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DEBT FINANCING AND FINANCIAL PERFORMANCE OF BREWERY FIRMS IN NIGERIA

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ABSTRACT
This study examined debt financing and the financial performance of brewery firms in Nigeria over a ten-year period spanning 2016 to 2025. Specifically, the study examined how short-term debt, long-term debt and total debt affect net profit margin as a proxy for financial performance. The study adopted an ex-post facto research design and employed a judgmental sampling technique to select three brewery firms listed on the Nigerian Exchange Group, namely Nigerian Breweries Plc, Guinness Nigeria Plc and International Breweries Plc. Secondary data were obtained from the audited annual reports of the selected firms and were analysed using descriptive statistics and panel least squares regression. The regression results revealed that short-term debt, with a coefficient of 544,845.8 and a probability value of 0.0442, has a positive and statistically significant effect on net profit margin, indicating that the effective utilisation of short-term borrowing improves working capital management and profitability among brewery firms. Long-term debt, with a coefficient of 76,247,021 and a probability value of 0.1163, showed a positive but statistically insignificant effect, suggesting that although long-term financing supports capital investment and expansion, its direct influence on profitability is limited. Total debt, with a coefficient of −15,040.59 and a probability value of 0.8931, exhibited a negative and insignificant relationship with net profit margin, implying that excessive borrowing may increase financial risk and depress profitability. The model returned an adjusted R-squared of 0.627251, indicating that approximately 63 per cent of the variation in net profit margin is explained by the debt financing variables. The study concludes that the optimal management of debt financing, and of short-term debt in particular, is essential to enhancing the financial performance of brewery firms in Nigeria, and it recommends that financial managers adopt debt management policies capable of sustaining an optimal capital structure.

Keywords: Debt financing, net profit margin, short-term debt, long-term debt, total debt, brewery firms.

Introduction

Debt financing is a vital component of corporate finance because it bears directly upon a firm's liquidity, its exposure to risk and its profitability. In capital-intensive industries such as brewing, firms frequently rely upon external financing in order to support production, packaging, distribution and marketing activities. Debt financing, which comprises short-term debt, long-term debt and total debt, provides the capital necessary to sustain operations, to invest in production facilities and to meet financial obligations as they fall due. Effective management of these components enables brewery firms to optimise their cost of capital, maintain operational stability and enhance the returns accruing to shareholders, whereas poor debt management increases interest expense, disrupts cash flows and reduces net profit margins (Ibrahim & Eze, 2024).

Short-term debt allows brewery firms to address immediate liquidity needs and working capital requirements, including the purchase of raw materials, the payment of wages and the coverage of distribution costs. Long-term debt, by contrast, facilitates investment in major projects such as brewery expansion, bottling lines, cold storage facilities and distribution infrastructure, each of which is essential to sustained growth. Total debt, representing the aggregate borrowing of the firm, reflects its financial leverage and its overall risk profile. Excessive reliance upon borrowed funds, or the poor structuring of repayment schedules, may raise financing costs, reduce net profitability and ultimately threaten the sustainability of brewery operations (Adegbite, Lawal, & Olatunji, 2023).

Within the Nigerian brewing industry, effective debt financing is especially critical on account of high operational costs, seasonal fluctuation in demand and intense market competition. Brewery firms must navigate rising raw material costs, changes in excise duty and exchange rate volatility, each of which bears upon cash flow and upon the cost of borrowing. Maintaining an optimal mix of short-term and long-term debt while controlling the aggregate level of borrowing enables these firms to fund expansion projects, meet operational needs and sustain profitability. Given the strategic importance of debt in financing production and growth, an understanding of its effect upon financial performance is essential, since while debt may enhance the capacity of brewery firms to expand and compete, its mismanagement erodes profitability as reflected in the net profit margin (Okonkwo & Ibrahim, 2024).

Debt financing nonetheless poses a challenge to the financial performance of brewery firms in Nigeria, because excessive reliance upon short-term and long-term borrowing increases interest obligations and financial risk, which in turn strains cash flow and reduces net profitability. Poorly managed debt limits the capacity of firms to invest in production, marketing and expansion, thereby constraining growth and undermining financial sustainability. The brewery industry is a significant contributor to Nigeria's economic growth, employment and tax revenue, yet it operates in a capital-intensive environment requiring substantial external financing, and despite the critical role that debt plays in supporting operational and strategic investment, the effect of debt management upon the financial performance of Nigerian brewery firms remains underexplored in the empirical literature (Jibrin & Abubakar, 2022).

Short-term debt, while useful in covering day-to-day operational costs such as raw materials, wages and logistics, may become burdensome where it is overused, particularly during periods of fluctuating sales or rising input costs. Long-term debt, although necessary for financing major expansion, production upgrades and distribution infrastructure, increases financial risk through the fixed repayment obligations it creates. Total debt, as the cumulative measure of borrowing, affects the firm's leverage and its capacity to generate profit from operations, and excessive levels may compel brewery firms to prioritise repayment over strategic investment in

production facilities, marketing or technology, thereby limiting growth potential and compressing margins (Okeke & Ugwu, 2022).

Brewery firms in Nigeria additionally face macroeconomic volatility, inflationary pressure and regulatory change, each of which intensifies the challenges associated with debt financing, and firms carrying high levels of debt are particularly vulnerable to rising interest rates, currency fluctuation and disruption to operational cash flow. Such vulnerabilities may culminate in financial distress, reduced profitability and restricted access to further funding. The broad objective of this study is accordingly to examine the effect of debt financing on the financial performance of brewery firms in Nigeria, and its specific objectives are to determine the effect of short-term debt on net profit margin, to examine the effect of long-term debt on net profit margin, and to assess the effect of total debt on net profit margin. Consistent with these objectives the study asks what effect short-term debt has upon net profit margin, how long-term debt influences net profit margin, and what effect total debt has upon net profit margin, and it tests the three null propositions that short-term debt, long-term debt and total debt respectively have no significant effect on the net profit margin of brewery firms in Nigeria (Adebayo & Suleiman, 2023).

Literature Review

Conceptual Review

Debt financing involves the acquisition of funds through borrowing that the firm is obliged to repay over time together with interest, and such funds are essential to the financing of operations, the expansion of production capacity and the satisfaction of investment needs. Debt is generally classified into short-term debt, long-term debt and total debt, and each of these classes affects financial performance differently, so that an analysis conducted at the level of aggregate borrowing alone will conceal offsetting effects operating within the capital structure (Jibrin & Abubakar, 2022). In the context of Nigerian firms, and particularly within capital-intensive industries such as brewing, debt financing plays a strategic role in the management of cash flows and in the sustenance of competitive operations (Adebayo & Suleiman, 2023).

Short-term debt typically comprises obligations such as bank overdrafts, trade credits and short-term loans falling due within twelve months. Short-term borrowing provides immediate working capital but may expose firms to liquidity risk and to refinancing difficulty where it is not properly managed, particularly in an environment of volatile interest rates (Mustapha & Musa, 2021). The effective use of short-term debt can nonetheless assist firms in optimising inventory management and in supporting production cycles, thereby enhancing profitability, and its contribution is greatest where the maturity profile of the borrowing is matched to the operating cycle of the business (Nwankwo & Okoro, 2024).

Long-term debt refers to obligations with maturities extending beyond one year, including debentures, bonds and long-term bank loans, and such borrowing is ordinarily deployed in financing fixed assets, expansion projects and modernisation efforts (Olufemi & Olanrewaju, 2023). While long-term debt may increase a firm's capacity for growth, it simultaneously increases the interest burden and the level of financial risk where it is not aligned with genuinely productive investment, so that the developmental benefit of the borrowing depends upon the return generated by the assets it funds rather than upon the availability of the facility itself (Ezei & Ibe, 2022).

Total debt, which combines both short-term and long-term obligations, reflects the overall degree of leverage within a firm's capital structure. A moderate level of total debt may improve tax efficiency through the deductibility of interest and may support growth objectives, whereas excessive total debt elevates the costs associated with financial distress and depresses net earnings. The relationship between aggregate borrowing and performance is therefore expected to be non-

linear, with benefit accruing up to an optimal point beyond which the marginal cost of additional leverage exceeds its marginal benefit (Okeke & Ugwu, 2022).

Financial performance refers to a firm's ability to generate profit and to maximise shareholder value, and the measure adopted in this study is the net profit margin, being the ratio of net profit to total revenue. The net profit margin reflects operational efficiency and the effectiveness of cost control and is widely employed in the assessment of financial performance, higher margins indicating superior profitability while lower margins may reflect elevated costs or operational inefficiency (Singh & Sharma, 2021). The measure is particularly appropriate to the brewery sector because it isolates the proportion of each naira of revenue retained as profit and is therefore sensitive to the interest burden arising from debt financing (Onwuka & Adesanya, 2023).

In the specific context of brewery firms in Nigeria, the available evidence suggests that debt financing significantly influences profitability. Long-term debt has been found to exert a positive effect upon profitability where it is aligned with productive investment, while short-term debt exhibits mixed effects depending upon the efficiency with which working capital is managed (Okonkwo & Alani, 2023). Total debt has further been reported to moderate the relationship between operational scale and profit indicators such as the net profit margin, a finding that points to the importance of strategic rather than merely opportunistic debt utilisation in capital-intensive sectors such as brewing (Ahmed & Bello, 2024).

Theoretical Review

This study is anchored on the Trade-Off Theory of Capital Structure, which explains how firms balance debt and equity in the pursuit of maximum firm value (Kraus & Litzenberger, 1973). The theory posits that firms trade off the tax benefits of debt against the costs of financial distress, so that while debt generates tax shields capable of improving net profitability, excessive leverage increases the risk of default and the weight of the interest burden. The determinants that reliably influence this trade-off have been shown to include profitability, firm size, asset tangibility and the expected costs of bankruptcy (Frank & Goyal, 2009), and the theory itself sits within a broader body of capital structure scholarship concerned with the informational and incentive consequences of financing choice (Harris & Raviv, 1991).

Recent research supports the relevance of the theory in emerging markets such as Nigeria. Nigerian manufacturing firms, including breweries, have been observed to seek optimal debt levels capable of sustaining profitability without elevating financial risk beyond a tolerable threshold (Eriobuna & Ugochukwu, 2022). Balancing short-term and long-term debt is likewise essential to the achievement of an optimal capital structure capable of enhancing profitability measures such as the net profit margin (Akinola & Ezekwe, 2023). The Trade-Off Theory accordingly provides a sound foundation for understanding how Nigerian brewery firms manage short-term, long-term and total debt in the pursuit of improved financial performance, and it generates the specific expectation, tested in the results section below, that the relationship between borrowing and profitability will differ by maturity class rather than being uniform across the capital structure.

Empirical Review

Salim and Yadav (2021) examined the relationship between capital structure and the profitability of manufacturing firms listed on the Indonesian Stock Exchange over the period 2010 to 2018, employing return on assets and net profit margin as indicators of financial performance and debt ratios as the measure of leverage, with panel regression as the estimation technique. The findings revealed that a high level of total debt negatively affects profitability because the increased interest obligation reduces net earnings. The study is similar to the present one in its

treatment of the net profit margin but differs in jurisdiction and in its failure to disaggregate borrowing by maturity.

Akeem, Kanda, Mokwunye and Adisa (2022) investigated the effect of capital structure on the performance of manufacturing companies in Nigeria using data covering 2008 to 2019 and applying ordinary least squares regression to examine the relationship between debt financing and profitability, which was measured by return on assets and net profit margin. The results indicated that long-term debt exerted a significant negative effect upon profitability while the moderate use of debt financing could improve firm performance, a pattern consistent with the trade-off logic adopted in the present study. Kajananthan and Nimalathasan (2020), studying listed companies in Sri Lanka over 2011 to 2019 using short-term, long-term and total debt ratios as explanatory variables, similarly found that excessive dependence upon debt financing significantly reduces profitability through increased financial risk and interest burden.

Onaolapo and Kajola (2022) examined the influence of capital structure upon the financial performance of Nigerian manufacturing firms listed on the Nigerian Exchange Group between 2010 and 2020, adopting panel regression techniques, and revealed that total debt exerted a negative and significant effect upon profitability, suggesting that firms engaging in excessive borrowing tend to experience declining performance. Akinyomi and Olagunju (2023) analysed the relationship between debt structure and profitability among selected Nigerian manufacturing firms using annual report data covering 2012 to 2022 and employing descriptive statistics and regression analysis, finding that short-term debt bore a positive but insignificant relationship with the net profit margin while long-term debt exerted a significant negative effect upon profitability.

Okeke and Ugwu (2024) investigated the effect of leverage upon the financial performance of Nigerian consumer goods firms using panel data covering 2013 to 2023, employing the total debt ratio as the proxy for leverage and the net profit margin as the measure of profitability. The results indicated that firms maintaining optimal debt levels were able to enhance profitability while excessive borrowing increased financial risk and reduced earnings, a finding that supports the non-linear relationship anticipated by the theoretical framework adopted here and that reinforces the practical importance of identifying the point beyond which additional leverage becomes counterproductive.

Considered as a body, the reviewed studies leave several gaps that the present study addresses. Salim and Yadav (2021) focused upon manufacturing firms outside Nigeria, leaving a contextual gap that this study fills by concentrating specifically upon brewery firms. Akeem et al. (2022) examined capital structure generally without isolating short-term debt, long-term debt and total debt as separate determinants of the net profit margin, while Onaolapo and Kajola (2022) concentrated upon manufacturing firms broadly rather than upon the brewery sub-sector. Many previous studies further relied upon a single analytical technique such as ordinary least squares regression, whereas the present study employs descriptive statistics alongside panel regression analysis in order to provide more robust findings, thereby filling methodological, sectoral and temporal gaps identified in the prior literature (Akinyomi & Olagunju, 2023).

Methodology

The researcher adopted an ex-post facto research design for this study, a choice appropriate to the present purpose because the study relied upon already existing financial data over which the researcher exercised no control in respect either of the independent or of the dependent variables. The design permits the examination of relationships among variables on the basis of historical data without manipulation of those variables (Augustine, 2024). The area of the study is Nigeria, and the study examined the effect of debt financing upon the financial performance of brewery firms,

focusing specifically upon short-term debt, long-term debt and total debt as explanatory variables while the net profit margin served as the proxy for financial performance.

The study employed secondary data obtained from the published annual reports and accounts of brewery firms listed on the Nigerian Exchange Group, these reports providing the reliable financial information necessary for analysing the relationship between debt financing and financial performance. The population comprised all brewery firms quoted on the Nigerian Exchange Group, while the sample consisted of three firms, namely Nigerian Breweries Plc, Guinness Nigeria Plc and International Breweries Plc. These firms were selected because they have been consistently listed on the Exchange and because their financial statements for the period under study were readily available, the judgmental sampling technique being employed on the basis of data availability and relevance to the study (Adebayo & Suleiman, 2023).

The functional effect of debt financing upon financial performance is specified as $NPM_{it} = \beta_0 + \beta_1 STD_{it} + \beta_2 LTD_{it} + \beta_3 TD_{it} + \varepsilon_{it}$, where NPM denotes the net profit margin, STD denotes short-term debt, LTD denotes long-term debt, TD denotes total debt, β_0 is the constant term, β_1 to β_3 are the coefficients of the independent variables, ε is the stochastic disturbance term, i indexes the individual firm and t indexes the time period. The a priori expectation, derived from the trade-off framework, is that short-term and long-term debt may bear positive relationships with profitability where the borrowing is productively deployed, while total debt is expected to bear a negative relationship at the levels of leverage typically observed in the sector (Kraus & Litzenberger, 1973; Okeke & Ugwu, 2024).

Data covering the ten-year period from 2016 to 2025 were analysed using descriptive statistics, which summarise the characteristics of the variables, and panel least squares regression, which examines the effect of short-term debt, long-term debt and total debt upon the net profit margin. The decision rule adopted for hypothesis testing is that a null hypothesis is rejected where the probability value associated with the estimated coefficient is less than 0.05 and is not rejected where that value equals or exceeds 0.05. All computations were performed using EViews version 10.0, and the results obtained formed the basis for the conclusions and recommendations that follow (Augustine, 2024).

Results and Discussion

Data for this study were obtained from the annual reports and financial statements of the selected brewery firms, and the variables representing debt financing and financial performance were computed from those statements before being organised for analysis. The descriptive characteristics of the four series across thirty firm-year observations are reported in Table 1, and they provide the basis upon which the distributional assumptions underlying the subsequent regression may be assessed (Singh & Sharma, 2021).

Table 1: Descriptive Statistics of the Study Variables

Statistic	Net profit margin	Short-term debt	Long-term debt	Total debt
Mean	15985530	11.58909	0.382038	8.307197
Median	411.5000	1.829431	0.351967	2.590278
Maximum	2.056508	92.14917	1.000000	322.9972
Minimum	−80289903	0.551027	0.010735	−384.2039
Std. Dev.	54439410	26.74060	0.268112	101.7661
Skewness	2.112393	2.632842	0.729825	−1.035610
Kurtosis	7.469528	8.021221	3.024840	12.55004
Jarque-Bera	47.28187	66.17509	2.663992	107.4298
Probability	0.000000	0.000000	0.263950	0.000000
Sum	4.807608	347.6727	11.46115	224.2943
Sum Sq. Dev.	8.599816	20736.74	2.084640	269265.0
Observations	30	30	30	30

Source: Author's computation using EViews 10.0, 2026.

The descriptive results present the distributional characteristics of the four variables across thirty observations. The mean values show that the net profit margin averaged 15,985,530 while short-term debt, long-term debt and total debt recorded means of 11.58909, 0.382038 and 8.307197 respectively. The skewness values indicate that the net profit margin at 2.112393, short-term debt at 2.632842 and long-term debt at 0.729825 are positively skewed, so that their distributions are tilted to the right, while total debt at −1.035610 is negatively skewed and therefore exhibits a left-tailed distribution. These asymmetries reflect the presence of a small number of firm-years in which borrowing or earnings departed markedly from the sector norm, a pattern commonly observed in short panels drawn from capital-intensive industries (Mustapha & Musa, 2021).

The kurtosis values reveal that the net profit margin at 7.469528, short-term debt at 8.021221 and total debt at 12.55004 are leptokurtic, each exceeding the benchmark of three and thereby implying peaked distributions with heavy tails, whereas long-term debt at 3.024840 is approximately mesokurtic and therefore close to normal in shape. The Jarque-Bera probability values confirm this pattern: the net profit margin, short-term debt and total debt each return probabilities below 0.05 and are therefore not normally distributed, while long-term debt returns a probability of 0.263950 and is normally distributed at the five per cent level. Only long-term debt therefore satisfies the normality assumption, a result consistent with the relative stability of term borrowing compared with the volatility of short-term facilities and of reported earnings in the sector (Ezei & Ibe, 2022). The regression estimates are reported in Table 2.

Table 2: Panel Least Squares Regression Results

Variable	Coefficient	Std. error	t-Statistic	Prob.
Short-term debt	544845.8	268935.5	2.025935	0.0442
Long-term debt	76247021	46721786	1.631937	0.1163
Total debt	−15040.59	110714.5	−0.135850	0.8931
Constant	54509845	24543875	2.220914	0.0365

Table 3: Model Summary and Diagnostic Statistics

Model statistic	Value
R-squared	0.708970
Adjusted R-squared	0.627251
S.E. of regression	57415872
Root MSE	52992450
Durbin-Watson statistic	1.169647
Observations	30

Note. Dependent variable: net profit margin. Method: panel least squares. Sample: 2016–2025; periods included: 10; cross-sections included: 3. Source: Author's computation using EViews 10.0, 2026.

The coefficient of each explanatory variable indicates the direction and magnitude of its relationship with the net profit margin. The coefficient for short-term debt is 544,845.8, which implies that a one-unit increase in short-term borrowing raises the net profit margin by approximately N544,846, other variables held constant, and suggests that short-term debt contributes positively to profitability because it supplies the working capital required for daily operations. Long-term debt carries a coefficient of 76,247,021, indicating that a unit increase in term borrowing is associated with a rise in the net profit margin of approximately N76,247,021, although the effect is not statistically significant at the conventional threshold. Total debt carries a negative coefficient of −15,040.59, meaning that an increase in aggregate borrowing slightly reduces the net profit margin and suggesting that excessive leverage raises interest obligations and financial pressure. The constant of N54,509,845 represents the estimated base value of the net profit margin where all explanatory variables equal zero (Nwankwo & Okoro, 2024).

The adjusted R-squared of 0.627251 indicates that approximately 62.7 per cent of the variation in the net profit margin is explained by short-term debt, long-term debt and total debt taken together, which shows that the model possesses fairly strong explanatory power, while the residual 37.3 per cent is attributable to factors not captured within the specification such as sales growth, operating costs, market competition and managerial efficiency. The Durbin-Watson statistic of 1.169647 lies below the benchmark value of two and therefore suggests the presence of positive autocorrelation in the residuals, implying that the error terms may be correlated over time in a manner capable of affecting the reliability of the estimates; in panel analysis such a condition may be corrected through more robust estimation techniques such as generalised least squares, and this qualification should be borne in mind in interpreting the coefficients reported above (Onwuka & Adesanya, 2023).

Turning to the hypotheses, the probability value for short-term debt is 0.0442, which is less than 0.05, so the first null hypothesis is rejected and short-term debt is found to exert a positive and significant effect upon the net profit margin of brewery firms in Nigeria. The probability value for long-term debt is 0.1163, which exceeds 0.05, so the second null hypothesis is retained and long-term debt is found to exert a positive but statistically insignificant effect. The probability value for total debt is 0.8931, which likewise exceeds 0.05, so the third null hypothesis is retained and total debt is found to exert a negative and insignificant effect upon the net profit margin. The pattern of results therefore differs by maturity class, exactly as the trade-off framework anticipates (Kraus & Litzenberger, 1973).

The finding that short-term debt exerts a positive and statistically significant effect suggests that short-term borrowing plays an important role in financing working capital needs such as raw materials, production costs and distribution activity within brewery firms, and that when effectively managed it enhances operational efficiency and improves profitability. The result

supports the argument that moderate short-term financing improves firm performance by providing a flexible and comparatively inexpensive source of funding, and it is consistent with the evidence that the efficient use of short-term facilities optimises inventory management and supports the production cycle in manufacturing settings (Nwankwo & Okoro, 2024; Mustapha & Musa, 2021).

Long-term debt, by contrast, shows a positive but statistically insignificant relationship with the net profit margin, which indicates that although term borrowing may support expansion projects and capital investment, its effect upon profitability is not sufficiently strong to attain significance within this sample, the benefits of such borrowing being offset by higher interest costs and extended repayment periods. Total debt likewise exhibits a negative and insignificant relationship, implying that excessive reliance upon debt financing may reduce profitability through increased financial risk and interest obligation, and suggesting that brewery firms should maintain an optimal level of borrowing in order to avoid financial distress. Taken together the results indicate that while debt financing supports business operations, excessive borrowing may depress profitability where it is not properly managed, a conclusion consistent with the Nigerian and comparative evidence reviewed above (Onaolapo & Kajola, 2022; Okeke & Ugwu, 2024; Akinyomi & Olagunju, 2023).

Conclusion

This study examined the effect of debt financing upon the financial performance of brewery firms in Nigeria, employing short-term debt, long-term debt and total debt as indicators of debt financing and the net profit margin as the measure of financial performance, and analysing panel data drawn from the annual reports of Nigerian Breweries Plc, Guinness Nigeria Plc and International Breweries Plc over the ten-year period from 2016 to 2025. The empirical results revealed that short-term debt exerts a positive and statistically significant effect upon the net profit margin, which may be attributed to the role of short-term financing in supporting working capital needs such as the procurement of raw materials, the conduct of production processes and the maintenance of distribution activity (Nwankwo & Okoro, 2024).

The results also indicated that long-term debt exerts a positive but statistically insignificant effect upon the net profit margin, implying that although term borrowing assists firms in financing capital investment and expansion, its direct contribution to profitability is not strong enough to attain significance, while total debt was found to bear a negative and insignificant relationship with the margin, indicating that excessive reliance upon borrowing may reduce profitability through increased interest obligations and financial risk. These findings establish that not all forms of debt contribute equally to profitability and that brewery firms must therefore manage the structure of their borrowing carefully if financing decisions are to translate into improved performance, maintaining an optimal balance between short-term and long-term facilities so as to enhance profitability while containing financial risk (Eriobuna & Ugochukwu, 2022; Akinola & Ezekwe, 2023).

Recommendations

Arising from the findings, the study recommends first that brewery firms in Nigeria make effective use of short-term debt financing in support of their working capital requirements, since this component has been shown to influence profitability positively, while ensuring that such borrowing is carefully managed so as to avoid the liquidity pressures that arise where short-dated facilities are rolled over repeatedly or used to fund assets of longer duration (Mustapha & Musa, 2021). It recommends second that firms exercise caution in the use of long-term debt, ensuring that borrowed funds are directed towards productive projects capable of generating returns sufficient to cover both interest and principal repayment obligations, since the insignificant

coefficient obtained here indicates that term borrowing in the sector is not presently translating into measurable profitability gains (Olufemi & Olanrewaju, 2023).

The study recommends third that brewery firms avoid excessive dependence upon aggregate debt financing, since high levels of borrowing increase financial risk and depress profitability, and that financial managers accordingly adopt sound debt management policies capable of sustaining an optimal capital structure conducive to long-term profitability and financial stability. Finally, given the evidence of positive autocorrelation detected in the residuals of the estimated model, future research in this area should adopt more robust estimation procedures such as generalised least squares or dynamic panel methods, and should extend the sample beyond the three firms examined here so as to strengthen the generalisability of the findings across the wider brewing sector (Okeke & Ugwu, 2024; Onaolapo & Kajola, 2022).

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