# BUILDING BRANDS FOR LIFE. TODAY AND FOR FUTURE GENERATIONS.


PZ Cussons Nigeria Plc / Annual Report and Financial Statements 2023

# FOR EVERYONE, FOR LIFE, FOR GOOD.

## Financial Highlights (₦)

We have delivered a resilient performance over the past year, against the backdrop of challenging conditions in our markets.

### Revenue

15% Change

| | |
|---|---|
| **2023** | **113,964,309** |
| 2022 | 99,503,320 |

### Operating profit/(loss)

3652% Change

| | |
|---|---|
| **2023** | **8,224,028** |
| 2022 | (231,533) |

### Profit before taxation

104% Change

| | |
|---|---|
| **2023** | **20,463,740** |
| 2022 | 10,008,025 |

### Taxation

85% Change

| | |
|---|---|
| **2023** | **(6,115,395)** |
| 2022 | (3,308,700) |

### Profit after tax

114% Change

| | |
|---|---|
| **2023** | **14,348,345** |
| 2022 | 6,699,325 |

### Non-controlling interest

100% Change

| | |
|---|---|
| **2023** | **1,455,559** |
| 2022 | 729,210 |

### Profit attributable to equity holders of parent company

116% Change

| | |
|---|---|
| **2023** | **12,892,786** |
| 2022 | 5,970,115 |

### At year end:

### Share capital

0% Change

| | |
|---|---|
| **2023** | **1,985,238** |
| 2022 | 1,985,238 |

### Total equity

28% Change

| | |
|---|---|
| **2023** | **48,360,058** |
| 2022 | 37,739,831 |

### Data per 50k share
### Based on 3,970,477,045 ordinary shares of 50k each:

### Basic and diluted earnings per share (Naira)

118% Change

| | |
|---|---|
| **2023** | **3.28** |
| 2022 | 1.50 |

### Number of employees

-4% Change

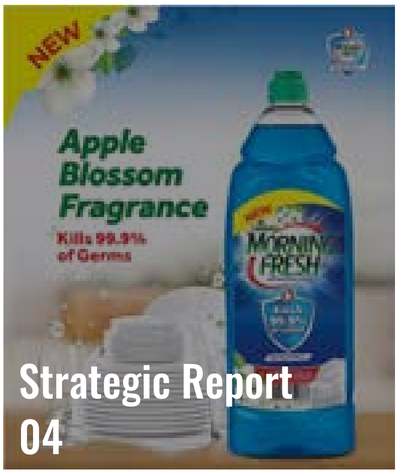
| | |
|---|---|
| **2023** | **996** |
| 2022 | 1,040 |

### Stock exchange quotations in Naira (Company):

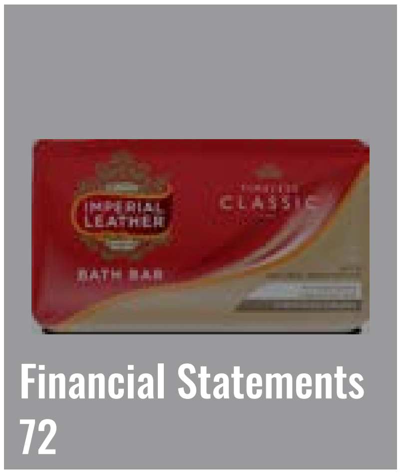
70% Change

| | |
|---|---|
| **2023** | **19.5** |
| 2022 | 11.5 |

# Contents








## Overview



## Strategic Report



## Governance



## Financial Statements



## Additional Information



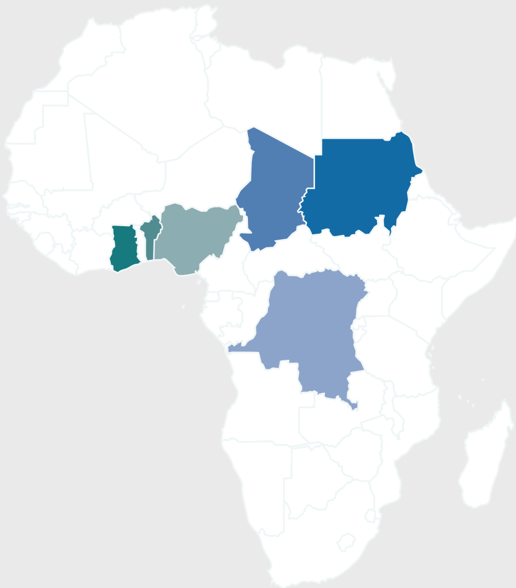
# PZ Cussons Nigeria Plc at a glance

# WHO WE ARE AND WHAT WE DO.

PZ Cussons Nigeria Plc (''PZ Cussons'' or ''the Company'') is a dynamic consumer products group. We have created some of the world's best-loved and most trusted brands in the Personal and Home Care categories. Our brand portfolio includes trusted brands like Premier, Morning Fresh, Cussons Baby, Imperial Leather, Carex, Canoe, Venus, Joy, Haier Thermocool, Robb and Stella.

## WHERE WE OPERATE

We operate across Nigeria and export some of our brands to Ghana, Benin, Sudan, Chad and the Congo.



## BUILDING BRANDS

We build brands that our consumers trust and love.

## FOR LIFE

We have a rich heritage dating back 130 years with products that touch and improve consumers' lives.

## TODAY

We act with a sense of urgency and have already made a fast start in our turnaround.

## FOR FUTURE GENERATIONS

We are building a sustainable business for our employees, shareholders, the environment and the communities in which we live and work.

## OUR FINANCIAL AMBITION

Our financial ambition is sustainable, profitable revenue growth. This will be achieved by the choices we have made in our new strategy of 'Building brands for life. Today and for future generations'.

## Our Brands

# WE ARE A BRANDED CONSUMER GOODS BUSINESS.

### MUST WIN BRANDS

### PORTFOLIO BRANDS

### PORTFOLIO OF LEADING BRANDS IN EACH CATEGORY

Our brands are leading in each category and out-performing our competitors:

No. 1 in Baby Soap & Oil

No. 1 in Manual Dishwash

No. 1 in Family Soaps

No. 1 in Major Cooling Appliances

# STRATEGIC REPORT.

# OUR BOLD VALUE IN ACTION:

## WE ENGAGE WITH COURAGE AND AUTHENTICITY.

- Accountability and integrity in all we do
- Reaching out and connecting, sharing views, taking feedback
- Speaking up and making a difference

Read more online
www.pzcussons.com/investors

## Chair's Statement

to shareholders at 75th Annual General Meeting to consider Annual Report and Financial Statements 2023

# MAINTAINING STRONG GROWTH MOMENTUM.

We continued to develop our business throughout FY23, making significant strategic progress, evidenced by improved operational and financial results. Our business is strong, and we are looking forward to capitalising on further opportunities to continue transforming and growing our business.

Like most companies in our sector, our performance during FY23 was heavily influenced by the significant effects of the broader economic environment. Thanks to the agility of the organisation, the hard work of our employees and the support from all other stakeholders, we are confident that PZ Cussons Nigeria will be able to navigate these challenges and continue the journey to return to sustainable, profitable revenue growth.

**Increased brand investment**

+69%

**Beauty online % revenue**

>30%

74%

**of plastic usage is now recyclable, re-usable or compostable**

## DISTINGUISHED SHAREHOLDERS

You are welcome to the 75th Annual General Meeting of your company.

It is my pleasure to present to you the Reports and Financial Statements and review of the activities of your Company during the financial year 2022/2023.

The business continued to deliver growth in the year while demonstrating entrepreneurial spirit and agility to tackle significant challenges in the macro environment. We have persisted in working towards enforcing further the foundations of the business to help it make the necessary transformation, essential for your company's sustainable performance.

The strategy set out in March 2021 of **Building Brands for Life** is in full motion. Simultaneously, there is increasing emphasis on corporate governance, risk management and sustainability. Our executive leadership team remains a good blend of individuals who bring experience in fast-moving consumer goods businesses and different sectors along with the 'homegrown' talent of PZ Cussons Nigeria who have built their careers here and know our brands and markets intimately.

At this point, let me introduce some key changes to the Board, starting with my appointment as the new Chair with effect from 25 January 2023 and the appointment of a new Chief Executive Officer – Mr. Dimitris Kostianis, who joined the Board at the beginning of our 2024 financial year, replacing Mr. Panagiotis Katsis. I would like to thank Panagiotis for his leadership and contribution in helping your company through its transformation journey and to wish him a happy retirement. I would also like to welcome Dimitris back to Nigeria. He previously held the position of Director in our Family Care/Consumer business in 2005, and that of Managing Director HPZ five (5) years ago before moving to the PZ Cussons Asian operation.

Dimitris brings a lot of relevant experience and knowledge of innovation and transformation in developing markets.

Our Family Care business has a strong portfolio of leading brands across our key categories of Hygiene, Baby and Beauty, expanding its distribution footprint across Nigeria, and offering attractive growth prospects in margins and sustainable competitive advantage.

**Mrs. Ifueko M. Omoigui Okauru, MFR**
Chair

### Review of the operating environment/Macroeconomic landscape

During the period under review, and as per data made available by the National Bureau of Statistics, the economy witnessed nominal GDP growth from 2.31% in the last quarter of 2022 to 2.51% in the first quarter of 2023. The oil sector contracted because of ongoing supply disruptions and pipeline vandalism, with average crude oil production dropping from 1.43mpbd to 1.22 mpbd. The headline inflation increased by 4.91% from June 2022 (18.60% to 22.41% at the end of May 2023).

Foreign Exchange has been a significant business challenge. The disparity between the Importers and Exporters (I&E) forex windows and the forex market, referred to as 'parallel', continued to widen. Furthermore, access to forex in order to settle debt obligations and import essential raw materials for our operations has been acutely insufficient.

Inflation had a negative effect on consumer disposable incomes. Cost-induced inflation severely impacted consumer disposable income. This Inflationary trend, however, was not peculiar to Nigeria; it rippled internationally and thus impacted imported commodity prices.

Other externalities that affected our business included the challenge of the currency-swap dilemma, slow down of trade activities during the February 2023 elections, instances of insecurity across the country and economic instability in some of our export markets.

The company worked hard to mitigate the impact of these challenges, and it capitalised on available opportunities leveraging our strong portfolio of brands, our route-to-market capability and our operational strength. This has enabled our business to grow in both revenue and profit.

### Operating results and performance:

Despite facing a number of challenges, we have seen an improved performance this year in the revenue and operating profit of both our Family Care and the Electrical businesses. Total revenue grew 15% from N99.5 billion to N113.9 billion in the 2022/23 financial year. Similarly, our business (Group) delivered an operating profit of N8.2 billion compared to the loss position of N0.2 billion in the prior year. Profit before Tax (PBT) grew by 104% from N10.0 billion in 2022 to N20.4 billion in 2023.

In addition, the Group continued the simplification programme, selling all remaining residential properties, which generated a profit of N5.9 billion during the financial year.

Net interest income of N4.9 billion was earned on cash held on deposit. The balance of cash balance of the Group as of 31 May 2023 was N106.6 billion.

Due to the limited availability of forex, the Group's trade creditors continued to increase, amounting to N77 billion as of 31 May 2023. We are grateful for the increased credit extended to us, enabling us to continue to focus on running our business successfully.

The devaluation of the Naira after 31 May has resulted in a significant foreign exchange loss for the Group. Every effort is being made to mitigate the impact of the higher product costs through price increases and minimising overheads. I am confident that we will navigate this crisis and will be even stronger going forward.

# Chair's Statement continued

to shareholders at 75th Annual General Meeting to consider Annual Report and Financial Statements 2023

Strong cost control and the benefits from a deliberate focus on lower-cost energy generation led to a reduction in expenses despite the prevailing inflationary environment. Combined with the growth in revenue, this translated into strong operating profit growth for the 2023 financial year.

A profit of N5.9 billion was realised from sales of assets as of 31 May 2023, while we made a net interest income of N4.9 billion resulting from optimal application of funds. This is in line with the strategy of simplifying the business and now brings these disposals to a conclusion.

## Business Review

Inflationary pressures continued throughout the year. These were driven by global commodity and freight prices as well as by the local currency. Through the resilience of our supply chain, and our margin improvement programme, we were in a position to mitigate the majority of the cost of materials and operations impacts. Nevertheless, we acknowledge that the consumers' disposable income remains under significant pressure, and we have continued working hard to offer the best value possible to them.

**Our Family Care business has a strong portfolio of leading brands across our key categories of Hygiene, Baby and Beauty, expanding its distribution footprint across Nigeria, and offering attractive growth prospects in margins and sustainable competitive advantage.**

**Our Electrical business through our Haier Thermocool brand continue to lead in the durable consumer goods market. This is driven by, our customer-centric approach to delivering above the par competitive-value based on innovation tailored to meet local conditions, a premium showroom experience and effective after-sales service that enables the consumer make the right choice."**

## PZ Family Care:

Total business double-digit revenue growth was driven by improvements in both price/mix and volume, superior shopper experience and consumer communications that connect with the target audience. Our focus on both the quantity and quality of our distribution in retail continues to be a strength across all our brands.

We have a strong portfolio of leading brands, offering attractive growth prospects and margins, and sustainable competitive advantages.

Our four (4) must-win Brands; Premier Cool, Morning Fresh, Cussons Baby and Joy, continue to maintain leading roles in their categories or sub-segments, driving thought leadership in consumer, shopper, and trade engagement.

Our portfolio brands – Stella, Robb and Canoe also drove growth with a focus on the right mix and pricing optimisation.

In our Hygiene business, Premier saw very strong revenue growth, with Premier family maintaining its leading position in the family soap segment in Nigeria, and Premier Cool maintaining its leadership as the bestselling cooling antibacterial soap in Nigeria.

Premier also continues to drive strong performance in brand equity scores with consistent strong brand power. This was driven by strong consumer campaigns that connected with the target audience. The 360-degree international men's campaign, which ran across traditional and digital media, in two (2) months, reached about 1 million consumers on Out-Of-Home (OOH), impressions of over 2 million consumers online and about 130,000 shoppers in top 100 stores across the country.

Premier Cool launched its new variant 'Premier Cool Black soap'. The new Black soap is infused with natural ingredients like Honey, Camwood, Shea butter, Aloe vera and essential oils to deliver three times (3X) more moisturisation for a renewed skin feel.

Morning Fresh continues to retain its leadership in the dishwashing liquid segment. In FY '23, the brand celebrated 30 years of being Nigeria's Number 1 best-selling dishwashing liquid with a 'National Consumer Promotion' themed "30 million Naira Gang Promo" to reward its loyal consumers while assuring Nigerians of its mantra to continue to provide quality dishwashing liquids.

Cussons Baby continued to grow strongly through the expansion of the product portfolio and driving trial usage and awareness through the hospital activation programme for mothers-to-be, positioning the brand as the most trusted baby care brand.

Revenue for Joy Soap grew versus last year's numbers and continues to demonstrate growth potential based on consistent performance supported by the relaunch of the Joy range with Innovation on the more premium Joy black soap.

All these were delivered against a backdrop of headwinds like the Naira devaluation, Cashless policy, Forex scarcity, cost inflation with general inflation in Nigeria at 22% as at the close of the financial year, and other economic challenges in Nigeria.

PZ Consumer will continue to serve the Nigerian consumer and give the best value for their spend in all our existing products and innovations.

## Electrical Business:

In the 2023 Financial year, our electrical business focused on enhancing our strategic approach to meet evolving market demands for electrical goods. We are glad to report that we have achieved remarkable growth and success.

Our strategy was driven by our customer-centric approach to delivering above the par competitive-value based on innovation tailored to meet local conditions, premium showroom experiences and efficient after-sales service.

### Serving Consumers with Innovative Products:

Haier Thermocool firmly believes innovation is the key to staying ahead in the competitive home appliances market. Throughout the year, we consistently introduced innovative products that cater to the ever-changing needs of our consumers. In collaboration with our global partners, our team keeps working tirelessly to develop cutting-edge technologies and incorporate them into our product offerings.

During the reporting period, some notable achievements include the launch of our next-generation cooling appliances with advanced energy-saving features, including the GenPal Air Inverter Conditioner with 70% savings on electricity consumption and self-cleaning features that enable automatic cleaning of the air conditioner for consistent optimal performance and longer durability. In addition, we also expanded the energy efficiency range to include washing machines and fuel-efficient generators.

As part of our innovation drive, we continue to prioritise sustainability, contributing towards a greener future. Our eco-friendly products, such as energy-efficient air conditioners, chest freezers, and refrigerators with zero ozone-impact refrigerant and low power consumption, have gained significant traction in the market. Such endeavours have positioned Haier Thermocool as a responsible and forward-thinking brand.

> Our Electrical business through our Haier Thermocool brand continue to lead in the durable consumer goods market. This is driven by, our customer-centric approach to delivering above the par competitive-value based on innovation tailored to meet local conditions, a premium showroom experience and effective after-sales service that enables the consumer make the right choice."

**Mrs. Ifueko M. Omoigui Okauru MFR**
Chair

Premium Shoppers Experience:

Providing our consumers with a premium shopping experience has always been one of our core objectives. In the past year, we made significant investments in enhancing our retail infrastructure, including the revamping of our flagship stores and authorised dealer network. These efforts were made to create an immersive and customer-friendly environment where consumers can explore our range of products and seek expert advice.

Furthermore, we leveraged digital platforms to offer enhanced convenience and personalised shopping experiences to our consumers. By expanding our e-commerce presence with experts and our third-party brick-and-mortar network, we have enabled easy access to our products.

Fast and Reliable After-sales Service:

At Haier Thermocool, we recognise that exceptional after-sales service is essential for customer satisfaction and long-term brand loyalty. Over the reporting period, we further strengthened our commitment to providing fast and reliable after-sales support to our consumers with the initiation of mobile servicing vehicles to deliver our services to the consumer's doorstep. These initiatives have enabled us to efficiently address customer queries, offer prompt resolutions, and maintain transparent communication throughout the after-sales process. Our dedication to service excellence has been acknowledged through industry awards and positive customer feedback. As a result, our brand reputation has grown stronger, and our customer retention rate has significantly increased.

## Supply Chain:

PZ Cussons Supply Chain continues to raise the bar on performance year on year. It made a significant positive impact on the overall business despite the lingering effect of Forex challenges, global supply disruptions as well as high inflation, which continued into the year. Despite these challenges, it continues to respond with agility and focus in fulfilling its core role of supporting commercial and business growth aspirations through robust strategic planning, operational discipline and flawless execution of projects and other deliverables.

The procurement team has done a lot to improve the procurement process and systems. This was achieved through a well-structured analytical method which is essential to achieve procurement excellence through simplification, speedy decision making, digital processes, calculated risk-taking, streamlined governance and a multi-sourcing approach. The approach resulted in mitigating risks while enhancing innovative and competitive supplier relationships.

Our factories across our geographies have remained efficient, and dependable and have continued to deliver consistently, good quality products through innovative manufacturing and conversion processes. Our manufacturing infrastructure remains robust, with ample capacity to meet surging demands across various categories. We prioritise Industrial Health and Safety and promptly address unsafe behaviours and conditions.

Our distribution network continues to improve our Customer Service levels through collaboration with Third-Party Logistic Partners. The service levels remained high throughout the reporting period despite the territorial and regional challenges in the North-West, North-East and South-Eastern parts of the country. Our distribution footprint remains strong and agile. All our State-of-the-Art Distribution Centres, as well as the Regional Distribution Centres, remain fully stocked and continue to efficiently support the sales force.

As we go into the future, we will continue to strengthen our supply chain optimisation by maximising material flexibility, enabling alternate material utilisation, thereby reducing the chances of raw material supply disruption. We will pursue rigorously the localisation of important and critical raw materials to maximise local content while reducing dependence on Foreign Exchange. We will continue to prioritise building the capability of our technical staff to enhance reliability to meet demands, and transforming our supply chain to further unlock value through our margin improvement initiatives, localisation of materials, blend flexibility and delivery of new products. We will respond to risks and opportunities with speed and agility wherever and whenever necessary.

We are an ISO certified manufacturing entity and will ensure sustaining our compliance levels in line with the ISO 9001, ISO 14001, and ISO 45001 standards.

# **Chair's Statement** continued

to shareholders at 75th Annual General Meeting to consider Annual Report and Financial Statements 2023

### Human Resources:

Our key focus during the financial year was developing people and driving excellence in our embedded culture of BEST.

During the transformational year under review, we witnessed strategic appointments into leadership positions, including the new CEO, Mr Dimitris Kostianis, whom I introduced earlier and the appointment of a Managing Director in person of Mr Elueni Oghale from the crop of Nigerian talents. Mr Oghale is part of the leadership team that drove our Family Care business. His appointment signifies our commitment to avail any employee, from within and outside the system, the opportunity to rise and occupy any position within the organisational hierarchy, irrespective of his/her nationality.

Other appointments included Mr. Rajkumar Kale as Commercial Director, Electrical Business. Mr. Kale was also part of the internal employee elevation. There were other appointments and promotions to motivate and encourage talent retention in the face of the relocation syndrome.

We pursued other employee-development channels in the period, including coaching, mentoring, job rotation and class interactive training in all spheres of our operations. Building talent capability and positive energy within the workforce brought about enhanced business performance despite the challenging economic environment.

In that respect, workforce engagement included health and wellness talks, fitness activities (Energetic Thursday) to encourage healthy lifestyles, and fruit day, to mention a few.

We drove the entrenchment of our BEST (Bold, Energetic, Striving and Teamwork) Values by creating a work culture that fosters camaraderie, creativity, collaboration, networking and constant communication. We held periodic town hall meetings, learning challenges and other hybrid work arrangements.

People development, attracting talents, high retention rate, employee welfare, amenable technology-driven work environment, and gender equality, will continue to drive our human resource policy.

### Corporate Social Responsibility and Sustainability Agenda:

Our Environmental, Social and Governance (ESG) implementation Framework has been designed to ensure that decisions made have positive impacts on the environment, the community, and our workforce.


To this end, we developed a sustainability governance system that connects different teams across our factories and sites to work collectively towards achieving our sustainability targets. This process has improved the awareness of ESG among stakeholders, leading to greater involvement and better response.

Specifically, the focus on carbon emission reduction has moved some notches higher in the period. On employee welfare, we invested in workers' development, focusing on training programmes on sustainability, diversity and inclusion delivered via a series of Company learning platforms.

On brands, Cussons Baby has been working with mothers through the Cussons Baby Care Hospital program since 2021. In FY23, 869,485 mothers were reached across the country with expert education on best practices in baby skin care. The campaign covered 2,262 hospitals, including government hospitals, primary healthcare centres, private hospitals, and maternity homes.

Global Handwashing Day – we made donations of Carex Handwash and Carex Sanitizers to support the Campaign on handwashing training sessions towards maintaining proper hygiene.

### Activities of PZ Cussons Foundation:

PZ Cussons Foundation undertook the following projects:

- Upgrade of Diabetic Clinic at Lagos State University Teaching Hospital (LASUTH)
- Construction of Demonstration Kitchen at Lantana College of Hospitality, Enugu
- Provision of Solar Borehole at the IDP Camp at Dalori, Konduga Local Government, Borno State
- Provision of Solar borehole to the people of Orin-Ekiti in Idi-Osi Local Government in Ekiti State

### The Horizon:

The floating of the Naira has a profound impact on our profitability due to the staggering foreign exchange losses mirroring the financial performance of other companies in the FMCG sector. In addition, rising inflation, heightened by the removal of the subsidy on fuel and consequently on transport and other production costs, impacted customer disposable income.

We expect this trend to continue as the economy is redirected to a more market-oriented competitiveness while policies that will ameliorate or reduce the impact are being rolled out. We nonetheless view the future with cautious optimism, firmly believing the fiscal and monetary authorities are monitoring and responding, in the most appropriate manner, to control and re-set the key indices affecting the economy and, by extension, our businesses.

Furthermore, we are taking steps, within our capacity, to respond to these challenges. This includes cost-reflective pricing, strong cost control inclusive of focus on lower energy cost generation, diversifying sourcing of sufficient foreign currency to guarantee an uninterrupted flow of essential raw materials, increasing local sourcing of raw materials and maximising exports to generate forex. In the short term, we will continue to rely on our trade creditors for extended credit.

Our hold on the market through our portfolio of strong leading brands, driven by innovation and responsiveness to consumer insights, as well as improving distribution reach, customer service and increased market penetration, guarantee our performance.

The people at PZ Cussons Nigeria Plc are the nucleus of your company's value. We continue to see great examples of determination to overcome obstacles and succeed, to raise the bar and achieve admirable levels of performance, bold and fearless, with incredible levels of energy, striving to beat targets and attain higher levels of performance together as a team, as a unit of people who collaborate and support each other.

Looking ahead, and considering the present challenges, we remain committed to your company's purpose, and equally pragmatic and realistic about the future. We will continue strengthening the organisation while being focused on serving our consumers and customers effectively and efficiently. We acknowledge and we are thankful for the confidence in our leadership. We will continue to count on your support to assist us in driving your Company's performance and delivering improved shareholder value.

### Late Filing of Audited Financial Statements:

We were not able to publish the Audited Financial Statements for the year ended 31 May 2023 on 29 August 2023 because of a technical issue which unduly prolonged the audit process. We issued press releases on 7 September and 4 October 2023 to notify the Nigeria Exchange Limited (NGX) and you, our esteemed shareholders, of the delay, which was to ensure due diligence and transparent processes were duly and satisfactorily complied with.

We eventually filed the Audited Financial Statements on 30 October 2023, incurring a penalty of N9 million (Nine Million Naira) to the Exchange for filing two months behind the statutory date. We are working on resolving all legacy and technical issues that led to this and are committed to ensuring that the Company publishes its financials as and when due henceforth.

### Dividend:

Following the impact of significant foreign exchange losses on the Company, the Board did not approve a dividend for distribution this year.

### New Non-Executive Directors on Board:

Professor Fabian Ajogwu, OFR, SAN and Dr Suleyman Abdu Ndanusa OON joined the Board on 4 September 2023 and 16 November 2023 respectively as Independent Non-Executive Directors. Mr Karin Bakrin earlier appointed resigned barely a month after his appointment to take up national assignment. We congratulate him and wish him well in his new assignment.

Professor Fabian Ajogwu, OFR SAN is versatile in Corporate Governance. He is a Fellow and director of the Society for Corporate Governance Nigeria; a Fellow of the Nigerian Institute of Chartered Arbitrators, a member of the London Court of International Arbitration, and a member of the Lagos Court of Arbitration as well as the International Council for Commercial Arbitration, among others.

Dr Ndanusa OON is a prolific and versatile economist, banker, lawyer, financial consultant, and academician. He comes to the Board with depth of experience in Capital Market and Corporate Governance, among others. He was the Director General, Securities and Exchange Commission (SEC) and later chaired the Board. He was the Chairman of the Africa & Middle East Committee of International Organization of Securities Commission (IOSCO) and a Member of the Executive Committee of IOSCO International (World Body). He served on many Boards and committees in both private and public entities.

We are confident they will avail the Board of their experience-laden contribution that will drive your business to greater heights.

We will be presenting them and the CEO to you for ratification at this AGM. Mr Kevin Massie and Ms Joyce Coker are due for retirement by rotation. They have indicated their willingness to continue serving on your Board, and we will also be presenting them for reappointment to the Board.

### Offer from the Core Shareholder to acquire the interests of the Minority Shareholders

I cannot conclude my statement without mentioning the offer of the majority shareholder, PZ Cussons (Holdings) Ltd, to acquire the interests of the minority shareholders in the Company ("Offer").

The Board succeeded in getting the Core Shareholder to increase the price of the Offer from N21.00 to N23.00. and the Board has kick-started the process of presenting the Offer to you for consideration. We assure shareholders that the Board will work in the best interest of the Company and all its shareholders.

### Conclusion

In conclusion, we assure our esteemed shareholders that your Board and Management are poised to anticipate and surmount every challenge and improve shareholder value. To this end, several commercial and supply chain strategies have been put in place as earlier outlined. We seek your continued and consistent support to deliver on these laudable and daunting objectives. Nigeria has a burgeoning young population that will continue to grow. Your business is poised and positioned to take advantage of the African Continental Free Trade Area (AfCTA) in its export drive.

We will continue to closely monitor and adjust to the on-going reforms, such as fuel subsidies and their impact on gasoline prices and effect on our customer service delivery, currency rate unification and other policies as they unfold.

May I, on your behalf, extend our deep appreciation to the retired Chairman- Mr Gbenga Oyebode, MFR, Mr Panagiotis Katsis, retired CEO, and Mr Paul Usoro SAN- our long-serving non-executive director- for their invaluable contributions and guidance in the tumultuous economic circumstances we found ourselves in the years gone by. We wish them well in their future endeavours.

We also extend the same appreciation to our employees, suppliers, and distributors for their consistent support.

Thank you all.

**Mrs. Ifueko M. Omoigui Okauru, MFR**
Chair

Board of Directors
16 November 2023

## Our Categories

# CONSUMER BRANDS TO REMEMBER AND ENJOY.

## CUSSONS BABY

**CUSSONS BABY MAINTAINS ITS LEADERSHIP IN KEY SEGMENTS OF BABY SKINCARE WITHIN NIGERIA, WITH A ROBUST DISTRIBUTION NETWORK ACROSS THE NATION AND A PRESENCE IN SELECT WEST AFRICAN MARKETS.**

Our comprehensive range of products, including Baby Soap, Baby Oil, Lotion, Powder, Wipes and others, cater to all aspects of baby skin care from birth.

The brand has achieved double-digit growth for three years. In the 2023 financial year (FY23), it achieved a remarkable 23% increase compared to the previous year. This growth is particularly noteworthy given the challenging economic conditions, including escalating inflation, exchange rate instability and other macroeconomic indicators, with their attendant impact on consumer disposable income.

The brand innovated in response to consumer yearnings with the launch of a bigger 80-sheet wipes pack, in the Mild and Gentle and Soft and Smooth variants. The consumer friendly 80-sheet pack incorporated a new closure format, click lock caps, to lock in moisture and provide lasting freshness.

The driving force behind our growth in Baby Care has been a consumer-centric strategy focused on building brand equity and expanding the reach and availability of our branded baby skincare products, supported by strategic trade partnerships.




### Cussons Baby's Hospital Programme

The Cussons Baby Cares campaign addresses the 4th and 5th Millennium Development Goals: reducing child mortality and Improving maternal health.

The initiative, in its second concurrent year, focuses on partnership with hospitals and health care professionals to empower pregnant and nursing mums with educational sessions on best practices in general child care, maternal health, and baby skincare.

The programme delivers education using local languages and demonstrations, aligned to our vision of empowering parents across all the life-stages of baby development and growth, with the knowledge and Baby Care products that are best for their babies.

In the 2023 financial year, the programme successfully reached approximately 869,000 mothers and expectant mothers nationwide, across hospitals and densely populated neighbourhoods, while 204,000 consumers benefited from samples of products from our nature-infused portfolio across 2,262 hospitals.

Cussons Baby remains committed to helping mothers and children on their growth journey. We further continue to embody this by delivering pertinent information through our social media channels, where we strengthen our connection with mothers and engage in discussions about the path to motherhood, exploring the often untold stories.

We will feature strong innovation to further elevate the brand and grow our categories in the 2024 financial year. We are further committed to optimising our presence and visibility across various trade channels to continue to serve our consumers better.

# CAREX

**CAREX PREMIUM HYGIENE BRAND HAS BEEN KEEPING MILLIONS OF FAMILIES SAFE AND CLEAN FOR OVER 25 YEARS.**

The Carex brand has earned a global reputation for caring and protecting families by offering unique personal hygiene solutions which effectively kills 99.9% of germs.

In FY23, Carex expanded its soap portfolio by introducing the Soothing Aloe Vera variant. This variant is enriched with Aloe vera, promoting moisturised and refreshed skin, locking in moisture to maintain a smooth and soft feel, all while maintaining their exceptional germ-killing efficacy.

To further raise awareness, Carex executed several consumer engagement activities across various touchpoints, encompassing TV, digital, out-of-home (OOH), in-store, and in-mall activations. Additionally, the brand strategically partnered with the prominent influencer, Jbums, to enhance awareness of its innovative products. This encompassed both above-the-line and below-the-line campaigns.

- For its OOH campaign, Carex targeted women aged 25–40 who prioritize hygiene. The brand strategically positioned its campaign message in key high-traffic areas in Lagos, Abuja, and PH, reaching an extensive 3.5 million audience.
- In the digital media, Carex leveraged the popularity and social influence of its Brand Ambassador, who has a substantial following of over 100,000 consumers. The Brand Ambassador played a vital role in educating and sensitizing consumers about the various Carex soap variants available and the CareXtra Campaign. This initiative garnered positive reviews, and the brand also utilised short 30-second and 10-second videos, which achieved a unique reach of over 5 million in just 12 weeks. Consumers who participated in the CareXtra campaign were even rewarded with a lunch date with the Carex Brand Ambassador.
- To further solidify the campaign and encourage more consumers to try the brand, shopper activations were conducted across top modern trade and golden outlet channels. This in-store activation reached 2,500,000 consumers over the eight-week campaign duration.

The comprehensive support, which extended throughout the year and encompassed digital, OOH, experiential activations, and in-store visibility drives, significantly contributed to the success that Carex achieved during the fiscal year.


# **Our Categories** continued

## BEAUTY

**THE BEAUTY SEGMENT IN THE SKIN CLEANSING CATEGORY CONTINUES TO GROW VALUE YEAR-ON-YEAR AS MORE CONSUMERS PRIORITISE AND SHOW WILLINGNESS TO PAY FOR PRODUCTS THAT CAN CARE FOR AND ENHANCE THEIR SKIN. THE SEGMENT NOW CONTRIBUTES ABOUT 53% VALUE TO THE TOTAL SKIN CLEANSING CATEGORY.**

Joy soap plays a strategic role in the beauty category. A leader in the traditional smaller pack segment (56g – 70g), the brand is innovating to expand its portfolio and be fit to compete better in the more dominant larger pack (130g – 160g) segment.

The year in review was a good one for Joy as net net sales grew by 25% and absolute total gross margin (TGM) grew by 143% despite the difficult business terrain characterised by rising commodity costs, high inflation, Naira and fuel scarcity among other challenges.

The growth was driven by consumer activities – including brand relaunch, trade marketing activities, Revenue Growth Management (RGM) initiatives and smart pricing.

Joy relaunched by refreshing its packaging, brand architecture and introducing two new variants. Changes in packaging include a more contemporary and inspiring design, call out of consumer benefits and natural ingredients that are meaningful to consumers and introduction of new standout talent on-pack.


We also brought the brand purpose of helping young African women awaken their innate beauty to life through the new brand pay-off/message ‘beauty my way’.

The brand successfully launched two new variants in the year, Joy Nourishing – formulated with honey and shea butter to deliver 3x glow, and Joy Black Soap, a premium soap that is made with over seven natural ingredients including turmeric, aloe vera, apricot seed and lemon, that moisturises, restores and renews the skin for a younger look.

To introduce the new packaging, new variants and brand purpose, Joy ran a marketing campaign tagged #MylifeMyScript leading with digital and experiential programmes, supported by in-store, TV, radio and Out-Of-Home (OOH) activities. The campaign highlighted unrealistic biases women face in the society and its impact on their confidence, self-esteem, and mental health. The campaign reached over 20 million consumers and encouraged young women to share their stories/experiences living with unrealistic societal biases; over 2,000 women have shared their stories so far.

Joy plans to capitalise on the gains of the previous year by building awareness for new launches and total portfolio, pre-immunising, innovating and optimising distribution in priority channels.

# HOME CARE

## THE NIGERIAN HOME CARE SEGMENT HAS CONTINUED TO WITNESS GROWTH AS CONSUMERS CONSTANTLY EXPLORE HOME HYGIENE SOLUTIONS DESPITE THE VOLATILITY OF THE NIGERIAN MARKET.

With the recent economic instability and high inflation, the segment has experienced an exponential rise in commodity cost which has caused a majority of the players to engage in smart pricing (price increases, size optimisations, reformulations etc.) to drive profitability while still trying to provide value to consumers whose purchasing power is dwindling.

The dishwash and fabric care category of the segment remains very relevant with the segment being a must-have option in every home.




For over 30 years, Morning Fresh has retained its leadership within the branded dishwashing liquid category. In FY23, the brand celebrated 30 years of being **Nigeria's Number 1 best-selling dishwashing liquid** despite the increased competition and entry of new products within the category. The brand owns a significant **57.1%** value market share and a **52.9%** volume share (Nielsen retail audit: MAT June'23).

Morning Fresh continues to grow penetration and differentiate itself within the category as it recently unveiled its **refreshed positioning** as the brand that serves the **Everyday Sheroes (caring for those who care)** by softening the tough job of cleaning the home as part of their daily home care routine. It brings the toughest, superior grease-cutting power to clean every area of the home, leaving the home spotlessly clean and safe.

# **Our Categories** continued

## **HOME CARE** CONTINUED

To celebrate the 30th anniversary, the brand executed a '**National Consumer Promotion'** themed **'30 Million Naira Geng Promo'** to reward its loyal consumers while assuring Nigerians of its mantra to continue to provide quality dishwashing liquid. Morning Fresh which is fondly regarded as 'the kitchen care expert' also used the opportunity to relaunch its Antibacterial variant which kills 99.9% of germs and has an amazing apple blossom fragrance to make the dishwashing experience calming.

To commemorate the activity, there was a 360 engagement activity for both internal and external stakeholders. First was the introduction of its new positioning to all PZ employees. The brand executed an internal engagement for over 200 Sheroes within the PZ Family who have contributed immensely to the success of the business despite their daily care routines.

A total of 30 consumers were rewarded with N1 million each, four kitchen makeovers executed and over 150 consumers won several home appliances. The promotion was amplified across several media channels which generated massive engagement with a unique reach of over 13 million consumers thereby driving strong memorability and building distinctiveness for the brand. It further amplified the in-store shopping experience by delighting over 600,000 shoppers in trade channels through excellent execution of merchandising communication and disruptive visibility which served as a critical enabler to growing in-store, demand creation and revenue generation.

Furthermore, in line with the brand's new positioning of caring for those who care, Morning Fresh leveraged the International Women's Day celebration to celebrate the 'everyday sheroes' for their acts of service which sometimes goes unnoticed in the society with the execution of '**Take-A-Pause campaign**'.

The campaign theme drew its inspiration from the meaning of the word 'pause' which means 'to cease or suspend an action temporarily' i.e. taking a break from regular tasks to relax and be taken care of instead.

Morning Fresh identified this pain point and strategically curated this campaign to recognise women for their role in the society while positioning the Morning Fresh brand as a supporter, friend and admirer of those who care. It encouraged women all over Nigeria to stop, relax and take out time to rejuvenate by offering an all-expense paid pampering staycation as well as pamper boxes.

Consumers were asked to nominate women in and around their lives who have demonstrated care, impacted lives and needed the much-deserved pampering by sharing authentic stories of how these individuals show care. The nomination ranged from mothers, to sisters, friends, community leaders, boardroom go-getters etc. Winners were selected from the pool of entries based on authenticity and creativity of the stories.

These women were encouraged to take a pause and be pampered by Morning Fresh in an all-expense paid trip to Lakowe Lakes and Resorts. This opportunity offered them a moment of tranquility, relaxation, and self-indulgence whilst also enjoying the company of some of Nigeria's finest influencers such as @diaryofakitchenlover (Chef T) – Morning Fresh's Brand ambassador, @Jbums, @Nancyumeh, @Oby_o, @Kiekie, and @Uriel.

The fabric care category has grown more competitive with several players competing with similar product offerings and strategic pricing. However, Canoe laundry bar has remained resilient through consistent innovation and the optimisation of its distribution in key channels.


# MORNING FRESH

## MORNING FRESH ANTIBACTERIAL LAUNCH OFFERS THE BEST OF THREE WORLDS.

The Brand Morning Fresh is a renowned homecare dishwashing liquid brand in Nigeria from the staples of PZ Cussons. The brand owns a strong heritage having recently celebrated its thirtieth anniversary as **Nigeria's no.1 Best-selling Dishwashing Liquid**.

The brand serves to care for caregivers by providing superior grease cutting power to soften the tough job of dishwashing in the home. It brings the toughest cleaning power leaving the home spotlessly clean and safe.

Morning Fresh is available in three variants – Original Fresh, Zesty Lemon and Antibacterial to meet the needs of every Nigerian woman.

The brand recently relaunched its Antibacterial variant now offering the best of three worlds:

- It has superior grease cutting power to wash off tough grease on all kitchen utensils.
- It kills 99.9% of germs giving you a germ-free kitchen which is safe for the family.
- It comes with an amazing Apple Blossom fragrance which makes dishwashing fun and enjoyable.

The relaunched Morning Fresh Antibacterial variant is now available for purchase in Nigeria across Open market, Grocery and Neighbourhood stores.

# Our Categories continued

## PREMIER

**PREMIER COOL AND PREMIER CARE NATURALS ARE BOTH MARKET LEADERS WITHIN THE TOILET SOAP SEGMENT.**

Premier Cool plays within the Antibac segment of toilet soaps while Premier Care Natural plays within the family soap segment.

Premier Cool remains the market leader within the Antibac soap segment with a volume market share of 15.1% and a weighted distribution share of 70% which is the highest within the antibac soap segment.


For the family soap segment, Premier Care Natural also takes the lead controlling over 50% volume and value share.

At the start of the year, Premier Cool launched its new variant **'Premier Cool Black soap'**. The new Black soap is infused with natural ingredient like **honey, camwood, shea butter, aloe vera** and essential oils to **deliver 3x more moisturisation for a renewed skin feel**. The new product sparked notable engagement and video views across social media as the brand launched with a new Television Campaign (TVC) featuring the Brand Ambassador Elozonam. The TVC garnered over nine million views and five million engagement across social media while also overdelivering vs. pre sales.



As part of driving equity brand building for Premier Cool, the brand executed its maiden edition of the International Men's Day campaign. The campaign created an opportunity for the brand to cue into untapped space for Men.

### Above the line and below the line campaign

- The International Men's Day campaign was executed across different consumer touchpoints (OOH, Digital, in-store) and a physical event was activated to drive home the brand message and build meaningfulness and differentiation.
- On digital we asked Men and Women to join the #Premiercoolnovemberchallenge spotlighting the pressures men face, their mental health while encouraging them to reach out and check up on their male friends. The campaign had a reach of 6 million consumers and over 2 million impression within four weeks of campaign deployment.
- On OOH the campaign reached over 3.5 million consumers across the key cities of Lagos, Abuja, Port Harcourt, Ibadan, Warri, and Benin. BRT buses were also branded and deployed to drive awareness of the campaign.
- To drive end-to-end messaging of a 360-degrees campaign, the International Men's Day campaign was taken in-store via a buy and win shopper activation across the top 100 stores. The in-store activation reached 130,000 consumers across the six weeks of campaign execution.

The continuous consumer, shopper and trade support which ran throughout the course of the year (TV, Digital, OOH, Experiential activations, 6+1 and buy and win promo and in-store visibility drive) contributed to the immense success of both brands (Premier Cool and Premier Care Natural) achieved over the course of FY23.

# ROBB

**ROBB, A WIDELY RECOGNISED AND LEADING NAME IN THE HEALTHCARE SEGMENT OF NIGERIA, HAS ALSO ESTABLISHED A PRESENCE IN NEIGHBOURING WEST AFRICAN MARKETS.**

The Robb product lineup includes effective pain-relieving ointments, nasal inhalers designed to alleviate nasal congestion and mentholated dusting powder for soothing relief.


The brand's resilience can be attributed to a focused business approach, strategic pricing interventions, strong presence in key distribution channels, and sustained consumer demand driven by heightened awareness of overall wellbeing.

Robb is dedicated to comprehensively understanding consumer needs and identifying the most effective channels to address these needs, clearly illustrating the brand's role in alleviating their pain points. As a result, robust Innovation Research and Development workstreams were implemented in FY23 to support our future innovation pipeline, with exciting new formats to hit the space in FY24.

FY24 will see Robb's Heritage further elevated with equity building across key consumer touch points supported with an enhanced retail point of sales representation.

Additionally, we are committed to enhancing our market presence and visibility through a variety of trade channels and strategic activation initiatives. Robb will increasingly take advantage of an optimised route to market with pharmaceutical channels.

# STELLA POMADE

**STELLA POMADE IS A LEADING SKIN CARE BRAND THAT DELIVERS SUPERIOR AND LONG-LASTING MOISTURISATION. IT IS THE PREFERRED BRAND FOR MILLIONS OF CONSUMERS DURING THE HARSH HARMATTAN SEASON IN NORTHERN NIGERIA AND NEIGHBOURING AFRICAN MARKETS.**

Despite a challenging business environment marked by high commodity costs, inflation, currency fluctuations, and fuel scarcity among other challenges, Stella achieved significant growth in the past year, a remarkable 54% growth in value compared to the previous year and 32% growth in sales volume. These achievements underscore the strong resonance of Stella's products among its consumer base and the company's effective strategies which include optimising supply during the harmattan season and strategic trade promotions during the year.

Stella's appeal extends beyond local boundaries with an impressive 48% of its total sales coming from exports. This export performance reflects the brand's popularity not only within Northern Nigeria but also in various markets in neighbouring countries.

Looking to the future, Stella Pomade plans to grow volume and value by continuing to de-seasonalise current product offering, innovating by stretching into adjacent but modern formats leveraging the equity and legacy of the Stella brand, and expanding distribution in priority markets and channels.

# Our Categories continued

## ELECTRICALS

**HAIER THERMOCOOL HAS CONTINUED WITH ITS COMMITMENT TO SERVING NIGERIAN CONSUMERS WITH INNOVATIVE, LOCALISED PRODUCTS THAT CATER TO THEIR SPECIFIC NEEDS.**

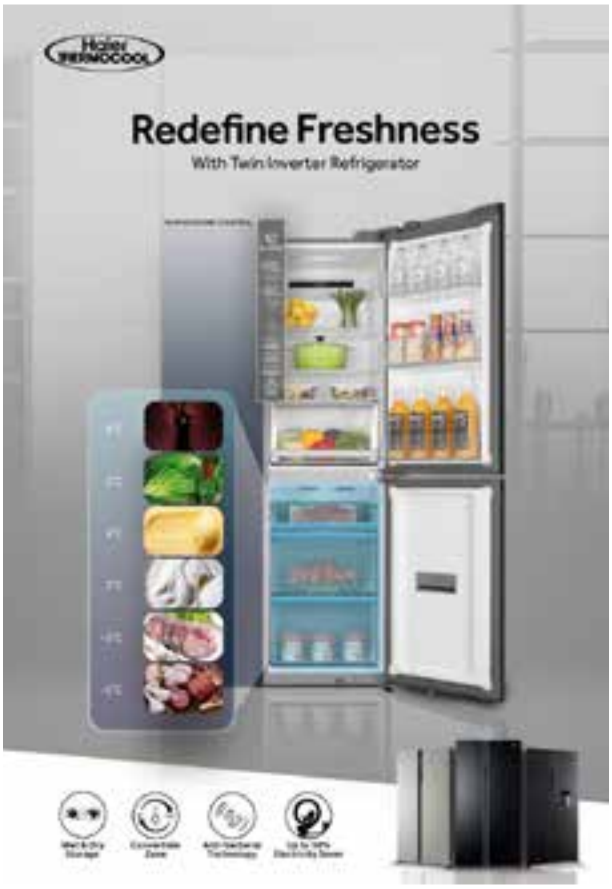
Through our premium showroom experiences and efficient after-sales service, we have solidified our position as a customer-centric brand that delivers unparalleled value. Over the past year, we have focused on enhancing our strategic approach to meet evolving market demands, and we are thrilled to report that we have achieved remarkable growth and success.

### Serving Consumers with Innovative Products

Haier Thermocool firmly believes that innovation is the key to staying ahead in the competitive home appliances market. Throughout the year, we have consistently introduced innovative products that cater to the ever-changing needs of our consumers. In collaboration with our global partners, our team keeps working tirelessly to develop cutting-edge technologies and incorporate them into our product offerings.

During the reporting period, some notable achievements include the launch of our next-generation cooling appliances with advanced energy-saving features, including the GenPal Air Inverter Conditioner with 70% savings on electricity consumption and self-cleaning features that enable automatic cleaning of the air conditioner for consistent optimal performance and longer durability.

We have also expanded the energy efficiency range to include washing machines and fuel-efficient generators. We have also continued to prioritise sustainability, contributing towards a greener future. Our eco-friendly products, such as energy-efficient air conditioners, chest freezers, and refrigerators with zero ozone-impact refrigerant and low power consumption, have gained significant traction in the market. Such endeavours have positioned Haier Thermocool as a responsible and forward-thinking brand.






## Premium Shoppers Experience

Providing our consumers with a premium shopping experience has always been one of our core objectives. In the past year, we have made significant investments in enhancing our retail infrastructure, including the revamping of our flagship stores and authorised dealer network. These efforts were made to create an immersive and customer-friendly environment where consumers can explore our range of products and seek expert advice.

Furthermore, we have leveraged digital platforms to offer enhanced convenience and personalised shopping experiences to our consumers. By expanding our e-commerce presence with experts and our third-party brick and mortar network, we have enabled easy access to our products.


## Fast and Reliable After-sales Service

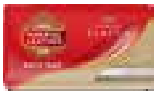
At Haier Thermocool, we recognise that an exceptional after-sales service is essential for customer satisfaction and long-term brand loyalty. Over the reporting period, we further strengthened our commitment to providing fast and reliable after-sales support to our consumers with the initiation of mobile servicing vehicles to deliver our services to the consumer's doorstep. These initiatives have enabled us to efficiently address customer queries, offer prompt resolutions, and maintain transparent communication throughout the after-sales process. Our dedication to service excellence has been acknowledged through industry awards and positive customer feedback. As a result, our brand reputation has grown stronger, and our customer retention rate has significantly increased.


# Business Model

# WE BUILD BRANDS WHICH ENABLE US TO CREATE VALUE FOR ALL OUR STAKEHOLDERS.

## Our competitive advantage

Our strength is in being a multi-local rather than multi-national business, with the level of focus, experience and dedication to our priority markets that this brings.



**Our brands**

High-quality, trusted and well-loved brands

**Our people**

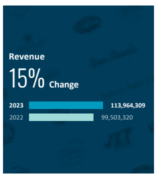
Diverse, skilled and passionate employees. Leaders at all levels

**Our infrastructure**

World-class manufacturing and distribution capabilities in selected geographies

**Our stakeholders**

Close working relationships with customers, consumers, suppliers and communities



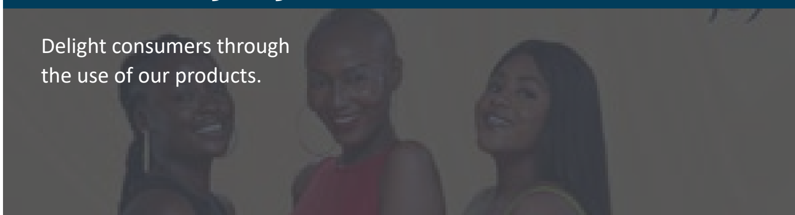

**Our financials**

Strong balance sheet reflecting our disciplined approach

## What we do

We are a branded consumer goods business.

### Trial and Loyalty

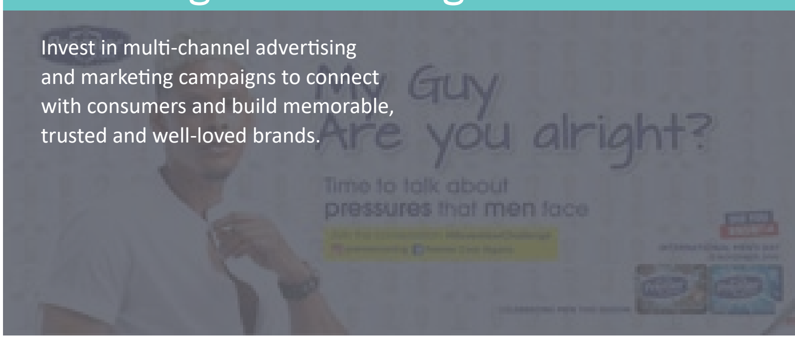


Delight consumers through the use of our products.

### Sales and Distribution


Establish customer partnerships and channels to deliver our products to wherever our shoppers shop.

### Advertising and Marketing




Invest in multi-channel advertising and marketing campaigns to connect with consumers and build memorable, trusted and well-loved brands.

> We continued to develop our business throughout FY23, making significant strategic progress, evidenced by improved operational and financial results. Our business is strong, and we are looking forward to capitalising on further opportunities to continue transforming and growing our business."

**Mrs. Ifueko. M. Omoigui Okauru, MFR**
Chair

## The value we create

Our business model creates shared, sustainable value for all our stakeholders.

### Insight and Innovation

Obtain insights into current consumer needs and longer-term trends. Through innovation, use these insights to continuously develop brands and products that consumers want and desire.

### Sourcing and Manufacturing

Service consumer demand by sourcing ethically responsible raw materials and manufacturing them into high-quality finished products, either in our own world-class facilities or through carefully selected, trusted third-party supplier relationships.

### ALL UNDERPINNED BY OUR PURPOSE, CULTURE, VALUES, GOVERNANCE AND ETHICS

#### For consumers

Innovative, high-quality and trusted brands

#### For customers

Our retail partners and customers benefit from selling our leading brands

#### For employees

Engaged teams and relationships, training and development opportunities and a supportive culture and values

#### For investors

A strong balance sheet, refreshed leadership and a plan to deliver sustainable, profitable revenue growth

#### For society

Community and charitable initiatives linked to our priority markets

#### For the environment

Sustainability at the heart of what we do. Sustainable sourcing, our 2023 Palm Oil Action Plan and reduced carbon emissions, water use and landfill waste

# Our People

## BUILDING AND SUSTAINING A HIGH-PERFORMANCE CULTURE.

AS **INDIVIDUALS** WE ARE

**BOLD**

FEARLESS, PIONEERING AND PASSIONATE, OPEN AND HONEST, TRUE TO OURSELVES AND PROUD OF WHO WE ARE

IN OUR **TEAMS** WE ARE

**ENERGETIC**

DYNAMIC AND PROACTIVE, CAPABLE AND FLEXIBLE, EMBRACING CHANGE AND MOVING FAST INTO THE FUTURE

AS A **BUSINESS** WE ARE

**STRIVING**

RAISING THE BAR, PUSHING PERFORMANCE, AIMING HIGH AND ACHIEVING MORE

OUR SHARED **CULTURE** BRINGS US

**TOGETHER**

ONE FAMILY, MANY VOICES; SUPPORTED, INCLUDED, RESPECTFUL, EMPOWERED, AND WITH JOY IN WHAT WE DO

### Developing People

As we journeyed through another transformational year, we had key strategic leadership appointments as we welcomed the new Chief Executive Officer for PZ Cussons Nigeria Plc, Mr. Dimitris Kostianis, the elevation of an internal talent as the Managing Director of PZ Cussons Africa, Mr. Oghale Elueni, the Commercial Director for our electrical business, Mr. Rajkumar Kale, and many other internal promotions and appointments that were done.

Workforce engagement took diverse dimensions with various engagement initiatives such as health and wellness talks, fitness activities (Energetic Thursday) to encourage healthy lifestyles, and ‘fruit day’, to mention a few.

Employees were developed through various channels such as coaching, mentoring, job rotations, online and face-to-face training, project participation, etc. This helped to build talent capability, drive positive energy within the workforce and enabled employees to achieve great business performance despite the challenging economic climate.

### People and Culture

Our People culture is interwoven in the fabric of our core Values, and our people are the **BEST** at what they do. Our employees are **Bold** goal getters who consistently exude fresh and positive **Energy**, always **Striving** through tough economic terrains like we experienced in the last financial year as we all worked **Together** to deliver stellar performance to the business and our stakeholders. Our growth mindset has taken a forward-looking disposition as employees are self-driven and put in a lot of effort with a sense of accountability.

We recognised employees who have meritoriously served the organisation, while those who consistently demonstrated our BEST values either by being **Bold**, **Energetic**, **Striving** or showed how they worked **Together** with teams to deliver outstanding results were commended this financial year in various ways. This, in addition to many other strategies, was adopted to embed and entrench the BEST values which positively impacted employees. The feedback from employees that came through the annual employee engagement survey saw us record a 98% participation rate (+3% increase from the last survey) with a +1% increase in our employee engagement score (i.e., 75% engagement score was recorded this financial year).

**Embedding the BEST Values** remained a key tool as we ensured **enlightening** new hires with the support of our BEST ambassadors who consistently help to entrench these values during induction programmes while living and exuding the values remain a lifetime responsibility they have lived up to.

**Celebrating** employees through monthly recognition of employees who demonstrate the BEST values, leading to a winner emerging through nominations as the employee of the year is one of our strong motivation tools. An overall employee of the year emerged as the winner during our engagement day which took place across all work sites.

**Reinforcing** this through policy reviews, process and practice re-alignment has become a way of life with regular communication with employees including storytelling.

We have created a work culture that fosters camaraderie, creativity, collaboration, networking and constant communication through an annual BEST engagement fun-day, periodic town hall meetings, functional gym facilities, learning challenge and our Energetic Thursday. In areas possible, we have successfully adopted a hybrid work arrangement.

## Ademola Awe

I joined the business in May 2023 having had over a decade of experience in the banking sector. I can say without equivocation that joining the PZ Cussons family has been one of my best career decisions.

The friendly atmosphere, the seamless induction and integration into the business make it a great place to work. As a Procurement Specialist, interactions with my colleagues and stakeholders have shown that I am in a comfortable, professional workplace made for learning and growth.

My stay in PZ Cussons has been awesome, and indeed, I am incredibly grateful and excited for what the future brings at this remarkable organisation.

The PZ legacy established portfolio of trusted brands across the continent, BEST values, Employee and Customer-Oriented are all significant values that triggered my choice of joining the PZ Cussons Nigeria family.

**Ademola Awe**
Procurement Manager (Indirect) – Supply Chain
PZ Cussons Nigeria

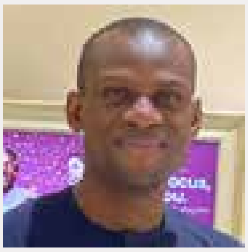
# **Our People** continued

## Kehinde Kazeem

As a professional accountant with cognitive experience in finance, I have always looked forward to an opportunity to work in an organisation that gives its employees the opportunity to thrive in their career goals and objectives while meeting the organisation's set objectives. An organisation that gives me a platform to train and thrive on existing culture and has a structure with value for employee work-life balance. I was in no doubt after hearing the testimonials of other employees who had come before me that I was 'HOME' and ready to make my mark.

With a definitive professional goal to be a global contributor to the finance ecosystem, I believe PZ Cussons is a place to further develop my technical on-the-job experience, increase my exposure while providing a significant platform for increasing my social capital as I help the business and other stakeholders actualise their goals while providing value-adding services.

**Kehinde Kazeem**
Finance Analyst – Finance
PZ Cussons Nigeria

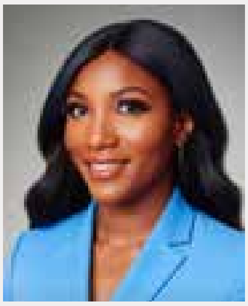


## Charles Ohioze

I believe that innovation and culture are an important part of a successful organisation. I was very excited to be a part of that innovation that made PZ Cussons' brands market leaders across multiple categories.

The way PZ Cussons treats its employees was a huge attraction for me. I have heard former and current employees speak very highly of PZ in terms of it being a positive work environment where everyone feels heard and appreciated.

**Charles Ohioze**
Head of High Street – Account Management
Haier PZ Ltd



## Adedunmola Ezichi

A few months ago, Tutu Balogun reached out to me on LinkedIn suggesting I apply for a position open at PZ Cussons Nigeria. I instantly became excited. Growing up I had heard a lot about PZ Cussons from my mother who at that time was the MD of a competing company, and I thought it would be a great idea to apply. I also reached out to friends and colleagues who had previously worked at PZ for their opinions on the business, and I only received great reviews.

Applying for the position, I started to learn more about the Company, the amazing legacy brands it owns and how it helps shape people's lives every single day. I realised that I was inspired by the Company and this informed my decision to join PZ Cussons.

I have always wanted to be a part of a team that is adding value to the lives of millions of people daily and joining the Company meant that I was one step closer to reaching this personal goal.

**Adedunmola Ezichi**
Category Manager – Marketing
PZ Cussons Nigeria

# Supply Chain

Supply Chain has continued to raise the bar on performance year-on-year. Its resilience and flexibility made significant positive impact on the overall business despite the lingering effect of Forex Challenges, global supply disruptions as well as high inflation which continued into the year. The period continued to test the mettle of the Supply Chain team with continued volatility which created concurrent disruptions at many levels of supply and demand. Despite all these challenges, supply chain has continued to respond with agility and focus in fulfilling its core role of supporting the commercial and business growth aspiration through robust strategic planning, operational discipline and flawless execution of projects and other deliverables.

The procurement team has done a lot to improve agility of the procurement process and systems. This was achieved through a well-structured analytical method which is essential to achieve Procurement Excellence. This involved simplification, speedy decision making, digital processes, calculated risk-taking, streamlined governance and a multi-sourcing approach. The multi-sourcing approach has created a variety of attractive advantages that seek to mitigate risks while enhancing innovative and competitive supplier relationships.

Our factories across our geographies have remained efficient and dependable, and have continued to deliver consistently good quality products through innovative manufacturing and conversion processes. This enabled the business to supply high-quality, innovative and sustainable products that cater to the diverse needs of families while mindful of the ecology and the environment. It is important to note that our manufacturing infrastructure remains robust with ample capacity to meet surging demands across various categories. Industrial Health and Safety is prioritised, and unsafe behaviours and conditions are addressed promptly.

We have continued to improve on our distribution network collaborating with our Third-Party Logistic Partners. Despite the territorial and regional challenges in the North-West, North East as well as the South Eastern part of the country, customer service levels remain high, and our distribution footprint remains strong and agile. All our state-of-the-art distribution centres as well as the regional distribution centres remain fully stocked and continue to support the good work of the sales force.

As we go into the future, we will continue to strengthen our supply chain optimisation through maximising material flexibility enabling alternate material utilisation thereby reducing the chances of raw material supply disruption. We will pursue rigorously the localisation of important and critical raw materials to maximise local content while reducing dependence on foreign exchange. Building the capability of our technical staff will continue to be a priority within the factories to enhance reliability towards meeting demand. We also will enable speed and agility in our response to risks and opportunities to offer interventions where necessary.

We will continue to adopt agile ways of working and transforming our supply chain to further unlock value through our margin improvement initiatives, localisation of materials, blend flexibility and delivery of new products. Conformance to Health, Safety and Environmental standards will remain the backbone for a strong supply chain. As an ISO certified organisation, we will ensure that we sustain our compliance levels in line with the ISO 9001, ISO 14001, and ISO 45001 standards.

# Good4Business

# AT THE HEART OF EVERYTHING WE DO.

## Introduction

Our Good 4 Business (G4B) approach is at the heart of everything we do. It provides four areas of focus – what we call 'lenses' – through which we can assess our business and ensure that we are driving sustainable value and growth through our day-to-day decision-making:

- Business Governance & Ethics
- Environment
- Sourcing
- Community and charity

G4B draws on the values and experience which have made PZ Cussons the company it is today. Our ambition is to grow the business while staying true to our authentic family spirit and we are guided by our wish to leave a legacy for the next generation which we can all (shareholders, customers and consumers, business partners, local communities and employees) be proud of.

Safeguarding the world for future generations is vital and our approach to entrenching environmental sustainability by identifying, measuring and mitigating actual and potential negative environmental footprints in all our operations are central to our commitment to do just that. Our goal is to continually improve our performance in energy efficiency, waste management, water consumption and greenhouse gas emissions.

We seek to improve on our operational efficiency as a way of reducing our impact on the natural environment. We leverage improved business practices and processes that support the protection of host communities, preservation of air and water quality and efficiency in the utilisation of natural resources.

## Code of Ethical Conduct

The Code of Ethical Conduct (the Code) provides rules and guidance to ensure the Company complies with ethical principles and behaviours expected across the business. The Code applies to all employees, contractors, Directors and senior management as well as joint venture partners, suppliers, agents, consultants and advisers. The Code details the Company's zero tolerance of all forms of bribery and corruption and prohibits the payment of bribes, kickbacks and facilitation payments. It sets out thresholds and reporting processes for gifts and hospitality and a framework for charitable and political contributions. The Code also sets out the Company's position on animal testing, anti-slavery and forced labour, supply chain due diligence, the Company's responsibilities towards its employees, the prevention of financial crime and the protection of whistle-blowers.

## Data Privacy

At PZ Cussons Nigeria Plc, we care about how data is used and shared and we place a premium on the trust accorded us by our employees, customers and distributors. We utilise the highest standards of data privacy in storing information sourced from our value chain and communicate clearly the type of data we collect, what it is used for and additional analysis performed on the data if any. There are no recorded cases of breaches of data privacy in the reporting year.

## Community and charity

We are committed to helping and supporting the local communities in the vicinity of our factories and offices. Many of our employees come from those communities and we are often reliant on them for their support, goodwill and cooperation. But our presence in the community puts us in the privileged position to help improve the living conditions and life chances of all of our neighbours. This obviously helps us to establish good relations with government and other local stakeholders but, more than this, it reflects a fundamental belief which has been at the heart of PZ Cussons' approach to business since the days of our founding fathers in the 1880s: for a business to grow sustainably, it must be a force for positive change in society.

Our Code of Ethical Conduct discussed above sets out certain customary procedures and principles to ensure that any charitable donations are made to ethical and responsible organisations that are free from political or other conflicts of interest.

## PZ Cussons Foundation

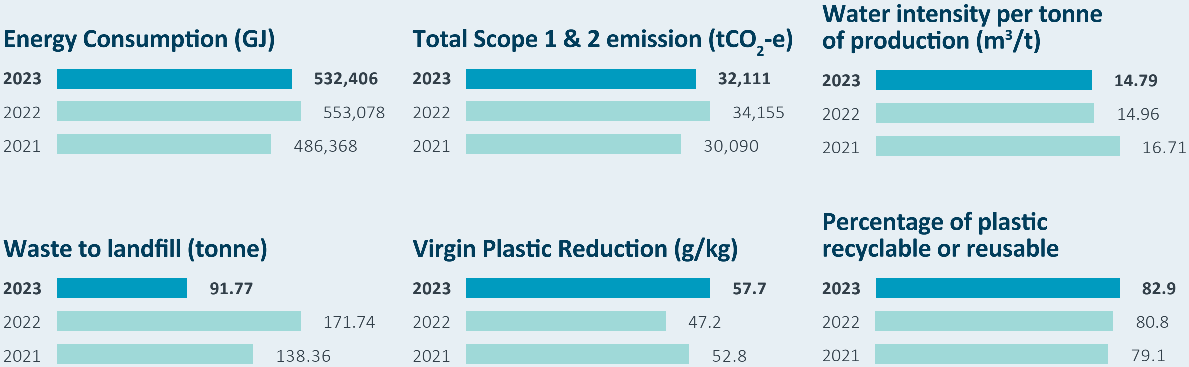
The PZ Cussons Foundation was established in 2007 to help in improving the problem of inadequate infrastructure in Nigeria through the development of better transport links and roads, potable water, sanitation, health and education and to improve the quality of the life of people living near our operations nationwide. The Foundation funds and implements projects which promote the wellbeing of local people, are sustainable and produce innovative solutions which would be easily replicated throughout the country.

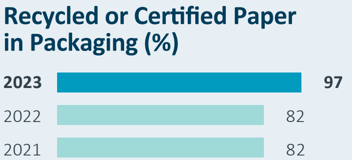
During the year, the Foundation undertook a number of projects including the supply and installation of solar-powered boreholes at Orin, Ekiti State and Dalori, Borno State, the renovation and the expansion of the Diabetic Clinic at the Lagos State University Teaching Hospital, Ikeja, Lagos State and the construction of the demonstration kitchen at Lantana College, Enugu, Enugu State for Wave Crest Women Board.

# Sustainability

## OUR ESG FRAMEWORK, BETTER FOR ALL, ALIGNS WITH OUR PURPOSE: FOR EVERYONE, FOR LIFE, FOR GOOD.

## FY23 SUSTAINABILITY OVERVIEW




195 million litres of water provided to host communities.

Zero lost time incidents and zero fatalities for the third consecutive year.

## YEAR IN REVIEW

In FY23, the Nigerian business made a lot of progress in the way we address our social and environmental impacts, while setting up governance structures and processes that will help us achieve the sustainability targets, we set for ourselves. The plan was to embed our sustainability agenda within the Nigerian business and this we achieved.

As everyone across the business works to achieve our company purpose: For Everyone, For Life, For Good, our ESG framework, Better For All, ensures that decisions made have positive impact on the environment, the community, and our workforce.

We developed a sustainability governance system that connects different teams across our factories and sites to work collectively towards achieving our sustainability targets. Each site has a Sustainability Committee that is responsible for managing sustainability-related activities on the site while the regional Sustainability Governance Committee oversees overall ESG across all sites and factories. This process has improved the awareness of ESG among stakeholders leading to greater involvement and better response from them.

The focus on carbon emission reduction has been for Scope 1 and 2 over the years. To include Scope 3 carbon emission in our targets, a baseline gathering of our Scope 3 carbon emission was conducted during the year and going forward, we will be reporting our Scope 3 carbon emission.

On the employee welfare, we keep investing in workers' development and working on diversity and inclusion initiatives. Series of employee training modules have been created on sustainability and on diversity and inclusion on the Company learning platform to improve employee learning and engagement.

Our brands are not left out on our ESG journey as they held a series of sustainability-linked activities. The Cussons Baby Care programme, the Joy 'My Life, My Script' programme and the Premier Cool 'Table of Men' are some of our brand initiatives that are linked to sustainability.

Our brand activities along with the activities of the PZ Foundation within the country formed the core of our activities on community impact and engagement.

We have made a lot of progress towards achieving our paper promise as about 97% of papers we use are either recycled or certified. We also made some progress with our commitment on plastic promise. We have also worked to enhance social and environmental standards in our supply chain.

In FY22, we made a commitment to achieve B Corp certification by 2025. B Corporation is a global movement of businesses recognising the importance of considering everyone impacted by our operations. We remain committed in our journey towards B Corp certification and will continue to deliver impact in alignment with its framework.

# FY23 SUSTAINABILITY REPORT

## The United Nations Sustainability Development Goals

The 17 UN Sustainable Development Goals (SDGs), and the targets associated with them, offer a blueprint for achieving a more peaceful and prosperous world by 2030.

To deliver the SDGs, businesses must focus their efforts where their actual and potential impact is greatest. In line with this, we have identified the SDGs where we can have the greatest impact as a business, and the specific targets aligned to these goals that are most relevant to us and our activities. This report shows our progress towards these goals and what we are doing both by ourselves and in partnership with others to achieve them.

3 GOOD HEALTH AND WELL-BEING

**Goal 3. Good Health and Wellbeing:**

Ensure healthy lives and promote wellbeing for all ages. The new goal for worldwide good health promotes healthy lifestyles, preventive measures, and modern, efficient healthcare for everyone.

4 QUALITY EDUCATION

**Goal 4. Quality Education:**

Ensure inclusive and equitable quality education and promote lifelong learning for all. Education liberates the intellect, unlocks the imagination and fundamental for self-respect. It is the key to prosperity and opens a world of opportunities, making it possible for each of us to contribute to a progressive, healthy society. Learning benefits every human being and should be available to all.

8 DECENT WORK AND ECONOMIC GROWTH

**Goal 8. Decent Work and Economic Growth:**

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all. Economic growth should be a positive force for the whole planet. We must protect labour rights and once and for all put a stop to modern slavery and child labour.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

**Goal 12. Responsible Consumption and Production:**

Our planet has provided us with an abundance of natural resources. But we have not utilised them responsibly and currently consume far beyond what our planet can provide. We must learn how to use and produce in sustainable ways that will reverse the harm that we have inflicted on the planet.

13 CLIMATE ACTION

**Goal 13. Climate Change:**

Take urgent action to combat climate change and its impacts. Climate change is a real and undeniable threat to our entire civilisation. The effects are already visible and will be catastrophic unless we act now. Through education, innovation, and adherence to our climate commitments, we can make the necessary changes to protect the planet. These changes also promote greater prosperity across the globe.

14 LIFE BELOW WATER

**Goal 14. Life Below Water:**

Conserve and sustainably use the oceans, seas and marine resources for sustainable development. Healthy oceans and seas are essential to our existence. They cover 70% of our planet, and we rely on them for food, energy, and water. Yet, we have managed to do tremendous damage to these precious resources. We must protect them by eliminating pollution and overfishing and immediately start to responsibly manage and protect all marine life around the world.

15 LIFE ON LAND

**Goal 15. Life on Land:**

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss. A flourishing life on land is the foundation of our life on this planet. We are all part of the planet's ecosystem and we have caused severe damage to it through deforestation, loss of natural habitats and land degradation. Promoting a sustainable use of our ecosystems and preserving biodiversity is not a cause. It is the key to our own survival.

17 PARTNERSHIPS FOR THE GOALS

**Goal 17. Partnerships for the Goals:**

Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development. The global goals can only be met if we work together.

# Sustainability continued

## MATERIALITY

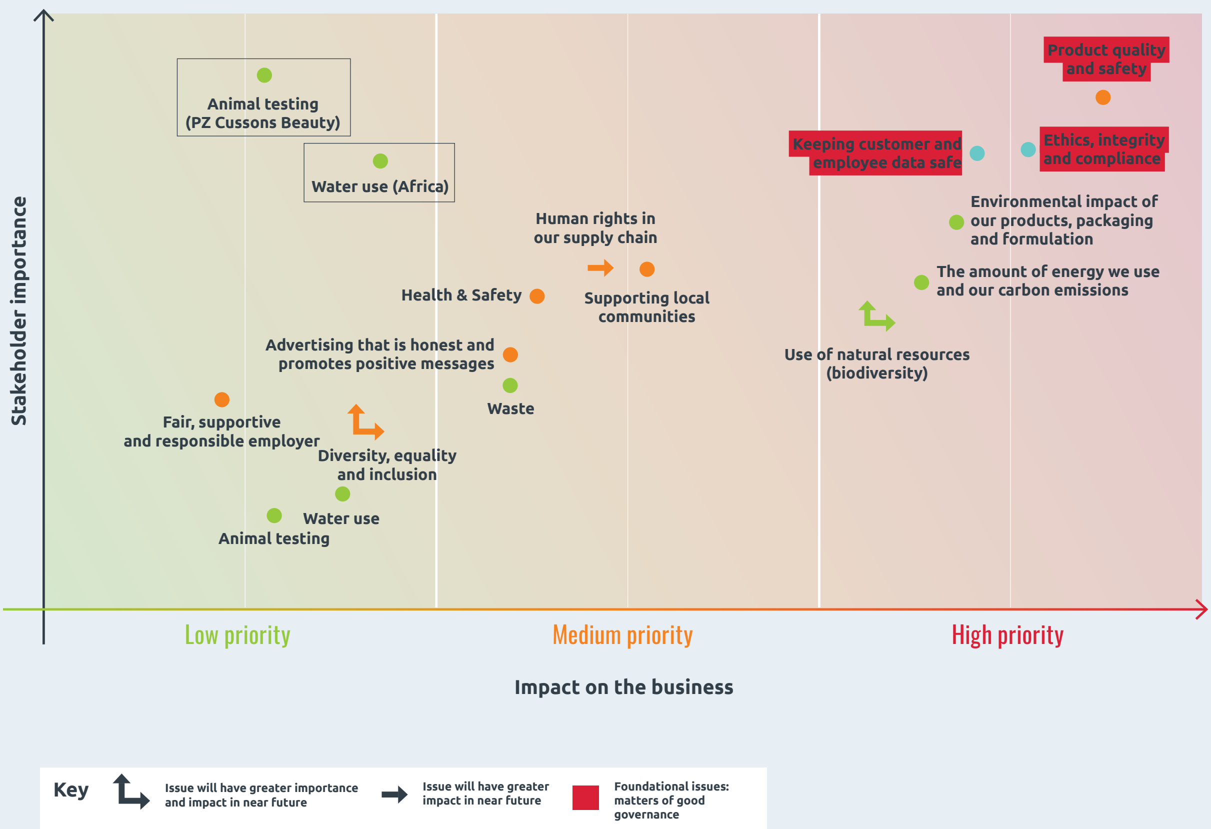
The Group has carried out a materiality review to understand our most important social and environmental impacts, and how different stakeholder groups – customers, consumers, suppliers, employees, and investors – viewed these impacts. Issues relating to product quality, packaging and carbon emissions were identified as priorities by these audiences.

The insights from our materiality analysis have been key in informing our ESG strategy and our targets, ensuring that the concerns of our stakeholders are reflected in our approach to sustainability, the issues we focus on and the subsequent goals that we set. Below is the summary of the result for the Nigerian business.

In FY24, we will refresh our materiality analysis to ensure that our approach to sustainability remains timely and responsive to the views of our stakeholders and that it continues to reflect the way in which our business impacts on, and is impacted by, the world.

| Issue | Rank |
|---|---|
| Product safety and quality | 1 |
| Health and safety | 2 |
| Keeping customer and employee data safe | 3 |
| Ethics, integrity and compliance | 4 |
| Environmental impact of our products | 5 |
| Fair, supportive and responsible employer | 6 |
| Fair and honest advertising | 7 |
| Water use | 8 |
| Human rights in our supply chain | 9 |
| Supporting local communities | 10 |
| The amount of energy we use and our carbon emissions | 11 |
| Use of natural resources | 12 |
| Diversity, equity and inclusion | 13 |
| Waste | 14 |
| Animal testing | 15 |

## MATERIALITY MATRIX



# OUR BETTER FOR ALL FRAMEWORK.

## MANAGING OUR ESG IMPACT

Better For All, the ESG framework of PZ Cussons, sets out how we manage and report on our different social and environmental impacts across the Group. We have three focus areas which align to our corporate purpose, supported by new KPIs that have been set.

At PZ Cussons Nigeria, we are fully aligned with this framework and our corporate purpose. We have had deep reflections on the implications of this framework to our local contexts and have initiated actions to localise and operationalise the framework as the PZ Cussons Nigeria Sustainability framework depicted opposite.


## FOR EVERYONE

Read more on/**Pages 36–39**

### Our impact on people

**Contributing positively to the lives of customers and consumers, our employees and the communities we serve.**

**Focus areas:**

- Product quality and safety
- Honest advertising
- Health, safety and wellbeing
- Supporting local communities


## FOR LIFE

Read more on/**Pages 40–43**

### Our environmental impact

**Protecting our planet by minimising our impacts on the environment, the atmosphere, the earth and oceans.**

**Focus areas:**

- Plastic and packaging
- Carbon and climate
- Waste
- Water
- Biodiversity


## FOR GOOD

Read more on/**Pages 44–45**

### Our behaviour as a business

**Championing responsible behaviours in how we buy, sell and operate through our value chain, for future resilience and growth.**

**Focus areas:**

- Business governance and ethics
- Data security
- Responsible supply chain practices
- B Corp certification

# Sustainability continued

## MANAGING OUR ESG IMPACT: OUR GOVERNANCE

### OUR GOVERNANCE STRUCTURE FOR ESG IS INTEGRATED INTO OUR ORGANISATIONAL FRAMEWORK AS ILLUSTRATED AND EXPLAINED OPPOSITE

The responsibility for PZ Cussons' global ESG sits at the Board level. The Executive Leadership Team is responsible for approving the strategy and monitoring our progress towards our ESG KPIs.

At PZ Cussons Nigeria, the responsibility for delivering the ESG targets for Nigeria sits with the Nigerian Board.

The Board collectively has responsibility for ensuring our ESG strategy is delivered.

The Governance and People Committee (GPC) of the Board, monitors how PZ Cussons Nigeria considers, engages with, reports to, and maintains its reputation with key stakeholders.

The Sustainability Governance Committee consists of selected members from the various business units and some selected members of the Leadership Team. The members from the Leadership Team are the Head of Procurement, Head of Marketing, Head of Manufacturing, Head of Technical, Head of Engineering and Projects, the Human Resource & Admin Director (or the representative) and the Supply Chain Director.

### SUSTAINABILITY WORKING COMMITTEE

The Sustainability Working Committee is the nucleus of our governance structure. The Committee comprises a dedicated team of employees who are charged with integrating sustainability into our operations and engaging our diverse stakeholder groups with the aim of achieving our social and climate-related objectives.

Each site and business unit has its own Sustainability Working Committee and the members are drawn from engineering, manufacturing, procurement, marketing, after sales and technical.


### STAKEHOLDER ENGAGEMENT AND MANAGEMENT

At PZ Cussons Nigeria Plc, we are committed to making sustainable living a norm through our operations and business activities. This can be done by prioritising sustainable value for all our stakeholders who affect or are affected by our operations either directly or indirectly. These stakeholders include our employees, consumers, shareholders, investors, business partners, suppliers, regulators, government, and the communities where we operate.

On a continuous basis, we engage and cooperate with our stakeholders to understand what matters most and how we can respond appropriately.

The table opposite shows a summary of how we engaged with, and the issues raised by our stakeholders during our engagement in FY23.

| Stakeholder Groups | How we Engaged | What we Engaged on |
|---|---|---|
| Government and Trade associations | Formal engagement on key policy or regulatory issues | Regulatory compliance |
| Suppliers | Formal/informal engagement sessions – phone calls, emails and face-to-face meetings<br>Virtual meetings – Microsoft Teams meetings | Negotiation/Contract review sessions<br>Supply planning interface with vendors on business operations<br>Enhancement of supply chain resilience<br>Timely delivery of goods and services<br>Governance – Due Diligence (Dow Jones) and quality assurance audits |
| Customers | One-on-one visit to the sales partners to identify areas of improving | Customer support service |
| Consumers | Brand communications and campaigns<br>Brand activation activities<br>Consumer quality review | Adequate education of consumers on the proper use of Company products<br>Educating mothers on best practices of taking care of the skin of their babies (0 – 3 years)<br>Provide platform for conversation on mental health for men and unrealistic societal construct or biases for women |
| Shareholders | Engagement with shareholders via the Annual General Meeting, Company's registrars and the Company Secretary's office | Company financial statement for the prior year<br>Attended to shareholders' concerns<br>Provided cooperate disclosures as and when necessary |
| Employees | Daily Safety, Health and Environmental talks<br>Virtual meetings<br>Focus group discussions<br>Functional engagement with employees from the leadership team<br>Quarterly Town Hall meetings<br>Employee surveys | Safety, health and well-being of workers at the factory<br>Operational and tactical issues<br>Employee support<br>Industrial relations issues<br>Business updates<br>Compensation and benefits enlightenment<br>Security<br>Employee engagement pulse check |
| Community | Periodic meetings<br>Visits<br>Phone calls | Combating crime and other social vices<br>Sustainability of business environment<br>Community development<br>Employment of locals<br>Attend to other issues that are important to them |

## Sustainability continued

# FOR EVERYONE.

**We are committed to providing high-quality and safe products to our consumers and customers and we regard quality and consumer safety as a fundamental business responsibility.**

### The impact of our Brands

Our brands play an important role in delivering our sustainability commitments. Each brand's contribution is unique, reflecting the differing sustainability challenges and opportunities that each category faces. Yet collectively, their efforts cumulate in our corporate sustainability impact. Working with our sustainability framework, Better For All, our brands identify how they can best contribute across our five impact areas: Air pollution, Earth and ocean, Deforestation, Equity and fairness, and Community impact.

### Brands in action

Below are some examples of action of our brands on sustainability:

#### Cussons Baby consumer education

Cussons Baby have been working with mothers through the Cussons Baby Care hospital programme since 2021.

Through the programme, mothers are educated on how best to take care of their baby's tender skin given its unique peculiarities.

#### Joy soap advocacy

Joy drove advocacy by creating a platform through #mylifemyscript campaign for young women (18–28 years) who are at the beginning of their beauty journey to share stories of the unrealistic societal biases they face in society, impact on their self-esteem, confidence, and mental health and how they are challenging same.

The societal biases leveraged for this campaign are around marriage, physical beauty, body shaming, motherhood, culture, tradition, and career. The brand partnered with notable influencers who have experienced some of these biases on their journey and they shared how they overcome same thereby providing comfort and support.

The campaign reached over 25 million consumers and has had over 2,000 women share their stories with the brand.

#### Premier Cool mental health campaign for men

Premier Cool launched the 'My guy are you alright?' campaign, encouraging men to speak up and ask for help where required and to take better care of their mental health.

The campaign garnered a lot of positive comment on social media with different top influencers lending their voice to the campaign. The campaign surpassed expectation and reached over 5 million consumers.

#### Haier Thermocool partnership

Haier Thermocool partnered with the National Association of Refrigeration and Air-condition Practitioners to train their members on proper installation and servicing of R410 air conditioners.

### Our Products

Our main priority is to create products that are functional and improves the wellbeing of our consumers. We placed high premium product quality assurance and consumer safety throughout our value chain. Our management systems ensure that our products are safe for consumers and consistently deliver the functionality that consumers demand. An example of this is our efforts to improve the natural formulation of our products with the development of Joy black soap and Premier Cool black soap which contains sheer butter, camwood, and aloe vera in their formulations.

Our electrical products have evolved in the last four years, applying eco-friendly technology to newly developed product as well as already launched ones. We have used inverter technology to further improve the energy efficiency of our energy-efficient products whereby the in-use electricity of some products has reduced drastically by up to 70% in some cases leading to reduced electricity bills and reduced carbon emissions.

## Aligning to the SDGs

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

### Our People

Our people are the driving force for the Company's success.

Last year, our employees and management worked together to define our purpose – 'For Everyone, For Life, For Good' and capture our BEST values – Bold, Energetic, Striving and Together. These values were launched across the business and are brought to life through our people processes, focusing on creating a high engagement culture, releasing high performance, and growing compelling career paths to attract, retain and develop the most talented and capable people.

### Health and Safety

We will keep pushing the boundaries in our bid to make the workplace safe for our people. In FY23, all our manufacturing sites retained their ISO 45001 status, we maintained and sustained zero Lost Time Incidents for the third consecutive year and kept the Lost Time Incident frequency rate to zero.

### Wellbeing

Protecting employee health and wellbeing is an important priority for us as a business and this is evident from the result of the last employee engagement where we scored 79% on employee wellbeing improving by 1% point when compared with FY22.

In FY23, we ran a series of initiatives to support and improve the health and wellbeing of our employees, such as vaccination against Hepatitis B, organisation of the BEST Health and Wellness week, and relaunching of the gym at the Head Office.

On engagement, BEST Vibes Engagement Day was organised across all sites, our female workers observed the International Women's Day, while the male workers observed the International Men's Day.

On welfare and support, new-born packs were issued to 22 new parents, crèche supports given to four new mums, our flexible working policy was implemented and cost of leaving adjustment allowances were given to all workers twice within the year.

### Employee Development

The transformation of PZ Cussons requires our people to strive for excellence and to challenge themselves professionally in delivering against our strategy and raising the bar on what we can achieve together. We want people to have fulfilling careers with us, at every stage of their personal career journey.

**Leaders at all levels:**

Globally, over 600 of our leaders at all levels completed our new leadership development programme this year, spearheaded by our Executive Leadership Team (ELT). The programme emphasises purposeful leadership aligned to our values and focuses on high-performing teams. This work complemented targeted learning and development on strategic themes.

### Culture and Purpose

**Our culture is what sets us apart from the competition and makes us unique.**

We are keen not to lose what makes our organisation special, recognising the need to build on our rich history and ensure our culture is right today and for the future. We launched our new strategy in FY21, which was supported by a new Company purpose – 'For Everyone, For Life, For Good'. In FY22 we launched a new set of corporate values to support this purpose – **BEST**.
B – Bold, E – Energetic, S – Striving, T – Together.

| | 2016–17 | 2017–18 | 2018–19 | 2019–20 | 2020–21 | 2021–22 | **2022–23** | Change from 2011–12 baseline | Change year-on-year |
|---|---|---|---|---|---|---|---|---|---|
| Fatalities | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| LTI/yr (Lost Time Incidents) | 15 | 13 | 2 | 1 | 0 | 0 | **0** | (33) | 0 |
| LTIFR (Lost Time Incident Frequency Rate) | 0.29 | 0.26 | 0.13 | 0.02 | 0 | 0 | **0** | (0.41) | 0 |
| AAIFR (All Accident Incident Frequency Rate) | 3.09 | 2.17 | 2.13 | 0.42 | 0.32 | 0.31 | **0.22** | (1.69) | (0.09) |

# **Sustainability** continued

## Diversity and Inclusion

**Our multi-local footprint ensures that we are a diverse business by nature, however, we recognise that a diverse workforce needs an inclusive environment to flourish.**

As a business we are passionate that our colleagues represent the communities we serve, and we are proud of our PZ Cussons heritage. We recognise the importance of developing our approach to diversity and inclusion to create an inclusive workplace environment that mirrors the nature of our business. This year, we have introduced two new questions to our annual employee engagement survey, which ask employees about their ethnicity and educational background. Collecting this data will give us greater insight into the socioeconomic characteristics of our employees and will help inform our long-term strategy.

## Communities

We want to create positive social change in the communities where we operate. Our Code of Ethical Conduct sets out the procedures and principles that ensure that any charitable donations we make are free from political affiliations or conflicts of interest.

We are currently working on a new Charity Partnership framework. The framework will optimise employee engagement with the charities we support and assesses the degree of impact we have on local communities, encouraging partnerships that align with our corporate purpose and brands. By focusing our charity efforts on the regions and local areas where we operate in, we can help create resilient communities that nurture businesses to succeed in the long term. The framework will allow us to measure and report on our social impact.


## Our community impact initiatives

In FY23, we initiated and supported several community building initiatives.

Cussons Baby has been working with mothers through the Cussons Baby Care hospital programme since 2021. Through the programme, mothers are educated on how best to take care of their baby's tender skin given its unique peculiarities.

In FY23, 869,485 mothers were reached across the country with expert education on best practices in baby skin care. The campaign covered 2,262 hospitals including government hospitals, primary health care centres, private hospitals, and maternity homes. Apart from the education given to the mothers, 204,042 new mothers are also gifted Cussons baby products to start off their babies with a healthy skin regime.


To mark the Global Handwashing Day, the Federal Ministry of Environment hosted an event with the theme United for Universal Hand Hygiene. 100 participants were drawn from the public and private sector including students.

Our engagement this year centred on the importance of maintaining proper hygiene. The ministry also facilitated a practical handwashing training session for the attendees using Carex Handwash. In addition, Carex Handwash and Hand sanitisers of 400ml were donated by PZ Cussons.

For over 10 years, we have been providing potable water for our host communities through our water to community initiatives.

The PZ Foundation carried out a series of community investment initiatives during the year which included the construction of a demonstration kitchen at Lantana College in Enugu, modification of the Diabetic Centre at Lasuth, provision of a solar borehole for the IDP camps at Dalori in Konduga local government in Borno State and Orin Ekiti in Idi-Osi local government in Ekiti State.

## Provision of potable water

The IDP camp at Dalori in Konduga local government, in Borno State, with a population of about 2,000 people, lacks access to

## Construction of demonstration kitchen at Lantana College, Enugu

The PZ Foundation constructed a demonstration kitchen at Lantana College in Nigeria, an all-female student school in Enugu.

The facility will help the school to further empower women through training in catering craft, as part of our wider efforts to improve the quality and experience of education and gender equality.

## Upgrade of Diabetic Centre at Lasuth

The centre is a clinic where diabetic patients are attended to.

The upgrade provided additional consulting rooms for the consultants, making it possible to attend to the increased number of diabetic patients, thereby reducing patient waiting times.

potable water, the same condition that the people of Orin Ekiti in Idi-Osi local government in Ekiti State are exposed to.

This lack of access to potable water increases the spread of waterborne diseases as residents of Orin Ekiti resort to taking water from rivers and streams for domestic usage.

PZ Foundation provided potable water by constructing a borehole for the residents of the two communities thereby reducing the spread of waterborne diseases and other forms of sickness.

The borehole is powered by solar energy thereby removing the pressure of the community paying for electricity.

# Sustainability continued

# FOR LIFE.

## We address all our environmental impacts through the lens of our purpose.

**We protect our planet by addressing all our impacts on the environment, the atmosphere, the earth, and oceans.**

### Our Products

We protect our planet by addressing all our impacts on the environment, the atmosphere, the earth, and oceans. This means minimising our impact on the earth and oceans through managing air quality and reducing our carbon emissions, the sourcing decisions we make, and the way we manage packaging, waste, and our water use.

We measure, manage, and report our performance in the areas that we know are most important to the business, and where we have the biggest impact, including carbon emissions, water usage and landfill waste, plastic consumption and disposal, and the sustainable sourcing of palm oil and paper.

All our operating sites comply with local regulations and our Group standards. In addition to this, all our main operating sites are certified to ISO14001. We operate a continuous improvement (CI) programme in our factories which reduces our carbon emissions, water use, and landfill waste.

### Plastic and packaging

The packaging agenda is high on our list of priorities. The need to reduce our packaging footprint is very important though challenging.

In FY22, we set identified targets that help us to achieve our plastic and packaging agenda. We have now started implementing measures to help us achieve those targets.

However, it is worth noting that the high costs of post-consumer recycled materials (PCR) has been a significant factor that has challenged our ability to deliver on our plastic commitment at a faster pace. Another significant packaging material that we use is paper. We have been implementing measures to ensure the proportion of certified or recycled paper that we use grows each year. Certified paper means that all materials used come from responsibly managed, certified forests. Using recycled materials makes the most of precious forest resources and reduces the pressure to harvest more trees. Using certified or recycled paper mitigates the risk of the material originating from unacceptable sources.

In FY23, the recyclability of our packaging got better, increasing by 2.6% although our virgin plastic in packaging increased by 2.84% while the virgin plastic intensity of our packaging also increased by 22.3% compared to FY22.

Regarding paper, 97% of our paper is either recycled or from certified sources.

### Carbon and climate

**Reducing carbon emissions is a priority for our business.**

Through our continuous improvement programme in our factories, we continue to incorporate energy reduction initiatives across our sites. In FY22, we defined carbon targets using an FY21 baseline.

The annual reductions we committed to are in line with science-based methodology. Our emissions data at global Group level has been verified by Verco for Scopes 1 & 2, and by Eco Act for Scope 3, both of which are third-party experts.

| Target | FY23 Current reporting year | FY22 Previous reporting year |
|---|---|---|
| Achieve a 42% reduction in Scope 1 & 2 carbon emissions (aligned with science-based targets) by 2030 | **7% increase compared to baseline** | 13% increase compared to baseline |
| Achieve net zero emissions across Scope 1, 2 and 3 by 2045 | **Scope 3 calculated and verified** | N/A |
| Achieve carbon neutrality in our operations by 2045 | **N/A** | N/A |

## Aligning to the SDGs

13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

| | FY23 (Current reporting year) | FY22 | FY21 (Base year) |
|---|---|---|---|
| Energy consumption used to calculate emissions (MWh) | **147,890,527** | 153,632,861 | 135,102,104 |
| **Scope 1** | | | |
| Emissions from activities in which Company owns or controls including combustion fuel and operation of facilities ($tCO_2e$) | **24,002** | 25,250 | 20,008 |
| **Scope 2** | | | |
| Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2 market-based) ($tCO_2e$) | **8,469** | 9,215 | 10,472 |
| Emissions from purchase of electricity, heat, steam and cooling purchases for own use (Scope 2 location-based) ($tCO_2e$) | **8,469** | 9,215 | 10,472 |
| **Total Scope 1 & 2** | | | |
| Total gross Scope 1 + Scope 2 market-based emissions ($tCO_2e$) | **32,471** | 34,465 | 30,480 |
| **Scope 3** | | | |
| Category 1: Purchased goods and services | | | 168,582.00 |
| Category 2: Capital goods | | | 42.00 |
| Category 3: Fuel and energy-related activities | | | 4,385.00 |
| Category 4: Upstream transport and distribution | | | 6,475.00 |
| Category 5: Waste generated in operations | | | 82.42 |
| Category 6: Business travel | | | 24,509.05 |
| Category 7: Employee commuting | | | 816.27 |
| Category 8: Upstream leased asset | | | |
| Category 9: Downstream transport and distribution | | | 1,917.00 |
| Category 11: Use of products (direct) | | | 7,406,152.00 |
| Category 12: End of life treatment of sold products | | | 5,272.38 |

Note:

- All emissions have been calculated following the Greenhouse Gas Protocol (GHG Protocol). Scopes 1 and 2 have been calculated using actual data whereas our Scope 3 emissions have been calculated using spend as a proxy and industry average emission factors.
- Although our emission data have been verified along with the Group data as an entity, the emission data from the Nigerian business was individually verified.
- These relate to our value chain emissions. Under Scope 3 emissions we report for categories 1 – 9 (purchased goods and services, capital goods, fuel and energy-related activities, operational waste, business travel, employee commuting, upstream leased assets and downstream transport and distribution) categories 11 and 12 (use of sold product and end of life treatment of sold product).

# Sustainability continued

In FY23, our carbon emission decreased by 6% against FY22 although it increased by 6.7% against the baseline (FY21), while we reduced our energy consumption by 3.7%.

We produced a continuous improvement plan per site to meet our 2030 target with a plan to conduct net zero and energy-saving audits to be overlayed with the site plans to produce an overall transition plan to 2045.

The bulk of our carbon emission reduction came from the restoration of gas back to the Aba site in March 2023, after being required to use diesel as an alternative throughout most of FY23. The restoration of gas led to the reduction of our GHG/KWh due to electricity produced by 8% saving a total of 657 $tCO_2e$ while emission from steam generation also reduced by 677 $tCO_2e$.

## Scope 1 and 2 carbon offsetting

The plan is to achieve carbon neutrality by 2025. Carbon neutrality means that we have offset our remaining Scope 1 and 2 emissions through the purchase of Gold Standard VER carbon credits. We will do this through a combination of increasing energy efficiency, moving to renewable electricity and through purchasing of carbon offsets.

From 2025, while we will consciously and voluntarily use carbon credits to offset those emissions we have not yet been able to reduce, we remain committed to reducing our overall emissions in absolute terms. We continue to explore additional energy efficiency measures and will provide further updates on our progress in this area in future sustainability reports.

## Scope 3

In FY23, we conducted a baseline gathering of our Scope 3 carbon emissions for FY21. Our carbon emissions along with that of the Group have been verified as a single unit. We successfully verified all emissions from the applicable categories of the GHG protocol Scope 3 guidance by a third party (Eco Act).

From FY24 we will establish an annual cycle of calculating and reporting Scope 3 emissions and will continue to verify these.

## Waste

| Target | FY23 Current report year | FY22 Previous reporting year | FY21 Baseline |
|---|---|---|---|
| By 2030, we aim to send zero waste to landfill subject to existing appropriate infrastructure | **34% reduction from FY21 baseline** | 24% increase from FY21 baseline | 138 tonnes |


In FY23, we reduced our absolute amount of waste to landfill by 47% compared to FY22.

We aim to reduce the amount of solid waste sent to landfill year-on-year, and all our factories and locations have waste reduction programmes in place. We study and map our landfill waste and then use a standard waste hierarchy tool to identify improvement actions, which are implemented via our Continuous Improvement programme.

## Water

| Target | FY23 Current report year | FY22 Previous reporting year | FY21 Baseline |
|---|---|---|---|
| Reduce water intensity by 30% from FY21 baseline by 2030 | **13% reduction from FY21 baseline** | 11% increase from FY21 baseline | $14.95m^3/t$ production |

In FY23, we implemented a new way of measuring our net water consumption, to be included in our formulations. In FY23, we reduced our water consumption per tonne of finished product by 13% compared to an FY21 baseline. Our absolute water consumption decreased by 14% against FY22, and overall, by 23.6% compared to a 2021 baseline.

We installed a small borehole for weekend and out-of-hours use, as well as installing another variable speed drive system to our large factory borehole pumps. The small bore was installed for weekend and holiday operation, allowing the three large borehole pumps to be shut down when they are not needed. We also installed a variable speed drive (VSD) onto a second factory borehole pump to control the speed and pressure into the water main. Together, these initiatives have helped us save more than 122 million litres of water across our various operations.

In FY23, we provided 195 million litres of water to our Ikorodu and Aba host communities in Nigeria.

# IT'S IN THE DNA OF PZ CUSSONS TO BE A FORCE FOR POSITIVE CHANGE.

## Biodiversity

We purchase and source raw materials that, in some cases, impact on biodiversity and forests. Our most significant purchases are paper-based materials and palm oil. Paper and cardboard are used in shipping cartons, pallet layer boards and some primary packaging and labelling.

We maintained our commitment to achieving 100% No Deforestation, No Peat and No Exploitation (NDPE) compliant supply by working with producers that do not contribute to deforestation, degradation of peat or exploitation NDPE and data on our performance is available in the reports published twice a year on our website. We continue to monitor our performance using Starling satellite data. Our 2023 Palm Oil Action Plan focuses on traceability, transformation and independent verification, and ongoing engagement with our suppliers.

We have also made appreciable progress on our commitment to use 100% certified or recycled paper by 2025 as we have achieved 97% of the target.

## Progress

Continue to use 100% responsible palm oil in our products (no deforestation, peat or exploitation)

100% of our paper will be certified or recycled by 2025

100% of our crude palm oil and palm kernal oil is supplied by direct suppliers with NDPE commitments aligned with ours

98% of palm oil derivatives are supplied by suppliers with NDPE commitments aligned with ours

99.68% of the crude palm oil (CPO) and palm kernel oil (PKO) we use is fully traceable to mill

93% of the derivatives we use are fully traceable to mill

## Sustainability continued

# FOR GOOD

**We behave ethically as a business, through the decisions we make and through our corporate and environmental and social impact governance processes.**

## Introduction

**We behave ethically as a business, through the decisions we make, the way we market and sell our products, and through our corporate and ESG governance processes. We operate in a business environment which is open, honest, and fair with our suppliers, customers, and business partners, and we do not tolerate corruption. Our ethical principles require that we show respect and integrity in our dealings with all our stakeholders.**

The policies and standards which govern our approach include:

- Code of Ethical Conduct
- Modern Slavery Act Statement
- Supplier Code of Conduct
- Animal Testing Policy




## Code of Ethical Conduct

The Code of Ethical Conduct (the Code) sets out our statement of ethical principles and the behaviours expected across the business. It provides rules and guidance to ensure we comply with the anti-bribery legislation in our country. The Code applies to all employees, contractors, Directors, and senior management as well as joint venture partners, suppliers, agents, consultants, and advisers.

In FY23, we conducted an annual Code of Ethical Conduct confirmation which was completed by all our graded employees. The confirmation sought feedback on the level of embeddedness of our Code and how well it was understood across our business. The feedback showed a strong understanding of the Code and the procedures in place to make whistle-blowing reports.

As part of the new joiner process all new joiners are required to confirm that they have read the Code and complete the ABC training within their first month. Face-to-face training on the Code was also conducted by the Ethics & Compliance team while face-to-face training was conducted for employees at several of our factory sites.

## Aligning to the SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

### Modern Slavery Act and Supplier Code of Conduct

Our Slavery and Human Trafficking Statement sets out our commitment to the integrity of our supply chain. It is supported by our Supplier Code of Conduct (SCOC) and procurement policies to ensure that we do not engage directly or indirectly with slavery or human trafficking.

Our SCOC incorporates our Modern Slavery Act Statement and mirrors our ethical principles set out in the Code of Ethical Conduct, requiring our suppliers to adhere to the same standards to which we hold ourselves, including but not limited to compliance with relevant laws and regulatory standards in Nigeria. Our goal is for 99% of our direct suppliers to have signed the SCOC by the end of FY25. 90% of our direct suppliers have signed it, and 95% of our high-value vendors have agreed to the SCOC or demonstrated they maintain an equivalent code within their business.

All new suppliers are subject to pass through a third-party risk centre platform that conducts due diligence, which is implemented by Dow Jones. 98% of our suppliers have done so, and all high-risk suppliers have been issued with a questionnaire requiring further information before being considered for approval or rejection by our procurement teams.

### Animal Testing

**We are passionately against animal testing. We do not test finished products or ingredients on animals, and do not permit our suppliers or any third parties to test on our behalf.**

Our suppliers must accept those terms to work with us. We will not sell our products, directly or indirectly, in any manner which would require them to be tested on animals prior to reaching our consumers.


### B Corp certification

We remain committed in our journey towards B Corp certification and will continue to deliver impact in alignment with its framework. The plan is achieving the certification by 2025. In FY23, we conducted the baseline gathering and we will continue to work in collaboration with Seismic, our expert partners who are supporting the certification process with B Lab, the organisation that administers the B Corp certification.

Working with Seismic has also allowed us to gain a better understanding of our progress toward B Corp certification, including the different thresholds required for each B Corp area of focus in the B Impact Assessment and the evidence required to respond.

# GOVERNANCE

# OUR ENERGETIC VALUE IN ACTION.

## WE ARE UP FOR EVERY CHALLENGE.

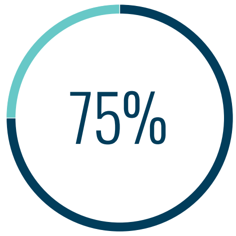
- Adapting with agility to stay ahead
- Responding at speed, building momentum
- Evolving to overcome every obstacle in our way

# Our Board

## A DIVERSE AND EXPERIENCED BOARD.

ETHNIC BACKGROUND

- Nigerian (75%)
- Foreigners (25%)




### Mrs. Ifueko M. Omoigui Okauru, MFR C

**Independent Non-Executive Director/Chair**

**Appointed:** 1 April 2021 and became the Chair of the Board on 25 January 2023

**Skills & experience:** Mrs. Ifueko M Omoigui Okauru, MFR, is a tri-sector expert in matters affecting the development of Nigeria with a special focus on the role of revenue generation in driving economic and social development. Ifueko has a rounded experience at the helm of affairs in the private, public, and non-governmental sectors of the economy, and holds several honours and awards in recognition of services rendered to Nigeria and other capacity.

Mrs. Okauru holds a First-Class Bachelor's degree in Accounting from the University of Lagos, Nigeria, a Master's in Management Science from Imperial College London and a Master's in Public Administration from Harvard University, Cambridge, MA.

She is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Fellow of the Chartered Institute of Taxation of Nigeria (CITN), a Fellow of the Compliance Institute, Nigeria (CIN), a member of the International Fiscal Association and a member of the Tax Advisory Group of the International Lawyers Project. She holds an honorary doctorate degree from the Benson Idahosa University, Benin-City.

Mrs. Okauru is the Managing Partner of Compliance Professionals Plc – a coalition of specialised consultants that caters for transformation in revenue generation processes and use of technology for lasting and sustainable outcomes, specialised tax advisory, governance, risk and compliance services. She sits on the Boards of MTN Nigeria Plc (Chairman, Tier 1, Procurement Committee, Member, Remuneration, HR, Social and Ethics, Audit and Statutory Audit Committees) and Nigeria Breweries Plc (Member, Audit, Risk and Ethics Committees). She is Chairman, Afya Care Nigeria Limited (a healthcare investment firm) and Chairman, ReStraL Ltd.

In her non-governmental service to humanity, Mrs. Okauru is the Chairman of the Nigeria Tax Research Network; current President of the Queen's College Old Girls Association (2019–2023), spanning a four-year tenure that has seen significant strategy and structural change geared towards championing contributions to Queen's College Lagos (a premier girls-only school, founded in 1927), its alumnae, girls and women development in general; and Chairman of the Board of DAGOMO Foundation Nigeria (Limited by Guarantee), a family based Non-Governmental Organisation currently focused on ageing and elder care related advocacy.

Board appointments she has held in the past include Independent Director, Seplat Petroleum Development Company (now Seplat Energy Plc) (Chairman, Corporate Governance, Culture and Compliance Committee; Member, Audit, Corporate Social Responsibility, Finance, Risk Management and HSSE Committees); Commissioner of the Independent Commission for the Reform of International Corporate Taxation (ICRICT), Chairman, Board of Trustees of the Lagos State Employment Trust Fund (LSETF), Independent Director, Central Securities Clearing System (CSCS), and Diamond Bank Plc.

From May 2004 to April 2012, Mrs. Okauru was the first female Executive Chairman of the Federal Inland Revenue Service (FIRS) and Chairman of the Joint Tax Board (JTB) comprising representatives of all taxing tiers of government of Nigeria. During her tenure, she spearheaded comprehensive tax reforms that led to development of the 1st National Tax Policy, modification of tax legislation and remarkable improvement in the effectiveness of Tax Administration. She led tax policy development, legislative and administrative changes that placed domestic and international tax collaboration as critical to growth. Tax collection in the FIRS and in the States grew significantly under her leadership.

On the international tax front, under Mrs. Okauru's watch, Nigeria was a founding member of the African Tax Administration Forum (ATAF), acting as its Pioneer Chairman of the Audit Committee. Nigeria was also the initiator of the West African Tax Admin Forum (WATAF) which is now fully operational. She was a member of the United Nations Committee of Experts on International Cooperation in Tax Matters and coordinator of its capacity building sub-Committee, set up under her guidance. She initiated the Double Taxation Agreement (DTA) model review, concluded in 2013. In recognition of her achievements at the FIRS, she was named the 2019–2020 Africa Initiative for Governance (AIG) Visiting Fellow for Practice at the Blavatnik School of Government, University of Oxford for her contributions to the reform of the Public Service in Nigeria.

From July 1996 to April 2004, she was the Chief Responsibility Officer of ReStraL Ltd., a company she founded in 1996 and built to a position of excellence in the Management/Strategy Consulting space, before leaving to take up appointment at the FIRS. From 1983 to March 1996, she worked across the broad spectrum of Audit, Tax and Consulting services in the firm of Arthur Andersen & Co. (now split into three firms – KPMG Professional Services, Accenture (now Verraki Partners in Nigeria), and Andersen). She became partner and head of the firm's successful strategy consulting practice before her exit in 1996.

When not working, Mrs. Okauru enjoys dancing, singing, and solving puzzles. She is also engaged in reflecting on and exploring issues that push the Nigerian and African development agenda. She is married to Mr. Asishana Bayo Okauru, and they have four children.

**She was appointed an Independent Non-Executive Director at PZ Cussons Nigeria Plc on 1 April 2021 and became the Chair of the Board on 25 January 2023.**

### Mr. Gbenga Oyebode

**Chairman (Non-Executive)**

**Appointed:** 11 December 2020

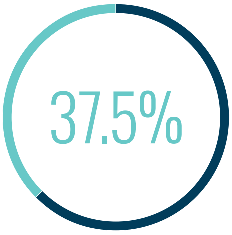
**Skills & experience:** Mr. Gbenga Oyebode was the Chairman of Aluko & Oyebode (Barristers & Solicitors), one of the largest integrated law firms in Nigeria. Mr. Oyebode was conferred with national honours of Nigeria (Member of the Order of the Federal Republic of Nigeria 'MFR' and Belgium (Royal Honour of 'Knight of the Order of Leopold') in 2001 and 2007 respectively. He received INSEAD's inaugural International Directors Network (IDN) Recognition Award in 2020. He was Chairman, Access Bank Plc (2005–2015), Director MTN Nigeria Plc (2001–2019), Chairman of Okomu Oil Palm Company Plc and serves on the Boards of Nestle Nigeria Plc, Lafarge Africa Plc (all listed on the Nigerian Stock Exchange), Socfinaf S.A (listed on the Luxembourg Stock Exchange) and he is the Chairman of CFAO Nigeria Plc.

Mr Oyebode is the Chairman of Teach for Nigeria, Director Teach for All, New York, Member of the Global Advisory Council of the Africa Leadership Academy, Johannesburg, Director Jazz at the Lincoln Centre, New York and Director African Philanthropy Forum. Member Board of Trustees Carnegie Hall, New York. Member, Board of Trustees Ford Foundation, New York. He is a Member of the International Council of Collectors – The Cleveland Museum of Art, Ohio; Member, Board of Trustees – The African Center, New York; Member, Advisory Board – Smithsonian's National Museum of African Art, Washington DC and Member of the International Circle, Amis du Centre Pompidou, Paris.

**He was appointed to the Board of PZ Cussons Nigeria Plc as a Non-Executive Director and the Chairman of the Board on 11 December 2020 and resigned on 25 January 2023.**

## GENDER DIVERSITY

- Male (62.5%)
- Female (37.5%)




## INDEPENDENCE

- Independence (62.5%)
- Non-independence (37.5)


### Mr. Dimitris Kostianis (E)

**Chief Executive Officer**

**Appointed:** 1 June 2023

**Skills & experience:** In a global career spanning 28 years with PZ Cussons, Mr Kostianis has held diverse roles across businesses in four (4) countries – United Kingdom, Kenya, Nigeria and Indonesia.

He joined the PZ Cussons Group as a Management Trainee working in Business Development in Eastern Europe, and then he moved to Kenya to undertake the role of Business Development Manager for East Africa. In the years post that, he became involved across sub-Sahara Africa through a number of senior leadership roles. That included joining the Africa Executive Leadership Team with responsibility for the sustainable growth of the business in sub-Sahara Africa and managing the Joint Venture (JV) with Haier across West Africa. In 2018, he moved to Indonesia to undertake the responsibility of leading the business in Indonesia, Asia.

Overall, he is significantly experienced in high growth potential emerging economies, multiple categories (personal care, home care and consumer appliances), and alternative Route(s) to Market (modern retail, traditional trade, exclusive consumer appliances stores and digital commerce).

He has been leading teams in volatile environments with effective communication and engagement. He has been adapting to different cultures, and he is able to develop strong internal and external relationships.

He received a 1st Class Double Honours Master's degree in Engineering & Management from the University of Birmingham in the United Kingdom.

**Mr. Kostianis was appointed the Chief Executive Officer (CEO) of PZ Cussons Nigeria Plc and a member of the Board on 1 June 2023.**

### Mr. Panagiotis Katsis

**Chief Executive Officer**

**Appointed:** 1 July 2020

**Skills & experience:** Mr. Katsis is highly competent with experience in managing complex businesses in demanding geographies with over 15 years of working experience acquired across West Africa, China and Europe. A result-driven, self-motivated and resourceful managing director with a proven ability to develop and strengthen management teams to maximise company profitability and efficiency. History of excelling in introducing organisational change and re-engineering business processes to facilitate business excellence and competitive advantage. Master knowledge in sales and marketing, including Route to Market and Revenue Growth Management, Trade Marketing, Category Management, sales planning, and brand marketing. Possessing excellent communication skills and establishing sustainable and profitable relationships with customers, suppliers and stakeholders worldwide. Mr. Katsis received a Bachelor's degree in Business Administration from the University of Salford in Manchester and an MBA from University of Warwick. Prior to this, he was the Managing Director for TEC Appliances (Nigeria) since 2010.

**He was appointed the Chief Executive Officer and a member of the Board of PZ Cussons Nigeria Plc on 1 July 2020 and resigned from the Board on 31 May 2023.**

### Ms. Joyce Coker (E)

**Human Resources Director**

**Appointed:** 1 July 2011

**Skills & experience:** Ms. Joyce Coker joined the PZ Cussons Group on 1 July 2011 as the Human Resources Director. In 2014 she earned additional responsibility as the Regional Human Resources Director for the Africa PZ Group. She joined the Group with a wealth of experience across industries – Financial Services, Consulting, and Manufacturing/ Consumer goods having worked with top organisations like Universal Commercial Plc London, Accenture, Heirs Alliance, Unilever Nigeria & Unilever Group based in Kenya with responsibility across the East, West & Central Africa region. She earned her first degree from the University of Lagos and a Master of Arts in Human Resources Management from the University of Westminster, London and is an alumnus of the London Business School and Cambridge University Business School. She is a member of the Chartered Institute of Personnel Management, Nigeria, as well as the Institute of Directors.

**Ms. Coker joined the Board of PZ Cussons Nigeria Plc on 15 September 2011.**

### Mr. Zuber Momoniat

**Chief Finance Officer**

**Appointed:** 1 April 2022

**Skills & experience:** Mr. Momoniat is a qualified chartered accountant with close to two decades of corporate practice. He holds a BCom (Honours) in Accounting from the University of the Witwatersrand in Johannesburg, South Africa. Zuber began his accounting career with PricewaterhouseCoopers 'PwC' in 2003 and later joined the then SABMiller Group working across different countries and units of finance for over 11 years. He was the Finance Director at International Breweries Plc before joining PZ Cussons Nigeria Plc as the Chief Finance Officer of its African operations.

**Mr. Momoniat was appointed to the Board of PZ Cussons Nigeria Plc on 1 April 2022 and resigned from the Company on 15 December 2022.**

### Committees

- B – Board Audit & Risk Management Committee
- G – Governance & People Committee
- S – Statutory Audit Committee
- E – Executive Director
- C – Chair

# **Our Board** continued

## Mr. Kevin Massie G

**Non-Executive Director**

**Appointed:** 25 March 2022

**Skills & experience:** Mr. Kevin Massie is an experienced Corporate Lawyer and Company Secretary with a demonstrated history of working in emerging markets. Mr. Massie has extensive experience in corporate law and governance across his career, having trained as a capital market and M&A lawyer at leading firms in Canada before moving abroad to join Ashurst LLP in Dubai. Mr. Massie has held senior legal and governance roles focusing on emerging markets, including acting as General Counsel at Vivo Energy plc and Associate General Counsel and Company Secretary at Tullow Oil plc. He has significant international experience, having lived and worked in North America, Europe, Asia and Africa. He holds a Doctor of Law from Queen's University and a Bachelor of Arts in History and Political Science. Mr. Massie joined PZ Cussons Nigeria Plc as General Counsel and Company Secretary in June 2020 and is responsible for the global Legal, Governance and Compliance functions.

**He was appointed as a Non-Executive Director of the Board of PZ Cussons Nigeria Plc on 25 March 2022.**

## Mr. Duncan Anniss B

**Non-Executive Director**

**Appointed:** 25 March 2022

**Skills & experience:** Mr. Duncan Anniss is a CIMA-qualified Finance Director who is an expert at delivering strong financial management, leadership and control to support commercial growth and transformational change. His key strengths include re-engineering processes and strengthening internal control frameworks to enhance accuracy/ efficiency and instilling financial governance; steering key finance change initiatives, including global process standardisation, organisational restructuring and cost rationalisation. Mr. Anniss has over 20 years of experience and holds a BSc (Hons) in Mathematics & Statistics from the University of Birmingham, United Kingdom. He is an Associate of the Chartered Institute of Management Accountants (ACMA) and a Global Chartered Management Accountant (CGMA).

**He joined the PZ Group in 2021 and was appointed a Non-Executive Director of PZ Cussons Nigeria Plc on 25 March 2022 and retired with effect from 30 October 2023.**

## Mallam Ballama Manu B S

**Independent Non-Executive Director**

**Appointed:** 22 November 2022

**Skills & experience:** Mallam Ballama Manu holds a BSc in Accounting (First Class Honours) from Ahmadu Bello University Zaria and an MSc in Accounting and Finance from the London School of Economics and Political Science. He was formerly the Executive Chairman of the Federal Inland Revenue Service and Acting President of The Nigerian Stock Exchange. Mallam Manu has served and is still serving on several Boards, including Union Bank Plc, Nigeria Deposit Insurance Corporation, Stanbic IBTC, and is currently the Chairman/Chief Executive Officer of Sicom Capital Services Limited.

**He was appointed to the Board of PZ Cussons Nigeria Plc as an Independent Non-Executive Director on 22 November 2022.**

## Oluwatoyin Odutayo G B

**Independent Non-Executive Director**

**Appointed:** 22 November 2022

**Skills & experience:** Mrs. Toyin Odutayo is a global strategic and visionary technology leader with over 30 years extensive experience in technology strategy and digital transformation. She is the founder and managing partner at Benchmark IT Services and Applications Limited, where she leads technology initiatives for startups and SMEs in various sectors, including travel, financial services and lifestyle. Previously, she served on the board of Wakanow.com Limited and was the Executive Director in charge of Technology, where she developed Nigeria's foremost technology platform for travel sales. She was the information technology lead at Virgin Nigeria Limited and Oando Plc where she developed and implemented IT strategies for growth and efficiency. Mrs. Odutayo holds a Master's in Business Administration (Cranfield School of Management), an MSc with Distinction in Information Systems Engineering (London South Bank University) and a BSc (Hons) in Computer Science (University of Lagos).

**She was appointed to the Board of PZ Cussons Nigeria Plc as an Independent Non-Executive Director on 22 November 2022.**

## Ms. Olubukola Olonade-Agaga

**Company Secretary**

**Appointed:** 14 March 2023

**Skills & experience:** Ms. Olonade-Agaga joined PZ Cussons Nigeria Plc on 14 March 2023 as the Company Secretary. She is a highly experienced and dedicated Company Secretary and corporate governance practitioner with over 20 years of experience in corporate governance, board management and legal compliance with a focus on regulated entities. A certified corporate governance trainer, facilitator, auditor, and board evaluator. She is an alumnus of the Ogun State University (now Olabisi Onabanjo University) and the University of London, a member of the Nigerian Bar Association, and a Fellow of the Institute of Chartered Secretaries and Administrators of Nigeria. She is a member of the Business Recovery and Insolvency Practitioners of Nigeria and INSOL International, an international association of restructuring, insolvency and bankruptcy professionals.

Before her role at PZ Cussons Nigeria Plc, she was a Managing Associate with Alsec Nominees Limited, an affiliate of Udo Udoma & Belo-Osagie, a leading first tier international law firm, where she was directly responsible for the company secretarial and corporate governance requirements of almost 50 companies (public and private) operating within the various sectors of the Nigerian economy.

**Ms. Olonade-Agaga was appointed PZ Cussons Nigeria Plc Company Secretary on 14 March 2023.**

## Committees

- B Board Audit & Risk Management Committee
- G Governance & People Committee
- S Statutory Audit Committee
- E Executive Director
- C Chair

### Prof. Fabian Ajogwu, OFR, SAN G

**Independent Non-Executive Director**

**Appointed:** 4 September 2023

**Skills & experience:** Fabian Ajogwu is a Senior Advocate of Nigeria 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, University of Navarra, Barcelona; and Law degrees from the University of Nigeria, and the University of Lagos.

Professor Ajogwu is a Fellow and Director of the Society for Corporate Governance Nigeria; a Fellow of the Nigerian Institute of Chartered Arbitrators, Fellow of the African Leadership Initiative West Africa, Henry Crown Global Leadership of the Aspen Institute (2009 Class set), Fellow of the AIFA Reading Society, Fellow of the Society for Art Collection, and a member of the Oxford Philosophical Society. He served on the pioneer board of the Lagos Court of Arbitration between 2010 and 2020 and was Vice-President. He serves on the Governing Council of the Nigerian Institute of Chartered Arbitrators, as its Vice-President. He served on the Governing Council of the Pan-Atlantic University (Lagos Business School), served as a member of the General Council of the Bar from 2015 to 2020, and the Council of Legal Education (Nigerian Law School) as the statutorily designated Distinguished Legal Author between 2010 and 2018. Professor Ajogwu is a member of the London Court of International Arbitration, and a member of the Lagos Court of Arbitration, and listed on its panel of neutrals. He is also a member of the International Council for Commercial Arbitration.

Professor Ajogwu assisted the Securities and Exchange Commission in drafting Nigeria's pioneer Code of Corporate Governance between 2001 and 2003. He chaired the Nigerian Communications Commission Committee on Corporate Governance between 2013 and 2014 which produced the pioneer NCC Code of Corporate Governance for the Telecommunication sector. He served on the Financial Reporting Council of Nigeria Committee on the 2018 National Code of Corporate Governance. He chairs the Body of Senior Advocates of Nigeria Committee on Continuing Legal Education.

He chairs the Novare Group in Nigeria (owners of Novare malls), ARM Harith Infrastructure Ltd (Nigeria's pioneer infrastructure fund), and NES Global, amongst others, as an Independent Non-Executive. He is a Non-Executive Director of Stanbic IBTC Holdings Plc and an Independent Non-Executive Director of Guinness Nigeria Plc.

**He joined the Board of PZ Cussons Nigeria Plc on 4 September 2023.**

### Mr. Paul Usoro SAN

**Non-Executive Director**

**Appointed:** 15 July 2011

**Skills & experience:** Paul Usoro, SAN was educated at the Obafemi Awolowo University, Ile Ife. He is the Senior Partner of Paul Usoro & Co., a law firm he founded and which has grown to become one of Nigeria's leading commercial law firms. Apart from being an acclaimed legal practitioner, Mr. Usoro has extensive boardroom experience having served as a director of diverse organisations. Mr. Usoro was appointed by President Goodluck Jonathan, GCFR, to the Board of Nigerian Bulk Electricity Trading Plc in 2011 and chaired the Company's Board Audit Committee.

**Mr. Usoro was appointed to the Board of the Company on 15 July 2011 and retired on 25 January 2023.**

### Mr. Kamar Bakrin

**Non-Executive Director**

**Appointed:** 4 September 2023

**Skills & experience:** Mr. Kamar Bakrin was, until recently, Operating Partner at Helios Investment Partners, the largest Africa-focused private equity firm, where he headed the Nigeria office. Prior to this, he was a Director at the Corporate office of the Nigerian conglomerate, the Honeywell Group; responsible for the Natural Resources and Power Infrastructure businesses.

Mr. Bakrin previously served as MD/CEO of Oando Energy Services during which he led the transition to a full oilfield services company. He was, before that, the Chief Executive of Oando Marketing after having been the Head of Corporate Development of Oando's holding company. Before returning to Nigeria, Mr. Bakrin was a Consultant with the Boston Consulting Group in the USA and has also worked with Colgate Palmolive, South Africa and Arthur Andersen (now KPMG).

Mr. Bakrin chairs the Boards of Arnergy Solar Ltd and Scidar, and serves on the Boards of Polysmart Ltd, Quest Energy Services (owners of Ascon Petroleum) and Asiko Energy Holdings.

Mr. Bakrin holds a Bachelor's degree in Agricultural Economics from the University of Ilorin and an MBA from Columbia Business School. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a member of the Institute of Directors, Nigeria.

**He was appointed to the Board of PZ Cussons Nigeria Plc on 4 September 2023 and retired with effect from 30 October 2023.**

### Dr. Suleyman Abdu Ndanusa, OON

**Independent Non-Executive Director**

**Appointed:** 16 November 2023

**Skills & experience:** Dr. Suleyman Abdu Ndanusa, OON is a Banker, a Lawyer, an Economist, a Certified National Accountant, a Stockbroker and a Chartered Secretary.

He graduated from Ahmadu Bello University, Zaria, with a BSc (2nd Class Upper) degree in Economics in 1978 and obtained an MBA in 1982 from the same University. He obtained an LLB degree from the University of Lagos in 2000 and was called to the bar in 2003. He is also a graduate of the prestigious Advance Management Programme (AMP) of Harvard Business School USA and the Advanced Leadership Programme (ALP) from Judge Business School, Cambridge University, UK. He is a holder of a Ph.D. MGMT (Corporate Governance) from the University of San Juan, and a holder of Ph.D. in Security and Strategy from Nasarawa State University.

He was the Board Chairman of the Securities and Exchange Commission (SEC), Nigeria, from January 2013 to April 2015, having previously served as the Director General from 1999 – 2004. He was the Chairman/ProChancellor of IBB University Lapai in Niger State (2009- 2015). He is also the Chief Executive Officer (CEO) of Global Mandate Consulting Limited, Abuja; a multidisciplinary consulting firm providing services in corporate governance, risk management, economic research, financial services sector and advisory on policy formulation.

Dr. Ndanusa's career includes leadership roles at Spring Bank Plc, Nigeria where he served as Managing Director/CEO from June 2007 – Dec 2008 (an interim arrangement to salvage the crises ridden Bank). Prior to his appointment, he was Lead Consultant in the Central Bank of Nigeria Bank Consolidation Monitoring Team. His banking experience goes as far back as 1987 when he became the Deputy Manager, Credit & Marketing, Continental Merchant Bank Nigeria Plc. (CMBN), he went on to serve in various other capacities in the same bank such as Manager, Credit & Marketing, Head of Department, Domestic Money Market & Treasury Dept. and Assistant General Manager & Head of Domestic Money Market & Treasury Dept.

He served as Special Assistant to the Honourable Minister of Commerce in 1999; He is a recipient of the National Honour "Officer of the Order of the Niger (OON)". He served as a Council Member, Nigeria Investment Promotion Commission; Member, Technical Committee on Privatisation (BPE); National Pensions Reforms Steering Committee. He has previously served on the Board of Directors of various corporations such as UAC Plc (2010-2013), Penman Pensions Ltd (2005-2014), and Suburban Telecoms (2008-2010), to mention but a few. He was a Director of, the Economic Intelligence Office of the National Security Adviser (NSA) 2005-2011. He became the Chairman, of Empire 2005-2011 Group Ltd, a Financial Services Group in 1996, having previously served as the Group Managing Director (GMD).

Dr. Ndanusa was the President/Chairman of the Council of the Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN) 2013-2015. He is a Fellow of the Association of National Accountants of Nigeria (ANAN). An Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN) and served as a co-opted member of the Council of the Institute, a fellow of the Chartered Institute of Stockbroker, a fellow of the Institute of Chartered Secretaries and Administrators (UK and Nigeria), and a fellow of the Institute of Directors.

**.He was appointed to the Board of PZ Cussons Nigeria Plc on 16 November 2023.**

# Our Management Team

## Mr. Dimitris Kostianis E

**Chief Executive Officer**

**Appointed:** 1 June 2023

**Skills & experience:** In a global career spanning 28 years with PZ Cussons, Mr Kostianis has held diverse roles across businesses in four (4) countries – United Kingdom, Kenya, Nigeria and Indonesia.

He joined the PZ Cussons Group as a Management Trainee working in Business Development in Eastern Europe, and then he moved to Kenya to undertake the role of Business Development Manager for East Africa. In the years post that, he became involved across sub-Sahara Africa through a number of senior leadership roles. That included joining the Africa Executive Leadership Team with responsibility for the sustainable growth of the business in sub-Sahara Africa and managing the Joint Venture (JV) with Haier across West Africa. In 2018, he moved to Indonesia to undertake the responsibility of leading the business in Indonesia, Asia.

Overall, he is significantly experienced in high growth potential emerging economies, multiple categories (personal care, home care and consumer appliances), and alternative Route(s) to Market (modern retail, traditional trade, exclusive consumer appliances stores and digital commerce).

He has been leading teams in volatile environments with effective communication and engagement. He has been adapting to different cultures, and he is able to develop strong internal and external relationships.

He received a 1st Class Double Honours Master's degree in Engineering & Management from the University of Birmingham in the United Kingdom.

**Mr. Kostianis was appointed the Chief Executive Officer (CEO) of PZ Cussons Nigeria Plc and a member of the Board on 1 June 2023.**

## Oghale Elueni

**Managing Director of the Africa Consumer Business**

**Appointed:** 1 June 2023

**Skills & experience:** Oghale is the Managing Director of the Africa Consumer Business and is responsible for leading P&L delivery, market share and business growth. He is also accountable for end-to-end operations management and organizational health across the Africa market.

Before joining PZ Cussons, Oghale served as General Manager, Sub-Saharan Africa, and Managing Director West Africa for SC Johnson. More widely, he spent several years at Procter & Gamble in Africa and the US, holding several leadership roles across market strategy and planning; and commercial management roles for Walmart's International Customer Team, supporting emerging markets in Asia and Latin America, and health & beauty categories.

**Oghale was appointed on 1 June 2023.**

## Ms. Joyce Coker E

**Human Resources Director**

**Appointed:** 1 July 2011

**Skills & experience:** Ms. Joyce Coker joined the PZ Cussons Group on 1 July 2011 as the Human Resources Director. In 2014 she earned additional responsibility as the Regional Human Resources Director for the Africa PZ Group. She joined the Group with a wealth of experience across industries – Financial Services, Consulting, and Manufacturing/Consumer goods having worked with top organisations like Universal Commercial Plc London, Accenture, Heirs Alliance, Unilever Nigeria & Unilever Group based in Kenya with responsibility across the East, West & Central Africa region.
She earned her first degree from the University of Lagos and a Master of Arts in Human Resources Management from the University of Westminster, London and is an alumnus of the London Business School and Cambridge University Business School. She is a member of the Chartered Institute of Personnel Management, Nigeria, as well as the Institute of Directors.

**Ms. Coker joined the Board of PZ Cussons Nigeria Plc on 15 September 2011.**

## Brian Egan

**Chief Finance Officer**

**Appointed:** 1 January 2023

**Skills & experience:** Brian Egan was appointed as an Interim Chief Finance Officer (CFO) of the Company effective January 1st, 2023.

Brian has held the role of CFO of public companies listed in London on the FTSE 250 and other international stock exchanges including the Nigerian Exchange Limited and Ventures Exchange in Canada.

- He has broad corporate finance experience and has worked with international FMCGs, logistics, manufacturing, retail, and mining.
- Brian is also an expert at delivering strong financial management, leadership, and control to support commercial growth and transformational change.
- Brian has over 35 years of experience and holds a Bachelor of Commerce Degree (Hons) and a Postgraduate Diploma in Professional Accounting from the University College, Dublin. He is a Member of the Institute of Chartered Accountants in Ireland (FCA).

## Rajkumar Kale

**Commercial Director Electricals**

**Appointed:** 1 June 2023

**Skills & experience:** Rajkumar Kale was appointed as the Commercial Director Electricals with effect from 1 June 2023. Mr Kale is a senior leader with 25 years of progressive accomplishments in steering business development, enhancing revenue growth and profitability with cross-functional experience in managing large teams across different geographies. He has strong strategic experience in Sales, Marketing and After-sales service in the Consumer Durables, Imaging and Printing industries. Over the last 25 years, he has worked in large multinationals, building and leading sales, marketing and strategy teams.

**He joined the Company in 2013.**

## Ifeanyichukwu Abadom

**Supply Chain Director for Africa**

**Appointed:** 1 October 2021

**Skills & experience:** Ifeanyichukwu Abadom was appointed as the Supply Chain Director for Africa with effect from 1 October 2021. Mr. Abadom is a seasoned and talented professional with extensive experience across the various levels of Supply Chain management. He is an astute leader with over 20 years' experience, having worked across the continents of Africa and Europe.

He provides strategic direction, management of financial performance including planning, budgeting, driving & managing costs and managing the external and internal vendor base to the Africa Supply Chain team. In his role, he is responsible for the delivery of all products into all the PZ Cussons footprints across Africa.

During his prior role as Director of manufacturing operations at Honeywell Flour Mills, he was a member of the leadership team where he created and implemented manufacturing strategies that ensured business growth, adequate service delivery with proper cost control and overall supply chain optimization. He was also responsible for research and quality, continuous improvement, engineering, and engineering Stores units.

Ifeanyichukwu is a chemical Engineer with a core area of speciality is in Process Optimisation & Control. He currently manages and oversees manufacturing sites and other supply chain functions in Nigeria, Ghana & Kenya.

## Samson Moju

**Regional Head of Information Technology**

**Appointed:** September 2019

**Skills & experience:** Samson Moju joined PZC in September 2019 having worked for Unilever and CHI Limited a subsidiary of The Coca-Cola Company "TCCC" as Regional Head of Information Technology.

Samson is a result-oriented and strategic IT leader with over 2 decades of experience in practical use of Information Technology to drive and deliver Business Objectives within Sales & Distribution, Finance, Brand Building and Supply Chain functions.

He has strong IT Business Partnering skills and managing comprehensive IT strategies, projects, People, and business process improvement.

He has Proven track record of driving digital transformation, optimizing IT infrastructure, and enhancing organizational efficiency. Adept at leading cross-functional teams, aligning IT initiatives with business goals, and ensuring the delivery of high-quality IT services. Experienced in diverse industries, with a strong focus on innovation, cybersecurity, and continuous improvement.

He holds a degree in Computer Science and master's in management information system "MIS" with various certification in Networking, Project Management, Business analysis and Database Application Development and a member of the Computer Professional Association of Nigeria.

Samson has a great passion for Result, excellent execution and drive for growth.

### Committees

- A Board Audit & Risk Management
- G Governance & People Committee
- S Statutory Audit Committee
- E Executive Director
- C Chair

CGRS

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# Report of the Directors

For the year ended 31 May 2023

## ACCOUNTS AND RESULTS

The Directors are pleased to present to members their annual report on the affairs of PZ Cussons Nigeria Plc ("the Company" or "the Group") for the year ended 31 May 2023.

## OPERATING RESULT

The following is the summary of the Group's operating result as of 31 May 2023:

| | 2023 N'000 | 2022 N'000 | Change % |
|---|---|---|---|
| Revenue | **113,964,309** | 99,503,320 | 15% |
| Operating profit/(loss) | **8,224,028** | (231,533) | 3,652% |
| Profit before taxation | **20,463,740** | 10,008,025 | 104% |
| Taxation | **(6,115,395)** | (3,308,700) | 85% |
| Profit for the year | **14,348,345** | 6,699,325 | 114% |
| Non-controlling interest | **1,455,559** | 729,210 | 100% |
| Profit attributable to equity holders of parent company | **12,892,786** | 5,970,115 | 116% |

## PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture, distribution and sale of a wide range of consumer products and home appliances through strategically located depots throughout Nigeria. These products are leading brand names in the country in detergent, soap, cosmetics, refrigerators, freezers and air-conditioners. The Group facilitates the distribution of products of a related entity – Harefield Industrial Nigeria Limited.

## DIVIDEND

Following the impact of significant foreign exchange losses on the Company, the Board did not approve a dividend for distribution this year.

## DIRECTORS AND THEIR INTEREST

The Directors who served as of 31 May 2023 and their interest in the shares of the Group as recorded in the register of members for the purpose of Section 301 of the Companies and Allied Matters Act 2020 ("CAMA"), and in compliance with the Listing Requirements of the Nigerian Exchange Limited are as follows:

## DIRECTORS

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect |
| Mrs. Ifueko M. Omoigui Okauru, MFR | **59,713** | **Nil** | 59,713 | Nil |
| Mr. Gbenga Oyebode, MFR (Up to 25 January 2023) | **Nil** | **Nil** | Nil | Nil |
| Mr. Panagiotis Katsis (Up to 31 May 2023) | **Nil** | **Nil** | Nil | Nil |
| Ms. Joyce F Coker | **3,889** | **Nil** | 3,889 | 3,889 |
| Mr. Kevin Massie*** | **Nil** | **Nil** | Nil | Nil |
| Mr. Duncan Anniss*** | **Nil** | **Nil** | Nil | Nil |
| Mallam Ballama Manu | **Nil** | **Nil** | Nil | Nil |
| Mrs. Oluwatoyin Odutayo | **Nil** | **Nil** | Nil | Nil |
| Mr. Paul Usoro SAN (Up to 25 January 2023) | **1,000,000** | **Nil** | 1,000,000 | Nil |
| Mr. Zuber Momoniat (Up to 31 December 2022) | **Nil** | **Nil** | Nil | |

*** Mr. Massie and Mr. Anniss represented the interest of the majority shareholder PZ Cussons (Holdings) Limited UK with 2,909,349,788 shares.

The above are the Directors' holdings as of 31 May 2023.

# Report of the Directors continued

For the year ended 31 May 2023

## INTEREST IN CONTRACTS

In accordance with Section 303 of the CAMA, Mallam Manu and Prof. Ajogwu have notified the Company that they are Independent Directors on the Board of Stanbic IBTC Holding PLC, the holding company of one of our bankers. No other Director has notified the Group of any declarable interest in any contract in which he/she was involved with the Group during the year.

## DIRECTORS FOR ELECTION AND RE-ELECTION

In accordance with Article 90 of the Company's Articles of Association and Section 285 of the Companies and Allied Matters Act 2020, one-third of the number of Directors, based on the length of stay in office, will retire at the Annual General Meeting and may offer themselves for re-election. Accordingly, Ms. Joyce Coker and Mr. Kevin Massie being eligible, have offered themselves for re-election.

Mr. Gbenga Oyebode resigned, and Mr. Paul Usoro, SAN retired from the Board on 25 January 2023. The Chief Executive Officer, Mr Panaiotis Katsis retired on 31 May 2023. The Board approved the appointments of Mr Dimitris Kostianis, Professor Fabian Ajogwu, OFR, SAN, and Mr. Kamar Bakrin to fill the casual vacancies created by their exits. Mr. Bakrin resigned from the Board on 14 October 2023 following his appointment as the Chief Executive Officer of the National Sugar Development Council by the Federal Government of Nigeria and the Board appointed Dr Suleyman Ndanusa to fill the casual vacancy created by his exit.

Mr Kostianis,Professor Ajogwu, SAN and Dr Ndanusa's appointments will be presented at this Annual General Meeting for Shareholders' approval.

## RECORDS OF DIRECTORS ATTENDANCE

In compliance with Section 284 (2) of the CAMA, the Record of Directors' Attendance at Board Meetings held in the 2023/2024 financial year is available at the Annual General Meeting for inspection by members.

## MEETINGS OF THE BOARD OF DIRECTORS

As a rule, the Board of Directors meets at least quarterly, and additional meetings are convened as required. Also, as allowed by the Company's Articles of Association, material decisions are sometimes taken between meetings by way of written resolutions.

At every quarterly meeting, the Directors are provided with comprehensive reports of the activities of the various business units as well as important corporate events. They are also briefed on all business developments between meetings. The Board met eight times during the 2022/2023 financial year.

The meetings were presided over by the Chairman. In all cases, written notices of meetings, the meeting agenda as well as the reports for consideration were circulated well ahead of the meetings. The minutes of the meetings were appropriately recorded and circulated.

The record of attendance of the Directors at the meetings is set below:

| Director | 23/06/22 | 28/09/22 | 28/10/22 | 24/01/23 | 25/01/23 | 24/03/23 | 31/03/23 | 27/04/23 |
|---|---|---|---|---|---|---|---|---|
| Mr. G. Oyebode | ✓ | ✓ | ✓ | ✓ | ✓ | R | R | R |
| Mrs. I.M.O Okauru | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. P. Katsis | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. J.F. Coker | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. K. Massie | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. D. Anniss | ✓ | ✓ | AB | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Z. Momoniat | ✓ | ✓ | ✓ | R | R | R | R | R |
| Paul Usoro, SAN | ✓ | ✓ | ✓ | ✓ | ✓ | R | R | R |
| Mallam B. Manu | NA | NA | NA | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs. O. Odutayo | NA | NA | NA | ✓ | ✓ | ✓ | ✓ | ✓ |

✓ Present

AB Absent

R Resigned

NA Not Appointed

* Mallam B. Manu became a member on 21 November 2022.
* Mrs. O. Odutayo became a member on 21 November 2022.
* Mr. Z. Momoniat resigned on 31 December 2022.
* Mr. O. Oyebode resigned on 25 January 2023.
* Paul Usoro, SAN retired on 25 January 2023.

## MAJOR SHAREHOLDINGS

According to the Register of Members as of 31 May 2023, PZ Cussons (Holdings) Limited held 2,909,349,788 ordinary shares of 50 kobo each. This represents 73.27% of the paid-up capital of the Company.

## ANALYSIS OF SHAREHOLDINGS

| RANGE | No. of Holders | % Holders | Units | % Units |
|---|---|---|---|---|
| 1–1,000 | 25,618 | 33.74 | 10,774,408 | 0.27 |
| 1,001–5,000 | 23,093 | 30.41 | 57,000,858 | 1.44 |
| 5,001–10,000 | 11,386 | 15.00 | 87,382,095 | 2.20 |
| 10,001–50,000 | 13,652 | 17.98 | 278,987,313 | 7.03 |
| 50,001–100,000 | 1,184 | 1.56 | 83,713,686 | 2.11 |
| 100,001–500,000 | 848 | 1.12 | 164,241,878 | 4.14 |
| 500,001–1,000,000 | 76 | 0.10 | 52,425,655 | 1.32 |
| 1,000,001–5,000,000 | 60 | 0.08 | 124,646,082 | 3.14 |
| 5,000,001–10,000,000 | 3 | 0.00 | 22,836,859 | 0.58 |
| 10,000,001–50,000,000 | 5 | 0.01 | 120,201,120 | 3.03 |
| 50,000,001–100,000,000 | 2 | 0.00 | 141,360,143 | 3.56 |
| 100,000,001–3,970,477,045 | 1 | 0.00 | 2,826,906,948 | 71.20 |
| | **75,928** | **100.00** | **3,970,477,045** | **100.00** |

Apart from PZ Cussons (Holdings) Limited, UK, no other shareholder held more than 5% of the paid-up capital of the Company as of 31 May 2023.

| | 31 May 2023 | | 31 May 2022 | |
|---|---|---|---|---|
| Description | Unit | Percentage | Unit | Percentage |
| Issued Share Capital | **3,970,477,000** | **100%** | 3,970,477,000 | 100% |
| **Substantial Shareholdings (5% and above)** | | | | |
| PZ Cussons (Holdings) Limited, UK | **2,909,349,788** | **73.27%** | 2,909,565,546 | 73.28% |
| Total Substantial Shareholdings | **2,909,349,788** | **73.27%** | 2,909,565,546 | 73.28% |
| **Directors' Shareholdings (direct and indirect), excluding Directors with substantial interests** | | | | |
| Ms. Joyce Coker | **3,889** | **0.00%** | 3,889 | 0.00% |
| Mr. P. Usoro, SAN | **1,000,000** | **0.03%** | 1,000,000 | 0.03% |
| Mrs. I.M.O Okauru, MRF | **59,713** | **0.00%** | – | 0.00% |
| | **–** | **–** | – | – |
| Total Directors' Shareholdings | **1,063,602** | **0.03%** | 1,003,889 | 0.03% |
| **Other Influential Shareholdings** | | | | |
| AMCON & PFA | **98,793,459** | **2.49%** | – | 0.00% |
| | | **0.00%** | | 0.00% |
| Total Other Influential Shareholdings | **98,793,459** | **2.49%** | – | 0.00% |
| **Free Float in Units and Percentage** | **961,370,151** | **24.21%** | 1,059,907,565 | 26.69% |
| Free Float in Value | **N16,245,465,551.90** | | N12,135,941,619.25 | |

## DECLARATION:

(a) PZ Cussons Nigeria Plc, with a free float percentage of 24.21% as of 31 May 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(b) PZ Cussons Nigeria Plc, with a free float value of N12,135,941,619.25 as of 31 May 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

# Report of the Directors continued

For the year ended 31 May 2023

## BOARD COMMITTEES

The Board has established Standing Committees whose terms of reference clearly define roles, responsibilities and scope of authorities. To ensure compliance with the best practice in Corporate Governance, each Committee is chaired by a Non-Executive Director.

## BOARD AUDIT AND RISK MANAGEMENT COMMITTEE

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

The Committee is made up of three (3) members, namely:

| | |
|---|---|
| Mrs. I.M.O. Okauru, MFR** | |
| Mallam Ballama Manu* | Chairman |
| Mr. Duncan Anniss | Member |
| Mrs. Oluwatoyin Odutayo** | Member |
| Mr. P. Usoro, SAN** | |

The Committee met seven times during the financial year. The table below summarises members' attendance at the meetings:

| Name | No. of meetings held | No. of meetings attended |
|---|---|---|
| Mrs. I.M.O. Okauru, MFR** | 7 | 5 |
| Mallam Ballama Manu* | 7 | 2 |
| Mr. Duncan Anniss | 7 | 7 |
| Mrs. Oluwatoyin Odutayo** | 7 | 1 |
| Mr. P. Usoro, SAN** | 7 | 5 |

** Mrs. I.M.O. Okauru, MFR** resigned on 25 January 2023.

** Mr. P. Usoro, SAN resigned on 25 January 2023.

* Mallam Ballama Manu became a member on 25 January 2023.

* Mrs Oluwatoyin Odutayo became a member on 9 May 2023.

* Mr Kamar Bakrin became a member on 14 September 2023 after the year end but resigned on 14 October 2023.

The meetings were held on 22 June 2022, 27 September 2022, 11 October 2022, 12 October 2022, 23 January 2023, 22 March 2023, and 9 May 2023.

## GOVERNANCE AND PEOPLE COMMITTEE

The Committee advises the Board on the appointment of Directors, corporate governance matters, staff welfare and remuneration, talent management, and other strategic employees relations matters.

The Committee members are:

| | |
|---|---|
| Mrs. Oluwatoyin Odutayo* | Chairman |
| Mrs. I.M.O. Okauru, MFR** | Member |
| Mr. K. Massie | Member |
| Prof. Fabian Ajogwu, OFR, SAN* | Member |
| Mr. P. Usoro, SAN** | |

The Committee met six times during the financial year, and the table below shows the attendance at the meetings:

| Name | No. of meetings held | No. of meetings attended |
|---|---|---|
| Mrs Oluwatoyin Odutayo* | 6 | 3 |
| Mr. P. Usoro, SAN** | 6 | 4 |
| Mrs. I.M.O. Okauru, MFR** | 6 | 4 |
| Mr. K. Massie | 6 | 6 |
| Mallam B. Manu* | 6 | Nil |

** Mrs. I.M.O. Okauru, MFR resigned on 25 January 2023.
** Mr. P. Usoro, SAN resigned on 25 January 2023.
* Mrs. Oluwatoyin Odutayo became a member on 13 December 2022.
* Mallam Ballama Manu became a member on 21 June 2023 after the year end.
* Prof. Fabian Ajogwu, OFR, SAN became a member on 14 September 2023 after the year end.

The meetings were held on 22 June 2022, 7 July 2022, 27 October 2022, 13 December 2022, 3 March 2023, and 31 March 2023.

## STATUTORY AUDIT COMMITTEE

The Committee is established to perform the functions listed in Section 404 (7) of the Companies and Allied Matters Act 2020. The Committee consists of five (5) members made of three representatives of the shareholders elected at the previous Annual General Meeting for the tenure of one year and two Non-Executive Directors. The meetings of the Committee were attended by the Head of Internal Audit and representatives of Deloitte & Touche, the Group's external auditors.

The following Directors served on the Committee during the year:

Mallam B. Manu* Chairman

Mrs. I.M.O Okauru, MFR**

Mr. P. Usoro, SAN**

The table below summarises the attendance at the Committee meetings during the year:

| Name | No. of meetings held | No. of meetings attended |
|---|---|---|
| Mallam B. Manu* | 5 | 1 |
| Mrs. I.M.O Okauru, MFR** | 5 | 4 |
| Mr. Paul Usoro, SAN** | 5 | 4 |
| Mr. E.A. Akinduro** | 5 | 3 |
| Hon. B. Nwabughogu | 5 | 5 |
| Mr. O.I. Obarinde | 5 | 4 |
| Mr. O. Owoeye* | 5 | 1 |

** Mrs. I.M.O. Okauru, MFR resigned on 25 January 2023.
** Mr. P. Usoro, SAN resigned on 25 January 2023.
** Mr. E.A. Akinduro ceased to be a member on 25 January 2023
* Mallam Ballama Manu became a member on 25 January 2023.
* Mr. Owoeye became a member on 25 January 2023.
* Mr Kamar Bakrin became a member on 4 September 2023 after the year end but resigned on 14 October 2023.

The meetings were held on 22 June 2022, 30 September 2022, 13 October 2022, 14 December 2022 and 22 March 2023.

# Report of the Directors continued

For the year ended 31 May 2023

## BOARD COMPOSITION

The Company's Articles of Association provide for a maximum of fifteen (15) directors. At the date of this report, the Board consists of seven (8) Directors: four Independent Non-Executive Directors, two Non-Executive Director and two Executive Directors.

The profile of the Board comprises distinguished individuals with diverse skills and competencies in different areas of the Group's business. This continually ensures the realisation of the set corporate objectives.

In line with best practices, the position of the Chairman is distinct from that of the Chief Executive Officer.

The Chair is Mrs. Ifueko Omoigui Okauru, an Independent Non-Executive Director, while the Chief Executive Officer is Mr. Dimitris Kostianis. Furthermore, while the Chairman is responsible for providing overall leadership for the Company and ensuring the effective operation of the Board to achieve the Company's strategic goals, the Chief Executive Officer is responsible for coordinating the running of the business and implementing strategies.

## INDEPENDENT DIRECTORS

In compliance with Section 275(1) of the CAMA and the Nigerian Code of Corporate Governance, more than a third, four (4) of the eight (8) Directors, are independent Directors having no significant shareholding interest or any special business relationship with the Group.

## BOARD OPERATIONS

The Board is the ultimate governing body of the Group, and it is responsible for its overall supervision and the protection of the interests of shareholders and other stakeholders. It ensures that the Group is appropriately managed to achieve strategic objectives.

The specific issues reserved for the Board include:

- The ultimate direction of the Group, particularly the conduct and supervision of the business
- Determination of the Group's organisation
- Risk Management and Internal Control
- Supervision with respect to compliance with the law
- Corporate Governance matters
- Communication with shareholders
- Review of business performance

The Board has delegated to Management the day-to-day running of the business, and the Chief Executive Officer, who is the head of the Management Team, is answerable to the Board.

## BOARD APPOINTMENT AND INDUCTION

Directors are appointed to the Board following a declaration of vacancy at a Board meeting. New Directors are selected through carefully articulated selection guidelines that place emphasis on integrity, skills and competencies relevant to the Group's goals and aspirations. The Policy confers on the Governance and People Committee the responsibility of identifying individuals with a track record of outstanding achievements and potential for value enhancement. The Committee's recommendation is subjected to further scrutiny by the Board before a decision is taken. The appointed Director is made to undergo an induction programme to equip and familiarise him/her with the requisite knowledge and information about the Group and its business. Furthermore, a newly appointed Director receives a letter of appointment spelling out in detail the entitlements, terms of reference of the Board and its Committees and the Key Performance Indicators.

The appointment of the Director is presented to the subsequent Annual General Meeting for ratification.

## INTERNAL CONTROL

The Board maintained a sound system of internal control to safeguard shareholders' investments and the Group's assets. The system of internal control provides reasonable assurance against material loss. The responsibilities include oversight functions of internal audit and control, risk assessment and compliance, conformity and contingency planning, and formalisation and improvement of business processes.

## COMMUNICATION WITH SHAREHOLDERS

The Board is committed to an open and consistent communication policy with shareholders and other stakeholders. The guiding principle is that all shareholders should be given equal treatment in equal situations. Thus price-sensitive information is published timely in a full, simple and transparent format to all shareholders at the same time.

Furthermore, all shareholders have equal opportunity at the Annual General Meeting to present questions to the Board and make comments on any aspect of the financial statements.

## INSIDER DEALINGS

The Company has regulations guiding Directors, members of the Audit Committee and other officers of the Company on periods when they, or persons connected to them, cannot lawfully effect transactions on the shares of the Company as well as the disclosure requirements when effecting any transaction on the Company's shares.

## E-DIVIDEND

The Company consistently encourages its shareholders to embrace the e-dividend and e-bonus introduced in the capital market. This enables prompt crediting of shareholders' accounts with dividend and their CSCS accounts with bonus shares. This will also eliminate the cost of posting dividend warrants and share certificates and the risk of being lost in the post.

## PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment during the year is disclosed in Note 4 of the financial statements. In the opinion of the Directors, the market value of the Group's property, plant and equipment is not less than the value shown in the financial statements.

## DISTRIBUTORS AND SUPPLIERS

The Group has four distribution centres across the country with over 1,000 distributors. The Group also obtains its requirements from both local and overseas suppliers. The principal overseas suppliers are associated companies within the PZ Cussons Group. The transactions are carried out at arm's length.

## RESEARCH AND DEVELOPMENT

The Group's Research and Development efforts, supported through licensing and technical services agreements with overseas associated companies in the PZ Cussons Group, are designed to ensure a constant programme of product improvement and new product introduction.

## EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

The Group's policy provides due priority to be accorded to physically challenged persons in recruitment for any available position where their incapacity will not expose them to danger or serious disadvantage. Employees who become incapacitated in the course of their employment are retained and redeployed wherever possible within the context of the above policy.

## HEALTH, SAFETY AND WELFARE

The Group recognises the health and safety of its employees, customers, contractors and other stakeholders as a top priority and this forms an integral part of its business activities. We are committed to maintaining a safe working place at all times and in all sites, depots and business units across the country so as to avoid accidents and ill health due to work situations. We recognise that health and safety is fundamental to good manufacturing practice. The roll-out of our world-class manufacturing programme has ensured that our factories are pleasant workplaces.

## EMPLOYEE INVOLVEMENT AND TRAINING

The Group is committed to keeping employees informed regarding its performance and progress through regular briefings and meetings. Their views are sought wherever practicable on matters which affect them as employees. The Group believes that the professional and technical expertise of its managers constitutes a major asset, and investment in developing such skills continues to receive attention.

The Group's skill base has been steadily expanding with the range of training provided for career development within the Group.

## ANTI-CORRUPTION AND BUSINESS INTEGRITY

The Group does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee shall offer, give or receive any gift or payment which is or may be construed as being a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to Management. No employee will be criticised for any loss of business resulting from adherence to these principles. The Company's accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

A whistleblowing policy has also been put in place to encourage employees at all levels to alert and inform Management of any negative development that might impinge on the value, performance and image of the Group before any harm is done. Similarly, a corporate fraud policy has been established to facilitate the development of controls which will aid in the detection and prevention of fraud against the Company. It is our intention to promote consistent organisational behaviour by providing guidelines and assigning responsibilities for the development of controls and conduct of investigations.

# **Report of the Directors** continued

For the year ended 31 May 2023

## GIFTS AND DONATIONS

During the year ended 31 May 2022, the Group contributed N50 million (2021: N50 million) to PZ Foundation. The Foundation commissioned a number of sustainable projects to the benefit of various communities around the Country. In accordance with Section 43 (2) of the Companies and Allied Matters Act 2020, the Group did not make any donation or gift to any political party, association or for any political purposes in the course of the year.

## ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the year.

## EVENTS AFTER THE REPORTING DATE

PZ Cussons (Holdings) Limited (the "Core Shareholder") informed the Board of Directors of the Company of its intention to acquire the shares held by all the other shareholders of the Company, subject to prevailing market conditions, at an offer price of N21 per share (the "Proposed Transaction"). The Proposed Transaction is however, subject to the consideration and approval of the Board of PZCN, the Company's shareholders and requisite regulatory authorities.

In their offer, the PZ Cussons Group explained that they believe the transaction is necessary in order to enable them to significantly simplify and strengthen operations in Nigeria creating the foundations for the Nigerian business to deliver against its strategy, building a more agile and innovative business, and noted that PZ Cussons has been present in Nigeria since 1899 and expects Nigeria to remain an important market for the PZ Cussons Group for many years to come.

It is intended that the Proposed Transaction will be implemented under a Scheme of Arrangement in line with section 715 of the Companies and Allied Matters Act, No.3 of 2020 (as amended) and other applicable rules and regulations. This will require the Company to convene a general meeting of its shareholders by an order by the Federal High Court (the "Court Ordered Meeting").

Details of the Court Ordered Meeting (which includes the date, time, venue and agenda for the meeting) will be communicated to shareholders upon receipt of the requisite approvals from the Board, the Securities and Exchange Commission and the Federal High Court. The terms and conditions of the Proposed Transaction will be provided in the Scheme Document, which will be dispatched to all shareholders prior to the Court Ordered Meeting.

## INDEPENDENT AUDITORS

The firm of Deloitte & Touché ("Deloitte Nigeria") served as the Independent Auditor during the year under review. Having served in that capacity for six years, Deloitte Nigeria has indicated their unwillingness to continue in office as auditors to the Company following the decision of Deloitte UK to resign as the Independent Auditors of the PZ Cussons Group. In accordance with Section 401(6) of the CAMA, the Directors appointed PricewaterhouseCoopers LLP ("PwC") as Auditors of the Company. The Board will present their appointment to the Shareholders for ratification at the Annual General Meeting.

Dated 16 November 2023

BY ORDER OF THE BOARD

**Olubukola Olonade-Agaga, FCIS**

Company Secretary

FRC/2020/002/00000021128

Lagos, Nigeria

# Statement of Directors' Responsibilities

The Directors of PZ Cussons Nigeria Plc are responsible for the preparation of the consolidated and separate financial statements that gives a true and fair view of the financial position of the Group and Company as at 31 May 2023, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing these consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- making an assessment of the Group's ability to continue as a going concern;
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

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

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2023 were approved by the Directors on 30 October 2023.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

**Mrs. I.M.O Okauru, MFR**
Chair

FRC/2016/ICAN/00000014169

**Mr. Dimitris Kostianis**
Chief Executive Officer

FRC/2023/PRO/DIR/003/204573

**Mr. Brian Egan**
Chief Financial Officer

FRC/2015/PRO/ANAN/001/00000011227

# Corporate Governance Report

This Corporate Governance Report is prepared in accordance with Principle 28 of the Nigerian Code of Corporate Governance 2018 (the 2018 Code). A copy of the 2018 Code can be found on the Financial Reporting Council's website: www.frcnigeria.gov.ng/.

## STATEMENT OF COMPLIANCE

We affirm that the 2018 Code and the SEC Corporate Governance Guideline ("Guideline") govern the operations of the Group and confirm that we are in compliance with the Code and the Guideline, not because it is required but to achieve the Group's long-term goals and sustainability.

## BOARD LEADERSHIP AND COMPANY PURPOSE

### Effective Board

The Board understands that its role is to provide leadership and set the purpose, values and standards for the Group. Our business model and strategy are set out on pages 22–23 of the Strategic Report and describe the basis upon which the Company generates and preserves value over the long-term.

The Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, thereby generating value for investors and contributing to the wider society. The Board meets regularly to review Management's activities and evaluate compliance with strategic direction. The Directors' profiles are on pages 48–53.

Directors have the right to raise concerns at Board meetings and can ask for those concerns to be recorded in the Board minutes. The Group has also established a procedure which enables Directors, in relevant circumstances, to obtain independent professional advice at the Company's expense.

### Board and Corporate Governance Evaluation

The Board has established a system to undertake a formal and rigorous annual evaluation of its performance, that of its Committees, the Chairman and individual directors in line with the provisions of the 2018 Code. Having engaged the services of external facilitators for the Company's Board and Corporate Governance evaluations in the 2020, 2021 and 2022 financial years, the Board undertook to evaluate its own performance, that of its committees, the Chairman and individual Directors in the year under review as permitted by Principle 14.1 of the 2018 Code.

The questionnaire for the exercise evaluated the Board's governance processes and practices, benchmarking same against the 2018 Code based on the following seven (7) key corporate governance considerations:

(a) Board Structure and Composition

(b) Board Operations and Effectiveness

(c) Strategy Development and Implementation

(d) Risk Management and Compliance

(e) Performance Measurement and Management

(f) Transparency and Disclosure

(g) Stakeholders Engagement and Corporate Citizenship

The result of the questionnaires administered showed that the Board was effective during the period under review. It observed a few areas requiring improvements and the Board is committed to keep improving the corporate governance culture of the Group to attain its objectives.

### Board development and training

The Chair is responsible for leading the development, and monitoring the effective implementation, of training policies and procedures for the Directors. On appointment, each Director receives a formal and tailored induction. The Board is committed to providing on-going training in addition to the Directors personal professional development.

### Stakeholder engagement

We recognise the importance of clear communication and proactive engagement with all of our stakeholders. During the year under review, the Board used various engagement channels to provide information and receive valuable feedback from our key stakeholders.

### Board roles

The responsibilities of the Chair, Chief Executive Officer, Board and Board Committees are clear, set out in writing and regularly reviewed by the Board.

There is a clear division between the Executive and Non-Executive responsibilities.

| Role | Responsibilities |
| --- | --- |
| Chair of the Board<br>Ifueko M. Omouigui Okauru, MFR | The Chair of the Board is responsible for ensuring overall Board and individual Director effectiveness and for creating and embedding the right governance framework within the Board. Specific responsibilities include:<br>• Effective running of the Board including setting the agenda and ensuring that the Board plays a full and constructive part in the approval of the Group's strategy and overall commercial objectives.<br>• Ensuring Management provides the Directors with accurate, timely and adequate information.<br>• Ensuring the effective operation of the Board such that the Board works towards achieving the Group's strategic objectives.<br>• Ensuring that the Board and its committees are composed of individuals with relevant skills, competencies and desired experience.<br>• Providing guidance to the CEO and being available to him for regular communication.<br>• Reviewing and agreeing training and development for the Board.<br>• Ensuring an appropriate balance is maintained between Executive and Non-Executive Directors with the skills, experience and expertise to provide guidance, challenge and oversight to the Board and executive management.<br>• Ensuring there is effective communication with the Group's shareholders and other stakeholders.<br>• Ensuring that the performance of the Board as a whole, its Committees, and individual Directors is formally evaluated.<br>• Promoting high standards of integrity and corporate governance throughout the Group, particularly at Board level. |
| Chief Executive Officer<br>Dimitris Kostianis | The Chief Executive Officer is accountable to the Chair and the Board for providing timely, accurate and clear information in relation to the Group's performance and delivery of its strategy and overall commercial objectives. Specific responsibilities include:<br>• Day to day management of the Group.<br>• Proper implementation and achievement of the Group's strategic objectives to ensure its sustainable development and growth.<br>• Managing the Group's risk profile in line with its risk appetite and ensuring that effective internal controls are in place.<br>• Providing the Board with complete, accurate and timely information and documentation to enable it make sound decisions.<br>• Executive Management matters affecting the Group and leading the Leadership Team (ALT).<br>• Promoting and conducting the affairs of the Group with standards of integrity and corporate governance that align to the Group's integrity and purpose.<br>• Advising and making recommendations in respect of management succession planning.<br>• Leading and overseeing the development and implementation of good governance policies relating to whistle-blowing, insider dealing, disclosure, anti-corruption, safety and sustainability.<br>• Promoting an entrepreneurial and ethical culture which welcomes and supports a diverse workforce.<br>• Championing the Group's values and behaviours. |
| Chief Financial Officer<br>Brian Egan | The Chief Financial Officer's specific responsibilities include:<br>• Implementing the Group's financial strategy, including balance sheet management and capital allocation.<br>• Supporting the Chief Executive Officer in the delivery of the Group's strategy and financial performance.<br>• Overseeing financial reporting and internal controls. |

| Role | Responsibilities |
| --- | --- |
| Non-Executive Directors | The Non-Executive Directors' specific responsibilities include:<br>• Contributing to the development of the Group's strategy.<br>• Promoting and supporting the Group's values and commitment to high standards of corporate governance.<br>• Reviewing, oversight and constructive challenge of the Leadership Team on the delivery of the Company's objectives and strategy. |

# Corporate Governance Report continued

## GOVERNANCE FRAMEWORK

The Board recognises that a good governance structure is not static but allows the Group to grow and develop.

The Board has overall authority for the management and conduct of the Group's business, strategy and development and is responsible for ensuring that this aligns with the Group's culture. The Board ensures the maintenance of a system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of the systems in place. The Board delegates the day-to-day management of the business to the CEO and the Executive Leadership known as the Africa Leadership Team (ALT). There is a schedule of matters reserved for the Board's decision which forms part of our Delegated Authority Framework.

Matters for the Board's decision include approval of the following:

(a) Leadership, strategy, budget and management

(b) Structure and capital

(c) Financial reporting and controls

(d) Risk Management and internal controls

(e) Contracts and expenditure in accordance with the Group's Authorisation Metrics

(f) Communications

(g) Board membership and other appointments

(h) Corporate Governance matters

(i) Remuneration

(j) Delegated Authority and other matters

### THE BOARD

The Board's role is to provide leadership and set the purpose, values and standards of the Company and the Group. The Board has ultimate responsibility for the long-term success and sustainability of the business. It approves the Group's long-term objectives and commercial strategy and provides oversight of the Group's operations.

### THE BOARD DELEGATES RESPONSIBILITY FOR CERTAIN MATTERS TO ITS PRINCIPAL COMMITTEES

| | |
|---|---|
| BOARD AUDIT AND RISK MANAGEMENT COMMITTEE | GOVERNANCE & PEOPLE COMMITTEE |

### Board Audit & Risk Management Committee

The Board Audit and Risk Management Committee (BARMC) is established by and among the board of directors for the primary purpose of assisting the board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to:

(a) the integrity of the Group's financial statements.

(b) the effectiveness of the Group's internal control over financial reporting.

(c) the Group's compliance with legal and regulatory requirements.

(d) the independent auditor's qualifications and independence.

(e) the performance of the Company's internal audit function and independent auditor.

The BARMC has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

(a) Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Group.

(b) Resolve any disagreements between management and the auditor regarding financial reporting.

(c) Pre-approve all auditing and non-audit services.

(d) Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.

(e) Seek any information it requires from employees-all of whom are directed to cooperate with the BARMC's requests-or external parties.

(f) Meet with company officers, external auditors, or outside counsel, as necessary.

### Governance & People Committee

The Governance and People Committee(GPC) is established by and among the board of directors for the primary purpose of assisting the board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders relating to:

(a) the integrity of the Group's corporate governance system.

(b) the effectiveness of the system of internal non-financial controls of the Group.

(c) the Group's compliance with legal and regulatory requirements.

(d) matters pertaining to human resources and manpower.

The GPC has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

(a) retain independent counsel to advise the Committee or assist in the conduct of an investigation.

(b) seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests or external parties.

(c) meet with company officers or external counsel as necessary.

## THE EXECUTIVE LEADERSHIP TEAM (ALT)

The Board has delegated responsibility for the delivery of the Group's strategy and the day-to-day operational performance of the business to the Executive Directors in accordance with the Group Authorisation Framework. The ALT work closely with the wider Group Executive Leadership Team to deliver this strategy.

## BALANCE OF INDEPENDENCE

The Board currently comprises four Independent Non-Executive Directors (including the Chair), one Non-Executive Director and two Executive Directors. The Board is of the opinion that the Independent Non-Executive Directors remain independent, in line with the definition set out in the 2018 Code and are free from any relationship or circumstances that could affect, or appear to affect, their independent judgement except as disclosed earlier.

## CONFLICTS OF INTEREST

The Company Secretary keeps a register of all Directors' interests. The register sets out details of situations where each Director's interest may conflict with those of the Company (situational conflicts).

## COMPANY SECRETARY

All Directors have access to the advice of the Company Secretary. The appointment and remuneration of the Company Secretary is a matter for the Board.

# Corporate Governance Report continued

## BOARD TIME COMMITMENTS

All Directors are required to obtain permission of the Board in respect of any proposed appointments to other listed company boards prior to committing to them. The Non-Executive Directors are required, by their letters of appointment, to devote sufficient time to meet the expectations of their role as required by the Board from time to time. The Board remains satisfied that all the Directors spend considerably more than this amount of time on Board and Committee activity.

## BOARD MEETING ATTENDANCE

Each of the Directors has committed to attend all scheduled Board and relevant Committee meetings and has committed to make every effort to attend ad hoc meetings, either in person or by telephone/video call. The Independent Non-Executive Directors meet without the Executive Directors present at least once a year. The attendance of Directors at Board and Board Committees meetings held during the year is as shown on pages 56–59.

## INSIDE INFORMATION POLICY

The Inside Information Policy sets out the procedures, systems and controls which must be complied with in determining whether information relating to the Company is inside information and, if it is, the procedures for controlling the inside information and disclosing such information to the market. Directors and employees are required to always consider the need to identify information that may be inside information and the requirement to maintain its confidentiality until such time as it is formally announced to the market. Any material breach of the Inside Information Policy is taken seriously and may lead to disciplinary action being taken against the individual(s) concerned up to and including dismissal in accordance with disciplinary procedures. The Company's Inside Information Policy establishes mandatory procedures to ensure that all Company employees and other personnel are able to:

a. identify potential inside information;

b. escalate the issue as soon as possible through the appropriate internal channels; and

c. protect and control inside information.

Inside information, is information which is of a precise nature, has not been made public, relates, directly or indirectly, to one or more of the Company's financial instruments, and would, if it were made public, be likely to have a significant effect on the prices of those financial instruments, which means the information a reasonable investor would be likely to use as part of the basis of his/her investment decisions. A description of each of the Inside Information elements is set out in the Inside Information Policy.

## SHARES DEALING POLICY

The Company has in place a Shares Dealing Policy to guide the Board, Employees, External Advisers and Related Parties on trading in the securities of the Company within the closed period. Under the policy, the closed period is when no Director, employee, external adviser and related party with inside information can trade in the Company's securities. The closed period commences from the end of the financial period in review or 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter or the date of circulation of agenda papers pertaining to a board meeting on any of the said matters, whichever is earlier, up to 24 hours after the price sensitive information is submitted to the exchange via its issuer's portal and disclosed to the public. The trading window shall thereafter be opened.

We confirm that no Director and key management personnel traded in the securities of the Company within the closed period.

## CODE OF ETHICAL CONDUCT

Our ethical principles dictate our ways of working and operating and are embedded in all of our people processes, from recruitment to succession, and from development planning to performance management. Our ethical principles are honesty, integrity, respect and accountability. The Code of Ethical Conduct is owned, driven and supported by the Board of Directors. It clearly sets out the expectations of all those who work for, and with us. The Code applies to the Board of Directors, Senior Management and all employees and contract, agency or temporary workers (collectively referred to as employees), and compliance with the Code is mandatory. We require our joint venture partners, suppliers, agents, advisors, consultants or other entities (collectively referred to as business partners) to act in a manner that is consistent with the spirit of the Code when engaged in activity linked with the Group. We expect our business partners to either adopt the standards set out under our Code, or in the case of suppliers, under our Supplier Code of Conduct, or to demonstrate that they maintain their own codes or standards which are at least equivalent to our own.

## WHISTLEBLOWING POLICY

The Whistleblowing policy establishes the guidelines for reporting any actual or suspected abuse or non-compliance with any of the policies, procedures, values or business principles of Group, any other misconduct or improper state of affairs or circumstances in relation to the Group, or breach of any other Group Code of Ethical Conduct and related policies.

We are committed to maintaining high standards of compliance and ethical business conduct. Our values and business principles are fundamental to our ability to succeed and serve our customers. A key part of that is for all of our Employees to conduct their business with integrity, both within the limits of our internal policies and procedures, but also within the limit and spirit of all applicable laws and regulations.

We act with openness, integrity and trust, ask for help, admit to our mistakes and put things right. To do that we need the support of our Employees which is why this policy is so important. Each of our Employees is responsible for speaking up if they witness or become aware of any suspected misconduct. Any disclosure is not only treated confidentially and sensitively, but is evaluated, and where appropriate investigated, thoroughly. We do not tolerate any kind of reprisal against someone for making a good faith disclosure of suspected misconduct. The Board and the ALT have committed themselves to the policy and its implementation throughout the Group. The policy applies to all our employees and business partners.

## SUSTAINABILITY CHARTER

PZ Cussons is committed to running its business in a responsible, environmentally sound and sustainable manner. Care for people and planet is one of our key responsibilities and an important part of the way in which we do business. Throughout our global operations we regard compliance with the law as the minimum standard to be achieved and will continue to put in place additional environmental and social programmes to go beyond compliance where appropriate.

Our principles have been chosen, and are regularly reviewed, to ensure that our actions effectively implement our ethos and values; they are:

- To comply with all relevant environmental and human rights legislation, regulations and approved codes of practice.
- To take significant environmental aspects and impacts into account throughout our operations, maintaining a robust environmental management process at each factory and location.
- To ensure that environmental and social issues are properly assessed and considered when key decisions are taken about supply chains, processes and new product development.
- To establish and measure the significant environmental impacts of our operations, set targets for performance improvements and monitor progress against those targets in areas including but not limited to energy, greenhouse gas emissions, water usage/quality, waste, deforestation and responsible supply chain practices.
- To use energy and natural resources wisely and efficiently, eliminate and minimize waste, impact on bio-diversity and re-use and recycle where practical.
- To engage with our suppliers, customers and other stakeholders on environmental issues, including the sustainability of our raw and packaging material supply chains.
- To ensure that employees have a level of knowledge and understanding appropriate to their environmental responsibilities and are aware of actions they can take to reduce their impacts.
- To conduct an annual review, including progress against targets, and to make that review publicly available in our Annual Report. Specific goals are available on https://www.pzcussons.com/sustainability/.

The Charter applies to every member of the Company, including our employees and business partners.

## COMPLAINT MANAGEMENT POLICY

The Complaint Management Policy sets out the broad framework bend to issues which the Group and its Registrars attend to issues and concerns raised by shareholders and provide the opportunity for shareholders to give feedback to the Group. The Group is dedicated to ensuring great standard of services to its shareholders by:

- Creating an efficient process for the management of shareholders' complaints and enquiries;
- Ensuring that all matters relating to shareholders are adequately addressed; and
- Making information readily available to shareholders.

### Communication Policy

Our Group has in place a Communication Policy in accordance with the requirements of the Securities & Exchange Commission.

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

Dated 16 November 2023

BY ORDER OF THE BOARD

**Olubukola Olonade-Agaga, FCIS**
Company Secretary

FRC/2020/002/00000021128

Lagos, Nigeria

# Certification of Financial Statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, 2020 the Chief Executive Officer and the Chief Financial Officer certify that the consolidated and separate financial statements have been reviewed and based on our knowledge, the:

- audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made; and
- audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operations of the Company and the Group as of and for, the periods covered by the audited financial statements.

We state that management and Directors:

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

We have disclosed:

- all significant deficiencies in the design or operation of internal controls which could adversely affect the Company and Group's ability to record, process, summarise and report financial data, and has identified for the Company and Group's auditors any material weaknesses in internal controls; and
- whether or not, there is any fraud that involves management or other employees who have a significant role in the Company and Group's internal control; and
- as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2023 were approved by the Directors on 30 October 2023.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Brian Egan

**Mrs. I.M.O Okauru, MFR**
Chair
FRC/2016/ICAN/00000014169

**Mr. Dimitris Kostianis**
Chief Executive Officer
FRC/2023/PRO/DIR/003/204573

**Mr. Brian Egan**
Chief Financial Officer
FRC/2015/PRO/ANAN/001/00000011227

# Report of the Audit Committee

## TO: THE MEMBERS OF PZ CUSSONS NIGERIA PLC

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

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

(b) the scope and planning of both the external and internal audit for the year ended 31 May 2023 are satisfactory. The internal audit programmes reinforce the Group's and Company's internal control system; and

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

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

### Members of the Audit Committee

| | | |
|---|---|---|
| Mallam B. Manu | Chairman, Directors' Representative | FRC/2016/IODN/00000014340 |
| Mr. O.I. Obarinde | Shareholders' Representative | FRC/2021/002/00000024587 |
| Mr. E.A. Akinduro | Shareholders' Representative | FRC/2020/002/00000020764 |
| Hon. B. Nwabughogu | Shareholders' Representative | FRC/2021/002/00000024861 |
| Mr. O. Owoeye | Shareholders' Representative | FRC/2023/PRO/CIBN/002/879894 |

On 25 January 2023, Mrs Okauru MFR ceased to be a member of the Committee on her appointment as the Chairman of the Company and Mr. Owoeye replaced Mr. Akinduro on the Committee. The Company Secretary served as the Secretary to the Committee.

**Mallam B. Manu**
FRC/2016/IODN/00000014340
30 October 2023

# FINANCIAL STATEMENTS

# OUR STRIVING VALUE IN ACTION.

## WE WORK WITH RESILIENCE AND DETERMINATION.

- Taking ownership of goals and commercial growth
- Leading with ambition and entrepreneurial in attitude
- Always learning to improve

Read more online
**www.pzcussons.com/**

# Independent Auditor's Report

To the shareholders of PZ Cussons Nigeria Plc

## REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated and separate financial statements of **PZ Cussons Nigeria Plc** and its subsidiary (the Group and Company) set out on pages 76–134, which comprise the consolidated and separate statements of financial position as at 31 May 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **PZ Cussons Nigeria Plc** as at 31 May 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020 and Financial Reporting Council Act.

### Basis for Opinion

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

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

### Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated and separate financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

### Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report, statement of Directors' responsibilities, certification of financial statements, corporate information and financial highlights and other national disclosures (statement of value added and five-year financial summary), which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act we expressly state that:

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

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

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

**Ngozika Emeka-Eze,**
FCA – FRC/2013/ICAN/00000001817
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 October 2023

# Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

| For the year ended 31 May<br>In thousands of Naira | Note | Group<br>**2023** | Group<br>2022 | Company<br>**2023** | Company<br>2022 |
|---|---|---|---|---|---|
| Revenue | 28 | **113,964,309** | 99,503,320 | **67,413,111** | 58,264,660 |
| Cost of sales | 26a | **(81,015,877)** | (75,202,156) | **(48,653,086)** | (47,098,064) |
| **Gross profit** | | **32,948,432** | 24,301,164 | **18,760,025** | 11,166,596 |
| Selling and distribution expenses | 26a | **(11,720,884)** | (10,017,575) | **(8,054,946)** | (6,950,684) |
| Impairment of trade receivables | 26a | **(167,976)** | (149,054) | **(187,922)** | (86,538) |
| Administrative expenses | 26a | **(7,881,879)** | (10,206,473) | **(6,902,928)** | (8,284,397) |
| Foreign exchange loss | 26b | **(4,953,665)** | (4,159,595) | **(3,808,074)** | (1,419,868) |
| **Operating profit/(loss)** | | **8,224,028** | (231,533) | **(193,845)** | (5,574,891) |
| Other income | 27 | **7,341,557** | 9,412,353 | **7,311,799** | 9,518,974 |
| Interest income | 35 | **5,233,116** | 836,144 | **4,149,329** | 933,042 |
| Interest cost | 35 | **(334,961)** | (8,939) | **(1,456)** | (1,959) |
| **Profit before tax** | | **20,463,740** | 10,008,025 | **11,265,827** | 4,875,166 |
| Income tax expense | 20 | **(6,115,395)** | (3,308,700) | **(2,737,391)** | (1,091,514) |
| **Profit for the year** | | **14,348,345** | 6,699,325 | **8,528,436** | 3,783,652 |
| **Total comprehensive income for the year** | | **14,348,345** | 6,699,325 | **8,528,436** | 3,783,652 |
| **Attributable to:** | | | | | |
| Equity holders of the parent company | | **12,892,786** | 5,970,115 | **8,528,436** | 3,783,652 |
| Non-controlling interest | | **1,455,559** | 729,210 | **–** | – |
| **Total comprehensive income for the year** | | **14,348,345** | 6,699,325 | **8,528,436** | 3,783,652 |
| Basic and diluted earnings per share (kobo) | 30 | **3.28** | 1.50 | **2.15** | 0.95 |

The accompanying notes on pages 83–134 form an integral part of these financial statements.

# Consolidated and Separate Statements of Financial Position

As at 31 May 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| In thousands of Naira | Note | 2023 | 2022 | 2023 | 2022 |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | **15,500,551** | 16,490,087 | **14,031,271** | 15,137,428 |
| Right-of-use assets | 7 | **203,758** | 92,879 | **131,515** | 64,612 |
| Intangible assets | 9 | **423,847** | 529,808 | **423,847** | 529,808 |
| Investment in subsidiary | 10 | **–** | – | **504,406** | 504,406 |
| Investment property | 6 | **1,590,634** | 1,646,739 | **1,590,634** | 1,646,739 |
| Deferred taxation | 21 | **524,559** | 281,734 | **–** | – |
| Loan receivables | 13 | **–** | – | **3,422,048** | – |
| Other assets | 14 | **32,082** | 47,321 | **32,082** | 47,321 |
| **Total non-current assets** | | **18,275,431** | 19,088,568 | **20,135,803** | 17,930,314 |
| **Current assets** | | | | | |
| Inventories | 11 | **29,048,718** | 26,891,779 | **19,922,450** | 19,263,283 |
| Trade and other receivables | 12 | **11,452,708** | 8,246,788 | **7,664,616** | 4,748,003 |
| Loan receivables | 13 | **–** | – | **3,158,814** | – |
| Other assets | 14 | **951,104** | 1,187,150 | **951,104** | 1,187,150 |
| Deposits for imports | 15 | **958,058** | 190,273 | **9,670** | – |
| Deliverable forwards | 24 | **4,056,791** | 431,803 | **383,725** | 324,820 |
| Cash and cash equivalents | 16 | **101,623,076** | 52,845,333 | **58,599,818** | 35,830,975 |
| **Total current assets** | | **148,090,455** | 89,793,126 | **90,690,197** | 61,354,231 |
| Asset held for sale | 5 | **–** | 590,990 | **–** | 590,990 |
| | | | | | |
| **Total assets** | | **166,365,886** | 109,472,684 | **110,826,000** | 79,875,535 |
| **Equity and liabilities** | | | | | |
| **Equity** | | | | | |
| Share capital | 17 | **1,985,238** | 1,985,238 | **1,985,238** | 1,985,238 |
| Share premium | | **6,878,269** | 6,878,269 | **6,878,269** | 6,878,269 |
| Retained earnings | | **34,466,241** | 25,301,572 | **19,808,961** | 15,008,640 |
| **Equity attributable to equity holders:** | | | | | |
| Parent Company | | **43,329,747** | 34,165,079 | **28,672,468** | 23,872,147 |
| Non-controlling interest | | **5,030,311** | 3,574,752 | **–** | – |
| **Total equity** | | **48,360,058** | 37,739,831 | **28,672,468** | 23,872,147 |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 25 | **18,735,092** | – | **18,735,092** | – |
| Deferred income | 18 | **84,230** | 9,145 | **84,230** | 9,145 |
| Deferred taxation | 21 | **4,086,413** | 5,360,236 | **4,086,413** | 5,360,236 |
| Warranty provisions | 22 | **309,079** | 248,817 | **–** | – |
| Lease liability | 8 | **108,131** | 36,133 | **70,131** | 22,668 |
| **Total non-current liabilities** | | **23,322,945** | 5,654,331 | **22,975,866** | 5,392,049 |

# Consolidated and Separate Statements of Financial Position continued

As at 31 May 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| In thousands of Naira | Note | **2023** | 2022 | **2023** | 2022 |
| **Current liabilities** | | | | | |
| Trade and other payables | 23 | **79,943,735** | 60,992,553 | **54,481,105** | 48,481,317 |
| Borrowings | 25 | **5,277,304** | – | **–** | – |
| Deferred income | 18 | **5,272** | 55,980 | **5,272** | 55,980 |
| Contract liabilities | 19 | **361,162** | 1,161,394 | **361,162** | 572,350 |
| Current taxation payable | 20 | **8,927,549** | 3,697,278 | **4,268,743** | 1,459,748 |
| Warranty provisions | 22 | **72,234** | 114,571 | **–** | – |
| Lease liability | 8 | **95,627** | 56,746 | **61,384** | 41,944 |
| **Total current liabilities** | | **94,682,883** | 66,078,522 | **59,177,666** | 50,611,339 |
| **Total liabilities** | | **118,005,828** | 71,732,853 | **82,153,532** | 56,003,388 |
| **Total equity and liabilities** | | **166,365,886** | 109,472,684 | **110,826,000** | 79,875,535 |

The financial statements were approved by the Board of Directors on 30 October 2023 and signed on its behalf by:

**Mrs. I.M.O Okauru, MFR**
Chair

FRC/2016/ICAN/00000014169

**Mr. Dimitris Kostianis**
Chief Executive Officer

FRC/2023/PRO/DIR/003/204573

Brian Egan

**Mr. Brian Egan**
Chief Financial Officer

FRC/2015/IODN/00000011227

The accompanying notes on pages 83–134 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

| | | Group | | | | |
|---|---|---|---|---|---|---|
| | | Attributable to owners | | | | |
| In thousands of Naira | Notes | Share capital | Share premium | Retained earnings | Non-controlling interest | Total equity |
| **Balance at 1 June 2022** | | **1,985,238** | **6,878,269** | **25,301,572** | **3,574,752** | **37,739,831** |
| | | **1,985,238** | **6,878,269** | **25,301,572** | **3,574,752** | **37,739,831** |
| **Comprehensive income for the year** | | | | | | |
| Profit for the year | | **–** | **–** | **12,892,786** | **1,455,559** | **14,348,345** |
| **Total comprehensive income for the year** | | **–** | **–** | **12,892,786** | **1,455,559** | **14,348,345** |
| **Transactions with owners** | | | | | | |
| Dividend declared during the year ended 31 May 2022 | 23.1a | **–** | **–** | **(4,010,182)** | **–** | **(4,010,182)** |
| Unclaimed dividends forfeited | 23.1b | **–** | **–** | **282,065** | **–** | **282,065** |
| **Total transactions with owners, recorded directly in equity** | | **–** | **–** | **(3,728,117)** | **–** | **(3,728,117)** |
| **Balance at 31 May 2023** | | **1,985,238** | **6,878,269** | **34,466,241** | **5,030,311** | **48,360,059** |
| **Balance at 1 June 2021** | | 1,985,238 | 6,878,269 | 20,059,932 | 2,845,542 | 31,768,981 |
| **Comprehensive income for the year** | | | | | | |
| Profit for the year | | – | – | 5,970,115 | 729,210 | 6,699,325 |
| **Total comprehensive income for the year** | | – | – | 5,970,115 | 729,210 | 6,699,325 |
| **Transactions with owners** | | | | | | |
| Dividend declared during the year ended 31 May 2021 | 23.1a | – | – | (992,620) | – | (992,620) |
| Unclaimed dividends forfeited | 23.1b | – | – | 264,145 | – | 264,145 |
| **Total transactions with owners, recorded directly in equity** | | – | – | (728,475) | – | (728,475) |
| **Balance at 31 May 2022** | | 1,985,238 | 6,878,269 | 25,301,572 | 3,574,752 | 37,739,831 |

The accompanying notes on pages 83–134 form an integral part of these financial statements.

# Separate Statement of Consolidated Changes in Equity

| | | Company | | | |
|---|---|---|---|---|---|
| | | Attributable to owners | | | |
| In thousands of Naira | Notes | Share capital | Share premium | Retained earnings | Total equity |
| **Balance at 1 June 2022** | | **1,985,238** | **6,878,269** | **15,008,640** | **23,872,147** |
| | | **1,985,238** | **6,878,269** | **15,008,640** | **23,872,147** |
| **Comprehensive income for the year** | | | | | |
| Profit for the year | | **–** | **–** | **8,528,438** | **8,528,438** |
| **Total comprehensive income for the year** | | **–** | **–** | **8,528,438** | **8,528,438** |
| **Transactions with owners** | | | | | |
| Dividend declared during the year ended 31 May 2022 | 23.1a | **–** | **–** | **(4,010,182)** | **(4,010,182)** |
| Unclaimed dividends forfeited | 23.1b | **–** | **–** | **282,065** | **282,065** |
| **Total transactions with owners, recorded directly in equity** | | **–** | **–** | **(3,728,117)** | **(3,728,117)** |
| | | | | | |
| **Balance at 31 May 2023** | | **1,985,238** | **6,878,269** | **19,808,961** | **28,672,468** |
| **Balance at 1 June 2021** | | 1,985,238 | 6,878,269 | 11,953,463 | 20,816,970 |
| **Comprehensive income for the year** | | | | | |
| Profit for the year | | – | – | 3,783,652 | 3,783,652 |
| **Total comprehensive income for the year** | | – | – | 3,783,652 | 3,783,652 |
| **Transactions with owners** | | | | | |
| Dividend declared during the year ended 31 May 2021 | 23.1a | – | – | (992,620) | (992,620) |
| Unclaimed dividends forfeited | 23.1b | – | – | 264,145 | 264,145 |
| **Total transactions with owners, recorded directly in equity** | | – | – | (728,475) | (728,475) |
| **Balance at 31 May 2022** | | 1,985,238 | 6,878,269 | 15,008,640 | 23,872,147 |

The accompanying notes on pages 83–134 form an integral part of these financial statements.

# Consolidated Statements of Cash Flows

| | | Group | | Company | |
|---|---|---|---|---|---|
| In thousands of Naira | Note | 2023 | 2022 | 2023 | 2022 |
| **Operating activities** | | | | | |
| Profit before tax | | **20,463,740** | 10,008,025 | **11,265,827** | 4,875,166 |
| **Adjustments for:** | | | | | |
| Depreciation of property, plant and equipment | 4 | **1,898,151** | 2,329,868 | **1,726,313** | 2,132,763 |
| Impairment of property, plant and equipment | 4 | **–** | 3,361,872 | **–** | 3,361,872 |
| Depreciation of right-of-use assets | 7 | **96,121** | 140,658 | **65,097** | 111,707 |
| Depreciation of investment property | 6 | **56,105** | – | **56,105** | – |
| Amortisation of intangible assets | 9 | **105,961** | 105,962 | **105,961** | 105,962 |
| Impairment of trade receivables | 12.1 | **167,976** | 149,054 | **187,922** | 86,538 |
| Profit on disposal of PPE | 27 | **(5,943,576)** | (8,865,457) | **(5,943,383)** | (8,865,444) |
| Foreign exchange loss | | **4,127,115** | – | **3,334,945** | – |
| Effect of foreign exchange rate changes | | **826,550** | (15,263) | **473,129** | (15,141) |
| Obsolescence/damaged inventory | 26a | **750,292** | 2,200,000 | **733,697** | 2,200,000 |
| Global shared services support | 34.2 | **2,990,168** | 3,254,113 | **2,990,168** | 1,447,276 |
| Technical Knowhow, R&D, Trademark and Management fees | 34.2 | **3,221,286** | 2,646,058 | **3,221,286** | 2,646,058 |
| Interest expense | 35 | **334,961** | 8,939 | **1,456** | 1,959 |
| Interest income | 35 | **(5,233,116)** | (836,144) | **(4,149,329)** | (933,042) |
| | | **23,861,734** | 14,487,685 | **14,069,194** | 7,155,674 |
| **Change in:** | | | | | |
| Inventories | 11 | **(2,907,231)** | (5,863,815) | **(1,392,864)** | (6,180,587) |
| Trade and other receivables | | **(3,374,078)** | 1,504,042 | **(3,104,533)** | 119,529 |
| Other assets | | **251,285** | 284,450 | **251,285** | 150,493 |
| Deposit for imports | | **(767,785)** | (158,046) | **(9,669)** | 32,227 |
| Deliverable forwards | | **(3,624,988)** | 151,164 | **(58,906)** | (229,527) |
| Trade and other payables | 23 | **7,659,424** | 8,682,805 | **(4,499,800)** | 3,466,694 |
| Deferred income | | **24,377** | (12,687) | **24,378** | (12,687) |
| Contract liabilities | | **(800,232)** | 647,429 | **(211,188)** | 368,586 |
| Warranty provisions | | **17,925** | (43,452) | **–** | – |
| **Cash generated from operating activities** | | **20,340,431** | 19,679,575 | **5,067,897** | 4,870,402 |
| Income tax paid | 20 | **(2,401,590)** | (1,243,856) | **(1,202,219)** | (1,184,539) |
| **Net cash generated from operating activities** | | **17,938,841** | 18,435,719 | **3,865,678** | 3,685,863 |
| **Investing activities** | | | | | |
| Interest income received | 35 | **5,233,116** | 836,144 | **4,149,329** | 933,042 |
| Loan advanced | 13 | **(5,000,000)** | – | **(11,296,509)** | (5,451,626) |
| Loan repayment | 13 | **5,000,000** | 5,000,000 | **4,715,647** | 15,820,423 |
| Proceeds from sale of property, plant and equipment | | **6,537,131** | 9,841,258 | **6,536,745** | 9,840,928 |
| Acquisition of property, plant and equipment | 4 | **(911,180)** | (725,262) | **(622,588)** | (718,792) |
| **Net cash generated from investing activities** | | **10,859,067** | 14,952,140 | **3,482,684** | 20,423,975 |

# **Consolidated Statements of Cash Flows** continued

| | | Group | | Company | |
|---|---|---|---|---|---|
| In thousands of Naira | Note | **2023** | 2022 | **2023** | 2022 |
| **Financing activities** | | | | | |
| Borrowing from parent company | 25a | **17,031,902** | – | **17,031,902** | – |
| Trade obligation with banks | 25b | **5,277,304** | – | **–** | – |
| Dividends paid | 23.1a | **(1,071,739)** | (992,620) | **(1,071,739)** | (992,620) |
| Interest expense paid | 35 | **(334,961)** | (8,939) | **(1,456)** | (1,959) |
| Lease payment | 8 | **(96,121)** | (140,658) | **(65,097)** | (111,707) |
| **Net cash generated/(used) in financing activities** | | **20,806,385** | (1,142,217) | **15,893,610** | (1,106,286) |
| Net increase in cash and cash equivalents | | **49,604,293** | 32,245,642 | **23,241,972** | 23,003,553 |
| Cash and cash equivalents at 1 June | | **52,845,333** | 20,584,428 | **35,830,975** | 12,812,282 |
| Effect of foreign exchange rate changes | | **(826,550)** | 15,263 | **(473,129)** | 15,141 |
| **Cash and cash equivalents at 31 May** | 16 | **101,623,076** | 52,845,333 | **58,599,818** | 35,830,975 |

The accompanying notes on pages 83–134 form an integral part of these financial statements.

# Notes to the Consolidated and Separate Financial Statements

## 1 GENERAL INFORMATION

PZ Cussons Nigeria Plc is a Company incorporated in Nigeria on 4 December 1948 under the name of P.B. Nicholas and Company Limited. The name was changed to Alagbon Industries Limited in 1953 and to Associated Industries Limited in 1960. The Company became a public Company in 1972 and was granted a listing on the Nigerian Stock Exchange. The name was changed to Paterson Zochonis Industries Limited on 24 November 1976 and in compliance with the Companies and Allied Matters Act 2020 as amended, it changed its name to Paterson Zochonis Industries Plc on 22 November 1990. On 21 September 2006, the Company adopted its present name of PZ Cussons Nigeria Plc.

The principal activities of the Company are the manufacture, distribution and sale of a wide range of consumer products and home appliances through owned depots. These products are leading brand names throughout the country in detergent, soap, cosmetics, refrigerators, freezers and air-conditioners. The Company also distributes products of Harefield Industrial Nigeria Limited and PZ Wilmar Limited.

The address of the registered office is 45/47 Town Planning Way, Ilupeju, Lagos.

These consolidated and separate financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the Group operates. The financial statements have been rounded to the nearest thousands.

These consolidated and separate financial statements comprises that of the Group and the standalone financial statements of the parent Company.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY

### 2.1 Statement of compliance

The Group and Company's financial statements for the year ended 31 May 2023 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together 'IFRS') that are effective during the year ended 31 May 2023 and requirements of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria as amended and the Financial Reporting Council (FRC) Act of Nigeria.

### 2.2 Basis of preparation and measurement

The preparation of consolidated and separate financial statements in conformity with generally accepted accounting principles under IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Disclosed in Note 2.25 are areas where significant judgement and estimate has been applied in the preparation of these financial statements.

The consolidated and separate financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Consolidated and Separate Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

#### 2.2.1 Going concern

The consolidated and separate financial statements have been prepared on a going concern basis. Nothing has come to the attention of the Directors that casts doubt about the ability of the Group to continue as a going concern.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

### 2.2.2 Application of new and revised International Financial Reporting Standards

*New and amended standards adopted by the Group and Company*

The Group has applied the following standards and amendments for the first time for the annual reporting year commencing 1 June 2022:

- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

*(i) Amendments to IAS 8 – Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error;
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The new standard had no impact on the Group's consolidated financial statements.

*(ii) Amendments to IFRS 3 – Reference to the Conceptual Framework*

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. This may have an impact on the Group financial statements if such transactions occur in future.

*(iii) Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use*

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

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The new standard had no impact on the Group's consolidated financial statements.

*(iv) Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The new standard had no impact on the Group’s consolidated financial statements.

### 2.2.3 New accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

*(ii) IFRS 16 Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

*(iii) IFRS 17 Insurance Contracts*

The new standard establishes the principle for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

The standard outlines a General Model, which is modified for insurance contracts with direct participation features described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders’ option and guarantees.

The implementation of the Standard is unlikely to bring significant changes entity’s processes, systems and financial statements as the Group does not hold insurance contracts.

The standard is effective for annual reporting periods beginning on or after 1 January 2023 with early application permitted as long as IFRS 9 and IFRS 15 are also applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The new standard is not expected to have impact on the Group’s consolidated financial statements.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

*(iv) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023.

The new standard is not expected to have material impact on the Group's consolidated financial statements.

*(v) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies*

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

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

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

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023,with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The new standard is not expected to have material impact on the Group's consolidated financial statements.

### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of PZ Cussons Nigeria Plc and HPZ Nigeria Limited. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management which comprises the five Executive Directors.

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

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

### 2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for sale of home and personal care products and durable electrical appliances, in the ordinary course of the Group's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after the below conditions are met:

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

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Group is the principal in all of its revenue arrangements since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

### 2.6.1 Sale of goods

For sales of consumer goods to the wholesale market, revenue is recognised when control of the goods has transferred, being generally on receipt or collection by wholesaler. Following receipt, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group on receipt or collection by wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales.

The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

For sales of goods to the wholesale market, revenue is recognised by the Group at a point in time in line with the policy outlined above for the sale of consumer goods. There exists the same 30-day right of return and accordingly a refund liability and a right to returned goods asset are recognised in relation to items expected to be returned.

### 2.6.2 Tradex

Tradex consists primarily of customer pricing allowances and promotional allowances, governed by agreements with our trade customers. Accruals are recognised under the terms of these agreements, to reflect the expected promotional activity and our historical experience. These accruals are reported within trade and other payables.

The Group provides for amounts payable to trade customers for promotional activity. Where a promotional activity spans across the year end, an accrual is reflected in the Group accounts based on our expectation of consumer uptake during the promotional period and the extent to which temporary promotional activity has occurred.

### 2.6.3 Contract liabilities

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

### 2.7 Leases

#### The Group's leasing activities and its accounting policies under IFRS 16 Leases

The nature of the Group's leasing activities is mainly motor vehicle. Rental contracts are typically made for fixed periods of one to three years but may have extension options as described in (i) below.

*(i) Extension and termination options*

Extension and termination options are included in a number of motor vehicle leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate.

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group has leases that include purchase options or transfer ownership of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset.

The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the Income Statement.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the Consolidated Income Statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

## 2.8 Foreign currencies

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in 'Nigerian Naira' (N).

### Transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/ hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance income or cost. All other foreign exchange gains and losses are presented separately in the income statement where material.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

### 2.9 Finance income and expense

Finance income and expense are recognised in the income statement in the period in which they are earned or incurred.

Interest income and expense are recognised using the effective interest method.

### 2.10 Employee benefits

#### 2.10.1 Short-term employee benefit – Gratuity scheme

The PZ Cussons Nigeria Plc gratuity scheme is a short-term employee benefit that is computed based on the agreement between PZ Cussons Nigeria Plc and Staff of PZ Cussons Nigeria Plc dated 31 December 2006.

The scheme expense is computed on a monthly basis based on the length of service of the employee and the gross pay of the employee for the year under consideration. The scheme is funded directly using the Group's cash flow and expensed to the income statement appropriately.

The PZ Cussons Nigeria Plc gratuity scheme runs from January to December of each year and it is paid in the month of February of the subsequent year. The gratuity scheme obligation at the end of each year relates to gratuity awards for January to May that are due to be paid to staff but unpaid as at year end.

The scheme is only applicable for staff engaged before 1 January 2007 hence, all staff employed subsequently are not covered by the scheme.

#### 2.10.2 Defined contribution scheme

The Group operates a defined contribution plan. The defined contribution plan pays a fixed contribution into a separate entity. Hence, the Group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient asset to pay all the employees the benefits relating to employees' service in the current and prior period.

The contributions are recognised as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. The Group and employees each contribute 15% and 10% respectively in accordance with the Pension Reform Act (PRA 2014) as amended.

#### 2.10.3 Incentive and bonus scheme

The Group recognises a liability and expense for an incentive and bonus scheme based on the formula that takes into consideration the Group's objectives (net sales, operating contribution and net working capital).

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### 2.10.4 Termination benefit

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. Benefits are expected to be settled wholly within 12 months of the reporting date.

### 2.11 Current and deferred tax

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

### Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 2.12 Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and impairment losses.

Land and buildings comprise mainly of buildings for factories and offices.

Historical cost includes purchase costs, expenditure that is directly attributable to the acquisition of the items and the estimate of the cost of decommissioning (dismantling, removing the asset and restoring the site).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company or the Group and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value and it is charged when such asset is available for use. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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

| | | |
|---|---|---|
| Leasehold land and buildings | – Over 50 years | 2% |
| | – Under 50 years | Over the lease period |
| Plant and machinery | | 4% – 33.3% |
| Motor vehicles | – 4 years | 25% |
| Furniture, fittings and IT equipment | | 20% – 33.3% |
| Capital work in progress | | Nil |

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of assets and is recognised in the profit or loss.

Capital work in progress represents assets under construction. Accordingly, they are not depreciated until they are completed and available for use.

The annual rates of depreciation are consistent with those of prior year.

Property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffer impairment are reviewed for possible reversal of the impairment at each balance sheet date.

### 2.13 Warranty

Provision for products warranty is made at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be incurred by the Group with respect to the products. Initial recognition is based on historical experience. Adequacy of provision is accessed on a monthly basis, and any resultant adjustment is reflected in the income statement of the period.

### 2.14 Non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.15 Financial instruments

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

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

#### 2.15.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

*Classification of financial assets*

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

*(i) Amortised cost and effective interest method*

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

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

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

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

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

*(ii) Debt instruments classified as at FVTOCI*

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in Note 2.1. The corporate bonds are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

*(iii) Equity instruments designated as at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (Note 35) in profit or loss.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

The Group does not have and neither has it designated any investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

*(iv) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in the Group accounting policies (Note 2.1).

*Cash and cash equivalents*

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

*Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

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

*Definition of default*

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

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

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

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner unless in case where there is sufficient security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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

*Derecognition of financial assets*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at amortised cost or other financial liabilities.

*Other financial liabilities*

Other financial liabilities (including borrowings, lease liabilities and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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

*Trade payables*

Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost.

*Loans and borrowings*

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis through the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

*Derecognition of financial liabilities*

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

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

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

#### 2.15.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.16 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The basis for valuation 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 | – Weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating capacity |
| Inventory-in-transit | – Purchase cost incurred to date |

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

### 2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

### 2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders. In respect of interim dividends these are recognised once paid. Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

### 2.19 Recognition and measurement of investments in subsidiary in separate financial statements of the Company

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Group's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.20 Deposit for letters of credit

Deposits for letters of credit represent Naira deposits for foreign currencies purchased for funding of letters of credit and forwards as well as futures, all related to imported raw materials, spare parts and machinery.

Deposit for letters of credit is recognised at cost less impairment losses.

### 2.21 Intangible asset

Software acquired is recognised at acquisition cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditures are capitalised only when it increases the future economic benefits of the related software. Software maintenance costs are recognised as expenses in the income statement as they are incurred. Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the first day of the first full financial year the software is put into use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Software is amortised over a period of 10 years in line with the estimated life of the intangible asset.

#### 2.21.1 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 2.21.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

### 2.22 Earnings per share (EPS)

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 2.23 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

These are initially recognised when the Group has received the ECC certificates from the government. The Group recognises EEG as contingent assets when the criteria for submission of the claim is met and necessary application filed. Information on Export Expansion Grants estimated to be receivable from the government is disclosed in Note 32.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which the certificates are received.

Export Expansion Grant ("the grant") from the government is recognised as contingent assets when there is a reasonable assurance that the grant will be received and the Group has complied with all attached conditions. The following are the conditions precedent:

- The Company must be registered at the Corporate Affairs Commission (CAC) and the Nigerian Export Promotion Council (NEPC).
- The Company must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports.
- The Company shall submit its baseline data which includes audited Financial Statements and information on operational capacity to NEPC.
- The Company shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria).
- Qualifying export transaction must have the proceeds fully repatriated within 300 days, calculated from the date of export and as approved by the EEG Implementation Committee.

### 2.24 Related parties

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

### 2.25 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

The following are the critical judgements which are presented below that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### 2.25.1 Useful lives of property, plant and equipment (PPE)

Property, plant and equipment are depreciated over their useful lives. The Group estimates the useful lives of PPE based on the period over which the assets are expected to be available for use. The estimation of the useful lives of PPE are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

### 2.25.2 Taxation provisions

The Group's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the tax authorities. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. While a range of outcomes is reasonably possible, the extent of the reasonably possible range has been recognised in the financial statements.

### 2.25.3 Fair value measurements of financial instruments

When the fair values of receivables and payables recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

### 2.25.4 Warranty provisions

Provision for products warranty is made at the time of revenue recognition and they are reviewed and adjusted periodically to reflect actual and anticipated experience. The estimation of provision at each period end requires involvement of staff with product knowledge and the estimate could change if there are changes in factors considered during the formulation of the required provision. The replacement cost of items and historical defects are used to determine a rate which is applied against quantity sold during the year.

### 2.25.5 Provision for expected credit losses (ECL) of trade receivables

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

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

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

### 2.25.6 Inventory provisions

The Group uses the following methodologies in provisioning for inventory allowance.

| **Provision type** | **Level of provision required** |
|---|---|
| Obsolete inventory | 100% |
| Unstable | 100% |
| Slow-moving inventory | 50% of the excess |
| NRV | 100% (Cost-NRV) |

# Notes to the Consolidated and Separate Financial Statements continued

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP AND COMPANY CONTINUED

Obsolete inventory are SKU lines with no movement (raw materials) or no sales (finished goods) in the last 12 months. Unusable inventory are items that are damaged or past sell-by date or outside of current sales plan and require disposal. This would also include stock that is quarantined for quality control purposes. Slow-moving inventory are SKU lines that have value of more than one year cost of sales value, either prior year or budget (if at SKU level) for that SKU line for finished goods or more than one year material usage from either prior year or budget (if at material level) for raw materials. Excess is calculated as stock line value minus prior year/expected future year sales/usage. NRV is when Net Realisable Value (NRV) of a finished good SKU line net of discounts and promotional costs is less than balance sheet value (at full cost).

New SKU lines that have been manufactured or purchased in the last six months are not subject to the above provisioning requirements. In all above cases judgement may be used if management believe that a provision is not justified based on an assessment of the ability to use/sell the inventory item.

Sundry stocks are consumables, fuel oil and machinery spares. These are reviewed quarterly and items that are not moving should be provided based on management's judgement of future expected use. Machinery spares are generally a significant part of sundry stocks. As these items may be emergency spares and remain unused for many years, a provision may be necessary to ensure that the net balance sheet value is not overstated.

### 2.26 Contingencies

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 Group.

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 recognised in the financial statements of the period in which the change occurs.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. The contingent assets of the Group are disclosed in Note 32 of the financial statements.

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

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed. If the possibility of outflow in settlement is remote the possible obligation is not a contingent liability and no disclosure is made.

The contingent liabilities of the Group are disclosed in Note 32 of the financial statements.

### 2.27 Investment property

On acquisition, investment property is initially recognised at cost, or deemed cost where no monetary consideration is exchanged. Investment property is subsequently recognised in the accounts at cost and as a separate line item outside property, plant and equipment. Gains or losses on disposal are recognised within profit and loss. Depreciation is charged on the basis of useful life of the property.

### 2.28 Assets held for sale

Non-current assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when their carrying amount will be recoverable principally through a sale transaction rather than through continuing use. In order to be classified as a 'held for sale' asset or disposal group, the sale must be highly probable and the assets must be available for sale immediately in their present condition. In addition, all of the following criteria must be met: management is committed to the plan to sell; the assets are being actively marketed; actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and a sale has been agreed or is expected to be concluded within 12 months of the balance sheet date.

Immediately prior to classification as held for sale, the value of the assets or groups of assets is remeasured in accordance with the requirements of IFRS 5. Subsequently, assets and disposal groups classified as held for sale are measured at the lower of book value or fair value less disposal costs. Assets held for sale are neither depreciated nor amortised.

## 3 FINANCIAL RISK MANAGEMENT

The Group and Company's operations expose it to a variety of financial risks that include the effects of changes in market risk (including interest rate, commodity, price and foreign exchange risks), credit risk and liquidity risk.

The Group's treasury function reports to the Board at least annually with reference to the application of the Group Treasury Policy. The policy addresses issues of liquidity, funding and investment as well as interest rate, currency and commodity risks.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable and up-to-date systems. The Group modifies and enhances its risk management policies and systems to reflect changes in markets and products. The Audit & Risk Committee, under authority delegated by the Board, formulates the high-level Group risk management policy, monitors risk and receives reports that allow it to review the effectiveness of the Group's risk management policies.

The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both Senior Management and the Audit Committee.

### 3.1 Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from trading activities with customers. The Group has dedicated standards, policies and procedures to control and monitor all such risks. Although the Group is potentially exposed to credit loss in the event of non-performance by counterparties holding the Group's cash and cash equivalents, such credit risk is controlled through credit rating and equity price reviews of the counterparties and by limiting the total amount of exposure to any one party. Equity price reviews of counterparties is done through the monitoring of the share price of the counterparties on the floor of the stock exchange.

The credit risk of customers is assessed at subsidiary and Group level, taking into account their financial positions, past experiences and other factors. Individual customer credit limits are imposed based on these factors. Customers are initially brought on board on a cash basis for a period of six months. At the expiration of the six-month cash trading period, customers are free to apply for credit.

The Group does not believe it is exposed to any material concentrations of credit risk.

All of the Group's financial assets are carried at amortised cost excluding deliverable forwards carried at cost. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets in the statement of financial position.

The table below analyses the Company's and Group's financial assets into relevant maturity groupings as at the reporting date.

#### Company

*31 May 2023*

| **Financial assets:**<br>In thousands of Naira | **Neither past due nor impaired** | **Up to 90 days** | **91–180 days** | **Over 180 days** | **Total** |
|---|---|---|---|---|---|
| Cash and cash equivalents (Note 16) | **58,599,818** | – | – | – | **58,599,818** |
| Trade receivables (Note 12) | **1,349,448** | **249,760** | **575,438** | **41,120** | **2,215,766** |
| Due from related party companies (Note 34) | **2,840,442** | – | – | – | **2,840,442** |
| Other receivables (Note 12) | **1,827,891** | – | – | – | **1,827,891** |
| Loan receivables (Note 13) | **6,580,862** | – | – | – | **6,580,862** |
| Deliverable forwards (Note 24) | **383,725** | – | – | – | **383,725** |
| **Total** | **71,582,186** | **249,760** | **575,438** | **41,120** | **72,448,504** |

# Notes to the Consolidated and Separate Financial Statements continued

## 3 FINANCIAL RISK MANAGEMENT CONTINUED

*31 May 2022*

| **Financial assets:** In thousands of Naira | Neither past due nor impaired | Up to 90 days | 91–180 days | Over 180 days | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents (Note 16) | 35,830,975 | – | – | – | 35,830,975 |
| Trade receivables (Note 12) | 1,550,405 | 488,695 | 35,321 | – | 2,074,421 |
| Due from related party companies (Note 34) | 1,290,630 | – | – | – | 1,290,630 |
| Other receivables (Note 12) | 892,652 | – | – | – | 892,652 |
| Loan receivables (Note 13) | – | – | – | – | – |
| Deliverable forwards (Note 24) | 324,820 | – | – | – | 324,820 |
| **Total** | 39,889,482 | 488,695 | 35,321 | – | 40,413,498 |

### Group

*31 May 2023*

| **Financial assets:** In thousands of Naira | **Neither past due nor impaired** | **Up to 90 days** | **91–180 days** | **Over 180 days** | **Total** |
|---|---|---|---|---|---|
| Cash and cash equivalents (Note 16) | **101,623,076** | **–** | **–** | **–** | **101,623,076** |
| Trade receivables (Note 12) | **4,235,890** | **267,529** | **596,248** | **41,120** | **5,140,787** |
| Due from related party companies (Note 34) | **2,884,607** | **–** | **–** | **–** | **2,884,607** |
| Other receivables (Note 12) | **2,217,023** | **–** | **–** | **–** | **2,217,023** |
| Loan receivables (Note 13) | **–** | **–** | **–** | **–** | **–** |
| Deliverable forwards (Note 24) | **4,056,791** | **–** | **–** | **–** | **4,056,791** |
| **Total** | **115,017,387** | **267,529** | **596,248** | **41,120** | **115,922,284** |

*31 May 2022*

| **Financial assets:** In thousands of Naira | Neither past due nor impaired | Up to 90 days | 91–180 days | Over 180 days | Total |
|---|---|---|---|---|---|
| Cash and cash equivalents (Note 16) | 52,845,333 | – | – | – | 52,845,333 |
| Trade receivables (Note 12) | 4,193,465 | 1,016,740 | 79,618 | – | 5,289,823 |
| Due from related party companies (Note 34) | 1,290,630 | – | – | – | 1,290,630 |
| Other receivables (Note 12) | 1,003,449 | – | – | – | 1,003,449 |
| Loan receivables (Note 13) | – | – | – | – | – |
| Deliverable forwards (Note 24) | 431,803 | – | – | – | 431,803 |
| **Total** | 59,764,680 | 1,016,740 | 79,618 | – | 60,861,038 |

For details related to the allowance for impairment refer to Note 12.

An analysis of the international long-term credit ratings by Standard & Poor's of counterparties where cash and cash equivalents are held is as follows:

| | Company | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| Credit rating B | **58,599,818** | 35,830,975 |

| | Group | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| Credit rating B | **101,623,076** | 52,845,333 |

B: The obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

### 3.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

There is a central treasury that coordinates cash flows management and funding activities. Cash surplus to immediate requirements is placed in interest-yielding short-term deposit accounts in banks with good credit rating.

The Group enjoys favourable 90 days of credit from its suppliers as against 30 days of credit it gives to its customers. Thus, the Group is always at an advantage position to meet its obligations because funding is quickly available from credits extended to its customers than the timing it requires to settle its obligations.

Included in the Group's trade and other payables as at 31 May 2023 and 31 May 2022 are balances due to related parties of N58.3 billion and N43.7 billion respectively while that of the Company is N45.5 billion and N36.4 billion respectively.

The table below analyses the Group's financial liabilities into relevant maturity groupings as at the reporting date.

### Company

*31 May 2023*

| **Financial liabilities:**<br>In thousands of Naira | **Up to 365 days** | **Above 365 days** | **Total** |
|---|---|---|---|
| Trade and other payables – excluding accruals (Note 23) | **50,417,516** | **–** | **50,417,516** |
| Borrowings (Note 25) | **–** | **18,735,092** | **18,735,092** |
| | **50,417,516** | **18,735,092** | **69,152,608** |

*31 May 2022*

| **Financial liabilities:**<br>In thousands of Naira | Up to 365 days | Above 365 days | Total |
|---|---|---|---|
| Trade and other payables – excluding accruals (Note 23) | 42,215,487 | – | 42,215,487 |
| Borrowings (Note 25) | – | – | – |
| | 42,215,487 | – | 42,215,487 |

# Notes to the Consolidated and Separate Financial Statements continued

## 3 FINANCIAL RISK MANAGEMENT CONTINUED

### Group

*31 May 2023*

| Financial liabilities:<br>In thousands of Naira | Up to<br>365 days | Above<br>365 days | Total |
|---|---|---|---|
| Trade and other payables – excluding accruals (Note 23) | **72,407,531** | **–** | **72,407,531** |
| Borrowings (Note 25) | **5,277,304** | **18,735,092** | **24,012,396** |
| | **77,684,835** | **18,735,092** | **96,419,927** |

*31 May 2022*

| Financial liabilities:<br>In thousands of Naira | Up to<br>365 days | Above<br>365 days | Total |
|---|---|---|---|
| Trade and other payables – excluding accruals (Note 23) | 52,651,526 | – | 52,651,526 |
| Borrowings (Note 25) | – | – | – |
| | 52,651,526 | – | 52,651,526 |

### 3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks as it holds variable interest-bearing financial liabilities as at year end.

The following table details the sensitivity to a 1–2% (2022: 1–2%) increase or decrease in interest rates.

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Interest earned from related parties (Note 35) | **367,068** | 239,910 | **939,136** | 407,229 |
| Interest earned from banks (Note 35) | **4,866,048** | 596,234 | **3,210,193** | 525,813 |
| Interest paid to related parties (Note 35) | **–** | – | **–** | – |
| Interest paid to banks (Note 35) | **(334,962)** | (8,939) | **(1,456)** | (1,959) |
| **Net Interest Income** | **4,898,154** | 827,205 | **4,147,873** | 931,083 |
| **Average interest rate for the year (%)** | **11** | 6 | **11** | 6 |

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Impact of 1% increase in average interest rate | **445,832** | (87) | **377,079** | (59) |
| Impact of 1% decrease in average interest rate | **(445,832)** | 87 | **(377,079)** | 59 |
| Impact of 2% increase in average interest rate | **891,664** | (173) | **754,158** | (118) |
| Impact of 2% decrease in average interest rate | **(891,664)** | 173 | **(754,158)** | 118 |

### 3.4 Foreign exchange risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. Subsidiary undertakings must ensure that all transactional exposures arising from commitments in a currency other than their functional currency are identified and monitored. The Group manages foreign exchange risk through foreign exchange forward contracts. The Group is primarily exposed to the US dollar. Increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and total equity by the following amounts (see rates percentage of 15%, 30%, 50% and 100% below). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Group Liabilities | | Company Liabilities | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Foreign Currency ($'000)** | **(132,011)** | (83,363) | **(101,278)** | (49,536) |

| | Assets | | Assets | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Foreign Currency ($'000)** | **3,533** | 4,995 | **3,501** | 4,969 |

| | Group – Net position | | Company – Net position | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Foreign Currency ($'000)** | **(128,478)** | (78,369) | **(97,777)** | (44,567) |
| Closing foreign exchange rates (Naira/Dollar) | **465.30** | 419.40 | **465** | 419.40 |
| Average foreign exchange rates (Naira/Dollar) | **445.57** | 414.73 | **446** | 414.73 |

Sensitivity analysis is due to possible changes in foreign currency balances on intercompany payables, cash and bank and trade receivables.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

| | Group – Net position | | Company – Net position | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| US dollar – 15% increase | **(8,967,155)** | (4,930,167) | **(6,824,316)** | (2,803,721) |
| US dollar – 15% decrease | **8,967,155** | 4,930,167 | **6,824,316** | 2,803,721 |
| US dollar – 30% increase | **(17,934,310)** | (9,860,335) | **(13,648,632)** | (5,607,442) |
| US dollar – 30% decrease | **17,934,310** | 9,860,335 | **13,648,632** | 5,607,442 |
| US dollar – 50% increase | **(29,890,517)** | (16,433,892) | **(22,747,720)** | (9,345,737) |
| US dollar – 50% decrease | **29,890,517** | 16,433,892 | **22,747,720** | 9,345,737 |
| US dollar – 100% increase | **(59,781,034)** | (32,867,783) | **(45,495,440)** | (18,691,475) |
| US dollar – 100% decrease | **59,781,034** | 32,867,783 | **45,495,440** | 18,691,475 |

The foreign exchange risk is mainly from related parties payable and receivable balances with foreign-related parties.

### 3.5 Fair value of financial assets and liabilities

All the Group's financial assets and liabilities are measured at amortised cost and due to the short-term nature of these financial instruments, except deliverable forwards measured at cost, the fair value reasonably approximates the carrying value in the statement of financial position.

### 3.6 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of net debt (intercompany loans, less cash and bank balances) and the equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The Group's Risk Management Committee reviews the capital structure on a semi-annual basis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital.

# Notes to the Consolidated and Separate Financial Statements continued

## 3 FINANCIAL RISK MANAGEMENT CONTINUED

### Gearing ratio

The gearing ratio at the year-end is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Borrowings | **24,012,396** | – | **18,735,092** | – |
| Lease liability (Note 8) | **203,758** | 92,879 | **131,515** | 64,612 |
| Cash and cash equivalents (Note 16) | **(101,623,076)** | (52,845,333) | **(58,599,818)** | (35,830,975) |
| **Net debt** | **(77,406,922)** | (52,752,454) | **(39,733,211)** | (35,766,363) |
| **Equity** | **43,329,747** | 34,165,079 | **28,672,468** | 23,872,147 |
| **Net debt to equity ratio** | **-179%** | -154% | **-139%** | -150% |

Based on the above analysis, it can be ascertained that the Company is lowly geared.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Capital requirements are generally imposed by the majority shareholder, PZ Cussons (Holdings) Limited, UK.

### 3.7 Commodity pricing risk

Commodity risk is the risk that changes in underlying raw material prices have an adverse impact on the Group's financial performance. The Group's policy is to minimise the pricing volatility accompanied by unfavourable changes in commodity prices by entering into fixed price supplier contracts in line with its commercial strategy. The Group does not enter into any commodity derivatives.

## 4 PROPERTY, PLANT AND EQUIPMENT

### Group – 2023

| In thousands of Naira | Leasehold Land and Buildings | Plant and Machinery | Furniture, Fittings and IT Equipment | Motor Vehicles | Capital Work in Progress (WIP) | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 June 2022 | 15,341,791 | 27,688,342 | 3,596,245 | 41,540 | 828,947 | 47,496,865 |
| Additions | – | – | – | – | 911,980 | 911,980 |
| Reclassification | 263,965 | 850,845 | 117,314 | – | (1,232,124) | – |
| Disposal | – | – | (3,171) | – | | (3,171) |
| **At 31 May 2023** | **15,605,756** | **28,539,187** | **3,710,388** | **41,540** | **508,003** | **48,404,874** |
| **Depreciation** | | | | | | |
| At 1 June 2022 | 5,525,171 | 22,069,507 | 3,370,560 | 41,540 | – | 31,006,778 |
| Depreciation for the year | 279,707 | 1,457,600 | 160,844 | – | – | 1,898,151 |
| Disposals | – | – | (606) | – | – | (606) |
| **At 31 May 2023** | **5,804,878** | **23,527,107** | **3,530,798** | **41,540** | **–** | **32,904,323** |
| **Cost** | | | | | | |
| At 1 June 2021 | 19,670,926 | 27,074,291 | 3,644,926 | 564,560 | 1,248,459 | 52,203,162 |
| Additions | – | – | – | – | 725,262 | 725,262 |
| Reclassification | 400,686 | 641,519 | 102,569 | – | (1,144,774) | – |
| Reclassified as held for sale (Note 5) | (894,279) | – | – | – | – | (894,279) |
| Reclassified as investment properties (Note 6) | (2,470,870) | – | – | – | – | (2,470,870) |
| Disposal | (1,364,672) | (27,468) | (151,250) | (523,020) | – | (2,066,410) |
| **At 31 May 2022** | 15,341,791 | 27,688,342 | 3,596,245 | 41,540 | 828,947 | 47,496,865 |

| In thousands of Naira | Leasehold Land and Buildings | Plant and Machinery | Furniture, Fittings and IT Equipment | Motor Vehicles | Capital Work in Progress (WIP) | Total |
|---|---|---|---|---|---|---|
| **Depreciation** | | | | | | |
| At 1 June 2021 | 4,552,848 | 19,133,129 | 3,282,528 | 564,560 | – | 27,533,065 |
| Depreciation for the year | 370,949 | 1,737,951 | 220,968 | – | – | 2,329,868 |
| Reclassified as held for sale (Note 5) | (303,289) | – | – | – | – | (303,289) |
| Reclassified as investment properties (Note 6) | (824,131) | – | – | – | – | (824,131) |
| Impairment | 2,127,768 | 1,221,494 | 12,610 | – | – | 3,361,872 |
| Disposals | (398,974) | (23,067) | (145,546) | (523,020) | – | (1,090,607) |
| **At 31 May 2022** | 5,525,171 | 22,069,507 | 3,370,560 | 41,540 | – | 31,006,778 |
| **Carrying amounts** | | | | | | |
| **At 31 May 2023** | **9,800,878** | **5,012,080** | **179,590** | **–** | **508,003** | **15,500,551** |
| **At 31 May 2022** | 9,816,620 | 5,618,835 | 225,685 | – | 828,947 | 16,490,087 |

Depreciation expense of N1.41 billion (2022: N1.99 billion) has been charged in cost of sales, N0.25 billion (2022: N0.27 billion) in selling and distribution expenses and N0.24 billion (2022: N0.07 billion) in administrative expenses.

Construction work in progress as at 31 May 2023 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2023 and 31 May 2022.

There were no assets pledged as security for borrowing during the year (2022: nil).

### Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

| | Group | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| Authorised and contracted | **1,675,000** | 650,551 |
| Authorised but not contracted | **411,000** | 280,313 |
| | **2,086,000** | 930,864 |

## Company – 2023

(a) The movement on these accounts was as follows:

| In thousands of Naira | Leasehold Land and Buildings | Plant and Machinery | Furniture, Fittings and IT Equipment | Motor Vehicles | Capital Work in Progress (WIP) | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 June 2022 | 14,392,999 | 25,939,121 | 3,311,075 | 9,766 | 828,946 | 44,481,907 |
| Additions | – | – | – | – | 622,528 | 622,528 |
| Transfers | 39,923 | 821,076 | 93,460 | – | (954,459) | – |
| Disposal | – | – | (2,676) | – | – | (2,676) |
| **At 31 May 2023** | **14,432,922** | **26,760,197** | **3,401,859** | **9,766** | **497,015** | **45,101,759** |
| **Depreciation** | | | | | | |
| At 1 June 2022 | 5,432,616 | 20,790,836 | 3,111,261 | 9,766 | – | 29,344,479 |
| Depreciation for the year | 255,758 | 1,329,073 | 141,482 | – | – | 1,726,313 |
| Disposals | – | – | (304) | – | – | (304) |
| **At 31 May 2023** | **5,688,374** | **22,119,909** | **3,252,439** | **9,766** | **–** | **31,070,488** |

# Notes to the Consolidated and Separate Financial Statements continued

## 4 PROPERTY, PLANT AND EQUIPMENT CONTINUED

| In thousands of Naira | Leasehold Land and Buildings | Plant and Machinery | Furniture, Fittings and IT Equipment | Motor Vehicles | Capital Work in Progress (WIP) | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 June 2021 | 19,001,362 | 25,325,123 | 3,364,631 | 481,111 | 970,300 | 49,142,527 |
| Additions | – | – | – | – | 718,792 | 718,792 |
| Reclassification | 121,459 | 641,466 | 97,221 | – | (860,146) | – |
| Reclassified as held for sale (Note 5) | (894,279) | – | – | – | – | (894,279) |
| Reclassified as investment properties (Note 6) | (2,470,870) | – | – | – | – | (2,470,870) |
| Disposal | (1,364,673) | (27,468) | (150,777) | (471,345) | – | (2,014,263) |
| **At 31 May 2022** | 14,392,999 | 25,939,121 | 3,311,075 | 9,766 | 828,946 | 44,481,907 |
| **Depreciation** | | | | | | |
| At 1 June 2021 | 4,480,623 | 18,015,436 | 3,038,873 | 481,111 | – | 26,016,043 |
| Depreciation for the year | 350,619 | 1,576,973 | 205,171 | – | 2,132,763 | |
| Reclassified as held for sale (Note 5) | (303,289) | – | – | – | – | (303,289) |
| Reclassified as investment properties (Note 6) | (824,131) | – | – | – | – | (824,131) |
| Impairment | 2,127,768 | 1,221,494 | 12,610 | – | – | 3,361,872 |
| Disposals | (398,974) | (23,067) | (145,393) | (471,345) | – | (1,038,779) |
| **At 31 May 2023** | **8,744,548** | **4,640,288** | **149,420** | **–** | **497,015** | **14,031,271** |
| **At 31 May 2022** | 8,960,383 | 5,148,285 | 199,814 | – | 828,946 | 15,137,428 |

Depreciation expense of N1.28 billion (2022: N1.94 billion) has been charged in cost of sales, N0.23 billion (2022: N0.3 billion) in selling and distribution expenses and N0.22 billion (2021: N0.09 billion) in administrative expenses.

Construction work in progress as at 31 May 2023 mainly comprises new factory lines and plant enhancements. There was no capitalised borrowing cost during the years ended 31 May 2023 and 31 May 2022.

There were no assets pledged as security for borrowing during the period (2022: nil).

### Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

### Company – 2023 continued

| In thousands of Naira | 2023 | 2022 |
|---|---|---|
| Authorised and contracted | **1,173,000** | 639,125 |
| Authorised but not contracted | **411,000** | 280,313 |
| | **1,584,000** | 919,438 |

## 5 ASSET HELD FOR SALE

| | 2023 | |
|---|---|---|
| | Group | Company |
| **Cost** | | |
| At 1 June 2022 | **590,990** | **590,990** |
| Disposal | **(590,990)** | **(590,990)** |
| **At 31 May 2023** | – | – |
| **Depreciation** | | |
| At 1 June 2022 | – | – |
| Transfer from property, plant and equipment | – | – |
| **At 31 May 2023** | – | – |
| **Carrying amounts** | | |
| **At 31 May 2023** | – | – |

| | 2022 | |
|---|---|---|
| | Group | Company |
| **Cost** | | |
| At 1 June 2021 | – | – |
| Transfer from property, plant and equipment | 894,279 | 894,279 |
| **At 31 May 2022** | 894,279 | 894,279 |
| **Depreciation** | | |
| At 1 June 2021 | – | – |
| Transfer from property, plant and equipment | 303,289 | 303,289 |
| **At 31 May 2022** | 303,289 | 303,289 |
| **Carrying amounts** | | |
| **At 31 May 2022** | 590,990 | 590,990 |

The Group, in its attempts to simplify its business through property optimisation and rationalisation has committed to sell its home and personal care non-strategic assets within the next 12 months to maintain sustainable competitive advantage over the forthcoming years. The held for sale asset in prior year has been disposed during the year.

## 6 INVESTMENT PROPERTY

| | **2023** | |
|---|---|---|
| | **Group** | **Company** |
| **Cost** | | |
| At 1 June 2022 | **2,470,870** | **2,470,870** |
| Addition | **–** | **–** |
| **At 31 May 2023** | **2,470,870** | **2,470,870** |
| **Accumulated depreciation** | | |
| At 1 June 2022 | **824,131** | **824,131** |
| Depreciation for the year | **56,105** | **56,105** |
| **At 31 May 2023** | **880,236** | **880,236** |
| **Carrying amounts** | | |
| **At 31 May 2023** | **1,590,634** | **1,590,634** |

| | 2022 | |
|---|---|---|
| | Group | Company |
| **Cost** | | |
| At 1 June 2021 | – | – |
| Transfer from property, plant and equipment | 2,470,870 | 2,470,870 |
| **At 31 May 2022** | 2,470,870 | 2,470,870 |
| **Depreciation** | | |
| At 1 June 2021 | – | – |
| Transfer from property, plant and equipment | 824,131 | 824,131 |
| **At 31 May 2022** | 824,131 | 824,131 |
| **Carrying amounts** | | |
| **At 31 May 2022** | 1,646,739 | 1,646,739 |

Further to the Group's intention to simplify its business, the Group has reclassified certain assets which it believes fall within the category of an investment property, to align with the requirement of IAS 40 on assets that qualify as investment property. These properties are not currently used by the business, and some of them have been leased in the short term. However, there are potential for utilisation in the future for business growth such as provision of additional support for export and enhancement of direct customer coverage and market penetration. The fair value of these properties is estimated at N14.90 billion.

# Notes to the Consolidated and Separate Financial Statements continued

## 6 INVESTMENT PROPERTY CONTINUED

The fair value was estimated using the cost approach. This provides an indication of value using the economic principle that a buyer will pay no more for an asset than what it will cost him/her to own an equivalent asset of equal utility, whether by purchase or by construction. Thus the total construction cost of a new one is achieved through the application of a current construction rate to the gross floor area including other associated costs which is then depreciated to reflect present physical condition and functional and economic obsolescence on the property, before adding the value of the bare site as at the date of valuation.

## 7 LEASES – MOTOR VEHICLE

### Right-of-use assets

| In thousands of Naira | Group | Company |
|---|---|---|
| **Cost** | | |
| At 1 June 2022 | 588,847 | 453,298 |
| Additions* | 207,000 | 132,000 |
| **At 31 May 2023** | **795,847** | **585,298** |
| **Accumulated depreciation** | | |
| At 1 June 2022 | 495,968 | 388,686 |
| Charge for the year | 96,121 | 65,097 |
| **At 31 May 2023** | **592,089** | **453,783** |
| **Cost** | | |
| At 1 June 2021 | 556,522 | 448,698 |
| Additions* | 32,325 | 4,600 |
| **At 31 May 2022** | 588,847 | 453,298 |
| **Accumulated depreciation** | | |
| At 1 June 2021 | 355,310 | 276,979 |
| Charge for the year | 140,658 | 111,707 |
| **At 31 May 2022** | 495,968 | 388,686 |
| **Carrying amount** | | |
| **At 31 May 2023** | **203,758** | **131,515** |
| **At 31 May 2022** | 92,879 | 64,612 |

* This represents additions to right-of-use assets recognised following the reconciliation with the lease agent.

## 8 LEASE LIABILITY

| In thousands of Naira | Group | Company |
|---|---|---|
| At 1 June 2022 | 92,879 | 64,612 |
| Additions* | 207,000 | 132,000 |
| Lease payment | (96,121) | (65,097) |
| **At 31 May 2023** | **203,758** | **131,515** |
| At 1 June 2021 | 201,212 | 171,719 |
| Additions* | 32,325 | 4,600 |
| Lease payment | (140,658) | (111,707) |
| **At 31 May 2022** | 92,879 | 64,612 |

* This represents additions to right-of-use assets recognised following the reconciliation with the lease agent.

The Group leases motor vehicles. The leases of motor vehicles are mainly for three years with an option to renew. The interest amount in the lease arrangement was not disclosed as it is immaterial and not considered to have a significant impact on the financial statements.

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Non-current | **108,131** | 36,133 | **70,131** | 22,668 |
| Current | **95,627** | 56,746 | **61,384** | 41,944 |
| | **203,758** | 92,879 | **131,515** | 64,612 |

### Maturity analysis of lease liability

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Year 1 | **95,627** | 56,746 | **61,384** | 41,944 |
| Year 2 | **108,131** | 36,133 | **70,131** | 22,668 |
| | **203,758** | 92,879 | **131,515** | 64,612 |

## 9 INTANGIBLE ASSETS – SOFTWARE

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| **Cost** | | | | |
| At 1 June 2022 | **1,059,618** | 1,059,618 | **1,059,618** | 1,059,618 |
| Additions | **–** | – | **–** | – |
| **At 31 May 2023** | **1,059,618** | 1,059,618 | **1,059,618** | 1,059,618 |
| **Accumulated amortisation** | | | | |
| At 1 June 2022 | **529,810** | 423,848 | **529,810** | 423,848 |
| Charge for the year | **105,961** | 105,962 | **105,961** | 105,962 |
| **At 31 May 2023** | **635,771** | 529,810 | **635,771** | 529,810 |
| **Carrying amount** | | | | |
| **At 31 May 2023** | **423,847** | 529,808 | **423,847** | 529,808 |

All intangible assets are non-current. All intangible assets of the Group have finite useful lives and are amortised over 10 years in line with its accounting policy. The intangible assets represent cost of Enterprise Resource programme package (SAP) deployed.

## 10 INVESTMENT IN SUBSIDIARY

| | Company | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| At 31 May | **504,406** | 504,406 |

| | Investment amount | Country of incorporation and place of business | Nature of business | Proportion of shares held by Parent & NCI in 2023 & 2022 | |
|---|---|---|---|---|---|
| | | | | Parent (%) | NCI (%) |
| HPZ Limited | 504,406 | Nigeria | Household electrical appliances Nigeria manufacturer | 74.99 | 25.01 |

# Notes to the Consolidated and Separate Financial Statements continued

## 10 INVESTMENT IN SUBSIDIARY CONTINUED

| HPZ Limited<br>In thousands of Naira | 2023 | 2022 |
|---|---|---|
| Current assets | **62,123,468** | 28,438,895 |
| Non-current assets | **2,066,082** | 1,662,660 |
| Current liabilities | **(43,197,095)** | (15,467,184) |
| Non-current liabilities | **(800,458)** | (262,281) |
| Equity attributable to owners of the Company | **(15,161,686)** | (10,657,769) |
| Non-controlling interests | **(5,030,311)** | (3,714,321) |
| Revenue | **46,551,198** | 41,238,660 |
| Net expense | **(40,731,289)** | (38,322,986) |
| **Profit for the year** | **5,819,909** | 2,915,674 |
| Profit attributable to owners of the Company | | |
| | **4,364,350** | 2,186,464 |
| Profit attributable to the non-controlling interests | **1,455,559** | 729,210 |
| **Profit for the year** | **5,819,909** | 2,915,674 |
| Other comprehensive income attributable to owners of the Company | **–** | – |
| Other comprehensive income attributable to the non-controlling interests | **–** | – |
| **Other comprehensive income for the year** | **–** | – |
| Total comprehensive income attributable to owners of the Company | **4,364,350** | 2,186,464 |
| Total comprehensive income attributable to the non-controlling interests | **1,455,559** | 729,210 |
| **Total comprehensive income for the year** | **5,819,909** | 2,915,674 |
| Net cash inflow/outflow from operating activities | **14,073,162** | 14,749,855 |
| Net cash inflow/outflow from investing activities | **7,376,383** | (5,471,835) |
| Net cash inflow/outflow from financing activities | **4,912,775** | (35,931) |
| **Net cash outflow** | **26,362,320** | 9,242,089 |

The amounts disclosed above do not reflect the elimination of intragroup transactions.

## 11 INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Raw materials and consumables | **9,526,437** | 8,251,342 | **9,420,094** | 8,148,863 |
| Finished goods and goods for resale | **13,062,856** | 12,103,916 | **7,375,141** | 6,345,204 |
| Engineering spares and other stocks | **2,291,735** | 2,602,489 | **2,300,460** | 2,188,156 |
| Goods in transit | **4,167,690** | 3,934,032 | **826,755** | 2,581,060 |
| **Total** | **29,048,718** | 26,891,779 | **19,922,450** | 19,263,283 |

During the year ended 31 May 2023, N750 million (2022: N2.20 billion) was charged to the income statement for obsolete and damaged inventories identified. Also recognised as expense in the financial statements are engineering spares used for production of N2.2 million (2022: N437 million).

The following table provides a reconciliation of items reflected as cash and non-cash in the Statements of Cash Flows.

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Changes in inventory | **(2,156,939)** | (3,663,815) | **(659,167)** | (3,980,587) |
| Adjusted for non-cash items: | | | | |
| Obsolescence/damaged inventory (Note 26a) | **(750,292)** | (2,200,000) | **(733,697)** | (2,200,000) |
| **Changes in inventory as shown in the Statements of Cash Flows** | **(2,907,231)** | (5,863,815) | **(1,392,864)** | (6,180,587) |

## 12 TRADE AND OTHER RECEIVABLES

Receivables due within one year:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Trade receivables | **5,731,117** | 5,882,011 | **2,682,166** | 2,522,733 |
| Allowance for impairment of trade receivables (Note 12.1) | **(760,164)** | (592,188) | **(636,235)** | (448,312) |
| **Net trade receivables** | **4,970,953** | 5,289,823 | **2,045,931** | 2,074,421 |
| Due from related party companies (Note 34) | **2,884,607** | 1,290,630 | **2,840,442** | 1,290,630 |
| WHT credit note receivable | **1,380,125** | 662,886 | **950,352** | 490,300 |
| Other receivables* | **2,217,023** | 1,003,449 | **1,827,891** | 892,652 |
| **Total** | **11,452,708** | 8,246,788 | **7,664,616** | 4,748,003 |

* Other receivables include amounts receivable for utility services provided to third parties, interest receivables from banks and an unclaimed dividend with the Company's registrar. These are considered 100% recoverable because the balances are settled within a period of one month except the unclaimed dividend, hence no loss allowance was estimated on the outstanding balance.

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognised a loss allowance of 100% against some of the receivables over 180 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

There are no other customers which represent more than 10% of the total balance of trade receivables of the Group after impairment. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group did not recognise impairment on amount due from related party, because there are no conditions existing that reflects a future default in recovering amount due.

# Notes to the Consolidated and Separate Financial Statements continued

## 12 TRADE AND OTHER RECEIVABLES CONTINUED

### Group

| | Trade receivables – days past due | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **31 May 2023** | **Not Due** | **1–30** | **31–60** | **61–90** | **91–180** | **> 180** | **Specific Provision** | **Total** |
| In thousands of Naira | | | | | | | | |
| Expected credit loss rate | **1%** | **1%** | **4%** | **11%** | **28%** | **86%** | **100%** | |
| Estimated total gross carrying amount at default | **4,262,130** | **153,803** | **–** | **130,777** | **827,412** | **288,023** | **238,806** | **5,900,951** |
| Lifetime ECL | **(26,240)** | **(2,045)** | **–** | **(15,006)** | **(231,164)** | **(246,903)** | **(238,806)** | **(760,164)** |
| | **4,235,890** | **151,758** | **–** | **115,771** | **596,248** | **41,120** | **–** | **5,140,787** |

| | Trade receivables – days past due | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 31 May 2022 | Not Due | 1–30 | 31–60 | 61–90 | 91–180 | > 180 | Specific Provision | Total |
| In thousands of Naira | | | | | | | | |
| Expected credit loss rate | 0% | 0% | 3% | 6% | 15% | 0% | | |
| Estimated total gross carrying amount at default | 4,197,719 | 762,013 | 183,997 | 82,825 | 93,765 | – | 561,692 | 5,882,011 |
| Lifetime ECL | (4,254) | (759) | (6,132) | (5,205) | (14,147) | – | (561,692) | (592,188) |
| | 4,193,465 | 761,254 | 177,865 | 77,620 | 79,618 | – | – | 5,289,823 |

### Company

| | Trade receivables – days past due | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **31 May 2023** | **Not Due** | **1–30** | **31–60** | **61–90** | **91–180** | **> 180** | **Specific Provision** | **Total** |
| In thousands of Naira | | | | | | | | |
| Expected credit loss rate | **1%** | **1%** | **4%** | **11%** | **28%** | **86%** | **100%** | |
| Estimated total gross carrying amount at default | **1,357,064** | **153,803** | **–** | **110,704** | **798,534** | **288,023** | **143,873** | **2,852,001** |
| Lifetime ECL | **(7,616)** | **(2,045)** | **–** | **(12,702)** | **(223,096)** | **(246,903)** | **(143,873)** | **(636,235)** |
| | **1,349,448** | **151,758** | **–** | **98,002** | **575,438** | **41,120** | **–** | **2,215,766** |

| | Trade receivables – days past due | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 31 May 2022 | Not Due | 1–30 | 31–60 | 61–90 | 91–180 | > 180 | Specific Provision | Total |
| In thousands of Naira | | | | | | | | |
| Expected credit loss rate | 0% | 0% | 4% | 12% | 22% | 0% | 100% | |
| Estimated total gross carrying amount at default | 1,553,038 | 364,304 | 113,599 | 18,658 | 45,027 | – | 428,107 | 2,522,733 |
| Lifetime ECL | (2,633) | (543) | (5,007) | (2,316) | (9,706) | – | (428,107) | (448,312) |
| | 1,550,405 | 363,761 | 108,592 | 16,342 | 35,321 | – | – | 2,074,421 |

The Company's exposure to credit and market risks related to trade and other receivables are disclosed in Note 3.1.

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

| In thousands of Naira | Group | Company |
|---|---|---|
| **Balance as at 1 June 2022** | (592,188) | (448,312) |
| Changes in credit risk parameters | (167,976) | (187,923) |
| **Balance at 31 May 2023** | **(760,164)** | **(636,235)** |

## 12.1 Trade receivables impaired (ageing)

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| **Trade receivables impaired (ageing)** | | | | |
| The ageing of impaired trade receivables is as follows: | | | | |
| Current to 180 days | **274,455** | 30,496 | **245,459** | 20,205 |
| Over 180 days | **485,709** | 561,692 | **390,776** | 428,107 |
| **Total** | **760,164** | 592,188 | **636,235** | 448,312 |

The impairment loss as at 31 May 2023 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and extensive analysis of the underlying customers' credit ratings. The impairment loss is included in administrative expenses.

Based on historical default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due.

All trade receivables are denominated in Nigerian Naira.

The credit risk of distributors is assessed at subsidiary and Group level, taking into account their financial positions, past experiences and other factors. Individual distributor credit limits are imposed based on these factors.

Distributors are initially brought on board on a cash basis for a period of six months. At the expiration of the six-month cash trading period, distributors are free to apply for credit.

# 13 LOAN RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Balance as at 1 June | **–** | 5,000,000 | **–** | 10,368,797 |
| Additions during the year | **5,000,000** | – | **11,296,509** | 5,451,626 |
| Interest on loan | **367,068** | 239,910 | **939,136** | 407,229 |
| Payment within the year | **(5,000,000)** | (5,000,000) | **(4,715,647)** | (15,820,423) |
| Interest received | **(367,068)** | (239,910) | **(939,136)** | (407,229) |
| Balance as at 31 May | **–** | – | **6,580,862** | – |
| Non-current | **–** | – | **3,422,048** | – |
| Current | **–** | – | **3,158,814** | – |
| | **–** | – | **6,580,862** | – |

Loan receivables relates to cash advance made to related party. Information on interest received on advances and repayment terms are disclosed in Note 34. The Group did not recognise impairment on loans due from related party, because there are no conditions existing that reflects a future default in recovering the amount due. The interest rate is 7.5% with a repayment period of three years.

# Notes to the Consolidated and Separate Financial Statements continued

## 14 OTHER ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Prepayments | **166,139** | 273,282 | **166,139** | 273,282 |
| Advances to suppliers | **817,047** | 961,189 | **817,047** | 961,189 |
| **Total** | **983,186** | 1,234,471 | **983,186** | 1,234,471 |

The advances have been made to suppliers to secure supply lines in the course of business. Prepayments relate to advances for 12 months' rental accommodation.

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Non-current | **32,082** | 47,321 | **32,082** | 47,321 |
| Current | **951,104** | 1,187,150 | **951,104** | 1,187,150 |
| | **983,186** | 1,234,471 | **983,186** | 1,234,471 |

## 15 DEPOSIT FOR IMPORTS

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Deposit for letters of credit | **958,058** | 190,273 | **9,670** | 190,273 |
| **Total** | **958,058** | 190,273 | **9,670** | 190,273 |

Deposit for letters of credit represents committed cash no longer available for another purpose other than that for which it has been designated for. They represent Naira deposits for foreign currencies purchased for funding of letters of credit; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery.

## 16 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Cash in hand | **10,071** | – | **10,071** | – |
| Cash at bank | **38,862,062** | 22,366,914 | **21,432,010** | 13,352,556 |
| Short-term deposits with banks | **62,750,943** | 30,478,419 | **37,157,737** | 22,478,419 |
| **Total** | **101,623,076** | 52,845,333 | **58,599,818** | 35,830,975 |

Short-term deposits relates to fixed interest-bearing deposits of the Group in various banks.

## 17 SHARE CAPITAL

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Number in thousands** | **Amount N'000** | Number in thousands | Amount N'000 |
| **Authorised:** | | | | |
| Ordinary shares of 50k each | **3,970,476** | **1,985,238** | 3,970,476 | 1,985,238 |
| **Allotted, called up and fully paid:** | | | | |
| Ordinary shares of 50k each | **3,970,476** | **1,985,238** | 3,970,476 | 1,985,238 |

## 18 DEFERRED INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Rent received in advance | **89,502** | 65,125 | **89,502** | 65,125 |
| | **89,502** | 65,125 | **89,502** | 65,125 |

Non-current payables relates to rent received from third parties on PZ Cussons Nigeria Plc warehouses.

| | Group | | Company | |
|---|---|---|---|---|
| **Deferred income**<br>In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Non-current | **84,230** | 9,145 | **84,230** | 9,145 |
| Current | **5,272** | 55,980 | **5,272** | 55,980 |
| | **89,502** | 65,125 | **89,502** | 65,125 |

## 19 CONTRACT LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Advance from customers | **361,162** | 1,161,395 | **361,162** | 572,350 |
| | **361,162** | 1,161,395 | **361,162** | 572,350 |

Contract liabilities relates to income received from customers for which goods are yet to be supplied. Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are received or collected by the customer. When the customer initially purchases the goods, the transaction price received at that point by the Group is recognised as a contract liability until the goods have been received by the customer.

| | Group | | Company | |
|---|---|---|---|---|
| **Contract liabilities**<br>In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Non-current | **–** | – | **–** | – |
| Current | **361,162** | 1,161,395 | **361,162** | 572,350 |
| | **361,162** | 1,161,395 | **361,162** | 572,350 |

## 20 TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| **Income tax expense:** | | | | |
| Company income tax in respect of current year | **6,214,417** | 1,176,644 | **3,125,314** | 299,265 |
| Education tax in respect of current year | **569,554** | 286,074 | **307,567** | 114,432 |
| Capital Gains Tax | **563,753** | 846,120 | **563,753** | 846,120 |
| NASENI Levy | **–** | – | **–** | – |
| Police Levy | **1,023** | 500 | **563** | 244 |
| Under-provision of prior year tax | **283,114** | 737,331 | **14,017** | 279,090 |
| **Total current tax** | **7,631,861** | 3,046,669 | **4,011,214** | 1,539,151 |
| **Deferred tax:** | | | | |
| Current year charge to income statement | **(1,516,466)** | 525,509 | **(1,273,823)** | (184,159) |
| (Over)/Under-provision in prior year | **–** | (263,478) | **–** | (263,478) |
| **Total deferred tax (Note 21)** | **(1,516,466)** | 262,031 | **(1,273,823)** | (447,637) |
| **Income tax expense** | **6,115,395** | 3,308,700 | **2,737,391** | 1,091,514 |

# Notes to the Consolidated and Separate Financial Statements continued

## 20 TAXATION CONTINUED

### Effective tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent as follows:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| **Profit before tax** | **20,463,740** | 10,008,025 | **11,265,827** | 4,875,166 |
| Income tax using the domestic Company income tax rate of 30% (2022: 30%) | **6,139,122** | 3,002,407 | **3,379,748** | 1,462,550 |
| **Tax effects of:** | | | | |
| Non-taxable deductions | **(1,441,171)** | (1,238,886) | **(1,528,257)** | (1,347,443) |
| Tertiary education tax | **569,554** | 286,073 | **307,567** | 114,432 |
| Capital Gains Tax | **563,753** | 846,120 | **563,753** | 846,120 |
| Prior year tax adjustments recognised in current year | **–** | 145,041 | **–** | (251,833) |
| NASENI and Police Levy | **1,023** | 500 | **563** | 244 |
| Provision for uncertain tax | **283,114** | 267,445 | **14,017** | 267,445 |
| **Total income tax expense in income statement** | **6,115,395** | 3,308,700 | **2,737,391** | 1,091,514 |

The current tax charge has been computed at the applicable rate of 30% (31 May 2022: 30%) plus education levy of 2.5% (31 May 2022: 2.5%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as donations and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income for the Company is mainly made up of export profits.

The movement in the current income taxation payable is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| At 1 June | **3,697,278** | 1,894,465 | **1,459,748** | 1,105,136 |
| Tax charge for the year | **7,348,747** | 2,309,338 | **3,997,197** | 1,260,061 |
| Prior under/(over)-provision | **283,114** | 737,331 | **14,017** | 279,090 |
| Tax paid during the year | **(2,401,590)** | (1,243,856) | **(1,202,219)** | (1,184,539) |
| **Current tax payable** | **8,927,549** | 3,697,278 | **4,268,743** | 1,459,748 |

## 21 DEFERRED TAXATION

The analysis of deferred tax liabilities is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Deferred tax liability to be recovered after more than 12 months | **3,561,854** | 5,078,502 | **4,086,413** | 5,360,236 |

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| As at 1 June | **5,078,502** | 4,816,471 | **5,360,236** | 5,807,873 |
| Prior year adjustment | **(182)** | – | **–** | – |
| Charged/(credited) to income statement (Note 20) | **(1,516,466)** | 262,031 | **(1,273,823)** | (447,637) |
| As at 31 May | **3,561,854** | 5,078,502 | **4,086,413** | 5,360,236 |

| In thousands of Naira | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Property, plant and equipment | Provisions | Total | Property, plant and equipment | Provisions | Total |
| **At 1 June 2022** | (471,798) | 5,288,269 | 4,816,471 | 2,554,747 | 3,253,126 | 5,807,873 |
| (Credited)/charged to income statement | 169,395 | 92,637 | 262,031 | (124,226) | (323,410) | (447,636) |
| **At 31 May 2022** | (302,403) | 5,380,906 | 5,078,502 | 2,430,521 | 2,929,716 | 5,360,237 |
| (Credited)/charged to income statement | (44,054) | (1,472,594) | (1,516,648) | (48,292) | (1,225,532) | (1,273,824) |
| **At 31 May 2023** | **(346,457)** | **3,908,311** | **3,561,854** | **2,382,229** | **1,704,184** | **4,086,413** |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| In thousands of Naira | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Deferred tax liabilities | **4,086,413** | 5,360,236 | **4,086,413** | 5,360,236 |
| Deferred tax assets | **(524,559)** | (281,734) | **–** | – |
| **Net deferred tax liabilities** | **3,561,854** | 5,078,502 | **4,086,413** | 5,360,236 |

## 22 WARRANTY PROVISIONS

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Warranty provisions | **381,313** | 363,388 | **–** | – |
| | **381,313** | 363,388 | **–** | – |

| In thousands of Naira | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| At 1 June | **363,388** | 406,840 | **–** | – |
| Charged to the income statement | **176,815** | 385,727 | **–** | – |
| Utilised in the year | **(158,890)** | (429,179) | **–** | – |
| Warranty provisions at 31 May | **381,313** | 363,388 | **–** | – |
| The ageing of the warranty provision is as follows: | | | | |
| Within 12 months | **72,234** | 114,571 | **–** | – |
| Greater than 12 months | **309,079** | 248,817 | **–** | – |
| **Total** | **381,313** | 363,388 | **–** | – |

The warranty provision represents management's best estimate of the Group's liability under 12-month warranties granted on electrical products, based on past experience for defective products.

The Group generally offers 1–3 year warranties for its electrical products and components. Directors estimate the related provision for future warranty claims based on historical warranty claim information, as well as recent trends. Factors that could impact the estimated claim information include the success of the Group's product and quality initiatives, as well as spare parts and labour costs (note 2.25.5).

# Notes to the Consolidated and Separate Financial Statements continued

## 23 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Trade payables | **10,313,971** | 4,616,152 | **1,472,563** | 2,499,298 |
| Unclaimed dividend (Note 23.1) | **1,817,272** | 1,597,570 | **1,817,272** | 1,597,570 |
| Accruals* | **7,536,204** | 8,341,028 | **4,063,589** | 6,265,830 |
| Amount owed to subsidiary | **–** | – | **–** | 4,157,648 |
| Amounts owed to related parties** | **58,358,492** | 43,755,618 | **45,547,740** | 32,243,179 |
| Sundry creditors*** | **1,917,796** | 2,682,185 | **1,579,941** | 1,717,792 |
| **Total** | **79,943,735** | 60,992,553 | **54,481,105** | 48,481,317 |

* Included in the amounts reported as accruals are customer rebates of about N1.54 billion (2022: N1.12 billion). Duty and clearing costs amount to N1.37 billion (2022: N1.33 billion), and VAT liability of N1.85 billion (2022: N2.9 billion) in both the Company and Group.

** Transactions which relate to the amount owed to related parties are disclosed in Note 34.

*** Included in the amount reported as sundry creditors relates mainly to customer deposit with the Company.

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. No interest is charged by the Group's suppliers on all its outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 3.2. The Directors consider the carrying amount of trade and other payables to approximate their fair value.

The following table provides a reconciliation of items reflected as cash and non-cash in the Statements of Cash Flows.

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Changes in trade and other payables | **18,951,181** | 14,318,831 | **5,999,787** | 7,295,883 |
| Adjusted for non-cash items: | | | | |
| Statute barred dividend transferred to retained earnings (Note 23.1b) | **282,065** | 264,145 | **282,065** | 264,145 |
| Transfer to intercompany dividend payable WHT inclusive (Note 23.1b) | **(2,938,443)** | – | **(2,938,443)** | – |
| Foreign exchange loss (Note 26b) | **(2,423,925)** | – | **(1,631,755)** | – |
| Global shared services support (Note 26a) | **(2,990,168)** | (3,254,113) | **(2,990,168)** | (1,447,276) |
| Technical Knowhow, R&D support, Trademark & Management fees (Note 26a) | **(3,221,286)** | (2,646,058) | **(3,221,286)** | (2,646,058) |
| Changes in trade and other payables as shown in the Statements of Cash Flows | **7,659,424** | 8,682,805 | **(4,499,800)** | 3,466,694 |

### 23.1 Unclaimed dividend

**23.1a The following dividends were declared by the Group during the year:**

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Declared in 2023 is Nil (2022: N1.01) per qualifying ordinary share | **–** | 4,000,000 | **–** | 4,000,000 |

This represents the dividend proposed for the preceding year but declared in the current year.

After the end of the reporting period, no dividend was proposed (2022: N1.01) per qualifying ordinary share of 3,970,477,000 (2022: 3,970,477,000) was proposed by the Directors (2022: N4 billion). The dividends have not been provided for and there are no income tax consequences until the dividend is declared.

23.1 b Movement in unclaimed dividend

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Balance at 1 June | **1,597,570** | 1,915,611 | **1,597,570** | 1,915,611 |
| Dividend declared with respect to prior year | **4,010,182** | 992,620 | **4,010,182** | 992,620 |
| Transfer to intercompany dividend payable WHT inclusive (due to the parent company) | **(2,938,443)** | – | **(2,938,443)** | – |
| Payments during the year to First Registrars Non-Group shareholders WHT inclusive | **(1,071,739)** | (992,620) | **(1,071,739)** | (992,620) |
| Unpaid dividend received (see (ii) below) | **33,512** | – | **33,512** | – |
| Dividend amount with Registrar for distribution recognised | **515,398** | – | **515,398** | – |
| Refund of overdrawn dividend payments (see (iii) below) | **(47,143)** | (53,896) | **(47,143)** | (53,896) |
| Statute barred dividend transferred to retained earnings (see (i) below) | **(282,065)** | (264,145) | **(282,065)** | (264,145) |
| **Balance at 31 May** | **1,817,272** | 1,597,570 | **1,817,272** | 1,597,570 |

The balance as at year end is included in trade and other payables (Note 23).

(i) Unclaimed dividends received and transferred to retained earnings (statute barred dividends) represent dividends which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with section 432(2) of the Companies and Allied Matters Act, 2020 as amended.

(ii) In accordance with the Securities and Exchange Commission (SEC) circular published in 2015, all Capital Market Registrars are to return unclaimed dividends which have been in their custody for fifteen (15) months and above to the paying companies. The Group received Nil amount from First Registrars Limited during the year (2022: N33.5 million).

(iii) This refers to dividend payments made by First Registrars on behalf of PZ Cussons Nigeria Plc now refunded.

## 24 DELIVERABLE FORWARDS

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Deliverable forwards | **4,056,791** | 431,803 | **383,725** | 324,820 |
| **Total** | **4,056,791** | 431,803 | **383,725** | 324,820 |

Deliverable forwards represent Naira deposits for foreign currencies purchased for funding of forwards, all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery. The deliverable forwards was measured at cost.

## 25 BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Borrowing from parent Company (Note 25a) | **18,735,092** | – | **18,735,092** | – |
| Trade obligation with banks (Note 25b) | **5,277,304** | – | **–** | – |
| | **24,012,396** | – | **18,735,092** | – |

| Borrowings | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Non-current | **18,735,092** | – | **18,735,092** | – |
| Current | **5,277,304** | – | **–** | – |
| | **24,012,396** | – | **18,735,092** | – |

# Notes to the Consolidated and Separate Financial Statements continued

## 25 BORROWINGS CONTINUED

### 25a Borrowings from parent Company

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Balance as at 1 June | – | – | – | – |
| Additions | 17,031,902 | – | 17,031,902 | – |
| Foreign currency revaluation adjustment | 1,703,190 | – | 1,703,190 | – |
| Payment | – | – | – | – |
| Balance as at 31 May | 18,735,092 | – | 18,735,092 | – |

The borrowings relate to a loan received from the ultimate parent Company – PZ Cussons (Holding) Limited, UK – in July 2022 based on an agreement signed in June 2022. The facility amount is $40.26 million, and it is non-interest bearing.

### 25b Trade obligation with banks

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Balance as at 1 June | – | – | – | – |
| Additions | 5,277,304 | – | – | – |
| Foreign currency revaluation adjustment | – | – | – | – |
| Payment | – | – | – | – |
| Balance as at 31 May | 5,277,304 | – | – | – |

The Company is involved in trade financing arrangements with some local banks where the banks agree to pay amounts to foreign vendors in respect of invoices owed by the Company and receives settlement from the Company at a later date. The principal purpose of the arrangement is to facilitate efficient payment processing in view of the challenges being experienced with sourcing foreign currency in the Nigerian market. The arrangement enables the Company to settle its foreign obligations in a timely manner to facilitate receipt of key input materials required in the production of finished goods. The total amount paid by the bank is due to be settled by the Company within one year at an average interest charge of LIBOR+8%.

## 26A EXPENSE BY NATURE

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Changes in inventories of finished goods and work in progress | 66,038,407 | 61,060,929 | 34,599,992 | 33,962,545 |
| Obsolescence/damaged inventory | 750,292 | 2,200,000 | 733,697 | 2,200,000 |
| Personnel expenses (Note 31.4) | 8,011,158 | 7,528,781 | 6,130,708 | 5,884,694 |
| Fuel and gas | 5,169,222 | 2,876,937 | 4,972,148 | 2,811,552 |
| Depreciation (Note 4) | 1,954,256 | 2,329,868 | 1,782,418 | 2,132,763 |
| Depreciation – Right-of-use (Note 7) | 96,121 | 140,658 | 65,097 | 111,707 |
| Amortisation charge – Intangible assets (Note 9) | 105,961 | 105,962 | 105,961 | 105,962 |
| Auditors' remuneration* | 261,107 | 120,206 | 180,379 | 90,871 |
| Directors' emoluments (Note 31.1) | 300,261 | 268,387 | 300,261 | 268,387 |
| Rent and rates | 434,848 | 249,715 | 290,613 | 249,715 |
| Insurance | 416,417 | 354,949 | 386,375 | 327,004 |
| Freight/carriage cost | 4,331,674 | 2,881,236 | 2,599,434 | 1,751,051 |
| Security services | 226,604 | 229,290 | 221,372 | 225,850 |
| PZ Foundation donation | 50,000 | 50,015 | 50,000 | 50,015 |
| Global shared services support (Note 34.2) | 2,990,168 | 3,254,113 | 2,990,168 | 1,447,276 |
| Vehicle repairs and maintenance | 101,828 | 430,382 | 96,083 | 331,303 |
| Technical Knowhow, R&D support, Trademark & Management fees (Note 33) | 3,221,286 | 2,646,058 | 3,221,286 | 2,646,058 |
| Advertising and market promotions | 2,432,622 | 2,358,226 | 2,112,447 | 1,822,933 |

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Impairment of trade receivables (Note 12.1) | **167,976** | 149,054 | **187,922** | 86,538 |
| Building & plant maintenance | **1,490,060** | 1,074,120 | **1,204,869** | 948,180 |
| Impairment of PPE | **–** | 3,361,872 | **–** | 3,361,872 |
| General and other expenses | **2,236,348** | 1,904,500 | **1,567,652** | 1,603,407 |
| | **100,786,616** | 95,575,258 | **63,798,882** | 62,419,683 |
| Selling and distribution expenses | **11,720,884** | 10,017,575 | **8,054,946** | 6,950,684 |
| Impairment of trade receivables (Note 12.1) | **167,976** | 149,054 | **187,922** | 86,538 |
| Administrative expenses | **7,881,879** | 10,206,473 | **6,902,928** | 8,284,397 |
| | **100,786,616** | 95,575,258 | **63,798,882** | 62,419,683 |

* Fees for auditors relate to audit services provided. No non-audit services were provided by the auditors during the year.

## 26B FOREIGN EXCHANGE LOSS

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Foreign exchange loss | **4,953,665** | 4,159,595 | **3,808,074** | 1,419,868 |

* Exchange loss was taken into consideration by the Group and Company before arriving at the operating profit in the statement of comprehensive income.

## 27 OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Scrap sales and rental income | **460,082** | 258,733 | **460,082** | 399,305 |
| Profit on disposal of fixed assets | **5,943,576** | 8,865,457 | **5,943,383** | 8,865,444 |
| Sundry income | **937,899** | 288,163 | **908,334** | 254,225 |
| | **7,341,557** | 9,412,353 | **7,311,799** | 9,518,974 |

The profit on disposal relates mainly to sales of non-core residential properties in Ikoyi, Lagos state. N6.532 billion was received as consideration from the sales of the properties resulting in profit on disposal of N5.941 billion.

At the close of the 2022 financial year, the management committed to a plan to sell non-core residential assets. All of the assets were sold except one. Accordingly, the remaining property was presented as 'Asset held for sales' at a carrying amount of N591 million as at 31 May 2022 with efforts to sell the asset already at an advanced stage. The sale was concluded in November 2022 which falls into the second quarter of the 2022/23 financial year (see Note 38).

## 28 REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time when control is passed in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 'Operating Segments' (see Note 29). The amount of revenue recognised is after adjusting for expected refund liability, which is considered immaterial and not disclosed separately.

The Group analyses its net revenue by the following categories:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Home and personal care products | **67,413,111** | 58,264,660 | **67,413,111** | 58,264,660 |
| Durable electrical appliances | **46,551,198** | 41,238,660 | **–** | – |
| **Total** | **113,964,309** | 99,503,320 | **67,413,111** | 58,264,660 |

# Notes to the Consolidated and Separate Financial Statements continued

## 29 OPERATING SEGMENTS

The Chief operating decision-maker has been identified as the Executive Management which comprises the five Executive Directors.

The Executive Management reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate.

For reporting purposes, in accordance with IFRS 8 'Operating Segments', the Board aggregates operating segments with similar characteristics and conditions into reporting segments, which form the basis of the reporting in the Annual Report.

The Executive Management considers the business from a products perspective, with branded consumer goods and durable electrical appliances being the reporting segments. The Executive Management assesses the performance based on operating profit before any exceptional items.

The principal categories of customers are wholesalers. The Group's reportable segments under IFRS 8 are therefore as follows:

### Segment description

#### Home and Personal Care Products

This includes the production and sale of Morning Fresh, Zip, Canoe, Premier, Excel, Joy, Stella, Venus, Imperial Leather, Cussons Baby, Original Source, Carex, Robb etc.

#### Durable Electrical Appliances

This includes the production and sale of Haier Thermocool refrigerators, freezers, televisions, generators, air conditioners, washing machines etc.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without central administration costs including Directors' salaries, finance income, non-operating gains and losses in respect of financial instruments. This is the measure reported to the Group's Executive Management for the purpose of resource allocation and assessment of segment performance.

#### 29.1 Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2023:

| **As at 31 May 2023**<br>In thousands of Naira | **Home and Personal Care Products** | **Durable Electrical Appliances** | **Eliminations** | **Total** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Total gross segment revenue | **67,413,111** | **46,551,198** | **–** | **113,964,309** |
| Intersegment revenue | **–** | **–** | **–** | |
| **Total Revenue** | **67,413,111** | **46,551,198** | **–** | **113,964,309** |
| Segment operating profit | **(193,845)** | **8,417,873** | **–** | **8,224,028** |
| Depreciation (Note 4) | **(1,782,418)** | **(171,838)** | **–** | **(1,954,256)** |
| Interest income (Note 35) | **4,149,329** | **1,083,787** | **–** | **5,233,116** |
| Interest cost (Note 35) | **(1,456)** | **(333,508)** | **–** | **(334,962)** |
| **Profit before taxation** | **11,265,827** | **9,197,913** | **–** | **20,463,740** |
| Taxation (Note 20) | **(2,737,391)** | **(3,378,004)** | **–** | **(6,115,395)** |
| **Profit after taxation** | **8,528,436** | **5,819,909** | **–** | **14,348,345** |

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

| As at 31 May 2022<br>In thousands of Naira | Home and Personal Care Products | Durable Electrical Appliances | Eliminations | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| Total gross segment revenue | 58,264,660 | 41,238,660 | – | 99,503,320 |
| **Total Revenue** | 58,264,660 | 41,238,660 | – | 99,503,320 |
| Segment operating loss | (5,574,891) | 5,343,358 | – | (231,533) |
| Depreciation (Note 4) | (2,132,763) | (197,105) | – | (2,329,868) |
| Interest income (Note 35) | 933,042 | 73,871 | (170,771) | 836,143 |
| Interest cost (Note 35) | (1,959) | (177,751) | 170,771 | (8,938) |
| **Profit before taxation** | 4,875,166 | 5,132,859 | – | 10,008,025 |
| Taxation (Note 20) | (1,091,514) | (2,217,186) | – | (3,308,700) |
| **Profit after taxation** | 3,783,652 | 2,915,673 | – | 6,699,325 |

The Group is domiciled in Nigeria. Segment revenue reported above represents revenue generated from external customers. The result of its revenue from external customers in Nigeria is N113.8 billion (2022: N96.57 billion) and the total of revenue from external customers from other countries is N2.19 billion (2022: N2.93 billion) (Note 29.5). There were no intersegment sales in the current year (2022: Nil).

29.2 Segment assets

| **As at 31 May 2023**<br>In thousands of Naira | **Home and Personal Care Products** | **Durable Electrical Appliances** | **Eliminations** | **Total** |
|---|---|---|---|---|
| Property, plant and equipment (Note 4) | **14,031,271** | **1,469,280** | | **15,500,551** |
| Intangible assets (Note 8) | **423,847** | **–** | | **423,847** |
| Financial assets (Note 3.1) | **72,448,504** | **43,473,780** | | **115,922,284** |
| Inventory (Note 11) | **19,922,450** | **9,126,267** | | **29,048,718** |
| **Total segment assets** | **106,826,072** | **54,069,327** | **–** | **160,895,399** |
| Unallocated assets | **3,999,927** | **1,974,965** | **(504,406)** | **5,470,486** |
| **Consolidated total assets** | **110,826,000** | **56,044,292** | **(504,406)** | **166,365,886** |

| As at 31 May 2022<br>In thousands of Naira | Home and Personal Care Products | Durable Electrical Appliances | Eliminations | Total |
|---|---|---|---|---|
| Property, plant and equipment (Note 4) | 15,137,428 | 1,352,659 | – | 16,490,087 |
| Intangible assets (Note 8) | 529,808 | – | – | 529,808 |
| Loan receivables | – | – | – | – |
| Financial assets (Note 3.1) | 41,374,687 | 20,447,541 | – | 61,822,228 |
| Inventory (Note 11) | 19,263,284 | 7,628,495 | – | 26,891,779 |
| **Total segment assets** | 76,305,207 | 29,428,695 | – | 105,733,902 |
| Unallocated assets | 3,570,328 | 672,860 | (504,406) | 3,738,782 |
| **Consolidated total assets** | 79,875,535 | 30,101,555 | (504,406) | 109,472,684 |

The total segment assets located in Nigeria is N166.5 billion (2022: N109.5 billion), and the total of such segment assets located in other countries is Nil (2022: Nil).

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Executive Management monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in subsidiaries and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

# Notes to the Consolidated and Separate Financial Statements continued

## 29 OPERATING SEGMENTS CONTINUED

### 29.3 Other segment information

| | Group | | | |
|---|---|---|---|---|
| | Depreciation and amortisation | | Additions to non-current assets | |
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Home and Personal Care Products | **2,060,217** | 2,238,725 | **967,285** | 718,792 |
| Durable Electrical Appliances | **163,690** | 197,105 | **288,652** | 6,470 |
| | **2,223,907** | 2,435,830 | **1,255,937** | 725,262 |

The depreciation and amortisation as well as the additions to non-current assets reported above were recognised in respect of property, plant and equipment only.

### 29.4 Revenues from major products

The Group's revenues from its major products and are disclosed in Note 28.

### 29.5 Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

#### Group

| | Revenue from external customer | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| Domestic (within Nigeria) | **111,775,676** | 96,573,321 |
| Export (outside Nigeria) | **2,188,633** | 2,929,999 |
| **Total revenue from contracts with customers** | **113,964,309** | 99,503,320 |

#### Company

| | Revenue from external customer | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| Domestic (within Nigeria) | **65,224,479** | 55,334,661 |
| Export (outside Nigeria) | **2,188,632** | 2,929,999 |
| **Total revenue from contracts with customers** | **67,413,111** | 58,264,660 |

The total value of non-current assets from which revenue was derived are: Group N18.3 billion (2022: N19.01 billion); and Company N20.13 billion (2022: 17.88 billion).

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

### 29.6 Information about major customers

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

## 30 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the parent Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Profit attributable to equity holders of parent Company (N'000) | **12,892,786** | 5,970,115 | **8,528,436** | 3,783,652 |
| Weighted average number of ordinary shares in issue ('000) | **3,970,477** | 3,970,477 | **3,970,477** | 3,970,477 |
| Basic earnings per share (Naira/share) | **3.25** | 1.50 | **2.15** | 0.95 |

Diluted EPS is the same as basic earnings per share as there are no potential dilutive ordinary shares or transactions.

## 31 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### 31.1 In thousands of Naira

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Chairman and Directors' emoluments: | | | | |
| Chairman | **12,150** | 9,300 | **12,150** | 9,300 |
| Directors | **288,111** | 259,087 | **288,111** | 259,087 |
| **Total** | **300,261** | 268,387 | **300,261** | 268,387 |
| Fees (as per Non-Executive Directors) | **5,950** | 5,050 | **5,950** | 5,050 |
| Other emoluments (as per Non-Executive Directors) | **37,000** | 21,700 | **37,000** | 21,700 |
| Emoluments (as per Executive Directors) | **257,311** | 241,637 | **257,311** | 241,637 |
| **Total** | **300,261** | 268,387 | **300,261** | 268,387 |

Included in emoluments to Executive Directors is pension paid to them during the year.

### 31.2 Number of Directors excluding the Chairman, whose emoluments fell within the following ranges were:

31.2.1 Executive Directors

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 Number** | 2022 Number | **2023 Number** | 2022 Number |
| N30,000,001 – N40,000,000 | **2** | 1 | **2** | 1 |
| N40,000,001 – N50,000,000 | **–** | 1 | **–** | 1 |
| N100,000,001 – N130,000,000 | **–** | – | **–** | – |
| N130,000,001 – N160,000,000 | **–** | 1 | **–** | 1 |
| N160,000,001 – N190,000,000 | **1** | – | **1** | – |
| **Directors with salaries and allowances as emoluments** | **3** | 3 | **3** | 3 |

31.2.2 Non-Executive Directors

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 Number** | 2022 Number | **2023 Number** | 2022 Number |
| N1,000,000 – N5,000,000 | **–** | 1 | **–** | 1 |
| N5,000,001 – N10,000,000 | **4** | 3 | **4** | 3 |
| N10,000,001 – N15,000,000 | **1** | – | **1** | – |
| **Directors with fees and emoluments** | **5** | 4 | **5** | 4 |
| Directors with no emoluments | **2** | 2 | **2** | 2 |
| **Total** | **10** | 9 | **10** | 9 |

### 31.3 Highest paid Director received

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Highest paid Director received | **189,944** | 163,641 | **189,944** | 163,641 |

# Notes to the Consolidated and Separate Financial Statements continued

## 31 DIRECTORS' AND EMPLOYEES' EMOLUMENTS CONTINUED

### 31.4 Personnel expenses

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

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Salaries, wages and other employee expenses | **7,117,585** | 6,678,080 | **5,443,649** | 5,229,161 |
| Pension costs – defined contribution plan | **548,634** | 512,937 | **410,964** | 385,101 |
| Pension costs – gratuity scheme | **344,939** | 337,764 | **276,095** | 270,432 |
| **Total** | **8,011,158** | 7,528,781 | **6,130,708** | 5,884,694 |

Other employee expenses include incentives, medical and other employee benefits.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 Number** | 2022 Number | **2023 Number** | 2022 Number |
| N1,000,000 and below | **0** | 26 | **0** | 21 |
| N1,000,001 – N1,500,000 | **0** | 7 | **0** | 5 |
| N1,500,001 – N2,000,000 | **44** | 52 | **3** | 17 |
| N2,000,001 – N2,500,000 | **559** | 528 | **404** | 382 |
| N2,500,001 – N3,000,000 | **135** | 166 | **82** | 99 |
| N3,000,001 – N3,500,000 | **9** | 21 | **6** | 14 |
| N3,500,001 – N4,000,000 | **25** | 24 | **25** | 22 |
| N4,000,001 and above | **224** | 216 | **172** | 165 |
| | **996** | 1,040 | **692** | 725 |

(c) The number of full-time persons employed per function as at 31 May was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 Number** | 2022 Number | **2023 Number** | 2022 Number |
| Production | **688** | 631 | **488** | 467 |
| Sales and distribution | **190** | 293 | **95** | 162 |
| Administration | **118** | 116 | **109** | 96 |
| | **996** | 1,040 | **692** | 725 |

## 32 CONTINGENCIES

### (a) Assets

Export Expansion Grant scheme (EEG)

The Export Expansion Grant ('EEG' or 'the Scheme') is one of the export incentives introduced by the Federal Government of Nigeria through the Export (Incentives and Miscellaneous Provisions) Act No. 18 of 1986 as amended by the Export (Incentives and Miscellaneous Provisions) Act No. 65 of 1992, Cap E19, Laws of the Federation of Nigeria (LFN). It is a post-shipment incentive designed to improve the competitiveness of Nigerian products and commodities and expand the country's volume and value of non-oil exports.

The EEG is a very vital incentive of the Federal Government of Nigeria required for the stimulation of export-oriented activities that will lead to significant growth of the non-oil export sector. Having met the eligibility criteria and registered under the scheme by the Nigerian Export Promotion Council (NEPC), the Group is entitled to a rebate on export sales in as much as the Group can demonstrate that all the conditions precedent have been met.

Negotiable Duty Credit Certificate (NDCC): The NDCC, now called the Export Credit Certificate (ECC) in line with the revised guidelines for the Export Expansion Grant (EEG) scheme, can be used to settle all Federal Government taxes such as Company Income Tax, VAT, WHT etc. and the following:

(a) purchase of Federal Government Bonds;

(b) settlement of credit facilities by Bank of Industry (BOI), Nigerian Export-Import Bank (NEXIM) and Central Bank of Nigeria (CBN) intervention facilities; and

(c) settlement of Asset Management Corporation of Nigeria (AMCON) liabilities.

In the prior year, export rebate receivable is recognised at the approved applicable annual rate (%) on the related export proceeds. The weighted eligibility criteria has four bands: 15%, 10%, 7.5% and 5%. Approval of the rebate is subject to meeting threshold of the following eligibility criteria: local value added, local content, employment (Nigerians), priority sector, export growth, and capital investment.

The Group recognises grants/certificates received. A grant is recognised as a credit to cost of sales and as a financial instrument (Export Credit Certificate) received from the Government. However, since the Government has not communicated or indicated unwillingness to honour EEG obligation, the Group will continue to file valid export claims with the Nigerian Export Promotion Council (NEPC) and only record this as contingent assets. Analysis of Export claims and Certificates with the NEPC are given below. In view of the sovereign nature of these Government obligations, the Group will continue to pursue the full recovery of these assets.

Negotiable Duty Credit Certificate (NDCC)

| | Group | |
|---|---|---|
| In thousands of Naira | **2023** | 2022 |
| NDCC with NEPC (awaiting conversion to ECC) | **297,492** | 297,492 |
| New ECC issued but yet to be utilised | **2,608** | – |
| Export rebate filed with Government | **3,807,636** | 3,375,174 |
| | **4,107,736** | 3,672,666 |
| NDCC with NEPC (awaiting conversion to ECC) held on behalf of related entities | **352,508** | 352,508 |
| **Total – NDCC and Export rebates receivable** | **4,460,244** | 4,025,174 |

## (b) Liabilities

### Pending litigation and claims

The Group is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of these pending litigations amounted to N0.52 billion as at 31 May 2023 (2022: N1.98 billion). In the opinion of the Directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

### Tax-related claims

In the normal course of business, the Group has estimated claims amounting to N64.1 million relating to uncertain tax provisions (UTP) in line with IFRIC 23.

### Financial commitments

In the normal course of business, the Group uses letters of credit to import materials. The total value of open letters of credit as at 31 May 2023 was N38.3 billion (2022: N19.75 billion).

### Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Authorised and contracted | **1,675,000** | 650,551 | **1,173,000** | 639,125 |
| Authorised but not contracted | **411,000** | 280,313 | **411,000** | 280,313 |
| **Total** | **2,086,000** | 930,864 | **1,584,000** | 919,438 |

# Notes to the Consolidated and Separate Financial Statements continued

## 33 TECHNICAL SERVICE FEE

The technical, IT and trademark agreements, bases and amounts are given below. The amount recognised in these financial statements is inclusive of VAT which is payable to the Government. All agreements are subject to the approval of the National Office for Technology Acquisition and Promotion (NOTAP).

| NOTAP Approved Items | Bases | Rates | 2023 | 2022 |
|---|---|---|---|---|
| Technical Knowhow | Net Sales* of Company Sales | 3% | **2,169,900** | 1,764,039 |
| Technical service (R&D) | Net Sales* of Company Sales | 1% | **723,300** | 588,013 |
| Trademark | Net Sales* of Company Sales | 0.5% | **361,650** | 294,006 |
| **Sub total** | | | **3,254,850** | 2,646,058 |
| IT Recharge | | | **2,990,168** | 3,254,113 |
| **Total** | | | **6,245,018** | 5,900,171 |

* Net Sales is gross sales price less (i) value added taxes or sales tax payable; (ii) bonafide packing, transport and insurance cost; and (iii) trade discounts and reimbursements actually granted to customer in respect of such invoice.

## 34 RELATED PARTY TRANSACTIONS

### 34.1 Group and Company

The Group and Company are controlled by PZ Cussons (Holdings) Limited, incorporated in the UK, which owns 73.27% (2022: 73.27%) of the Group and Company's shares. The remaining 26.73% (2022: 26.73%) of the shares are widely held. The Group's parent is PZ Cussons (Holdings) Limited (incorporated in the UK) and its global ultimate parent is PZ Cussons Plc.

All intercompany trading balances are settled in cash. There was no provision for doubtful related party receivables at 31 May 2023 (31 May 2022: Nil) and no charges to the income statement in respect of doubtful related party receivables for the year then ended.

The Company controls HPZ Limited in which it has controlling interest. This is detailed in Note 10.

The nature of relationships between related parties within the Group are set out below:

| Name | Nature of relationship |
|---|---|
| PZ Cussons (Holdings) Limited | Parent Company |
| HPZ Limited | Subsidiary |
| PZ Cussons International Limited | Fellow subsidiary |
| Seven Scent Limited | Fellow subsidiary |
| PZ Cussons Singapore Private Limited | Fellow subsidiary |
| PZ Cussons Indonesia | Fellow subsidiary |
| PZ Cussons (Thailand) Limited | Fellow subsidiary |
| PZ Cussons India Private Limited | Fellow subsidiary |
| Minerva SA Limited, Greece | Fellow subsidiary |
| PZ Cussons Ghana Limited | Fellow subsidiary |
| PZ Cussons East Africa Limited | Fellow subsidiary |
| Nutricima Limited | Fellow subsidiary |
| Harefield Industrial Nigeria Limited | Fellow subsidiary |
| PZ Wilmar Limited | Joint venture of parent Company |
| PZ Coolworld Limited | Fellow subsidiary |

## 34.2 Transactions with related parties

Purchase of goods and services

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (parent Company)**: | | | | |
| – PZ Cussons International Limited | – | – | – | – |
| – Seven Scent Limited | 2,883,116 | 2,621,289 | 2,883,116 | 2,621,289 |
| – PZ Cussons Singapore Private Limited | 14,175,844 | 25,378,294 | 10,007,582 | 7,960,281 |
| – PZ Cussons Indonesia | 8,961 | 424 | 8,961 | 424 |
| – PZ Cussons Thailand | – | 29,565 | – | 29,565 |
| – PZ Wilmar Limited | 7,885,217 | 7,984,723 | 7,885,217 | 7,984,723 |
| | 24,953,138 | 36,014,295 | 20,784,876 | 18,596,282 |

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | 2023 | 2022 | 2023 | 2022 |
| Purchases of services from PZ Cussons (Holdings) Limited (parent Company)**: | | | | |
| – R&D Support – PZ Cussons International Limited | 672,837 | 588,013 | 672,837 | 588,013 |
| – Technical Knowhow fees – PZ Cussons International Limited | 2,212,030 | 1,764,039 | 2,212,030 | 1,764,039 |
| – Trademark – PZ Cussons International Limited | 336,419 | 294,006 | 336,419 | 294,006 |
| | 3,221,286 | 2,646,058 | 3,221,286 | 2,646,058 |
| Recharge of services from PZ Cussons (Holdings) Limited (parent Company) | | | | |
| – Global shared services support | 2,990,168 | 3,254,113 | 2,990,168 | 1,447,276 |
| **Total** | 31,164,592 | 41,914,466 | 26,996,330 | 22,689,616 |
| **Sales of goods** | | | | |
| – PZ Cussons Ghana Limited | 2,084,710 | 3,108,278 | 2,084,710 | 3,108,278 |
| | 2,084,710 | 3,108,278 | 2,084,710 | 3,108,278 |
| **Recharge of service cost recovery – distribution fees:** | | | | |
| – HPZ Limited (subsidiary) | – | – | 3,858,318 | 3,410,761 |
| – Harefield Industrial Nigeria Limited | 807,174 | 811,576 | 807,174 | 811,576 |
| **Sub total A** | 807,174 | 811,576 | 4,665,492 | 4,222,337 |
| **Recharge of local shared services by PZ Cussons Nigeria Plc** | | | | |
| – HPZ Limited (subsidiary) | – | – | 3,672,781 | 3,242,525 |
| – Harefield Industrial Nigeria Limited | 768,359 | 771,546 | 768,359 | 771,546 |
| **Sub total B** | 768,359 | 771,546 | 4,441,140 | 4,014,071 |
| **Net recharge/recovery of service cost (A–B)*** | 38,815 | 40,030 | 224,352 | 208,266 |
| **Total** | 2,123,525 | 3,148,308 | 2,309,062 | 3,316,544 |

* Net recharge/recovery of service is included in cost of sales.

** Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK.

# Notes to the Consolidated and Separate Financial Statements continued

## 34 RELATED PARTY TRANSACTIONS CONTINUED

### Key management personnel compensation

Key management have been determined as Directors (Executive and Non-Executive) and the Chairman. Details of their compensation is as shown in Note 31. No loans were advanced to any key management personnel during the year.

Year-end balances arising from sales/purchases of goods and services.

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| Due to: | | | | |
| **– Subsidiaries of PZ Cussons Nigeria Plc** | | | | |
| – HPZ Limited | **–** | – | **1,564,398** | 4,157,648 |
| Sub total | **–** | – | **1,564,398** | 4,157,648 |
| **– Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK ** ** | | | | |
| – PZ Cussons International Limited | **25,279,300** | 19,230,088 | **25,241,245** | 19,195,787 |
| – Seven Scent Limited | **6,000,923** | 4,614,083 | **6,000,923** | 4,616,083 |
| – PZ Cussons Singapore Private Limited | **23,489,533** | 17,477,548 | **9,152,439** | 5,999,410 |
| – PZ Cussons (Holdings) Limited | **3,586,501** | 941,902 | **3,586,501** | 941,902 |
| – PZ Cussons Indonesia | **–** | – | **–** | – |
| – PZ Cussons (Thailand) Limited | **2,235** | 9,751 | **2,234** | 9,751 |
| – PZ Cussons India Private Limited | **–** | – | **–** | – |
| – Minerva SA Limited, Greece | **–** | – | **–** | – |
| – PZ Cussons Ghana Limited | **–** | – | **–** | – |
| – PZ Cussons East Africa Limited | **–** | – | **–** | – |
| – Nutricima Limited | **–** | – | **–** | – |
| – Harefield Industrial Nigeria Limited | **–** | 1,240,386 | **–** | 1,240,386 |
| – PZ Wilmar Limited | **–** | 241,860 | **–** | 241,860 |
| – PZ Coolworld Limited | **–** | – | **–** | – |
| **Sub total** | **58,358,492** | 43,755,618 | **43,983,342** | 32,245,179 |
| **Total** | **58,358,492** | 43,755,618 | **45,547,740** | 36,402,827 |
| **Due from:** | | | | |
| **– Subsidiaries of PZ Cussons Nigeria Plc** | | | | |
| – HPZ Limited | **–** | – | **–** | – |
| Joint ventures of PZ Cussons | | | | |
| – PZ Wilmar Limited | **–** | – | **–** | – |
| | **–** | – | **–** | – |
| **** Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK** | | | | |
| – PZ Cussons International Limited | **–** | – | **–** | – |
| – PZ Cussons Ghana Limited | **97,218** | 724,648 | **97,218** | 724,648 |
| – Harefield Industrial Nigeria Limited | **1,898,941** | – | **1,854,776** | – |
| – PZ Wilmar Limited | **888,448** | 565,982 | **888,448** | 565,982 |
| **Sub total** | **2,884,607** | 1,290,630 | **2,840,442** | 1,290,630 |
| **Total** | **2,884,607** | 1,290,630 | **2,840,442** | 1,290,630 |
| **Loan due from:** | | | | |
| **– Subsidiaries of PZ Cussons Nigeria Plc** | | | | |
| – HPZ Limited | **–** | – | **6,580,862** | – |
| | **–** | – | **6,580,862** | – |

Balances arising from sales/purchases of goods and services are revolving balances settled within 30 days after the end of the month.

The entities categorised as Joint Ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK are:

- Local entities: Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Coolworld Limited, PZ Wilmar Limited and PZ Wilmar Food Limited.
- Foreign entities: PZ Cussons International Limited, PZ Cussons Singapore Private Limited, PZ Cussons (Thailand) Limited, PZ Cussons Ghana Limited, PZ Cussons East Africa Limited, PZ Cussons Mesa, PZ Cussons Indonesia, PZ Cussons India Private Limited, and Seven Scent Limited.
- Loan receivable relates to a cash advance made to HPZ Limited. The Group did not recognise impairment on loans due from related party, because there are no conditions existing that reflects a future default in recovering the amount due. The interest rate is 7.5% with a repayment period of three years.

*PZ Cussons Foundation*

PZ Cussons Foundation is not a related party within the definition of IAS 24. The Foundation was established in 2007 to improve the quality of life of people living in Nigeria, especially in areas around our operations across the country by building roads, schools, health centres, sport facilities, providing potable water, etc. As a corporate social responsibility outfit, the Foundation's affairs are managed by a Board of Trustees who are responsible for the delivery of the Foundation's objectives. During the year, donations from PZ Cussons Nigeria Plc to the Foundation amounted to N50 million (2022: N50 million). However, the Foundation is at liberty to receive donations from other sources. Disclosure made in this section is on a voluntary basis in the interest of transparency.

## 35 INTEREST ON ADVANCES FROM RELATED ENTITIES AND SHORT-TERM BORROWINGS FROM BANKS

During the year, the Group and Company obtained and gave short-term advances at an average rate of 9.75% p.a. from and to related parties. The advances have been fully liquidated at 2022 and 2021 year end and they are not included in the closing balances of the amount due to and the amount due from related parties by the Company and the Group. These advances were drawn down or disbursed in various amounts and did not run throughout the 12 months duration of the financial years ended 31 May 2023 and 31 May 2022.

The Group and Company earned N367.1 million (2022: N239.9 million) and N939.1 million (2022: N407.2 million) respectively on short-term advances to related parties. All inter-company interest has been eliminated on consolidation. The uneliminated interest income and interest expense on consolidation relates to interest earned and interest paid on transactions with other related parties (i.e. Nutricima Limited, Harefield Industrial Nigeria Limited and PZ Wilmar Limited) outside of the PZ Cussons Nigeria Plc Group.

| | Group | | Company | |
|---|---|---|---|---|
| In thousands of Naira | **2023** | 2022 | **2023** | 2022 |
| **Interest paid to related companies** | | | | |
| Nutricima Limited | **–** | – | **–** | – |
| | **–** | – | **–** | – |
| **Interest paid to banks** | **(334,961)** | (8,939) | **(1,456)** | (1,959) |
| **Total interest cost** | **(334,961)** | (8,939) | **(1,456)** | (1,959) |
| **Interest earned from related companies** | | | | |
| HPZ Limited | **–** | – | **674,068** | – |
| Harefield Industrial Nigeria Limited | **–** | – | **–** | 167,319 |
| PZ Wilmar Limited | **367,068** | 239,910 | **265,068** | 239,910 |
| | **367,068** | 239,910 | **939,136** | 407,229 |
| **Interest earned from banks** | **4,866,048** | 596,234 | **3,210,193** | 525,813 |
| **Total interest income** | **5,233,116** | 836,144 | **4,149,329** | 933,042 |
| **Net finance (cost)/income** | **4,898,154** | 827,204 | **4,147,873** | 931,084 |

## 36 DIVIDENDS

### Amounts recognised as dividends to ordinary shareholders in the year

The dividend for the year ended 31 May 2022 was paid during the year ended 31 May 2023 while the dividend for the year ended 31 May 2021 was paid during the year ended 31 May 2022. This is consistent with the Group's policy of recognising the dividend as a liability in the period it is approved by the shareholders.

As disclosed in Note 23, the dividend proposed in respect of the year ended 31 May 2023 was Nil. No provision for the dividend is recognised in the financial statements for the year then ended because the dividend is recognised as a liability in the period it is approved by shareholders. Accordingly, there is no provision for the dividend in these financial statements.

# Notes to the Consolidated and Separate Financial Statements continued

## 37 BOARD CHANGES

| | |
|---|---|
| Mrs. Ifueko Marina Omoigui Okauru, MFR | Chair, Independent Non-Executive Director (Appointed w.e.f 25 January 2023) |
| Mr. Gbenga Oyebode | Chairman, Independent Non-Executive Director (Resigned w.e.f 25 January 2023) |
| Mr. Panagiotis Katsis | Managing Director/Chief Executive Officer (Retired w.e.f 31 May 2023) |
| Mr. Dimitris Kostianis | Managing Director/Chief Executive Officer (Appointed w.e.f 1 June 2023) |
| Mr. Paul Usoro, SAN | Non-Executive Director (Retired w.e.f 25 January 2023) |
| Mr. Zuber Momoniat | Executive Director (Resigned w.e.f 31 December 2022) |
| Mallam Ballama Manu | Independent Non-Executive Director (Appointed w.e.f 21 November 2022) |
| Mrs. Oluwatoyin Odutayo | Independent Non-Executive Director (Appointed w.e.f 21 November 2022) |

## 38 OTHER INCOME – PROFIT FROM SALE OF NON-CORE RESIDENTIAL ESTATE AT IKOYI, LAGOS STATE

At the close of the 2022 financial year, the management committed to a plan to sell non-core residential assets. All of the assets were sold except one. Accordingly, the remaining property, at 4A and 4B Gerrard Road, Ikoyi, was presented as 'Asset held for sale' at a carrying amount of N591 million as at 31 May 2022 with efforts to sell the asset already at an advanced stage. The sale was concluded in November 2022. The profit realised from the property amounted to N5.94 billion.

## 39 SECURITY TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), PZ Cussons Nigeria Plc maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members, employees and all individuals categorised as insiders in relation to their dealings in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the Policy during the period.

## 40 EVENTS AFTER REPORTING DATE

### 40.1 Impact of foreign exchange rates unification policy

The Nigerian Government's change in the foreign currency exchange rate policy as announced by the Central Bank of Nigeria (CBN) on 14 June 2023 resulted in the devaluation of the Naira relative to other currencies. The business has had to revalue its foreign denominated assets and liabilities in line with the policy. The impact of the revaluation has resulted in significant foreign exchange losses in the 2023/24 financial year. It has adversely impacted the Group's retained earnings which could limit the Company's ability to pay dividends in the future (see impact analysis below at end of September 2023).

| *In thousands of Naira* | **Group** | **Company** |
|---|---|---|
| Share capital | **1,985,239** | **1,985,239** |
| Share premium | **6,878,268** | **6,878,268** |
| Retained earnings | **34,853,830** | **20,287,934** |
| Total equity/Net assets before FX loss | **43,717,337** | **29,151,441** |
| Year to date loss due majorly to foreign exchange loss revaluation | **(38,384,735)** | **(26,337,973)** |
| Revised total equity/Net assets after FX loss | **5,332,602** | **2,813,468** |

### 40.2 PZ Cussons (Holdings) Limited's offer to acquire shares held by other shareholders of PZ Cussons Nigeria Plc

On 4 September 2023, PZ Cussons Nigeria Plc had notified the Nigerian Exchange Limited (NGX) and the investing public that PZ Cussons (Holdings) Limited, UK (the 'Core Shareholder') has informed the Board of Directors of the Company (the 'Board') of its intention to acquire the shares held by all the other shareholders of the Company, subject to prevailing market conditions, at an offer price of N21 per share (the 'Proposed Transaction'). The Proposed Transaction is however, subject to the consideration and approval of the Board, the Company's shareholders and requisite regulatory authorities.

As disclosed in the offer, the essence of the transaction is to significantly simplify and strengthen operations in Nigeria, creating the foundations for the Nigerian business to deliver against its strategy, building a more agile and innovative business. PZ Cussons has been present in Nigeria since 1899 and expects the country to remain an important market for the Group for many years to come.

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

# Other National Disclosure
## Value Added Statement

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| In thousands of Naira | **2023** | **%** | 2022 | % | **2023** | **%** | 2022 | % |
| Revenue | **113,964,309** | | 99,503,320 | | **67,413,111** | | 58,264,660 | |
| Other income | **7,341,557** | | 9,412,353 | | **7,311,800** | | 9,518,973 | |
| Interest income | **5,233,116** | | 836,143 | | **4,149,329** | | 933,042 | |
| Brought-in-materials and services: | | | | | | | | |
| – Imported | **(67,759,222)** | | (64,009,089) | | **(44,935,622)** | | (41,578,955) | |
| – Local | **(27,813,563)** | | (25,620,495) | | **(14,190,196)** | | (14,025,469) | |
| **Value added** | **30,966,197** | **100** | 20,122,232 | 100 | **19,748,422** | **100** | 13,112,251 | 100 |
| Applied as follows: | | | | | | | | |
| **To pay employees:** | | | | | | | | |
| – Salaries, wages and other benefits | **8,011,158** | **26%** | 7,528,781 | 37% | **6,130,708** | **31%** | 5,884,694 | 45% |
| **To pay government:** | | | | | | | | |
| – Income and education taxes | **7,631,861** | **25%** | 3,046,668 | 15% | **4,011,214** | **20%** | 1,539,151 | 12% |
| **To pay providers of capital:** | | | | | | | | |
| – Interest cost | **334,961** | **1%** | 8,939 | 0% | **1,456** | **0%** | 1,959 | 0% |
| **Retained for replacement of assets and business growth:** | | | | | | | | |
| – Deferred taxation | **(1,516,466)** | **-5%** | 262,031 | 1% | **(1,273,823)** | **-6%** | (447,637) | -3% |
| – Depreciation | **1,954,256** | **6%** | 2,329,868 | 12% | **2,132,763** | **10%** | 2,132,763 | 16% |
| – Depreciation – right-of-use-asset | **96,121** | **0%** | 140,658 | 1% | **111,707** | **1%** | 111,707 | 1% |
| – Amortisation (intangible assets) | **105,961** | **0%** | 105,962 | 1% | **105,961** | **1%** | 105,962 | 1% |
| – Non-controlling interest | **1,455,559** | **5%** | 729,210 | 4% | **–** | **–** | – | – |
| Profit attributable to equity profit holders of equity | **12,892,786** | **42%** | 5,970,115 | 29% | **8,528,436** | **43%** | 3,783,652 | 28% |
| | **30,966,197** | **100%** | 20,122,232 | 100% | **19,748,422** | **100%** | 13,112,251 | 100% |

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

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, 2020 as amended.

# Five Year Financial Summary

## GROUP

| In thousands of Naira | 2023 | 2022 | 2021 Restated | 2020 Restated | 2019 Restated |
|---|---|---|---|---|---|
| **Statement of financial position:** | | | | | |
| Non-current assets | **18,275,431** | 19,088,568 | 26,730,823 | 28,704,103 | 29,238,544 |
| Current assets | **148,090,455** | 89,793,126 | 60,614,048 | 49,329,595 | 49,757,715 |
| Assets held for sale | **–** | 590,990 | – | – | – |
| **Total assets** | **166,365,886** | 109,472,684 | 87,344,871 | 78,033,698 | 78,996,259 |
| Equity attributable to equity holders of parent | **43,329,747** | 34,165,079 | 28,923,439 | 27,760,630 | 37,817,407 |
| Non-controlling interest | **5,030,311** | 3,574,752 | 2,845,542 | 2,625,695 | 3,083,438 |
| Non-current liabilities | **23,322,945** | 5,654,331 | 6,164,221 | 6,718,819 | 7,020,573 |
| Current liabilities | **94,682,883** | 66,078,522 | 49,411,669 | 40,928,554 | 31,074,841 |
| **Total equity and liabilities** | **166,365,886** | 109,472,684 | 87,344,871 | 78,033,698 | 78,996,259 |

| In thousands of Naira | 2023 | 2022 | 2021 Restated | 2020 Restated | 2019 Restated |
|---|---|---|---|---|---|
| Turnover | **113,964,309** | 99,503,320 | 82,577,540 | 66,992,561 | 74,336,468 |
| Profit/(Loss) before taxation | **20,463,740** | 10,008,025 | 3,191,562 | (7,938,652) | 1,942,447 |
| Profit/(Loss) after taxation (attributable to owners of the Company | **14,348,345** | 6,699,325 | 1,559,857 | (7,208,211) | (2,505,908) |
| **Per 50k Share** | | | | | |
| Earnings/(Loss) per share (Naira) | **3.28** | 1.50 | 0.39 | (1.74) | (0.63) |
| Net assets per share (Naira) | **10.91** | 8.57 | 8.70 | 8.38 | 10.30 |

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the parent Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, 2020.

## COMPANY

| In thousands of Naira | 2023 | 2022 | 2021 Restated | 2020 Restated | 2019 Restated |
|---|---|---|---|---|---|
| **Statement of financial position:** | | | | | |
| Non-current assets | **20,135,803** | 17,930,314 | 24,670,721 | 26,084,725 | 27,240,922 |
| Current assets | **90,690,197** | 61,354,231 | 44,697,987 | 31,532,097 | 35,159,182 |
| Assets held for sale | **–** | 590,990 | – | – | – |
| **Total assets** | **110,826,000** | 79,875,535 | 69,368,708 | 57,616,822 | 62,400,104 |
| Equity attributable to equity holders of parent | **28,672,468** | 23,872,147 | 20,816,970 | 20,312,446 | 28,996,665 |
| Non-controlling interest | **–** | – | – | – | – |
| Non-current liabilities | **22,975,866** | 5,392,049 | 5,874,032 | 6,390,999 | 6,944,253 |
| Current liabilities | **59,177,666** | 50,611,339 | 42,677,706 | 30,913,377 | 26,459,186 |
| **Total equity and liabilities** | **110,826,000** | 79,875,535 | 69,368,708 | 57,616,822 | 62,400,104 |

| In thousands of Naira | 2023 | 2022 | 2021 Restated | 2020 Restated | 2019 Restated |
|---|---|---|---|---|---|
| Turnover | **67,413,111** | 58,264,660 | 47,832,559 | 38,939,223 | 47,200,919 |
| Profit/(Loss) before taxation | **11,265,827** | 4,875,166 | 1,633,844 | (6,346,857) | 1,127,391 |
| Profit/(Loss) after taxation (attributable to owners of the Company | **8,528,436** | 3,783,652 | 901,573 | (5,936,025) | (2,938,973) |
| **Per 50k Share** | | | | | |
| (Loss)/Earnings per share (Naira) | **2.15** | 0.95 | 0.23 | (1.50) | (0.74) |
| Net assets per share (Naira) | **7.22** | 6.01 | 5.24 | 5.70 | 7.30 |

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the parent Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, 2020.

# ADDITIONAL INFORMATION

# OUR TOGETHER VALUE IN ACTION.

## WE ARE TOGETHER AND IT GIVES US STRENGTH.

- Powering our pioneering spirit
- Helping each other unleash potential
- Innovating and exciting, sharing and celebrating

# Shareholders' Information

| Share Certificates Issued | | Dividends declared in the last 15 years | |
|---|---|---|---|
| Date issued | Basis | Year to 31 May | Payment number |
| 13 November 1973 | Bonus of 1 for 4 | 2007 | 41 |
| 19 November 1974 | Bonus of 1 for 5 | 2008 | 42 |
| 6 April 1976 | 1 AIL for 1 PZNL share | 2009 | 43 |
| 7 February 1977 | Bonus of 1 for 2 | 2010 | 44 |
| 28 October 1977 | Public issue for cash | 2011 | 45 |
| 31 March 1978 | Bonus of 1 for 4 | 2012 | 46 |
| 23 December 1980 | Bonus of 1 for 4 | 2013 | 47 |
| 21 December 1981 | Bonus of 1 for 4 | 2014 | 48 |
| 17 January 1983 | Bonus of 1 for 4 | 2015 | 49 |
| 16 December 1988 | Bonus of 1 for 4 | 2016 | 50 |
| 31 December 1990 | Bonus of 1 for 4 | 2017 | 51 |
| 31 December 1991 | Bonus of 1 for 4 | 2018 | 52 |
| 28 November 1992 | Bonus of 1 for 4 | 2019 | 53 |
| 25 November 1993 | Bonus of 1 for 4 | 2020 | 54 |
| 24 November 1994 | Bonus of 1 for 4 | 2021 | 55 |
| 23 November 1995 | Bonus of 1 for 4 | 2022 | 56 |
| 19 February 1997 | Bonus of 1 for 4 | | |
| 4 September 2000 | Rights issue for cash | | |
| 25 November 2002 | Bonus of 1 for 5 | | |
| 18 November 2004 | Bonus of 1 for 4 | | |
| 28 March 2006 | Rights issue for cash | | |
| 20 September 2007 | Bonus of 1 for 4 | | |
| 15 September 2011 | Bonus of 1 for 4 | | |

## FORFEITURE OF UNCLAIMED DIVIDEND

By Section 432 of the Companies and Allied Matters Act 2020, dividends are a special debt due to and recoverable by shareholders within 12 years. Dividends declared up to 31 May 2011 (dividend number 43), which remained unclaimed, will therefore cease to be recoverable by this year (2022/2023). This unclaimed dividend will be credited to the general reserves in the 2023/2024 financial year. The dividend payment and value of unclaimed dividends in this category are as follows:

| Dividend Number | Value (N) |
|---|---|
| Dividend Number 43 | N156,776,464.21 |

# Share Capital History

For the year ended 31 May 2023

The Company was incorporated with an authorised share capital of £40,000 Ordinary Shares of £1 each. The Company became a public limited liability Company and had its shares subdivided into Ordinary Shares of 50 Kobo each on 19 July 1972, following which its shares were quoted on the Exchange in the same year.

The following changes have since taken place in the Company's share capital:

| | | |
|---|---|---|
| On 27 April 1951 by | £60,000 to | £100,000 in shares of £1 |
| On January 1968 by | £150,000 to | £250,000 in shares of £1 |
| On 14 May 1970 by | £350,000 to | £600,000 in shares of £1 |
| On 09 February by | £400,000 to | £1,000,000 in shares of £1 |
| On 19 July 1972, the shares of £1 each were subdivided into four shares of 5/- each. At that date, the capital of the Company was £1,000,000 in 4,000,000 ordinary shares of 5/- each. | | |
| On 12 November 1973 by | N500,000 to | N2,500,000 |
| On 18 November 1974 by | N500,000 to | N3,000,000 |
| On 08 January 1976 by | N2,500,000 to | N5,500,000 |
| On 24 November 1976 by | N2,500,000 to | N5,500,000 |
| On 13 April 1977 by | N4,000,000 to | N12,000,000 |
| On 17 March 1978 by | N3,000,000 to | N15,000,000 |
| On 26 November 1980 by | N3,500,000 to | N18,500,000 |
| On 24 November 1981 by | N5,000,000 to | N23,500,000 |
| On 23 November 1982 by | N5,500,000 to | N29,000,000 |
| On 24 November 1988 by | N11,000,000 to | N40,000,000 |
| On 23 November 1989 by | N35,000,000 to | N75,000,000 |
| On 22 November 1990 by | N75,000,000 to | N150,000,000 |
| On 24 November 1994 by | N135,000,000 to | N285,000,000 |
| On 23 November 1995 by | N265,000,000 to | N550,000,000 |
| On 21 November 1996 by | N300,000,000 to | N850,000,000 |
| On 16 November 2000 by | N150,000,000 to | N1,000,000,000 |
| On 31 October 2002 by | N250,000,000 to | N1,250,000,000 |
| On 21 October 2004 by | N100,000,000 to | N1,500,000,000 |
| On 20 September 2007 by | N100,000,000 to | N1,600,000,000 |
| On 15 September 2011 by | N400,000,000 to | N2,000,000,000 |

# Shareholders' Admission Form

Please admit Shareholder ..........................................................................................................................................................

Or in his/her place Mr/Mrs/Miss ..................................................................................................................................................

To represent him/her at the 75th Annual General Meeting of the Company to be held at 11.00 a.m. on 8 December 2023 at Transcorp Hilton, FCT, Abuja.

THIS FORM SHOULD BE COMPLETED, TORN OFF, AND PRODUCED BY THE SHAREHOLDER OR HIS/HER NOMINEE IN ORDER TO GAIN ENTRANCE TO THE MEETING.

**Olubukola Olonade-Agaga**
Company Secretary

# Explanatory Statement

## EXPLANATORY STATEMENT ON THE PROPOSED AMENDMENT OF THE RESOLUTION FOR THE CANCELLATION OF THE UNISSUED SHARES OF PZ CUSSONS NIGERIA PLC

At the last Annual General Meeting held on 25 January 2023, the Shareholders approved a resolution to diminish the share capital of the Company by the cancellation of the unissued shares of the Company in compliance with the requirements of the Companies and Allied Matters Act 2020 (as amended). At that meeting, the Shareholders approved an erroneous resolution which indicated the issued share of the Company to be N3,970,477,045 divided into 7,940,954,090 ordinary shares of 50 kobo each instead of **N1,985,238,522.50 divided into 3,970,477,045 ordinary shares of 50 kobo each**.

The implication of this error is that the Company's Memorandum and Articles of Association, as well as the Company's public record at the Corporate Affairs Commission, reflect a wrong share capital. The Board requires the shareholders to correct the error at this Annual General Meeting.

**Mrs. Ifueko M. Omoigui Okauru, MFR**
Chair

FRC/2016/ICAN/00000014169

# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the 75th Annual General Meeting of PZ Cussons Nigeria Plc will be held at the **Transcorp Hilton, FCT, Abuja**, on **Friday, 8 December 2023** at 11.00 a.m. for the following purposes:

## Ordinary Business

1. To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31 May 2023, the Reports of the Directors, the Independent Auditors and the Audit Committee thereon.
2. To elect/re-elect Directors.
3. To approve the appointment of PricewaterhouseCoopers as the Company's External Auditors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.
6. To disclose the remuneration of Managers.

## Special Business – By Ordinary Resolution

7. To consider and if thought fit, pass the following resolution as ordinary resolution of the Company:

   *"**THAT** the remuneration of the Non-Executive Directors of PZ Cussons Nigeria Plc for the year ending 31 May 2024, and until further notice, be and is hereby fixed at N5.7 million (five million and seven hundred thousand Naira) only as Directors' fees. In addition, sitting and other allowances will be paid at the agreed rates in accordance with the Directors Letters of Appointment.*

* **Please note that this represents no change in the components of the remuneration of the Non-Executive Directors from the previous year.**

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

   *"**THAT**, pursuant to Rule 20.8 of the Rulebook of the Nigerian Exchange Limited 2015, a general mandate be and is hereby given authorising the Company during the 2024 financial year and up to the date of the next Annual General Meeting, to procure goods, services, and financing and enter into such incidental transactions necessary for its day-to-day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in the 2023/2024 financial year, prior to the date of this meeting be and are hereby ratified."*

## Special Business – By Special Resolutions

9. To consider, and if thought fit, pass the following resolutions as special resolutions:

   a. *"**THAT** the shareholders' resolutions passed at the Annual General Meeting held on 25 January 2023 resolving that the share capital of the Company be diminished from N4,000,000,000 divided into 8,000,000,000 ordinary shares of 50 kobo each to N3,970,477,045 divided into 7,940,954,090 ordinary shares of 50 kobo each by cancelling 59,045,910 unissued ordinary shares of 50 kobo each be and is hereby cancelled.*

   b. *THAT the directors be and are hereby authorised to file the requisite applications at the Corporate Affairs Commission to give effect to the above resolution.*

   c. *THAT, in compliance with the requirements of Section 124 (2) of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, the share capital of the Company be diminished from N2,000,000,000 divided into 4,000,000,000 ordinary shares of 50 kobo each to N1,985,238,552.50 divided into 3,970,477,045 ordinary shares of 50 kobo each by the cancellation of 29,522,955 unissued ordinary shares of 50 kobo each.*

   d. *THAT pursuant to the above resolution, Clause 4 of the Memorandum of Association of the Company and Clause 3 of the Articles of Association be amended to reflect the new share Capital of the Company after the cancellation of the unissued shares as follows:*

      *"The Share Capital of the Company is N1,985,238,552.50 divided into 3,970,477,045 ordinary shares of 50 kobo each."*

   e. *THAT the Notes to Clause 4 and Article 3 be and are hereby deleted.*

   f. *THAT Article 49 of the Company's Articles of Association be amended as follows:*

      *The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the company and that of the next. The Annual General Meeting shall be held at such time and place, including electronically, as the Directors shall appoint."*

g. *THAT a new Article 100 be and is hereby created to read as follows and subsequent Articles be renumbered accordingly:*

*"A meeting of the Directors shall be called by not less than seven days notice provided that a meeting may be called with shorter notice subject to all the Directors agreeing to the shorter notice period in writing."*

Dated this 30th day of October 2023

By Order of the Board

**Olubukola Olonade-Agaga**
Company Secretary

FRC/2020/002/00000021128

PZ Cussons Nigeria Plc
45/47, Town Planning Way
Ilupeju Industrial Estate
Lagos

www.pzcussons.com

## NOTES

### Proxy

A member of the Company entitled to attend and vote at the Meeting is eligible to appoint a Proxy to attend and vote in his/her place, and such Proxy needs not be a member of the Company. A Proxy Form is enclosed. All instruments of proxy must be deposited at the registered office of the Company at **45/47, Town Planning Way, Ilupeju, Lagos, Nigeria**, or submitted via email to info@firstregistrarsnigeria.com, or deposited at the office of the Registrars, First Registrars & Investors Services Limited, No. 2 Abebe Village Road, Iganmu, Lagos, Nigeria not later than 48 hours before the time fixed for the meeting.

### Closure of Register

i. Closure of Register

The Register of Members and Transfer Books of the Company will be closed from 20 November to 24 November 2023 (both dates inclusive) for the purpose of preparing an up-to-date Register of Members.

### Nominations for the Audit Committee

The Audit Committee consists of three Shareholders and two Directors. In accordance with Section 404 (6) of the Companies and Allied Matters Act, 2020, any member may nominate a Shareholder as a member of the Committee by giving notice in writing of such nomination to reach the Company Secretary at least 21 days before the Annual General Meeting. Members are also advised to ensure that the nomination to the Statutory Audit Committee is supported by the Curriculum Vitae of the nominees.

Please note that Section 404(5) of the CAMA and the Nigerian Code of Corporate Governance 2018 require all members of the audit committee to be financially literate, and at least one member to be a member of a professional body in Nigeria established by an Act of the National Assembly. In addition, regulation 26 (3) of the Audit Regulations 2020 of the Financial Reporting Council of Nigeria ("FRCN") requires all members of the Audit Committee to be registered with the FRCN. Accordingly, to be valid, nominations should clearly state the FRC number of the person being nominated. We, therefore, request that all nominations to the Audit Committee should be accompanied by the Curriculum Vitae of the Nominees clearly reflecting the FRC number.

### Unclaimed Dividend Warrants and Share Certificates

Shareholders are hereby informed that several dividend warrants and share certificates remain unclaimed. Some dividend warrants have not been presented to the bank for payment or to the Registrar for revalidation. A list of such members has been circulated with the Annual Report. Affected members are advised to contact the Registrars.

### E-dividend/Bonus

Pursuant to the directive of the Securities and Exchange Commission, members are hereby advised to open bank accounts, stock broking accounts and CSCS accounts for the purpose of the payment of e-dividend/bonus. Relevant forms are attached to this Annual Report for completion to furnish the particulars of these accounts to the Registrar.

### Rights of Shareholders to Ask Questions

Pursuant to Rule 19.12(c) of Nigerian Exchange Limited Rulebook 2015, shareholders have the right to ask questions not only at the Meeting, but also in writing prior to the Meeting and such questions shall be submitted to the Company Secretary not later than two weeks before the date of the Meeting.

### 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.

# Proxy Form

Please tear off and complete

I/We .....................................................................................................

Of .....................................................................................................

Being a member/members of PZ CUSSONS NIGERIA PLC

Hereby appoint*

Of .....................................................................................................

Or failing him/her represent, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the 75th Annual General Meeting of the Company to be held at the **Transcorp Hilton, FCT, Abuja**, at 11.00 a.m. on 8 December 2023 and at any adjournment thereof.

| RESOLUTION** | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| 1 To lay before members the Report of the Directors, the Financial Statements for the year ended 31 May 2023, the Report of the Auditors and the Audit Committee thereon | | | |
| 2 a. To re-elect Ms Joyce Coker as a Director | | | |
| b. To re-elect Mr Kevin Massie as a Director | | | |
| c. To elect Mr. Dimitris Kostianis as a Director | | | |
| d. To elect Prof. Fabian Ajogwu as a Director | | | |
| e. To elect Dr Suleyman Abdul Ndanusa as a Director | | | |
| 3 To approve the appointment of PricewaterhouseCoopers as the Company's external auditors | | | |
| 4 To authorise the Directors to fix the remuneration of the Auditors | | | |
| 5 To elect members of the Audit Committee | | | |
| 6 To disclose the remuneration of Managers | | | |
| 7 To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:<br>*"**THAT** the remuneration of the Independent Non-Executive Directors of PZ Cussons Nigeria Plc for the year ending 31 May 2024, and until further notice, be and is hereby fixed at N5.7 million (five million and seven hundred thousand Naira) only as Directors' fees. In addition, sitting and other allowances will be paid at the agreed rates in accordance with the directors Letters of Appointment.* | | | |
| 8 To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:<br>*"**THAT**, pursuant to Rule 20.8 of the Rulebook of the Nigerian Exchange Limited 2015, a general mandate be and is hereby given authorising the Company during the 2024 financial year and up to the date of the next Annual General Meeting, to procure goods, services, and financing and enter into such incidental transactions necessary for its day-to-day operations from its related parties or interested persons on normal commercial terms consistent with the Company's Transfer Pricing Policy. All transactions falling under this category which were earlier entered into in the 2023/2024 financial year, prior to the date of this meeting be and are hereby ratified."* | | | |
| 9 To consider, and if thought fit, to pass the following resolutions as special resolutions:<br>*a. "**THAT** the shareholders' resolutions passed at the Annual General Meeting held on 25 January 2023 resolving that the share capital of the Company be diminished from N4,000,000,000 divided into 8,000,000,000 ordinary shares of 50 kobo each to N3,970,477,045 divided into 7,940,954,090 ordinary shares of 50 kobo each by cancelling 59,045,910 unissued ordinary shares of 50 kobo each be and is hereby cancelled.* | | | |
| *b. THAT the directors be and are hereby authorised to file the requisite applications at the CAC to give effect to the above resolution.* | | | |

| RESOLUTION** | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| c. *THAT, in compliance with the requirements of Section 124 (2) of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, the share capital of the Company be diminished from N2,000,000,000 divided into 4,000,000,000 ordinary shares of 50 kobo each to N1,985,238,552.50 divided into 3,970,477,045 ordinary shares of 50 kobo each by the cancellation of 29,522,955 unissued ordinary shares of 50 kobo each.* | | | |
| d. *THAT pursuant to the above resolution, Clause 4 of the Memorandum of Association of the Company and Clause 3 of the Articles of Association be amended to reflect the new share Capital of the Company after the cancellation of the unissued shares as follows:*<br>*"The Share Capital of the Company is N1,985,238,552.50 divided into 3,970,477,045 ordinary shares of 50 kobo each."* | | | |
| e. *THAT the Notes to Clause 4 and Article 3 be and are hereby deleted.* | | | |
| f. *THAT Article 49 of the Company's Articles of Association be amended as follows:*<br>*The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the company and that of the next. The Annual General Meeting shall be held in such manner, at such time and place, including electronically or by any other means, as the Directors shall appoint."* | | | |
| g. *THAT a new Article 100 be and is hereby created to read as follows and subsequent Articles be renumbered accordingly:*<br>*"A meeting of the Directors shall be called by not less than seven days notice provided that a meeting may be called with shorter notice subject to all the Directors agreeing to the shorter notice period in writing."* | | | |

** Please indicate with an "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain at his/her discretion.

As witness my/our hand(s) this ............................................................ day of ............................................................ 2023

Signed ....................................................................................................................................................................

**NOTE**

i. THIS PROXY FORM SHOULD NOT BE COMPLETED/RETURNED IF THE MEMBER IS ATTENDING THE MEETING.

ii. A member entitled to attend and vote at the general meeting is entitled to and may if he/she wishes, appoint a proxy to act for him/her. All proxy forms must be deposited at the registered office of the Company shown overleaf not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the Company.

iii. The Chairman of the meeting has been printed on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may appoint anyone else instead by entering the person's name in the blank space (marked*) above.

iv. In the case of joint shareholders, anyone of such may complete the form, but the names of all joint shareholders must be stated.

v. It is a requirement of the law under the Stamp Duties Act, Cap 411 Laws of the Federation of Nigeria 1990, that any instrument of proxy to be used for the purposes of voting by any person entitled to vote at any meeting of shareholders must be duly stamped by the Commissioner for Stamp Duties.

vi. If the shareholder is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

**The Company Secretary**
**PZ CUSSONS NIGERIA PLC**
**45/47 Town Planning Way**
**Ilupeju Industrial Estate**
**P.M.B. 21132**
**Ikeja**

# E-Bonus Mandate Form

Please credit my account at the Central Securities Clearing System Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in PZ Cussons.

Instructions

Please fill the form and return to the address below:

The Registrar

First Registrars & Investor Services Limited
Plot 2, Abebe Village Road, Iganmu, Lagos
P.M.B 12692 Marina, Lagos

## Shareholder Account Information

Surname (in block letters)

First Name

Other Names

Address

City

State

Country

Postal Code

Mobile Telephone Number

Email Address

Signature

Corporate Seal

CSCS Details

Authorised Signature and Stamp of Stockbroker

**Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.**

**The Registrar**

**First Registrars & Investor Services Limited**
**Plot 2, Abebe Village Road, Iganmu, Lagos**
**P.M.B 12692 Marina, Lagos**

# E-Dividend Mandate Form

Instructions

Please complete the form and return to the address below:

Only clearing Banks are acceptable

The Registrar

First Registrars & Investor Services Limited
Plot 2, Abebe Village Road, Iganmu, Lagos
P.M.B 12692 Marina, Lagos

We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/our holdings in PZ Cussons Nigeria Plc be paid directly to my/our bank account details named below:

Bank Name

Bank Address

Bank Account Number

**Shareholder Account Information**

Surname (in block letters)

First Name

Other Names

Address

Country

State

Mobile Telephone Number

Email Address

Signature

Joint/Company Signature

Company Seal

Sort code (very important)

Authorised Signature and Stamp of Banker

**Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.**

**The Registrar**

**First Registrars & Investor Services Limited**
**Plot 2, Abebe Village Road, Iganmu, Lagos**
**P.M.B 12692 Marina, Lagos**

# Board of Directors and Other Corporate Information

## DIRECTORS

**Mrs Ifueko M. Omoigui Okauru, MFR**
Chair, Independent Non-Executive Director
(Appointed w.e.f 25 January 2023)

**Mr Gbenga Oyebode, MFR**
Chairman, Independent Non-Executive Director
(Resigned w.e.f 25 January 2023)

**Mr Dimitris Kostianis (Greek)**
Chief Executive Officer (Appointed w.e.f 1 June 2023)

**Mr Panagiotis Katsis (Greek)**
Chief Executive Officer (Retired w.e.f. 31 May 2023)

**Mr Paul Usoro, SAN**
Non-Executive Director (Retired w.e.f. 25 January 2023)

**Ms Joyce Folake Coker**
Executive Director

**Mr Zuber Momoniat (South African)**
Executive Director (Resigned w.e.f. 31 December 2022)

**Mr Duncan Anniss**
Non-Executive Director (Resigned w.e.f. 31 October 2023)

**Mr Kevin Massie**
Non-Executive Director

**Mallam Ballama Manu**
Independent Non-Executive Director

**Mrs Oluwatoyin Odutayo**
Independent Non-Executive Director

**Prof Fabian Ajogwu, OFR, SAN**
Independent Non-Executive Director
(Appointed w.e.f 4 September 2023)

**Mr Kamar Bakrin**
Independent Non-Executive Director
(Appointed w.e.f 4 September 2023 and
resigned w.e.f. 14 October 2023)

**Dr Suleyman Ndanusa (OON)**
Independent Non-Executive Director
(Appointed w.e.f 16 November 2023)

## INTERIM CHIEF FINANCIAL OFFICER

Mr Brian Egan (Irish)

## COMPANY SECRETARY

Ms Olubukola Olonade-Agaga, FCIS

## REGISTERED OFFICE

45/47 Town Planning Way
Ilupeju Industrial Estate
Ilupeju, Lagos
www.pzcussons.com.ng

## REGISTRATION NUMBER

RC 693

## REGISTRARS

First Registrars & Investors Services Limited
Plot 2, Abebe Village Road Iganmu Complex
P.M.B. 12692 Lagos

## INDEPENDENT AUDITORS

Deloitte & Touché
Civic Towers, Ozumba Mbadiwe
Victoria Island
Lagos

# Notes

PZ Cussons Nigeria Plc
45/47 Town Planning Way
Ilupeju Industrial Estate
P.M.B. 21132
Ikeja, Lagos

**www.pzcussons.com**