Live Tour kicked off recently with engagements in the ancient city of Ibadan in Oyo State. We set out to engage 13,500 students across 68 public and private schools on this leg of the tour. The aim is to ultimately drive towards ‘change in attitude’ which is at the core of our Promote Positive Drinking agenda.

## Guinness Nigeria's Ogba Admin Block Opens

The Ogba Admin Block officially opened up for use on Monday 14th November 2022. As you may know, the building work kicked-in just as the GNHQ was completed and has been completed and commissioned on Thursday 27th October 2022, by our former MD Baker Magunda, just before he left.

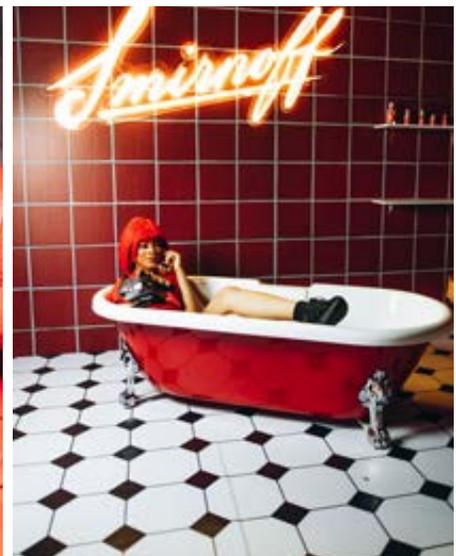


## Guinness Nigeria goes Purple for 2022 International Day of Persons with Disabilities

Disability Inclusion is one of our Diversity & Inclusion indices in Guinness Nigeria, and this can be seen in our deliberate efforts in creating an environment where everyone, including our differently-abled colleagues, can thrive. On the 3rd of December, we excitedly turned Purple, along with other Diageo markets in the #PurpleLightup movement to mark the International Day of People with Disabilities, to show support for disability equality as we continue to take action for a more inclusive world.



## Hotel Smirnoff







## JOHNNIE WALKER

### Whisky Desire

In F23, Johnnie Walker launched the global “Whisky Desire” campaign to celebrate one of its most iconic and best-selling whiskies, Johnnie Walker Black Label. The campaign followed the success of the previous year’s “Keep Walking” campaign and aimed to showcase the brand’s commitment to bold flavors and the intricate blending process that sets Johnnie Walker Black Label apart.

To bring the campaign to life, Johnnie Walker collaborated with Emmy and Critics’ Choice Award-nominated actor Jonathan Majors. Majors served as the campaign’s protagonist, embodying the spirit of Johnnie Walker and showcasing the bold and adventurous nature of the brand.

### Bold Steps- Maryland Tunnel

After the artistic rejuvenation of the historic Freedom Park, in F23 we took the brand further in stride to



solidify its place as a promoter of culture and creativity.

These strides led to Johnnie Walker’s project: the Independence Tunnel revamp. Located in Maryland, the tunnel saw a complete transformation, with art that celebrates the Nigerian spirit that never stops and honors the people that walked before us. It is a reminder to today’s creatives that they are surrounded by greatness, and they only need to search within to find it.

In order to reinstate the iconic stature of Johnnie Walker by unlocking meaningfulness and cultural relevance, we collaborated with a young creative artist, - Tumi Art, in rejuvenating the iconic independence tunnel located in Maryland, Lagos.



### JW 3rd Space

In line with our ambition of making Johnnie Walker the most enjoyed Scotch Whisky in Nigeria and unlock trial in relevant consumer occasions- we leveraged our Serve in Surround Growth Driver which aims to embed the brand at the heart of “Drinks Culture”.

We activated our 3rd space Experientials i.e Walkers District & Walkers Mix at Scale and leveraged iconic culture partnerships(Island Block Party & Johnnie Drill) to drive desirability for our liquid credentials and recruit within our core Target demography



CAPTAIN MORGAN BIG BROTHER NAIJA TASK



CAPTAIN MORGAN BOOLESS PARTY SPONSORSHIP



We partnered and sponsored three major 3rd space events – Lagos Cocktail Week, Big Brother Naija Task, and the Booless party that featured notable artists like Chike, Isegun Johnson, etc.

Captain executed owned activities in F23 such as the Divisional Focused consumer party in Port Harcourt and Lagos themed Champions of Fun, The Valentine dinner – Love like the Captain.

To further create awareness and improve our digital imprint Captain Morgan partnered with a notable BBN housemate Adekunle Olopade and amplified the valentine activity across notable channels.





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3rd Space  
Unlocking  
Trial  
On-Trade**

**Singleton  
Tribe**

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House**

**NEW**



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IN TOWN**

**Captain Morgan**

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# FINANCIAL STATEMENTS >

## Statement of Directors' Responsibilities

FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

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

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:



**Dr Omobola Johnson**

Board Chairman

FRC/2018/IODN/00000018366

26 July 2023



**John Musunga**

MD/CEO

FRC/2023/PRO/DIR/003/432832

26 July 2023



# Report of The Statutory Audit Committee

TO THE MEMBERS OF GUINNESS NIGERIA PLC FOR THE YEAR ENDED 30 JUNE 2023

In compliance with Section 404(7) of the Companies and Allied Matters Act, we have:

- (a) reviewed the scope and planning of the audit requirements;
- (b) reviewed the external auditor's memorandum of recommendations on accounting policies and internal controls together with management responses; and
- (c) ascertained that the accounting and reporting policies of the Company for the year ended 30 June 2023 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 30 June 2023 were adequate and the management's responses to the auditor's findings were satisfactory.



**Mr. Moses Igbrude**

FRC/2013/IMN/00000005585

Chairman

25 July 2023

## Members of the Statutory Audit Committee

Mr. M. O. Igbrude	- Shareholder/Chairman
Mr. G. O. Ibhade	- Shareholder
Mr. Nnamdi Okwuadigbo, FCA	- Shareholder
Ms. N. Edozien	- Director
Mrs. Tariye Gbadegesin	- Director



1.



2.



3.



4.



5.



# Statement of Corporate Responsibility for Financial Reports

FOR THE YEAR ENDED 30 JUNE 2023

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Pursuant to the provisions of Section 405 of the Companies and Allied Matters Act, 2020, the Managing Director/CEO and the Finance & Strategy Director of Guinness Nigeria Plc ("the company") hereby certify that we have reviewed the audited financial statements for the year ended 30 June 2023 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;
- b) audited financial statements and all other financial information included in the statements 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 further certify that we:

- a) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the company is made known by us to the other officers of the company, particularly during the period in which the audited financial statements report is being prepared;
- b) have evaluated the effectiveness of the company's internal controls within 90 days prior to the date of the audited financial statements; and
- c) certify that the company's internal controls are effective as of that date.

In addition, we certify that we have disclosed to the company's auditors, audit committee and board of directors:

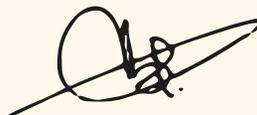
- i) that there are no significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and
- ii) that there are no fraud that involves management or other employees who have a significant role in the company's internal control

We confirm that there are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation.

Signed:



**John Musunga**  
Managing Director  
FRC/2023/PRO/DIR/003/432832  
26 July 2023



**Emmanuel Difom**  
Finance & Strategy Director  
FRC/2022/PRO/ICAN/001/00000024174  
26 July 2023



# I AM



# DEEPLY ROOTED

*Basketmouth*



**MY ROOTS  
MY POWER**



## Independent Auditor's Report

TO THE MEMBERS OF GUINNESS NIGERIA PLC

### *Report on the audit of the financial statements*

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#### **Our opinion**

In our opinion, Guinness Nigeria Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

#### **What we have audited**

Guinness Nigeria Plc's financial statements comprise:

- the statement of financial position as at 30 June 2023;
  - the income statement for the year then ended;
  - the statement of comprehensive income for the year then ended;
  - the statement of changes in equity for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
- 

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria





### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter

#### How our audit addressed the Key Audit Matter

##### *Impairment allowance on trade receivables (N4.47 billion)*

*(Refer to notes 4a, 7i, 19a and 29a to the financial statements).*

We focused on this area due to the materiality of the trade receivable balance of N14.45 billion and the resulting impairment allowance of N4.47 billion and because the directors exercised significant judgement, using subjective assumptions in determining the timing and amount of impairment allowance recognised on trade receivables.

IFRS 9 'Financial Instruments' introduces a forward-looking expected credit loss (ECL) model for determining the impairment allowance on financial assets. The expected credit loss model requires significant judgement in measuring the ECL. The directors have adopted the simplified approach in assessing the impairment allowance for trade receivables.

Areas where significant judgements were exercised by the directors include:

- methodology used to determine the loss rates for the calculation of the lifetime expected credit losses;
- estimating key behavioural parameters used within the expected credit loss models;
- incorporating forward-looking information (forecasted inflation and gross domestic product) into the estimation of expected credit losses on trade receivables.

We adopted a combination of test of controls and substantive testing approach in assessing the impairment allowance recognised on trade receivables. Specifically, we performed the following procedures:

- gained an understanding of the company's order to cash process, evaluated the design and tested the operating effectiveness of controls relating to customers' credits and collectability of trade receivables;
- tested the reasonableness of data inputs used in the expected credit loss models by comparing to the company's underlying records;
- engaged the services of our internal experts to:
  - review the methodology adopted by the directors in determining the loss rates used in estimating the expected credit losses;
  - review the models developed by the directors in estimating the key behavioural parameters used within the expected credit loss calculations;
  - assess the reasonableness of assumptions made by the directors with respect to how forward-looking information (forecasted inflation and gross domestic product) was incorporated into the expected credit loss estimation;
  - agreed the forward looking information to publicly available information.
- checked accuracy and appropriateness of disclosures on impairment allowance on trade receivables in accordance with IFRS 9.



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### **Other information**

The directors are responsible for the other information. The other information comprises the Financial Highlights, Board of Directors and Corporate Information, Board of Directors and Company Secretary, Directors' Report, Statement of Directors' Responsibilities, Report of the Statutory Audit Committee, Statement of Corporate Responsibility for Financial Reports, Statement of Value Added, Five Year Financial Summary and Shareholders' Information (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Guinness Nigeria Plc 2023 Annual Report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 that we 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.

When we read the other sections of the Guinness Nigeria Plc 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### **Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

---

### **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.

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

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

We communicate with 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, related safeguards.

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.



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### *Report on other legal and regulatory requirements*

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from locations not visited by us;
- iii) the company's statement of financial position, income statement and statement of comprehensive income are in agreement with the books of account and returns.

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For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: **Edafe Erhie**  
FRC/2013/ICAN/00000001143



27 July 2023





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Terms & Conditions apply

# Statement of Financial Position

AS AT 30 JUNE 2023

	Notes	30 June 2023 #'000	30 June 2022 #'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	15(a)	99,177,647	97,685,577
Right-of-use assets	24(a)	217,574	368,512
Intangible assets	16	549,950	326
Prepayments	17	—	4,757
<b>Total non-current assets</b>		<b>99,945,171</b>	<b>98,059,172</b>
<i>Current assets</i>			
Inventories	18	34,469,527	32,000,675
Trade and other receivables	19(a)	13,213,407	14,078,900
Prepayments	17	402,895	587,852
Restricted cash	20(a)	1,592,461	1,829,893
Cash and cash equivalents	20(b)	92,124,683	69,103,716
<b>Total current assets</b>		<b>141,802,973</b>	<b>117,601,036</b>
<b>Total assets</b>		<b>241,748,144</b>	<b>215,660,208</b>
<b>Equity</b>			
Share capital		1,095,191	1,095,191
Share premium		47,447,029	47,447,029
Retained earnings		7,882,396	41,437,171
<b>Total equity</b>		<b>56,424,616</b>	<b>89,979,391</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Lease liabilities	24(b)	154,272	177,144
Employee benefits	25	1,018,689	1,327,970
Deferred tax liabilities	27	479,144	10,443,073
<b>Total non-current liabilities</b>		<b>1,652,105</b>	<b>11,948,187</b>
<i>Current liabilities</i>			
Current tax liabilities	13(d)	5,256,637	8,740,294
Dividend payable	22(b)	1,695,832	1,933,364
Loans and borrowings	23(a)	63,755,939	31,309,343
Employee benefits	25	136,480	200,205
Lease liabilities	24(b)	29	51
Contract liabilities	8(b)	1,590,422	1,866,384
Trade and other payables	28	111,236,084	69,682,989
<b>Total current liabilities</b>		<b>183,671,423</b>	<b>113,732,630</b>
<b>Total liabilities</b>		<b>185,323,528</b>	<b>125,680,817</b>
<b>Total equity and liabilities</b>		<b>241,748,144</b>	<b>215,660,208</b>

The financial statements on pages 80 to 145 was approved by the Board of Directors on 26 July 2023 and signed on its behalf by:



**Dr Omobola Johnson**  
(Chairman)  
FRC/2018/IODN/00000018366



**John Musunga**  
(Managing Director)  
FRC/2023/PRO/DIR/003/432832



**Emmanuel Difom**  
(Finance & Strategy Director)  
FRC/2022/PRO/ICAN/001/00000024174

The notes on pages 85 to 141 are integral parts of these financial statements.



# Income Statement

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year to date 30 June 2023 ₦'000	Year to date 30 June 2022 ₦'000
Revenue	8(a)	229,440,861	206,822,127
Cost of sales	11(c)	(151,307,788)	(134,159,371)
<b>Gross profit</b>		<b>78,133,073</b>	<b>72,662,756</b>
Other income	9	3,530,586	2,739,969
Marketing and distribution expenses	11(c)	(41,248,845)	(37,347,373)
Administrative expenses	11(c)	(16,974,509)	(13,708,522)
Net (charge for)/release of expected credit loss on financial assets	11(c)	(9,106)	96,045
Impairment loss on property, plant and equipment	11(c)	(73,515)	(542,815)
<b>Profit from operating activities</b>		<b>23,357,684</b>	<b>23,900,060</b>
Finance income	10(a)	7,789,340	1,904,144
Finance costs	10(b)	(53,285,623)	(2,130,043)
<b>Net finance costs</b>		<b>(45,496,283)</b>	<b>(225,899)</b>
(Loss)/profit before income tax		(22,138,599)	23,674,161
Tax credit/(expense)	13	3,970,558	(8,022,799)
<b>(Loss)/profit for the year</b>		<b>(18,168,041)</b>	<b>15,651,362</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (kobo)	14	(829)	715

The notes on pages 85 to 141 are integral parts of these financial statements

## Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year to date 30 June 2023 €'000	Year to date 30 June 2022 €'000
<b>(Loss)/profit for the year</b>		<b>(18,168,041)</b>	<b>15,651,362</b>
Other comprehensive income		-	-
<i>Items that will never be reclassified to the income statement</i>			
Remeasurement loss on defined benefit plan	25(a)	—	(73,752)
Tax credit on other comprehensive loss	27	—	22,126
Other comprehensive loss for the year, net of tax		—	(51,626)
<b>Total comprehensive (loss)/income for the year</b>		<b>(18,168,041)</b>	<b>15,599,736</b>

The notes on pages 85 to 141 are integral parts of these financial statements



# Statement of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share capital	Share premium	Share based payment reserve	Retained earnings	Total equity
		€'000	€'000	€'000	€'000	€'000
<b>Balance at 1 July 2021</b>		1,095,191	47,447,029	—	25,744,355	74,286,575
<b>Total comprehensive income</b>						
Profit for the year		—	—	—	15,651,362	15,651,362
Other comprehensive loss for the year		—	—	—	(51,626)	(51,626)
<b>Total comprehensive income for the year</b>		—	—	—	<b>15,599,736</b>	<b>15,599,736</b>
<b>Transaction with owners, recorded directly in equity</b>						
Dividends to equity holders	22(b)	—	—	—	(1,007,576)	(1,007,576)
Unclaimed dividend written back	22(b)	—	—	—	1,100,656	1,100,656
Share-based payment charge	26	—	—	229,643	—	229,643
Share-based payment recharge	26	—	—	(229,643)	—	(229,643)
<b>Total transactions with owners</b>		—	—	—	<b>93,080</b>	<b>93,080</b>
<b>Balance at 30 June 2022</b>		<b>1,095,191</b>	<b>47,447,029</b>	—	<b>41,437,171</b>	<b>89,979,391</b>
<b>Balance at 1 July 2022</b>		<b>1,095,191</b>	<b>47,447,029</b>	—	<b>41,437,171</b>	<b>89,979,391</b>
<b>Total comprehensive income</b>						
Loss for the year		—	—	—	(18,168,041)	(18,168,041)
Other comprehensive loss for the year		—	—	—	—	—
<b>Total comprehensive loss for the year</b>		—	—	—	<b>(18,168,041)</b>	<b>(18,168,041)</b>
<b>Transaction with owners, recorded directly in equity</b>						
Dividends to equity holders	22(b)	—	—	—	(6,564,798)	(6,564,798)
Dividend declared for 2022, but not yet paid	22(b)	—	—	—	(9,074,535)	(9,074,535)
Unclaimed dividend written back	22(b)	—	—	—	252,599	252,599
Share-based payment credit	26	—	—	(58,994)	—	(58,994)
Share-based payment recharge	26	—	—	58,994	—	58,994
<b>Total transactions with owners</b>		—	—	—	<b>(15,386,734)</b>	<b>(15,386,734)</b>
<b>Balance at 30 June 2023</b>		<b>1,095,191</b>	<b>47,447,029</b>	—	<b>7,882,396</b>	<b>56,424,616</b>

The notes on pages 85 to 141 are integral parts of these financial statements

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	12 months ended 30 June 2023 €'000	12 months ended 30 June 2022 €'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before income tax		(22,138,599)	23,674,161
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	15(a)	9,259,736	8,465,306
Depreciation of right-of-use assets	24(a)	133,844	140,758
Amortization of intangible assets	16(a)	88,385	1,765
Write-off of property, plant and equipment	15(b)	73,515	542,815
Gain on disposal of property, plant and equipment	15(g)	(1,514,394)	(1,693,480)
Impairment of inventories	18(a)	4,502,060	1,649,049
Provision release of inventories	18(a)	(534,564)	(603,637)
Charge for/(release of) expected credit loss of trade and other receivables	19(b)	9,106	(405,354)
Long service awards	25(c)	(19,497)	261,925
Share-based payments	26	(58,994)	229,643
Other movements in long service award	25(b)	(294)	—
Effect of provisions on customer deposit liability & other write-offs	28(b)	(137,624)	(270,701)
Finance income	10(a)	(7,789,340)	(1,904,144)
Finance costs	10(b)	53,285,623	2,130,043
		<b>35,158,963</b>	<b>32,218,149</b>
<i>Changes in working capital:</i>			
Inventories		(6,436,347)	(11,585,582)
Trade and other receivables	19(b)	2,590,062	1,213,136
Prepayments		189,714	(187,669)
Dividend payables	22(b)	15,067	(88,673)
Trade and other payables	28(b)	25,866,786	17,354,496
<b>Cash generated from operating activities</b>		<b>57,384,245</b>	<b>38,923,857</b>
Income tax paid	13(d)	(9,477,028)	(642,324)
Value added tax paid	28(b)	(12,999,573)	(9,935,557)
Gratuity paid	25(a)	(348,731)	(71,466)
Long service awards paid	25(b)	(178,949)	(155,717)
<b>Net cash generated from operating activities</b>		<b>34,379,964</b>	<b>28,118,793</b>
<b>Cash flows from investing activities</b>			
Interest received	10(a)	2,212,549	991,451
Proceeds from disposal of property, plant and equipment	15(g)	1,514,394	1,696,994
Acquisition of property, plant and equipment	15(f)	(9,916,781)	(9,532,565)
Acquisition of intangible assets	16(a)	(127,585)	—
<b>Net cash used in investing activities</b>		<b>(6,317,423)</b>	<b>(6,844,120)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	23(b)	12,383,535	34,329,310
Repayment of loans and borrowings	23(b)	(9,846,846)	(19,139,420)
Repayment of the principal portion of the lease liabilities	24(b)	(5,799)	(377,774)
Interest paid	10(b)	(4,850,782)	(1,752,908)
Dividends paid	22(b)	(6,564,798)	(1,007,576)
<b>Net cash (used in)/generated from financing activities</b>		<b>(8,884,690)</b>	<b>12,051,632</b>
Net increase in cash and cash equivalents		19,177,851	33,326,305
Effect of foreign exchange rate changes on cash and cash equivalents		3,843,116	(91,423)
Cash and cash equivalents at 1 July		69,103,716	35,868,834
<b>Cash and cash equivalents at 30 June</b>	<b>20(b)</b>	<b>92,124,683</b>	<b>69,103,716</b>

The notes on pages 85 to 141 are integral parts of these financial statements



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

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## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Reporting entity

Guinness Nigeria Plc, ('the Company'), a public Company quoted on the Nigerian Stock Exchange, was incorporated in Nigeria on 29 April 1950, as a trading company importing Guinness Stout from Dublin. The Company has since transformed itself into a manufacturing operation and its principal activities continue to be brewing, packaging, marketing and selling of Guinness Foreign Extra Stout, Guinness Smooth, Malta Guinness, Guinness Gold, Harp Lager, Smirnoff Ice, Satzenbrau Lager, Dubic Malt, Snapp, Orijin Spirit Mixed Drink, Orijin Bitters, Smirnoff Ice Double Black with Guarana, Orijin Zero and Orijin Herbal Gin, Baileys Delight, Gordons Moringa among others.

The address of the Company's registered office is at 24 Oba Akran Avenue, Ikeja, Lagos.

### 2a. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB), and the requirements of the Financial Reporting Council of Nigeria Act and the Companies and Allied Matters Act. The financial statements were authorized for issue by the Board of Directors on 26 July 2023, and will be submitted for adoption to the Annual General Meeting of Shareholders.

### 2b. Going concern basis of accounting

The financial statements of Guinness Nigeria Plc for the year ended 30th June 2023, have been prepared on a going concern basis, which assumes that the Company will be able to meet its legal and trading obligations.

Although the Company has reported a total comprehensive loss of N18,168 million in 2023, it generated sizable cash from operating activities during the fiscal year. The loss is mainly attributable to the impact of c85% naira devaluation that resulted in N49,095 million unrealized foreign exchange loss. The underlying business remains highly profitable and sustainable.

Management considers the naira devaluation as one-off market correction that will improve the liquidity in the near future and power further revenue growth, profit and cash generation in subsequent financial years. The management is satisfied that the going concern basis is appropriate.

### 2c. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule), Guinness Nigeria Plc maintains a Dealing in Securities Code (the "Code") which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Code undergoes periodic reviews by the Board of Directors and is updated accordingly to comply with national and international best practice of corporate governance. The Company has made specific enquiries and given relevant notifications to all its Directors, Audit Committee members, employees and other insiders and is not aware of any infringement of the Code during the period under review.

### 3. Functional and presentation currency

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

### 4. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about assumptions and estimation uncertainties and critical



## NOTES TO THE FINANCIAL STATEMENTS

judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

(a) Assumptions and estimation uncertainties

- Note 13 - Current taxes
- Note 15 - Depreciation of property, plant and equipment
- Note 15 - Impairment assessment of property, plant and equipment
- Note 24 - Extension of lease options
- Note 25 - Measurement of defined benefit obligations: key actuarial assumptions
- Note 26 - Share-based payments
- Note 27 - Deferred tax
- Note 29 - Expected credit loss in line with IFRS 9 'Financial Instruments'
- Note 30 - Contingencies

(b) Judgements

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

**Measurement of fair values**

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes: Note 18 - Net realizable value of inventory  
Note 26 - Share-based payments  
Note 29 - Financial risk management and financial instruments

### 5. Basis of measurement

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

Items	Measurement bases
Non-derivative financial instruments	Initially measured at fair values and subsequently measured at amortized cost.
Employee benefits	Present value of defined benefit obligation.
Share-based payment transactions	Grant date fair value of the equity instrument issued.

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. Changes in accounting policies and disclosures

#### (i) New and amended standards adopted by the Company

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 July 2022:

#### Annual Improvements to IFRS Standards 2018–2020

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

- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

The application of the amendments had no material impact on the financial statements of the Company.

#### Amendments to IAS 16: Property, Plant and Equipment - Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The application of the amendments had no material impact on the financial statements of the Company.

#### Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

The application of the amendments had no material impact on the financial statements of the Company.

#### (ii) Relevant new standards not yet adopted by the Company

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting



## NOTES TO THE FINANCIAL STATEMENTS

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period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g.: the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

### **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies**

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting disclosures.

The effective date of the amendment is 1st of January 2023.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

### **Amendments to IAS 8: Definition of Accounting Estimates**

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The effective date of the amendment is 1st of January 2023.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

### **Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

## NOTES TO THE FINANCIAL STATEMENTS

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- right-of-use assets and lease liabilities and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognized in the retained earnings, or another component of equity, as appropriate.

The effective date of the amendment is 1st of January 2023.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements of the company.

### *(iii) Early adoption of standards*

The Company did not early adopt new or amended standards in the year ended 30 June 2023.

## **7. Significant accounting policies**

Except for the changes explained in Note 6, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

### **(a) Foreign currency transactions**

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was measured. Foreign currency translation differences are generally recognized in income statement. Non-monetary items that are measured based on historical cost in a foreign currency are not re-measured at every reporting date.

### **(b) Financial instruments**

Financial assets and financial liabilities are recognized in the Company's statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

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

### ***Financial assets and financial liabilities - Recognition and initial measurement***

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

On initial recognition:

- Financial assets or financial liabilities classified as fair value through profit or loss are measured at fair value
- Trade receivables are measured at their transaction price
- All other categories of financial assets and financial liabilities are measured at their fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument



## NOTES TO THE FINANCIAL STATEMENTS

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### **i. Financial assets**

#### ***Classification and subsequent measurement***

The Company classifies its financial instruments into the following categories:

- Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortized cost
- Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income
- All other financial assets are classified and measured at fair value through profit or loss
- Notwithstanding the above, the Company may:
  - on initial recognition of an equity investment that is held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income
  - on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets held during the year were classified as at amortized cost: trade and other receivable and balances with related parties, restricted cash, cash and cash equivalents and investment securities.

The Company's financial assets include trade and other receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income, dividend income and exchange gains and losses on monetary items are recognised in profit or loss.

#### ***Derecognition***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized in the statement of profit or loss.

### **ii. Financial liabilities**

#### ***Classification and measurement***

Financial liabilities are classified either financial liabilities at amortized cost or financial liabilities at fair value through profit or loss. The Company's financial liabilities are classified as financial liabilities at amortized cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

The Company's financial liabilities include borrowings, trade and other payables, amount due to related parties and accrued expenses. They are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

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### *Recognition and derecognition*

The Company recognizes a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized immediately in the statement of profit or loss.

### **iii. Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### **(c) Share capital**

The Company has one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

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

### **(d) Dividends**

Dividends on ordinary shares are charged to equity in the period in which they are declared.

### **(e) Property, plant and equipment**

#### **i. Recognition, measurement and derecognition**

The Company's accounting policy is in accordance with IAS 16 Property, plant and equipment. Property, plant and equipment are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one year. An item of property, plant and equipment is recognized 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.

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible



## NOTES TO THE FINANCIAL STATEMENTS

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for capitalisation. All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

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

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

Spare parts should only be capitalized when they are expected to be used during more than one accounting period. Depreciation should not start on spare parts until the part has been brought into use. Consumable spare parts that are not expected to be used during more than one accounting period should be carried as inventory and expensed in the income statement.

The carrying amount of an item of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognized.

The residual value, useful life and the depreciation method of assets are reviewed at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8.

### ii. Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only 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. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they incurred.

### iii. Depreciation

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation should not be charged to the income statement if included in carrying amount of another asset.

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 in which case the assets are depreciated over the useful life.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

The residual value, useful life and the depreciation method of assets are reviewed at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8.

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

## NOTES TO THE FINANCIAL STATEMENTS

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Buildings	–	10 to 60 years
Plant and machinery	–	2 to 50 years
Furniture and equipment	–	5 to 10 years
Motor vehicles	–	4 to 5 years
Returnable packaging materials	–	5 to 10 years

Freehold land is considered to have an indefinite useful life, hence is not depreciated.

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

#### iv. Impairment

Impairment reviews on property, plant and equipment assets are only required to be carried out if circumstances indicate that the carrying values may not be recoverable. Recoverable amount of property, plant and equipment is the higher of value in use and fair value less cost to dispose the asset. When an impairment loss is recognized, the useful economic life and residual value of the asset should be reviewed and revised if necessary. The change in the assumptions should be applied prospectively from the current accounting period: the revised carrying amount should be depreciated over the revised remaining useful economic life. This 'recalibration' of the depreciation charge will be effected from the last external reporting date prior to the impairment.

#### v. Returnable packaging

As returnable packaging is the fixed asset of the Company, the expectation is that the customer will regularly return them, therefore they are not due for payment.

The asset values are maintained accurately through the normal depreciation process - where the gross book value of a returnable packaging asset is constantly and actively reduced throughout the period of useful life in a linear way.

Depreciation of returnable packaging:

Bottles	–	5 years
Crates	–	10 years
Kegs	–	10 years

The asset quantities must be accurate to ensure that the reported quantity of returnable packaging in fixed asset register is reliable and represents the total population of bottles/kegs/crates available for the business, therefore can serve as a basis for commercial planning, production planning and enable the right business decisions.

#### (f) Intangible assets

The Company's accounting policy is in accordance with IAS 38 Intangible assets. An intangible asset is recognized 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. The probability of future economic benefits must be based on reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the life of the asset.

The Company's intangible assets with finite useful life comprises computer software, concession right and distribution right. Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost of an intangible asset separately acquired includes purchase price, including import duties, non-refundable purchase taxes, net of any trade discounts and rebates received, and directly attributable costs of preparing the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific intangible asset to which it relates, otherwise they are expensed.



## NOTES TO THE FINANCIAL STATEMENTS

Computer software can be capitalized as either a tangible or intangible asset. Where the computer software is not an integral part of the related hardware, it is treated as an intangible asset. In determining whether an asset that incorporates both intangible and tangible elements should be treated as property, plant and equipment or as an intangible asset, the Company uses judgement to assess which element is more significant.

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets. The amount to be amortized is the asset's cost less its residual value. The residual value of an intangible asset should be assumed to be zero unless either there is a commitment by a third-party purchaser to buy the asset or there is an active market for this kind of intangible asset. The estimated useful lives for the current and preceding years are as follows:

Computer software- SAP	–	14 years
Computer software-others	–	5 years
Concession right	–	10 years
Distribution right	–	5 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8.

An intangible asset is derecognized where it is certain that there would be no future flow of economic benefit to the Company as a result of holding such asset. Any gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and is included in profit or loss when the item is derecognized.

### (g) 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 realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and consumable spare parts	–	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	–	average cost of direct materials and labour plus the appropriate amount attributable to production overheads based on normal production capacity.
Inventories-in-transit	–	purchase cost incurred to date.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs 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. Aged spirit products are not included in obsolete provision.

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

## NOTES TO THE FINANCIAL STATEMENTS

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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.

### **(h) Prepayments**

A prepaid expense is recognized in the balance sheet in case of short term leases (less than 12 months) and expenditures paid in advance for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense.

The company elected to apply the short-term lease recognition exemptions. Leases for less than 12 months or contractual value below 5,000 GBP (or equivalent in Naira) are recorded as prepayments.

### **(i) Impairment**

#### **i. Financial assets**

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortized cost or fair value through other comprehensive income under IFRS 9: Financial instruments. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

Expected credit loss is calculated by:

- (1) identifying scenarios in which the trade receivable defaults;
- (2) estimating the cash shortfall that would be incurred under each scenario when a default were to happen;
- (3) multiplying that cash loss by the probability of the default happening; and
- 4) adding together the results of all possible default events.

In case of trade receivables the cash shortfall should be the difference between the amount of cash contractually due and the amount of cash the entity expects to receive over the lifetime of the receivable.

The company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Significant unfavourable changes in the operating results or financial position of the customer;
- Negative changes in the internal and/or external credit risk indicators applicable for the customer;
- Negative credit loss experience of other peer companies;
- Accounts has already been passed to legal or external agencies for collection;
- The customer is under the process of liquidation or bankruptcy;
- Accounts are overdue by 90 days or more.
- Adverse changes in the general business, finance and market conditions (e.g. significant increase in inflation).

The simplified approach is applied for trade receivables from related party and third party customers. The simplified approach requires expected lifetime losses to be recognized from initial recognition of the



## NOTES TO THE FINANCIAL STATEMENTS

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receivables. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognized in profit or loss.

The gross carrying amount of the financial asset has to be reduced (written off) in case there is no reasonable expectation of recovering the contractual cash flows on the asset in its entirety or its portion only. A write off is considered to be the de-recognition of the debtor balance from the books.

### ii. Non-financial assets

All non-financial assets like property, plant and equipment's, intangible assets, inventories and other non-financial assets are reviewed periodically, whether any indication of impairment exists. The carrying amount of the Company's non-financial assets, other than deferred income tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### (j) Employee benefits

#### i. Defined contribution plan

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

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its management and non-management employees. Employee's contributions to the scheme are funded through payroll deductions while the Company's contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company contributes 10% and 12% for management and non-management employees respectively while employees contribute 8% of their insurable earnings (basic, housing and transport allowance). The Company has no further payment obligations once the contributions have been paid

#### ii. Gratuity

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using projected unit credit method.

## NOTES TO THE FINANCIAL STATEMENTS

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The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of Nigerian Government bonds at the end of the reporting period.

The net interest costs is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

### – *Defined benefit gratuity scheme*

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of management and non-management staff under the scheme. Employees under the defined benefit scheme are those who had served a minimum of 5 years on or before 31 December 2008 when the scheme was terminated. Independent actuarial valuations are performed periodically on a projected unit credit basis. Remeasurement gains/losses arising from valuations are charged in full to other comprehensive income. The Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

### – *Defined contribution gratuity scheme*

The Company has a defined contribution gratuity scheme for management and non-management staff. Under this scheme, a specified amount is contributed by the Company to third party fund managers and recognized as an employee benefit expense to income statement over the service life of the employees.

### iii. **Other long-term employee benefits**

The Company's other long-term employee benefits represents Long Service Awards payable upon completion of certain years in service and accrued over the service lives of the employees. Independent actuarial valuations are performed periodically on a projected unit credit basis. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields of Nigerian Government bonds at the end of the reporting period. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in full in profit or loss.

### iv. **Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### v. **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees



## NOTES TO THE FINANCIAL STATEMENTS

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render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled..

### **vi. Share-based payment transactions**

The fair value of equity settled share options and share grants is initially measured at grant date based on the binomial or Monte Carlo models and is charged in the income statement over the vesting period. For equity settled share-based payments, the credit is included in share-based payment reserve in equity whereas for cash settled share-based payments a liability is recognized in the statement of financial position, measured initially at the fair value of the liability.

For cash settled share options and share grants, the fair value of the liability is remeasured at the end of each reporting period until the liability is settled, and at the date of settlement, with any changes in the fair value recognized in the income statement. Cancellations of share options are treated as an acceleration of the vesting period and any outstanding charge is recognized in income statement immediately.

### **(k) Leases**

#### *i. Leases under which the Company is the lessee*

On the commencement date of each lease (excluding leases with a term of 12 months or less on commencement and leases for which the underlying asset is of low value), the Company recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components. As a practical expedient for land leases, the Company elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.



## NOTES TO THE FINANCIAL STATEMENTS

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### *ii. Leases under which the Company is the lessor*

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in the profit and loss account on a straight-line basis over the lease term.

### **(l) Provisions and contingent liabilities**

#### *Provisions*

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

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

#### *Contingent liabilities*

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

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

### **(m) Revenue from Contracts with Customers**

The Company recognizes revenue from the sale of goods and services in the ordinary course of activities. The Company recognizes revenue at a point in time as and when it satisfies a performance obligation by transferring control of a product or service to a customer.

Revenue is measured at the fair value of the consideration received or receivable for goods or services in accordance with the terms of the contract, and it is stated net of value added tax (VAT), rebates, discounts and returns. A valid contract is recognized as revenue after:

- The contract is approved by the parties.
- Rights and obligations are recognized.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on management's evaluation. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

#### *Sale of goods*

Sale of goods arises from sale of drinks to third parties and related parties. Revenue from the sale of goods is recognized when the control of the goods are transferred to the buyer. This occurs when the goods leave the Company's premises or picked up by the customers. This is at a point in time. The customer obtains the right to return goods that are bad or damaged after they have been delivered.



## NOTES TO THE FINANCIAL STATEMENTS

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Revenue from sale of drinks is recognized based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract.

### *Product returns for a refund or credit note*

Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognized and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.

The Company allows customers to return products after delivery within a certain timeframe if unsatisfactory. IFRS requires the company to estimate expected returns which should not be recognized as revenue until the return period lapses.

When a customer exercises this right to return products, the company also has a right to recover the product from the customer and will recognize an asset - Right of recovery asset in trade and other receivables and a corresponding adjustment to Cost of sales.

A refund liability of N83.23 million (2022: N92.34 million) has been recognized for the expected refunds to customers and a corresponding adjustment to revenue for the year ended 30 June 2023. A right of recovery asset of N44.59 million (2022: N49.51 million) has also been recognized in other receivables for the products to be returned and a corresponding adjustment to Cost of sales for the year ended 30 June 2023.

### *Advance payments*

The Company has contracts with customers that requires advance payment to be made before sale of drinks can occur. The Company has considered whether the contract contains a financing component and whether that financing component is significant to the contract, including both of the following;

- (a) The difference, if any, between the amount of promised consideration and cash selling price and;
- (b) The combined effect of both the following:
  - The expected length of time between when the Company transfers the product to their customers and when payment is received and;
  - The prevailing interest rate in the relevant market.

The advance period is less than 12 months, usually within 30 days. As a result, the effect of discounting will not be material. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

### *Customer deposit liability*

Customer deposit liability (CDL) relates to the returnable packaging deposits that are in trade with distributors and wholesalers but are considered the company's assets. CDL balance assessment is carried out during the financial year and CDL is posted based on physical count and business backgrounds.

### *Recognition of contract liabilities*

The Company introduced the presentation of liabilities in the statement of financial position to reflect the requirements of IFRS 15. Contract liabilities have been reclassified from customer deposits as at 30 June 2023 which are advance payments received from customers.



## NOTES TO THE FINANCIAL STATEMENTS

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### *Rendering of services*

Revenue on delivery services are recognized when the goods have been shipped to the required location. Control passes to the customer over time as the goods are being transported but recognizes revenue at a point in time. This is because the company has assessed the impact of an overtime recognition to be immaterial since the delivery is short term in nature.

### **(n) Contingent assets**

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

### *Export Credit Certificate*

The company treats Export Credit Certificate (ECC) as contingent asset. ECC is recognized in the period it is received and included as part of Other income in the financial statements.

### **(o) 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 borrowings, interest expense on lease liabilities, unwinding of the discount on provisions, 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.

Foreign currency gains and losses are reported separately as either finance income and finance cost respectively.

### **(p) Taxation**

The tax expense for the period comprises current and deferred income tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity respectively.

### **i. Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



## NOTES TO THE FINANCIAL STATEMENTS

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

### **ii. Deferred income tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- i. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income statement.
- ii. differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.
- iii. temporary differences arising on the initial recognition of goodwill.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date, and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

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

Significant judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

### **(q) 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 earnings 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 earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

### **(r) Statement of cash flows**

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

## NOTES TO THE FINANCIAL STATEMENTS

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### **(s) Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Guinness Leadership Team which comprises of the members of the Board of Directors and other Executive Officers.

Segment information is required to be presented in respect of the Company's business and geographical segment, where applicable. The Company's primary format for segment reporting is based on operating segments. The operating segments are determined by management based on the Company's internal reporting structure. Where applicable, segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### **(t) Service concession charges**

Service concession charges represent fixed annual amounts payable to the grantor in respect of concession right to the concession asset. These amounts are charged to the income statement over the duration of the concession period, if immaterial.

### **(u) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### **(v) Trade receivables**

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the statement of profit or loss.

### **(w) Trade payables**

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **(x) Loans and borrowings**

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

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

### 8. Revenue

#### (a) Disaggregation of revenue from contract with customers

	2023	2022
	#’000	#’000
Nigeria	227,348,158	204,869,529
Export	2,092,703	1,952,598
	<b>229,440,861</b>	<b>206,822,127</b>

Nigeria is the Company’s primary geographical segment as over 99% of the Company’s revenue is earned from sales in Nigeria. All of the Company’s revenue is derived from sale of similar products with similar risks and returns. Additionally, there is no identifiable component of the business with up to 10% of the total revenue, the absolute measure of profit or loss and its assets. Thus, further segment information has not been presented.

#### (b) Liabilities relating to contracts with customers

	30 June 2023	30 June 2022
	#’000	#’000
Contract liabilities	1,590,422	1,866,384

Contract liabilities with customers as at 30 June 2023 amounting to N1,590 million (2022: N1,866 million) is included in current liabilities in statement of financial position.

#### Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities

	2023
	#’000
Revenue recognized that was included in the contract liability balance at the beginning of the period	1,866,384

There was no revenue recognized in the current year from performance obligations satisfied in previous periods. There was no significant financing components in the contracts with customers.

### 9. Other income

#### (a) Other income comprises:

	2023	2022
	#’000	#’000
Income from leased assets (Note 15(j))	123,889	381,399
Sale of by-products	319,789	665,090
Gain on disposal of property, plant and equipment (Note 15(g))	1,514,394	1,693,480
Promissory note from Export Expansion Grant (Note 30(a))	1,572,514	—
	<b>3,530,586</b>	<b>2,739,969</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Finance income and finance costs

#### (a) Finance income is as follows:

##### (i) Finance income per income statement

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Total interest income arising from financial assets - received	2,212,549	991,451
Total interest income arising from financial assets - accrued	52,363	32,844
Gain on remeasurement of foreign currency balances	5,524,428	879,849
	<b>7,789,340</b>	<b>1,904,144</b>

##### (ii) Finance income received in the statement of cash flows

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Finance income per income statement	7,789,340	1,904,144
Unrealised exchange gain	(5,524,428)	(879,849)
Accrued finance income	(52,363)	(32,844)
	<b>2,212,549</b>	<b>991,451</b>

#### (b) Finance costs are as follows:

##### (i) Finance costs per income statement

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Finance expense on loans and borrowings (Note 23(b))	1,686,864	688,073
Finance expense on loans and borrowings - accrued (Note 23(b))	2,307,377	—
Interest expense on lease liabilities (Note 24(b))	21,607	3,477
Interest expense on employee benefits (Note 25(c))	174,465	155,151
Exchange difference on foreign currency letter of credits (23(b))	19,603,028	(71,129)
Exchange difference on foreign currency intercompany loan(23(b))	8,050,909	197,440
Loss on remeasurement of other foreign currency balances	21,441,373	1,157,031
	<b>53,285,623</b>	<b>2,130,043</b>

##### (ii) Finance costs paid in the statement of cash flows

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Finance costs per income statement	53,285,623	2,130,043
Interest expense on employee benefits (Note 25(c))	(174,465)	(155,151)
Accrued finance expense	(2,307,377)	—
Unrealised foreign exchange loss	(45,952,999)	(221,984)
	<b>4,850,782</b>	<b>1,752,908</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 11. Profit before taxation

#### (a) Profit before taxation is stated after charging:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Depreciation of property, plant and equipment (Note 15(a))	9,259,736	8,465,306
Depreciation of right-of-use assets (Note 24(a))	133,844	140,758
Impairment loss on property, plant and equipment (Note 15(b))	73,515	542,815
Amortization of intangible assets (Note 16(a))	88,385	1,765
Auditor's remuneration	43,782	39,900
Personnel expenses (Note 12 (a))	16,571,391	13,792,197
Directors' remuneration (Note 11(b))	736,038	777,828
Gain on disposal of property, plant and equipment (Note 15(g))	(1,514,394)	(1,693,480)
Rental expenses	515,180	521,155
Royalty and technical service fees (Note 31 (b)(iii))	1,537,233	1,267,667

In addition to the statutory audit fee above, PwC received N93.4 million (2022: N85.1 million) for SOx testing and Group reporting towards the integrated audit of Diageo Plc.

#### (b) Directors' remuneration

Remuneration, excluding gratuity and pension contributions for Directors of the Company, who discharged their duties mainly in Nigeria, was as follows:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Fees paid to Non-Executive Directors	69,857	71,010
Fees and remuneration paid to the Chairman	35,935	35,935
Remuneration paid to Executive Directors	630,246	670,883
	<b>736,038</b>	<b>777,828</b>

The remuneration (excluding gratuity and pension contributions) of the highest paid Director amounted to N259 million (2022: N505 million).

Remuneration paid to the Executive Directors is included as part of personnel cost in Note 12(a), while Fees and remuneration paid to the Non-Executive Directors and the Chairman is included as part of Other miscellaneous expenses in Note 11(c).

The table below shows the number of directors of the Company (excluding the Chairman) whose remuneration excluding certain benefits, gratuity and pension contributions (in respect of services to the Company) fell within the bands shown below:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
N2,000,001 - N20,000,000	9	8
N100,000,001 and N200,000,000	1	1
N200,000,001 and above	2	1
	<b>12</b>	<b>10</b>

## NOTES TO THE FINANCIAL STATEMENTS

### (c) Analysis of expenses by nature

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Raw materials and consumables (Note 18(a))	106,569,228	97,102,834
Freight costs	20,627,364	17,080,248
Advertising and promotion	20,621,481	20,267,125
Personnel expenses (Note 12(a))	16,571,391	13,792,197
Depreciation of property, plant and equipment (Note 15(a))	9,259,736	8,465,306
Depreciation of right-of-use assets (Note 24(a))	133,844	140,758
Amortization of intangible assets (Note 16(a))	88,385	1,765
Impairment loss on property, plant and equipment (Note 15(b))	73,515	542,815
Release of expected credit loss on (non-financial) other receivables (Note 19(a))	—	(309,309)
Charge for/(release of) expected credit loss on (financial) trade and other receivables (Note 29(a)(iii))	9,106	(96,045)
Rental expenses	515,180	521,155
Royalty and technical service fees (Note 31(b)(ii))	1,537,233	1,267,667
Repairs and maintenance	8,931,362	5,851,463
Travel and entertainment	1,788,557	1,599,406
Professional costs*	2,513,130	1,965,403
External labour costs	1,506,199	1,533,409
Facilities	4,211,999	2,274,636
IT service costs	625,502	1,011,471
Utilities	7,153,950	7,285,472
Cleaning of plant and machineries	4,925,843	3,739,206
Other miscellaneous expenses	1,950,758	1,625,054
<b>Total expenses</b>	<b>209,613,763</b>	<b>185,662,036</b>

\*Included in professional costs above is the sum of N3 million (2022: N4 million) and N14.3 million (2022: N17.1 million) paid to Ernst & Young Professional Services in Nigeria for Actuarial and Tax services rendered to the company.

The name of the professional, FRC registration number of the professional, name of professional firm as well as the summary of the services rendered are as follow:

<b>Name of signer</b>	<b>FRC number</b>	<b>Name of firm</b>	<b>Services rendered</b>
Wise Chigudu	FRC/2022/PRO/NAS/00000024119	Ernst & Young	Actuarial valuation services
James Adeagbo	FRC/2020/004/00000021900	Ernst & Young	Tax compliance services

Total expenses is analysed as below:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Cost of Sales	151,307,788	134,159,371
Marketing and distribution expenses	41,248,845	37,347,373
Administrative expenses	16,974,509	13,708,522
Impairment loss on property, plant and equipment (Note 15(b))	73,515	542,815
Net charge for/(release of) expected credit loss on financial assets (Note 29(a)(iii))	9,106	(96,045)
	<b>209,613,763</b>	<b>185,662,036</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 12. Personnel Expenses

(a) Personnel expenses including the provision for gratuity liabilities and other long term employee benefits comprise:

	2023	2022
	#’000	#’000
Salaries, wages and allowances	15,478,152	12,238,603
Contributions to defined contribution plans (Note 25(d) and Note 25(e))	1,264,069	1,097,563
Share-based payments (credit)/expense (Note 26(c))	(58,994)	229,643
Other long term employee benefits (Note 25(b))	(70,506)	261,925
Release of termination expense	(41,330)	(35,537)
<b>Total personnel expenses</b>	<b>16,571,391</b>	<b>13,792,197</b>

(b) The average number of persons employed during the year are:

	2023	2022
	Number	Number
Operations and Technical	344	298
Sales	346	430
Marketing	28	49
Finance, IT and Human Resources	63	50
Legal and Corporate Affairs	10	12
	<b>791</b>	<b>839</b>

(c) The average number of employees of the Company during the year, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

	2023	2022
	Number	Number
N100,000 – N500,000	–	2
N500,001 – N1,000,000	–	20
N1,000,001 – N1,500,000	–	6
N1,500,001 – N2,000,000	–	10
N2,000,001 – N2,500,000	–	8
N2,500,001 – N3,000,000	–	18
N3,000,001 – N3,500,000	–	10
N3,500,001 – N4,000,000	–	17
N4,000,001 – N4,500,000	–	42
N4,500,001 – N5,000,000	21	23
N5,000,001 – N5,500,000	33	37
N5,500,001 – N6,000,000	20	63
N6,000,001 – N6,500,000	18	29
N6,500,001 – N7,000,000	19	19
N7,000,001 – N7,500,000	48	16
N7,500,001 – N8,000,000	112	10
N8,000,001 – N8,500,000	22	17
N8,500,001 – N9,000,000	20	22
N9,000,001 – N9,500,000	8	28
N9,500,001 – N10,000,000	47	15
N10,000,001 and above	423	427
	<b>791</b>	<b>839</b>

### 13. Taxation

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

## NOTES TO THE FINANCIAL STATEMENTS

(a) Amounts recognized in income statement

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>Current tax expense:</b>		
Income tax	4,474,051	7,688,148
Tertiary education tax	624,228	745,498
Capital Gains Tax	73	198
Police Trust Fund Levy	—	1,184
Prior years under-provision	895,019	—
	<b>5,993,371</b>	<b>8,435,028</b>
<b>Deferred tax credit:</b>		
Reversal of temporary differences (Note 27(b))	(9,963,929)	(412,229)
<b>Total tax (credit)/expense</b>	<b>(3,970,558)</b>	<b>8,022,799</b>

(b) Tax (credit)/expense recognized in other comprehensive income

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Deferred tax arising on remeasurement of defined benefit liability (Note 27(b))	—	22,126

(c) Reconciliation of effective tax rate

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
(Loss)/profit before taxation	(22,138,599)	23,674,161
Income tax using the statutory tax rate (30%)	(6,641,580)	7,102,248
Adjusted for:		
Impact of tertiary education tax	624,228	745,498
Police Trust Fund Levy	—	1,184
Capital Gains Tax	73	198
Effect of tax incentives and exempted income	—	(75,159)
Non-deductible expenses	11,245,231	1,118,192
Prior years under-provision	895,019	—
Effect of timing differences	(10,093,529)	(869,362)
<b>Total income tax (credit)/expense in income statement</b>	<b>(3,970,558)</b>	<b>8,022,799</b>

(d) Movement in current tax liability

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Balance at 1 July	8,740,294	992,986
Payments during the year	(9,477,028)	(642,324)
Charge for the year	5,098,352	8,435,028
Prior years under-provision	895,019	—
Withholding tax credit notes utilised	—	(45,396)
<b>Balance at the end of period</b>	<b>5,256,637</b>	<b>8,740,294</b>

### 14. Earnings and declared dividend per share

(a) Basic and diluted earnings per share

	<b>2023</b>	<b>2022</b>
(Loss)/profit attributable to ordinary shareholders (N'000)	(18,168,041)	15,651,362
Weighted average number of shareholders (thousands)	2,190,383	2,190,383
Basic and diluted earning per share (kobo)	(829)	715

There were no dilutive ordinary potential shares during the years presented.

(b) Declared dividend per share

Dividend declared per share is 714 kobo (2022: 46 kobo), based on total declared dividend of N15,639,333 (2022: N1,007,576) on 2,190,382,819 (2022: 2,190,382,819) ordinary shares of 50 kobo each, being the ordinary shares in issue at the date the dividend was declared.



## NOTES TO THE FINANCIAL STATEMENTS

### 15. Property, plant and equipment (PPE)

(a) The movement on PPE during the year was as follows:

	Freehold Land	Buildings	Plant & Machinery	Furniture & Equipment	Motor Vehicles	Returnable Packaging Materials	Capital Work-in-Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Cost</b>								
<b>At 1 July 2021</b>	8,328,428	20,979,647	100,084,877	392,345	9,431,964	29,268,372	4,247,505	172,733,138
Reclassification of opening balances (Note 15(ii))	—	—	(270,671)	47,218	223,453	—	—	—
Additions	—	44,341	966,660	12,693	280,888	3,555,000	7,600,743	12,460,325
Transfers	—	86	327,220	—	78,788	17,818	(423,912)	—
Write-offs (Note 15(g))	—	—	(913,972)	(4,527)	(309,624)	(366,069)	(61)	(1,594,253)
Disposal (Note 15(g))	—	—	—	—	(811,379)	—	—	(811,379)
<b>At 30 June 2022</b>	<b>8,328,428</b>	<b>21,024,074</b>	<b>100,194,114</b>	<b>447,729</b>	<b>8,894,090</b>	<b>32,475,121</b>	<b>11,424,275</b>	<b>182,787,831</b>
<b>At 1 July 2022</b>	8,328,428	21,024,074	100,194,114	447,729	8,894,090	32,475,121	11,424,275	182,787,831
Reclassification to intangibles (Note 16)	—	—	—	—	—	—	(510,424)	(510,424)
Additions	120,144	484,050	3,096,989	51,121	850,416	4,397,924	2,335,101	11,335,745
Transfers	711,210	4,078,459	5,000,403	112,070	101,042	502,365	(10,505,549)	—
Write-offs (Note 15(g))	—	(12,459)	(778,630)	(162,502)	(3,105,921)	(13,459,612)	4,691	(17,514,433)
Disposal (Note 15(g))	—	—	—	(3,683)	(244,655)	(562,593)	—	(810,931)
<b>At 30 June 2023</b>	<b>9,159,782</b>	<b>25,574,124</b>	<b>107,512,876</b>	<b>444,735</b>	<b>6,494,972</b>	<b>23,353,205</b>	<b>2,748,094</b>	<b>175,287,788</b>
<b>Depreciation and impairment</b>								
<b>At 1 July 2021</b>	(144,120)	(4,594,950)	(43,565,865)	(391,120)	(6,348,848)	(23,451,348)	—	(78,496,251)
Reclassification of opening balances (Note 15(ii))	—	—	265,443	(47,137)	(218,306)	—	—	—
Charge for the year	—	(501,726)	(4,984,865)	(1,735)	(996,070)	(1,980,910)	—	(8,465,306)
Write-offs (Note 15(g))	—	—	541,561	4,520	305,400	199,957	—	1,051,438
Disposals (Note 15(g))	—	—	—	—	807,865	—	—	807,865
<b>At 30 June 2022</b>	<b>(144,120)</b>	<b>(5,096,676)</b>	<b>(47,743,726)</b>	<b>(435,472)</b>	<b>(6,449,959)</b>	<b>(25,232,301)</b>	<b>—</b>	<b>(85,102,254)</b>
<b>At 1 July 2022</b>	(144,120)	(5,096,676)	(47,743,726)	(435,472)	(6,449,959)	(25,232,301)	—	(85,102,254)
Charge for the year	—	(540,916)	(4,995,295)	(13,630)	(935,551)	(2,774,344)	—	(9,259,736)
Write-offs (Note 15(g))	—	12,193	704,927	162,465	3,101,721	13,459,612	—	17,440,918
Disposals (Note 15(g))	—	—	—	3,683	244,655	562,593	—	810,931
<b>At 30 June 2023</b>	<b>(144,120)</b>	<b>(5,625,399)</b>	<b>(52,034,094)</b>	<b>(282,954)</b>	<b>(4,039,134)</b>	<b>(13,984,440)</b>	<b>—</b>	<b>(76,110,141)</b>
Carrying amount								
<b>At 30 June 2022</b>	<b>8,184,308</b>	<b>15,927,398</b>	<b>52,450,388</b>	<b>12,257</b>	<b>2,444,131</b>	<b>7,242,820</b>	<b>11,424,275</b>	<b>97,685,577</b>
<b>At 30 June 2023</b>	<b>9,015,662</b>	<b>19,948,725</b>	<b>55,478,782</b>	<b>161,781</b>	<b>2,455,838</b>	<b>9,368,765</b>	<b>2,748,094</b>	<b>99,177,647</b>

All assets are domiciled in Nigeria.

## NOTES TO THE FINANCIAL STATEMENTS

(b) Impairment loss on property, plant and equipment

i) During the year, the Company identified assets which are idle, damaged, obsolete and those relating to discontinued brands which are unable to generate future economic benefit to the Company through continued operational usage, hence, these assets were written off. The carrying value of assets written off is N74 million (2022: 543 million) as analysed below:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Assets write-offs			
At 30 June 2022	1,594,253	(1,051,438)	542,815
At 30 June 2023	17,514,433	(17,440,918)	73,515

ii) The total impairment loss recognized in the year is as analysed below:

	<b>Asset write-off</b>	<b>Additional impairment</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Impairment loss on property, plant and equipment			
At 30 June 2022	542,815	—	542,815
At 30 June 2023	73,515	—	73,515

Other than the write-offs executed during the year ended 30 June 2023 there was no further impairment charge arising from the impairment testing of the company as a cash generating unit ("CGU")

(c) Capital work-in-progress

Additions to capital work-in-progress' during the year comprises the following:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Plant and machinery	2,335,101	7,600,743

(d) Included in property, plant and equipment are assets purchased during the year that had not been paid for and included in trade and other payables, amounting to N2.67 billion (2022: N3.40 billion). This has been adjusted for in the statement of cash flows. Refer to Note 15(f) and Note 28(b).

(e) Capital expenditure commitments at the year end authorized by the Board of Directors comprise:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Contracted	7,059,207	4,632,664
Not contracted	11,560,894	7,309,198
	<b>18,620,101</b>	<b>11,941,862</b>

(f) Cash paid on acquisition of property, plant and equipment in the statement of cash flows.

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Additions during the year (Note 15(a))	11,335,745	12,460,325
Payments on prior year acquisitions (Note 28(b))	1,249,592	467,661
Unpaid invoices on current year acquisitions (Note 28(b))	(2,668,556)	(3,395,421)
	<b>9,916,781</b>	<b>9,532,565</b>



## NOTES TO THE FINANCIAL STATEMENTS

(g) PPE disposed/written off in the statement of cash flows:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Cost of property, plant and equipment disposed (Note 15(a))	810,931	811,379
Accumulated depreciation on property, plant and equipment disposed (Note 15(a))	(810,931)	(807,865)
Net book value of property, plant and equipment disposed	–	3,514
Proceeds from disposal of property, plant and equipment	(1,514,394)	(1,696,994)
<b>Gain on disposal of property, plant and equipment (Note 9(a))</b>	<b>(1,514,394)</b>	<b>(1,693,480)</b>
Cost of property, plant and equipment written off (Note 15(a))	17,514,433	1,594,253
Accumulated depreciation on property, plant and equipment written off (Note 15(a))	(17,440,918)	(1,051,438)
Carrying amount of property, plant and equipment written off	73,515	542,815
<b>Net book value of property, plant and equipment written off</b>	<b>73,515</b>	<b>542,815</b>

(h) No borrowing costs were capitalised during the year (2022: Nil).

(i) **Reclassification of opening balances**

There is an opening balance reclassification between cost and accumulated depreciation to align with the general ledger and the property, plant and equipment register. However, it has nil effect on the property, plant and equipment net book value, therefore, the balance in the statement of financial position - both in current and prior year - gives a true and fair view.

(j) Included in property, plant and equipment are motor vehicles, which the Company has leased out to third parties under operating lease arrangements. The net book value of the assets at the end of the year is Nil (2022: N89 million). Income realized from these assets is included in other income as N124 million (2022: N381 million). Minimum lease payments receivable on leases of vehicles is N196 million (2022: N336 million), with the last billing date due in February 2025.

## NOTES TO THE FINANCIAL STATEMENTS

### 16. Intangible assets

(a) The movement in intangible assets during the year is as follows:

	Distribution Rights	Computer software	Total
	₦'000	₦'000	₦'000
<b>Cost</b>			
Balance at 1 July 2021	995,250	2,302,338	3,297,588
Write-offs	—	(2,069,507)	(2,069,507)
<b>Balance at 30 June 2022</b>	<b>995,250</b>	<b>232,831</b>	<b>1,228,081</b>
Balance at 1 July 2022	995,250	232,831	1,228,081
Reclassification from tangibles (Note 15)	—	510,424	510,424
Additions	—	127,585	127,585
Write-offs	—	(31,134)	(31,134)
<b>Balance at 30 June 2023</b>	<b>995,250</b>	<b>839,706</b>	<b>1,834,956</b>
<b>Amortization</b>			
Balance at 1 July 2021	(995,250)	(2,300,247)	(3,295,497)
Charge for the year	—	(1,765)	(1,765)
Write-offs	—	2,069,507	2,069,507
<b>Balance at 30 June 2022</b>	<b>(995,250)</b>	<b>(232,505)</b>	<b>(1,227,755)</b>
Balance at 1 July 2022	(995,250)	(232,505)	(1,227,755)
Charge for the year	—	(88,385)	(88,385)
Write-offs	—	31,134	31,134
<b>Balance at 30 June 2023</b>	<b>(995,250)</b>	<b>(289,756)</b>	<b>(1,285,006)</b>
<b>Carrying amount</b>			
At 30 June 2022	—	326	326
At 30 June 2023	—	549,950	549,950

(b) Concession right

In 2014, the Company entered into a concession agreement (“the Agreement”) with the Edo State Government (“the Grantor”). Under the terms of the agreement, the Company was granted the right to build, operate, maintain, repair, control and ensure public access to the Iyoha Road (“the Road”) for a period of ten (10) years from 1 June 2015 after which control of the Road reverts to the Grantor. The intangible asset represents the Company’s right over the Road for the remaining concession period.

Under the Agreement, the Company has obligations to operate, maintain, repair, control, charge and collect tolls for its accounts only from the trucks utilising the Road for the Company’s logistics operation, together with the payment of concession fee of five million Naira (N5,000,000) per annum. At the end of the concession period, the toll road will become the property of the Grantor and the Company will have no further involvement in its operation or maintenance requirements.

The Agreement contains an option for renewal at the instance of both parties. Either party to the Agreement reserves the right to terminate the Agreement if the other party commits a material breach in respect of the performance of its material obligations or is in material breach of any warranty given by it under the Agreement.

(c) The amortization charge of all intangible assets is included in administrative expenses.



## NOTES TO THE FINANCIAL STATEMENTS

(d) Distribution rights relates to the distribution rights of Diageo plc's international premium spirits brands (IPS) in Nigeria. Guinness Nigeria Plc purchased the distribution rights to Diageo plc's international premium spirits (IPS) brands in Nigeria with effect from 1 January 2016 and the rights was amortized over a period of five (5) years which gives Guinness Nigeria Plc the right to distribute and market the IPS brands in Nigeria. The related amortization expense of Nil (2022: Nil) is recognized in administrative expenses in the year. The distribution right remains in place after full amortization of the asset, but are granted by the brand owners at no cost to the company.

### 17. Prepayments

Prepayments comprise:

	30 June 2023	30 June 2022
	N'000	N'000
Prepaid rent	202,579	128,798
Other prepaid expenses	200,316	463,811
	<b>402,895</b>	<b>592,609</b>
Prepayments is analysed into:		
	N'000	N'000
Non-current	—	4,757
Current	402,895	587,852
	<b>402,895</b>	<b>592,609</b>

Other prepaid expenses relate to housing and education subsidies, leave allowance and insurance. Prepaid rent disclosed is out of scope of IFRS16, hence accounting policy in Note 7(h) has been applied.

All prepayments are amortized before 31 May 2024, hence no amount is disclosed as non-current prepayment..

### 18. Inventories

(a) Inventories comprise:

	30 June 2023	30 June 2022
	N'000	N'000
Finished products	9,987,251	10,240,778
Products in process	3,179,126	1,404,651
Raw materials and packaging materials	6,265,448	8,862,945
Engineering spares	12,412,069	8,413,550
Inventories in transit	2,625,633	3,078,751
	<b>34,469,527</b>	<b>32,000,675</b>

Inventory balances have been disclosed net of provision for impairment as at year end.

The value of raw and packaging materials, spare parts, changes in finished products and products in process recognized in cost of sales during the year amounted to N106,570 million (2022: N97,103 million) Note 11(c). This amount includes impairment on slow movement inventories which was N4,502 million (2022: N1,649 million) as well as provision release on inventories N534 million (2022: N604 million). The net effect in the income statement is N3,967 million (2022: N1,045 million) and has been adjusted for in the statement of cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Trade and other receivables

(a) Trade and other receivables comprise:

	30 June 2023	30 June 2022
	#’000	#’000
<i>Financial assets:</i>		
Trade receivables	14,451,877	13,971,886
Expected credit loss (Note 29(a))	(4,466,138)	(4,493,811)
	<b>9,985,739</b>	<b>9,478,075</b>
Other receivables	94,815	63,283
	<b>94,815</b>	<b>63,283</b>
Advance payments to suppliers	1,240,109	3,292,501
Amounts due from related parties (Note 31(b))	23,541	269,395
<b>Total financial assets</b>	<b>11,344,204</b>	<b>13,103,254</b>
<i>Non-financial assets:</i>		
Other receivables - current*	2,069,898	1,176,341
Expected credit loss	(200,695)	(200,695)
<b>Total non-financial assets</b>	<b>1,869,203</b>	<b>975,646</b>
<b>Total trade and other receivables</b>	<b>13,213,407</b>	<b>14,078,900</b>

\*A right of recovery asset of N44.59 million is recognized in Other receivables for the products to be returned with a corresponding adjustment to Cost of sales for the year ended 30 June 2023.

During the year, Guinness Nigeria Plc made advance payments to suppliers related to raw materials and packaging materials.

All items under Trade and other receivables are measured at amortized cost. The carrying amount is a reasonable approximation of fair value.

Movement of expected credit loss of non-financial assets is as follows:

	2023	2022
	#’000	#’000
Opening balance	(200,695)	(561,070)
Other non-financial receivables written-off	—	51,066
Write back of expected credit loss	—	309,309
	<b>(200,695)</b>	<b>(200,695)</b>

(b) Changes in trade and other receivables in the statement of cash flows:

	2023	2022
	#’000	#’000
Change in current trade and other receivables	865,493	(59,515)
Unrealized exchange gain	1,681,312	879,849
Accrued finance income (Note 10(a))	52,363	32,844
Withholding tax credit notes applied for tax settlement (Note 13(d))	—	(45,396)
Release of expected credit loss on (non-financial) other receivables (Note 19(a))	—	309,309
(Charge for)/release of expected credit loss on (financial) trade and other receivables (Note 29(a)(iii))	(9,106)	96,045
	<b>2,590,062</b>	<b>1,213,136</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 20. Cash and cash equivalents

(a) Restricted cash	30 June 2023	30 June 2022
	₦'000	₦'000
Restricted cash	1,592,461	1,829,893

Restricted cash relates to unclaimed dividends held in a separate interest bearing bank account in accordance with guidelines issued by the Securities and Exchange Commission (SEC). Under the SEC guidelines, these amounts are restricted from use by the Company.

(b) Cash and cash equivalents	30 June 2023	30 June 2022
	₦'000	₦'000
Bank balances	73,424,683	26,742,309
Short-term deposits	18,700,000	42,361,407
Cash and cash equivalents	92,124,683	69,103,716
Cash and cash equivalents in the statement of cash flows	92,124,683	69,103,716

Cash and cash equivalents have maturities less than three months. Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments and bank overdrafts.

### 21. Share capital and reserves

(a) Authorised ordinary shares of 50k each  
*in thousands of shares*

	30 June 2023	30 June 2022
At the end of year	2,190,383	2,500,000

(b) Issued and fully paid-up ordinary shares of 50k each  
*in thousands of shares*

	30 June 2023	30 June 2022
At the end of year	2,190,383	2,190,383

	₦'000	₦'000
Share capital	1,095,191	1,095,191

(c) Share premium

Share premium represents the consideration received in excess of the nominal value of ordinary shares of the Company.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

(d) Share-based payment reserve

The share-based payment reserve comprises the cumulative weighted average fair value of executive share option and executive share award plans granted by Diageo plc to Directors and employees of the Company which have not vested at year end.

### 22. Dividends

(a) Declared dividend

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

	2023	2022
	₦'000	₦'000
714 kobo (2022: 46 kobo)	15,639,333	1,007,576

## NOTES TO THE FINANCIAL STATEMENTS

After the respective reporting dates, the following dividends were proposed by the Directors

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Nil (2022: 714 kobo)	—	15,639,333
<b>(b) Dividend payable</b>		
	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 July	1,933,364	3,122,693
Declared dividend (Note 22(a))	15,639,333	1,007,576
Declared, but not yet paid dividend (Note 31(b))	(9,074,535)	—
Unclaimed dividend transferred to retained earnings	(252,599)	(1,100,656)
Effect of accruals for unclaimed dividend with Registrar	65,067	(18,673)
Payments during the year:		
Paid by the registrar	(50,000)	(70,000)
Cash and cash equivalents	(6,564,798)	(1,007,576)
<b>At 30 June</b>	<b>1,695,832</b>	<b>1,933,364</b>
<b>Dividend payable is represented by</b>		
	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Restricted cash (Note 20(a))	1,592,461	1,829,893
Unclaimed dividend with Registrar	103,371	103,471
<b>At 30 June</b>	<b>1,695,832</b>	<b>1,933,364</b>
<b>Changes in dividend payables in the statement of cash flows:</b>		
	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Change in dividend payables	(100)	(37,341)
Deposit refund from registrar for unclaimed dividend	65,167	18,668
Funds transferred to Registrar	(50,000)	(70,000)
	<b>15,067</b>	<b>(88,673)</b>

(c). The balance of N1,592 million (2022: N1,830 million) represents unclaimed dividends, which is held in separate interest yielding bank accounts in line with the Security and Exchange Commission (SEC) guidelines.

(d). During the year, unclaimed dividends amounting to N253 million (2022: N1,101) became statute barred and was transferred into retained earnings.

### 23. Loans and borrowings

(a) Loans and borrowings comprise:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Related party loans (Note 23(c))	17,925,469	9,411,892
Letters of credit (Note 23(c))	45,830,470	21,897,451
<b>Total loans and borrowings</b>	<b>63,755,939</b>	<b>31,309,343</b>

The total loans and borrowings is classified as follows:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<i>Current liabilities</i>		
Related party loans	17,925,469	9,411,892
Letters of credit	45,830,470	21,897,451
<b>Total loans and borrowings</b>	<b>63,755,939</b>	<b>31,309,343</b>



## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2023, the Company had an outstanding related party loan of \$22,5 million (2022: \$22.5 million) included in loans and borrowing. The Naira equivalent is N17,925 million (2022: N9,412 million). The interest rate applied for the loan is SOFR plus 629 bps.

### (b) Movement in loans and borrowings

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>At 1 July</b>	31,309,343	15,993,143
Proceeds from loans and borrowings obtained during the year	12,383,535	34,329,310
Finance cost:		
– Finance expense on loans and borrowings (Note 10(b))	1,686,864	688,073
– Interest expense accrued (Note 10(b))	2,307,377	–
Withholding tax deducted on interest expense	(51,408)	–
Exchange difference on foreign currency letter of credits (Note 10(b))	19,603,028	(71,129)
Exchange difference on foreign currency intercompany loan (Note 10(b))	8,050,909	197,440
Interest paid	(1,686,864)	(688,073)
Loans repaid during the year	(9,846,846)	(19,139,420)
<b>At the end of period</b>	<b>63,755,938</b>	<b>31,309,343</b>

### (c) Net cash

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Cash and cash equivalents (Note 20(b))	92,124,683	69,103,716
Loans and borrowings - current	(63,755,939)	(31,309,343)
	<b>28,368,744</b>	<b>37,794,373</b>

For more information about the Company's exposure to interest rate, foreign currency and liquidity risks, see Note 29.

Terms and conditions of the outstanding loans and borrowings are as follows::

	<b>Nominal Interest Rate</b>	<b>Maturity</b>	<b>Carrying Amount 2023</b>	<b>Face Value 2023</b>	<b>Carrying Amount 2022</b>	<b>Face Value 2022</b>
			<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Letters of credit - SCB	SOFR +7.25%	1 year	15,296,267	15,296,267	10,696,127	10,696,127
Letters of credit - CITI	3-months LIBOR +6%	1 year	5,151,901	5,151,901	2,056,315	2,056,315
Letters of credit - FBN	3-months SOFR + 8%	1 year	1,943,061	1,943,061	754,267	754,267
Letters of credit - STANBIC	3-months LIBOR +6%	1 year	10,128,855	10,128,855	3,255,317	3,255,317
Letters of credit - UBA	3-months LIBOR +8.5%	1 year	2,898,230	2,898,230	1,147,615	1,147,615
Letters of credit - FCMB	3-months SOFR +7%	1 year	3,172,456	3,172,456	1,576,898	1,576,898
Letters of credit - Union	3-months LIBOR +7%	1 year	2,506,872	2,506,872	911,151	911,151
Letters of credit - Zenith	3-months SOFR +9%	1 year	4,732,828	4,732,828	1,499,761	1,499,761
Intercompany loan	SOFR +6.29%	1 year	17,925,469	17,925,469	9,411,892	9,411,892
			63,755,939	63,755,939	31,309,343	31,309,343

## NOTES TO THE FINANCIAL STATEMENTS

### 24. Leases

#### (a) Right-of-use assets

##### Movement in right-of-use assets:

	Land & Building	Total
	€'000	€'000
<b>Gross carrying value</b>		
<b>At 1 July 2021</b>	866,660	866,660
Remeasurement of right-of-use assets (Note 24(b))	43,936	43,936
Additions (Note 24(b))	33,333	33,333
Write-off	(99,665)	(99,665)
<b>At 30 June 2022</b>	<b>844,264</b>	<b>844,264</b>
<b>At 1 July 2022</b>	844,264	844,264
Remeasurement of right-of-use assets (Note 24(b))	(17,094)	(17,094)
Write-off	(89,355)	(89,355)
<b>At 30 June 2023</b>	<b>737,815</b>	<b>737,815</b>
<b>Accumulated depreciation</b>		
<b>At 1 July 2021</b>	(434,659)	(434,659)
Depreciation charge (Note 11(c))	(140,758)	(140,758)
Write-off	99,665	99,665
<b>At 30 June 2022</b>	<b>(475,752)</b>	<b>(475,752)</b>
<b>At 1 July 2022</b>	(475,752)	(475,752)
Depreciation charge (Note 11(c))	(133,844)	(133,844)
Write-off	89,355	89,355
At 30 June 2023	(520,241)	(520,241)
<b>Net book value at 30 June 2022</b>	<b>368,512</b>	<b>368,512</b>
<b>Net book value at 30 June 2023</b>	<b>217,574</b>	<b>217,574</b>

The Company leases warehouses and buildings. During the year the Company moved into its new head office, hence the contract for previous head office has been derecognised.

#### (b) Lease liabilities

##### Movement in lease liabilities:

	€'000
<b>At 1 July 2021</b>	477,700
Additions (Note 24(a))	33,333
Remeasurement (Note 24(a))	43,936
Interest expense on leases (Note 10(b))	3,477
Repayment of lease liabilities:	
Repayment of the principal portion of the lease liabilities	(377,774)
Interest paid on lease liabilities	(3,477)
<b>At 30 June 2022</b>	<b>177,195</b>
<b>Presented as:</b>	
Current lease liabilities	51
Non-current lease liabilities	177,144
<b>At 30 June 2022</b>	<b>177,195</b>



## NOTES TO THE FINANCIAL STATEMENTS

	<b>₦'000</b>
<b>At 1 July 2022</b>	177,195
Remeasurement (Note 24(a))	(17,094)
Interest expense on leases (Note 10(b))	21,607
Repayment of lease liabilities:	
Repayment of the principal portion of the lease liabilities	(5,799)
Interest paid on lease liabilities	(21,607)
<b>At 30 June 2023</b>	<b>154,301</b>
<b>Presented as:</b>	
Current lease liabilities	29
Non-current lease liabilities	154,272
<b>At 30 June 2023</b>	<b>154,301</b>

### 25. Employee benefits

The defined benefit obligation (gratuity) and long service award are based upon independent actuarial valuation conducted by Wise Chigudu (FRC/2022/PRO/NAS/00000024119) of Ernst & Young, Nigeria.

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Present value of defined benefit obligation (Note 25(a))	—	270,424
Present value of long service awards (Note 25(b))	1,155,169	1,257,751
	<b>1,155,169</b>	<b>1,528,175</b>

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

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Defined benefit obligation at 1 July	270,424	238,558
Benefit paid by the plan	(14,310)	(71,466)
Transfer out to Fund Managers	(334,421)	—
Interest expense on obligation	27,298	29,580
Past service cost - Curtailment loss	51,009	—
<i>Actuarial losses/(gains) recognized in other comprehensive income</i>		
Remeasurements arising from changes in assumption	—	19,289
Remeasurements arising from experience adjustment	—	54,463
	<b>—</b>	<b>73,752</b>
<b>Defined benefit obligation at 30 June</b>	<b>—</b>	<b>270,424</b>

The defined benefit obligation (gratuity) was discontinued and frozen with effect from 31 December 2008. Consequently, no current service costs have been recognized (2022: Nil). Interest cost on the plan amounted to N27.3 million in the current year (2022: N29.6 million).

The staff retention benefit plan was terminated by the management of Guinness Nigeria Plc on 30 June 2023. To bring a closure to the scheme, the participants were transferred to their fund managers with a total Packed Gratuity of N334 million. This event resulted in a past service cost of N51 million due to curtailment for the fiscal year ending 30 June 2023.

## NOTES TO THE FINANCIAL STATEMENTS

(b) Movement in the present value of the long service award during year is as follows:

	2023	2022
	#’000	#’000
Long service award at 1 July	1,257,751	1,025,972
Interest cost	147,167	125,571
Current service cost	141,238	117,027
Other movements	(294)	—
Benefit paid by the plan	(178,949)	(155,717)
<i>Actuarial losses/(gains):</i>		
Remeasurements arising from changes in assumption	(150,272)	45,166
Remeasurements arising from experience adjustment	(61,472)	99,732
<b>Long service award at 30 June</b>	<b>1,155,169</b>	<b>1,257,751</b>

Expense recognized in the income statement for long service award:

	2023	2022
	#’000	#’000
Current service costs	141,238	117,027
<i>Actuarial (gains)/losses:</i>		
Remeasurements arising from changes in assumption	(150,272)	45,166
Remeasurements arising from experience adjustment	(61,472)	99,732
Net (credit)/expense excluding interest on obligation	(70,506)	261,925
Interest expense on obligation	147,167	125,571
	<b>76,661</b>	<b>387,496</b>

(c) Total expense recognized on the income statement for defined benefit obligation and long service award includes:

	2023	2022
	#’000	#’000
Current service costs	141,238	117,027
Past service cost - Curtailment loss	51,009	—
<i>Actuarial losses/(gains)</i>		
Remeasurements arising from changes in assumption	(150,272)	45,166
Remeasurements arising from experience adjustment	(61,472)	99,732
	<b>(19,497)</b>	<b>261,925</b>
<i>Interest expense on obligation</i>		
Defined benefit obligation (gratuity) (Note 25(a))	27,298	29,580
Long service award (Note 25(b))	147,167	125,571
	<b>174,465</b>	<b>155,151</b>
	<b>154,968</b>	<b>417,076</b>

(d) Movement in the defined contribution gratuity plan during year is as follows:

	2023	2022
	#’000	#’000
At 1 July	—	—
Charge for the year (employee contribution)	620,011	542,852
Payments during the year	(620,011)	(542,852)
<b>At 30 June</b>	<b>—</b>	<b>—</b>

(e) Pension payable

The 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. The movement in this account during the year is as follows:



## NOTES TO THE FINANCIAL STATEMENTS

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>At 1 July</b>	97,810	2,620
Charge for the year (employer contribution)	644,058	554,711
Payments during the year	(634,078)	(459,521)
<b>At 30 June</b>	<b>107,790</b>	<b>97,810</b>

Pension payable is recognized as part of other payables and accrued expenses in trade and other payables.

(f) Actuarial gains and losses recognized in other comprehensive income:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
(Gains)/Losses recognized during the year		
Remeasurements arising from changes in assumption	—	19,289
Remeasurements arising from experience adjustment	—	54,463
Tax credit	—	(22,126)
	<b>—</b>	<b>51,626</b>

(g) Actuarial assumptions

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

	<b>2023</b>	<b>2022</b>
Long term average discount rate (per annum)	14.5 %	12.8 %
Notional interest rate on accrued gratuity (per annum)	N/A	5.0 %
Average pay increase (per annum)	14.0 %	13.0 %
Average rate of inflation (per annum)	13.5 %	12.0 %
Average length of service for current employees (years)	8.82	9.15

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

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

	<b>2023</b>	<b>2022</b>
<i>Mortality in service</i>	<b>Number of deaths in year out of 10,000 lives</b>	
Sample age		
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26
<i>Withdrawal from service</i>		
<b>Age band</b>	<b>Rate</b>	<b>Rate</b>
1 - 30	11.2 %	12.0 %
31 - 39	9.2 %	8.5 %
40 - 44	5.7 %	5.0 %
45 - 50	4.7 %	3.5 %
51 - 55	6.1 %	2.5 %

The estimated weighted average liability duration were 6.20 years (2021: 6.30 years) and 4.34 years (2021: 4.86 years) for the long service award and gratuity obligations respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### (h) Sensitivity analysis

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

		2023	2023	2023	2022	2022	2022
		Gratuity	Long Service Awards	Net periodic benefit cost	Gratuity	Long Service Awards	Net periodic benefit cost
		€'000	€'000	€'000	€'000	€'000	€'000
Discount rate	+1%	—	(53,073)	2,643	(9,743)	(63,965)	(3,151)
	-1%	—	57,737	(3,075)	10,439	69,453	3,261
Inflation rate	+1%	—	7,282	1,056	—	8,923	2,548
	-1%	—	(6,762)	(981)	—	(8,802)	(2,331)
Salary increase	+1%	—	55,533	8,052	—	65,217	17,074
	-1%	—	(51,856)	(7,519)	—	(61,093)	(15,730)
Mortality	Age rated up by by 1 year	—	(2,508)	(364)	135	(3,189)	(702)
Experience	Age rated down by 1 year	—	2,241	325	(121)	2,294	627

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.

### Risk exposure

Through its defined benefit obligation plans and long service awards, the Company is exposed to a number of risks, the most significant of which are detailed below:

- i) Liquidity risk      The plan liabilities are not funded and as a result, there is a risk of the Company not having the required cash flow to fund future defined benefit obligations as they fall due.
- ii) Inflation risk      This is the risk of an unexpected significant rise/fall of market interest rates. A rise leads to a fall in long term asset values and a rise in liability values.
- iii) Life expectancy    The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.
- iv) Asset volatility      The plan liabilities are calculated using a discount rate set with reference to federal government bond yields.



## NOTES TO THE FINANCIAL STATEMENTS

### Maturity profile for defined benefit obligation plans and long service awards

The expected maturity analysis of employee benefits is as follows:

	Less than 1 Year	Over 1 year	Total
	₦'000	₦'000	₦'000
<b>30 June 2023</b>			
Defined benefit obligation	—	—	—
Long service awards	136,480	1,018,689	1,155,169
<b>Total</b>	<b>136,480</b>	<b>1,018,689</b>	<b>1,155,169</b>
<b>30 June 2022</b>			
Defined benefit obligation	39,966	230,458	270,424
Long service awards	160,239	1,097,512	1,257,751
<b>Total</b>	<b>200,205</b>	<b>1,327,970</b>	<b>1,528,175</b>

### 26. Share based payments

- (a) Diageo plc ("Diageo"), has a number of executive share option and executive share award plans for Directors and key management staff including directors and employees of Guinness Nigeria Plc. A recharge arrangement exists between Diageo plc and Guinness Nigeria Plc (parent grants rights over its equity instruments to the employees of its subsidiary) whereby vested shares awards/share options delivered to employees by Diageo plc are recharged to Guinness Nigeria Plc.

The recharge transaction is recognized as an intercompany liability with a corresponding adjustment in the share-based payment reserve for the capital contribution recognized in respect of the share-based payment. The recharge process accommodates adjustments to the cumulative value of share-based payment expense recharged by Diageo plc to the Company.

If the amount of the intercompany charge exceeds the capital contribution, the excess should be treated as a distribution from the subsidiary to its parent. The Company recognize the recharge over the vesting period, on the basis that the recharge payment arises from the share-based payment arrangement in which employees are providing services.

- (b) The Company has a share appreciation rights scheme for senior management and other staff under which employees are granted the right to receive, at the date the right is exercised, cash equal to the appreciation in the Company's share price since the grant date. All the rights vest 3 years after the grant date. The rights have a contractual life of 10 years.
- (c) The employee benefit expense recognized in respect of equity settled share-based payments is as follows:

	2023	2022
	₦'000	₦'000
<b>Equity-settled share based payment transactions</b>		
Executive share award plans	(58,994)	229,643
<b>Total (credit)/expense recognized as employee costs</b>	<b>(58,994)</b>	<b>229,643</b>

The principal executive share awards/options are as follows:

#### **Diageo executive long term incentive plan (DELTIP)**

Awards made to executives under the plan are in the form of shares and share options at the market value at the time of grant. Share awards vest/are released on the third anniversary of the grant date. Share options granted under this scheme may normally be exercised between three and ten years after the grant date. There are no performance conditions to be satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

### *Performance share plan (PSP)*

Under the PSP, share awards can take a number of different forms. No payment is made for awards. To date, participants have been granted conditional rights to receive shares. Awards normally vest after a three-year period, the 'performance cycle', subject to achievement of three equally weighted performance tests:

- i. a comparison of Diageo's three-year total shareholder return (TSR) with a peer group of 17 companies including Diageo plc. The vesting range is 25% if Diageo's TSR produces a median ranking compared with the TSR of the peer group companies, up to 100% if Diageo is ranked first, second or third in the peer group;
- ii. compound annual growth in organic net sales over three years; and
- iii. total organic operating margin improvement over three years.

Targets for net sales and operating margin are set annually by the remuneration committee. The vesting range is 25% for achieving minimum performance targets, up to 100% for achieving the maximum target level. Re-testing of the performance condition is not permitted. Dividends are accrued on awards and are given to participants to the extent that the awards actually vest at the end of the performance cycle. Dividends can be paid in the form of cash or shares.

The calculation of the fair value of each share option/award used the Monte Carlo pricing model and the following weighted average assumptions:

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
<i>Risk free interest rate</i>		
Executive share options/awards	3.02 %	0.22 %
<i>Expected life</i>		
Executive share options/awards	36 months	36 months
<i>Dividend yield</i>		
Executive share options/awards	2.02 %	2.05 %
<i>Weighted average share price</i>		
Executive share options/awards	3,060p	2,960p
<i>Weighted average fair value of awards granted in the year</i>		
Executive share options/awards	2,259p	1,719p
<i>Number of awards granted in the year</i>		
Executive share options/awards	4,790	16,690

### *Transactions on share-based payment*

During the year, there were no transactions on share appreciation rights. Transactions on the executive share options/awards were as follows:

	<b>Number of awards/options in units</b>	
	<b>2023</b>	<b>2022</b>
<b>Outstanding at 1 July</b>	81,679	100,301
Adjustment on prior period	1,823	8,998
Granted	11,358	16,690
Exercised/awarded	(16,636)	(28,804)
Forfeited/expired/transferred	(48,671)	(15,506)
<b>Outstanding at 30 June</b>	<b>29,553</b>	<b>81,679</b>



## NOTES TO THE FINANCIAL STATEMENTS

Some of the employee shares/options are not included in the current opening balance disclosed.

Analysis below shows the terms and conditions for outstanding shares based payment as at 30 June 2023:

Category	Date awarded	Number of units	Vesting conditions	Vest date	Grant price #€/unit)
Diageo executive long term incentive plan (DELTIP)	02/09/2019	887	3 years	03/09/2022	33,335
Diageo executive long term incentive plan (DELTIP)	03/09/2020	2,634	3 years	03/09/2023	23,860
Diageo executive long term incentive plan (DELTIP)	03/09/2021	919	3 years	03/09/2024	33,824
Diageo executive long term incentive plan (DELTIP)	02/09/2022	2,909	3 years	02/09/2025	36,015
Diageo executive long term incentive plan (DELTIP)	03/09/2020	3,613	3 years	03/09/2023	—
Diageo executive long term incentive plan (DELTIP)	09/03/2021	2,539	3 years	09/03/2024	—
Diageo executive long term incentive plan (DELTIP)	03/09/2021	4,473	3 years	03/09/2024	—
Diageo executive long term incentive plan (DELTIP)	03/03/2022	708	3 years	03/03/2025	—
Diageo executive long term incentive plan (DELTIP)	02/09/2022	5,233	3 years	02/09/2025	—
Diageo executive long term incentive plan (DELTIP)	09/03/2023	1,073	3 years	09/03/2026	—
Performance share plan (PSP)	03/09/2021	2,422	3 years	03/09/2024	—
Performance share plan (PSP)	02/09/2022	2,143	3 years	02/09/2025	—

At 30 June 2023, 7,349 (2022: 25,253) executive share options/awards were exercisable at a weighted average exercise price of 3,245 pence (2022: 2,120 pence)

### 27. Deferred tax liabilities

(a) Recognized net deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net liabilities)/ assets	
	2023 #’000	2022 #’000	2023 #’000	2022 #’000	2023 #’000	2022 #’000
Property, plant and equipment	—	—	(13,722,691)	(12,666,219)	(13,722,691)	(12,666,219)
Right-of-use assets	—	—	(20,889)	(62,195)	(20,889)	(62,195)
Employee benefits	381,206	496,657	—	—	381,206	496,657
Unrealized exchange difference	10,791,877	—	—	(172,351)	10,791,877	(172,351)
Inventories	531,166	396,320	—	—	531,166	396,320
Trade and other receivables	1,560,188	1,564,716	—	—	1,560,188	1,564,716
	<b>13,264,437</b>	<b>2,457,693</b>	<b>(13,743,580)</b>	<b>(12,900,765)</b>	<b>(479,144)</b>	<b>(10,443,072)</b>

## NOTES TO THE FINANCIAL STATEMENTS

(b) Movement in deferred tax liabilities during the year

	Balance as at 1 July 2022	Recognised in income statement	Recognised in other comprehensive income	Balance as at 30 June 2023	Balance as at 1 July 2021	Recognised in income statement	Recognised in other comprehensive income	Balance as at 30 June 2022
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant & equipment	(12,666,219)	(1,056,472)	—	(13,722,691)	(13,791,684)	1,125,464	—	(12,666,219)
Right-of-use assets	(62,195)	41,305	—	(20,889)	13,710	(75,904)	—	(62,195)
Employee benefits	496,657	(115,451)	—	381,206	412,269	62,263	22,126	496,657
Unrealized exchange losses	(172,351)	10,964,228	—	10,791,877	417,694	(590,045)	—	(172,351)
Inventories	396,320	134,846	—	531,166	574,591	(178,271)	—	396,320
Trade and other receivables	1,564,716	(4,528)	—	1,560,188	1,495,992	68,723	—	1,564,716
Interest expense on foreign transaction disallowed	—	—	—	—	—	—	—	—
	<b>(10,443,073)</b>	<b>9,963,929</b>	<b>—</b>	<b>(479,144)</b>	<b>(10,877,427)</b>	<b>412,229</b>	<b>22,126</b>	<b>(10,443,073)</b>

There are no unrecognized deferred tax assets and liabilities at the end of the current and preceding year.



## NOTES TO THE FINANCIAL STATEMENTS

### 28. Trade and other payables

(a) Trade and other payables comprise:

	30 June 2023	30 June 2022
	#’000	#’000
<i>Financial liabilities:</i>		
Trade payables	34,368,756	33,698,961
Other payables and accrued expenses	10,646,549	16,517,998
Amount due to related parties (Note 31(b(ii)))	62,420,406	18,250,414
<b>Total financial liabilities</b>	<b>107,435,711</b>	<b>68,467,373</b>
<i>Non-financial liabilities:</i>		
Refund liabilities	83,229	92,341
Other payables and accrued expenses	3,717,144	1,123,275
<b>Total non-financial liabilities</b>	<b>3,800,373</b>	<b>1,215,616</b>
<b>Total trade and other payables</b>	<b>111,236,084</b>	<b>69,682,989</b>

All items under Trade and other payables are measured at amortized cost. The carrying amount is the reasonable approximation of fair value.

(b) Changes in trade and other payables in the statement of cash flows

	30 June 2023	30 June 2022
	#’000	#’000
Change in trade and other payables	41,553,096	8,007,455
Change in contract liabilities	(275,962)	1,150,447
Change in restricted cash	237,432	1,151,988
Realized & unrealized exchange difference on foreign currency payables	(18,299,063)	(4,249)
Value added tax paid during the year	12,999,573	9,935,557
Declared, not yet paid dividend for prior year-related parties (Note 31(b))	(9,074,535)	—
Effect of accruals for property, plant and equipment (Note 15(f))	(1,418,964)	(2,927,760)
Equity settled share based payment (Note 26 (c))	58,994	(229,643)
Withholding tax on accrued interest expense (Note 23 (b))	(51,408)	—
Effect of provisions on customer deposit liability and other write-offs	137,624	270,701
	<b>25,866,786</b>	<b>17,354,496</b>

The Company’s exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 29.

### 29. Financial risk management and financial instruments

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

#### Risk management framework

The Risk Management Committee 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.

## NOTES TO THE FINANCIAL STATEMENTS

The Company's Finance and Risk 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.

### (a) 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, related parties and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure

#### *Exposure to credit risk*

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

	30 June 2023	30 June 2022
	€'000	€'000
Trade and other receivables (Note 19(a))	11,344,204	13,103,254
Cash and cash equivalents (Note 20(b))	92,124,683	69,103,716
Restricted cash (Note 20(a))	1,592,461	1,829,893
	<b>105,061,348</b>	<b>84,036,863</b>

#### *Credit risk management policy*

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit risk on deposits with banking institutions is managed by dealing with institutions with good credit ratings.

Trade and other receivables exposure are managed locally by the finance department, and credit limits are set as deemed appropriate for the customer. The finance department analyse credit risk for each new customer before standard payment and delivery terms are offered, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The utilization of credit limits is monitored regularly. In addition, the Company manages credit risk by requiring the customers to provide financial guarantees.

The Company does not have any significant concentration of credit risk with respect to trade and other receivables as the Company has a large number of customers which are geographically dispersed. The credit risk associated with receivables is minimal and the allowance for expected credit losses that the Company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

#### *Trade and other receivables*

##### *Trade receivables*

The Company applies the IFRS 9 simplified approach in measuring the expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. Trade receivables represent the amount of receivable from third-party customers for the sale of goods. No significant changes to estimation techniques or assumptions were made during the reporting period.

In determining the expected credit loss, the following parameters were used:

##### (a) Exposure at default (EAD)

Exposure at default is the trade receivables balance as at the reporting date.



## NOTES TO THE FINANCIAL STATEMENTS

### (b) Collection past due (CPD) days

The CPD days represents the weighted average number of days amounts due from a customer are settled. The CPD days reflect the number of days the Company is expected to be exposed to credit risk on the customer. The expected credit loss on a customer increases exponentially as the CPD days increases.

### (c) Loss rates

The loss rate is used as a proxy for the loss experience of the Company. The loss rate is determined as a weighted average of losses experienced by the Company over several years, as the ratio of provisions made to the total trade debtor balances as at the beginning of a year (this was carried out for an historical period of six years). The loss rates derived for each historical period is then measured against the total trade receivable balance to derive the Weighted Average Loss Rate (WALR). The Company assessed the average time of payment on invoices by individual customers over the last five years. The Company has reviewed all its trade receivables at year-end and those which were due or questionable were impaired based on specific assessment. The Company has taken into consideration the current economic situation in its expected credit loss calculation, but it has no material effect compared to prior year as most of the receivables affected were written-off by specific assessment.

### (d) Average Time to Realisation (ATTR)

The Company assessed the average number of days taken to receive payment on invoices from the trade receivables. This has been considered based on the categories and assessed over an historical period of five years.

### (e) Economic scenarios

The Company considered 3 scenarios; Optimistic, Base and Pessimistic. Each scenario looked at various levels of recoverability in the market, forward-looking information such as forecasted inflation & GDP and possibility of price increase.

The maximum exposure to credit risk for trade receivables and related impairment loss at the reporting date was:

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>₹'000</b>	<b>₹'000</b>
Gross carrying amount	14,451,877	13,971,886
Expected credit loss	(4,466,138)	(4,493,811)
<b>Net carrying amount</b>	<b>9,985,739</b>	<b>9,478,075</b>

### Due from related parties

Due from related parties represents the amount of receivable from related party customers for the sale of goods, promotional support and other services. The expected credit loss rate for this receivable is determined using the simplified approach.

The simplified approach is based on an ageing analysis conducted to determine the ageing brackets of the outstanding balance as at the snapshot date. The receivables are then discounted using the expected time to payment experienced over the historical period.

### Reconciliation of expected credit loss on financial assets (trade and other receivables)

(i) Movements of expected credit loss of trade receivables are as follows:

	<b>2023</b>	<b>2022</b>
	<b>₹'000</b>	<b>₹'000</b>
Opening loss allowance	4,493,811	4,540,287
Trade receivables written-off	(36,779)	(85,120)
Loss allowance recognized in profit or loss during the year	9,106	38,644
<b>At 30 June</b>	<b>4,466,138</b>	<b>4,493,811</b>



## NOTES TO THE FINANCIAL STATEMENTS

(ii) Movements of expected credit loss of other receivables that are as follows:

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Opening loss allowance	—	134,689
Write back of expected credit loss	—	(134,689)
<b>At 30 June</b>	<b>—</b>	<b>—</b>

(iii) Movements of expected credit loss of trade and other receivables that are as follows:

	<b>2023</b>	<b>2022</b>
	<b>€'000</b>	<b>€'000</b>
Opening loss allowance as at 1 July	4,493,811	4,674,976
Trade receivables written-off	(36,779)	(85,120)
Write back of expected credit loss (Note 11(c))	—	(134,689)
Net increase in loss allowance recognized in profit or loss during the year (Note 11(c))	9,106	38,644
<b>At 30 June</b>	<b>4,466,138</b>	<b>4,493,811</b>

### Trade and other receivables analysis

(i) **Specific impairment assessment:** The Company identifies customers for specific impairment based on available information that suggests a heightened risk of default on the Company's exposure to the customer. For such identified customers, the Company performs assessment of the difference between the outstanding balance and present value of expected recoveries from the customer on the outstanding balances.

(ii) **Collective impairment assessment:** Where there is no specific evidence to suggest an heightened risk of default on the outstanding balance, the Company assesses the expected credit losses by assessing the trade receivables for expected lifetime credit losses.

The table below shows an analysis of balances that have been subjected to both the specific and collective assessment.

	<b>As at 30 June 2023</b>			<b>As at 30 June 2022</b>		
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
	<b>Exposure</b>	<b>Expected Credit Loss</b>	<b>Net Exposure</b>	<b>Exposure</b>	<b>Expected Credit Loss</b>	<b>Net Exposure</b>
<i>Trade receivables:</i>						
Specific assessment	4,936,784	(4,451,379)	485,405	4,964,496	(4,483,232)	481,264
Collective assessment	9,515,093	(14,759)	9,500,334	9,007,390	(10,579)	8,996,811
Total trade receivables	14,451,877	(4,466,138)	9,985,739	13,971,886	(4,493,811)	9,478,075
<i>Other receivables:</i>						
Specific assessment	94,815	—	94,815	63,283	—	63,283
Total other receivables	94,815	—	94,815	63,283	—	63,283
<i>Intercompany</i>						
Specific assessment	23,541	—	23,541	269,395	—	269,395
<b>Total trade and other receivables</b>	<b>14,570,233</b>	<b>(4,466,138)</b>	<b>10,104,095</b>	<b>14,304,564</b>	<b>(4,493,811)</b>	<b>9,810,753</b>



## NOTES TO THE FINANCIAL STATEMENTS

The trade receivables analysis for specific assessment by expected recovery as at 30 June 2023 and 30 June 2022 is shown below:

	2023			2022		
	Outstanding Balance	Expected Recovery	Expected Credit Loss	Outstanding Balance	Expected Recovery	Expected Credit Loss
	N'000	₦'000	₦'000	₦'000	₦'000	₦'000
No expected recovery	4,384,503	—	4,384,503	4,385,666	—	4,385,666
Less than 5% expected	—	—	—	—	—	—
6% - 25% expected recovery	—	—	—	—	—	—
26% - 50% expected recovery	—	—	—	—	—	—
51% - 99% expected recovery	552,281	(485,405)	66,876	578,830	(481,264)	97,566
100% expected recovery	—	—	—	—	—	—
	<b>4,936,784</b>	<b>(485,405)</b>	<b>4,451,379</b>	<b>4,964,496</b>	<b>(481,264)</b>	<b>4,483,232</b>

The table below shows an analysis of balances that have been subjected to collective assessment..

### As at 30 June 2023

CPD days	0-30	31-60	61-90	91-180	181-360	Over 360	Total
<b>Gross trade receivables(N'000)</b>	<b>9,515,093</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,515,093</b>

Loss rate range:	0.00-0.08	0.00-0.08	0.00-0.08	0.00-0.08	0.00-0.08	0.00-0.08	Total
<b>Expected credit loss (N'000)</b>	<b>14,759</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>14,759</b>

The table below shows an analysis of balances that have been subjected to collective assessment..

### As at 30 June 2022

CPD days	0-30	31-60	61-90	91-180	181-360	Over 360	Total
<b>Gross trade receivables (N'000)</b>	<b>8,958,667</b>	<b>13,307</b>	<b>14,188</b>	<b>5,202</b>	<b>16,026</b>	<b>—</b>	<b>9,007,390</b>

Loss rate range:	0.00-1.30	0.00-1.30	0.00-1.30	0.00-1.30	0.00-1.30	0.00-1.30	Total
<b>Expected credit loss (N'000)</b>	<b>10,036</b>	<b>233</b>	<b>248</b>	<b>42</b>	<b>20</b>	<b>—</b>	<b>10,579</b>

The reconciliation of the gross carrying amount for trade receivables is as follows:

	2023	2022
	₦'000	₦'000
<b>Opening gross carrying amount</b>	13,971,886	13,645,718
Additions during the year	710,794,535	764,089,665
Receipts for the year	(710,314,544)	(763,763,497)
<b>Gross carrying amount as at 30 June</b>	<b>14,451,877</b>	<b>13,971,886</b>

### Sensitivity analysis

This table shows the sensitivity of the expected credit loss (ECL) to changes in loss rates of balances subjected to collective assessment

	2023	2022
	₦'000	₦'000
Increase/(decrease) in loss rates		
1%	95,151	90,074
(1%)	(95,151)	(90,074)

## NOTES TO THE FINANCIAL STATEMENTS

### **Cash and cash equivalents**

The Company held cash and cash equivalents of N92,125 million as at 30 June 2023 (2022: N69,104 million), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable financial institutions in Nigeria, and these balances are subject to impairment. However the identified impairment loss is immaterial as a result of the credit ratings of the banks where funds are held.

### **Restricted cash**

The Company's unclaimed dividend as of 30 June 2023 of N1,592 million (2022: N1,830 million) held in short-term deposit with a reputable financial institution in Nigeria. This represents the Company's maximum credit exposure on this asset

### **Credit quality of cash and cash equivalents and restricted cash**

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
B-	23,607,227	29,449,897
BBB+	70,109,917	41,483,712
<b>Cash and cash equivalents</b>	<b>93,717,144</b>	<b>70,933,609</b>

Bank overdraft has been excluded from this rating.

### **Credit rating keys**

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

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

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

The credit ratings were sourced from Fitch Ratings Inc, Global Credit Rating Company Limited and Augusto & Co. Limited.

All other financial assets are not rated.

### **(b) Liquidity risk**

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

Management performs cash flow forecasting and monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The credit terms with customers and payment terms to its vendors are favourable to the Company in order to help provide sufficient cash on demand to meet expected operational expenses, including the



## NOTES TO THE FINANCIAL STATEMENTS

servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company had no drawn down overdraft facilities with its banks as at 30 June 2023 (2022: Nil). The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	<b>Carrying Amount #’000</b>	<b>Total Contractual Cashflows #’000</b>	<b>6 months or Less #’000</b>	<b>6-12 months #’000</b>	<b>1-5years #’000</b>	<b>5+ years #’000</b>
<b>30 June 2023</b>						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	154,301	1,487,511	—	21,436	85,742	1,380,333
Dividend payable	1,695,832	1,695,832	1,695,832	—	—	—
Trade and other payables	107,435,711	107,435,711	107,435,711	—	—	—
Loans and borrowings	63,755,939	65,474,092	46,689,546	18,784,545	—	—
	<b>173,041,783</b>	<b>176,093,146</b>	<b>155,821,089</b>	<b>18,805,981</b>	<b>85,742</b>	<b>1,380,333</b>
<i>Non-derivative financial assets</i>						
Cash and cash equivalents	92,124,683	92,124,683	92,124,683	—	—	—
Trade and other receivables	11,344,204	11,344,204	11,344,204	—	—	—
Restricted cash	1,592,461	1,592,461	1,592,461	—	—	—
	<b>105,061,348</b>	<b>105,061,348</b>	<b>105,061,348</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Liquidity gap</b>	<b>67,980,435</b>	<b>71,031,798</b>	<b>50,759,741</b>	<b>18,805,981</b>	<b>85,742</b>	<b>1,380,333</b>
<b>30 June 2022</b>						
<i>Non-derivative financial liabilities</i>						
Lease liabilities	177,195	1,532,010	—	44,500	85,742	1,401,768
Dividend payable	1,933,364	1,933,364	1,933,364	—	—	—
Trade and other payables	68,467,373	68,467,373	68,467,373	—	—	—
Loans and borrowings	31,309,343	31,863,328	22,174,443	9,688,884	—	—
	<b>101,887,275</b>	<b>103,796,075</b>	<b>92,575,180</b>	<b>9,733,384</b>	<b>85,742</b>	<b>1,401,768</b>
<i>Non-derivative financial assets</i>						
Cash and cash equivalents	69,103,716	69,103,716	69,103,716	—	—	—
Trade and other receivables	13,103,254	13,103,254	13,103,254	—	—	—
Restricted cash	1,829,893	1,829,893	1,829,893	—	—	—
	<b>84,036,863</b>	<b>84,036,863</b>	<b>84,036,863</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Liquidity gap</b>	<b>17,850,412</b>	<b>19,759,212</b>	<b>8,538,317</b>	<b>9,733,384</b>	<b>85,742</b>	<b>1,401,768</b>

### (c) Market risk

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

The Company manages market risks by keeping costs low through different cost optimization initiatives and productivity agenda. Furthermore market developments are monitored constantly through scenario planning and events assessed regularly with view to taking mitigating actions where necessary.

## NOTES TO THE FINANCIAL STATEMENTS

### (i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the Naira. The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. Although the Company employs various measures including matching sales and purchase currencies to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on earnings. The Company monitors the movement in the currency rates on an ongoing basis. The Company's exposure to foreign currency risk in notional terms is as follows:

	30 June 2023			30 June 2022		
	GBP (£) 000	Euro (€) 000	US (\$) 000	GBP (£) 000	Euro (€) 000	US (\$) 000
<b>Financial assets</b>						
Cash and cash equivalents	8,776	10	730	1,025	10	1,133
Trade and other receivables	11	—	2	5	—	593
	8,787	10	732	1,030	10	1,726
<b>Financial liabilities</b>						
Trade and other payables	(5,502)	(245)	(48,189)	(9,481)	(4,924)	(26,530)
Letters of credit	(2,938)	(18,880)	(33,885)	(2,694)	(9,875)	(38,735)
Related party loan	—	—	(22,478)	—	—	(22,478)
	(8,440)	(19,125)	(104,552)	(12,175)	(14,799)	(87,743)
<b>Net exposure</b>	<b>347</b>	<b>(19,115)</b>	<b>(103,820)</b>	<b>(11,145)</b>	<b>(14,789)</b>	<b>(86,017)</b>

The following significant exchange rates were applied during the year::

	Average rate		Reporting date spot rate	
	2023 ₦	2022 ₦	2023 ₦	2022 ₦
GBP (£) 1	546.27	552.59	957.09	506.65
Euro (€) 1	475.02	468.30	818.03	436.77
US (\$) 1	455.23	415.48	759.60	418.72

### Sensitivity analysis on foreign currency rates

A five percent (5%) strengthening of the Naira, against the Euro, Dollar and GBP at 30 June 2023 would have increased/(decreased) equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2022, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

	(Decrease)/ Increase in equity ₦'000
<b>30 June 2023</b>	
GBP (£)	(16,592)
Euro (€)	781,804
US (\$)	3,089,352
<b>30 June 2022</b>	
GBP (£)	282,345
Euro (€)	322,955
US (\$)	1,800,856



## NOTES TO THE FINANCIAL STATEMENTS

A five percent (5%) weakening of the Naira against the above currencies would have had the equal but opposite effect on the above currencies to the magnitude of the amounts shown above, on the basis that all other variables remain constant.

### (ii) Interest rate risk

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

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<i>Fixed rate instruments</i>		
Short-term bank deposits	20,292,461	44,191,300
	20,292,461	44,191,300
<i>Variable rate instruments</i>		
<b>Related party loans</b>	<b>(17,925,469)</b>	<b>(9,411,892)</b>

The Company does not account for any fixed rate financial assets and liabilities at fair value through income statement. Therefore a change in interest rates at the end of the reporting period would not affect income statement.

### Sensitivity

The Company is exposed to cash flow interest rate risk on loans and borrowings. The table below shows the impact on the post-tax profit of the Company. There is no impact on equity.

	<b>Impact on post-tax profit</b>	
	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Interest rates – increase by 100 basis points	125,478	65,883
Interest rates – decrease by 100 basis points	(125,478)	(65,883)

### (d) Capital management

The Board of Directors policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company considers total equity in the statement of financial position to be its capital.

The Company's management is committed to enhancing shareholder value in the long term by investing in the businesses and brands to improve the return on investment. In addition, the Company continuously manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels.

The Company regularly assesses its debts and equity capital levels against its stated policy for capital structure. The Company's management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

The Company's return on capital as at the end of the reporting period is as follows:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Result from operating activities	23,357,684	23,900,060
Total shareholders' equity	56,424,616	89,979,391
<b>Return on capital</b>	<b>41.40 %</b>	<b>26.56 %</b>

Furthermore, the Company's adjusted net debt to equity ratio at the end of the reporting period is as follows:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Total liabilities	185,323,528	125,680,817
Cash and cash equivalents	(92,124,683)	(69,103,716)
Adjusted net debt	93,198,845	56,577,101
<b>Total equity</b>	<b>56,424,616</b>	<b>89,979,391</b>
<b>Adjusted net debt to equity ratio:</b>	<b>1.65</b>	<b>0.63</b>

There was no change in the Company's approach to capital management during the current and preceding year. There is no externally imposed capital requirement on the Company.

### 30. Contingencies

#### (a) Contingent assets

As at 30 June 2023, the Company has a contingent asset arising from Export Expansion Grant (EEG) of N2.75 billion (2022: N6.06 billion) due from the Nigerian Export Promotion Council (NEPC). EEG is an incentive from the Federal Government of Nigeria to stimulate local production activities for export.

EEG receivable has not been recognized in the financial statements effective 30 June 2023 because of the historical trend of issuance of Export Credit Certificate (ECC) for its settlement by the NEPC. The issuance of ECC, its eventual receipt and subsequent utilization is entirely within the control of NEPC and the timing of occurrence of these events is not certain.

Analysis below shows the movements in contingent asset during the year ended 30 June 2023:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
Opening	6,065,812	5,621,440
Addition	260,696	444,373
Not eligible claims for grant	(2,000,859)	—
Payment of Promissory note issued by the Federal Govt. of Nigeria	(1,572,514)	—
<b>Closing</b>	<b>2,753,136</b>	<b>6,065,812</b>

#### (b) Guarantee and contingent liabilities

Contingent liabilities at the reporting date arising in the ordinary course of business out of guarantees relating to customs bond amounted to N3,146 million (2022: N3,146 million). In the opinion of the Directors, no material loss is expected to arise from these guarantees.

#### (c) Pending litigations and claims

The Company is subject to various claims and other liabilities arising in the normal course of business. The contingent liabilities in respect of pending litigation and other liabilities amounted to N1,008 billion as at 30 June 2023 (2022: N958 billion). In the opinion of the Directors and based on legal advice, no material loss is expected to arise from these claims.



## NOTES TO THE FINANCIAL STATEMENTS

### **(d) Financial commitments**

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

### **31. Related Parties transactions and balances**

#### **(a) Parent and ultimate controlling entity**

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

As at 30 June 2023, Guinness Overseas Limited and Atalantaf Limited owned 50.18% (2022: 50.18%) and 7.84% (2022: 7.84%) respectively of the issued share capital of the Company. The remaining 41.98% (2022: 41.98%) is held by a diverse group of Nigerian individuals and institutional shareholders

#### **(b) Transactions with related parties**

The Company has transactions with its parent and other related parties who are related by virtue of being members of the Diageo group. The total amounts due to or due from related parties by nature of the transactions are shown below

##### **(i) Trademark and technology licences**

Diageo plc, through some of its members, has given Guinness Nigeria Plc exclusive rights to the know-how, manufacturing, distribution and marketing of its international brands in Nigeria namely, Guinness Foreign Extra Stout, Guinness Smooth, Guinness Gold, Malta Guinness, Satzenbrau Lager, Harp Lager, Smirnoff X1, Smirnoff Ice, Smirnoff Ice - Double Black & Guarana, Gordons Moringa, Baileys Delight, Snapp, Orijin variants (namely Orijin Bitters, Orijin Gin, Orijin Ready to Drink, and Orijin Zero non-alcoholic), MrDowells and Royal Challenge. In consideration of this, a royalty of 0.5% of net sales value and a technical service fee of 2% of net sales value are payable by Guinness Nigeria Plc to its related parties for Trademark and technology licences respectively. The royalty and technical service fees payable by Guinness Nigeria Plc under these agreements for the current financial year is N1,537 million (2022: N1,268 million).

All of the transactions are conducted in accordance with Diageo's Transfer Pricing methodologies which have been designed to be consistent with the arm's length principle, the governing international principle of related party transactions. Where Guinness Nigeria's undertakes activities under agreements with Diageo's brand owning entities, those brand owning entities may provide financial support on a year-by-year basis to the extent that the financial performance of Guinness Nigeria Plc in relation to those transactions falls below an arm's length range. Any contributions made to Guinness Nigeria Plc by Diageo's brand owning entities are intended to deliver an arm's length outcome.

## NOTES TO THE FINANCIAL STATEMENTS

### (ii) Purchases, sales, promotional support, other services and dividend

The following balances are outstanding at the end of the reporting period in relation to the transactions with related parties:

	Transaction Value		Balance due (to)/ from	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
<i>Purchases, promotional support and other services</i>				
Other related parties	(34,557,737)	(2,228,483)	(45,898,446)	(11,340,709)
<i>Royalties and technical services fees</i>				
Other related parties	(1,537,233)	(1,267,667)	(8,354,878)	(6,909,705)
<i>Dividend payable*</i>				
Ultimate parent	(9,074,535)	—	(8,167,082)	—
	<b>(45,169,505)</b>	<b>(3,496,150)</b>	<b>(62,420,406)</b>	<b>(18,250,414)</b>
<i>Sales and other services</i>				
Other related parties	(245,854)	(3,022,678)	23,541	269,395
	<b>(245,854)</b>	<b>(3,022,678)</b>	<b>23,541</b>	<b>269,395</b>
<i>Related party loan and finance costs</i>	<b>(8,513,577)</b>	<b>(197,440)</b>	<b>(17,925,469)</b>	<b>(9,411,892)</b>

\*Declared dividend is disclosed as the transaction value with the ultimate parent entities, balance due to ultimate entities is presented net of withholding tax.

	Transaction Value		Balance due (to)/ from	
	2023	2022	2023	2022
	€'000	€'000	€'000	€'000
<i>Purchases, promotional support and other services</i>				
Diageo Ireland Unlimited Company	(21,801,238)	(408,277)	(26,723,799)	(4,922,559)
Diageo Brands B.V.	(5,732,151)	(248,956)	(9,125,929)	(3,393,778)
Diageo Great Britain Limited	(4,073,926)	(912,911)	(5,552,710)	(1,478,784)
Uganda Breweries Limited	(1,754,404)	(503,614)	(2,284,550)	(530,146)
Diageo North America, Inc.	9,548	28,791	(757,024)	(766,573)
Kenya Breweries Limited	(564,997)	—	(564,997)	—
East African Breweries PLC	(172,552)	(106,579)	(291,600)	(119,048)
Guinness Ghana Breweries Plc	(100,866)	(129,820)	(230,686)	(129,820)
Diageo Scotland Limited	(185,586)	—	(185,586)	—
Guinness Cameroun S.A	(179,527)	—	(179,527)	—
Diageo plc	(1,369)	—	(1,369)	—
East African Maltings Limited	(669)	—	(669)	—
United Spirits Limited	—	52,882	—	—
Serengeti Breweries Limited	—	2	—	—
	<b>(34,557,736)</b>	<b>(2,228,483)</b>	<b>(45,898,445)</b>	<b>(11,340,709)</b>
<i>Dividend payable</i>				
Guinness Overseas Limited	(7,848,507)	—	(7,063,657)	—
Atalantaf Limited	(1,226,028)	—	(1,103,425)	—
	<b>(9,074,535)</b>	<b>—</b>	<b>(8,167,082)</b>	<b>—</b>
<i>Technical service fees and royalties</i>				
Diageo Ireland Unlimited Company	7	(22,051)	(3,148,157)	(3,148,326)
Diageo Great Britain Limited	(786,994)	(599,822)	(2,578,259)	(1,865,867)
Diageo North America, Inc.	(525,725)	(446,573)	(1,698,875)	(1,222,600)
Diageo Brands B.V.	(194,158)	(146,618)	(576,885)	(350,572)
United Spirits Limited	(30,362)	(52,603)	(352,702)	(322,340)
	<b>(1,537,233)</b>	<b>(1,267,667)</b>	<b>(8,354,878)</b>	<b>(6,909,705)</b>



## NOTES TO THE FINANCIAL STATEMENTS

<i>Sales and other services</i>				
Diageo Southern Africa Markets (Pty) Ltd	18,956	(14,590)	19,686	730
Serengeti Breweries Limited	3,851	—	3,851	—
Diageo Canada	5	—	5	—
Guinness Cameroun S.A	(242,461)	(2,770,194)	—	242,461
R&A Bailey & Co	(13,260)	13,260	—	13,260
Diageo Scotland Limited	(11,087)	(170,520)	—	11,087
Kenya Breweries Limited	(1,836)	1,836	—	1,836
East African Maltings Limited	(22)	22	—	22
Guinness Ghana Breweries Plc	—	(58,861)	—	—
Diageo Americas Supply, Inc.	—	(11,036)	—	—
Diageo Business Services Ltd	—	(10,457)	—	—
Diageo plc	—	(1,905)	—	—
Diageo Americas, Inc.	—	(137)	—	—
Diageo España S.A.	—	(95)	—	—
	<b>(245,854)</b>	<b>(3,022,678)</b>	<b>23,541</b>	<b>269,395</b>

	<b>Transaction Value</b>		<b>Balance due (to)/ from</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<i>Related party loan and finance costs</i>				
Diageo Finance plc	(8,513,577)	(197,440)	(17,925,469)	(9,411,892)
	<b>(8,513,577)</b>	<b>(197,440)</b>	<b>(17,925,469)</b>	<b>(9,411,892)</b>

### (c) Transactions with key management personnel

#### *Key management personnel compensation:*

In addition to their salaries, the Company also provides non-cash benefits to executive directors and executive officers and contributes to post employment defined benefit and defined contribution plans on their behalf. In accordance with the terms of the plans, directors and executive officers retire at the age of 55 years at which time they become entitled to receive post- employment benefits.

Executive officers also participate in share-based payment plans (see Note 26) and the Company's long service awards benefit plan (see Note 25). Key management personnel compensation comprised:

	<b>2023</b>	<b>2022</b>
	<b>₦'000</b>	<b>₦'000</b>
<i>Short-term employee benefits</i>		
Salaries and wages - Executive Directors (Note 11(b))	630,246	670,883
Salaries and wages - Executive Officers	502,403	474,433
<i>Share-based payments plan</i>		
Diageo executive share options/awards (Note 26)	(58,994)	229,643
	<b>1,073,655</b>	<b>1,374,959</b>

### 32. Events after the reporting date

The excise duty rates were initially changed by the tax law applicable from 1st of June 2023 and Guinness Nigeria Plc made accrual based on the announced and approved rates. On 6th of July 2023, the President of Nigeria issued an Executive Order (EO) which defers the commencement of the new rates prescribed by the Fiscal Policy Measures (FPM). Because the Executive Order was issued after the balance sheet date, the change is considered a non-adjusting balance sheet event. The credit impact of the change to the Income Statement amounts to 1,033 million NGN.

### 33. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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**OTHER  
NATIONAL  
DISCLOSURES>**

## Statement of Value Added

FOR THE YEAR ENDED 30 JUNE 2023

	2023		2022	
	€'000	%	€'000	%
Revenue	229,440,861		206,822,127	
Bought-in materials and services				
- Local	(148,839,982)		(124,168,676)	
- Imported	(19,081,091)		(38,137,384)	
	<b>61,519,788</b>		<b>44,516,067</b>	
Other income	3,530,586		2,739,969	
Finance income	7,789,340		1,904,144	
<b>Valued added</b>	<b>72,839,714</b>	<b>100%</b>	<b>49,160,180</b>	<b>100%</b>
<b>Distribution of Value Added:</b>				
<b>To Government:</b>				
Tax expense	(3,970,558)	(5)%	8,022,799	16%
<b>To Employees:</b>				
Salaries, wages and fringe benefits	16,571,391	23%	13,792,197	28%
<b>To Providers of Finance:</b>				
Finance costs	53,285,623	73%	2,130,043	4%
<b>Retained in the Business:</b>				
For replacement of property, plant and equipment	9,259,736	13%	8,465,306	17%
For replacement of right-of-use assets	133,844	— %	140,758	— %
For replacement of intangible assets	88,385	— %	1,765	— %
Declared dividend	15,639,333	22%	1,007,576	2%
To augment reserve	(18,168,041)	(25)%	15,599,736	33%
	<b>72,839,713</b>	<b>100%</b>	<b>49,160,180</b>	<b>100%</b>

The value added represents the wealth created through the use of the Company's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, government and that retained for future creation of wealth.



## Five-Year Financial Summary

### Income Statement

	2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000
Revenue	229,440,861	206,822,127	160,416,257	104,376,015	131,498,373
Operating profit/(loss)	23,357,684	23,900,060	9,871,498	(12,832,256)	8,966,036
(Loss)/profit before taxation	(22,138,599)	23,674,161	5,769,510	(17,073,641)	7,103,630
(Loss)/profit for the year	(18,168,041)	15,651,362	1,255,338	(12,578,818)	5,483,732
<b>Statement of comprehensive income</b>					
(Loss)/profit after taxation	(18,168,041)	15,651,362	1,255,338	(12,578,818)	5,483,732
Other comprehensive (loss)/income net of tax	—	(51,626)	(6,903)	(114,122)	2,090
<b>Comprehensive (loss)/income for the year</b>	<b>(18,168,041)</b>	<b>15,599,736</b>	<b>1,248,435</b>	<b>(12,692,940)</b>	<b>5,485,822</b>

### Per 50k share data (in kobo)

Basic earnings per share	(829)	715	57	(574)	250
Declared dividend per share	714	46	—	152	184

### Statement of financial position

	2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000
<b>Employment of funds</b>					
Property, plant and equipment	99,177,647	97,685,577	94,236,887	88,919,044	100,801,064
Right-of-use assets	217,574	368,512	432,001	943,212	—
Intangible assets	549,950	326	2,092	309,112	641,059
Prepayments	—	4,757	—	1,675	6,482
Net current (liabilities)/assets	(41,868,450)	3,868,406	(8,223,340)	(6,625,438)	10,487,549
Loans and borrowings - non current	—	—	—	—	(8,104,582)
Lease liabilities	(154,272)	(177,144)	(184,309)	(653,855)	—
Employee benefits	(1,018,689)	(1,327,970)	(1,099,329)	(1,342,985)	(970,547)
Deferred tax liabilities	(479,144)	(10,443,073)	(10,877,427)	(8,512,625)	(13,800,562)
<b>Net assets</b>	<b>56,424,616</b>	<b>89,979,391</b>	<b>74,286,575</b>	<b>73,038,140</b>	<b>89,060,463</b>
<b>Funds employed</b>					
Share capital	1,095,191	1,095,191	1,095,191	1,095,191	1,095,191
Share premium	47,447,029	47,447,029	47,447,029	47,447,029	47,447,029
Retained earnings	7,882,396	41,437,171	25,744,355	24,495,920	40,518,242
<b>Shareholders' funds</b>	<b>56,424,616</b>	<b>89,979,391</b>	<b>74,286,575</b>	<b>73,038,140</b>	<b>89,060,462</b>
<b>Net assets per share (kobo)</b>	<b>2,576</b>	<b>4,108</b>	<b>3,391</b>	<b>3,334</b>	<b>4,066</b>

# Shareholders' Information

## Share Capital History

The share capital history of the Company is as shown below. The issued and paid-up share capital of the Company as at 30 June 2023 is:

DATE	AUTHORISED SHARE CAPITAL		ISSUED AND FULLY PAID		CONSIDERATION
	VALUE (N)	SHARES	VALUE (₦)	SHARES	
31/08/72	3,000,000	6,000,000	3,000,000	6,000,000	Conversion to Naira
14/12/72	5,000,000	10,000,000	5,000,000	10,000,000	Script Issue (2:3)
30/03/76	8,000,000	16,000,000	8,000,000	16,000,000	Script Issue (3:5)
5/11/76	10,000,000	20,000,000	10,000,000	20,000,000	Public Issue
11/3/77	15,000,000	30,000,000	15,000,000	30,000,000	Script Issue (1:2)
28/09/78	25,000,000	50,000,000	25,000,000	50,000,000	Script Issue (2:3)
21/02/80	37,500,000	75,000,000	37,500,000	75,000,000	Script Issue (1:2)
25/02/82	50,000,000	100,000,000	50,000,000	100,000,000	Script Issue (1:3)
15/03/84	75,000,000	150,000,000	75,000,000	150,000,000	Script Issue (1:2)
13/03/84	100,000,000	200,000,000	100,000,000	200,000,000	Script issue (1:3)
26/07/90	150,000,000	300,000,000	150,000,000	300,000,000	Script Issue (1:2)
18/07/90	200,000,000	400,000,000	180,000,000	360,000,000	Rights Issue(1:5)
29/09/95	350,000,000	700,000,000	270,000,000	540,000,000	Right Issue (1:2)
2/1/97	350,000,000	700,000,000	339,519,721	679,039,441	Conversion of ICLS to Shares
19/06/97	400,000,000	800,000,000	350,519,721	679,039,441	Scrip Dividend to Shares
16/07/97	400,000,000	800,000,000	350,733,576	701,467,151	Scrip Dividend to Shares
13/07/98	400,000,000	800,000,000	353,982,125	707,964,249	Increase in authorized
20/11/02	1,000,000,000	2,000,000,000	353,982,125	707,964,249	Share Capital
20/11/03	1,000,000,000	2,000,000,000	89,970,207	1,179,940,415	Bonus Issue (2:3)
16/11/06	1,000,000,000	2,000,000,000	737,462,759	1,474,925,519	Bonus Issue (1:4)
10/7/08	1,250,000,000	2,500,000,000	737,462,759	1,474,925,519	Increase in Authorized Share Capital
2/11/12	1,250,000,000	2,500,000,000	752,944,094	1,505,888,188	Scrip Dividend to Shares
9/22/17	1,250,000,000	2,500,000,000	1,095,191,410	2,190,382,819	Right Issue (5:11)

## Substantial Interest in Shares:

According to the register of members, the following persons held more than 5% of the issued share capital of the Company as at 30 June 2023

Shareholders	Number of Shares	Percentage
Guinness Overseas Limited	1,099,230,804	50.18 %
Atalantaf Limited	171,712,564	7.84 %
Stanbic IBTC Nominees Limited/C026 Main	140,075,979	6.40 %
Mutima Opportunity Fund LP-Trading	122,857,111	5.61 %



## SHAREHOLDERS' INFORMATION

### Statistical Analysis of Shareholding

a) The shares of the Company are held in the ratio of 41.98% by Nigerians and 58.02% by offshore investors.



b) The Company's issued shares of 2,190,382,819 as at year end are held by shareholders as follows:

Statistical analysis of shareholding as at 30 June 2023				
Range	Total Holders	%	Units	%
1 - 1,000	32,082	45.26%	12,061,522	0.55%
1,001 - 5,000	27,695	39.08%	70,835,196	3.23%
5,001 - 10,000	6,175	8.71%	44,879,246	2.05%
10,001 - 50,000	4,062	5.73%	79,236,251	3.62%
50,001 - 100,000	412	0.58%	28,982,744	1.32%
100,001 - 500,000	365	0.51%	73,039,405	3.33%
500,001 - 1,000,000	49	0.07%	33,386,320	1.52%
1,000,001 - above	36	0.06%	1,847,962,135	84.38%
Grand Total	70,876	100.00%	2,190,382,819	100.00%

### Dividend History

Year	Profit After Taxation(₦)	Dividend Proposed(₦)	Dividend per Share (k)
2010	13,736,359,000	12,168,135,531	825
2011	17,927,933,821	14,749,255,190	1,000
2012	14,671,194,963	11,799,404,152	800
2013	11,863,726,504	10,541,217,309	700
2014	9,570,223,809	4,818,842,202	320
2015	7,794,899,000	4,818,842,202	320
2016	(2,015,886,000)	752,944,094	50
2017	1,923,720,000	963,768,440	64
2018	6,717,605,142	4,030,563,085	184
2019	5,483,732,000	3,329,381,885	152
2020	(12,578,818,000)	0	0
2021	1,255,338,000	1,007,576,097	46

## SHAREHOLDERS' INFORMATION

### NOTICE! – UNCLAIMED DIVIDENDS

Guinness Nigeria Plc. hereby informs all our esteemed Shareholders and the general public that some dividend warrants and share certificates have been returned to the Registrar's office because the addresses of the shareholders could not be traced.

Shareholders are hereby reminded to check the list of unclaimed dividends which can be accessed at the offices of our Registrars provided below. Shareholders may also check unclaimed dividends using the search function below: <http://www.veritasregistrars.com/UnclaimedDividends.aspx>

We also encourage all our Shareholders to opt for the e-dividend and e-bonus options available online - <http://www.veritasregistrars.com/>

For enquiries and support, please contact the Registrars of Guinness Nigeria Plc.:

**Veritas Registrars Limited**

Plot 89A, Ajose Adeogun Street

Victoria Island

Lagos

Nigeria

Website: <http://www.veritasregistrars.com/>

Tel: 234-1-2708930-4

E-mail: [enquiry@veritasregistrars.com](mailto:enquiry@veritasregistrars.com)

[Veritasregistrars@veritasregistrars.com](mailto:Veritasregistrars@veritasregistrars.com)

Shareholders can also access the list of Unclaimed Dividends on the Guinness Nigeria website [www.guinness-nigeria.com](http://www.guinness-nigeria.com).



**Rotimi Odusola**

Company Secretary/Corporate Relations Director

#### Unclaimed Dividends With Dates

Dividends	Dates Declared
76	24/11/2006
77	15/11/2007
78	10/07/2008
79	28/11/2008
80	03/11/2009
81	15/11/2010
82	10/11/2011
83	05/11/2012
84	15/11/2013
85	14/11/2014
86	26/11/2015
87	23/11/2016
88	25/10/2017
89	24/10/2018
90	23/10/2019
91	26/10/2021
92	25/10/2022



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# Complaints Management Policy

## 1. Introduction

Guinness Nigeria Plc (“GNPLC” or “the Company”) is committed to providing excellent service to all our shareholders. Our aim is to continuously improve our service to ensure we are meeting their needs and expectations and to encourage feedback on our performance. This Policy provides comprehensive guidelines for the management of shareholders’ issues and complaints by the Company and our Registrar.

We recognize that complaints and compliments provide unique information about the quality of service our shareholders receive. The management of a complaint provides the opportunity for complainants to have their issues resolved promptly and efficiently ensures that any identified risks are managed appropriately, and that action is taken to minimize or eliminate those risks.

Guinness Nigeria Plc has therefore issued this Complaint Management Policy (“the Policy”) in line with the requirements of the Securities and Exchange Commission’s Rules Relating to the Complaints Management Framework of the Nigerian Capital Market (“SEC Rules”)

issued on 16th February, 2015 and the Nigerian Exchange Group Plc (NGX) ’s Directive (NSE/ LARD/ LRD/CIR6/15/04/22) to all Listed Companies (“the NSE Directive”) issued on 22nd April, 2015.

## 2. Objectives

The objectives of this Complaints Management Policy are to:

1. Assist the Company with the timely and effective management of complaints.
2. Establish a standard approach to complaints handling including the establishment of performance indicators to monitor compliance.
3. Ensure that the relevant employees of the Company and our Registrar are aware of their responsibilities and are empowered to manage complaints
4. Ensure that complaints and enquiries from the Company’s shareholders are managed in a fair, impartial and efficient timely manner.

## 3. Principles

This Complaints Management Policy is underpinned by the following guiding principles:

- The management of Guinness Nigeria Plc and our Registrar are committed to providing quality service to all our shareholders.
- Shareholders are encouraged and enabled to provide feedback about the service they

receive from the Company and our Registrar.

- All complaints are acknowledged and responded to promptly.
- All complaints are dealt with in a manner that is effective, complete, fair to all parties and provides just outcomes.
- Complaint information is openly communicated while protecting confidentiality and personal privacy.
- All complaints are recorded to enable review of individual cases and report on aggregated complaints information.
- Our Complaint Management Policy and practices are regularly evaluated and the information is used to improve services.

## 4. Scope

4.1 This Policy shall apply to issues, enquiries or complaints from shareholders to the Company or the Registrar regarding shareholders’ rights, interests or privileges and requiring a formal or informal response.

4.2. The Policy shall not apply to complaints on matters that are sub-judice or which do not relate to shareholders’ rights, interests or privileges.

## 5. Roles and Responsibilities

### 5.1 The Company Secretary

The Company Secretary has ultimate responsibility for ensuring that shareholders’ complaints are received and attended to in a timely and efficient manner and shall



ensure that the Registrar and all employees of the Company charged with the implementation of this Policy discharge their responsibilities efficiently and in a timely manner.

## 5.2 The Registrar

The Registrar shall be the first point of call for all shareholders' issues and complaints and shall ensure that these are attended to courteously, promptly and efficiently.

## 6. Steps in the Complaints Management Process

6.1 Complaints and enquiries by shareholders may be made as follows:

- a) Contact the Registrar: Shareholders who wish to make a complaint/enquiry shall in the first instance contact the Registrar. The Registrar manages all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others.

Upon receipt of a complaint or an enquiry, the Registrar shall immediately provide the relevant details of such complaint or enquiry to Guinness Nigeria Plc for monitoring, record keeping and reporting purposes.

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

- b) Contact Guinness Nigeria Plc's Company Secretary:

If the Registrar is unable to satisfactorily address and resolve a complaint, issue or enquiry by a shareholder within ten (10) working days, the shareholder may contact the office of the Company Secretary.

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

- a) relevant details of the complaint or enquiry are immediately recorded.
- b) a response is provided by the Company or the Registrar within the time frame set out in sub-clauses c-f below.
- c) complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.
- d) complaints or enquiries received by post are responded to within five (5) working days of receipt.
- e) all other complaints or enquiries are resolved within ten (10) working days of receipt.
- f) The Nigerian Exchange Group Plc (NGX) is notified, within two (2) working days, of the resolution of a complaint or enquiry.
- g) where a complaint/enquiry cannot be resolved within the stipulated timeframe set out above, the shareholder shall be notified that the matter is being

investigated. It should be noted that delays may be experienced in some situations, including where documents need to be retrieved from storage.

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

## 7. Electronic Complaints Register

7.1 The Company shall maintain an electronic complaints register.

7.2 The electronic complaints register shall include the following information:

- The date that the enquiry or complaint was received.
- Complainant's information (including name, address, telephone number, e-mail address).
- Nature and details of the enquiry or complaint.
- Action taken/status.
- Date of the resolution of the complaint.

The Company shall also provide information on the details and status of complaints to the Securities and Exchange Commission and The Nigerian Exchange Group Plc (NGX) on a quarterly basis.

## 8. Liaison with the Registrar

During the course of investigating a shareholder's enquiry, complaint or feedback,

## COMPLAINTS MANAGEMENT POLICY

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the Company may liaise with the Registrar to:

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

### 9. Contact Details of the Registrar

The Registrar may be contacted as follows: Veritas Registrars Limited (formerly Zenith Registrars Limited) Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos  
Telephone:  
+234 1 2708930 -4;  
+234 1 2793873;  
+234 1 2716116  
E-mail:  
enquiry@veritasregistrars.com  
Website:  
www.veritasregistrars.com

### 10. Contact Details of the Company Secretary

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

The Company Secretary  
Guinness Nigeria Plc  
24, Oba Akran Avenue P.M.B.

21071, Ikeja, Lagos  
Telephone: +234 1 2709100  
E-mail: cosecgn@diageo.com  
website:  
www.guinness-nigeria.com

### 11. Communication of this Policy

This Policy shall be communicated as follows:

- The Policy shall be available on Guinness Nigeria Plc's website (www.guinness-nigeria.com).
- A shareholder may request a copy of this by contacting the Office of the Company Secretary.
- The Policy shall be made available for perusal at General Meetings of the Company.

### 12. Cost

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

However, in some circumstances, the Registrar may charge shareholders a fee (for example, to resend previous dividend statements

upon request by the shareholder).

### 13. Review of this Policy

This Policy may be reviewed from time to time by management and all changes, amendments or subsequent versions of this Policy will be published on Guinness Nigeria Plc website (www.guinness-nigeria.com).

Approved by the Board of Guinness Nigeria Plc and signed on its behalf by:



**John Musunga**  
Managing Director/Chief  
Executive Officer



**Rotimi Odusola**  
Company Secretary



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 MUDEFEC CONCERNS LTD  
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 IMMACULATE BEVERAGES LIMITED  
 LASARO DYNAMIC OPTION LTD  
 OMOTAYO STORES  
 ND & NK INVESTMENTS LTD  
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 YTTT DISTRIBUTION LTD  
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 MAWLAT VENTURES LIMITED  
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 ALMA STORES LIMITED  
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 ALH. M.O.T.K INT. LIMITED  
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 ADORABLE JOY COMPANY  
 CEE MARTINS EXCLUSIVE VENTURES  
 EFOSA TRADING STORES  
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 MAYZEE EXCLUSIVE DRINKS LIMITED  
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 OLUWASEUN OLUWABUNMI STORES  
 FLAKKY-AY SUPERSTORE  
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 FIRST UGOBEST GLOBAL VENTURES  
 WEST AFRICAN TRADE CO.  
 BEST MORNING STAR UNIQUE SERVICES  
 REAL CHYNOB VENTURES NIG LTD  
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 C. C. OZOEMENA & COMPANY  
 OLLYTEX NIGERIA LIMITED  
 TALJOSH NIGEIA LIMITED  
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 TOOBEST GLOBAL INVESTMENT LTD  
 TOSAM RESOURCES AND SERVICES LTD  
 JOLILY INTEGRATED SERVICES  
 OKWUSON INTEGRATED VENTURES LTD  
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 HANEZ MULTICHOICE  
 C & C JONIF  
 NIKVIC COMPANION LIMITED  
 GAZUK INT  
 MEGAGEO CONCEPT  
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BLESSED PETERSON  
 A. E. O MULTI VENTURES  
 OGOBUH NIGERIA ENTERPRISE  
 TIMBERLAND NIGERIA ENTERPRISES  
 NICE FLAVOUR NIGERIA LIMITED  
 FEMNIK ENTERPRISES  
 CANAPOCHE ENTERPRISES  
 OLUWANIFEMI NIGERIA ENTERPRISE  
 FERANYOMI GLOBAL CONCEPT  
 RETYJOF INT. COMPANY  
 O. U. K. SUPERMARKET  
 LOMAT MULTI DYNAMIC VENTURES  
 GOZAK PHAMARCY (SMKT)  
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 BENHARRY MULTI BIZ  
 FIRST CHUCKS INT. ENTERPRISE  
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 JOE-P GLOBAL RESOURCES LIMITED  
 UCHE EZEAKU ENTERPRISES  
 GRIDEMA NIGERIA LIMITED  
 BENZOLIN VENTURES  
 ODEO TRADING COMPANY  
 ELEPHACO GLOBAL LIMITED  
 ST GOBISON ENTERPRISES NIGERIA  
 VIC-CEL INTERNATIONAL COMPANY  
 CAZRIS INTERNATIONAL LIMITED  
 DIVINE BEES DISTRIBUTION NIG.  
 SIMPLE LIFE INTEGRATED SERVICE  
 EZEKIEL CHIMOMBI & KACHI ENTERPRISES  
 SUNNY NWANKWO & SONS  
 AMBASSADOR VAL OPTIMUM SERVICES  
 OBIHOT SERVICES  
 CHUKWUEBUKA JOHN VENTURES  
 OBROS TRADING STORES  
 GINDUS LIMITED  
 AKA MEGA GLOBAL RESOURCES  
 EBONY HARDEN INTERNATIONAL LIMITED  
 BOLAMILEKAN INTEGRATED SERVICES  
 B. C. ARTHUR BIZ CONCEPT  
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**73rd Annual General Meeting of the Members of Guinness Nigeria Plc** to be held at the Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos State on Tuesday, 24th October 2023 at 11.00 o'clock.

I/We\* .....

Being a member/members of Guinness Nigeria Plc, hereby appoint\*\*

or failing him/her, Dr. Omobola Johnson, or failing her, Mr. John Musunga as my /our proxy to act and vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on Tuesday, 24 October 2023 and at any adjournment thereof.

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

Shareholder's signature .....

*\*Delete as necessary*

- 1 A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxies should be deposited at the Registered Office not less than 48 hours before the time of holding the Meeting. In the case of joint shareholders, any of such may complete the form, but the names of all joint shareholders must be stated.
- 2 If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorised.
- 3 Provision has been made on this form for some Directors of the Company to act as your proxy, but if you wish, you may insert in the blank spaces on the form (marked \*\*) the name of the person whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Directors.
- 4 Please sign the above proxy form and send it so as to reach the address of the Registrars, Veritas Registrars Limited, Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos not less than 48 hours before the time of the holding of the Meeting.

NUMBER OF SHARES			
RESOLUTION	FOR	AGAINST	ABSTAIN
To confirm the appointment of the following Directors: 1. John Musunga (Kenyan) 2. Mrs. Grainne Wafer (Irish) 3. Ms. Joan Hodgins (Irish)			
To re-elect as Director Ms. Ngozi Edozien			
To re-elect as Director, Mrs. Yemisi Ayeni			
To re-elect as Director, Mrs. Tariye Gbadegesin			
To authorize Directors to fix the remuneration of the independent auditors			
To elect members of the Statutory Audit Committee			
To fix the remuneration of the Directors			
To renew the general mandate of the Company to enter into recurrent transactions with related parties for the Company's day to day operations			

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

You may also scan and send the completed Proxy form to the Company's Registrars at [enquiry@veritasregistrars.com](mailto:enquiry@veritasregistrars.com).

- 5 The proxy must produce the Admission Card sent with the Notice of Meeting to obtain entrance to the meeting.

## Please Admit

To the Annual General Meeting of Guinness Nigeria Plc which will be held at Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos State on Tuesday, 24th October 2023 at 11.00 o'clock

This admission card must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.



**Rotimi Odusola** Company Secretary

.....  
Name of Shareholder

.....  
Address of Shareholder

Number of  
Shares held





**Affix  
Current  
Passport**

(To be Stamped by Bankers)

Please write your name at the back of your passport photograph

# e-DIVIDEND MANDATE FORM



Please complete all sections of this form to make it eligible for processing and return to the address below:

*The Registrar,  
Veritas Registrars Limited.  
Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos*

Date:   /   /

I/We hereby request that henceforth, all my/our dividend payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below

Please note that Only Clearing Banks are acceptable

Surname/Company Name      First Name      Other Names

Address

City

State

Country

Previous Address

Bank:

Bank Account No.:

Account Opening Date:

BVN 1:

BVN 2:

(for joint signatories)

Clearing House Number (CHN)

Mobile Telephone 1

Mobile Telephone 2

E-mail Address



By signing this form, I/we hereby consent that Veritas Registrars Limited can collect and process my/our personal data for the purpose of managing my/our records in the companies for which Veritas Registrars Limited act as Registrars. I/we also confirm that I/we have read and accept the extent to which data can be collected and processed as contained in <http://veritasregistrars.com/privatepolicy.aspx>

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/Incorporation No. (Corporate Shareholder)

Head Office: Plot 89A, Ajose Adeogun Street, P.O. Box 75315, Victoria Island, Lagos, Nigeria.

Telephone: +234 (1) 2784167, 2784168, 2784169; 0704 499 7048 (Text Messages only)

E-mail: [enquiry@veritasregistrars.com](mailto:enquiry@veritasregistrars.com) [veritasregistrars@veritasregistrars.com](mailto:veritasregistrars@veritasregistrars.com); Website: [www.veritasregistrars.com](http://www.veritasregistrars.com)



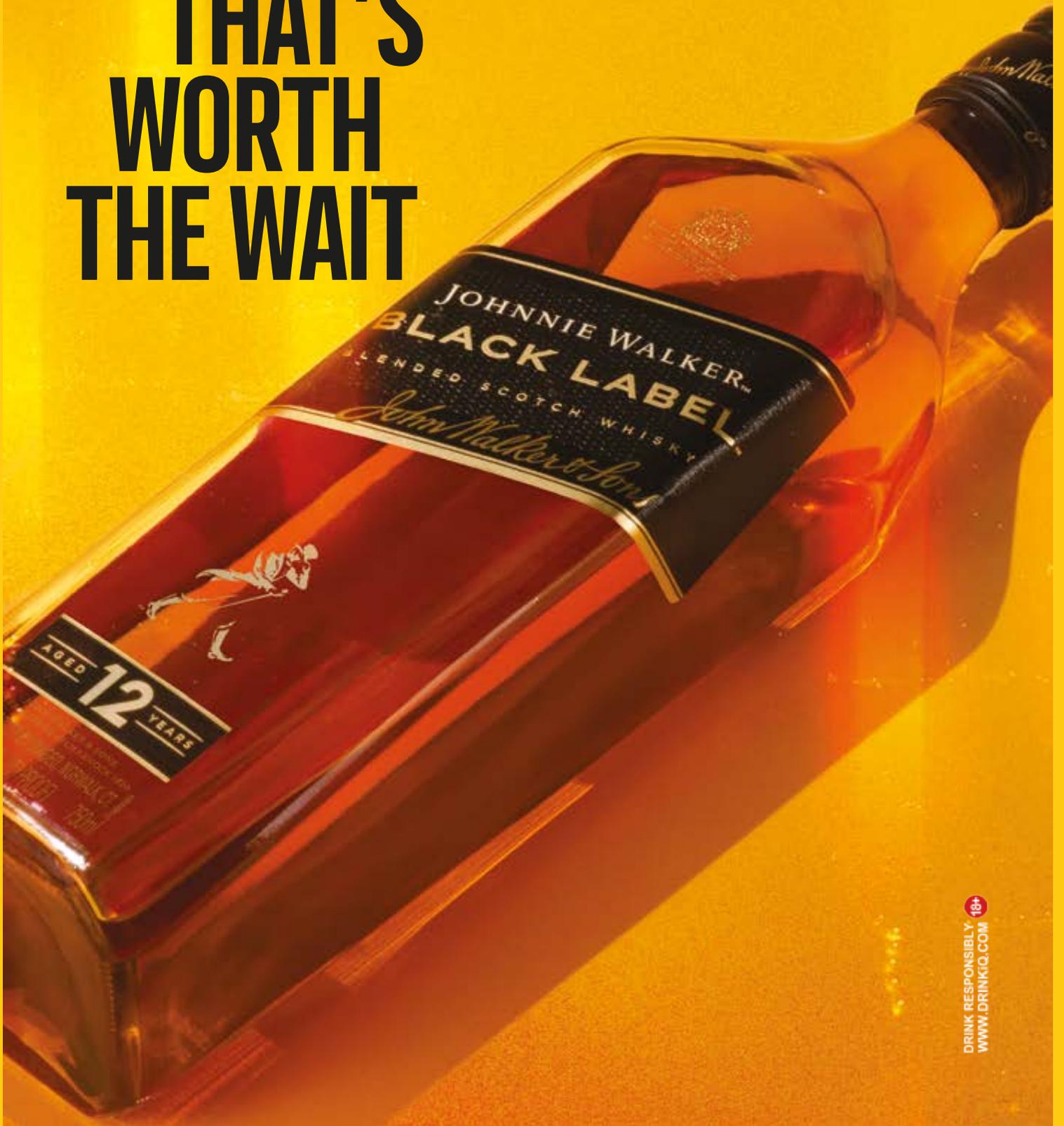


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# NOTES

**TASTE  
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**WALKING**



**KEEP WALKING**



**KEEP WALKING**



# BLACK SHINES BRIGHTEST



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