

**PZ CUSSONS NIGERIA PLC**

**ANNUAL REPORT, CONSOLIDATED AND SEPARATE FINANCIAL  
STATEMENTS  
31 MAY 2025**

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## Corporate information

### Board of Directors

Mrs. Ifueko M.Omoigui Okauru, MFR	- Chairman, Independent Non-Executive Director
Mr. Dimitris Kostianis	- Chief Executive Officer
Ms. Joyce F. Coker	- Executive Director
Mr. Kevin Massie	- Non-Executive Director (Resigned 28 August 2024)
Mr. Kareem Moustafa	- Non-Executive Director (Appointed 30 September 2024)
Mallam Ballama Manu	- Independent Non-Executive Director
Mrs. Oluwatoyin Odutayo	- Independent Non-Executive Director
Dr Suleyman Abdu Ndanusa	- Independent Non-Executive Director
Mr. Richard Walker	- Non-Executive Director (Appointed 13 February 2025)
Dr Anthony Ikemefuna Idigbe, SAN	- Independent Non-Executive Director (Appointed 27 March 2025)

Mr. Brian Egan	- Chief Finance Officer (Resigned 10 November 2024)
Mr. Oludare Ebenezer Elusakin	- Chief Finance Officer (Appointed 11 November 2024)

### Company Secretary

Alsec Nominees Limited

### Registered Office

45/47 Town Planning Way  
Ilupeju Industrial Estate  
P.M.B. 21132  
Ikeja

### Registration Number

RC 693

### Registrars

First Registrars and Investors Service Limited  
Plot 2, Abebe Village Road  
Iganmu Complex  
P.M.B. 12692  
Lagos.

### Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants  
FF Millenium Towers  
3/14 Ligali Ayorinde Street  
Victoria Island  
Lagos.

**Financial highlights**

*In thousands of Naira*

	<b>The Group</b>		
	<b>2025</b>	<b>2024 Restated*</b>	<b>% Change</b>
Revenue	212,634,336	152,249,309	40
Operating profit/(loss)	18,922,533	(124,498,677)	115
Profit/(loss) before taxation	16,660,555	(122,488,615)	114
Taxation	(6,593,836)	32,171,333	(120)
Profit/(loss) after tax	10,066,719	(90,317,282)	111
Non-controlling interest	859,089	(7,614,976)	111
Profit/(loss) attributable to equity holders of parent company	9,207,630	(82,702,306)	111
<b>At year end:</b>			
Share capital	1,985,238	1,985,238	-
Total equity	(17,341,157)	(27,506,835)	37
Data per 50k share			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings/(loss) per share (Naira)	2.32	(20.83)	111
Number of employees	867	946	(8)
Stock exchange quotations in Naira	29.5	22.0	34

\*Please refer to Note 41 for details on restatement.

## Directors' report

### Accounts and results

The Board of Directors of PZ Cussons Nigeria Plc is pleased to present to members the consolidated and separate statements of financial position as at 31 May 2025 together with the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cashflows for the year ended on that date and notes to the financial statements including a summary of material accounting policies.

### Operating results

The following is the summary of the Group's operating result as at 31 May 2025

	2025 N'000	2024 Restated* N'000	Change %
Revenue	212,634,336	152,249,309	40
Operating profit/(loss)	18,922,533	(124,498,677)	115
Profit/(loss) before taxation	16,660,555	(122,488,615)	114
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### 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 owned depots. These products are leading brand names throughout the country in detergent, soap, cosmetics, refrigerators, freezers and air-conditioners. The Group also facilitates the distribution of products of a related entity - Harefield Industrial Nigeria Limited.

### Directors and their interest

The Directors who served during the year ended 31 May 2025 and their interest in the shares of the company 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 Stock Exchange (The Exchange) are as follows:

#### Directors

	2025		2024	
	Direct	Indirect	Direct	Indirect
Mrs. Ifueko Marina Omoigui Okauru, MFR	59,713	Nil	59,713	Nil
Ms. Joyce F Coker	3,889	Nil	3,889	Nil
Mr. Dimitris Kostianis	Nil	Nil	Nil	Nil
Mr. Kevin Massie	Nil	Nil	Nil	Nil
Mr. Kareem Moustafa	Nil	Nil	Nil	Nil
Mr. Richard Walker	Nil	Nil	Nil	Nil
Mallam Ballama Manu	Nil	Nil	Nil	Nil
Mrs. Oluwatoyin Odutayo	Nil	Nil	Nil	Nil
Dr. Suleyman Abdu Ndanusa, OON	Nil	Nil	Nil	Nil
Chief Anthony Idigbe, SAN, PhD	Nil	Nil	Nil	Nil

The above are the directors holdings as at 31 May 2025.

\*Mr. Moustafa and Mr. Walker represent the interest of the majority shareholder PZ Cussons (Holdings) Limited UK with 2,909,349,788 shares

### Interest in contracts

In accordance with Section 303 of the CAMA, Mallam Manu has notified the Company that he is an Non-Executive Director on the Board of Stanbic IBTC Holding PLC, the holding company of one of our bankers and advisers. 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 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, must retire at the Annual General Meeting and they may offer themselves for re-election. Accordingly, Mrs. Ifueko Marina Omoigui Okauru, Mr. Dimitris Kostianis and Dr. Suleyman Abdu Ndanusa being eligible, have offered themselves for re-election. Dr. Ndanusa has given the Company notice that he is above the age of 70 years. Mr. Richard Walker and Chief Anthony Ikemefuna Idigbe were appointed to the Board after the last Annual General Meeting. Their appointment is now being presented for Shareholders' approval.

**Directors' report (Continued)**

**Records of Directors attendance**

In compliance with Section 284 (2) of the CAMA, the Record of Directors' Attendance at Board Meetings in the 2024/2025 financial year will be made 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 twelve times during the 2025 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.

**Attendance at meetings**

The Board has a formal schedule of meetings each year and met twelve times in the course of the year under review. The record of attendance of the Directors at the meetings is set below:

Directors	27/06/2024	28/08/2024	20/09/2024	26/09/2024	04/11/2024	11/11/2024
Mrs. I.M.O Okauru	√	√	√	√	√	√
Mr. Dimitris Kostianis	√	√	√	√	√	√
Ms. Joyce Coker	√	√	√	√	√	√
Mr. Kevin Massie *	√	√	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Mr. K. Moustafa *	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	√	√
Mr. R. Walker*	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
Mallam Ballama Manu	√	√	√	√	√	√
Mrs. Oluwatoyin Odutayo	√	√	√	√	√	√
Dr. Suleyman Abdu Ndanusa OON*	√	√	√	√	√	√
Chief A. Idigbe, SAN, PhD*	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Directors	28/11/2024	20/12/2024	13/02/2025	13/03/2025	27/03/2025	03/04/2025
Mrs. I.M.O Okauru	√	√	√	√	√	√
Mr. Dimitris Kostianis	√	√	√	√	√	√
Ms. Joyce Coker	√	√	√	√	√	√
Mr. Kevin Massie *	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Mr. K. Moustafa *	√	√	√	√	√	√
Mr. R. Walker*	<b>NA</b>	<b>NA</b>	<b>NA</b>	√	√	√
Mallam Ballama Manu	√	√	√	√	√	√
Mrs. Oluwatoyin Odutayo	√	√	√	√	√	√
Dr. Suleyman Abdu Ndanusa OON*	√	√	√	√	√	√
Chief A. Idigbe, SAN, PhD*	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

√ Present

**AB** Absent

**R** Retired

**NA** Not Appointed

\*Mr. K. Massie resigned with effect from 28 August 2024

\*Mr. K. Moustafa was appointed a director with effect from 30 September 2024

\*Mr. R. Walker was appointed with effect from 13 February 2025

\*Chief A. Idigbe was appointed with effect from 27 March 2025

**Directors' report (Continued)**

**Major Shareholdings**

According to the Register of Members as at 31 May 2025, PZ Cussons (Holdings) Limited held 2,909,349,788 shares. This represents 73.27% of the paid-up capital of the Company. To the best knowledge of the Directors, Cardinalstone Account CPM held 5% or more of the issued share capital of the Company as at 31 May 2025.

**Analysis of Shareholdings**

Range	No. of Shareholders	Holders %	Units	% Units
1 - 1000	26,639	35.15%	10,841,402	0.27%
1001 - 5000	22,893	30.21%	56,264,927	1.42%
5001 - 10000	11,191	14.77%	85,867,326	2.16%
10001 - 50000	13,193	17.41%	268,071,504	6.75%
50001 - 100000	1,056	1.39%	74,140,897	1.87%
100001 - 500000	695	0.92%	130,687,243	3.29%
500001 - 1000000	63	0.08%	43,466,079	1.09%
1000001 - 5000000	40	0.05%	77,850,194	1.96%
5000001 - 10000000	3	0.00%	18,223,869	0.46%
10000001- 500000000	4	0.01%	81,324,306	2.05%
500000001- 1000000000	1	0.00%	82,442,840	2.08%
100000001- 3970477045	2	0.00%	3,041,296,458	76.60%
	<b>75,780</b>	<b>100%</b>	<b>3,970,477,045</b>	<b>100.00%</b>

**List of 5% and Above shareholdings:**

Cardinalstone Account CPM	1	0.00%	214,389,510	5.40%
PZ Cussons (Holding) Limited	1	0.00%	2,909,349,788	73.27%
			<b>3,123,739,298</b>	<b>78.67%</b>

Apart from PZ Cussons (Holdings) Limited, UK, and Cardinalstone Account CPM, no other shareholder held more than 5% of the paid-up capital of the Company as at 31 May 2025.

**Shareholding Structure/Free float Status**

Description	31 May 2025		31 May 2024	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	3,970,477,045	100%	3,970,477,045	100%
<b>Substantial Shareholdings (5% and above)</b>				
PZ Cussons(Holdings) Limited, UK	2,909,349,788	73.27%	2,909,349,788	73.27%
Cardinalstone Account CPM*	214,389,510	5.40%	-	-
<b>Total Substantial Shareholdings</b>	<b>3,123,739,298</b>	<b>78.67%</b>	<b>2,909,349,788</b>	<b>73.27%</b>
<b>Directors' Shareholdings (direct and indirect), excluding Directors with substantial interests</b>				
Ms. Joyce Coker	3,889	0.00%	3,889	0.00%
Mrs. I.M.O Okauru, MFR	59,713	0.00%	59,713	0.00%
<b>Total Directors' Shareholdings</b>	<b>63,602</b>	<b>0.00%</b>	<b>63,602</b>	<b>0.00%</b>
<b>Other Influential Shareholdings</b>				
AMCON & PFA	69,085,514	1.74%	61,972,446	1.56%
Cardinalstone Account CPM*	-	0.00%	194,992,457	4.91%
<b>Total Other Influential Shareholdings</b>	<b>69,085,514</b>	<b>1.74%</b>	<b>256,964,903</b>	<b>6.47%</b>
<b>Free Float in Units and Percentage</b>	<b>777,588,631</b>	<b>19.58%</b>	<b>804,098,752</b>	<b>20.25%</b>
<b>Free Float in Value</b>	<b>₦ 22,938,864,615</b>		<b>₦ 17,690,172,544.00</b>	

\* Cardinalstone Account CPM has now been recognised as a substantial shareholder due to the increase in shareholding percentage from 4.91% in 2024 to 5.40% in 2025.

**Directors' report (Continued)**

**Declaration:**

(A) PZ Cussons Nigeria Plc with a free float percentage of 19.58% as at 31 May 2025, 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 percentage of 20.25% as at 31 May 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

**Board Committees**

The Board has established Standing Committees whose terms of reference clearly spelt out 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 review 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

Mallam Ballama Manu	Chairman
Dr. Suleyman Abdu Ndanusa OON	Member
Mr. R. Walker*	Member

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

Name	No. of meetings held	No. of meetings attended
Mallam Ballama Manu	8	8
Dr. Suleyman A. Ndanusa OON*	8	8
Mr. Kevin Massie*	8	2
Mr . K. Moustafa *	8	2
Mr. R. Walker*	8	1
Mrs . O. Odutayo *	8	2

The meetings were held on 25 June 2024, 28 August 2024, 18 September 2024, 8 November 2024, 15 November 2024, 17 December 2024, 14 January 2025 and 24 March 2025.

\*Mr. K. Massie resigned with effect from 28 August 2024

\*Mr. K. Moustafa was appointed a director with effect from 20 September 2024

\*Mr. R. Walker was appointed with effect from 13 February 2025

\*Mrs. O. Odutayo was co-opted into the Committee and she attended the meetings held on 8 and 15 November 2024.

**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
Mr . K. Moustafa *	Member
Chief A. Idigbe, SAN, PhD*	Member

The Committee met four 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	4	4
Mr . K. Moustafa *	4	2
Dr. S.A. Ndanusa*	4	3
Mr. K. Massie *	4	1
Mallam B. Manu*	4	1

The meetings were held on 18 June 2024, 11 September 2024, 11 December 2024 and 19 March 2025.

\*Mr. K. Massie resigned with effect from 28 August 2024

\*Mr. K. Moustafa was appointed a director with effect from 20 September 2024

\*Dr. S.A. Ndanusa became a member of the Committee on 27 June 2024

\*Mallam B. Manu was co-opted into the Committee and he attended the meeting held on 11 September 2024.

## Directors' report (Continued)

### 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 Chief Finance Officer, the Head of Internal Audit and representatives of PricewaterhouseCoopers, the Group's external auditors.

The following Directors served on the Committee during the year:

Mallam Ballama Manu  
Dr. Suleyman A. Ndanusa OON

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

Name	No. of meetings held	No. of meetings attended
Mallam Ballama Manu	5	5
Dr. Suleyman Abdu Ndanusa OON	5	5
Chief I. Obarinde (Deceased)*	5	1
Hon. B. Nwabughogu	5	5
Mr. Oluwasegun Owoeye	5	5
Mr. R. Ibekwe	5	2

The meetings were held on 24 June 2024, 27 August 2024, 18 September 2024, 17 December 2024 and 25 March 2025.

Chief I. Obarinde ceased to be a member on 26 August 2024.

Mr. R. Ibekwe became a member on 28 November 2024.

### Board composition

The Company's Articles of Association provide for a maximum of fifteen directors. At the date of this report, the Board consists of nine directors: Five Independent Non-Executive Directors, two Non-Executive Directors 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 Group Chief Executive Officer.

The Chairman 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, five (5) of the nine (9) 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 interest 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.
- Leadership, Strategy, Budgets, and Management
- Structure and Capital
- Financial Reporting and Controls
- Risk Management and Internal Controls
- Contracts and Expenditure
- Communications
- Board Membership and Other Appointments
- Corporate Governance Matters
- Remuneration
- Delegated Authority
- Approving and Monitoring of all significant Company policies
- Appointment of Principal Financial and Professional Advisers

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 competences 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.

## **Directors' report (Continued)**

### **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 process.

### **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 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 Group on periods when they, or persons connected to them cannot lawfully effect transactions on the shares of the Group as well as the disclosure requirements when effecting any transaction on the Company's shares.

### **Dividend**

The Board has not recommended dividend in respect of the year ended 31 May 2025 (31 May 2024: Nil). No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

### **E- Dividend**

The Company consistently encourages its shareholders to embrace the e-dividend and e-bonus introduced in the capital market. This is to enable prompt crediting of shareholders account with dividend and their CSCS account with bonus shares. This will also eliminate the cost of posting dividend warrants and share certificate as well as the risk of being lost in the post.

### **Property, plant and equipment**

Movement in property, plant and equipment during the year are shown 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 lower than the value shown in the financial statements.

### **Distributors and suppliers**

The Group has 4 distribution centres across the country with over 1000 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 agreement 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 disabled persons**

The Group's policy provides for due priority to be accorded to persons with disabilities 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 form 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 situation. 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.

### **Acquisition of own shares**

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

### **Gifts and donations**

The Group did not contribute any gifts or donation during the year ended 31 May 2025 (2024: N60 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.



### 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 2025, and the results of its operations, cash flows and changes in equity for the year ended, in accordance with international financial reporting standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies and Allied Matters Act of Nigeria, 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

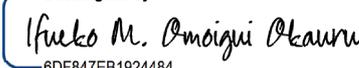
#### In preparing these consolidated and separate financial statements, the Directors' are responsible for:

- 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
- 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.

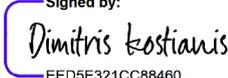
The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern for at least twelve months from the date of approval of these financial statements.

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2025 were approved by the Directors on 02 September 2025.

#### Signed on behalf of the Board of Directors by:

DocuSigned by:  
  
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**Mrs. I.M.O Okauru, MFR**  
**Chairman**  
**FRC/2016/ICAN/00000014169**

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

Signed by:  
  
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**Mr. Oludare Ebenezer Elusakin**  
**Chief Financial Officer**  
**FRC/2024/PRO/ICAN/001/236689**

### 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 operation of the Company and the Group as of and for, the periods covered by the audited financial statements

### We state that management and Directors:

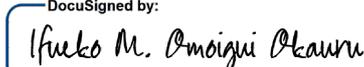
- are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and the Group is made known to the officer by other officers of the Company, particularly during the period in which the audited financial statements report are 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 Company and Group's internal controls are effective as of that date.

### We have disclosed:

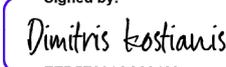
- all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's and Group's ability to record, process, summarise and report financial data, and has identified for the Company's and Group's auditors any material weaknesses in internal controls, and
- whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's and Group's internal control; and
- 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 2025 were approved by the Directors on 02 September 2025.

### Signed on behalf of the Board of Directors by:

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

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

Signed by:  
  
 D8254696210346E...

**Mr. Oludare Ebenezer Elusakin**  
**Chief Financial Officer**  
 FRC/2024/PRO/ICAN/001/236689

### 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, 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 31st May, 2025 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 Executive Management and staff in the conduct of our duties.

### Members of the Audit Committee

Mallam Ballama Manu	Chairman, Director's Representative	FRC/2016/IODN/00000014340
Dr. Suleyman A. Ndanusa	Directors' Representative	FRC/2014/NBA/00000007180
Chief.I.O. Obarinde(Deceased)*	Shareholders' Representative	FRC/2021/002/00000024587
Hon. B. Nwabughogu	Shareholders' Representative	FRC/2021/002/00000024861
Mr. O. Owoeye	Shareholders' Representative	FRC/2023/PRO/CIBN/002/879894
Mr. R. Ibekwe**	Shareholders' Representative	FRC/2021/002/00000024757

The Company Secretary served as the Secretary to the Committee.

\*Chief .I.O. Obarinde ceased to be a member on 26 August 2024

\*\*Mr. R. Ibekwe became a member on 28 November 2024

Signed by:  
  
 D9389CB52312439...  
**Mallam Ballama Manu**  
**FRC/2016/IODN/00000014340**

02 September 2025

PZ Cussons Nigeria Plc  
Annual Report for the year ended 31 May 2025

## Management's Annual Assessment of and Report on PZ Cussons Nigeria Plc's internal control over financial reporting

---

To comply with the provisions of Section 1.3 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Controls of PZ Cussons Nigeria Plc for the year ended 31 May 2025:

PZ Cussons Nigeria Plc's management is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

PZ Cussons Nigeria Plc's management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;

PZ Cussons Nigeria Plc's management has assessed that the entity's ICFR as of the end of 31 May 2025 is effective and has not identified any material control weaknesses.

PZ Cussons Nigeria Plc's external auditor PricewaterhouseCoopers has audited the financial statements included in the Annual Report and has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

The attestation report of PricewaterhouseCoopers will be filed as part of PZ Cussons Nigeria Plc's Annual Report.

DocuSigned by:  
  
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Mrs. I.M.O Okauru, MFR  
Chairman  
FRC/2016/ICAN/ 00000014169

Date: 02 September 2025

Signed by:  
  
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Mr. Dimitris Kostianis  
Chief Executive Officer  
FRC/2013/PRO/DIR/003/204573

Date: 02 September 2025

**Certification of management assessment on internal control over financial reporting**

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To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of PZ Cussons Nigeria Plc for the year ended 31 May 2025.

I, Dimitris Kostianis, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of PZ Cussons Nigeria Plc;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for the period presented in this report;
- d) The entity's other certifying officer and I:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control system, to the entity's Auditors and the Audit Committee of the entity's Board of Directors
  - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
  - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Dimitris Kostianis

Designation: Chief Executive Officer

FRC/2013/PRO/DIR/003/204573

Signature:

Signed by:  
  
EED5E321CC88460...

Date: 02 September 2025

PZ Cussons Nigeria Plc  
Annual Report Financial Statements for the year ended 31 May 2025

**Certification of management assessment on internal control over financial reporting**

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To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of PZ Cussons Nigeria Plc for the year ended 31 May 2025.

I, Oludare Ebenezer Elusakin certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of PZ Cussons Nigeria Plc;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for the period presented in this report;
- d) The entity's other certifying officer and I:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control system, to the entity's Auditors and the Audit Committee of the entity's Board of Directors
  - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
  - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Oludare Ebenezer Elusakin

Designation: Chief Financial Officer

FRC/2024/PRO/ICAN/001/236689

Signature:

Signed by:  
  
D8254696210346E...

Date: 02 September 2025



# Independent practitioner's report

To the Members of PZ Cussons Nigeria Plc

Report on an assurance engagement performed by an independent practitioner to report on management's assessment of controls over financial reporting

---

## Our opinion

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of PZ Cussons Nigeria Plc ("the company") and its subsidiary (together "the group") are not adequate as of 31 May 2025, based on the SEC Guidance on Implementation of Section 60 – 63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission.

## What we have performed

We have performed an assurance engagement on PZ Cussons Nigeria Plc's internal control over financial reporting as of 31 May 2025, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The group's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management annual assessment of, and report on PZ Cussons Nigeria Plc's internal control over financial reporting. Our responsibility is to express an opinion on the group's internal control over financial reporting based on our assurance engagement.

---

## Basis for opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the group's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

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## Definition and Limitations of Internal Control over Financial Reporting

A group's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A group's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorizations of management and directors of the group; and (iii) provide

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FF Millenium Towers, 13/14 Ligali Ayorinde Street, Victoria Island,  
Lagos, Nigeria



reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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## Other matter

We also have audited, in accordance with the International Standards on Auditing, the consolidated and separate financial statements of PZ Cussons Nigeria Plc and our report dated 04 September 2025 expressed as unqualified opinion.

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A handwritten signature in black ink, appearing to read 'Osere Alakhume'.

For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria  
FRC/2023/COY/176894

Engagement Partner: Osere Alakhume  
FRC/2013/PRO/ICAN/004/00000000647



04 September 2025



# Independent auditor's report

To the Members of PZ Cussons Nigeria Plc

## Report on the audit of the consolidated and separate financial statements

---

### Our opinion

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 (“the company”) and its subsidiary (together “the group”) as at 31 May 2025, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with international financial reporting standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

### What we have audited

PZ Cussons Nigeria Plc’s consolidated, and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 May 2025;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of material accounting policies.

### Basis for opinion

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

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

### Independence

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 Corporate information, Financial highlights, Directors’ report, Statement of Directors’ responsibilities, Certification of financial statements, Report of the Audit Committee, Management annual assessment of, and report on PZ Cussons Nigeria Plc internal control over financial reporting, Certification of management’s assessment on internal control over financial reporting, Statement of value added and Five year financial summary (but does not include the consolidated and separate financial statements and our auditor’s report thereon), which we

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Lagos, Nigeria



obtained prior to the date of this auditor's report, and the other sections of the PZ Cussons Nigeria Plc 2025 Annual Report, which are expected to be made available to us after that date.

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 identified above 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the PZ Cussons Nigeria Plc 2025 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of 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 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 or to cease operations, or have no realistic alternative but to do so.

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

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## **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.
- 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 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 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 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 units within the Group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

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## Report on other legal and regulatory requirements

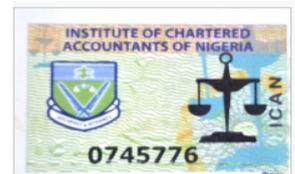
The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of PZ Cussons Nigeria Plc's internal control over financial reporting as of 31 May 2025. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 04 September 2025.



For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria



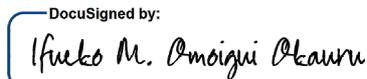
04 September 2025

Engagement Partner: Osere Alakhume  
FRC/2013/PRO/ICAN/004/0000000647

**Consolidated and separate statements of financial position**  
*As at 31 May 2025*

In thousands of Naira	Note	Group		Company	
		2025	2024 Restated*	2025	2024 Restated*
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	18,063,354	14,976,785	16,212,238	13,472,073
Right-of-use assets	7	11,516	107,637	1,321	66,418
Intangible assets	9	211,924	317,886	211,924	317,886
Investment in subsidiary	10	-	-	504,406	504,406
Investment property	6	879,714	1,936,931	879,714	1,936,931
Deferred tax	21	27,777,194	29,781,800	16,805,439	16,902,488
Lease receivables	12b	2,540,788	2,493,269	2,540,788	2,493,269
Loan receivables	13	-	-	-	263,234
<b>Total non-current assets</b>		<b>49,484,490</b>	<b>49,614,308</b>	<b>37,155,830</b>	<b>35,956,705</b>
<b>Current assets</b>					
Inventories	11	53,497,584	40,845,449	33,769,517	28,211,172
Trade and other receivables	12a	12,335,805	17,781,992	20,601,123	15,071,151
Loan receivables	13	-	-	3,263,234	3,458,901
Other assets	14	927,926	1,728,248	899,223	1,700,915
Deposits for imports	15	10,920,180	13,701,925	10,913,889	7,213,539
Deliverable forwards	24	63,088	4,518,435	5,188	1,603,402
Cash and cash equivalents	16	40,659,864	28,869,338	38,166,207	24,896,732
<b>Total current assets</b>		<b>118,404,447</b>	<b>107,445,387</b>	<b>107,618,381</b>	<b>82,155,812</b>
Asset held for sale	5	1,013,414	-	1,013,414	-
<b>Total assets</b>		<b>168,902,351</b>	<b>157,059,695</b>	<b>145,787,625</b>	<b>118,112,517</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
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
Other reserves		14,293,613	14,293,613	14,293,613	14,293,613
Accumulated losses		(38,772,700)	(48,079,289)	(33,206,044)	(39,903,819)
		(15,615,580)	(24,922,169)	(10,048,924)	(16,746,699)
Non-controlling interest		(1,725,577)	(2,584,666)	-	-
<b>Total Equity</b>		<b>(17,341,157)</b>	<b>(27,506,835)</b>	<b>(10,048,924)</b>	<b>(16,746,699)</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred income	18	384,322	603,436	384,322	603,436
Warranty provisions	22	495,545	245,420	-	-
Lease liability	8	-	57,121	-	35,418
<b>Total non-current liabilities</b>		<b>879,867</b>	<b>905,977</b>	<b>384,322</b>	<b>638,854</b>
<b>Current liabilities</b>					
Trade and other payables	23	105,147,429	90,600,357	84,492,939	69,971,843
Borrowings	25	71,267,620	89,064,729	63,867,620	60,941,560
Deferred income	18	536,057	724,448	536,057	724,448
Contract liabilities	19	2,394,584	692,667	1,186,496	653,447
Current taxation payable	20	5,893,251	2,448,803	5,367,794	1,898,064
Warranty provisions	22	113,184	79,033	-	-
Lease liability	8	11,516	50,516	1,321	31,000
<b>Total current liabilities</b>		<b>185,363,641</b>	<b>183,660,553</b>	<b>155,452,227</b>	<b>134,220,362</b>
<b>Total liabilities</b>		<b>186,243,508</b>	<b>184,566,530</b>	<b>155,836,549</b>	<b>134,859,216</b>
<b>Total equity and liabilities</b>		<b>168,902,351</b>	<b>157,059,695</b>	<b>145,787,625</b>	<b>118,112,517</b>

These financial statements and other national disclosures on pages 22 to 83 were approved by the board of directors on 02 September 2025 and signed on its behalf by the directors listed below:

DocuSigned by:  
  
.....6DF847EB1924484.....  
**Mrs. Ifueko M. Omogui Okauru**  
Chairman  
FRC/2016/ICAN/00000014169

Signed by:  
  
.....EED5E321CC88460.....  
**Mr Dimitris Kostianis**  
Chief Executive Officer  
FRC/2013/PRO/DIR/003/204573

Signed by:  
  
.....D8254696210346E.....  
**Mr. Oludare Ebenezer Elusakin**  
Chief Financial Officer  
FRC/2024/PRO/ICAN/001/236689

\*Please refer to Note 41 for details on restatement.

The accompanying notes on pages 27 to 79 form an integral part of these financial statements.

**Consolidated and separate statements of profit or loss and other comprehensive income**  
*For the year ended 31 May 2025*

<i>In thousands of naira</i>	Note	Group		Company	
		2025	2024 Restated*	2025	2024 Restated*
Revenue	28	212,634,336	152,249,309	126,086,639	90,810,486
Cost of sales	26.1	(154,926,172)	(98,120,852)	(87,244,715)	(62,330,277)
<b>Gross profit</b>		<b>57,708,164</b>	<b>54,128,457</b>	<b>38,841,924</b>	<b>28,480,209</b>
Selling and distribution expenses	26.1	(17,895,551)	(13,222,552)	(12,353,306)	(9,444,688)
Impairment (charge)/credit on trade receivables	26.1	(203,559)	264,751	(87,377)	218,989
Administrative expenses	26.1	(14,701,674)	(10,682,828)	(13,440,560)	(9,039,102)
Foreign exchange loss	26.2	(7,784,240)	(157,918,245)	(5,659,351)	(96,625,395)
Other income	27	1,799,393	2,931,740	1,768,997	2,715,852
<b>Operating profit/(loss)</b>		<b>18,922,533</b>	<b>(124,498,677)</b>	<b>9,070,327</b>	<b>(83,694,135)</b>
Interest income	35	1,370,783	6,108,171	1,771,297	4,296,586
Interest cost	35	(3,632,761)	(4,098,109)	(46,494)	(416,482)
<b>Profit/(loss) before tax</b>		<b>16,660,555</b>	<b>(122,488,615)</b>	<b>10,795,130</b>	<b>(79,814,031)</b>
Income tax (expense)/credit	20	(6,593,836)	32,171,333	(4,196,314)	19,944,475
<b>Profit/(loss) for the year</b>		<b>10,066,719</b>	<b>(90,317,282)</b>	<b>6,598,816</b>	<b>(59,869,556)</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>10,066,719</b>	<b>(90,317,282)</b>	<b>6,598,816</b>	<b>(59,869,556)</b>
<b>Attributable to:</b>					
Equity holders of the parent company		9,207,630	(82,702,306)	6,598,816	(59,869,556)
Non-controlling interest		859,089	(7,614,976)	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>10,066,719</b>	<b>(90,317,282)</b>	<b>6,598,816</b>	<b>(59,869,556)</b>
Basic and diluted earnings/(loss) per share (Naira)	30	2.32	(20.83)	1.66	(15.08)

\*Please refer to Note 41 for details on restatement.

*The accompanying notes on pages 27 to 79 form an integral part of these financial statements.*



Separate statement of changes in equity  
For the year ended 31 May 2025

In thousands of naira		Company					
		Notes	Attributable to owners				Total equity
			Share capital	Share premium	Retained earnings	Other reserves	
<b>Balance at 1 June 2024</b>		1,985,238	6,878,269	(25,610,206)	-	(16,746,699)	
<b>Impact of prior year restatement:</b>							
Unwinding of intercompany debt waiver	41	-	-	(14,293,613)	-	(14,293,613)	
Capital contribution recognised	41	-	-	-	14,293,613	14,293,613	
<b>Balance at 1 June 2024 - Restated</b>		<b>1,985,238</b>	<b>6,878,269</b>	<b>(39,903,819)</b>	<b>14,293,613</b>	<b>(16,746,699)</b>	
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	6,598,816	-	6,598,816	
Other comprehensive income		-	-	-	-	-	
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>6,598,816</b>	<b>-</b>	<b>6,598,816</b>	
<b>Transactions with owners</b>							
Unclaimed dividends forfeited	23.1b	-	-	98,959	-	98,959	
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>98,959</b>	<b>-</b>	<b>98,959</b>	
<b>Balance at 31 May 2025</b>		<b>1,985,238</b>	<b>6,878,269</b>	<b>(33,206,044)</b>	<b>14,293,613</b>	<b>(10,048,924)</b>	
<b>Balance at 1 June 2023</b>		1,985,238	6,878,269	19,808,961	-	28,672,468	
<b>Comprehensive loss for the year</b>							
Loss for the year		-	-	(45,575,943)	-	(45,575,943)	
Other comprehensive income		-	-	-	-	-	
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(45,575,943)</b>	<b>-</b>	<b>(45,575,943)</b>	
<b>Transactions with owners</b>							
Unclaimed dividends forfeited	23.1b	-	-	156,776	-	156,776	
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>156,776</b>	<b>-</b>	<b>156,776</b>	
<b>Balance at 31 May 2024</b>		<b>1,985,238</b>	<b>6,878,269</b>	<b>(25,610,206)</b>	<b>-</b>	<b>(16,746,699)</b>	

The accompanying notes on pages 27 to 79 form an integral part of these financial statements.

\*Please refer to Note 41 for details on restatement.

**Consolidated and separate statements of cash flows**  
**For the year ended 31 May**

<i>In thousands of naira</i>	Note	Group		Company	
		2025	2024 Restated*	2025	2024 Restated*
<b>Operating activities</b>					
Profit/(loss) before tax		16,660,555	(122,488,615)	10,795,130	(79,814,031)
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment	4	1,733,058	1,754,485	1,538,698	1,576,344
Depreciation of right-of-use assets	7	96,121	96,121	65,097	65,097
Depreciation of Investment property	6	60,428	65,762	60,428	65,762
Amortization of intangible assets	9	105,962	105,961	105,962	105,961
Impairment of PPE	4	155,908	-	143,956	-
Profit on disposal of PPE	27	(6,532)	(2,041)	(998)	(1,792)
Effect of foreign exchange rate changes in cash		(251,415)	(2,561,906)	(213,853)	(2,423,263)
Effect of foreign exchange rate changes on borrowings	25.1	4,034,507	41,098,021	4,034,507	41,098,021
Interest expense	35	3,632,761	4,098,109	46,494	416,482
Interest income	35	(1,370,783)	(6,108,171)	(1,771,297)	(4,296,586)
		<b>24,850,570</b>	<b>(83,942,274)</b>	<b>14,804,124</b>	<b>(43,208,005)</b>
<b>Change in:</b>					
Inventories		(12,652,136)	(11,796,731)	(5,558,345)	(8,288,722)
Trade and other receivables		4,672,299	(6,329,284)	(6,159,508)	(7,406,535)
Other assets		800,322	(745,062)	801,692	(717,729)
Deposit for imports		2,781,745	(12,743,867)	(3,700,350)	(7,203,869)
Deliverable forwards		4,455,347	(461,644)	1,598,214	(1,219,676)
Trade and other payables		14,547,072	14,517,664	14,521,096	14,159,096
Deferred Income		(407,505)	1,238,382	(407,505)	1,238,382
Contract liabilities		1,701,917	331,505	533,049	292,285
Warranty provisions		284,276	(56,860)	-	-
<b>Cash generated from operating activities</b>		<b>41,033,907</b>	<b>(99,988,171)</b>	<b>16,432,467</b>	<b>(52,354,773)</b>
Income tax paid	20	(370,894)	(8,042,253)	-	(3,415,105)
<b>Net cash generated from operating activities</b>		<b>40,663,013</b>	<b>(108,030,424)</b>	<b>16,432,467</b>	<b>(55,769,878)</b>
<b>Investing activities</b>					
Interest income received	35	977,470	6,108,171	1,377,984	4,296,586
Lease receivable payment	12b	345,794	-	345,794	-
Loan advanced	13	-	-	(14,500,000)	-
Interco loan repayment received	13	-	-	14,958,901	3,474,696
Proceeds from sale of property, plant and equipment		6,778	3,392	2,648	2,871
Acquisition of property, plant and equipment	4	(4,992,405)	(2,953,720)	(4,441,093)	(2,733,754)
<b>Net cash (used in)/generated from investing activities</b>		<b>(3,662,363)</b>	<b>3,157,843</b>	<b>(2,255,766)</b>	<b>5,040,399</b>
<b>Financing activities</b>					
Principal drawdown in the year	25.1	2,900,000	4,500,000	-	-
Trade obligation with banks	25.2	-	37,671,826	-	3,073,604
Repayment of borrowings	25.2	(24,731,616)	(22,871,048)	(1,108,447)	(2,439,285)
Interest expense paid	35	(3,632,761)	(4,098,109)	(46,494)	(416,482)
Unclaimed dividend forfeited (statute barred)	23.1	98,959	156,776	98,959	156,776
Capital contribution	41	-	14,293,613	-	14,293,613
Lease payment	8	(96,121)	(96,121)	(65,097)	(65,097)
<b>Net cash (used in)/generated from financing activities</b>		<b>(25,461,539)</b>	<b>29,556,937</b>	<b>(1,121,079)</b>	<b>14,603,130</b>
Net increase in cash and cash equivalents		11,539,111	(75,315,644)	13,055,622	(36,126,349)
Cash and cash equivalents at 1 June		28,869,338	101,623,076	24,896,732	58,599,818
Effect of foreign exchange rate changes in cash		251,415	2,561,906	213,853	2,423,263
<b>Cash and cash equivalents at 31 May</b>	16	<b>40,659,864</b>	<b>28,869,338</b>	<b>38,166,207</b>	<b>24,896,732</b>

The accompanying notes on pages 27 to 79 form an integral part of these financial statements.

\*Please refer to Note 41 for details on restatement.

## 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 facilitates the distribution of products of Harefield Industrial Nigeria 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 stand alone financial statements of the parent Company.

### 2 Summary of material 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 2025 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria as amended and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

#### 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 judgements and estimates 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 financial assets and liabilities which are measured at amortised cost and inventories which are measured at the lower of cost and net realisable value 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 the 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 cast doubt about the ability of the Group to continue as a going concern. See Note 40 for further details.

## Notes to the consolidated and separate financial statements

### 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 2024:

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non current liabilities with covenants
- Amendments to IFRS 16 - Lease liability in sale and leaseback
- Amendments to IAS 7 and IFRS 7- Supplier finance arrangements

#### **(i) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non current liabilities with covenants (Effective 1 January 2024)**

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

This amendments require disclosures if an entity classifies a liability as non current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current

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

#### **(ii) Amendments to IFRS 16 - Lease liability in sale and leaseback (Effective 1 January 2024)**

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

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

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

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

## Notes to the consolidated and separate financial statements

### (iii) Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements (Effective 1 January 2024)

On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following

The terms and conditions of SFAs.

- i. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
- ii. The carrying amount of the financial liabilities for which suppliers have already received payment from the finance providers.
- iii. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- iv. Non-cash changes in the carrying amounts of financial liabilities.
- v. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

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 IAS 21 - Lack of Exchangeability (effective 1 January 2025)

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process). Refer to Filling the gap in currency accounting: new IFRS requirements for lack of exchangeability for further details.

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

#### (ii) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities.

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted subject to any endorsement process.

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

## Notes to the consolidated and separate financial statements

### 2.2.3 New accounting standards issued but not yet effective (continued)

#### (iii) IFRS 18: Presentation and Disclosure in Financial Statements (effective 1 January 2027)

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

#### (iv) IFRS 19 : Subsidiaries without Public Accountability- Disclosures (effective 1 January 2027)

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of PZ Cussons Nigeria PLC and HPZ 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 arrangements;
- 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.

## Notes to the consolidated and separate financial statements

### 2.3 Basis of consolidation (Continued)

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. 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.

## Notes to the consolidated and separate financial statements

### 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 two 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.

#### 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.

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.

## Notes to the consolidated and separate financial statements

### 2.6.2 Tradex

Tradex is made up 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

The nature of the Group's leasing activities is mainly motor vehicles. Rental contracts are typically made for fixed periods of 1 to 3 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:

## Notes to the consolidated and separate financial statements

### 2.7 Leases (Continued)

- 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).
- 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. The depreciation is computed using the straight line method.

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.

#### ii **As a lessor**

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## **Notes to the consolidated and separate financial statements**

### **2.7 Leases (continued)**

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

### **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.

### **2.9 Interest income and expense**

Interest 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**

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.

## **Notes to the consolidated and separate financial statements**

### **2.10.1 Short-term employee benefit - Gratuity scheme (Continued)**

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 Nigerian 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 award 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 incentive and bonus scheme based on the formula that takes into consideration the group's objectives (net sales, operating profit and free cash flow).

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.

## Notes to the consolidated and separate financial statements

### 2.11 Current and deferred tax (Continued)

#### Deferred tax

Deferred tax is the tax expected to be paid 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.

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

## Notes to the consolidated and separate financial statements

### 2.12 Property, plant and equipment (Continued)

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

Leasehold land and buildings	- Over 50 years	2%
		Over the lease
	- Under 50 years	period
Plant and machinery		4% - 33.3%
Furniture, Fittings and IT equipment		20% -33.3%
Motor vehicles		25%
Capital work in progress		Nil

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

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. The group generally offers 1 - 3 year warranties for its electrical products and components. Adequacy of provision is assessed 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.

## Notes to the consolidated and separate financial statements

### 2.15.1 Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular 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.

#### **(i) Amortised cost and effective interest method**

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.

## Notes to the consolidated and separate financial statements

### 2.15.1 Financial assets (Continued)

**(i) Amortised cost and effective interest method (Continued)**

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) Equity instruments designated 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 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.

The Group does not have and neither have they designated any investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

## Notes to the consolidated and separate financial statements

### 2.15.1 Financial assets (Continued)

#### (iii) 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 FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as 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 FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as 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 basis. The Group has not designated any debt instruments as 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.

#### 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 and 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;
- 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. 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; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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 recognise 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 time value of money where appropriate.

## Notes to the consolidated and separate financial statements

### 2.15.1 Financial assets (Continued)

#### **Impairment of financial assets (Continued)**

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 into 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 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.

## Notes to the consolidated and separate financial statements

### 2.15.1 Financial assets (Continued)

#### **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 or 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 financial liabilities at amortised cost.

Borrowings, Lease liabilities and Trade and other payables are all classified as financial liabilities 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.

#### **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.

#### **Share capital**

The Company has only one class of shares ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by Section 145(4) of CAMA.

All ordinary shares rank equally with regards to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### **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.

## Notes to the consolidated and separate financial statements

### 2.15.2 Financial liabilities (Continued)

#### **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 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (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.

## **Notes to the consolidated and separate financial statements**

### **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 approved by the Directors. Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria are written back to retained earnings.

### **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 Company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

### **2.20 Deposits for letters of credit**

Deposits for letters of credit represents Naira deposits for purchase of foreign currencies purchased to fund letters of credit, forwards and futures for settlement of vendors of all imported raw materials, spare parts and machinery.

Deposit for letters of credit is measured at fair value.

### **2.21 Intangible asset**

Software acquired is recognized 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 recognized as expenses in the income statement as they are incurred. Amortisation is recognized in 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, is recognised in profit or loss when the asset is derecognised.

Software is amortised over a period of 10 years in line with the estimated live 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.

## **Notes to the consolidated and separate financial statements**

### **2.21.1 Impairment of tangible and intangible assets other than goodwill (Continued)**

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, 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. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

### **2.22 Earnings per share (EPS)**

The Group presents basic and diluted earnings per share 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 by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held and 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. Government grant relates to ECC certificates earned as a beneficiary of the Export Expansion Grant Scheme.

This is 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.

## Notes to the consolidated and separate financial statements

### 2.23 Government grants (Continued)

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 with 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 Statement 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.

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.

### 2.25 Critical accounting judgements and key sources of estimation uncertainty

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 the applications of the Group's accounting policies**

The critical judgements that the Directors have applied in the application of the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements are presented below.

## Notes to the consolidated and separate financial statements

### 2.25 Critical judgements in the applications of the Group's accounting policies (Continued)

#### 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 the 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 tax provision relates to management's assessment of the amount payable on open tax audits where the liabilities are yet to be agreed with the tax authorities. This arose mainly from the interpretation of tax legislation regarding arrangements entered into by the Group. Due to uncertainty associated with such tax items, there is the possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Whilst a range of outcomes is reasonably possible, the extent of the reasonably possible range have been recognized in the financial statements.

#### 2.25.3 Property lease classification - Company as lessor:

The Company has entered into lease of its factory building to earn rental income. The Company has determined, based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a major part of the economic life of the factory building and the present value of the minimum lease payments not amounting to substantially all of the fair value of the factory building, that it retains substantially all of the risks and rewards incidental to ownership of this factory building and accounts for the contract as operating leases.

#### 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 ECL is a significant estimate. The amount of ECL 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 customer's actual default in the future. The information about the ECL on the Group's trade receivables and contract assets is disclosed in the financial statements.

## Notes to the consolidated and separate financial statements

### 2.25.6 Inventory provisions

The Group uses the following methodologies in provisioning for inventory allowance.

<b>Provision type</b>	<b>Level of provision required</b>
• Obsolete inventory	100%
• Unstable	100%
• Slow moving inventory	50% of the excess
• Net Realisable Value (NRV)	100%

Obsolete inventory are SKUs with no movement (raw material) or no sales (finished goods) in the last twelve 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 SKUs that have value more than one year cost of sales value, either prior year or budget for that SKU line for finished goods or more than one year material usage from either prior year or budget 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 last six months are not subject to 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 are provided for 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.

### 2.25.7 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. 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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **Notes to the consolidated and separate financial statements**

### **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 recognized in the financial statements of the period in which the change occurs.

Contingent asset are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. The contingent assets of the Group is 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 recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are 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 liabilities 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 recognised 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 also 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.

Prior to classification as held for sale, the value of the assets or groups of assets is re-measured 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.

**Notes to the consolidated and separate financial statements**

**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 (i.e interest rate risk, commodity, price risk and foreign exchange risk), 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 Board Audit and 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 Audit Committees (i.e Statutory Audit Committee and Board Audit and Risk Committee) are assisted in their 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 Committees.

**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 limit is 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 months cash trading period, customers are free to apply for credit.

The group is not exposed to any material concentrations of credit risk.

The table below analyses the company's and group's financial assets into relevant maturity groupings as at the reporting date.

**Company**

**31 May 2025**

<b>Financial assets:</b>	<b>Neither past due nor impaired</b>	<b>Up to 90 days</b>	<b>91 - 180 days</b>	<b>Over 180 days</b>	<b>Total</b>
<i>In thousands of Naira</i>					
Cash and cash equivalents (Note 16)	38,166,207	-	-	-	<b>38,166,207</b>
Trade receivables (Note 12)	4,166,040	494,604	8,364	2,978	<b>4,671,986</b>
Due from related party companies (Note 34.2)	12,698,900	-	-	-	<b>12,698,900</b>
Other receivables (Note 12)	2,217,399	-	-	-	<b>2,217,399</b>
Loan receivables (Note 13)	3,263,234	-	-	-	<b>3,263,234</b>
Deposit for imports (Note 15)	10,913,889	-	-	-	<b>10,913,889</b>
Deliverable forwards (Note 24)	5,188	-	-	-	<b>5,188</b>
<b>Total</b>	<b>71,430,857</b>	<b>494,604</b>	<b>8,364</b>	<b>2,978</b>	<b>71,936,803</b>

**31 May 2024**

<b>Financial assets:</b>	<b>Neither past due nor impaired</b>	<b>Up to 90 days</b>	<b>91 - 180 days</b>	<b>Over 180 days</b>	<b>Total</b>
<i>In thousands of Naira</i>					
Cash and cash equivalents (Note 16)	24,896,732	-	-	-	<b>24,896,732</b>
Trade receivables (Note 12)	4,503,723	437,468	329,959	49,272	<b>5,320,422</b>
Due from related party companies (Note 34.2)	6,163,653	-	-	-	<b>6,163,653</b>
Other receivables (Note 12)	2,280,905	-	-	-	<b>2,280,905</b>
Loan receivables (Note 13)	3,722,135	-	-	-	<b>3,722,135</b>
Deposit for imports (Note 15)	7,213,539	-	-	-	<b>7,213,539</b>
Deliverable forwards (Note 24)	1,603,402	-	-	-	<b>1,603,402</b>
<b>Total</b>	<b>50,384,089</b>	<b>437,468</b>	<b>329,959</b>	<b>49,272</b>	<b>51,200,788</b>

**Notes to the consolidated and separate financial statements**

**3.1 Credit risk (Continued)**

**Group**

**31 May 2025**

<b>Financial assets:</b>	<b>Neither past due nor impaired</b>	<b>Up to 90 days</b>	<b>91 - 180 days</b>	<b>Over 180 days</b>	<b>Total</b>
<i>In thousands of Naira</i>					
Cash and cash equivalents (Note 16)	40,659,864	-	-	-	<b>40,659,864</b>
Trade receivables (Note 12)	6,162,487	681,330	8,364	33,186	<b>6,885,367</b>
Due from related party companies (Note 34)	1,502,793	-	-	-	<b>1,502,793</b>
Other receivables (Note 12)	2,725,655	-	-	-	<b>2,725,655</b>
Deposit for imports (Note 15)	10,920,180	-	-	-	<b>10,920,180</b>
Deliverable forwards (Note 24)	63,088	-	-	-	<b>63,088</b>
<b>Total</b>	<b>62,034,067</b>	<b>681,330</b>	<b>8,364</b>	<b>33,186</b>	<b>62,756,947</b>

**31 May 2024**

<b>Financial assets:</b>	<b>Neither past due nor impaired</b>	<b>Up to 90 days</b>	<b>91 - 180 days</b>	<b>Over 180 days</b>	<b>Total</b>
<i>In thousands of Naira</i>					
Cash and cash equivalents (Note 16)	28,869,338	-	-	-	<b>28,869,338</b>
Trade receivables (Note 12)	7,490,916	642,506	328,790	23,321	<b>8,485,533</b>
Due from related party companies (Note 34)	4,839,654	-	-	-	<b>4,839,654</b>
Other receivables (Note 12)	2,516,532	-	-	-	<b>2,516,532</b>
Deposit for imports (Note 15)	13,701,925	-	-	-	<b>13,701,925</b>
Deliverable forwards (Note 24)	4,518,435	-	-	-	<b>4,518,435</b>
<b>Total</b>	<b>61,936,800</b>	<b>642,506</b>	<b>328,790</b>	<b>23,321</b>	<b>62,931,417</b>

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:

	<b>Company 2025</b>	<b>2024</b>
<i>In thousands of Naira</i>		
Credit rating	38,166,207	24,896,732
<b>B</b>	<b>38,166,207</b>	<b>24,896,732</b>

	<b>Group 2025</b>	<b>2024</b>
<i>In thousands of Naira</i>		
Credit rating	40,659,864	28,869,338
<b>B</b>	<b>40,659,864</b>	<b>28,869,338</b>

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.

**Notes to the consolidated and separate financial statements**

**3.2 Liquidity risk (Continued)**

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 favorable 30 days of credit from its suppliers as against 15 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 the 31 May 2025 and 31 May 2024 are balances due to related parties of N80.3 billion and N64.2 billion respectively while that of the company is N64.6 billion and N55.9 billion respectively.

The table below analyses the Group and company's financial liabilities into relevant maturity groupings as at the reporting date:

**Company**

**31 May 2025**

*In thousands of Naira*

<b>Financial liabilities:</b>	<b>Up to 90 days</b>	<b>90 to 180 days</b>	<b>180 to 365 days</b>	<b>Above 365 days</b>	<b>Total</b>
Trade and other payables - excluding accruals (Note 23)	32,478,700	8,183,155	33,042,747	-	73,704,602
Borrowings (Note 25)	-	-	63,867,620	-	63,867,620
Lease liability (Note 8)	-	-	1,321	-	1,321
Contract liabilities (Note 19)	1,186,496	-	-	-	1,186,496
	<b>33,665,196</b>	<b>8,183,155</b>	<b>96,911,688</b>	<b>-</b>	<b>138,760,039</b>

**31 May 2024**

*In thousands of Naira*

<b>Financial liabilities:</b>	<b>Up to 90 days</b>	<b>90 to 180 days</b>	<b>180 to 365 days</b>	<b>Above 365 days</b>	<b>Total</b>
Trade and other payables - excluding accruals (Note 23)	50,366,589	3,461,444	26,707,406	-	80,535,439
Borrowings (Note 25)	-	-	60,941,560	-	60,941,560
Lease liability (Note 8)	-	-	31,000	35,418	66,418
Contract liabilities (Note 19)	653,447	-	-	-	653,447
	<b>51,020,036</b>	<b>3,461,444</b>	<b>87,679,966</b>	<b>35,418</b>	<b>142,196,864</b>

**Group**

**31 May 2025**

*In thousands of Naira*

<b>Financial liabilities:</b>	<b>Up to 90 days</b>	<b>90 to 180 days</b>	<b>180 to 365 days</b>	<b>Above 365 days</b>	<b>Total</b>
Trade and other payables - excluding accruals (Note 23)	47,121,811	5,495,934	37,886,110	-	90,503,855
Borrowings (Note 25)	-	-	71,267,620	-	71,267,620
Lease liability (Note 8)	-	-	11,516	-	11,516
Contract liabilities (Note 19)	2,394,584	-	-	-	2,394,584
Warranty provisions (Note 22)	-	-	113,184	495,545	608,729
	<b>49,516,395</b>	<b>5,495,934</b>	<b>109,278,430</b>	<b>495,545</b>	<b>164,786,304</b>

**31 May 2024**

*In thousands of Naira*

<b>Financial liabilities:</b>	<b>Up to 90 days</b>	<b>90 to 180 days</b>	<b>180 to 365 days</b>	<b>Above 365 days</b>	<b>Total</b>
Trade and other payables - excluding accruals (Note 23)	27,762,525	2,919,274	31,582,732	-	62,264,531
Borrowings (Note 25)	-	-	89,064,729	-	89,064,729
Lease liability (Note 8)	-	-	50,516	57,121	107,637
Contract liabilities (Note 19)	692,667	-	-	-	692,667
Warranty provisions (Note 22)	-	-	79,033	245,420	324,453
	<b>28,455,192</b>	<b>2,919,274</b>	<b>120,777,010</b>	<b>302,541</b>	<b>152,454,017</b>

**3.3 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, the fair value reasonably approximates the carrying value in the statement of financial position.

**3.4 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

**Notes to the consolidated and separate financial statements**

**3.4.1 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% (2024: 1 - 2%) increase or decrease in interest rates.

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest earned from related parties (Note 35)	-	160,328	572,452	776,297
Interest earned on placement of unclaimed dividend (Note 35)	235,361	99,123	235,361	99,123
Interest earned from banks (Note 35)	1,135,422	5,947,843	963,484	3,520,289
Interest paid to related parties (Note 35)	(843,018)	(11,803)	(723)	-
Interest paid to banks (Note 35)	(2,789,743)	(4,086,306)	(45,771)	(416,482)
<b>Net interest (expense)/income</b>	<b>(2,261,978)</b>	<b>2,109,185</b>	<b>1,724,803</b>	<b>3,979,227</b>

**Variable interest rate for the year(%)**

12%                      6%                      12%                      6%

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Impact of 1% increase in variable interest rate	(188,498)	(286,157)	143,734	9,400
Impact of 1% decrease in variable interest rate	188,498	286,157	(143,734)	(9,400)
Impact of 2% increase in variable interest rate	(376,996)	(572,314)	287,467	18,799
Impact of 2% decrease in variable interest rate	376,996	572,314	(287,467)	(18,799)

**3.4.2 Foreign exchange risk**

The Group's activities expose it to the financial risks arising from 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 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 remains constant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<b>Group Liabilities</b>		<b>Company Liabilities</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Foreign Currency (\$'000)</b>	(83,709)	(77,623)	(73,424)	(72,060)
	<b>Assets</b>		<b>Assets</b>	
<b>Foreign Currency (\$'000)</b>	16,064	3,622	15,888	3,290
	<b>Group - Net position</b>		<b>Company - Net position</b>	
<b>Foreign Currency (\$'000)</b>	(67,644)	(74,001)	(57,536)	(68,770)
Closing foreign exchange rates (Naira/Dollar)	1,586.20	1,486	1,586.20	1,486
Average foreign exchange rates (Naira/Dollar)	1,564.64	997.20	1,564.64	997.20

Sensitivity analysis is due to possible changes in exchange rate of foreign currency denominated balances on intercompany payables, cash and bank and trade receivables.

In the Executive 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.

Notes to the consolidated and separate financial statements

3.4.2 Foreign exchange risk (Continued)

	Group - Net position		Company - Net position	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
US dollar - 10% increase	(10,729,717)	(10,996,453)	(9,126,329)	(10,219,312)
US dollar - 10% decrease	10,729,717	10,996,453	9,126,329	10,219,312
US dollar - 15% increase	(16,094,575)	(16,494,679)	(13,689,494)	(15,328,968)
US dollar - 15% decrease	16,094,575	16,494,679	13,689,494	15,328,968
US dollar - 20% increase	(21,459,433)	(21,992,906)	(18,252,658)	(20,438,624)
US dollar - 20% decrease	21,459,433	21,992,906	18,252,658	20,438,624
US dollar - 30% increase	(32,189,150)	(32,989,359)	(27,378,987)	(30,657,936)
US dollar - 30% decrease	32,189,150	32,989,359	27,378,987	30,657,936
US dollar - 50% increase	(53,648,583)	(54,982,265)	(45,631,645)	(51,096,560)
US dollar - 50% decrease	53,648,583	54,982,265	45,631,645	51,096,560

The foreign exchange risk is mainly from foreign currency denominated bank balances, account receivable, related parties payable and receivable balances with foreign related parties.

3.5 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.

3.6 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2024.

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.

Gearing ratio

The gearing ratio at the year-end is as follows:

	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Borrowings (Note 25)	(71,267,620)	(89,064,729)	(63,867,620)	(60,941,560)
Cash and cash equivalents (Note 16)	40,659,864	28,869,338	38,166,207	24,896,732
<b>Net debt</b>	<b>(30,607,756)</b>	<b>(60,195,391)</b>	<b>(25,701,413)</b>	<b>(36,044,828)</b>
<b>Equity</b>	15,615,580	24,922,169	10,048,924	16,746,699
<b>Net debt to equity ratio</b>	(1.96)	(2.42)	(2.56)	(2.15)

Based on the above analysis, it can be ascertained that the group and company are highly geared.

The Group's objectives when managing capital is 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, United Kingdom.

Notes to the consolidated and separate financial statements

4 Property, plant and equipment  
Group - 2025

<i>In thousands of naira</i>	Leasehold Land and Buildings	Plant and Machinery	Furniture, Fittings and IT equipment	Motor Vehicles	Capital Work in Progress (WIP)	Total
<b>Cost</b>						
At 1 June, 2024	11,662,100	26,135,202	4,044,366	491,575	389,072	42,722,315
Additions	-	-	-	-	4,992,405	4,992,405
Transfer	375,417	1,607,193	846,935	626,655	(3,456,201)	-
Reclassification	(970)	965	5	1	-	1
Reclassification to assets held for sale (Note 5)	(28,664)	-	-	-	-	(28,664)
Disposal	-	(127,080)	(15,884)	-	-	(142,964)
<b>At 31 May, 2025</b>	<b>12,007,884</b>	<b>27,616,280</b>	<b>4,875,422</b>	<b>1,118,231</b>	<b>1,925,276</b>	<b>47,543,093</b>
<b>Depreciation</b>						
At 1 June, 2024	3,455,812	20,605,052	3,550,009	134,658	-	27,745,531
Charge for the year	241,651	1,096,500	235,127	159,779	-	1,733,057
Reclassification to assets held for sale (Note 5)	(12,039)	-	-	-	-	(12,039)
Impairments*	1,514	154,443	(49)	-	-	155,908
Disposal	-	(127,080)	(15,638)	-	-	(142,718)
<b>At 31 May, 2025</b>	<b>3,686,938</b>	<b>21,728,915</b>	<b>3,769,449</b>	<b>294,437</b>	<b>-</b>	<b>29,479,739</b>
<b>Cost</b>						
At 1 June, 2023	15,605,756	28,539,187	3,710,388	41,540	508,003	48,404,874
Additions	-	-	-	-	2,953,720	2,953,720
Transfer	178,404	1,743,975	461,916	450,035	(2,834,330)	-
Adjustments**	(15)	(464,180)	(2,130)	-	(238,321)	(704,646)
Reclassification to lease receivable (Note 4.1)	(1,641,984)	(3,683,780)	(98,024)	-	-	(5,423,788)
Reclassification to investment property (Note 6)	(478,874)	-	-	-	-	(478,874)
Write off	(2,001,187)	-	-	-	-	(2,001,187)
Disposal	-	-	(27,784)	-	-	(27,784)
<b>At 31 May, 2024</b>	<b>11,662,100</b>	<b>26,135,202</b>	<b>4,044,366</b>	<b>491,575</b>	<b>389,072</b>	<b>42,722,315</b>
<b>Depreciation</b>						
At 1 June, 2023	5,804,878	23,527,107	3,530,798	41,540	-	32,904,323
Depreciation for the year	261,288	1,254,282	145,797	93,118	-	1,754,485
Adjustments	-	(696,395)	(2,130)	-	-	(698,525)
Reclassification to lease receivable (Note 4.1)	(432,263)	(3,479,942)	(98,024)	-	-	(4,010,229)
Reclassification to investment property (Note 6)	(176,904)	-	-	-	-	(176,904)
Write off	(2,001,187)	-	-	-	-	(2,001,187)
Disposals	-	-	(26,433)	-	-	(26,433)
<b>At 31 May, 2024</b>	<b>3,455,812</b>	<b>20,605,052</b>	<b>3,550,008</b>	<b>134,658</b>	<b>-</b>	<b>27,745,530</b>
<b>Carrying amounts</b>						
At 31 May 2025	<b>8,320,946</b>	<b>5,887,365</b>	<b>1,105,973</b>	<b>823,794</b>	<b>1,925,276</b>	<b>18,063,354</b>
At 31 May 2024	<b>8,206,288</b>	<b>5,530,150</b>	<b>494,358</b>	<b>356,917</b>	<b>389,072</b>	<b>14,976,785</b>

Depreciation and impairment expense of N1.16 billion (2024: N1.22billion) has been charged in cost of sales, N0.44 billion (2024: N0.37 billion) in selling and distribution expenses and N0.29 billion (2024: NGN0.23 billion) in administrative expenses.

Capital work in progress mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2025 and 31 May 2024.

\*Impairment relates to factory plants and machinery that are obsolete.

There were no assets pledged as security for borrowing during the year (2024: nil).

\*\*Adjustments for the year ended 31st May 2024 relates to legacy fixed assets that had to be manually recognized and depreciated over the years.

4.1 Reclassification to lease receivable

*In thousands of naira*

	Group		
	2024	2024	2024
Detergent Tower Lease reclassified to investment properties (Note 6)	149,427	(39,338)	110,089
Detergent Tower lease asset/ finance leases	5,274,361	(3,970,892)	1,303,469
	<b>5,423,788</b>	<b>(4,010,230)</b>	<b>1,413,558</b>

No additional lease agreement was executed in 2025. Consequently, the balance recognized in 2024 remains unchanged.

**Capital commitments**

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

*In thousands of naira*

	Group	
	2025	2024
Authorised and contracted	962,311	-
Authorised but not contracted	15,233	274,290
	<b>977,544</b>	<b>274,290</b>

Notes to the consolidated and separate financial statements

4 Property, plant and equipment (Continued)  
Company - 2025

(a) The movement on these accounts was as follows:

<i>In thousands of naira</i>	Leasehold Land and Buildings	Plant and Machinery	Furniture, Fittings and IT equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
<b>Cost</b>						
At 1 June, 2024	10,489,266	24,283,182	3,683,671	357,784	389,071	39,202,974
Additions	-	-	-	-	4,441,093	4,441,093
Transfers	375,415	1,438,315	672,304	418,854	(2,904,888)	-
Reclassification to assets held for sale (Note 5)	(28,664)	-	-	-	-	(28,664)
Disposal	-	-	(12,640)	-	-	(12,640)
<b>At 31 May, 2025</b>	<b>10,836,017</b>	<b>25,721,497</b>	<b>4,343,335</b>	<b>776,638</b>	<b>1,925,276</b>	<b>43,602,763</b>
<b>Depreciation</b>						
At 1 June, 2024	3,311,252	19,085,234	3,252,631	81,784	-	25,730,901
Charge for the year	213,594	992,662	207,481	124,960	-	1,538,697
Reclassification to assets held for sale (Note 5)	(12,039)	-	-	-	-	(12,039)
Impairments*	1,514	142,491	(49)	-	-	143,956
Disposals	-	-	(10,990)	-	-	(10,990)
<b>At 31 May, 2025</b>	<b>3,514,321</b>	<b>20,220,387</b>	<b>3,449,073</b>	<b>206,744</b>	<b>-</b>	<b>27,390,525</b>
<b>Cost</b>						
At 1 June, 2023	14,432,922	26,760,197	3,401,859	9,766	497,015	45,101,759
Additions	-	-	-	-	2,733,754	2,733,754
Transfers	178,404	1,670,945	406,010	348,018	(2,603,377)	-
Adjustments**	(15)	(464,180)	(2,130)	-	(238,321)	(704,646)
Reclassification to lease receivable (Note 4.1)	(1,641,984)	(3,683,780)	(98,024)	-	-	(5,423,788)
Reclassification to investment property (Note 6)	(478,874)	-	-	-	-	(478,874)
Write off	(2,001,187)	-	-	-	-	(2,001,187)
Disposal	-	-	(24,044)	-	-	(24,044)
<b>At 31 May, 2024</b>	<b>10,489,266</b>	<b>24,283,182</b>	<b>3,683,671</b>	<b>357,784</b>	<b>389,071</b>	<b>39,202,974</b>
<b>Depreciation</b>						
At 1 June, 2023	5,688,374	22,119,909	3,252,439	9,766	-	31,070,488
Depreciation for the year	233,232	1,147,783	123,311	72,018	-	1,576,344
Adjustments	-	(702,516)	(2,130)	-	-	(704,646)
Reclassification to lease receivable (Note 4.1)	(432,263)	(3,479,942)	(98,024)	-	-	(4,010,229)
Reclassification to investment property (Note 6)	(176,904)	-	-	-	-	(176,904)
Write off	(2,001,187)	-	-	-	-	(2,001,187)
Disposals	-	-	(22,965)	-	-	(22,965)
<b>At 31 May, 2024</b>	<b>3,311,252</b>	<b>19,085,234</b>	<b>3,252,631</b>	<b>81,784</b>	<b>-</b>	<b>25,730,901</b>
<b>At 31 May 2025</b>	<b>7,321,696</b>	<b>5,501,110</b>	<b>894,262</b>	<b>569,894</b>	<b>1,925,276</b>	<b>16,212,238</b>
<b>At 31 May 2024</b>	<b>7,178,014</b>	<b>5,197,948</b>	<b>431,040</b>	<b>276,000</b>	<b>389,071</b>	<b>13,472,073</b>

Depreciation and impairment expense of N1.03 billion (2024: N1.09 billion) has been charged in 'cost of sales', N0.38 billion (2024: N0.33 billion) in 'selling and distribution expenses' and N0.29 billion (2024: N0.22 billion) in 'administrative expenses'.

Capital work in progress mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2025 and 31 May 2024.

\*Impairment relates to factory plants and machinery that are obsolete.

There were no assets pledged as security for borrowing during the period (2024: nil).

\*\*Adjustments for the year ended 31st May 2024 relates to legacy fixed assets that had to be manually recognized and depreciated over the years.

4.1 Reclassification to lease receivable

*In thousands of naira*

Detergent Tower Lease reclassified to investment properties (Note 6)

Detergent Tower lease asset/ finance leases

	Company		
	2024	2024	2024
	149,427	(39,338)	110,089
	5,274,361	(3,970,892)	1,303,469
	<b>5,423,788</b>	<b>(4,010,230)</b>	<b>1,413,558</b>

No additional lease agreement was executed in 2025. Consequently, the balance recognized in 2024 remains unchanged.

Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

*In thousands of naira*

Authorised and contracted

Authorised but not contracted

	Company	
	2025	2024
	666,963	-
	15,233	274,290
	<b>682,196</b>	<b>274,290</b>

Notes to the consolidated and separate financial statements

5 Asset held for sale

*In thousands of naira*

	Group		Company	
	2025	2024	2025	2024
Cost				
Opening balance	-	-	-	-
Transfer from property, plant and equipment (Note 4)	16,625	-	16,625	-
Transfers from investment property (Note 6)	996,789	-	996,789	-
<b>At 31 May</b>	<b>1,013,414</b>	<b>-</b>	<b>1,013,414</b>	<b>-</b>

At the close of the 2025 financial year, the management committed to a plan to sell some none core depot facilities across the country. Accordingly, these properties have been reclassified and presented as 'Asset held for sales' at a carrying amount of N1.01 billion as at 31 May 2025. These properties relate to home and personal care segment of the Group. The sales are expected to be concluded within the next 12 months. The carrying value of the transfers from property, plant and equipment and investment property is presented on a net basis (i.e cost less accumulated depreciation).

6 Investment property

*In thousands of naira*

	2025	
	Group	Company
Cost		
At 1 June, 2024	3,099,171	3,099,171
Transfers to assets held for sale (Note 5)	(1,608,800)	(1,608,800)
<b>At 31 May, 2025</b>	<b>1,490,371</b>	<b>1,490,371</b>
Accumulated Depreciation		
At 1 June, 2024	1,162,240	1,162,240
Depreciation for the year	60,428	60,428
Transfers to assets held for sale (Note 5)	(612,011)	(612,011)
<b>At 31 May, 2025</b>	<b>610,657</b>	<b>610,657</b>
Carrying amounts		
<b>At 31 May, 2025</b>	<b>879,714</b>	<b>879,714</b>

	2024	
	Group	Company
Cost		
At 1 June, 2023	2,470,870	2,470,870
Transfer from Property, plant and equipment (Note 4)	478,874	478,874
Transfer relating to Detergent tower lease (Note 4.1)	149,427	149,427
<b>At 31 May, 2024</b>	<b>3,099,171</b>	<b>3,099,171</b>
Accumulated Depreciation		
At 1 June, 2023	880,236	880,236
Depreciation for the year	65,762	65,762
Transfer from Property, plant and equipment (Note 4)	176,904	176,904
Transfer relating to Detergent tower lease (Note 4.1)	39,338	39,338
<b>At 31 May, 2024</b>	<b>1,162,240</b>	<b>1,162,240</b>
Carrying amounts		
<b>At 31 May, 2024</b>	<b>1,936,931</b>	<b>1,936,931</b>

In line with IAS 40, the Group continues to recognise certain assets as investment properties. These properties are not currently used by the business, and some of them have been leased in the short term. However, some of these properties have been reclassified and recognised as 'Assets held for sales' following confirmed intention to sell them; and their availability for immediate sale and disposal within 12 months is highly probable. The fair value of the investment properties is estimated at N13.91 billion as 31 May 2025 (31 May 2024: N27.56 billion). The valuation was carried out by Jide Taiwo & Co, a professional service firm of estate surveyors and valuers.

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, functional and economic obsolescence on the property before adding the value of the bare site as at the date of valuation.

The income from investment property for the year ended 31 May 2025 is N938 million (2024: N509 million) for Group N1.1 billion (2024: N509 million) for Company. The depreciation relating to investment property for the year ended 31 May 2025 is N60.4 million (2024: N65.8 million). Other related expenses are included as part of expenses disclosed in Note 26.

Leases - Motor Vehicle

7 Right-of-use assets:

*In thousands of naira*

	2025	
	Group	Company
Cost		
At 1 June 2024	795,847	585,298
<b>At 31 May 2025</b>	<b>795,847</b>	<b>585,298</b>
Accumulated Depreciation		
At 1 June 2024	688,210	518,880
Charge for the year	96,121	65,097
<b>At 31 May 2025</b>	<b>784,331</b>	<b>583,977</b>
Cost		
At 1 June 2023	795,847	585,298
<b>At 31 May 2024</b>	<b>795,847</b>	<b>585,298</b>
Accumulated Depreciation		
At 1 June 2023	592,089	453,783
Charge for the year	96,121	65,097
<b>At 31 May 2024</b>	<b>688,210</b>	<b>518,880</b>
Carrying Amount		
<b>At 31 May 2025</b>	<b>11,516</b>	<b>1,321</b>
<b>At 31 May 2024</b>	<b>107,637</b>	<b>66,418</b>

Notes to the consolidated and separate financial statements

8 Lease liability

	Group	Company
<i>In thousands of naira</i>		
At 1 June 2024	107,637	66,418
Lease payment	(96,121)	(65,097)
<b>At 31 May 2025</b>	<b>11,516</b>	<b>1,321</b>
At 1 June 2023	203,758	131,515
Lease payment	(96,121)	(65,097)
<b>At 31 May 2024</b>	<b>107,637</b>	<b>66,418</b>

The Group leases motor vehicles. The lease period of motor vehicles is mainly for 3 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	
	2025	2024	2025	2024
Non Current	-	57,121	-	35,418
Current	11,516	50,516	1,321	31,000
	<b>11,516</b>	<b>107,637</b>	<b>1,321</b>	<b>66,418</b>

c Maturity analysis of lease liability

	Group		Company	
	2025	2024	2025	2024
Year 1	11,516	50,516	1,321	31,000
Year 2	-	57,121	-	35,418
	<b>11,516</b>	<b>107,637</b>	<b>1,321</b>	<b>66,418</b>

9 Intangible Assets - Software

*In thousands of Naira*

	Group		Company	
	2025	2024	2025	2024
<b>Cost</b>				
At 1 June 2024	1,059,618	1,059,618	1,059,618	1,059,618
<b>At 31 May 2025</b>	<b>1,059,618</b>	<b>1,059,618</b>	<b>1,059,618</b>	<b>1,059,618</b>
<b>Accumulated amortisation</b>				
At 1 June 2024	741,732	635,771	741,732	635,771
Charge for the year	105,962	105,961	105,962	105,961
<b>At 31 May 2025</b>	<b>847,694</b>	<b>741,732</b>	<b>847,694</b>	<b>741,732</b>
<b>Carrying amount</b>				
<b>At 31 May 2025</b>	<b>211,924</b>	<b>317,886</b>	<b>211,924</b>	<b>317,886</b>

All intangible assets are non-current. All intangible assets of the Group have finite useful life and are amortised over 10 years in line with its accounting policy. The intangible assets represent cost of Enterprise Resource planning software. The amortization of intangible assets is included in the administrative expenses as disclosed in Note 26.1.

**Notes to the consolidated and separate financial statements**

**10 Investment in subsidiary**

*In thousands of Naira*  
*At 31 May*

	Investment amount	Country of incorporation and place of business	Nature of business	Company	
				2025	2024
				504,406	504,406
HPZ Limited					
	504,406	Nigeria	Household electrical appliances manufacturer	74.99	25.01
<b>HPZ Limited</b>				<b>2025</b>	<b>2024</b>
<i>In thousands of Naira</i>					
Current assets				3,571,754	27,704,734
Non-current assets				12,328,660	15,464,007
Current liabilities				(22,304,418)	(52,179,398)
Non-current liabilities				(495,545)	(362,453)
Equity attributable to owners of the Company				5,173,972	46,727,024
Non-controlling interests				1,725,577	1,545,274
Revenue				86,547,697	61,438,823
Net Expense				(83,079,794)	(91,886,549)
<b>Profit/(loss) for the year</b>				<b>3,467,903</b>	<b>(30,447,726)</b>
Profit/(loss) attributable to owners of the Company				2,608,814	(22,832,750)
Profit/(loss) attributable to the non-controlling interests				859,089	(7,614,976)
<b>Profit/(loss) for the year</b>				<b>3,467,903</b>	<b>(30,447,726)</b>
Other comprehensive income attributable to owners of the Company				-	-
Other comprehensive income attributable to the non-controlling interests				-	-
<b>Other comprehensive income for the year</b>				<b>-</b>	<b>-</b>
Total comprehensive income/(loss) attributable to owners of the Company				2,608,814	(22,832,750)
Total comprehensive income/(loss) attributable to the non-controlling interests				859,089	(7,614,976)
<b>Total comprehensive income/(loss) for the year</b>				<b>3,467,903</b>	<b>(30,447,726)</b>
Net cash inflow from operating activities				24,230,546	4,273,708
Net cash outflow from investing activities				(1,406,597)	(1,883,045)
Net cash (outflow)/inflow from financing activities				(24,340,460)	14,953,808
Net cash (outflow)/inflow				(1,516,511)	(39,189,295)
Cash and cash equivalents at 1 June				3,972,606	43,023,258
<b>Cash and cash equivalents at 31 May</b>				<b>2,456,095</b>	<b>3,833,963</b>

The amounts disclosed above do not reflect the elimination of intragroup transactions.

The NCI is derived at 25.1% of the total equity as at year end for HPZ limited.

**11 Inventories**

*In thousands of Naira*

	Group		Company	
	2025	2024	2025	2024
Raw materials and consumables	21,041,881	17,713,072	18,544,812	15,666,709
Finished goods and goods for resale	19,448,826	12,738,270	10,928,632	6,299,970
Engineering spares and other stocks	2,147,836	2,537,930	1,914,057	2,467,239
Goods in transit	10,859,041	7,856,177	2,382,016	3,777,254
<b>Total</b>	<b>53,497,584</b>	<b>40,845,449</b>	<b>33,769,517</b>	<b>28,211,172</b>

During the year ended 31 May 2025, N1.2 billion (2024: N596m) was charged by the group while the company was charged N1.07billion (2024:N513m ) to income statement for obsolete and damaged inventories identified. Also recognised as expense in the group and company's financial statements are engineering spares used for production of N620.1million (2024: N396.8million) and N547.6million (2024: N353.2million ) respectively.

**Notes to the consolidated and separate financial statements**

**12a Trade and other receivables**

Receivables due within one year:

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<i>In thousands of Naira</i>				
Trade receivables	7,128,899	8,879,509	4,743,497	5,627,206
Allowance for impairment of trade receivables (Note 12.1)	(243,532)	(393,976)	(71,511)	(306,784)
<b>Net trade receivables</b>	<b>6,885,367</b>	<b>8,485,533</b>	<b>4,671,986</b>	<b>5,320,422</b>
Due from related party companies (Note 34.2)	1,502,793	4,839,654	12,698,900	6,163,653
WHT credit note receivable	1,221,990	1,940,273	1,012,838	1,306,171
Other receivables*	2,725,655	2,516,532	2,217,399	2,280,905
<b>Total</b>	<b>12,335,805</b>	<b>17,781,992</b>	<b>20,601,123</b>	<b>15,071,151</b>

\* Other receivables include amounts receivable for utility services provided to third parties, interest receivables from banks and unclaimed dividend with Company's registrar. These are considered 100% recoverable because the balances are settled within a period of one month except 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 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 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 impact of the adoption of the general approach to determine the ECL is considered immaterial by management. Consequently, no change was made to the carrying value of other financial assets other than trade receivables as at 31 May 2025 (31 May 2024: Nil).

<b>Group</b>	<b>Trade receivables - days past due</b>							<b>Total</b>
	<b>Not Due</b>	<b>1-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>&gt; 180</b>	<b>Specific Provision</b>	
<b>31 May 2025</b>								
<i>In thousands of Naira</i>								
Expected credit loss rate	0%	4%	2%	27%	34%	44%	100%	
Estimated total gross carrying amount at default	6,191,831	646,993	31,669	40,854	12,733	59,591	145,228	7,128,899
Lifetime ECL	(29,344)	(26,839)	(484)	(10,863)	(4,369)	(26,405)	(145,228)	(243,532)
	<b>6,162,487</b>	<b>620,154</b>	<b>31,185</b>	<b>29,991</b>	<b>8,364</b>	<b>33,186</b>	<b>-</b>	<b>6,885,367</b>
<b>31 May 2024</b>								
<i>In thousands of Naira</i>								
Expected credit loss rate	0%	5%	0%	17%	5%	84%	100%	
Estimated total gross carrying amount at default	7,503,760	654,762	-	27,350	345,157	146,377	202,103	8,879,509
Lifetime ECL	(12,844)	(34,852)	-	(4,754)	(16,367)	(123,056)	(202,103)	(393,976)
	<b>7,490,916</b>	<b>619,910</b>	<b>-</b>	<b>22,596</b>	<b>328,790</b>	<b>23,321</b>	<b>-</b>	<b>8,485,533</b>
<b>Company</b>								
<b>31 May 2025</b>								
<i>In thousands of Naira</i>								
Expected credit loss rate	1%	6%	1%	27%	34%	57%	0%	
Estimated total gross carrying amount at default	4,192,368	464,263	27,773	39,442	12,733	6,918	-	4,743,497
Lifetime ECL	(26,328)	(25,903)	(284)	(10,687)	(4,369)	(3,940)	-	(71,511)
	<b>4,166,040</b>	<b>438,360</b>	<b>27,489</b>	<b>28,755</b>	<b>8,364</b>	<b>2,978</b>	<b>-</b>	<b>4,671,986</b>

**Notes to the consolidated and separate financial statements**

31 May 2024	Trade receivables - days past due							Specific Provision	Total
	Not Due	1-30	31-60	61-90	91-180	> 180			
<i>In thousands of Naira</i>									
Expected credit loss rate	0%	7%	0%	17%	4%	66%	100%		
Estimated total gross carrying amount at default	4,514,134	444,356	-	27,350	345,157	146,377	149,832	5,627,206	
Lifetime ECL	(10,411)	(29,484)	-	(4,754)	(15,198)	(97,105)	(149,832)	(306,784)	
	<b>4,503,723</b>	<b>414,872</b>	-	<b>22,596</b>	<b>329,959</b>	<b>49,272</b>	-	<b>5,320,422</b>	

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:

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
<b>Opening balance</b>	(393,976)	(760,164)	(306,784)	(636,235)
Impairment (charge)/credit	(203,559)	264,751	(87,377)	218,989
Write off	354,003	101,437	322,650	110,462
<b>Closing balance</b>	<b>(243,532)</b>	<b>(393,976)</b>	<b>(71,511)</b>	<b>(306,784)</b>

**12a (i) Trade receivables impaired (ageing)**

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
<b>Trade receivables impaired (ageing)</b>				
The ageing of impaired trade receivables is as follows:				
Current to 180 days	(71,899)	(68,817)	(67,571)	(59,847)
Over 180 days	(171,633)	(325,159)	(3,940)	(246,937)
<b>Total</b>	<b>(243,532)</b>	<b>(393,976)</b>	<b>(71,511)</b>	<b>(306,784)</b>

The impairment loss as at 31 May 2025 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 behavior and extensive analysis of the underlying customers' credit ratings.

Based on historical default rates, the Group 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 months cash trading period, distributors are free to apply for

The movement in gross carrying value of trade receivables is presented as follows:

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
Opening balance	8,879,509	5,731,117	5,627,206	2,682,166
Net (decrease)/increase during the year	(1,396,607)	3,249,829	(561,059)	3,055,502
Write-off	(354,003)	(101,437)	(322,650)	(110,462)
<b>Closing balance</b>	<b>7,128,899</b>	<b>8,879,509</b>	<b>4,743,497</b>	<b>5,627,206</b>

**12b Lease Receivables**

<i>In thousands of Naira</i>	Group		Company	
	2025	2024	2025	2024
Opening Balance	2,493,269	-	2,493,269	-
Additions	-	2,493,269	-	2,493,269
Interest earned	393,313	-	393,313	-
Payment	(345,794)	-	(345,794)	-
	<b>2,540,788</b>	<b>2,493,269</b>	<b>2,540,788</b>	<b>2,493,269</b>

In 2024 financial year, the Company leased plants and machinery to UGEE Chemicals Limited (UGEE) in order to optimise the use of its assets. The arrangements will enable UGEE, a detergent manufacturer, expand its production capacity.

The lease agreement contains both finance and operating lease components. Ownership of certain leased assets will be transferred to the lessee free of cost at the end of the lease, these assets are classified as a finance lease; the remainder of the assets remain under PZ ownership and are classified as an operating lease.

The lease has been accounted for as a finance lease in line with the provisions of IFRS 16. The lease term is for a period of 10 years after which ownership transfers to the lessee. Set out above is the carrying amount of the net investment in lease and the movements during the year.

At initial recognition, the present value calculation has generated a finance lease receivable of N2.5 billion and this was recognised as the net investment in the lease. The operating lease component has been transferred to Investment Property at carrying value of N110.1 million. For the finance lease, the net investment in the lease was calculated as the sum of the present value of the lease payments discounted using the interest rate implicit in the lease of 13.53%. The underlying assets of the operating lease were recognised within Investment Properties at carrying value as at the lease commencement date.

The impact of the adoption of the general approach to determine the ECL is considered immaterial by management. Consequently, no change was made to the carrying value of lease receivable as at 31 May 2025 (31 May 2024: Nil).

**Notes to the consolidated and separate financial statements**

**12b Lease Receivables (Continued)**

	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Non- Current	2,540,789	2,493,269	2,540,789	2,493,269
	<b>2,540,789</b>	<b>2,493,269</b>	<b>2,540,789</b>	<b>2,493,269</b>
<b>Assets under finance lease</b>				
<i>In thousands of Naira</i>				
PV of finance leased assets	-	2,821,777	-	2,821,777
Carrying amount of PPE	-	(1,303,469)	-	(1,303,469)
<b>Gain on finance lease assets</b>	-	<b>1,518,308</b>	-	<b>1,518,308</b>

The table below sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Less than on year	345,795	328,508	345,795	328,508
One to two years	380,374	345,795	380,374	345,795
Two to three years	418,412	380,374	418,412	380,374
Three to four years	466,194	418,412	466,194	418,412
Four to five years	519,434	466,194	519,434	466,194
More than five years	2,742,627	3,279,347	2,742,627	3,279,347
Total undiscounted lease receivable	4,872,836	5,218,630	4,872,836	5,218,630
Unearned finance income	(2,332,047)	(2,725,361)	(2,332,047)	(2,725,361)
	<b>2,540,789</b>	<b>2,493,269</b>	<b>2,540,789</b>	<b>2,493,269</b>

**13 Loan receivables**

	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Opening balance	-	-	3,722,135	6,580,862
Additions during the year	-	-	14,500,000	-
Interest on loan	-	-	572,452	615,969
Payment (principal & interest) received within the year	-	-	(15,531,353)	(3,474,696)
Closing balance	-	-	<b>3,263,234</b>	<b>3,722,135</b>
Non- Current	-	-	-	263,234
Current	-	-	3,263,234	3,458,901
	-	-	<b>3,263,234</b>	<b>3,722,135</b>

Loan receivables relates to cash advances made to related party. Information on interest received on advances and repayment terms are disclosed in Note 35. The Group did not recognise impairment on loans due from related party, because there are no conditions existing that reflects a future default in recovery of the amount due. The interest rates on the loan is at 12%.

**14 Other assets**

	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Prepayments	840,272	943,933	811,569	916,600
Advances to suppliers	87,654	784,315	87,654	784,315
<b>Total</b>	<b>927,926</b>	<b>1,728,248</b>	<b>899,223</b>	<b>1,700,915</b>

The advances have been made to suppliers to secure supply lines in the course of business and the amount is realisable within twelve months. Prepayments relate to advances for twelve months rental for accomodation and the prepaid rent is out of scope of IFRS 16 on leases.

	Group		Company	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Non- Current	-	-	-	-
Current	927,926	1,728,248	899,223	1,700,915
	<b>927,926</b>	<b>1,728,248</b>	<b>899,223</b>	<b>1,700,915</b>

**Notes to the consolidated and separate financial statements**

**15 Deposit for imports**

*In thousands of Naira*

Deposit for letters of credit

**Total**

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
10,920,180	13,701,925	10,913,889	7,213,539
<b>10,920,180</b>	<b>13,701,925</b>	<b>10,913,889</b>	<b>7,213,539</b>

Deposit for letters of credit represents committed cash no longer available for another purpose other than the purpose it has been designated for. It represents 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**

*In thousands of Naira*

Cash at bank

Restricted cash\*

**Total**

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
39,216,396	27,234,130	36,722,739	23,261,524
1,443,468	1,635,208	1,443,468	1,635,208
<b>40,659,864</b>	<b>28,869,338</b>	<b>38,166,207</b>	<b>24,896,732</b>

Restricted cash relates to cash at bank and short term deposits with FBN Quest. This amount represents the unclaimed dividends refunds received from First Registrars and it is repayable on demand (Note 23.1b).

**16.1** Restricted cash can be further analysed as follows:

*In thousands of Naira*

Short term investment with FBN Quest

Cash at bank

**Total**

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
1,335,884	776,269	1,335,884	776,269
107,584	858,939	107,584	858,939
<b>1,443,468</b>	<b>1,635,208</b>	<b>1,443,468</b>	<b>1,635,208</b>

The Company earned interest amounting to N235.4 million on the placement with FBN Quest in the year (2024: 99.1 million).

**17 Share capital**

**Issued and fully paid:**

Ordinary shares of 50k each

<b>2025</b>		<b>2024</b>	
<b>Number in thousands</b>	<b>Amount N'000</b>	<b>Number in thousands</b>	<b>Amount N'000</b>
3,970,476	1,985,238	3,970,476	1,985,238

**18 Deferred Income**

*In thousands of Naira*

Rent received in advance

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
920,379	1,327,884	920,379	1,327,884
<b>920,379</b>	<b>1,327,884</b>	<b>920,379</b>	<b>1,327,884</b>

The movement in Deferred Income is presented as follows:

*In thousands of Naira*

Opening balance

Increase during the year

Release to income statements (Note 27a)

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
1,327,884	89,502	1,327,884	89,502
530,743	1,748,089	706,460	1,748,089
(938,248)	(509,707)	(1,113,965)	(509,707)
<b>920,379</b>	<b>1,327,884</b>	<b>920,379</b>	<b>1,327,884</b>

Rent received in advance relates to rent received from third parties on PZ Cussons Nigeria Plc warehouses. Further analyses of the deferred income is presented below:

**Deferred Income**

*In thousands of Naira*

Non- Current

Current

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
384,322	603,436	384,322	603,436
536,057	724,448	536,057	724,448
<b>920,379</b>	<b>1,327,884</b>	<b>920,379</b>	<b>1,327,884</b>

**19 Contract Liabilities**

*In thousands of Naira*

Advance from customers

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
2,394,584	692,667	1,186,496	653,447
<b>2,394,584</b>	<b>692,667</b>	<b>1,186,496</b>	<b>653,447</b>

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 been transferred to the customers, being at the point the goods are received or collected by the customers. When the customers initially purchase the goods, the transaction value received at that point by the Group is recognised as contract liabilities until the goods have been received by the customers. Prior year contract liabilities amount was recognized as revenue in the current year.

The movement in contract liabilities is presented as follows:

*In thousands of Naira*

Opening balance

Release to revenue

Additions during the year

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
692,667	361,162	653,447	361,162
(692,667)	(361,162)	(653,447)	(361,162)
2,394,584	692,667	1,186,496	653,447
<b>2,394,584</b>	<b>692,667</b>	<b>1,186,496</b>	<b>653,447</b>

**Contract Liabilities**

*In thousands of Naira*

Non- Current

Current

<b>Group</b>		<b>Company</b>	
<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
-	-	-	-
2,394,584	692,667	1,186,496	653,447
<b>2,394,584</b>	<b>692,667</b>	<b>1,186,496</b>	<b>653,447</b>

**Notes to the consolidated and separate financial statements**

**20 Taxation**

*In thousands of Naira*

**Income tax expense:**

	Group		Company	
	2025	2024	2025	2024
Company income tax in respect of current year	3,731,795	1,208,699	3,731,795	1,060,583
Minimum tax	476,277	1,000,500	-	629,535
Education tax in respect of current year	496,307	-	496,307	-
Police levy	833	-	540	-
Over provision of prior year tax	(115,982)	(645,692)	(129,377)	(645,692)
<b>Total current tax</b>	<b>4,589,230</b>	<b>1,563,507</b>	<b>4,099,265</b>	<b>1,044,426</b>
<b>Deferred tax:</b>				
Current year charge/(credited) to income statement	2,004,606	(33,734,840)	97,049	(20,988,901)
<b>Total deferred tax</b>	<b>2,004,606</b>	<b>(33,734,840)</b>	<b>97,049</b>	<b>(20,988,901)</b>
<b>Income tax expense</b>	<b>6,593,836</b>	<b>(32,171,333)</b>	<b>4,196,314</b>	<b>(19,944,475)</b>

**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:

**Effective tax reconciliation**

*In thousands of Naira*

**Profit/(loss) before tax**

Income tax using the domestic Company income tax rate of 30% (2024: 30%)

**Tax effects of:**

	Group		Company	
	2025	2024 Restated*	2025	2024 Restated*
Profit/(loss) before tax	16,660,555	(122,488,615)	10,795,130	(79,814,031)
Income tax using the domestic Company income tax rate of 30% (2024: 30%)	4,998,167	(36,746,585)	3,238,539	(23,944,209)
<b>Tax effects of:</b>				
Non-taxable deductions	302,007	(5,407,716)	140,683	3,139,704
Balancing Charge/Investment Allowance	-	131	-	59
Tertiary education tax	496,307	-	496,307	-
Minimum tax	476,277	1,000,500	-	629,535
Prior year tax adjustments recognised in current year	-	63,083	-	158,034
NASENI and Police Levy	833	-	540	-
Provision for uncertain tax	320,245	-	320,245	-
Impact of Unrelieved loss	-	8,919,254	-	72,402
<b>Total income tax expense in income statement</b>	<b>6,593,836</b>	<b>(32,171,333)</b>	<b>4,196,314</b>	<b>(19,944,475)</b>

The current tax charge has been computed at the applicable rate of 30% (31 May 2024: 30%) plus education levy of 3% (31 May 2024: 3%) 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.

Minimum tax is calculated as 0.5% of gross turnover less franked investment income.

**Current taxation payable**

The movement in the current income taxation payable is as follows:

*In thousands of Naira*

	Group		Company	
	2025	2024	2025	2024
Opening balance	2,448,803	8,927,549	1,898,064	4,268,743
Tax charge for the year	4,705,212	2,209,199	4,228,642	1,690,118
Prior year over provision	(115,982)	(645,692)	(129,377)	(645,692)
Withholding credit utilized	(773,888)	-	(629,535)	-
Tax paid during the year	(370,894)	(8,042,253)	-	(3,415,105)
<b>Current tax payable</b>	<b>5,893,251</b>	<b>2,448,803</b>	<b>5,367,794</b>	<b>1,898,064</b>

**21 Deferred Tax**

*In thousands of Naira*

The analysis of deferred tax liabilities is as follows:

Deferred tax asset to be recovered after more than 12 months

*In thousands of Naira*

	Group		Company	
	2025	2024	2025	2024
Opening balance	(29,781,800)	3,561,854	(16,902,488)	4,086,413
Charged/(credited) to income statement (Note 20)	2,004,606	(33,734,840)	97,049	(20,988,901)
Prior year under provision	-	391,186	-	-
Closing balance	<b>(27,777,194)</b>	<b>(29,781,800)</b>	<b>(16,805,439)</b>	<b>(16,902,488)</b>

*In thousands of Naira*

**At 1 June 2023**

Credited to income statement

**At 31 May 2024**

Charged to income statement

**At 31 May 2025**

	Group			Company		
	Property, plant and equipment	Provisions	Total	Property, plant and equipment	Provisions	Total
<b>At 1 June 2023</b>	<b>(346,457)</b>	<b>3,908,312</b>	<b>3,561,855</b>	<b>2,382,229</b>	<b>1,704,184</b>	<b>4,086,413</b>
Credited to income statement	(550,275)	(32,793,380)	(33,343,655)	125,923	(21,114,823)	(20,988,901)
<b>At 31 May 2024</b>	<b>(896,732)</b>	<b>(28,885,068)</b>	<b>(29,781,800)</b>	<b>2,508,152</b>	<b>(19,410,639)</b>	<b>(16,902,488)</b>
Charged to income statement	1,417,394	587,213	2,004,606	1,047,273	(950,224)	97,049
<b>At 31 May 2025</b>	<b>520,662</b>	<b>(28,297,856)</b>	<b>(27,777,194)</b>	<b>3,555,425</b>	<b>(20,360,863)</b>	<b>(16,805,439)</b>

**Notes to the consolidated and separate financial statements**

**21 Deferred Tax (Continued)**

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 current tax liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<i>In thousands of Naira</i>				
Deferred tax liabilities	-	-	-	-
Deferred tax assets	(27,777,194)	(29,781,800)	(16,805,439)	(16,902,488)
<b>Net deferred tax assets</b>	<b>(27,777,194)</b>	<b>(29,781,800)</b>	<b>(16,805,439)</b>	<b>(16,902,488)</b>

**22 Warranty provisions**

Warranty provisions

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Warranty provisions	608,729	324,453	-	-
<b>Total</b>	<b>608,729</b>	<b>324,453</b>	<b>-</b>	<b>-</b>

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Opening balance	324,453	381,313	-	-
Charged to the income statement	316,133	157,028	-	-
Utilised in the year	(31,857)	(213,888)	-	-
<b>Closing balance</b>	<b>608,729</b>	<b>324,453</b>	<b>-</b>	<b>-</b>

The ageing of the warranty provision is as follows:

Within 12 months	113,184	79,033	-	-
Greater than 12 months	495,545	245,420	-	-
<b>Total</b>	<b>608,729</b>	<b>324,453</b>	<b>-</b>	<b>-</b>

The warranty provision represents management's best estimate of the Group's liability for 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 estimates 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 2.25.4).

**23 Trade and other payables**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Trade payables	8,205,534	13,723,365	7,190,776	3,616,306
Unclaimed dividend (Note 23.1b)	1,512,916	1,635,208	1,512,916	1,635,208
Accruals*	14,643,574	10,064,918	10,788,337	7,707,312
Amounts owed to related parties (Note 34.2)	80,262,675	64,167,520	64,642,014	55,901,828
Sundry Creditors	522,730	1,009,346	358,896	1,111,189
<b>Total</b>	<b>105,147,429</b>	<b>90,600,357</b>	<b>84,492,939</b>	<b>69,971,843</b>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 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.

\* Included in the amounts reported as accruals relates to customer rebates of about N3.04bn (2024:N1.86bn); Duty and clearing costs amount to N0.97bn (2024: N1.31bn), VAT liability N2.33bn (2024: N1.47bn) in both Company and Group.

**Notes to the consolidated and separate financial statements**

**23.1 Unclaimed dividend**

**23.1b Movement in Unclaimed Dividend**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Opening balance	1,635,208	1,817,272	1,635,208	1,817,272
Unpaid dividend received [see (ii) below]	-	81,547	-	81,547
Dividend disbursed by registrar during the year	(92,781)	(106,835)	(92,781)	(106,835)
Statute barred dividend transferred to retained earnings [see (i) below]	(98,959)	(156,776)	(98,959)	(156,776)
Unclaimed dividend refunded to PZ Cussons Nigeria Plc [see (iii) below]	1,443,468	1,635,208	1,443,468	1,635,208
Dividend amount with Registrar for distribution recognised	69,448	-	69,448	-
<b>Closing balance</b>	<b>1,512,916</b>	<b>1,635,208</b>	<b>1,512,916</b>	<b>1,635,208</b>

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 months and above to the paying companies.
- (iii) This refers to unclaimed dividend aged over 15 months refunded by First Registrars to PZ Cussons Nigeria Plc in line with SEC guidelines (Note 16(i)).

**24 Deliverable forwards**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Deliverable forwards	63,088	4,518,435	5,188	1,603,402
<b>Total</b>	<b>63,088</b>	<b>4,518,435</b>	<b>5,188</b>	<b>1,603,402</b>

Deliverable forwards represent Naira deposits with the Central Bank of Nigeria(CBN) for purchase of foreign currencies under a forward contract for settlement of invoices emanating from importation of raw materials, spare parts and machinery. The deliverable forwards were measured at amortised cost.

The reduction in the deliverable forward balance is due to the settlement of existing forwards by the CBN and the Company's use of alternative means of financing for foreign purchases in the current year.

**25 Borrowings**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Borrowing from parent & related companies (Note 25.1)	71,267,620	64,333,113	63,867,620	59,833,113
Trade obligation with banks (Note 25.2)	-	24,731,616	-	1,108,447
	<b>71,267,620</b>	<b>89,064,729</b>	<b>63,867,620</b>	<b>60,941,560</b>

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Non- Current	-	-	-	-
Current	71,267,620	89,064,729	63,867,620	60,941,560
	<b>71,267,620</b>	<b>89,064,729</b>	<b>63,867,620</b>	<b>60,941,560</b>

**25.1 Borrowing from parent & related companies**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Balance as at 1 June	64,333,113	18,735,092	59,833,113	18,735,092
Additions	2,900,000	4,500,000	-	-
Foreign currency revaluation adjustment	4,034,507	41,098,021	4,034,507	41,098,021
Balance as at 31 May	<b>71,267,620</b>	<b>64,333,113</b>	<b>63,867,620</b>	<b>59,833,113</b>

The borrowings relate to loan received from ultimate parent company, PZ Cussons(Holding) Limited, UK, in July 2022 based on agreement signed in June 2022. The facility amount is \$40.26 million (N63.9 billion), and it is non-interest bearing. During the year, the subsidiary - HPZ Ltd received a Naira denominated loan from related companies- Harefield Industrial Nigeria Limited amounting to N500 million (2024: 4.5 billion) and Nutricima Limited amounting to N2.4 billion (2024: Nil).

**25.2 Trade obligation with banks**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Balance as at 1 June	24,731,616	5,277,304	1,108,447	-
Additions	-	37,671,826	-	3,073,604
Interest charged (Note 35)	2,789,743	4,086,306	45,771	416,482
Payment	(27,521,359)	(22,303,820)	(1,154,218)	(2,381,639)
Balance as at 31 May	<b>-</b>	<b>24,731,616</b>	<b>-</b>	<b>1,108,447</b>

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 total amount paid by the bank is due to be settled by the Company within one year at an average interest charge of SOFR+8%.

**Notes to the consolidated and separate financial statements**

**26.1 Expense by nature**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Changes in inventories of finished goods and work in progress	132,029,305	81,646,992	65,796,470	46,965,407
Obsolescence/ damaged inventory (Note 11)	1,200,441	596,884	1,074,044	513,824
Personnel expenses (Note 31.4)	10,356,239	8,953,460	7,859,559	6,766,616
Fuel and gas	3,343,115	3,348,983	3,240,369	3,191,187
Depreciation (Note 4)	1,733,058	1,754,485	1,538,698	1,576,344
Impairments of PPE (Note 4)	155,908	-	143,956	-
Depreciation - Right-of-use (Note 7)	96,121	96,121	65,097	65,097
Amortization charge - Intangible assets ( Note 9)	105,962	105,961	105,962	105,961
Depreciation-Investment property (Note 6)	60,428	65,762	60,428	65,762
Auditors remuneration*	312,126	503,820	199,594	317,220
Directors emoluments (Note 31.1)	369,008	254,632	369,008	254,632
Rent and rates	409,801	514,532	409,801	373,886
Insurance	799,915	752,419	757,870	717,095
Freight/carriage cost	6,209,237	4,814,684	3,855,164	3,011,637
Security services	816,357	879,192	329,054	773,659
PZ Foundation donation (Note 34.2)	-	60,000	-	60,000
Global shared services support (Note 33)	8,661,480	3,517,493	8,661,480	3,517,493
Vehicle repairs and maintenance	219,855	133,593	203,676	119,074
Technical Know, R&D support, and Trade mark (Note 33)	5,641,258	3,910,191	5,641,258	3,910,191
Advertising and market promotions	3,410,853	2,095,980	2,747,671	2,090,821
Electricity	5,489,898	2,031,799	5,292,986	1,954,393
Impairment of trade receivables (Note 12)	203,559	(264,751)	87,377	(218,989)
Building & plant maintenance	2,984,749	2,201,022	2,607,539	1,891,241
General and other expenses**	3,118,283	3,788,227	2,078,897	2,572,527
	<b>187,726,956</b>	<b>121,761,481</b>	<b>113,125,958</b>	<b>80,595,078</b>
Cost of sales	154,926,172	98,120,852	87,244,715	62,330,277
Selling and distribution expenses	17,895,551	13,222,552	12,353,306	9,444,688
Impairment of trade receivables (Note 12)	203,559	(264,751)	87,377	(218,989)
Administrative expenses	14,701,674	10,682,828	13,440,560	9,039,102
	<b>187,726,956</b>	<b>121,761,481</b>	<b>113,125,958</b>	<b>80,595,078</b>

\*No non-audit services were provided by the auditors during the year ended 31 May 2025 and 31 May 2024.

\*\* General and other expenses relate to traveling expenses, research and development, vehicle running expenses, consultancy fees, bank charges and other overhead costs.

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

Name of professional	FRC number of the professional	Name of firm	Nature of service
Audrey Obidike	FRC/2015/PRO/ICAN/004/00000011970	Ernst and Young	Taxation services Statutory reporting service

**26.2 Foreign exchange loss**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Foreign exchange loss	<b>7,784,240</b>	<b>157,918,245</b>	<b>5,659,351</b>	<b>96,625,395</b>

**27 Other income**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Rental income (Note 18)	938,248	509,707	1,113,965	509,707
Profit on disposal of fixed assets(i)	6,532	2,041	998	1,792
Scrap sales	854,613	901,684	654,034	686,045
Gain on recognition of present value of lease payments	-	1,518,308	-	1,518,308
	<b>1,799,393</b>	<b>2,931,740</b>	<b>1,768,997</b>	<b>2,715,852</b>

The profit on disposal of fixed assets relates to disposal of computer equipments.

(i) <i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Proceed from disposal of asset	6,778	3,392	2,648	2,871
Carrying amount of asset disposed (Note 4)	(246)	(1,351)	(1,650)	(1,079)
Profit on disposal of asset	<b>6,532</b>	<b>2,041</b>	<b>998</b>	<b>1,792</b>

**28 Revenue**

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time 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 Group analyses its net revenue by the following categories:

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Home and personal care products	126,086,639	90,810,486	126,086,639	90,810,486
Durable electrical appliances	86,547,697	61,438,823	-	-
<b>Total</b>	<b>212,634,336</b>	<b>152,249,309</b>	<b>126,086,639</b>	<b>90,810,486</b>

**Notes to the consolidated and separate financial statements**

**29 Operating segments**

The Chief operating decision-maker has been identified as the Executive Management which includes the two Executive Directors.

The Executive Management reviews the Group's internal reporting in order to assess performance and allocate resources. Executive 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 executive management 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 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.

The following is an analysis of the Group's revenue and results by reportable segment in 2025:

**29.1 Segment revenue and profit**

	<b>Home and Personal Care Products</b>	<b>Durable electrical appliances</b>	<b>Eliminations</b>	<b>Total</b>
<b>As at May 2025</b>				
<i>In thousands of Naira</i>				
<b>Revenue</b>				
Total gross segment revenue	126,086,639	86,547,697	-	212,634,336
<b>Total Revenue</b>	<b>126,086,639</b>	<b>86,547,697</b>	<b>-</b>	<b>212,634,336</b>
Segment operating profit	9,214,283	9,864,158	-	19,078,441
Impairment of PPE	(143,956)	(11,952)	-	(155,908)
Finance income (Note 26.3)	1,771,297	(400,514)	-	1,370,783
Finance cost (Note 26.2)	(46,494)	(3,586,267)	-	(3,632,761)
<b>Profit before taxation</b>	<b>10,795,130</b>	<b>5,865,425</b>	<b>-</b>	<b>16,660,555</b>
Taxation (Note 20)	(4,196,314)	(2,397,522)	-	(6,593,836)
<b>Profit/(loss) after taxation</b>	<b>6,598,816</b>	<b>3,467,903</b>	<b>-</b>	<b>10,066,719</b>

The following is an analysis of the Group's revenue and results by reportable segment in 2024:

	<b>Home and personal care products</b>	<b>Durable electrical appliances</b>	<b>Eliminations</b>	<b>Total</b>
<b>As at May 2024</b>				
<i>In thousands of Naira</i>				
<b>Revenue</b>				
Total gross segment revenue	90,810,486	61,438,823	-	152,249,309
<b>Total Revenue</b>	<b>90,810,486</b>	<b>61,438,823</b>	<b>-</b>	<b>152,249,309</b>
Segment operating loss	(83,694,135)	(40,804,542)	-	(124,498,677)
Finance income (Note 26.3)	4,296,586	1,811,585	-	6,108,171
Finance cost (Note 26.2)	(416,482)	(3,681,627)	-	(4,098,109)
<b>Loss before taxation</b>	<b>(79,814,031)</b>	<b>(42,674,584)</b>	<b>-</b>	<b>(122,488,615)</b>
Taxation (Note 20)	19,944,475	12,226,858	-	32,171,333
<b>Loss after taxation</b>	<b>(59,869,556)</b>	<b>(30,447,726)</b>	<b>-</b>	<b>(90,317,282)</b>

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 N203.7 billion (2024:N148.0 billion) and the total of revenue from external customers from other countries is N9.0 billion (2024: N4.2 billion) (Note 29.5). There were no intersegment sales in the current year (2024: Nil).

Notes to the consolidated and separate financial statements

29.2 Segment assets

	Home and Personal Care Products	Durable electrical appliances	Eliminations	Total
<b>As at May 2025</b>				
<i>In thousands of Naira</i>				
Property plant and equipment (Note 4)	16,212,238	1,851,116	-	18,063,354
Intangible assets (Note 9)	211,924	-	-	211,924
Financial assets (Note 3.1)	71,936,803	2,016,251	(11,196,107)	62,756,947
Inventory (Note 11)	33,769,517	19,728,067	-	53,497,584
<b>Total segment assets</b>	<b>122,130,482</b>	<b>23,595,434</b>	<b>(11,196,107)</b>	<b>134,529,809</b>
Unallocated assets	23,657,143	23,698	10,691,701	34,372,542
<b>Total assets</b>	<b>145,787,625</b>	<b>23,619,132</b>	<b>(504,406)</b>	<b>168,902,351</b>
<b>As at May 2024</b>				
<i>In thousands of Naira</i>				
Property plant and equipment (Note 4)	13,472,073	1,504,712	-	14,976,785
Intangible assets (Note 9)	317,886	-	-	317,886
Financial assets (Note 3.1)	51,200,788	11,730,629	-	62,931,417
Inventory (Note 11)	28,211,172	12,634,277	-	40,845,449
<b>Total segment assets</b>	<b>93,201,919</b>	<b>25,869,618</b>	<b>-</b>	<b>119,071,537</b>
Unallocated assets	24,910,598	13,581,966	(504,406)	37,988,158
<b>Consolidated total assets</b>	<b>118,112,517</b>	<b>39,451,584</b>	<b>(504,406)</b>	<b>157,059,695</b>

The total segment assets located in Nigeria is N164.75 billion (2024: N157.06 billion), and the total of such segment assets located in other countries is Nil (2024: 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. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

29.3 Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2025	2024	2025	2024
<i>In thousands of Naira</i>				
Home and Personal Care Products	1,853,713	1,747,402	4,441,093	2,733,754
Durable Electrical Appliances	237,336	209,165	551,312	219,966
	<b>2,091,049</b>	<b>1,956,567</b>	<b>4,992,405</b>	<b>2,953,720</b>

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 Company's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

**Group**

	Revenue from external customers	
	2025	2024
<i>In thousands of Naira</i>		
Domestic (within Nigeria)	203,658,252	148,028,936
Export (outside Nigeria)	8,976,084	4,220,373
<b>Total revenue from contract with customers</b>	<b>212,634,336</b>	<b>152,249,309</b>

**Company**

	Revenue from external customers	
	2025	2024
<i>In thousands of Naira</i>		
Domestic (within Nigeria)	117,110,555	86,590,113
Export (outside Nigeria)	8,976,084	4,220,373
<b>Total revenue from contract with customers</b>	<b>126,086,639</b>	<b>90,810,486</b>

The total value of non-current assets from which revenue was derived are: Group N51.9 billion (2024: N49.6 billion), Company N37.7 billion (2024: N35.9 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 more than 10% of the revenue for the year. Therefore, information on major customers is not presented.

**Notes to the consolidated and separate financial statements**

**30 Earnings per share**

Basic earnings per share (EPS) is calculated by dividing the profit/(loss) attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024 Restated</b>	<b>2025</b>	<b>2024 Restated</b>
Profit/(loss) attributable to equity holders of parent company (N'000)	9,207,630	(82,702,306)	6,598,816	(59,869,556)
Weighted average number of ordinary shares in issue ('000)	3,970,476	3,970,476	3,970,476	3,970,476
Basic earnings/(loss) per share (Naira/share)	2.32	(20.83)	1.66	(15.08)

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**

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<i>In thousands of naira</i>				
Chairman and Director's emoluments:				
Chairman	30,300	13,300	30,300	13,300
Directors	338,708	241,332	338,708	241,332
<b>Total</b>	<b>369,008</b>	<b>254,632</b>	<b>369,008</b>	<b>254,632</b>
As fees (As per Non-Executive Directors)	19,500	7,000	19,500	7,000
Other emoluments (As per Non-Executive Directors)	81,900	38,900	81,900	38,900
Emoluments As per Executive Directors	267,608	208,732	267,608	208,732
<b>Total</b>	<b>369,008</b>	<b>254,632</b>	<b>369,008</b>	<b>254,632</b>

Included in emoluments to Executive Directors is pension paid to them during the year.

**31.2** Number of Directors whose emoluments fell within the following ranges were:

**31.2.1 Executive Directors**

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Below N30,000,000	1	1	1	1
N30,000,001 - N40,000,000	-	-	-	-
N160,000,001 - N190,000,000	-	-	-	-
N190,000,001 - N220,000,000	-	1	-	1
N220,000,001 - N280,000,000	1	-	1	-
<b>Directors with salaries and allowances as emoluments</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

**31.2.2 Non-Executive Directors**

N5,000,001 - N10,000,000	-	4	-	4
N10,000,001 - N15,000,000	-	1	-	1
N15,000,001 - N35,000,000	4	-	4	-
<b>Directors with fees and other emoluments</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>
Directors with no emoluments	4	3	4	3
<b>Total</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

**31.3 Highest paid Director received**

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<i>In thousands of naira</i>				
Highest paid Director received	267,608	206,433	267,608	206,433

**Notes to the consolidated and separate financial statements**

**31.4 Personnel expenses**

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

<i>In thousands of naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Salaries, wages and other employee expenses	9,290,290	8,005,790	7,051,010	6,048,128
Pension costs - defined contribution plan	687,920	610,641	511,958	450,192
Pension costs - gratuity scheme	378,029	337,029	296,591	268,296
<b>Total</b>	<b>10,356,239</b>	<b>8,953,460</b>	<b>7,859,559</b>	<b>6,766,616</b>

The gratuity scheme is a defined contribution where the obligation is computed and paid to the employees on an annual basis. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N1,500,000 and below	-	5	-	3
N1,500,001 - N2,000,000	-	10	-	9
N2,000,001 - N2,500,000	1	58	-	35
N2,500,001 - N3,000,000	44	357	11	240
N3,000,001 - N3,500,000	335	210	237	137
N3,500,001 - N4,000,000	153	45	101	27
N4,000,001 and above	334	261	243	201
	<b>867</b>	<b>946</b>	<b>592</b>	<b>652</b>

- (c) The number of full-time persons employed per function as at 31 May was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Production	630	683	423	465
Sales and distribution	150	170	86	100
Administration	87	93	83	87
	<b>867</b>	<b>946</b>	<b>592</b>	<b>652</b>

**Notes to the consolidated and separate financial statements**

**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 "Export Expansion Grant scheme (EEG)" is a 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 Export Credit Certificate (ECC) in line with the revised guidelines for Export Expansion Grant (EEG) scheme. Successful exporters are paid this instrument - ECC which can be used for the following:

- (a) purchase of Federal Government Bonds;
- (b) settlement of all Federal Government taxes such as company income tax, VAT, WHT, etc;
- (c) settlement of Asset Management Corporation of Nigeria (AMCON) liabilities.
- (d) settlement of credit facilities by Bank of Industry, NEXIM Bank, Bank of Agriculture and CBN intervention Facilities;
- (e) the ECC can be transferred at one instance to a third party.

**Negotiable Duty Credit Certificate (NDCC)**

*In thousands of naira*

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
NDCC with NEPC (awaiting conversion to ECC)	297,492	297,492
New ECC issued yet to be utilised	2,608	2,608
Export Rebate filed with Government	2,172,665	3,807,636
	<b>2,472,765</b>	<b>4,107,736</b>
NDCC with NEPC (awaiting conversion to ECC) held on behalf of related entities	352,508	352,508
<b>Total - NDCC and Export rebates receivable</b>	<b>2,825,273</b>	<b>4,460,244</b>

**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 N1.8 billion as at 31 May 2025 (2024: N1.5 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.

**Financial commitments**

In the normal course of business, the Group and the Company uses letters of credit to import materials. The total value of unconfirmed letters of credit as at 31 May 2025 was N19.6 billion for group and N345 million for the Company (2024: N34.3 billion for the Group and N10.8 billion for the Company).

**Notes to the consolidated and separate financial statements**

**32 Contingencies (Continued)**

**Capital commitments**

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

<i>In thousands of naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Authorised and contracted	962,311	-	666,963	-
Authorised but not contracted	15,233	274,290	15,233	274,290
<b>Total</b>	<b>977,544</b>	<b>274,290</b>	<b>682,196</b>	<b>274,290</b>

**33 Technical knowhow, technical service, trademark and global shared services**

Technical knowhow, technical service, trademark and IT shared service agreements basis and amounts are presented 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).

<b>NOTAP Approved Items</b>	<b>Bases</b>	<b>Rates</b>	<b>2025</b>	<b>2024</b>
Technical Knowhow	Net Sales of Company Sales	3%	3,760,839	2,606,794
Technical service (Research and Development)	Net Sales of Company Sales	1%	1,253,613	868,931
Trade mark	Net Sales of Company Sales	0.5%	626,806	434,466
<b>Sub total</b>			<b>5,641,258</b>	<b>3,910,191</b>
Global shared services support (IT recharge)	Recharge		8,661,480	3,517,493
<b>Total</b>			<b>14,302,738</b>	<b>7,427,684</b>

\* 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% (2024: 73.27%) of the group and company's shares. The remaining 26.73% (2024: 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 2025 (31 May 2024: Nil) and no charges to the income statement in respect of doubtful related party receivables for the years then ended. The transactions with related parties are carried out at arm's length.

The nature of relationship between related parties within the group are set out below:

<b>Name</b>	<b>Nature of relationship</b>
- 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
- PT PZ Cussons Indonesia	Fellow subsidiary
- PZ Cussons (Thailand) Limited	Fellow subsidiary
- PZ Cussons India PVT Limited	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 Foundation	CSR entity

**Notes to the consolidated and separate financial statements**

**34 Related party transactions (Continued)**

**34.2 Transactions with related parties**

**Purchase of goods and services**

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<i>In thousands of naira</i>				
Purchases of goods:				
- Seven Scent Limited	-	483,609	-	483,609
- PZ Cussons Singapore Private Limited	84,690,708	37,400,490	27,130,948	20,146,397
- PT PZ Cussons Indonesia	13,476	6,057	13,476	6,057
- PT PZ Cussons Thailand	-	34,363	-	34,363
- PZ Cussons (East Africa) Limited	27,728	-	27,728	-
- PZ Wilmar Limited	7,278,200	5,623,523	7,278,200	5,623,523
	<b>92,010,112</b>	<b>43,548,042</b>	<b>34,450,352</b>	<b>26,293,949</b>
Purchases of services:				
- Technical Knowhow fees - PZ Cussons (International) Limited	3,498,454	2,606,794	3,498,454	2,606,794
- R& D Support - PZ Cussons (International) Limited	1,166,151	868,931	1,166,151	868,931
- Trade Mark - PZ Cussons (International) Limited	583,076	434,466	583,076	434,466
	<b>5,247,681</b>	<b>3,910,191</b>	<b>5,247,681</b>	<b>3,910,191</b>
<b>Recharge of services from PZ Cussons (Holdings) Limited (parent company)</b>				
- Global shared services support	8,661,480	3,517,493	8,661,480	3,517,493
<b>Total</b>	<b>105,919,273</b>	<b>50,975,726</b>	<b>48,359,513</b>	<b>33,721,633</b>
<i>In thousands of naira</i>				
<b>Sales of goods</b>				
- PZ Cussons Ghana Limited	8,273,879	3,610,290	8,273,879	3,610,290
	<b>8,273,879</b>	<b>3,610,290</b>	<b>8,273,879</b>	<b>3,610,290</b>
<b>Rent and recharge of services - PZ Wilmar Ltd</b>	<b>2,392,063</b>	<b>881,055</b>	<b>2,392,063</b>	<b>881,055</b>
<b>Recharge of service cost recovery- Distribution fees:</b>				
- HPZ Limited (Subsidiary)	-	-	7,173,680	698,406
- Harefield Industrial Nigeria Limited	677,674	84,746	677,674	84,746
<b>Sub -total A</b>	<b>677,674</b>	<b>84,746</b>	<b>7,851,354</b>	<b>783,152</b>
<b>Recharge of local shared services by PZ Cussons Nigeria Plc</b>				
- HPZ Limited (Subsidiary)	-	-	7,171,548	698,406
- Harefield Industrial Nigeria Limited	677,473	84,746	677,473	84,746
<b>Sub -total B</b>	<b>677,473</b>	<b>84,746</b>	<b>7,849,021</b>	<b>783,152</b>
<b>Net recharge/recovery of service cost (A-B)*</b>	<b>201</b>	<b>-</b>	<b>2,333</b>	<b>-</b>
<b>Total</b>	<b>10,666,143</b>	<b>4,491,345</b>	<b>10,668,275</b>	<b>4,491,345</b>

\* Net recharge/recovery of service is included in cost of sales.

**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 personnel management during the year.

**Notes to the consolidated and separate financial statements**

*In thousands of naira*

**34 Related party transactions**

**34.2 Transactions with related parties (Continued)**

Year-end balances arising from sales/purchases of goods and services.

	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Due to:</b>				
<b>- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **</b>				
- PZ Cussons (International) Limited	59,849,316	34,195,103	59,668,112	34,073,567
- Seven Scent Limited	-	892,805	-	892,805
- PZ Cussons Singapore Private Limited	20,204,901	20,431,534	4,936,829	12,287,378
- PZ Cussons (Holdings) Limited	-	8,646,622	-	8,646,622
- PT PZ Cussons Indonesia	5,312	1,456	5,312	1,456
- PZ Cussons (East Africa) Limited	28,376	-	28,376	-
- PZ Cussons India PVT Limited	3,387	-	3,385	-
- Nutricima Limited	171,384	-	-	-
<b>Sub Total</b>	<b>80,262,675</b>	<b>64,167,520</b>	<b>64,642,014</b>	<b>55,901,828</b>
<b>Total</b>	<b>80,262,675</b>	<b>64,167,520</b>	<b>64,642,014</b>	<b>55,901,828</b>
<b>Due from:</b>				
<b>- Subsidiaries of PZ Cussons Nigeria Plc</b>				
<u>Joint ventures of PZ Cussons</u>				
HPZ limited	-	-	11,213,054	1,323,999
	-	-	<b>11,213,054</b>	<b>1,323,999</b>
<b>Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK **</b>				
- PZ Cussons Ghana Limited	416,225	1,265,307	416,225	1,265,307
- Nutricima Limited	4,046	-	4,046	-
- Harefield Industrial Nigeria Limited	182,071	2,836,661	165,169	2,836,661
- PZ Wilmar Limited	900,451	737,686	900,406	737,686
<b>Sub Total</b>	<b>1,502,793</b>	<b>4,839,654</b>	<b>1,485,846</b>	<b>4,839,654</b>
<b>Total</b>	<b>1,502,793</b>	<b>4,839,654</b>	<b>12,698,900</b>	<b>6,163,653</b>

Balances arising from sales/purchases of goods and services are revolving balances settled within 30 days after the end of the month.

\*\*The entities categorized as Joint Ventures and subsidiaries of PZ Cussons (Holdings) Limited, United Kingdom are:

**Local entities:** Nutricima Limited, Harefield Industrial Nigeria Limited and PZ Wilmar 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, PT PZ Cussons Indonesia , PZ Cussons India PVT Limited and Seven Scent Limited.

**Notes to the consolidated and separate financial statements**

**34 Related party transactions (Continued)**

**34.2 Transactions with related parties**

**PZ Cussons Foundation**

PZ Cussons 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 portable water, etc. As a corporate social responsibility outfit, it's affairs is managed by a Board of Trustees who are responsible for the delivery of the Foundation's objectives. During the year, donation from PZ Cussons Nigeria Plc to the Foundation was Nil (2024:N60m). However, the Foundation is at liberty to receive donations from other sources. The Group has not consolidated the records of the Foundation as at 31 May 2025 which shows a net asset of N290million because it is immaterial (2024: N293million). Disclosure made in this section is on 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 average rate of 12% p.a. from and to related parties. The advances have been fully liquidated at 2025 and 2024 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 twelve months duration of the financial years ended 31 May 2025 and 31 May 2024.

The Group and company earned zero income (2024: N160.3 million) and N572.4 million (2024: N776.3 million) respectively on short-term advances to related parties. All inter-company interest have been eliminated on consolidation. The un-eliminated 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.

<i>In thousands of naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Interest paid to related companies</b>				
Harefield Industrial Nigeria limited	(652,592)	(11,803)	(723)	-
Nutricima Limited	(190,426)	-	-	-
	<u>(843,018)</u>	<u>(11,803)</u>	<u>(723)</u>	<u>-</u>
<b>Interest paid to banks &amp; third parties</b>	<u>(2,789,743)</u>	<u>(4,086,306)</u>	<u>(45,771)</u>	<u>(416,482)</u>
<b>Total interest Cost</b>	<b>(3,632,761)</b>	<b>(4,098,109)</b>	<b>(46,494)</b>	<b>(416,482)</b>
<b>Interest earned from related companies;</b>				
HPZ Limited	-	-	572,452	615,968
PZ Wilmar Limited	-	160,328	-	160,328
	<u>-</u>	<u>160,328</u>	<u>572,452</u>	<u>776,296</u>
<b>Interest earned from banks &amp; third parties:</b>				
Interest earned on placement of unclaimed dividend	235,361	99,123	235,361	99,123
Interest earned from banks & third parties	1,135,422	5,848,720	963,484	3,421,167
<b>Total Interest income</b>	<b>1,370,783</b>	<b>6,108,171</b>	<b>1,771,297</b>	<b>4,296,586</b>
<b>Net finance Income</b>	<b>(2,261,978)</b>	<b>2,010,062</b>	<b>1,724,803</b>	<b>3,880,104</b>

**36 Dividends**

**Amounts recognised as dividends to ordinary shareholders in the year:**

Dividend proposed in respect of the year ended 31 May 2025 was Nil (2024: Nil). No provision for the dividend is recognised in the financial statements for the year then ended because, 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.

**37 Board changes**

**31 May 2025**

Mr. Kevin Massie  
Mr. Kareem Moustafa  
Mr. Richard Walker  
Dr Anthony Ikemefuna Idigbe, SAN

Non-Executive Director (Resigned 28 August 2024)  
Non-Executive Director (Appointed 30 September 2024)  
Non-Executive Director (Appointed 13 February 2025)  
Independent Non-Executive Director (Appointed 27 March 2025)

**31 May 2024**

Prof. Fabian Ajogwu OFR, SAN  
Mr Kamar Bakrin  
Dr Suleyman Abdu Ndanusa  
Mr. Duncan Anniss

Independent Non-Executive Director (Resigned w.e.f 4 March 2024)  
Non Executive Director (Resigned w.e.f 14 October 2023)  
Independent Non-Executive Director (Appointed w.e.f 16 November 2023 )  
Non Executive Director (Resigned w.e.f 30 October 2023)

**Notes to the consolidated and separate financial statements**

**38 Securities 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 categorized 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.

**39 Events after reporting date**

Three of the properties held for sales were sold after the year end. Aside this, there are no significant subsequent events, which could have had a material effect on the Financial Statements of the Company as at 31 May 2025 that have not been adequately provided for or disclosed in the financial statements.

**40 Going Concern**

The Financial Statements of PZ Cussons Nigeria Plc have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

However, the Group and Company incurred a profit before tax of ₦16.7 billion (2024: ₦122.5 billion loss before tax) and ₦10.8 billion (2024: ₦79.8 billion loss before tax) respectively for the year ended 31 May 2025 and as at that date, the Group and the Company's total liabilities exceeded its total assets by ₦17.3 billion (2024: ₦27.5 billion) and ₦10.04 billion (2024: ₦16.7 billion) respectively. These events or conditions increases the risk of going concern of the Group and Company.

In responding to this risk, management has carried out several actions to return the Group and Company to profitability by sustaining the revenue growth rate recorded in 2025 while aggressively controlling cost. The Group and Company have also obtained support from the Parent Company that it will continue to fund and support the Group and Company's operations as may be required for the foreseeable future.

Based on the foregoing, the Directors are confident that the Group and the Company would be able to continue to operate and be in a position to settle all its obligations in the normal course of business. Accordingly, the Directors considered it appropriate to prepare the financial statements on the basis of accounting policies applicable to a going concern.

Notes to the consolidated and separate financial statements

41 Restatement of 2024 financial statements

PZ Cussons (International) Limited (PZCIL), the parent company of PZ Cussons Nigeria Plc, waived the sum of N14.29 billion due from the Group and the Company during the year ended 31 May 2024. Being debt waived by a related party, this should have been accounted for as a capital contribution directly in equity as against the recognition of same through the income statement. The correction of the prior year error and its impact on the relevant areas of the financial statements is presented below.

<i>In thousands of naira</i>	2024 as previously reported	Group Adjustment - Capital contribution	2024 Restated*	2024 as previously reported	Company Adjustment - Capital contribution	2024 Restated*
<b>Consolidated and separate statements of financial position</b>						
<b>Equity</b>						
Share capital	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
Other reserves	-	14,293,613	14,293,613	-	14,293,613	14,293,613
Retained earnings	(33,942,452)	(14,293,613)	(48,236,065)	(25,610,206)	(14,293,613)	(39,903,819)
Equity attributable to equity holders;						
Parent company	(25,078,945)	-	(25,078,945)	(16,746,699)	-	(16,746,699)
Non-controlling interest	(2,427,890)	-	(2,427,890)	-	-	-
<b>Total Equity</b>	<b>(27,506,835)</b>	<b>-</b>	<b>(27,506,835)</b>	<b>(16,746,699)</b>	<b>-</b>	<b>(16,746,699)</b>
<b>Consolidated and separate statements of profit or loss and other comprehensive income</b>						
<b>Operating loss</b>	(127,430,417)	-	(127,430,417)	(86,409,987)	-	(86,409,987)
Other income	2,931,740	-	2,931,740	2,715,852	-	2,715,852
Debt waiver	14,293,613	(14,293,613)	-	14,293,613	(14,293,613)	-
Interest income	6,108,171	-	6,108,171	4,296,586	-	4,296,586
Interest cost	(4,098,109)	-	(4,098,109)	(416,482)	-	(416,482)
<b>Profit/(loss) before tax</b>	<b>(108,195,002)</b>	<b>(14,293,613)</b>	<b>(122,488,615)</b>	<b>(65,520,418)</b>	<b>(14,293,613)</b>	<b>(79,814,031)</b>
Income tax credit	32,171,333	-	32,171,333	19,944,475	-	19,944,475
<b>Loss for the year</b>	<b>(76,023,669)</b>	<b>(14,293,613)</b>	<b>(90,317,282)</b>	<b>(45,575,943)</b>	<b>(14,293,613)</b>	<b>(59,869,556)</b>
<b>Total comprehensive loss for the year</b>	<b>(76,023,669)</b>	<b>(14,293,613)</b>	<b>(90,317,282)</b>	<b>(45,575,943)</b>	<b>(14,293,613)</b>	<b>(59,869,556)</b>
<b>Attributable to:</b>						
Equity holders of the parent company	(68,408,693)	(14,293,613)	(82,702,306)	(45,575,943)	(14,293,613)	(59,869,556)
Non-controlling interest	(7,614,976)	-	(7,614,976)	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>(76,023,669)</b>	<b>(14,293,613)</b>	<b>(90,317,282)</b>	<b>(45,575,943)</b>	<b>(14,293,613)</b>	<b>(59,869,556)</b>
Basic and diluted earnings per share (kobo)	(17.23)	(3.60)	(20.83)	(11.48)	(3.60)	(15.08)
<b>Consolidated and separate statements of cash flows</b>						
Net cash generated from operating activities	63,177,743	(14,293,613)	48,884,130	58,904,035	(14,293,613)	44,610,422
Net cash generated from financing activities	15,106,548	14,293,613	29,400,161	152,740	14,293,613	14,446,353

**OTHER NATIONAL DISCLOSURES**

**Statement of value added**  
*for the year ended 31 May 2025*

<i>In thousands of naira</i>	<b>Group</b>				<b>Company</b>			
	<b>2025</b>	<b>%</b>	<b>2024</b>	<b>%</b>	<b>2025</b>	<b>%</b>	<b>2024</b>	<b>%</b>
Revenue	212,634,336		152,249,309		126,086,639		90,810,486	
Other income	1,799,393		2,931,740		-		2,715,852	
Interest income	1,370,783		6,108,171		1,771,297		4,296,586	
Brought-in-materials and services:								
- Imported	(129,899,240)		(190,275,077)		(81,659,718)		(128,216,906)	
- Local	(53,320,577)		(78,103,436)		(25,787,279)		(40,489,549)	
<b>Value eroded/ added</b>	<b>32,584,695</b>	<b>100</b>	<b>(107,089,293)</b>	<b>100</b>	<b>20,410,939</b>	<b>100</b>	<b>(70,883,531)</b>	<b>100</b>
Applied as follows:								
<b>To pay employees:</b>								
- Salaries, wages and other benefits	10,356,239	32%	8,953,460	-8%	7,859,559	39%	6,766,616	-10%
<b>To pay government:</b>								
- Income and education taxes	4,589,230	14%	1,563,507	-1%	4,099,265	20%	1,044,426	-1%
<b>To pay providers of capital:</b>								
- Interest cost	3,632,761	11%	4,098,109	-4%	46,494	0%	416,482	-1%
<b>Retained for replacement of assets and business growth:</b>								
- Deferred taxation	2,004,606	6%	(33,343,654)	31%	97,049	0%	(20,988,901)	30%
- Depreciation	1,733,057	5%	1,754,485	-2%	1,538,697	8%	1,576,344	-2%
- Depreciation - Right-of-use-asset	96,121	0%	96,121	0%	65,097	0%	65,097	0%
- Amortization (Intangible assets)	105,962	0%	105,961	0%	105,962	1%	105,961	0%
- Non controlling interest	859,089	3%	(7,614,976)	7%	-	0%	-	-
- Profit/(loss) attributable to equity Profit holders of equity	9,207,630	28%	(82,702,306)	77%	6,598,816	32%	(59,869,556)	84%
	<b>32,584,695</b>	<b>100%</b>	<b>(107,089,293)</b>	<b>100%</b>	<b>20,410,939</b>	<b>100%</b>	<b>(70,883,531)</b>	<b>100%</b>

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.

**Five year financial summary**  
**Group**

<i>In thousands of naira</i>	<b>2025</b>	<b>2024 Restated</b>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>
<b>Statement of financial position:</b>					
Non-current assets	49,484,490	49,614,308	18,275,431	19,088,568	26,730,823
Current assets	118,404,447	107,445,387	148,090,455	89,793,126	60,614,048
Assets held for sale	1,013,414	-	-	590,990	-
<b>Total assets</b>	<b>168,902,351</b>	<b>157,059,695</b>	<b>166,365,886</b>	<b>109,472,684</b>	<b>87,344,871</b>
Equity attributable to equity holders of parent	(15,615,580)	(24,922,169)	43,329,747	34,165,079	28,923,439
Non-controlling interest	(1,725,577)	(2,584,666)	5,030,311	3,574,752	2,845,542
Non-current liabilities	879,867	905,977	23,322,945	5,654,331	6,164,221
Current liabilities	185,363,641	183,660,553	94,682,883	66,078,522	49,411,669
<b>Total equity and liabilities</b>	<b>168,902,351</b>	<b>157,059,695</b>	<b>166,365,886</b>	<b>109,472,684</b>	<b>87,344,871</b>
<b>Income Statement</b>					
<i>In thousands of naira</i>	<b>2025</b>	<b>2024 Restated</b>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>
Turnover	212,634,336	152,249,309	113,964,309	99,503,320	82,577,540
Profit/(loss) before taxation	16,660,555	(122,488,615)	20,463,740	10,008,025	3,191,562
Profit/(loss) after taxation	10,066,719	(90,317,282)	14,348,345	6,699,325	1,559,857
<b>Per 50K Share</b>					
Earnings/(loss) per share (Naira)	2.32	(20.83)	3.28	1.50	0.39
Net (liabilities)/ assets per share (Naira)	(4.37)	(6.93)	10.91	8.57	8.70

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.

**Five Year Financial Summary  
Company**

<i>In thousands of naira</i>	<b>2025</b>	<b>2024 Restated</b>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>
<b>Statement of financial position:</b>					
Non-current assets	37,155,830	35,956,705	20,135,803	17,930,314	24,670,721
Current assets	107,618,381	82,155,812	90,690,197	61,354,231	44,697,987
Assets held for sale	1,013,414	-	-	590,990	-
<b>Total assets</b>	<b>145,787,625</b>	<b>118,112,517</b>	<b>110,826,000</b>	<b>79,875,535</b>	<b>69,368,708</b>
Equity attributable to equity holders of parent	(10,048,924)	(16,746,699)	28,672,468	23,872,147	20,816,970
Non-current liabilities	384,322	638,854	22,975,866	5,392,049	5,874,032
Current liabilities	155,452,227	134,220,362	59,177,666	50,611,339	42,677,706
<b>Total equity and liabilities</b>	<b>145,787,625</b>	<b>118,112,517</b>	<b>110,826,000</b>	<b>79,875,535</b>	<b>69,368,708</b>
<b>2021</b>					
<i>In thousands of naira</i>	<b>2025</b>	<b>2024 Restated</b>	<b>2023</b>	<b>2022</b>	<b>Restated</b>
Turnover	126,086,639	90,810,486	67,413,111	58,264,660	47,832,559
Profit/(loss) before taxation	10,795,130	(79,814,031)	11,265,827	4,875,166	1,633,844
Profit/(loss) after taxation	6,598,816	(59,869,556)	8,528,436	3,783,652	901,573
<b>Per 50K Share</b>					
Earnings/(loss) per share (Naira)	1.66	(15.08)	2.15	0.95	0.23
Net (liabilities)/assets per share (Naira)	(2.53)	(4.22)	7.22	6.01	5.24

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.