BUA CEMENT

BUA Cement Plc RC1193879

SUSTAINING PROFITABLE GROWTH

ANNUAL REPORT & ACCOUNTS 2022

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Company Philosophy

Our Vision

To be a highly competitive market leader in Nigeria

Our Mission

To produce and market high quality cement for national development

Our Value Proposition

We are a professional and easy to deal with supplier of premium brand of cement that provides reliable doorstep delivery to its customers and professional application training to the users of cement

Our Core Values

Respect | Innovation | Commitment | Excellence

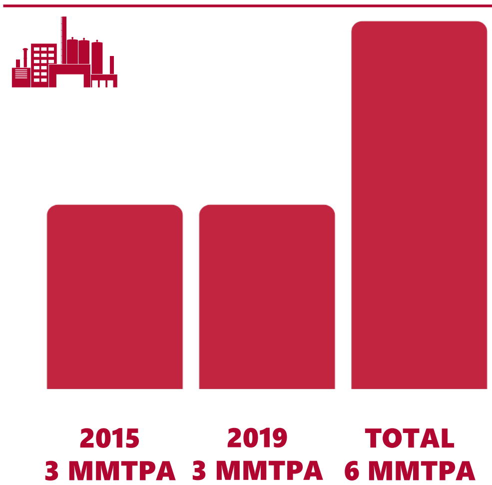
2022: Performance Highlights

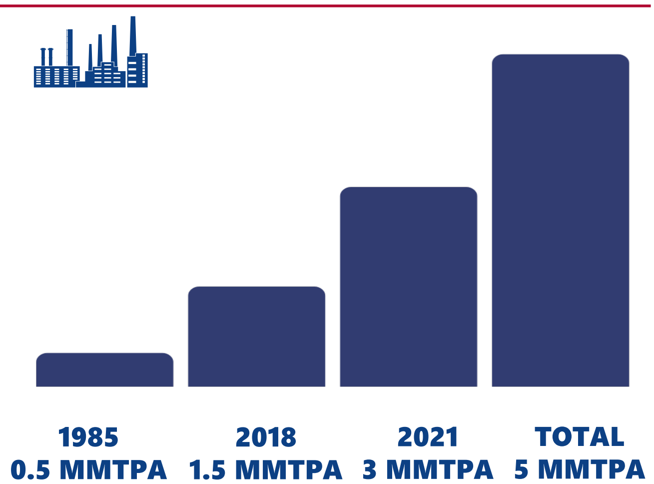
Operational performance highlights

INSTALLED POWER

Obu Line I and II	Sokoto Line II and III & IV
91MW captive power plant High capacity - multi-fuel Cement plant	**60MW** captive power plant High capacity - multi-fuel Cement plant

INSTALLED CAPACITY





CAPACITY UTILISATION ATTAINED 60% (2021: 68%)

VOLUME

2022	6,277 KT	2021	5,423 KT

Financial performance highlights

	Revenue [2022]	Profit Before Tax [2022]	EBITDA [2022]
2022	₦360.9 bn	₦120.1 bn	₦154.5 bn
2021	₦257.3 bn	₦102.8 bn	₦119.6 bn

2022: Performance Highlights (cont.)

Sustainability performance highlights

GREENHOUSE GAS EMISSIONS (GHG)	ENERGY MANAGEMENT	BIODIVERSITY IMPACTS
644 kg CO_2/t Cem Prod. 635 kg CO_2/t Cem Prod. (2021)	771 kcal/kg Cli 788 kcal/kg Cli (2021)	• 6.26 mmt - 49 % more on restoring the natural balance of the land • 4.20 mmt (2021)
AIR QUALITY	**WATER MANAGEMENT**	**CIRCULAR ECONOMY (Waste Management)**
PM: 25 g/ t Cli Sox: 85 g/ t Cli NOx: 1,713 g/ t Cli	186 Lt/tcem-prod.	Circular use of 5.1 tons waste cement bags and 159,000 L of spent engine oil, and 1,400 recycled aprons to drive efficient resources management.

COMMUNITY

Bringing positive development to lives in host communities

- Borehole reactivation at Awuyemi and Ogute- Okpella
- Purchase of 10 units of pick-up double cabin for Okpella vigilante security
- Seed fund to Okpella skill acquisition graduands
- Scholarship award to Okpella students
- Renovation of 6 classroom blocks at Itsukwi-Okpella
- Renovation of 6 classroom blocks at Okpekpe
- Installation of solar industrial borehole with 14,000 litres overhead tank at Oteku, Okpella
- Installation of solar industrial borehole with 14,000 litres overhead tank at Ogute, Okpella
- Installation of 6 transformers at Okpella
- Supply and installation of transformer at Specialist Hospital, Sokoto
- Electrification of Hunde Chebuwa Village, Sokoto
- Construction of pump house at Gidan Gamba village, Sokoto
- Construction of pump house at Girafshe area, Sokoto
- Donation of 1000 sets of desks and chairs to the BUA Cement Schools, Sokoto
- Borehole construction at Gagi community, Sokoto
- Electrification of Wakeke III

Value Creation
(2022 Macro-Economics)

5%-6%
Sub-Saharan Cement Consumption growth rate

218.5 Million Population
&
2.4% Population growth rate

0.5% Cement consumption growth rate & 136kg per capita consumption of cement

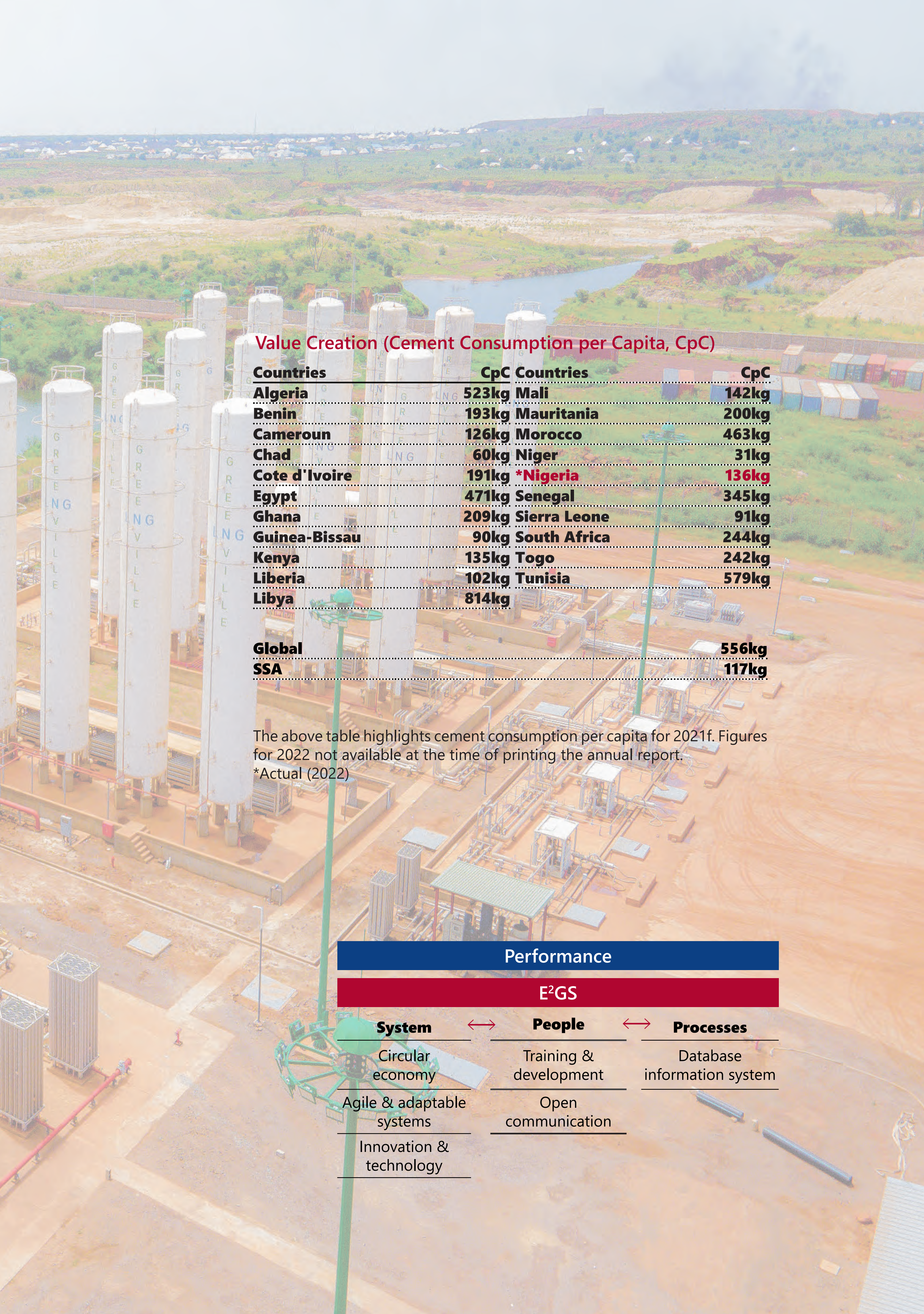
3.9% Annual Urbanisation growth rate

22 million housing deficit

US$3 trillion infrastructural deficit (infrastructure to GDP stock, c. 20-25%)

94.3%
Non-oil sector contribution

3.1%
Gross Domestic Product((₦74.6 trillion)



Value Creation (Cement Consumption per Capita, CpC)

Countries	CpC	Countries	CpC
Algeria	523kg	Mali	142kg
Benin	193kg	Mauritania	200kg
Cameroun	126kg	Morocco	463kg
Chad	60kg	Niger	31kg
Cote d'Ivoire	191kg	*Nigeria	136kg
Egypt	471kg	Senegal	345kg
Ghana	209kg	Sierra Leone	91kg
Guinea-Bissau	90kg	South Africa	244kg
Kenya	135kg	Togo	242kg
Liberia	102kg	Tunisia	579kg
Libya	814kg		

Global	556kg
SSA	117kg

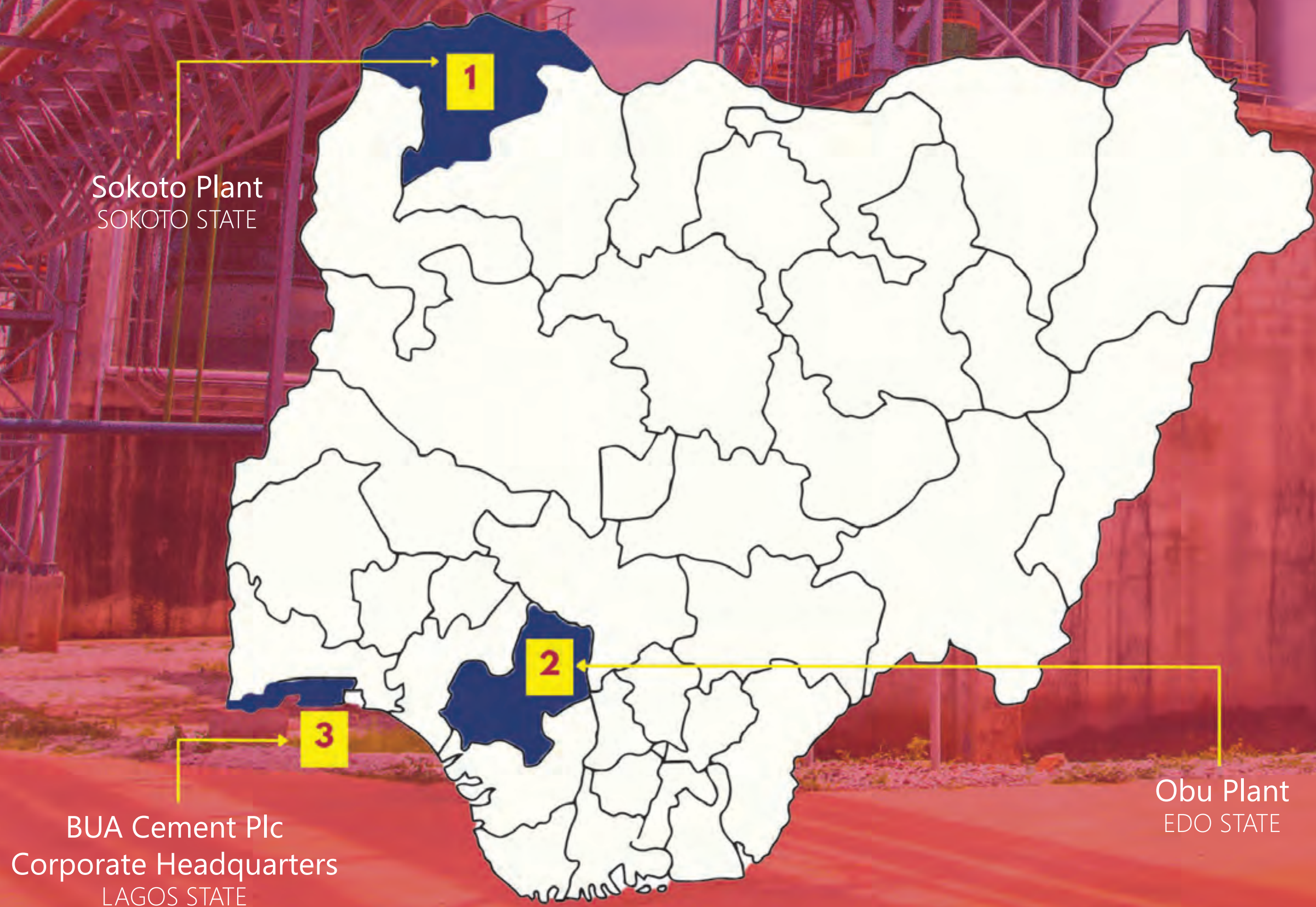
The above table highlights cement consumption per capita for 2021f. Figures for 2022 not available at the time of printing the annual report.
*Actual (2022)

Performance

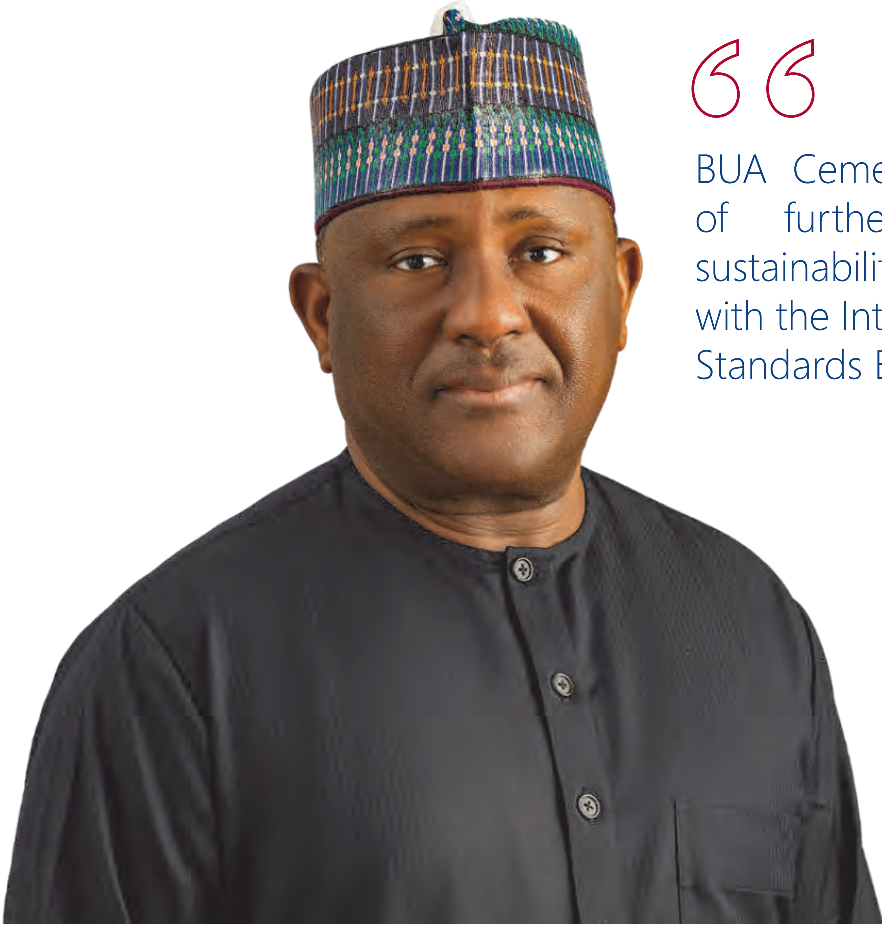
E^{2}GS

System	People	Processes
Circular economy	Training & development	Database information system
Agile & adaptable systems	Open communication	
Innovation & technology		

Our Locations



Chairman's Statement



> BUA Cement is at the forefront of further strengthening its sustainability disclosures in line with the International Sustainability Standards Board requirements

Welcome

Dear Stakeholders

I am honoured to welcome you to the 7th Annual General Meeting of BUA Cement Plc.

My heartfelt gratitude goes to all members and staff, who worked tirelessly to ensure the success of our business throughout the 2022 financial year. Their commitment ensured that we remained at the forefront of industry, playing our role as "the preferred" provider of cement for reliable housing and infrastructure development.

The year 2022 was a challenging year both globally and domestically, characterised by various economic and geopolitical uncertainties. Despite the headwinds, we sustained operational activities and made gains on our strategic initiatives in terms of market consolidation and the on-going capacity expansions at Obu and Sokoto, with a combined capacity of 6 million metric tonnes per annum (MMTPA). I am delighted to inform you of the good and steady progress being made in this regard. Also, our contingency plan through the adoption of multi-fuel systems guaranteed the continued operation of our plants and other ancillary activities despite heightened levels of energy insecurity, ensuring the delivery of yet another significantly positive performance.

Finally, we strengthened our Health, Safety and Environmental (HSE) policies and guidelines to enhance the protection of lives and properties.

The Year In Review

According to the International Monetary Fund (IMF), global growth rate stood at 3.4% from 6.2% in 2021, while global inflation reached 8.8% from 4.7% in 2021; as a result of the geopolitical fall-out in Eastern Europe and the lockdown instituted by China, following the resurgence of the Coronavirus. Faced with high living costs driven by energy prices, central banks commenced the tightening of policy rates, following periods of accommodative policy postures.

Chairman's Statement (Cont.)

Domestically, the Nigerian economy grew by 3.1% in 2022 from 3.4% in 2021. Inflation which soared above 21.0%, on the back of 11 straight months of increasing price levels decelerated to 21.3% in December (year-on-year) from 15.6% in the prior year ended 2021.

Amid all these challenges, BUA Cement demonstrated strength, resilience and sustained capacity, which resulted in the excellent financial performance presented to you. Revenue increased by 40.3% to ₦361.9 billion compared to ₦257.3 billion recorded in 2021, having outperformed its peers in cement volume growth. EBITDA grew by 29.2% to ₦154.5 billion in 2022 from ₦119.7 billion in 2021, while Profit after Tax rose by 12.1% to ₦101.0 billion, In comparison to ₦90.1 billion recorded in 2021. Earnings per share recorded growth of 12.0% (year-on-year) to ₦2.98 kobo from ₦2.66 kobo. (Please refer to page 78 for more information).

In terms of our operations, the month of January was of historic and strategic importance as BUA Cement welcomed President Muhammadu Buhari, GCFR and other esteemed guests to the commissioning ceremony of the 3MMTPA Sokoto Line-4 Plant, which increased our total installed capacity to 11 million metric tonnes per annum.

Given the expansion drive at the Sokoto and Obu plants, once completed, BUA Cement's total installed production capacity will increase to 17 million metric tonnes per annum and firmly position the Company to increase its export volumes to neighbouring African Countries, even as we adequately cater to the cement needs of Nigerians.

In November, BUA Cement was awarded the Best Premium Quality Cement Brand at the Global Quality Excellence Awards held in Lagos. We are very proud of this recognition and it is proof of the enduring qualities of the Company and its values. We remain committed to sustainable positive impacts through our product offerings, the pursuit of existing activities and the identification of new change areas.

In a bid to raise the quality of customer experience, BUA Cement integrated its "sales solution" with the payment platform of Nigerian banks and successfully migrated all customers. By doing this, we reduce the waiting time between when the customer makes payment and receives confirmation.

Corporate Governance

At BUA Cement, we acknowledge the fact that sound corporate governance culture is central to maintaining the trust and confidence of our stakeholders. Thus, it forms the core foundation of our growth strategy. As the major driver of the governance practices of the Company, the Board reviewed the governance framework to further align it to international global best practices, relevant Codes of Corporate Governance and the post-listing requirements of the Nigerian Exchange Group (NGX).

In fulfilment of the tenets of the governance framework, the Board approved and commenced the implementation of six (6) policies which are: Board Diversity Policy, Claw Back Policy, Related Party Transactions Policy, Remuneration Policies for Executive and Non-executive Directors and Stakeholder Engagement Policy, all of which are meant to promote diversity in Board membership, better decision-making and effective governance.

The essence of each of these policies are highlighted below.

- The Board Diversity Policy is in line with Principle 2.4 of the Nigerian Code of Corporate Governance, 2018 which aims to establish the promotion of diversity in Board membership to ensure better decision-making and effective governance. These attributes include diversity in knowledge, skills, experience, age, culture, profession and gender.
- The Claw back Policy is in line with principle 16.9 of the Nigerian Code of Corporate Governance, 2018. The Policy was set up to check undeserved rewards such as bonuses, incentives, shares of profit, stock options, and performance-based rewards from directors or senior employees.
- The Related Party Transactions Policy is designed to monitor related party transactions to promote good ethical conduct and investor confidence, and ensure conflicting interests are declared.
- The Stakeholder Engagement Policy is set up in line with the Nigerian Code of Corporate Governance to ensure adequate communication and interaction with stakeholders to help the Company identify its stakeholders and promote a good understanding of stakeholder needs, interests and expectations.
- The Remuneration Policy for Executive Directors establishes the payment and reward packages for executive directors who engage in the day to day running of the business.
- The Remuneration Policy for Non-Executive

Chairman's Statement (Cont.)

Directors is designed to provide guidance on BUA Cement's remuneration processes, course of action and mode of rewards for Non-Executive Directors.

The BUA Cement corporate governance processes and policies are founded on the pillars of accountability, efficiency and effectiveness, fairness, responsibility, transparency and independence. As a result, the Board's performance was subjected to external consultant reviews to ensure an objective and fair appraisal of its effectiveness.

During the year, the Board also approved the Directors' training policy aimed at equipping the Directors of the Company and closing emerging knowledge gap resulting from the rapid advancement in business trends. The Directors attended training on Business Model Innovation in the Digital Age and High-Performance Leadership, amongst others.

The Board also in recognition of the importance of effective engagement in promoting investor confidence in the Company, formulated a Complaint Management Policy designed to ensure that complaints and enquiries from investors are managed in an efficient and timely manner (Please refer to page 43 for more information).

Throughout the year under review, the Board was composed of eight (8) Directors with diverse skills across various disciplines and are distinguished by their high level of competencies, business and commercial experience, integrity and independence of opinion as well as years of service and dedication on the Board as provided for in the Company's Board Charter, Nigerian Code of Corporate Governance and the Executive Directors' letters of appointment.

Notwithstanding that there were no changes in the Board membership, the Board however strengthened the composition of its various committees to leverage new and greater levels of expertise, experiences and training gained by members during the period.

The Board approved the appointment of Mrs Hauwa Satomi as the new Company Secretary/Chief Legal Officer with effect from 3rd November 2022, having hitherto served as the deputy company secretary. She replaces Mr Abubakar Magaji who resigned as the Company Secretary. The Board appreciates him for his services and dedication to the Company all through his time with us. Mrs Hauwa Satomi is a seasoned corporate lawyer with a wide range of experience spanning various aspects of the Law. We look forward to her continued valuable contribution to the overall growth of the Company.

Our Sustainability Journey

In line with the United Nations Sustainability Development Goals (UN SDGs), we ensured that our operational activities are carried out in a manner that has minimal impact on people and the environment, while also investing in community enriching projects. These we achieved through our adherence to emission standards, water recycling, continued electrification of communities, access to clean water, prioritisation of education, provision of platforms for skill acquisition, etc.

More specifically, we renovated 6 classroom blocks each at Mother of Mary Secondary School, Okpekpe and Atakeka Primary School, Itsukwi – Ibie; donated 1,000 sets of desks and chairs at Sokoto Cement Schools, Sokoto; provided seed funding to the 2021 skill acquisition graduates at Okpella; provided solar industrial boreholes at Oteku and Ogute, both in Okpella and Dagilawa and Gagi Community in Sokoto (including pump houses at Gidan Gamba Village, Sokoto and Girafshe area, Sokoto) and electrification of the communities, among others. BUA Cement invested the sum of ₦1.1 billion in charitable donations and Corporate Social Responsibility (CSR) activities for the year.

In addition, we strengthened the existing Health, Community, Safety and Environment (HCSE) policy, instituted "the 9 Golden Rules of Safety" and procured additional firefighting equipment and vehicles to address fire hazards. These will further enhance the Company's HCSE performance.

Furthermore, in line with the Financial Reporting Council of Nigeria (FRCN) and the NGX Regulation Ltd (RegCo) requiring enhanced sustainability reporting practices, with the intended adoption of the IFRS International Sustainability Standards, BUA Cement is at the forefront of further strengthening its sustainability disclosures in line with the International Sustainability Standards Board requirements.

Outlook

According to the World Bank, the global economy is projected to grow by 1.7% in 2023, with Sub-Saharan Africa (SSA), expected to grow at 3.6%. The Nigerian economy is projected to grow by 2.9% in 2023 due to oil production challenges, lower energy prices, rising

Chairman's Statement (Cont.)

insecurity, high inflation, high borrowing costs, given to tighter monetary policies, etc.

Domestic demand for cement in 2023 is expected to improve given the increased consciousness on the part of the government at national and subnational levels to improve existing economic and social infrastructures, continued private-public sector partnerships, increasing interest in the Federal Government's Road Infrastructure Tax Credit (RITC) scheme and the drive for Foreign Direct Investments.

As a Company, we remain focused on our strategies, primarily market consolidation as there is no market across the country where our presence is non-existent. We, eagerly and excitedly so, await the completion of the Lines 3 and 5 at Obu and Sokoto during the first quarter of 2024. This would enable us provide more quantities of cement to the domestic market and particularly increase our market share across the African continent.

The Board of Directors has proposed a total dividend of ₦2.80 per ordinary share compared to ₦2.60 per ordinary share in the previous year. This goes further to show our commitment towards the maximisation of our shareholders' wealth. If approved at this AGM, it will be payable to shareholders whose names are on the Company's register at the close of business on 14th August 2023.

Appreciation

On behalf of the Board of Directors, I want to express deep appreciation to all our shareholders, customers, suppliers, business partners, and employees, whose contributions made 2022 a successful year for our business. We will continue to deepen engagement with our stakeholders and strive to live up to your expectation in the year 2023.

Abdul Samad Rabiu, CFR, CON.
Chairman, Board of Directors
BUA Cement Plc

5 May 2023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Interview with the Managing Director / Chief Executive Officer

> In 2022, we commissioned a fourth line at Sokoto, with an installed capacity of 3 million metric tonnes per annum, which increased the overall output capacity to 11 million metric tonnes per annum.

Operating Environment

Question: What were the biggest challenges you faced in 2022 considering the difficult operating environment and how did you overcome them?

Answer: The operating environment posed many challenges with the impact felt across the manufacturing industry. These challenges ranged from energy scarcity and increased prices, coupled with supply chain disruptions resulting from the Ukraine-Russia crisis and the depreciation of the Naira, all of which increased raw material costs.

In response, we strengthened our supply chain through the onboarding of additional marketers of energy products and other input feed (raw materials), increased the reorder quantity of these products, and most importantly, deepened relationships with existing partners, including the financial institutions.

Operational Performance

Question: What major projects did you launch or complete in 2022?

Answer: In 2022, we commissioned a fourth line at Sokoto, with an installed capacity of 3 million metric tonnes per annum, which increased the overall output capacity to 11 million metric tonnes per annum. Beyond this, we have other ongoing projects which we aim to complete in the first quarter of 2024. These include the construction of Lines 3 and 5 in Obu and Sokoto respectively, with both lines having an installed capacity of 3 million metric tonnes per annum each, as well as the completion of the sales automation process.

Question: What management processes were put in place to further drive operational efficiency during the year?

Answer: During the year, we commenced the process of integrating our payment platform with the banks. By doing so, we afford our customers additional convenience and ease in paying for deliveries, thereby improving customer experience and indeed, the customer experience journey.

The system is now operational, customers have been migrated and we expect a full sign-off in the early part of 2023.

Interview with the Managing Director / Chief Executive Officer (Cont.)

Question: What key business-specific risks confronted BUA Cement as a Company in 2022? What risks do you foresee as a Company going into 2023?

Answer: The key business risks faced were the lack of foreign exchange with ensuing impact on availability of spare parts and raw materials for production, health and safety risks, as well as security and community issues. We developed a comprehensive risk assessment and management framework to mitigate these risks; including strengthening our health and safety policy, expanding our limestone quarry sites, purchasing more equipment, expanding our access to foreign exchange, procuring firefighting equipment, deepening engagement with security agencies, as well as working with host communities to understand their needs and how best to cater for such mutually agreed needs.

In 2023 we anticipate that high inflation will be sustained, and this will in turn impact the prices of raw materials. Nonetheless, we remain vigilant and proactive in mitigating the impact of these inflationary pressures. There is also the risk of limited access to foreign exchange, which we intend to address by substituting where possible, foreign spare parts needs with domestically manufactured spare parts to optimise foreign exchange utilisation, while strengthening our ties with our foreign exchange suppliers. There is also energy scarcity which our multi-fuel system is poised at addressing.

Financial Performance

Question: What led to BUA Cement's revenue growth in 2022? How do you intend to maintain revenue growth beyond increase in volumes through capacity expansion? Is there a risk of a glut in the market?

Answer: Revenue growth was driven by higher cement volumes made available to the market and price adjustments. With the additional capacity expected in 2024, we would be well positioned to not only cater for the Nigerian market but, to also increase cement volumes available for export.

In terms of market dynamics, the risk of a glut is non-existent. If you consider the social and economic infrastructure deficit (including the housing deficit), as well as the population size and growth, you can see all indicators pointing to an expected increase in cement consumption. Furthermore, cement consumption per capita in Nigeria at 136kg in 2022, remains low compared to other African peers.

Question: There was a significant increase in your selling and distribution costs during the year. What led to that?

Answer: The increase in selling and distribution costs was majorly driven by the increase in cement volumes dispatched, reflecting our growing business. Furthermore, the price of diesel rose by over 220% from ₦250/litre to ₦810/litre, increasing our cost to deliver. Finally, we purchased additional trucks to support our business model, which expanded the fleet size and aided the increase of cement supply.

Question: What were the Company's profit margins and what is the outlook for profit margins in the future?

Answer: Despite the economic headwinds, I am pleased that we were able to sustain our margins at satisfactory levels. For instance, reported gross margin was 45.2%, with EBITDA and PAT margin at 42.8% and 28% respectively. Barring unforeseen adverse shocks, we expect our margins to remain at positive sustainable levels.

Sustainability

Question: Nigeria intends to do an early adoption of the International Sustainability Standards Board's (ISSB) International Financial Reporting Standards (IFRS) Sustainability and Climate-Related Disclosure Standards in 2023. What are your plans towards optimising your financial reporting to better position the Company for this development?

Answer: With increased focus on sustainability, I commend the effort of the Nigerian Exchange (NGX) towards standardising sustainability reporting in Nigeria. In addition to the United Nations Sustainable Development Goals which currently drive our sustainability objectives, we are putting in place a comprehensive framework that will incorporate the ISSB standards to further drive our efforts towards sustainability and enhance its reporting as well as enable us align with the regulatory requirements, ahead of the release of the IFRS sustainability and climate disclosure standards.

Question: The Company won the best premium quality cement brand award in 2022. What led to this achievement. What other achievements were attained in the course of the year?

Answer: BUA Cement won the best premium quality

Interview with the Managing Director / Chief Executive Officer (Cont.)

cement brand at the Global Quality Excellence Awards. We also received an upward credit rating review to AA from AA- by DataPro, while Agusto & Co reaffirmed our initial A+ rating. All these achievements are attributable to our long-standing reputation in the market through high quality product, our knowledgeable management team and dedicated staff, as well as our comprehensive stakeholder engagement.

Question: What were the key sustainability projects undertaken by BUA Cement during the year?

Answer: We are committed to utilising cleaner, more efficient energy sources for our cement operations rather than relying on coal or heavy fuels. As such, we installed a 50-megawatt gas powered plant at Sokoto and currently installing two 70 megawatts generators at Sokoto and Obu that will also run on gas. Through these initiatives the Company has prioritised efficient energy utilisation in the cement production process.

We executed on water supply and electrification projects in communities across Sokoto and Obu. Furthermore, we donated 1,000 sets of students' desks and chairs at Sokoto, constructing the 3.4-kilometre Afokpella Road in Edo state, renovated a block of six classrooms at Mother of Mary Secondary School, Okpekpe and Atakeka Primary School, Itsukwi – Ibie, both in Edo State, provided seed funding to graduates of the skill acquisition program etc. In all, the Company continued to invest and positively impact its host communities.

Strategy

Question: What were the strategic milestones achieved by the Company in the year under review?

Answer: As earlier highlighted, we commissioned a fourth line with an installed capacity of 3 million metric tonnes per annum in January 2022, thereby increasing our total installed capacity to 11 million metric tonnes per annum. Consequently, we recorded an increase in cement volumes dispatch, when compared to our peers.

The construction of additional lines at the Sokoto and Obu plants continue as planned, with total installed production capacity to increase to 17 million metric tonnes per annum in 2024. We explored the exportation of clinker to neighbouring West African countries with some test shipments made to Burkina Faso and onboarded customers to the integrated payment platform aimed at enhancing our operational efficiency and improving customer experience. We have also commenced installation of gas power plants at Obu and Sokoto.

Question: What are the strategic priorities for 2023?

Answer: We remain focused on achieving further revenue and cost synergies, the harmonisation of our marketing strategy across both plants and market consolidation, with the construction of Line 3 in Obu and Line 5 in Sokoto at its core. Finally, we expect the sign-off of the payment integration exercise.

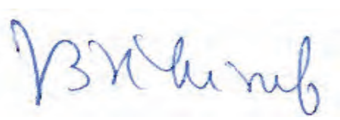
Question: In your view, did the Company advance its Mission in 2022? How did the Company achieve this?

Answer: Yes, the Company did advance its Mission in 2022, which is 'to produce and market high quality cement for national development'. So far, our strategic priorities have helped drive this mission, as we increasingly cater for the domestic market demand through our expansions. I should say that whilst growing the market share domestically is a priority, we are also making deliberate steps into export markets.

Outlook

Question: Are there any plans to launch a new product in a bid to sustain the impressive gains from last year?

Answer: Definitely, the sales and marketing department will always align to the demands and aspirations of the customers and very likely, we would probably launch a new product next year.



Yusuf Binji
Managing Director
BUA Cement Plc

5 May 2023

Sustainability

Sustainability

Approach to Sustainability

At BUA Cement, we find our purpose in creating invaluable offerings that not only solve challenges in local housing and infrastructure but also go a long way to support economic empowerment and national development.

Since our establishment, we have remained committed to national and economic development in Nigeria through our operational activities and social initiatives. Through these, we ensure that we continue to lead the discussion about Nigeria's potential in the world.

Our keenness to see a prospering Nigeria further obligates us to prioritise quality and innovation, ensuring our product offerings maintain the expected level of value, while tailoring our service to the uniqueness of our diverse customer portfolio.

A. Environment

1. Greenhouse Gas (GHG) Emissions

GHG - Absolute and Net Emission	2022	2021
Gross Global Scope 1 Emission [million metric tonnes CO2e]	4.24	3.5
Absolute Net Scope 1 Emission [million metric tonnes CO2e]	4.24	3.5
Percentage Covered under Emissions-limiting Regulations [%]	-	-
Absolute On-site Power Generation Emission [million metric tonnes CO2e]	0.35	0.29
Gross Global Scope 2 Emission [million metric tonnes CO2e]	0.002	-
GHG - Specific Absolute and Net Emission	**2022**	**2021**
Specific Gross Scope 1 Emission [kg CO2/t cem prod]	644	635
Specific Net Scope 1 Emission [kg CO2/t cem prod]	644	635
Specific Gross Scope 2 Emission [kg CO2/t cem prod]	0.24	-

We are proud to share our greenhouse gas (GHG) emission disclosure for the year 2022 as part of our sustainability and transparency efforts. BUA Cement has adopted the (GCCA) (GNR) tool, a globally recognised methodology for measuring and reporting GHG emissions from cement production in 2022 and retroactively applied it to its previous inventories. This allows us to have a consistent and comparable data set for our GHG performance over time and to establish a baseline for developing strategy and emission reduction levers for our decarbonisation objectives (short-term and long-term target for our net-zero ambition).

The GCCA CO2 & Energy Protocol shows that BUA Cement's Scope 1 emissions, which are direct emissions from its own operations, were 4.24 million metric tonnes of CO2 equivalent (CO2e) in 2022. This represents a 21% increase from the previous year's estimate of 3.5 million metric tonnes CO2e using the same tool. The main reason for this increase was the 20% growth in our production in 2022, driven by a new 3MMTPA line commissioned in Sokoto (2022) and the general high demand for our products across various markets. Our absolute Net Scope 1 emission depicted no tangible difference from our gross global because we currently mainly use low carbon energy source – Liquefied Natural Gas as a lever to decarbonise. Massive investment into other initiatives is currently being reviewed.

Our emissions intensity, which measures the amount of CO2e emitted per tonne of cementitious product, was 644kg CO2/t cem produced in 2022. This is a 1% increase from the previous year's estimate of 635kg CO2/t cem prod using the same tool. Our Scope 2 emissions, which are indirect emissions from the electricity we purchase from external sources (national grid) were 1,599 tonnes CO2e in 2022 compared to nil in 2021 due to zero external power consumed.

Meanwhile, one of the key indicators of environmental performance that the Sustainability Accounting Standards Board (SASB) recommends for reporting to investors is the proportion of operations that are subject to regulations that limit greenhouse gas emissions. However, this indicator is not relevant for our company, as Nigeria does not have any such regulations in place at the moment.

BUA Cement recognises the challenges and opportunities in reducing our carbon footprint while expanding our business. We are actively working to lower our emissions in the coming years. As such, we are in pursuit of various strategies to enhance our energy efficiency, expand our use of alternative fuels and raw materials, lower our clinker-to-cement ratio and invest in low-carbon fuels. We are committed to disclosing our GHG emissions and implementing concrete actions to reduce them, as part of our contribution to the global effort to fight climate change and create value for our stakeholders. BUA Cement strives for continuous improvement and transparency in its GHG performance.

A. Environment (Cont.)

2. Air Quality

Air Quality – Group 1 Emission Average Concentration	2022	2021
PM [mg/Nm3]	10	-
SOx [mg/Nm3]	33	-
NOx [mg/Nm3]	662	-
Air Quality - Absolute Group 1 Emission	**2022**	**2021**
PM [tonnes]	85	-
SOx [tonnes]	286	-
NOx [tonnes]	5,779	-
Air Quality - Specific Group 1 Emission	**2022**	**2021**
PM [g/tonne Cli]	25	-
SOx [g/tonne Cli]	85	-
NOx [g/tonne Cli]	1,713	-
Air Quality - Group 1 Emission Coverage Rate	**2022**	**2021**
Overall coverage rate [%]	61%	-

Here, we provide an overview of the air quality impact from our Group 1 emissions, as categorised based on volume and/or significance in the GCCA Guidelines for monitoring and reporting of emissions from cement manufacturing. Group 1 emissions include particulate matter (PM), sulfur oxides (SOx), and nitrogen oxides (NOx). These emissions are reported in both specific (g/t Cli) and absolute (metric tonnes) terms, following the GCCA Sustainability Framework Guidelines, as well as their average concentration. The data presented here covers the reporting year 2022, with a coverage rate of approximately 61% for both continuous and periodic measurement. This coverage rate reflects the percentage of our clinker production that is monitored for emissions. Our average stack dust emission concentration was 10 mg/Nm3, which is significantly lower than the regulatory limit of 50mg/Nm3. Our NOx and SOx emission concentrations were 662 and 33 mg/Nm3 respectively, which are also below the IFC standards of 800-1000mg/Nm3 for NOx and 400mg/Nm3 for SOx. We achieved these results thanks to our modern facility, equipped with efficient baghouses for dust control.

BUA Cement is dedicated to minimising its environmental impact and enhancing its air quality performance. We carry out regular monitoring and verification of our emission data to ensure reliability and transparency. We recognise the difficulties and opportunities of meeting our air quality targets and aim to constantly improve our environmental management system and practices. Hence, we are actively working to lower the emissions through various measures.

We believe that by disclosing our air quality impact from Group 1 emissions, we show our commitment and accountability as a sustainable cement producer, as well as how we are supporting global efforts to combat climate change and improve air quality.

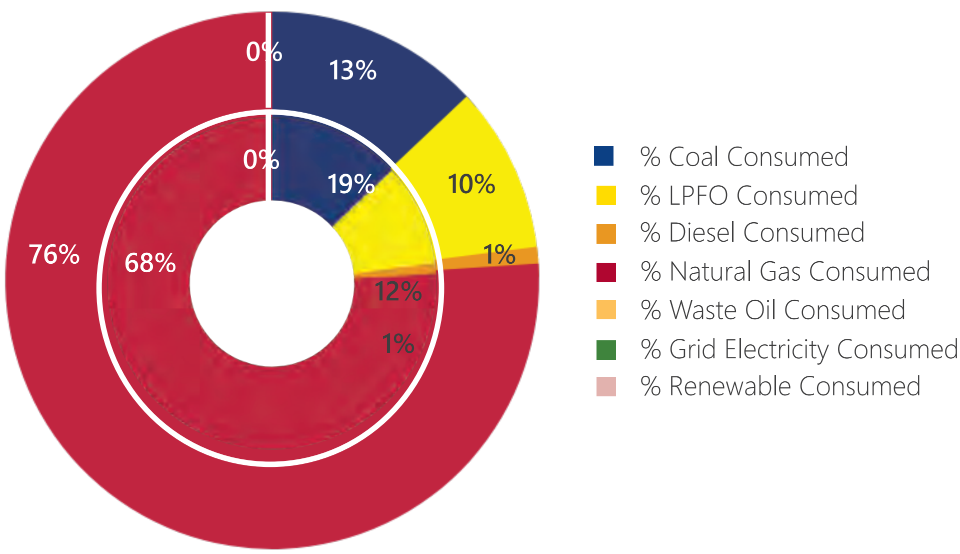
A. Environment (Cont.)

3. Energy Management

Energy Management - Absolute Consumption	2022	2021
Total Energy Consumption - Cement Plant [TJ]	24,319	20,265
Total Energy Consumption - Kiln [TJ]	17,848	15,359
Energy Management - Percentage Consumption by Source	**2022**	**2021**
% Coal Consumed	19%	13%
% LPFO Consumed	12%	10%
% Diesel Consumed	1%	1%
% Natural Gas Consumed	67%	76%
% Waste Oil Consumed	0.002%	0%
% Grid Electricity Consumed	0.054%	0%
% Renewable	0%	0%
Energy Management - Specific Consumption	**2022**	**2021**
SHC of Clinker Production [MJ/t Cli]	3,224	3,298

We are committed to addressing the challenge of climate change by improving our energy efficiency and reducing our greenhouse gas emissions. This section presents our energy performance for 2022 and compares it with 2021, using data collected and verified through the GCCA GNR CO2 & Energy Protocol, a global tool that provides reliable and transparent information on the cement industry's CO2 and energy performance.

Our total energy consumption (Cement Plant) by source rose by 20% from 20,265TJ in 2021 to 24,319TJ in 2022, mainly driven by the higher production volume and the increase in the use of more energy-intensive fuels. In contrast, our energy intensity, which indicates the amount of energy required to produce one tonne of cementitious product, decreased by 2% from 788kcal/kg Cli in 2021 to 771kcal/kg Cli in 2022. This reflects our commitment to environmental stewardship through optimised energy consumption to produce our product within the value chain.



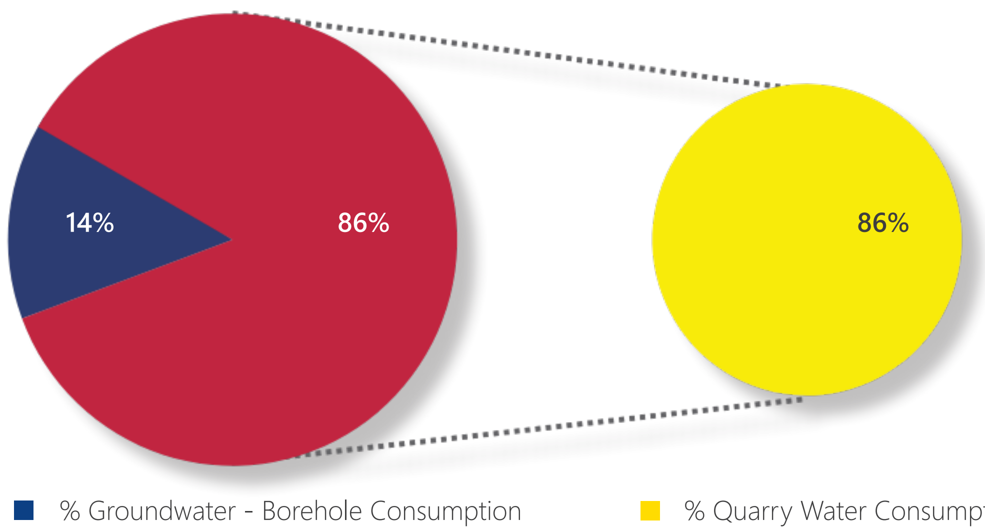
We are aware of the opportunities and benefits attached to improving our energy performance and we are making efforts to explore various initiatives to achieve our targets. We believe that by enhancing our energy efficiency and lowering our carbon footprint, we can create value for our customers, shareholders, employees and the society at large.

A. Environment (Cont.)

4. Water Management

Water Management	2022	2021
Total Water Withdrawn [million cubic metres]	0.75	-
Total Water Consumed [million cubic metres]	0.75	-
% Groundwater - Borehole Consumption	14%	-
% Quarry Water Consumption	86%	-
% Water Recycled	3.5%	-
Specific Water Consumption [ltrs/tonne cem prod]	186	-

We are committed to managing our water resources responsibly and transparently. In 2022, BUA Cement's total water withdrawal was 0.75 million cubic meters from different sources. The majority of the water (86%) came from its quarry pit, a natural reservoir that collects rainwater and groundwater. This source provides reliable and low-cost supply of water for us and reduces our impact on freshwater depletion. The remaining water (14%) was extracted from an underground borehole.



BUA Cement's water intensity, which measures the amount of water used to produce one tonne of cementitious products, was 186 litres in 2022. However, this figure is not fully accurate due to the limitation of measuring devices in one of our operations. We are working to improve our water measurement and reporting practices in the future, to ensure that we report our water consumption and its impact with accuracy and transparency.

BUA Cement recycled 3.5% of the water it used in its operations, which equals to 25,920 cubic meters of water. The company achieved this by installing a closed-loop system that recovers and treats the water used in the production process and reuses it for cooling. We do not discharge water.

Our water disclosure demonstrates our dedication to reducing our environmental impact and enhancing our social responsibility. We have set ambitious targets to further improve our water performance, such as increasing our water recycling rate and quarry water consumption to reduce our dependence on fresh water aquiver.

A. Environment (Cont.)

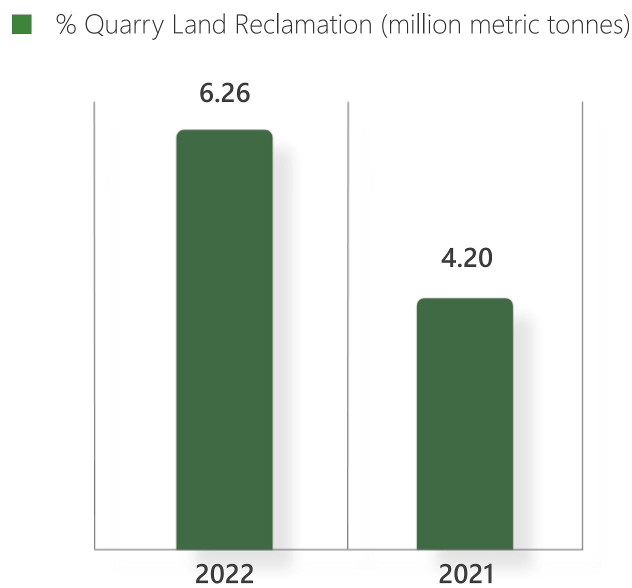
5. Biodiversity Impacts

Biodiversity Impact	2022	2021
Quarry Land Reclamation [million metric tonnes]	6.26	4.20

We remained an industry player that values the conservation and enhancement of biodiversity and ecosystems in our operations. BUA Cement adopted a forward-looking approach to land reclamation that uses native soil to restore vegetation and wildlife habitats on reclaimed sites, improving soil quality and carbon sequestration.

We are pleased to report that we achieved a remarkable increase in the use of overburden for our land reclamation in 2022. Overburden is the material that lies above an area of economic interest, which is usually discarded. Instead of disposing this as waste, BUA Cement found a way to use extracted overburdens to fill up the quarries and create new landscapes that support biodiversity and local communities, reducing its environmental impact and saving costs.

In 2022, BUA Cement used 6.26 million metric tonnes of overburden for land reclamation, up from 4.2 million metric tonnes in 2021. This represents a 49% increase and significant improvement in its resource efficiency and environmental stewardship, an initiative that shows a progressive and proactive approach to its environmental and social responsibility. BUA Cement believes that by restoring the natural balance of the land, it is not only fulfilling its social responsibility and complying with the regulatory requirements or industry standards, but also going beyond them to create positive impacts for its stakeholders and the planet.



BUA Cement's progressive open land reclamation project is a model of its excellence and best practice amidst apexes in the industry and other sectors that rely on natural resources. We will continue to monitor and report on the progress and outcomes of our land reclamation projects and seek new opportunities to improve our environmental performance and contribute to the global sustainability goals.

A. Environment (Cont.)

6. Circular Economy (Waste Management)

Circular Economy	2022
Aprons - Chest & Arm [unit]	1,400
Waste Cement Bags [metric tonnes]	5.1
Spent Engine Oil [litres]	159,000

In our operation, we started to strive to achieve circular economy and environmental sustainability by encouraging different initiatives to minimise waste and carbon footprint from our operations. One of these initiatives is the circular use of waste cement bags and spent engine oil as alternative fuel in our pyro-processing. BUA Cement harvested and co-processed 5.1 tonnes of waste cement bags and 159,000 litres of spent engine oil in 2022, which replaced the energy equivalent amount of coal and avoided corresponding carbon dioxide emissions.

Another initiative is the recycling of chest apron and arm apron, which are protective garments worn by our packing plant personnel during cement packing. These garments are exposed to cement dust and other hazards, and need to be replaced regularly. Instead of discarding them, BUA Cement has developed a process to collect, sort, clean, cut and stitch the scrapped garments into new ones. This process not only reduces waste generation and landfill costs, but also saves raw materials and energy for producing new garments.

The recycling of chest apron and arm apron has achieved remarkable results in 2022. BUA Cement successfully produced 800 chest aprons and 600 arm aprons from the scrapped ones, and consumed 695 and 648 respectively in 2022. The recycling process has also resulted in a 30% reduction of the initial purchase cost for new aprons. We plan to continue and expand this initiative in the future.

Hence, these initiatives demonstrate our circular approach to managing our resources and mitigating our environmental impact. By recirculating materials, energy and carbon dioxide within our value chain, we are contributing to the decarbonisation of the cement industry whilst also creating value for our stakeholders by reducing costs, creating indirect jobs, enhancing efficiency and improving our reputation as a sustainable business.

B. Social

Social Metrics	2022
Stakeholder Engagement	107
Town Hall Meeting	1
Community Feedbacks	16
Social Incident	0
Business Disruption from Community	0

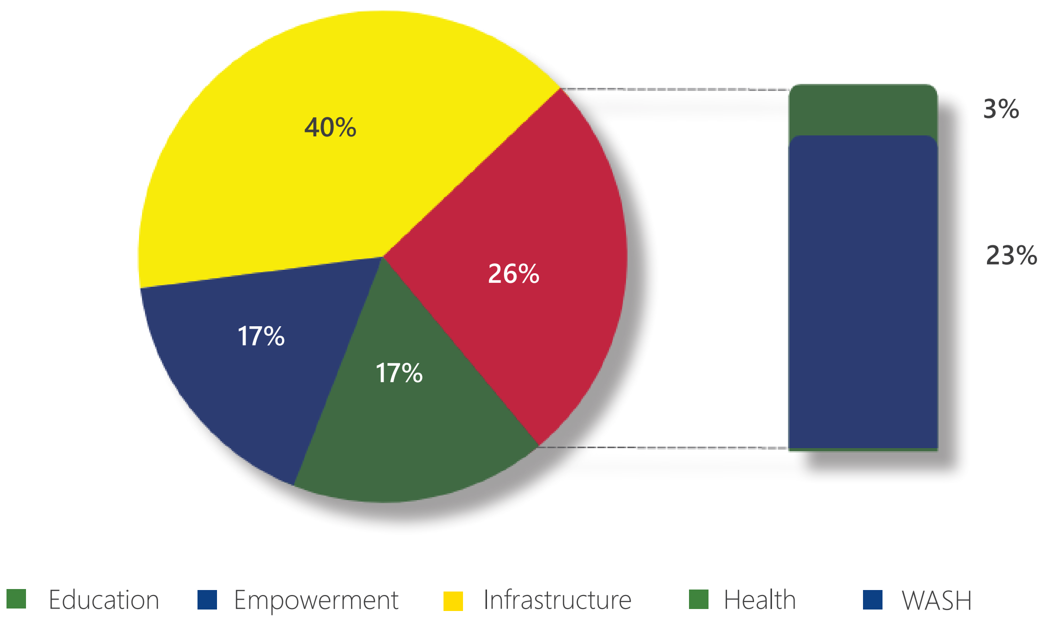
As a company that values sustainability and social responsibility, we are committed to disclosing our social metrics in a transparent and comprehensive manner. One of our key social metrics is our stakeholder engagement, which reflects our proactive and reactive approach to building and maintaining positive relationships with our host communities. In 2022, we recorded over 80% proactive engagement, focused on relationship building with our host communities This includes conducting 107 stakeholder engagement activities, such as consultations, dialogues etc. We also held one town hall meeting to share our vision and values with the local community and to listen to their feedback and concerns. We received 16 community feedbacks during the year, which we addressed respectfully. We are proud to report that we had zero social incidents or business disruptions from the community.

We are committed to securing our social license to operate. As such we have put in place a robust grievance mechanism which outlines how we address concerns or complaints of our stakeholders in fair, respectful, transparent and dialogical manner. Furthermore, we welcome feedback as we constantly aim to improve the impact of our operations.

B. Social (Cont.)

Also, we are proud to share our social investment activities for the year under review. Our social investment strategy is centred around five thematic areas that align with our core values and the needs of the communities we serve:

Education	Empowerment	Infrastructure	Health	WASH
We believe that education is the foundation of a prosperous and inclusive society	We believe in promoting sustainable growth and well-being by empowering people to shape their own futures	We believe that infrastructure is essential for enhancing the quality of life and enabling growth	We believe that health is a human right and a prerequisite for well-being	We believe that water, sanitation and hygiene (WASH) are critical for health, dignity, and prosperity



We align our social investment with the United Nation Sustainable Development Goals (UNSDGs) to create shared value for our stakeholders and society at large. Below, we depict how our social investment supports each of the goals to best and effectively engage our audiences.

Sustainable Development Goals

NO POVERTY

END POVERTY IN ALL ITS FORMS EVERYWHERE.

BUA Cement provides employment opportunities to members of host communities and promotes capacity building programme and grants.

In light of this, BUA Cement continues to leverage the platform provided by the Edo State Government Skill Acquisition Programme by giving 20 women every year the opportunity to acquire skills in sewing, fashion designing and hairdressing.

BUA Cement provided seed funding to the 2022 graduates to the skill acquisition programme, enabling them to put the acquired skill to use.

GOOD HEALTH AND WELL-BEING

ENSURE HEALTH AND WELL- BEING FOR ALL.

We provided eight community health centres with manpower, equipment and medicines, thereby promoting the wellness of communities in Sokoto. In 2022, the number of health centres was increased to 15 which would commence from Janaury 2023.

BUA Cement during the year decided to build an ultra-modern hospital for members of the Iddo community in Edo State; reversing a previous decision to build a clinic.

QUALITY EDUCATION

ENCOURAGE QUALITY EDUCATION AND LIFELONG LEARNING.

BUA Cement is responsible for the full funding of the Sokoto Cement schools at Wurno Road, Sokoto State. In 2022, the Company donated 1000 students' desk and chairs to the school.

50 undergraduate scholarships were granted to students from Kebbi, Sokoto and Zamfara States, studying engineering and science-based courses. This is an addition to previously awarded scholarships.

100 scholarships awarded, comprising 90 undergraduate and 10 post-graduate students from Edo State. Currently, over 300 students are benefitting from the scholarship programme.

Renovated six classroom blocks at Mother of Mary Secondary School, Okpekpe, Edo State and Atakeka Primary School at Itsuke-Ibie in Edo State.

A monetary donation of ₦500,000 was made to the Centre for Intellectual Services, Sokoto for the purchase of books.

Sustainable Development Goals (Cont.)

INEQUALITIES

ENSURE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS.

REDUCE INEQUALITIES BETWEEN AND AMONG COUNTRIES.

BUA Cement continues to give priority to women in our recruitment process. In addition, we maintained the pathway that provides leadership opportunities to women.

CLEAN WATER AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION.

We provided two solar industrial boreholes with 1,400 litres overhead tanks each to the Oteku and Ogute communities in Okpella, Edo State.

Constructed pump houses at Gidan Gamba village and the Girafshe area, both in Sokoto State.

Drilled solar water boreholes at Dagilawa & Gagi communities in Sokoto State.

AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO RELIABLE, SUSTAINABLE, AND MODERN ENERGY.

Installed six (500KVA) transformers at Okpella, Edo State.

Electrified Hunde Chebuwa village & Wajeke III in Sokoto, supplied & installed a transformer at Specialist Hospital, Sokoto State.

DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE GROWTH.

We ensured inclusive growth by paying competitive wages to our staff alongside other benefits.

We provided grants to members of host communities, as part of capacity building initiatives.

Sponsored the Sokoto, Kebbi & Zamfara Joint Trade Fair.

Sustainable Development Goals (Cont.)

INDUSTRY, INNOVATION AND INFRASTRUCTURE

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FASTER INNOVATION.

Involved in on-going road rehabilitation namely: Imikuri road, Okpella and the Okpekpe road in Edo State.

Completed the Iddo and Imioko Palace Road rehabilitation in Edo State.

The 3.7km Afokpella road construction still ongoing.

SUSTAINABLE CITIES & COMMUNITIES

MAKE COMMUNITIES SAFE, RESILIENT, AND SUSTAINABLE.

Relocated the 300KVA, 11/0.415KVA transformer for the Gidam Gamba community.

Drainage constructed at Okpekpe, Edo State.

Town hall construction ongoing in the following communities: Ogute, Imiagbese, Imiakhana-Imiegela, Imioshomu-imiegele, Imianoko-imiegele, Imiogha and Awuyemi.

Completed and handed over the town hall at Imiekuri.

LIFE BELOW WATER

CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT.

We continue to ensure our operations do not excessively use up freshwater or contaminate water sources through recycling and efficient disposal.

LIFE ON LAND

PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEM.

Back-filling of decommissioned quarries, making the land suitable for other purposes.

Sustainable Development Goals (Cont.)

PEACE, JUSTICE AND STRONG INSTITUTIONS

PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS.

We are an organisation that seeks peaceful co-existence in host communities.

Our corporate governance framework is set out to achieve accountability, in line with international best practice.

In view of this, BUA Cement provided the Okpella community with 10 patrol vehicles to strengthen the existing security architecture in the community.

Fenced and erected the gate at the Oko prison, Benin.

Renovated the FRSC office at Okpella in Edo State.

Our social metrics reflect our commitment to sustainability and social responsibility, and we are proud to share them with our stakeholders. We comply with the regulatory standards for disclosure and we also see it as a chance to showcase our achievements and challenges. We value feedback and we hope to maintain an open and constructive dialogue with our stakeholders.

Conclusion

We are committed to advancing sustainability in our business and society, as we face unprecedented challenges and opportunities in a dynamic world. We recognise that today's standards may not be sufficient for tomorrow's needs, so we constantly seek better alternatives, initiatives and avenues to make a positive impact on the environment and society.

To demonstrate our commitment, we are adopting the standards of the International Sustainability Standards Board (ISSB), which was established by the IFRS Foundation in 2021-2022 to create and develop sustainability-related financial reporting standards for investors. The ISSB standards were endorsed at COP 26, the United Nation's global summit on climate change. In November 2022, Nigeria was selected as one of the early adopters.

By complying with the ISSB standards, as guided by the Financial Reporting Council (FRC) and the Nigerian Exchange Limited (NGX RegCo), we can provide our investors with more relevant, consistent and material information on sustainability topics. This will enable our investors to make better investment decisions based on a global baseline of sustainability disclosures.

Corporate Governance

Corporate Information

Company Registration Number
RC 1193879

Board of Directors

Abdul Samad Rabiu CFR, CON.	Nigerian	Chairman
Yusuf Binji	Nigerian	Managing Director/Chief Executive Officer
Jacques Piekarski	Swiss	Executive Director/Chief Finance Officer
Kabiru Rabiu	Nigerian	Non-Executive Director
Chimaobi Madukwe	Nigerian	Non-Executive Director
Finn Arnoldsen	Norwegian	Non-Executive Director
Shehu Abubakar	Nigerian	Independent Non-Executive Director
Khairat Abdulrasaq-Gwadabe	Nigerian	Independent Non-Executive Director

Company Secretary
Hauwa Satomi (Mrs)
32 Churchgate Street
Victoria Island
Lagos

Registered Office
32 Churchgate Street
Victoria Island
Lagos

Plant Locations
Km 164 Benin-Okene Expressway
Okpella
Edo State.

Km 10 Kalambaina Road
Sokoto State.

Independent Auditor
PricewaterhouseCoopers
(Chartered Accountants)
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Principal Bankers

Access Bank Plc	Nova Merchant Bank Limited
Coronation Merchant Bank Limited	Polaris Bank Limited
Eco Bank Nigeria Plc	Stanbic IBTC Bank Plc
Fidelity Bank Plc	Standard Chartered Bank Nigeria Limited
First Bank Nigeria Limited	Taj Bank Limited
First City Monument Bank Limited	Union Bank of Nigeria Plc
Guaranty Trust Bank Plc	United Bank for Africa Limited
Keystone Bank Limited	Zenith Bank Plc

Corporate Governance Report

Opening Statement of the Chairman on Corporate Governance

Dear Stakeholders,

At BUA Cement Plc ("the Company" or "BUA Cement") we acknowledge that effective corporate governance and ethical standards are essential to our long-term success, and we are committed to ensuring that our operations are conducted with integrity, transparency, and accountability while upholding the highest standards of corporate governance. Throughout the year, we have worked diligently to implement best practices and adhere to good corporate governance practices, and we remain steadfast in our commitment to maintaining the trust and confidence of our stakeholders, shareholders, customers, business partners and employees in the housing and infrastructure industries while delivering sustainable product offerings.

In fulfilment of the tenets of the governance framework, the Board approved and commenced the implementation of six (6) policies including Board diversity, remuneration of executive and non-executive directors, stakeholders' engagement, clawback, and related party transactions policies. These policies were drafted to ensure and foster a robust corporate governance framework which caters for the fulfilment of the highest ethical and governance standard which seeks to retain investors' confidence, amongst others.

As a Company that values openness and transparency, the Board of Directors recognizes the importance of keeping our shareholders and other stakeholders well-informed about our corporate governance practices. We believe that effective communication is essential to building trust and maintaining strong relationships with our stakeholders. To this end, we have prioritised providing opportunities for shareholders to engage with us directly at our Annual General Meetings (AGMs). At these meetings, shareholders can interact with me as the Chairman, as well as other Directors and members of Senior Management, to ask questions and provide feedback.

We understand that good corporate governance is a critical component of our success as a Company. Therefore, we are committed to implementing best practices and adhering to the rules of corporate governance. As part of this commitment, we have prepared a comprehensive corporate governance report that provides updates on the practices and achievements of BUA Cement in the year under review.

The report, which has been prepared by the Company Secretary, contains valuable information that we hope will be useful and informative to our stakeholders.

Abdul Samad Rabiu, CFR, CON.
Chairman

Introduction

The Board of BUA Cement Plc is delighted to present the corporate governance report, which offers valuable insight into the Company's governance structure and its compliance with the relevant corporate governance codes in Nigeria. We understand that achieving our financial and business goals should not come at the expense of our values and principles. As such, we have established a robust governance framework to guide our directors, employees, and stakeholders in implementing the right governance culture.

Our commitment to these values not only ensures the delivery of our business goals but also ensures the delivery of long-term shareholder value and a good return on shareholders' investments. The Board of Directors plays a critical role in setting the tone and driving our good corporate governance practices. We achieve this by establishing and adhering to our Board Charter, Board Committees' Charters, and other Governance Policies, all in line with international best practices, relevant Codes of Corporate Governance, and the Post Listing Requirements of the Nigerian Exchange Group.

At BUA Cement, we recognise that good corporate governance is essential to our success as a Company. We are committed to implementing best practices and adhering to regulatory requirements to ensure that we operate with integrity, transparency, and accountability. Our corporate governance report outlines our approach to corporate governance, including the structures, processes, and policies we have put in place to ensure that we operate in a responsible and sustainable manner.

In summary, we believe that our dedication to good corporate governance is a testament to our commitment to maintaining the trust and confidence of our stakeholders. We thank our shareholders and other stakeholders for their continued support and engagement, and we remain committed to upholding the highest standards of corporate governance in all our operations.

Corporate Governance Report (Cont.)

BUA Cement has implemented policies and procedures based on the fundamental principles of accountability, efficiency, efficacy, fairness, responsibility, transparency, and independence. The Company places a high value on the opinions and feedback of its stakeholders and has established a governance structure that encourages stakeholder participation and expeditiously addresses feedback and suggestions. To maintain high standards of corporate governance, BUA Cement continuously evaluates and updates its governance processes in accordance with the various local laws, guidelines, and international standards. The robust financial performance, outstanding risk management, and responsible business practices of BUA Cement demonstrate the Company's commitment to sound corporate governance. The Company is committed to sustaining the highest governance standards in every aspect of its operations.

The Board

The Board serves as the apex decision-making body of the Company, with the responsibility to generate and provide enduring value by managing the business and assets of the Company with accountability to the shareholders. It is also responsible for overseeing the continuous implementation of corporate governance principles and guidelines within the organisation. As provided for by the Companies and Allied Matters Act, the Nigerian Code of Corporate Governance and the Board Charter, the Board plays a critical role in ensuring that the Company operates in a manner consistent with its objectives and in the best interest of its stakeholders. The Board are highly experienced directors who possess the right mix of expertise, skills and knowledge to lead the Company effectively, especially in the face of dynamic, challenging, and disruptive business environments.

The Board Charter, which clearly outlines the roles and responsibilities of the Board, sets the foundation for the Board's operations. Some of the key highlights of the Charter include the following.

1. The Board is responsible for approving the Company's strategy and financial objectives, as well as monitoring the implementation of those strategies and objectives, including decisions on capital structure and allocation. In addition, the Board is charged with considering and approving the Succession Plan for the Board and Senior Staff of the Company.
2. The Board also has the responsibility to review and approve the compensation policy for the Company, making decisions relating to the appointment, promotion or termination of Senior Management staff. This ensures that the Company maintains a highly qualified and experienced team capable of driving the business forward.
3. Furthermore, the Board is responsible for ensuring that the Company maintains a sound system of internal controls to safeguard the investments and assets of the Company. This includes the establishment and enforcement of policies and procedures to mitigate risks and ensure compliance with applicable laws and regulations.

Overall, the Board of Directors plays a critical role in ensuring that the Company is managed effectively and operates in a responsible and sustainable manner, delivering value to its shareholders while meeting the expectations of its other stakeholders.

The Board is responsible for the Company's efficient operation and compliance with legal, financial, and regulatory obligations. The Managing Director manages the Company's operations and reports to the Board, with the authority to delegate responsibilities. The Delegation of Authority Matrix outlines approval limits for transactions and business decisions, including committing to risks, by the relevant entity (Managing Director, Board, or Shareholders).

Composition of the Board

As of 31 December 2022, the Board comprises eight (8) directors with high level of competencies and experience spanning across various industries and education fields including manufacturing, engineering, business, banking, finance, and law. The Board of Directors consist of six (6) Non-Executive Directors and two (2) Executive Directors, one of whom is also the Managing Director. This is in line with global best practice that encourages a higher percentage of Non-Executive Directors to Executive Directors. All Directors are distinguished by their high level of competencies, educational backgrounds, international exposure, business and commercial experience, integrity and independence of opinion.

There were no changes to Board's composition during the period under review.

Corporate Governance Report (Cont.)

The Chairman and the Managing Director/Chief Executive Officer

The Chairman and the Managing Director hold distinct roles and are not occupied by the same person. The Chairman leads and manages the Board to ensure the effective discharge of legal and regulatory responsibilities, oversees the Board's business, and sets the Board's agenda in consultation with the CEO and Company Secretary. The Chairman also promotes effective communication and relationships between executive and non-executive directors. The Managing Director executes delegated powers according to board-approved guidelines and coordinates the Company's day-to-day activities.

The Company Secretary

The Company Secretary, doubling as the Chief Legal Officer, plays a crucial role in providing support, governance advice, and legal guidance to the Board and individual directors on their powers, duties and responsibilities. In addition to ensuring compliance with all internal and regulatory deadlines, regulations, and procedures for the conduct of the Board's affairs, the Company Secretary also serves as the Secretary to all Board Committees and the Statutory Audit Committee. The Company Secretary attends the Board and all the Committees' meetings and provides legal advisory to the Board and Committees as necessary, ensuring that all decisions are made in compliance with applicable laws and regulations.

Board Appointment Process

The Governance, Establishment, and Remuneration Committee (GERC) is responsible for reviewing the experience, qualities, and skills required to complement the Board in compliance with the Nigerian Code of Corporate Governance. When there is a vacancy on the Board, the GERC develops and documents specifications of the skills, personal attributes, knowledge, and experience required to fill the gap. The GERC then interviews prospective candidates, compares their experience with the identified specifications, and nominates potential directors. The Board considers and approves or rejects the nominations.

New directors undergo a formal induction programme in line with the Board Charter and the Nigerian Code of Corporate Governance. This programme acquaints them with the Board's practices and the Company's business and operations. They receive appointment letters documenting their roles and responsibilities, as well as copies of the Board Charter, Committee Charters, other approved governance policies, Board policies, and the Company's Memorandum and Articles of Association.

Directors are encouraged to continue updating their skills and knowledge individually, while the Company provides continuous additional training courses that give the Directors a broader understanding of the regulatory and competitive environment in which the Company operates.

Board Meetings

The Board meets quarterly, in accordance with the approved Annual Calendar of Board meetings, to perform its oversight function and to monitor the performance of the Management. Special Board meetings are scheduled whenever business exigencies which require the urgent attention and decision of the Board arise. Between meetings, the Board maintains regular contact with the Management in order to monitor Management's progress, challenges, implementation of strategy, and rendering of advice to the Management, when necessary.

All Directors are provided with notices, minutes of previous meeting, agendas, meeting papers and reports well before each meeting, allowing them enough time to prepare for the meeting. Even if a director is unable to attend, he or she still receives all relevant notices and documents relating to the meeting. Additionally, Directors can raise any issue they wish to discuss with the Chairman during the meeting. The Board also provides regular updates on regulatory and business developments to Directors.

The Board met six (6) times during the period under review.

Corporate Governance Report (Cont.)

Attendance Register of the Members of the Board for the year ended 31 December 2022:

Name of Director	Date of meeting and attendance					
	20/01/22	24/03/22	21/04/22	20/07/22	24/10/22	08/12/22
Abdul Samad Rabiu, CFR, CON.	P	P	P	P	P	P
Yusuf Binji	P	P	P	P	P	P
Chimaobi Madukwe	P	P	P	P	P	P
Kabiru Rabiu	P	P	P	P	P	P
Finn Arnoldsen	P	P	P	P	P	P
Khairat Abdulrasaq-Gwadabe	P	P	P	P	P	P
Shehu Abubakar	P	P	P	P	P	P
Jacques Piekarski	P	P	P	P	P	P

P = Present

Board Committees

In addition to the Statutory Audit Committee, the Board carries out its responsibilities through Committees, which have clearly defined terms of reference, setting out their powers, tenure and responsibilities. The Committees of the Board are as follows: Finance and General-Purpose Committee; Governance, Establishment and Remuneration Committee; Risk Management Committee; and Board Audit Committee. Through these Committees, the Board is able to effectively carry out its oversight functions and responsibilities and adopt individual director's expertise to formulate practicable and sustainable strategies for the Company. The Committees render reports to the Board on their deliberations at Board meetings in accordance with the Board reporting matrix. The Board retains the responsibility for final decision making while Committees are tasked with making recommendations to the Board on matters presented to them by the Management.

A. FINANCE AND GENERAL-PURPOSE COMMITTEE

Opening Statement of the Committee Chairman

I am delighted to present to you the Finance and General-Purpose Committee (FGPC) report for the period under review, as the Chairman. The FGPC is a Committee of the Board, established under the Committee's Terms of Reference, and comprises five individuals with joint expertise in financial management, capital markets, and the operations of the Company. Our role is to review and make recommendations to the Board on finance, strategy, capital and investment planning as well as budgetary performance.

As the Chairman of the FGPC, I oversee the meetings of the Committee and report our recommendations to the Board for approval or Board's presentation to shareholders, where necessary.

At our Committee meetings, we focus on fulfilling our mandate by carrying out the following functions:

a. Reviewing the quarterly unaudited financial accounts, the yearly audited financial statements, and the annual budget;
b. Analysing the Company's capital structure, taking into consideration any issuance of share-options or other securities, share buybacks, and other capital structure changes;
c. Examining capital project contracts that go beyond the Management's authority to approve them;
d. Routinely assessing the Company's liquidity and financial situation.

We are responsible for making sure the Company's financial affairs are properly handled and that the Board is well-informed to make wise choices.

Kabiru Rabiu
Committee Chairman

Corporate Governance Report (Cont.)

Report on FGPC Activities

The Committee held six (6) scheduled meetings in the year; the membership and attendance of the Committee are as shown in the table below:

S/N	Name	Date of meeting and attendance					
		19/01/22	23/03/22	20/04/22	19/07/22	19/10/22	07/12/22
1	Kabiru Rabiu	P	P	P	P	P	P
2	Chimaobi Madukwe	P	P	P	P	P	P
3	Shehu Abubakar	P	P	P	P	P	P
4	Yusuf Binji	P	P	P	P	P	P
5	Jacques Piekarski	P	P	P	P	P	P

P = Present

B. GOVERNANCE, ESTABLISHMENT AND REMUNERATION COMMITTEE

Opening Statement of the Committee Chairman

It is with great pleasure that I present the report of the Governance, Establishment and Remuneration Committee (GERC) for the period under review. The GERC is a Committee of the Board, established under a Terms of Reference, and comprises four non-executive directors, one of which is an Independent Non-Executive Director. Our role is to review and make recommendations to the Board on matters relating to Nomination, Governance, Remuneration, Succession Planning, and Board Evaluation.

As the Chairman of the GERC, I oversee the meetings of the Committee and report our recommendations to the Board. During our meetings, we focus on fulfilling our mandate as provided in our Terms of Reference by deliberating and making recommendations to the Board on the following:

- Nomination of Directors and Board members
- Governance practices and policies
- Remuneration for Directors and Senior Management
- Succession planning for Directors and Senior Management
- Evaluation of the Board, other Committees and individual directors.

We take our responsibility seriously and ensure that our recommendations are in line with best practices and contribute to the success of the Company. We are committed to ensuring that the Company's governance practices are robust and that its leadership team is equipped to lead the Company to greater heights.

Khairat Abdulrasaq-Gwadabe
Committee Chair

Report on GERC Activities

The Committee held four (4) scheduled meetings in the year; the membership and attendance of the Committee are as shown in the table below:

S/N	Name	Designation	Date of meeting and attendance			
			22/03/22	19/04/22	18/07/22	18/10/22
1	Khairat A. Gwadabe	Chairman	P	P	P	P
2	Chimaobi Madukwe	Member	P	P	P	P
3	Kabiru Rabiu	Member	P	P	P	P
4	Finn Arnoldsen	Member	P	P	P	P

P = Present

C. RISK MANAGEMENT COMMITTEE

Opening Statement of the Committee Chairman

I am delighted to present the report of the Risk Management Committee (RMC) for the reviewed period. The RMC is a Committee of the Board established under a Terms of Reference and comprises five directors with vast knowledge in risk management and regulatory compliance matters. Our responsibility is to review and provide recommendations to the Board on matters relating to Internal Control, Enterprise Risk Management as well as Health, Safety, Security and Environment, amongst others.

Corporate Governance Report (Cont.)

As the Chairman of the RMC, I coordinate the meetings of the Committee and report our recommendations to the Board. During our meetings, we focus on fulfilling our mandate by carrying out the following functions:

i. Ensuring the development of a comprehensive internal control framework for the Company, obtaining assurance, and reporting annually in the financial report on the operating effectiveness of the Company's internal control framework.
ii. Reviewing and approving the Company's risk management policy, including risk appetite and risk strategy.
iii. Reviewing and recommending the Company's Health, Safety, Security and Environment policies to the Board for approval.

We strive to ensure that the Company's risk management practices align with best practices and regulatory requirements. We remain committed to ensuring that the Company's operations are conducted in a safe and secure environment.

Finn Arnoldsen
Committee Chairman

Report of the RMC Activities
In the reviewed period, the Committee held five scheduled meetings to deliberate on these functions and provide recommendations to the Board. The membership and attendance of the Committee are as shown in the table below:

S/N	Name	Designation	Date of meeting and attendance				
			23/03/22	19/04/22	18/07/22	18/10/22	18/12/22
1	Finn Arnoldsen	Chairman	P	P	P	P	P
2	Khairat A. Gwadabe	Member	P	P	P	P	P
3	Shehu Abubakar	Member	P	P	P	P	P
4	Yusuf Binji	Member	P	P	P	P	P
5	Jacques Piekarski	Member	P	P	P	P	P

P = Present

D. BOARD AUDIT COMMITTEE

Opening Statement of the Committee Chairman

In accordance with Principle 11.4.7 of the Nigerian Code of Corporate Governance 2018, issued by the Financial Reporting Council of Nigeria, the Board has established a Board Audit Committee (BAC). The BAC is a Committee of the Board constituted under a Terms of Reference, consisting of four non-executive directors who are collectively financially literate and have the ability to interpret financial statements.

The Board Audit Committee (BAC) has been established to exercise oversight over the Management's processes to ensure the accuracy and integrity of the Company's financial statements. The BAC is responsible for reviewing and making recommendations to the Board on the interim and annual financial statements. These include ensuring that the financial statements are prepared in accordance with relevant accounting standards and that appropriate disclosures are made in the financial statements.

Furthermore, the BAC is tasked with ensuring the establishment and supervision of the internal audit function, which involves ensuring that the Company has appropriate internal audit policies and procedures in place. This includes ensuring that the internal audit function is adequately resourced and staffed with qualified personnel to carry out its duties effectively.
The BAC also has the responsibility of ensuring the development of a comprehensive internal control framework for the Company. This includes developing policies and procedures that provide reasonable assurance regarding the achievement of the Company's objectives, the reliability of financial reporting, compliance with applicable laws and regulations, and the safeguarding of assets.

Overall, the BAC plays a critical role in ensuring the accuracy, reliability, and integrity of the Company's financial reporting processes. Through its oversight and review functions, the BAC helps to ensure that the Company's financial statements provide a true and fair view of the Company's financial performance and position, and that the Company's internal control as well as risk management systems are effective in safeguarding the Company's assets and achieving its objectives.

Shehu Abubakar
Committee Chairman

Corporate Governance Report (Cont.)

Report of the BAC Activities

The Committee held 2 (two) scheduled meetings in the year; the membership and attendance of the Committee are as shown in the table below:

S/N	Name	Designation	Date of meeting and attendance	
			22/03/22	18/10/22
1	Shehu Abubakar	Chairman	P	P
2	Finn Arnoldsen	Member	P	P
3	Khairat A. Gwadabe	Member	P	P
4	Chimaobi Madukwe	Member	P	P

P = Present

E. STATUTORY AUDIT COMMITTEE

In compliance with Section 404 of the Companies and Allied Matters Act, 2020, the Company established the Statutory Audit Committee comprising three shareholders and two Non-Executive Directors. The Chairman of the Committee is an independent shareholder. The duties of the Committee are as contained in Section 404(3) and (4) of CAMA and it is responsible for ensuring that the Company's financial statements comply with applicable financial reporting standards.

The Committee was constituted to ensure its independence, which is fundamental to upholding stakeholders' confidence in the reliability of the Committee's report and the Company's Financial Statements.

The Committee held six (6) scheduled meetings in the year and attendance at the meetings was as follows:

S/N	Name of Director	Date of meeting and attendance					
		19/01/22	20/04/22	23/04/22	19/07/22	19/10/22	07/12/22
1	Ajibola Ajayi	P	P	P	P	P	P
2	Kabiru Tambari	P	P	P	P	P	P
3	Oderinde Taiwo	P	P	P	P	P	P
4	Kabiru Rabiu	P	P	P	P	P	P
5	Shehu Abubakar	P	P	P	P	P	P

P = Present

Shareholders

The annual general meetings of the Company are conducted in a transparent and equitable manner. The Company's general meeting is the highest decision-making body. Shareholders can voice their opinions on the Company's financial results, as well as all agenda items and matters pertaining to the Company in general, at the general meeting. On invitation, representatives of shareholder associations and regulatory bodies such as the Securities and Exchange Commission, the Nigerian Exchange Limited, and the Corporate Affairs Commission attend the annual general meetings. The Company has an Investor Relations Unit that handles shareholder inquiries directly and ensures that their opinions are relayed to Management and the Board. In addition, quarterly, semi-annual, and annual financial results are published in national dailies.

The Board safeguards, at all times the statutory and general rights of shareholders, including their voting rights at general meetings. All shareholders are treated equally, irrespective of the number of shares they own or their social standing.

Information Flow and Access to Management

Comprehensive Board papers and reports are circulated to the Directors before each meeting of the Board and Board Committees. The Board packs contain the notice of meeting and a list of agenda items to be addressed during the meeting. The Managing Director generally reports on the subject matter and supporting documents presented to the Board for its perusal, consideration, decisions, resolutions and approvals.

Corporate Governance Report (Cont.)

The Board has a good line of communication with Management and can request the presence of any Senior Management staff to provide information when required, at its meetings. The Company Secretary is always available to advise individual Directors and the Board on corporate governance matters and international best practice and ethics standards.

Access to Independent Advice

In compliance with global best practices, the Board enjoys access to independent professional advice to enable the Directors properly and effectively carry out their responsibilities and make well-informed decisions.

Whistleblowing Policy

The Company is committed to conducting business with fairness, transparency and ethics. Hence, BUA Cement Plc has established a whistleblowing policy to provide a platform for all stakeholders to report suspected illegal, corrupt, bribery-related, unethical, harmful or improper conduct. The policy treats all matters reported with confidentiality and the identity of the whistleblower is protected. BUA Cement Plc believes that a culture of openness and accountability is essential to the success of their business.

Complaints Management Policy

A robust complaints management system is very germane to fulfilling the values and principles BUA Cement lives by. BUA Cement is committed to providing high standards of services for its shareholders and customers including a platform for efficient handling of complaints and enquiries which enables shareholders and customers to have issues acknowledged and addressed. Sufficient resources are provided to ensure that complaints and enquiries are dealt with adequately in an efficient and timely manner as well as facilitating efficient and easy access to shareholder information.

Therefore, the Company has formulated a complaints management policy to ensure that shareholder and customer complaints and inquiries are handled in a fair, impartial, efficient and timely manner. In addition, this policy acknowledges the significance of effective engagement in fostering shareholder and investor confidence in the Company.

The policy sets out the broad framework by which BUA Cement Plc and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for BUA Cement Plc's shareholders to provide feedback to the Company on matters that affect shareholders. This policy only relates to the Company's shareholders and customers but does not extend to its suppliers or other stakeholders.

The policy is available on the Company's website www.buacement.com.

Insider Information Policy

As required by rules and regulations, the Company has a policy on insider information and the prohibition of insider trading, which has been made available to all stakeholders.

The purpose of BUA Cement Plc's insider information policy is to ensure that all Board members, employees, and external stakeholders with knowledge of confidential and potentially price-sensitive information are aware of the legal prohibition against using, disclosing (other than in the normal course of their duties) or encouraging transactions in securities based on such inside information. In addition to legal requirements, BUA Cement Plc encourages Board members, employees and external stakeholders to protect confidential and potentially price-sensitive information.

Succession Policy

To ensure the Company's continuity and stability, the Board has approved a comprehensive succession policy for identifying and preparing emerging successors for key positions within the Board and Executive Management. The policy defines the succession plan for BUA Cement Plc, which includes:

a. Identifying the roles crucial to the achievement of the Company's goals and
b. Selecting the top performers who will comprise the talent pool for the identified roles
c. Designing and implementing a training plan to prepare the selected persons for identified positions

Board Evaluation Policy

The Board has adopted a Board Evaluation Policy to further the Company's dedication to excellence and continuous improvement.

The policy provides a systematic way of evaluating the performance of the Board, Board Committees and individual directors. Internal evaluations are conducted from time to time as the Board's Governance, Establishment and Remuneration Committee ("BGERC")

Corporate Governance Report (Cont.)

Chairman is responsible for the annual evaluation of the performance of the Managing Director/Chief Executive Officer while the Managing Director/Chief Executive Officer reviews the performance of other executive directors.

Triennially, the BGERC oversees the conduct of corporate governance and Board assessment for the Company by an external consultant. The Company conducted its recent external assessment in 2020 and it is due to commence another evaluation between 2023/2024.

Corporate Governance Evaluation

In line with Principle 15 of the Nigerian Code of Corporate Governance 2018, BUA Cement Plc engaged KPMG to facilitate the Company's Board and Corporate Governance Evaluation process in 2020. KPMG benchmarked the Company's existing corporate governance practices against the requirements of the Financial Reporting Council's Nigerian Code of Corporate Governance, (SEC) Code of Corporate Governance Guidelines, and the Companies and Allied Matters Act, 2020.

The evaluation of the Company's performance was against the four tenets of a Board's responsibilities such as Leadership and Strategy, Performance Monitoring and Evaluation, Accountability and Audit as well as Communication with Stakeholders. Upon finalisation of the review process, KPMG confirmed that the Company's corporate governance practices are largely in compliance with the key provisions of the NCCG and SEC Corporate Governance Guidelines. The process confirmed that the Company has the necessary corporate governance controls in place.

Directors' Training Policy

In order to ensure that all directors have adequate access to learning, development and training opportunities to better equip them with requisite skills and knowledge, required to fulfil their fiduciary duties as well as carry out their roles and responsibilities with utmost capacity, the Board approved a Directors' training policy. The Policy contains the Company's plan for equipping directors to perform their duties effectively and efficiently. The training plan for Directors is developed by the Company Secretary and approved by the Chairman of the Board on an annual basis. At the minimum, each director is to attend one (1) core-training programme every financial year. In 2022, the directors attended training programme which surrounded subject matters on Business Model Innovation in the Digital Age and High-Performance Leadership Training Programme, amongst other trainings.

Conflict of Interest Policy

To assist directors and other senior executive officers of the Company in recognising, dealing with and disclosing actual or perceived conflicts of interests, the Board approved a Conflict of Interest Policy for the Company.
The Policy mandates new directors to declare their interests in any entity in which he or she is a director, officer, servant, creditor or holder of substantial shares or securities. In addition, any director who has an interest in a related party transaction shall declare his or her conflict to other directors prior to the meeting and recuse himself or herself from any reporting, discussions and voting on the transaction at the Board or Board Committee meeting. During the year under review, the directors ensured to fill out the declaration of interest form and declared an interest in any related party transaction.

Code of Ethics

The Company maintains the utmost standards of ethics, openness and disclosure. Directors are required to fill out and sign a Code of Conduct form annually, pledging to uphold their responsibilities of care and loyalty to the Company. The Company has an approved Code of Conduct intended to empower employees and facilitate effective decision-making at all levels of the organisation in accordance with predetermined ethical principles. New employees are required to read and sign an acknowledgment that they have read and comprehended the Code.

Diversity Policy

At BUA Cement, we believe in the increased innovation and performance that result from diversity. Thus, in making appointments to the Board or employment within the organisation, due cognisance is taken towards ensuring that there is diversity of gender, thought, experience and academic background across the Company. Our Diversity Policy is created to ensure that the Board possesses heightened capacity for oversight of the Company and its governance.

Corporate Governance Report (Cont.)

Clawback Policy

In order to ensure that rewards such as bonuses, share of profits, incentives, stock/share options or performance-based rewards of executive directors and senior employees are based upon accurate data and any excess or undeserved rewards are recovered, the Board approved the Clawback Policy during the year under review.

Related Party Transactions Policy

To ensure that there is transparency and fairness in the transactions between the Company and its related parties, this Policy exists to cover disclosure of all transactions between related parties, including whether such transactions have been executed at arms' length and normal market terms to prevent a heightened risk of conflict of interest and/or improper valuation.

Remuneration Policy for Executive Directors

In line with the provisions of the Nigerian Code of Corporate Governance 2018, we recognise that having a fair remuneration policy for executive directors is crucial for attracting and retaining top talent, aligning interests, promoting transparency and accountability as well as guiding for the fair compensation of executive directors and senior managers of the Company.

Sustainability

At BUA Cement, we find our purpose in creating invaluable offerings that not only solve challenges in housing and infrastructure but also go a long way to support economic empowerment and national development. Since our establishment, we have remained committed to national and economic development in Nigeria and indeed Africa, through our operational activities and social initiatives. Through these, we ensure that we continue to lead the discussion about Africa's potential around the world.

Our keenness to see a prospering Africa further obligates us to prioritise quality and innovative change, ensuring our product offerings surpass the expected level of value, while tailoring our service to the uniqueness of our diverse customer portfolio.

In furtherance of our commitment to sustainable operations, we carry out our operational activities in a manner that has minimal impact on the environment through strict adherence to emission standards; reduced freshwater use, water recycling, water treatment and land reclamation. The Company also supports the government efforts at achieving Sustainable Development Goals (SDGs) through our social initiatives – educational scholarships, provision of potable drinking water through construction of boreholes as well as provision of other social amenities and infrastructure to communities where BUA Cement operates.

Compliance Statement

Our Company is committed to upholding the highest standards of corporate governance, which includes compliance with the Nigerian Code of Corporate Governance 2018, and the disclosure requirements under the Nigeria Exchange Group's Listing Requirements and Rules. We have developed a comprehensive framework to ensure compliance with these regulations; our policies and procedures are regularly reviewed as well as updated to ensure they remain current and effective. This approach will help us to achieve our business objectives and contribute to the sustainable development of the Nigerian economy.

By order of the Board

Satomi Hauwa (Mrs)
Company Secretary/Chief Legal Officer
FRC/2022/NBA/002/00000023786
BUA Cement Plc
Lagos, Nigeria.
23 February 2023

Board of Directors

Abdul Samad Rabiu, CFR, CON.
Chairman

Date of Birth: 4 August 1960
State of Origin: Kano State

An astute businessman, philanthropist and industrialist, Alhaji Abdul Samad Rabiu is the Founder and Chairman of BUA Group – a company which he established in 1988 and has grown to become one of Nigeria's largest privately owned foods, manufacturing and infrastructure conglomerates with diversified investments spanning key business sectors of the Nigerian economy. He is also the founder of the Abdul Samad Africa Initiative, ASR Africa – an African focused Fund for Social Development and Renewal which seeks to support Nigeria and other African countries in the areas of Health, Education and Social Development.

BUSINESS
Under Abdul Samad's astute leadership, BUA has grown steadily over the years to entrench itself as a leading player with holdings in cement, sugar, rice, flour and pasta, edible oils, logistics, agriculture, construction, ports operations, and real estate. With a firmly established reputation for innovation, BUA Group is one of the largest contributors to Nigeria's GDP and among its largest employers of labour.

After finishing his degree in Economics from Capital University, USA, Abdul Samad returned to Nigeria from the United States and joined the family business, the IRS Group, until 1988 when he set up BUA Group to engage in importing and trading in major commodities like rice, edible oils, flour, pasta, and iron/steel rods. He later ventured into steel, billets and iron ore importation, supplying multiple rolling mills in Nigeria.

EXPANSION & MANUFACTURING
Few years down the line, BUA acquired Nigerian Oil Mills Limited in 2001 which was at the time, the largest edible oil processing company in Nigeria. He was later to set up 2 flour milling plants in Lagos and Kano in 2005. By 2008, BUA, under Abdul Samad's astute leadership, commissioned the second largest sugar refinery in sub-Saharan Africa. He then went on to acquire a controlling stake in the publicly listed Cement Company of Northern Nigeria (Sokoto Cement) in 2009 and commenced the construction of the over $1billion cement manufacturing complex in Obu-Okpella, Edo State commissioned in 2015 which was at that time, the single largest non-oil investment in South-South Nigeria and had a capacity of 6 million metric tonnes per annum upon completion of the second line. This was followed by a new 1.5 million metric tonnes line in Sokoto in 2018 and another 3 million metric tonnes line which commenced in 2020 and was commissioned in 2022, bringing the total installed capacity for his cement holdings to 11 million metric tonnes as of January 2022.

Board of Directors (Cont.)

Other recent investments by the company include the $300 million, 20,000 hectares Lafiagi Sugar Estate project as part of the Nigerian Government's Backward Integration Plan for the Sugar Industry which comprises a sugar mill, sugar refinery, ethanol processing plant and 35MW power plant. The company also built an export focused refinery in Port Harcourt – the only destination sugar refinery in sub-Saharan Africa and commenced new investments in flour milling and pasta production.

Abdul Samad Rabiu also announced the construction of a 200,000 barrels per day petrochemicals refinery to be situated in Akwa Ibom state, Nigeria and signed an agreement with Axens of France in August 2020 for the refinery aimed at solving Nigeria and West Africa's petroleum refining needs.

MERGERS & PUBLIC LISTINGS

In January 2020, Abdul Samad Rabiu merged his privately owned Obu Cement Company with the publicly listed Cement Company of Northern Nigeria, where he already held a controlling stake in a 3.3 billion dollars transaction. The resultant company from the merger, BUA Cement Plc, was the third largest company on the Nigerian Stock Exchange by market capitalisation upon listing.

He followed this success with a consolidation of all his foods businesses in Sugar, Edible Oils, Rice, Flour & Pasta Milling into a new company, BUA Foods Plc, which was also listed on the Nigerian Exchange in December 2021.

Both companies sit today among the top ten most valuable publicly listed companies in sub-Saharan Africa.

A former chairman of Tropical Continental Bank from 1993 to 2000, two-time former Chairman of Nigeria's Bank of Industry, current Chairman and majority shareholder in BUA Cement Plc & BUA Foods Plc, Abdul Samad's ever-expanding conglomerate boasts of several subsidiaries.

Today, the BUA Group has been nurtured from a relatively small company in 1988 to a world-class conglomerate contributing significantly to the country's GDP while providing employment opportunities for tens of thousands of Nigerians. These are in addition to heavy portfolio investments in key sectors of the Nigerian economy.

PHILANTHROPY AND SOCIAL IMPACT

In addition to his economic contributions, Abdul Samad Rabiu, through the BUA Foundation and more recently, his Abdul Samad Rabiu Africa Initiative (ASR Africa), has also contributed immensely to various philanthropic and social development activities in different areas from healthcare to education, sports, water and sanitation, amongst others.

In October 2022, Abdul Samad Rabiu, through ASR Africa, donated US$500,000 to the United States Agency for International Development to partner on Tuberculosis (TB) control, HIV, and gender-based violence (GBV) prevention efforts in Nigeria. Through this partnership, ASR Africa's contribution will provide: 11 loop-mediated isothermal amplification diagnostic machines, also known as TB-LAMPs, with laboratory reagents and consumables; renovation of 10 Tuberculosis Directly Observed Therapy or DOT centers; and approximately 1,200 dignity kits for survivors of gender-based violence across selected states in Nigeria.

Prior to this partnership, he commenced the ongoing development of a ₦7.5 billion 200-bed specialist hospital in Kano State and during the global COVID-19 pandemic, Abdul Samad Rabiu championed Nigeria's donation to the Covid-19 intervention by a single individual or corporate donating, amongst other things, ₦1.35 billion to the CACOVID Private Sector Coalition; ₦300 million to the Presidential taskforce on COVID-19; over ₦1 billion in cash donations to 10 state governments across the country; about 70 ambulances provided for over 15 states as well as the donation of medical equipment, facemasks, provision of raw/dry foodstuff for over 1.5 million persons in Kano, Lagos and Rivers States as well as the construction of health infrastructure.

In 2021, Abdul Samad Rabiu set up the Africa Fund for Social Development and Renewal through his ASR Africa Initiative. So far, the initiative has donated and/or commenced projects across Nigeria and Ghana including the ₦4 billion Police Hospital in Abuja, and donated ₦1 billion each for 6 universities across Nigeria through the ASR Africa Tertiary Education Grants Scheme for infrastructural development. The beneficiaries of the ₦6 billion Tertiary Education Grants Scheme are Ahmadu Bello University, University of Ibadan, University of Maiduguri, Nnamdi Azikiwe University, University of Ilorin and University of Benin.

In addition, his ASR Africa initiative also donated ₦2.5 billion each through its tertiary healthcare Development Grants for health projects across four geopolitical zones in the country. These funds are being channeled towards projects in Sokoto, Ogun, Kwara as well as Edo

Board of Directors (Cont.)

States and include an Oncology and Diagnostic Centre in Ilorin, which is expected to be the largest in West Africa; the construction of the College of Medical Sciences at the Sokoto State University, and other infrastructure at the School of Nursing, Tambuwal and the School of Health Technology, also in Sokoto State. These are in addition to ₦5 billion donated to build the first teaching hospital in Akwa Ibom State.

Abdul Samad Rabiu has always heeded the call to support in times of crisis, the latest being his donation to victims of flooding in Gombe State and Bauchi State. In the North-Eastern part of Nigeria, Abdul Samad Rabiu continues to be one of Nigeria's largest private donors to reconstruction and development efforts. More recently, he also announced a donation of ₦10 billion Security Support Fund to the Nigerian Government.

Abdul Samad Rabiu, through his various business interests has also been a champion of protecting the environment through his investments in manufacturing plants that meet or exceed stringent environmental standards with a focus on recycling most of their waste products, the use of cleaner energy sources like natural gas whilst reducing the environmental impact of their operations. These businesses are also involved in various community projects across Nigeria from Water and Sanitation, Electrification, Education to Sports in line with the United Nations Sustainable Development Goals.

As a testimony to hard work, an indefatigable entrepreneurial spirit and consistently championing Nigeria as a preferred investment destination in Africa, Abdul Samad Rabiu was reappointed for another one-year tenure by President Emmanuel Macron of France as the President of the France Nigeria Business Council in June 2022.

A recipient of many awards, Abdul Samad Rabiu was awarded the 2022 CEO of the Year at the African CSR Awards, 2016 African Industrialist of the Year Award by the All-Africa Business Leaders Awards. Other awards include the 2022 Sun Man of the Year Awards, 2020 Vanguard Businessperson of the Year and the New Telegraph Philanthropist of the Year 2021.

A recipient of several honorary doctorate degrees from various universities including the University of Benin, Nasarawa State University, Sokoto State University and Crescent University, Abdul Samad Rabiu is a fellow of the Institute of Directors, and he currently holds the prestigious Nigerian national honours of Commander of the Order of the Federal Republic (CFR) and Commander of the Order of the Niger (CON) as well as the highest civilian national honour in Niger Republic.

Board of Directors (Cont.)

Yusuf Haliru Binji , FNSE
Managing Director/Chief Executive Officer

Yusuf Haliru Binji, a Nigerian, born on 23 March 1968, is the Managing Director of BUA Cement. He is a Chemical Engineer with degrees from Ahmadu Bello University and the University College, London. Yusuf is also a Fellow of the Nigerian Society of Engineers, the Solar Energy Society of Nigeria and the Nigerian Society of Chemical Engineers.

He has over 30 years working experience in various organisations including Cement Company of Northern Nigeria (CCNN), BUA International Limited, Obu Cement Company Limited, among others. He was Managing Director, Obu Cement Company in 2017 before moving to Cement Company of Northern Nigeria as the Managing Director in 2018. In December 2019, he was announced as the Managing Director/ Chief Executive Officer of BUA Cement, the new entity from the merger between Obu Cement and CCNN.

He has attended various executive management courses in Nigeria and internationally, including Harvard Business School in USA, Institute for Management Development Switzerland and INSEAD France.

Mr. Binji was appointed to the Board of BUA Cement Plc on 23 December 2019.

Jacques Piekarski
Executive Director/Chief Financial Officer

Jacques Piekarski, a Swiss and French National, born on 6 September 1960, is the Executive Director/Chief Financial Officerof BUA Cement Plc. He is a graduate of the Business School in Lausanne, Switzerland, and holds an Master in Business Administration (MBA) from the Robert Kennedy College, Zurich, Switzerland. Jacques is the President of the Swiss Nigerian Business Council in Lagos.

A seasoned finance professional with over 30 years' experience, Jacques has held several C-suite finance roles across Europe and Africa in various industries including FMCG, Cement, Trading,and Mining. Over the course of his career, Jacques has had significant achievements in setting up finance and operational strategies, re-organising finance functions, financing (loans, bonds, rights issue, debt restructuring), Mergers and Acquisition (M&A), leading transformation, revenue and cost optimisation projects, various expansions and projects including Enterprise Resource Planning (ERP) implementations. Prior to joining BUA Cement, Jacques was Group CFO for TGI Group Nigeria - one of the largest Food and Agric privately owned conglomerates in the country. Earlier on, he was the Group CFO of Flour Mills of Nigeria Plc. Jacques has also garnered an extensive knowledge of the cement industry from his time as the CFO for Holcim in Egypt with a joint venture with the Orascom Group.

Mr. Piekarski was appointed to the Board of BUA Cement Plc on 2 October 2020.

Board of Directors (Cont.)

Chimaobi Madukwe
Non-Executive Director

Chimaobi Madukwe, a Nigerian, born on 19 May 1961, is an Group Chief Operating Officer/ Executive Director of BUA Cement Plc. Chimaobi holds a bachelor's degree in Management Studies/ Accountancy and an MBA in Finance.

He was the Group Executive Director in charge of Group subsidiaries. He has had a distinguished career in top executive management, spanning over a period of 20 years, working variously as Group Treasurer, Group General Manager and Group Executive Director. He has wide and varied experiences in the banking, non-bank finance, commercial sectors of the economy spanning many years and was involved in various syndications, financial and management restructuring, debt management and loan workout and business start-ups.

He has specialised training in Negotiation, Strategy, Corporate Finance, Assets & Liability Management (ALM), Structured Finance, Mergers & Acquisitions (M&A), Export Finance, Leasing, SME and has attended several international training programme, symposia/seminars on Iron & Steel development and Cement.
In addition, he has attended specialised training on Negotiations & Strategy in Harvard and M&A in Wharton. A widely travelled executive, Mr. Madukwe sits on the board of several companies.

Mr. Madukwe was appointed to the Board of Bua Cement Plc on 22 May 2014.

Kabiru Rabiu
Non-Executive Director

Mr. Kabiru Rabiu is a Non-Executive Director of BUA Cement Plc. He is also the Group Executive Director of BUA Group.

Kabiru holds a B.A (Hons) degree in Management from Webster University and an Master in Business Administration in International Business from the American Intercontinental University both in England.

Prior to his appointment as the Group Executive Director of BUA Group to oversee the strategy and growth of the group, he was the Managing Director of BUA Oil Mills Limited where he successfully turned around the business; before that, he was a General Manager in Nigerian Oil Mills Limited, in charge of managing the daily operations of the company.

Among other corporate successes, Mr. Kabiru Rabiu led the consolidation of Cement Company of Northern Nigeria Plc and BUA's Kalambaina Cement; which resulted in the listing of BUA Cement PLC on the Nigerian Exchange Group (NGX). He also led the merger and listing of BUA Foods PLC on NGX. Both of these listed BUA companies rank amongst the top 5 most valuable companies by market capitalization on the NGX.

Mr. Kabiru Rabiu currently sits on the Boards of several private and listed companies in Nigeria and he was the pioneer Chairman of the Nigerian Sugar Institute.

He has attended various executive programs in several business schools, including the London School of Economics and Political Science, Harvard Business School, Stanford University and NYU amongst others.

Mr. Kabiru Rabiu was appointed to the Board of BUA Cement on 22 May 2014.

Board of Directors (Cont.)

Finn Arnoldsen

Director

Finn Arnoldsen, a Norwegian, was born on 3 September 1954. He holds a master's degree in Combustion Engineering from Noweergian Institute of Technology (NTH), Norway in 1977.

His entire working career has been in the Cement Industry and mainly in Africa. He started in 1985 in Ghana as the Work Manager for Heidelberg Cement (Scancem International Ltd.) and continued the next 25 years in various managerial positions within the Cement Group. He was member of the Executive Management in Heidelberg Cement Africa for 10 years as Senior Vice President, responsible for West Africa and Southern Africa. He was also Chairman and member of several Boards across the continent, also including Ghana Cement Works Ltd., Nova Cimangola South Africa, and Tanzania Portland Cement Ltd. (Chairman). Finn joined the BUA Group in 2009 as the Commercial Director and as Executive Board member in Cement Company of Northern Nigeria Plc. Furthermore, he was appointed Managing Director for Edo Cement Ltd in 2012 and Group Chief Operating Officer, Cement in 2017.

Mr. Arnoldsen was appointed to the Board of BUA Cement PLC on 28 March 2019.

Khairat A. Gwadabe

Independent Non-Executive Director

Senator Khairat Abdulrazaq-Gwadabe, a Nigerian, born on 23 April 1958 is an Independent Non-Executive Director of BUA Cement Plc. She obtained a Bachelor of Arts (B.A) in European Studies and Spanish from the University of Wolver Hampton England (1982) and Universidad Complutense in Madrid, Spain (1981). She holds an Bachelor of Laws (L.L.B) from the University of Buckingham in England (1984) and was called to the Nigerian Bar in 1986. She later obtained a Master's degree in Law (L.L.M) from the University of Lagos, Nigeria in 1992.

She is a Barrister at Law and a Solicitor of the Supreme Court of Nigeria and the Managing Partner of A. Abdulrazaq & Co, a firm of Legal Practitioners and Notaries Public. Senator Abdulrazaq-Gwadabe worked with the then Mobil Producing Nigeria as a Counsel in the Legal Department handling matters ranging from compensation matters resulting from oil spillage to internal legal advice on various issues to the company. In the 1999 general elections, she was elected as the 1st female Senator from Northern Nigeria and the only Senator representing Abuja, the Federal Capital Territory. While in the Senate, she chaired the Committees on Women Affairs and Youth Development; The Federal Capital Territory and Primary Health and HIV/Aids Committees. Senator Gwadabe was elected as chairman of the Senators Forum in 2011, which she still holds to date. In 2013, she was appointed as a member of the Presidential Advisory Committee on National Dialogue, which recommended guidelines and procedure for holding the National Conference.

Senator Khairat was appointed as an Independent Non-Executive Director on the Board of BUA Cement Plc on 23 December 2019.

Board of Directors (Cont.)

Shehu Abubakar
Independent Non-Executive Director

Shehu Abubakar, a Nigerian, born on 28 August 1959 is an Independent Director of BUA Cement Plc. He holds a Bachelor of Science (B.Sc.) (in Business Management) from Usman Danfodio University, Sokoto in 1984 and an MBA from Ahmadu Bello University, Zaria in 2011.

He has an extensive working career in the Banking Industry from 1987 to 2017 where he retired as Executive Director of Keystone Bank Limited after putting in about 29 years in the Industry. He was also at different times a Director on the Board of Global Bank of Liberia and KBL Health Care Limited. Alhaji Abubakar has a wide range of experience in Strategy, Leadership and Executive Management, Customer Relations and Management as well as Corporate Finance, among other things.

He attended training programmes in the course of his career within and outside Nigeria at the Lagos Business School, Harvard Business School, Columbia Business School and Wharton Business School, among others.
Mr. Abubakar was appointed as an Independent Director to the Board of BUA Cement Plc on 23 December 2019.

Hauwa Garba-Satomi
Company Secretary/Legal Adviser

Hauwa Garba-Satomi is a Barrister and Solicitor of the Supreme Court of Nigeria with over 13 years experience in Company Secretariat Practice, Compliance Management, Corporate Governance, Legal Advisory, and Litigation Portfolio Management. She is an Alumnus of the University of Maiduguri, Nigeria.

She started her career at Ashemi and Co. She later joined Partner at Manga Chambers where she rose to the position of Associate Partner. She joined BUA International Limited in 2016 as a Deputy Legal Manager and rose to become a Legal Manager supporting the Group Chief Legal Officer/Company Secretary. She also served as the Company Secretary of BUA International Limited and BUA Ports and Terminals Limited.

She played a vital role in the merger of Cement Company of Northern Nigeria (CCNN) Plc with Obu Cement Company Plc, which metamorphosed into BUA Cement Plc. She also worked on the documentation and merger exercise between five of the subsidiaries within the Group, played a key role in the registration of Free Zone entity in the organisation and setting the sustainability documentation that made it possible for the organisation to be listed on the Nigerian Exchange Group.

She is a member of many professional bodies and has attended several trainings and courses. She was appointed Deputy Company Secretary of BUA Cement Plc in January 2021, and in November 2022, she became the acting Company Secretary. Her appointment was confirmed in February 2023.

Management Team

Yusuf Binji
Managing Director/Chief Executive Officer

Yusuf Haliru Binji, a Nigerian, born on 23 March 1968, is the Managing Director of BUA Cement. He is a Chemical Engineer with degrees from Ahmadu Bello University and the University College, London. Yusuf is also a Fellow of the Nigerian Society of Engineers, the Solar Energy Society of Nigeria and the Nigerian Society of Chemical Engineers.

He has over 30 years working experience in various organisations including Cement Company of Northern Nigeria (CCNN), BUA International Limited, Obu Cement Company Limited, among others. He was Managing Director, Obu Cement Company in 2017 before moving to Cement Company of Northern Nigeria as the Managing Director in 2018. In December 2019, he was announced as the Managing Director/ Chief Executive Officer of BUA Cement, the new entity from the merger between Obu Cement and CCNN.

He has attended various executive management courses in Nigeria and internationally, including Harvard Business School in USA, Institute for Management Development Switzerland and INSEAD France.

Mr. Binji was appointed to the Board of BUA Cement PLC on 23 December 2019.

Jacques Piekarski
Executive Director /Chief Financial Officer

Jacques Piekarski, a Swiss and French National, born on 6 September 1960 is the Chief Financial Officer/Executive Director of BUA Cement Plc. He is a graduate of the Business School in Lausanne, Switzerland, and holds a Master in Business Administration (MBA) from the Robert Kennedy College, Zurich, Switzerland. Jacques is the President of the Swiss Nigerian Business Council in Lagos.

A seasoned finance professional with over 30 years' experience, Jacques has held several C-suite finance roles across Europe and Africa in various industries including FMCG, Cement, Trading, and Mining. Over the course of his career, Jacques has had significant achievements in setting up finance and operational strategies, re-organising finance functions, financing (loans, bonds, rights issue, debt restructuring), Master & Acquisition (M&A), leading transformation, revenue and cost optimisation projects, various expansions and projects including Enterprise Resource Planning (ERP) implementations. Prior to joining BUA Cement, Jacques was Group Chief Financial Officer (CFO) for Tropical General Investment (TGI) Group Nigeria - one of the largest Food and Agric privately owned conglomerates in the country. Earlier on, he was the Group CFO of Flour Mills of Nigeria Plc. Jacques has also garnered an extensive knowledge of the cement industry from his time as the CFO for Holcim in Egypt with a joint venture with the Orascom Group.

Mr. Piekarski was appointed to the Board of BUA Cement Plc on 2 October 2020.

Management Team (Cont.)

Hauwa Garba-Satomi
Company Secretary/Legal Adviser

Hauwa Garba-Satomi is a Barrister and Solicitor of the Supreme Court of Nigeria with over 13 years experience in Company Secretariat Practice, Compliance Management, Corporate Governance, Legal Advisory, and Litigation Portfolio Management. She is an Alumnus of the University of Maiduguri, Nigeria.

She started her career at Ashemi and Co. She later joined Partner at Manga Chambers where she rose to the position of Associate Partner. She joined BUA International Limited in 2016 as a Deputy Legal Manager and rose to become a Legal Manager supporting the Group Chief Legal Officer/Company Secretary. She also served as the Company Secretary of BUA International Limited and BUA Ports and Terminals Limited.

She played a vital role in the merger of Cement Company of Northern Nigeria (CCNN) Plc with Obu Cement Company Plc, which metamorphosed into BUA Cement Plc. She also worked on the documentation and merger exercise between five of the subsidiaries within the Group, played a key role in the registration of Free Zone entity in the organisation and setting the sustainability documentation that made it possible for the organisation to be listed on the Nigerian Exchange Group.

She is a member of many professional bodies and has attended several trainings and courses. She was appointed Deputy Company Secretary of BUA Cement Plc in January 2021, and in November 2022, she became the acting Company Secretary. Her appointment was confirmed in February 2023.

Ahmed Idris, MNSE
Plant Director - Obu

Ahmed Abubakar Idris graduated with a degree in Chemical Engineering from the prestigious Ahmadu Bello University Zaria. He is a Corporate Member of the Nigerian Society of Engineers.

Ahmed started his career as a Trainee Engineer with the defunct Cement Company of Northern Nigeria (CCNN) Plc in 1992 and steadily rose through the ranks to the position of Technical Director in 2013, a position he held till he resigned in 2015.

In 2018, he served as the Commissioning Director in the then CCNN for its newly constructed 2MMTPA production line and was subsequently transferred to Obu Cement plant in Okpella where he continued to work as Plant Director from 2018 till date.

Management Team (Cont.)

Aminu Bashir
Plant Director - Sokoto

Aminu Bashir is a consummate engineer with vast experience in operations and maintenance of integrated cement plants. A graduate of Chemical Engineering from Ahmadu Bello University with about 28 years industry experience, having started his career as a Pupil Engineer with Cement Company of Northern Nigeria (CCNN) in 1992. His career saw him transverse several roles until his appointment as Technical Director of CCNN in 2016.

In his capacity, he is responsible for the management of the BUA Cement Plant in Sokoto, and strategically leads it in the attainment of its corporate goals and objectives.

Nasiru Bashir
Director, Sales and Marketing

Nasiru Bashir holds MBAs from the University of Port Harcourt (2013) and University of Lagos (Transport Management and Planning - 2007). He is a member of the Nigeria Institute of Management and Chartered Member, Chartered Institute of Logistics & Transport. He started his career with Continental Shipyard Ltd, Apapa and moved on to become the Operations Officer with Nigerian Ports Authority in 2001. He had a two-year stint with Ethical Group of Companies, Abuja in 2006 and then moved on to become an Operations Manager with BUA Cement Manufacturing Company Limited, in 2008.

Nasiru has risen through the ranks and advanced to become the General Manager, BUA Cement Manufacturing Company Limited, before his current role as the Director, Sales & Marketing, BUA Cement Plc.

Chikezie Ajaero
Finance Director

Chikezie is a seasoned accountant with an MBA from the prestigious University of Lagos. He is also a Fellow of the Institute of Chartered Accountants of Nigeria with over 26 years post-degree experience in financial reporting and controls.

Chikezie joined BUA in 2005 as Finance Manager of BUA Flour Mills Limited. He was at 1004 Estates Limited and UAC Restaurants (subsidiary of UAC Plc) as General Manager Finance between 2008 to 2012 and later returned to BUA in 2012 as Financial Controller of BUA Flour/Pasta. He assumed the role of General Manager-Finance in Obu Cement Company Ltd in May 2015.

Currently, Chikezie is the Finance Director, BUA Cement, a role he assumed since the merger.

Management Team (Cont.)

Mohammed Minjibir
Director, Logistics and Transport

Mohammed Minjibir holds degrees in Business Administration from Ahmadu Bello University Zaria and Cardiff Business School, University of Wales, United Kingdom. Mohammed is an Affiliate Member Chartered Institute of Logistics and Transport, an Associate Member of Nigeria Institute of Management and a Student Member Chartered Institute of Stockbrokers. He has attended several courses within Nigeria.

Mohammed Minjibir started his career as a Management Consultant with Ahmed Zakari & Co (Chartered Accountants) in 2003. He later joined Dangote Industries Limited, Transport Division in 2004 as Procurement Manager (Imports). While in Dangote, he rose through the ranks holding various positions to become a Group General Manager in charge of Dangote Cement Transport, Ibese in 2012.

He joined BUA Cement in 2015 as the pioneer General Manager, Transport.

Tukur Lawal
Director, Health, Community, Safety and Environment (HCSE)

Tukur Mohammed Lawal is a graduate of the prestigious Ahmadu Bello University, Zaria, where he holds a Bachelor's degree in Chemical Engineering. He also holds a Master's degree in Business Administration from Abubakar Tafawa Balewa University, Bauchi. He possesses over 30 years of industry experience.

Prior to joining BUA Cement, Tukur was the Senior General Manager, Environment and Community Affairs at Dangote Cement Plc. He also held a similar role during his time with Lafarge Africa Plc.

He is a member of different prestigious professional bodies, including the Nigerian Society of Engineers, the Nigerian Society of Chemical Engineers and the Nigerian Environmental Society.

The Company appointed Tukur Lawal on 1st September 2022, and he was responsible for the HSCE activities of the Company. On 25th December 2022, the Federal Government of Nigeria appointed him as the Managing Director/CEO of NIGCOMSAT.

Directors' Report

The Directors of BUA Cement Plc ("the Company") are pleased to present their report on the affairs of the Company together with the Audited Financial Statements for the year ended 31 December 2022.

1. Legal Form

BUA Cement Plc was incorporated as a limited liability company on 30 May 2014 and commenced business in August 2015. The Company was converted from a private limited liability company to a public limited liability company on 16 May 2019, as a prelude to a scheme of merger. The Company merged with the defunct Cement Company of Northern Nigeria Plc on 23 December 2019 and was listed on the Nigerian Stock Exchange on 9 January 2020.

2. Principal Activities

The principal activities of the Company are manufacturing and sale of cement to the general public.

3. Result for the Year

The Company's results for the year ended 31 December 2022 are set out on page 28. The profit for the year has been transferred to retained earnings. The summarised results are presented below:

(₦'000)	31 December 2022	31 December 2021
Revenue from contracts with customers	360,989,105	257,327,091
Profit before tax	120,154,050	102,873,325
Income and deferred tax expense	(19,143,424)	(12,794,314)
Profit after tax	101,010,626	90,079,011

4. Dividend Declaration

The Board of Directors ("the Board") recommends for the approval of shareholders a payment of ₦2.80k dividend per 1 ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31 December 2022 (2021: ₦2.60k).

If approved, dividends paid to shareholders will be subject to the deduction of withholding tax at the appropriate rate at the time of payment.

5. Directors and Directors' Interests

The names of the Directors as at the year end as well as the date of this report are as set out in the corporate information page. The direct and indirect interests of Directors in the issued share capital of the Company, as recorded in the Register of Directors' Shareholding and as notified by the Directors for complying with Section 301 of the Companies and Allied Matters Act, 2020 and listing requirements of the Nigerian Exchange Group are as set out below.

Report of the Directors (Cont.)

Directors	Representing	31 December 2022	31 December 2021
Direct holding		Number of Shares held	Number of Shares held
Abdul Samad Rabiu, CFR, CON.		19,044,995,225	19,044,995,225
Yusuf Binji		827,080	827,093
Chimaobi Madukwe		845,450	820,000
Kabiru Rabiu		820,000	820,000
Finn Arnoldsen		820,000	820,000
Shehu Abubakar		1,000,000	450,000
Jacques Piekarski		820,000	820,000
Indirect Holding			
Abdul Samad Rabiu CFR, CON.	Damnaz Cement Company Limited	637,403,152	637,403,152
	BUA Industries Limited	13,562,681,069	13,562,681,069
	BUA International Limited	8,162,766	19,166,766
Total		**33,258,374,742**	**33,268,803,305**

The Directors have complied with the provisions of Section 277 of the Companies and Allied Matters Act at the date of this report.

6. Statistical analysis of the shareholding as at 31 December 2022

Range of Shareholding	Number of Holders	Holder %	Holders Cumulative	Units	Units %	Units Cumulative
1-1000	22,061	60.76%	22,061	8,241,655	0.02%	8,241,655
1001-5000	9,486	26.13%	31,547	20,790,839	0.06%	29,032,491
5001-10000	1,623	4.47%	33,170	11,877,663	0.04%	40,910,154
10001-50000	2,555	7.04%	35,725	63,089,729	0.19%	103,999,883
50001-100000	302	0.83%	36,027	21,230,377	0.06%	125,230,260
100001-500000	194	0.53%	36,221	44,053,095	0.13%	169,283,355
500001-1000000	45	0.12%	36,266	32,793,197	0.10%	202,076,552
1000001-999999999999	41	0.11%	36,307	33,662,277,508	99.40%	33,864,354,060
Total	**36,307**	**100%**		**33,864,354,060**	**100%**	

Substantial Interest in Shares

According to the register of members as at 31 December 2022, no individual shareholder held more than 5% of the issued share capital of the Company except the following:

Shareholders	Holdings	% of shareholding
Abdul Samad Rabiu CFR, CON.	19,044,995,225	56.24%
BUA Industries Limited	13,562,681,069	40.05%

Report of the Directors (Cont.)

Shareholding Per Category

S/N	Holder Type	Holder Count	Holdings	Percentage (%)
1	Corporate	699	14,515,057,647	42.86%
2	Foreign	80	67,702,215	0.20%
3	Government	20	9,278,534	0.03%
4	Individual	34,462	19,255,936,363	56.86%
5	Institution	8	563,045	0.00%
6	Joint	31	2,569,341	0.01%
7	Pension	7	13,261,157	0.04%
	Total	**36,307**	**33,864,354,060**	**100.00%**

7. Property, Plant and Equipment

Information relating to changes in property, plant and equipment during the year are shown in Note 15. In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than the value shown in the financial statements.

8. Charitable Donations

In accordance with Section 43 (2) of the Companies and Allied Matters Act, 2020, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review (2021: Nil).

Charitable gifts totaling ₦1.07 billion (2021: ₦1.02 billion) were given in accordance with the Company's policy on social development and improvement of the community.

A listing of the beneficiary organisations and the amounts donated to them are as shown in the table below:

Report of the Directors (Cont.)

Beneficiary	Amount ₦'000
Annual development levy - Okpella town	200,000
Borehole reactivation at Awuyemi & Ogute -Okpella	1,500
10 units of pick up double cabin van for Okpella vigilante security	155,615
Fence and gate erection at Oko prison, Benin.	2,000
Road construction for Imioshoga Iddo, Okpella	8,000
Seed fund to Okpella Skill acquisition graduands	20,600
Scholarship award to Okpella students	50,385
Renovation of 6 classroom blocks at ITSUKWI-Okpella	5,981
Renovation of 6 classroom blocks at Okpekpe	7,098
Rehabilitation of Okugbe-Imiekuri road at Okpella	49,922
Construction of Afokpella - Camp concrete road - Okpella	327,029
Renovation of FRSC office at Okpella	3,348
Construction of drainage at Okpekpe	6,200
Reconstruction of Afokpella community road	10,000
Solar industrial borehole with 14000ltrs overhead tank-Oteku, Okpella	24,165
Solar industrial borehole with 14000ltrs overhead tank-Ogute, Okpella	22,700
Installation cost of 6 transformers at Okpella	25,000
Supply and installation of transformer at Specialist Hospital, Sokoto	12,896
Electrification of Hunde Chebuwa village, Sokoto	13,005
Construction of pump house at Gidan Gamba village, Sokoto	1,379
Construction of pump house at Girafshe area, Sokoto	1,379
Drilling of 6inch solar water borehole at Dagilawa community, Sokoto	9,807
Expansion of hall stage for the construction of exam hall at BUA Cement School, Sokoto	5,093
Support to Sokoto State Handball Association	3,000
Donation to Centre for Intellectual Services on Sokoto Caliphate for purchase of books	500
Donation of 1000 sets of students desk and chair at Sokoto Cement Schools, Sokoto	32,250
Borehole construction at Gagi community, Sokoto	15,582
Sponsorship of the Sokoto, Kebbi and Zamfara joint Trade fair	5,000
Relocation of 300KVA 11/0.415KV transformer for the Gidam Gamba community	4,336
Electrification of Wajeke III	49,911
Total	**1,073,681**

9. Acquisition of Own Shares

The Company did not purchase any of its own shares during the year (2021:Nil).

10. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers' Rules), BUA Cement Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorised as insiders as to their dealing in the Company's securities. The policy is periodically reviewed by the Board and updated. 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 under review.

11. Free Float Declaration

BUA Cement Plc with a free float value of ₦59,234,477,064 as at 31 December 2022 is compliant with the free float requirement for the Main Board of the Nigerian Exchange Group.

Report of the Directors (Cont.)

Share Price at end of reporting period: **₦95.75**

Description	**Units**	**Percentage (In relation to Issued Share Capital)**
Issued Share Capital	33,864,354,060	100
Details of Substantial Shareholdings (5% and above)		
Abdul Samad Rabiu CFR, CON.	19,044,995,225	56
BUA Industries Limited	13,562,681,069	40
Total Substantial Shareholdings	32,607,676,294	96
Directors' Shareholdings (direct and indirect)		
Abdul Samad Rabiu CFR, CON. - Indirect	645,565,918	1.91
Yusuf Binji- Direct	827,093	0.002
Jacques Piekarski- Direct	820,000	0.002
Kabiru Rabiu- Direct	820,000	0.002
Kenneth Madukwe - Direct	845,450	0.002
Finn Arnoldsen- Direct	820,000	0.002
Shehu Abubakar- Direct	1,000,000	0.003
Total Directors' Shareholdings	650,698,461	1.92
Other Influential Shareholdings	-	-
Total Other Influential Shareholdings	-	-
Free Float in Units and Percentage	605,979,305	1.79
Free Float in Value (₦)	59,234,477,064	-

12. Human Resources Policy

i. Recruitment

The Company conforms with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to board or top management positions. All prescribed pre-employment screening for prospective employees and other requirements for regulatory confirmation of top management appointments are duly implemented.

ii. Employee health, safety and welfare

The Company is committed to providing a safe and healthy work environment for its employees. In keeping with the safety guidelines released by the Nigerian Centre for Disease Control, the Company engaged a hybrid work strategy allowing members of staff to rotate between working remotely and working onsite. The Company's offices are organised in such a way to ensure physical distancing and observance of all safety protocols. The Company meets all safety standards and these include provision of sanitary tools, adequate protective clothing, firefighting equipment and footwear.

Furthermore, the Company reviewed and deployed a Consolidated HCSE policy and 9 Golden Rules of Safety to facilitate its drive towards achieving excellence in HCSE performance. To be more proactive in managing process safety risks, a dedicated Fire and Risk Unit was established and resourced. This is in addition to acquisition of state-of-the-art fire equipment.

iii. Employment of disabled persons

The Company has a policy of no discrimination in consideration of applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge to qualify for promotion in furtherance of their careers. There are currently four (4) physically challenged persons in the Company's employment.

Report of the Directors (Cont.)

iv. Employee involvement and training

The Company believes that its employees are an invaluable asset. It focuses on nurturing employees' talents and equipping them with the knowledge and skills necessary to fulfil their potential. The Company places high priority on training and development and as such it sponsors both local and international training courses for employees.

At BUA Cement Plc, all employees are involved in mapping the future of the business with open communication playing a pivotal role. Effective channels exist to keep employees fully informed about the Company's performance and progress. Employees make suggestions to improve the Company's processes at various general staff meetings. Through well-designed and implemented incentive schemes, employees are also encouraged to participate in the ownership of the business.

13. Directors' Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 that they were members or held shareholding of some specified companies that could be regarded as interested in any contracts with which the Company was involved as at 31 December 2022.

14. Events after Reporting Period

There was no event after the reporting period.

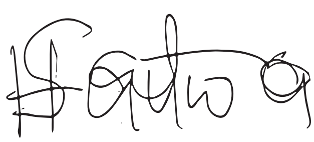
15. Approval of Financial Statements

The Directors on 23 February 2023 have approved these financial statements for the year ended 31 December 2022 for issue.

16. Independent Auditor

PricewaterhouseCoopers ("PwC") acted as the Company's Independent Auditor during the year under review. PwC have indicated their willingness to continue in office as Independent Auditor in accordance with Section 401 of the Companies and Allied Matters Act 2020. A resolution will be proposed authorising the Directors to fix their remuneration at the Company's general meeting.

By order of the Board of Directors



Hauwa Satomi (Mrs)
Company Secretary
FRC/2022/NBA/002/00000023786
BUA Cement Plc
Lagos, Nigeria
23 February 2023

Notice of the 7th Annual General Meeting

BUA Cement Plc RC 1193879

NOTICE OF 7TH ANNUAL GENERAL MEETING

Notice is hereby given that the 7th Annual General Meeting ("the Meeting") of BUA Cement Plc ("the Company") will hold on **Thursday, August 31st, 2023**, at the Congress Hall of Transcorp Hilton Hotel, No. 1, Aguiyi Ironsi Street, Maitama, Abuja at 11:00 am, to transact the following business:

Ordinary Business

1. To lay before the Members, the Audited Financial Statements for the year ended December 31st, 2022, together with the Report of the Directors, External Auditors and Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect the following directors retiring by rotation:
   i. Khairat Abdulrazaq-Gwadabe
   ii. Finn Arnoldsen
   iii. Shehu Abubakar
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.
6. To disclose the remuneration of the managers of the Company.

Special Business

7. To approve the remuneration of the Directors.
8. To consider and if thought fit, pass the following resolutions as special resolutions:
   a. Pursuant to Article 45 (1c) of the Company's Articles of Association, the requirement of section 124 of the Companies and Allied Matters Act (CAMA) 2020 and Regulation 13 of the Companies Regulations 2021, the Company's unissued shares of 6,135,645,940 (Six Billion, One Hundred and Thirty-Five Million, Six Hundred and Forty-Five Thousand, Nine Hundred and Forty) Ordinary Shares of ₦0.50K (Fifty Kobo) each from the total existing shares of the Company be and is hereby canceled.
   b. The Issued Share Capital of the Company be and is hereby declared as 33,864,354,060 (Thirty-Three Billion, Eight Hundred and Sixty-Four Million, Three Hundred and Fifty-Four Thousand, and Sixty) Ordinary Shares of ₦0.50 Kobo each.
   c. Clause 6 of the Memorandum of Association of the Company be and is hereby amended to read as follows:

      "The Share Capital of the Company is ₦16,932,177,030 (Sixteen Billion, Nine Hundred and Thirty-Two Million, One Hundred and Seventy-Seven Thousand, and Thirty Naira) divided into 33,864,354,060 (Thirty-Three Billion, Eight Hundred and Sixty-Four Million, Three Hundred and Fifty-Four Thousand and Sixty) Ordinary Shares of ₦0.50k each."
   d. That pursuant to Section 11 of the Business Facilitation (Miscellaneous Provisions) Act 2022, the Articles of Association of the Company be and is hereby amended by the insertion of a new Article 50 (1) to read as follows:

      (I) A member of the Company or Proxy may participate in any general meeting of the Company via teleconference, video conference or using any other technological means that allow the participating member to hear and be heard. Any person so participating in person or by proxy shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in determining a quorum.

BY ORDER OF THE BOARD

Hauwa G. Satomi
Company Secretary
FRC/2022/PRO/NBA/002/00000023786

NOTES

PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. For the appointment of proxy to be valid, a proxy form must be executed, duly stamped by the Commissioner of Stamp Duties, and deposited either at the office of the Company's Registrars, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos Nigeria, or via email at cxc@africaprudential.com not less than 48 hours before the time fixed for the meeting. A blank proxy form is enclosed in the Annual Report and can also be accessed at the Company's website **https://www.buacement.com**.

STAMPING OF PROXY

The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members and Transfer Books will be closed from **Monday, August 14th 2023, to Friday, August 18th 2023**, (both days inclusive) for the purpose of updating the Register of Members.

DIVIDEND PAYMENT

If the Dividend payment of ₦2.80k (Two Naira Eighty Kobo) per share proposed by the Directors is approved by the shareholders, dividend warrants or e-payment will be paid on **Thursday, August 31st 2023**, to the shareholders whose names appear in the register of members by close of business on **Friday, August 11th 2023**.

NOMINATION TO THE AUDIT COMMITTEE

Pursuant to Section 404(6) of the Companies and Allied Matters Act (CAMA) 2020, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination. Such notice should reach the Company Secretary at least 21 days before the date of the Annual General Meeting. Financial Reporting Council's Nigerian Code of Corporate Governance, 2018 stipulates that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's Curriculum Vitae.

RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Shareholders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company Secretary at least two days before the date of the Annual General Meeting.

ELECTRONIC ANNUAL REPORT

The soft copy of the Annual Report can be accessed on our website and will be sent to our shareholders who have provided their email addresses to the Registrars. Shareholders who are interested in receiving the soft copy of the Annual Report should request for it via email at **info@africaprudential.com**.

UNCLAIMED DIVIDEND

Shareholders are hereby informed that a number of dividend warrants have been returned to the Registrars as "unclaimed". Any member affected by this notice is advised to contact the Company's Registrars at 220B Ikorodu Road, Palmgrove Bus Stop, Somolu, Lagos or **info@africaprudential.com**. We have enclosed the list of unclaimed dividend in the Annual Report. Also, the list can be accessed via the Company's website: **https://www.buacement.com** or the Registrar's website: **www.africaprudential.com**.

E-DIVIDEND

Notice is hereby given to all Shareholders (who are yet to do so) to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. A detachable application form for e-dividend is attached to the Annual Report to enable all shareholders to furnish particulars of their accounts to the Registrar as soon as possible.

DIRECTORS' PROFILE

The profiles of the Directors, Khairat Abdulrazaq-Gwadabe, Finn Arnoldsen and Shehu Abubakar, who are seeking re-election are provided in the Annual Report.

HEADQUARTERS
5th Floor, BUA Towers, PC 32, Churchgate Street
P. O. Box 70106, Victoria Island, Lagos, Nigeria

OBU FACTORY
KM 164, Benin-Okene Expressway, Okpella
Edo State, Nigeria, info@buacement.com

SOKOTO FACTORY
KM 10, Kalambaina Road, P.M.B. 02166, Sokoto, Sokoto State,
Nigeria. T. +234 (0) 808 666 4470 - 71. E. info@buacement.com

Risk Management

A. Introduction

Our Enterprise Risk Management Framework (ERM) showcases how we appraise risk at BUA Cement, with the Board ensuring proper alignment of policies and procedures between the overall strategy and risk appetite.

BUA Cement adopts a top-down, bottom-up approach, to identify and manage risks, led by the members of the Management's Risk Committee who are drawn from various units across the Company and are well-equipped to identify the risk factors resulting from business activities. Furthermore, these members assess both the global and domestic environment for trends, which might constitute possible disruptions and opportunities, as the Company pursues its objectives.

The Risk Management Committee discusses with various risk owners to mitigate or take advantage of possible risk areas, pertaining to probable impacts. Our Enterprise Risk Management Framework is fully aligned to the Risk Management Policy issued in 2020.

B. Our ERM Framework

Through our ERM Framework, we identify, assess, mitigate and monitor risks, using defense lines, which consist of: The Board of Directors, the Risk Management Committee and the Management's Risk Committee (Figure 1). In addition, the external auditors provide their assessment to the Statutory Audit Committee, Risk Management Committee and the Board Audit Committee.

Figure 1: ERM Framework

To ensure proper reinforcement and alignment for effectiveness, the governance structure for risk management is as follows:

1. Board of Directors

The Board is made up of eight members, which consists of a Chairman, three Non-Executive Directors, two Independent Non-Executive Directors and two Executive Directors. The Board is responsible for the determination of the vision, mission and strategy formulation of BUA Cement, and serves as a guide for setting policies to the Management for current and future operations of the Company. It also reviews and evaluates current and future opportunities and threats across the global and domestic environment, along with setting and authorising policy, management objectives, whilst ensuring these are implemented.

2. Risk Management Committee

The Committee comprises five members, chaired by a Non-Executive Director. The Committee is responsible for the alignment of medium and long-term strategies, in line with acceptable risk appetites for the business. In addition, it evaluates and monitors internal control policies, to ensure risks are given appropriate consideration.

3. Management's Risk Committee

There are two Committees, one at each plant, consisting of over 10 members and headed by the risk manager, who is a member of the Management Team. Members of the Committee are drawn from various operational units of the Company and are responsible for identifying various probable risks. These risks are assessed, analysed and rated (low, medium or high) by the Committee at its monthly meeting. Besides being responsible for the review of existing risk factors and identifying new risks, the Committee is equally tasked with proposing appropriate mitigants.

Furthermore, they are responsible for the preparation and periodic review of the Company's risk register, for changes to potential risks and how such risks could impact profitability or business continuity. A quarterly report with recommendations is prepared and sent to the Board through the Risk Management Committee.

Risk Management (Cont.)

C. Risk Management Process

1. Risk Identification

This is the first step in our risk management process, and it is driven by the adoption of three techniques namely: data gathering from reliable sources, risk surveys and risk brainstorming (Figure 2). Under the risk survey measure, questionnaires are administered to individuals with appropriate knowledge and skill, across every unit in the Company, requesting them to identify possible risks and who should be responsible for the risk(s) identified. Information gathered is deliberated upon by the Management's Risk Committee.

2. Risk Assessment

This involves the careful examination of risks, root causes, mitigation controls, likelihood of occurrence and impact, should such identified risks crystalise. Risks are assessed on an inherent and a residual basis.

3. Risk Mitigation

Having identified and assessed the inherent risks, the Risk Management Committee selects the appropriate risk response technique (i.e. avoiding, accepting, reducing or transferring) in line with the Company's risk tolerance and appetite. A quarterly report with recommendations is prepared by the Management's Risk Committee to the Board, through the Risk Management Committee. The Board deliberates and takes decisions to be implemented by the Management Team.

4. Monitoring and Control

Monitoring deals with the efficacy of measures and responses to identified risk with modifications, where necessary. It also includes the measurement of performances against set targets, the adherence to broader issues such as, BUA Cement's philosophy, which encompasses the culture and its values. The monitoring of activities is conducted by the Management's Risk Committee, who reviews, conduct monthly assessments and issue quarterly reports to the Board through the Risk Management Committee.

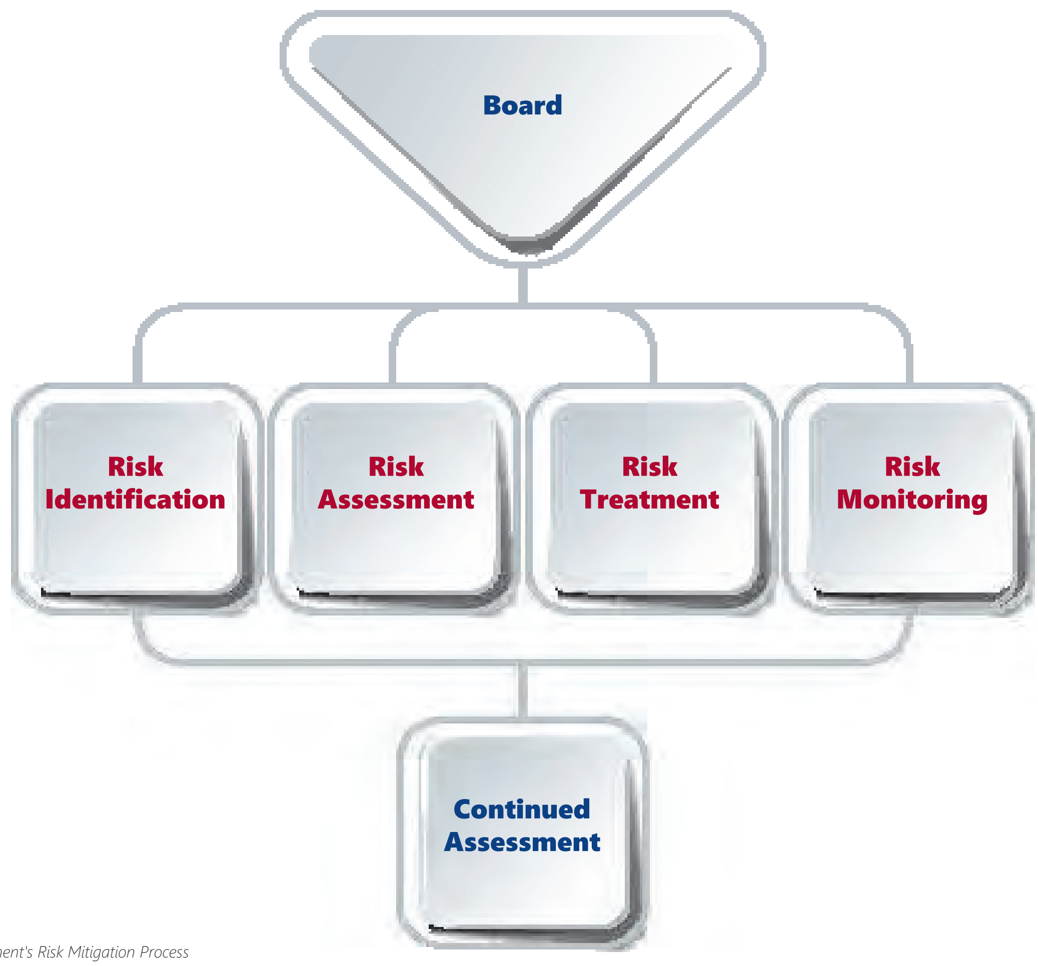


Figure 2: BUA Cement's Risk Mitigation Process

Risk Management (Cont.)

D. Risk Incidents and Review in 2022

During the year, the Risk Management Committee monitored events across the domestic and international environment, alongside their implications for the business. In particular were energy supply shortages, foreign currency availability as well as health and safety.

For proper assessment of the impact of these events, the Management's Risk Committee focused on risk incidences which were categorised as follows: strategic, operational, financial, market, liquidity, business and reputational risks. The Committee was particularly focused on operational, business, health and safety, strategic as well as financial risks in 2022 along the following areas:

Energy sources

In the wake of the energy supply shortages resulting from the crisis in Eastern Europe, together with disruptions of fuel sources in the domestic market, ensuring access to and maintaining diverse energy sources are important.

As a result of the adoption of multi-fuel systems across our operations, downtime was mitigated thereby enabling us meet our commitment to our customers.

Risk mitigation

- Onboarded more marketers of petroleum and other energy products so as to create adequate buffer against supply shortages.
- Increase in order quantity (bulk purchases) of energy products as a measure to forestall supply shortages by increasing the buffer stock.

Spare parts and raw materials

Having adequate spare parts is reflective of our contingency plans, as unprovisioned thereof can impede operational activities and by extension, derail the attainment of set-out corporate objectives. This was one critical challenge faced by the Company and attributable to the foreign exchange scarcity.

Risk mitigation

- The procurement team onboarded new suppliers of raw materials in Nigeria.
- Cordial relationship with local and foreign suppliers continues to be prioritised.
- Foreign exchange to import foreign spare parts was continuously sourced for, as a means of securing major spare parts needed in production.
- Steps were taken to expand the current limestone quarry sites.
- More equipment was purchased to increase quarry activities.

Financial risk

Access to foreign exchange and managing foreign exchange volatility are areas of continued focus, considering market realities and its impact on investments and profitability.

Risk mitigation

- Banks continue to be approached for Letters of Credit to be opened for continued shipments of goods and equipment.
- Use of export proceeds generated through the export of cement for operational activities.
- The substitution of foreign spare parts needs with locally manufactured spare parts, aimed at conserving and optimizing foreign exchange utilisation.
- Sourcing of foreign exchange from the Central Bank of Nigeria and the Investors' and Exporters' window gives the ability to access funds at a cheaper rate and pay our suppliers.

Health and safety

The safety and well-being of our staff and the community in which we operate from remains an important aspect of our operations. During the year, we took important steps aimed at strengthening health and safety across the business.

Risk mitigation

- Procured additional firefighting equipment and vehicles to address fire hazard.
- Developed a unified comprehensive health, community, safety and environment policy.
- Instituted the "9 Rules of Safety", while strengthening existing safety procedures to safeguard lives and property.

Risk Management (Cont.)

Security and community issues

In pursuance of safety of life and properties, the Company engages the services of security agencies, who are familiar with the terrain of operations and the various security threats to which the Company could be exposed.

Risk mitigation

- Working with host communities to understand their needs and how best to cater for such identified and mutually agreed needs.
- Educating members of staff through trainings and seminars on the importance of security.
- Engaging the services of security agencies and continually supporting their activities.
- Continued engagement with the Community Relations Committee in planning and execution of corporate social responsibility projects and grievance mechanism.

Financial Information

Financial Information

Statement of Directors' Responsibilities

The Companies and Allied Matters Act, 2020 require the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;

b. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using the appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the requirements of the Financial Reporting Council of Nigeria Act as well as the Companies and Allied Matters Act, 2020.

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

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

Abdul Samad Rabiu CFR, CON.
Chairman
FRC/2014/IODN/00000010111

23 February 2023

Yusuf Binji
Managing Director/Chief Executive Officer
FRC/2013/NSE/00000001746

23 February 2023

Jacques Piekarski
Chief Financial Officer
FRC/2021/003/00000023724

23 February 2023

Statement of Corporate Responsibilities over Financial Reporting

Pursuant to Section 405 of the Companies and Allied Matters Act, 2020, we confirm that we have reviewed the Audited Financial Statements of BUA Cement Plc ("BUA Cement" or "Company") for the year ended 31 December 2022.

We acknowledge our responsibility for establishing and maintaining internal controls within BUA Cement and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the period in which the Audited Financial Statements were prepared.

We have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date on our audited financial statements, and certify that the Company's internal control are effective as of that date.

We also confirm that the Company's Auditors and Audit Committee have been informed about the following:

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's Auditors any material weaknesses in internal controls; and

ii. whether or not, there is any fraud that involves management or other employees who have significant role in the Company's internal control.

During the year, there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

We hereby certify that based on our knowledge, the Financial Statements do not contain any untrue statement of material fact or material omission that may make the Financial Statements misleading and the Financial Statements fairly present in all material respects the financial condition and results of operations of the Company for the year ended 31 December 2022.

Yusuf Binji
Managing Director/Chief Executive Officer
FRC/2013/NSE/00000001746

23 February 2023

Jacques Piekarski
Chief Financial Officer
FRC/2021/003/00000023724

23 February 2023

Report of the Audit Committee

The Audit Committee is pleased to present this report for the financial year ended 31 December 2022 in compliance with Section 404 (7) of the Companies and Allied Matters Act, 2020. The Committee has the oversight responsibility for the Company's Financial Statements.

The Audit Committee is an independent statutory Committee appointed by the Shareholders and the Board. The Committee performs its functions on behalf of BUA Cement Plc.

Audit Committee terms of reference

The Audit Committee has adopted a formal terms of reference as contained in its charter that has been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. It reports its findings to the Board and the Shareholders at the Annual General Meeting.

The Committee comprises three shareholders, one of whom chairs it, and three Non-Executive Directors nominated by the Board and meets quarterly or whenever the need arises.

The Audit Committee meets at least four times per annum, with authority to convene additional meetings as circumstances require.

Executive Directors, external auditors, internal auditors, financial management and other assurance providers attend meetings by invitation only.

Below is the list of members and the number of meetings held during the year.

Names	Date of meeting and attendance					
	19/01/2022	23/04/2022	20/04/2022	19/07/2022	19/10/2022	07/12/2022
Ajibola Ajayi	P	P	P	P	P	P
Kabiru Tambari	P	P	P	P	P	P
Oderinde Taiwo	P	P	P	P	P	P
Kabiru Rabiu	P	P	P	P	P	P
Shehu Abubakar	P	P	P	P	P	P

P= Present

Roles and responsibilities

The Audit Committee carried out its functions through the attendance of Audit Committee meetings and discussions with executive management, internal auditors and external auditors.

Statutory duties

The Audit Committee's role and responsibilities include statutory duties as stipulated by the Companies and Allied Matters Act, 2020 and further responsibilities assigned to it by the Board.

The Audit Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

Report of the Audit Committee (Cont.)

External auditor appointment and independence

In terms of the provisions of the Companies and Allied Matters Act, the Audit Committee has satisfied itself that the external auditor, PricewaterhouseCoopers, is independent of the Company and has ensured that the appointment of the auditor complied with the Companies and Allied Matters Act, 2020 and any other legislation relating to the appointment of auditors.

The Committee, in consultation with the Executive Management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 31 December 2022.

Financial statements and accounting practices

The Audit Committee has reviewed the accounting policies and the Financial Statements of the Company and is satisfied that they are appropriate and comply with the International Financial Reporting Standards, the Companies and Allied Matters Act, 2020 and the Securities and Exchange Commission listing requirements.

Internal financial controls

The Audit Committee has overseen a process by which internal audit performed an assessment of the effectiveness of the Company's system of internal control, including internal financial controls. The Audit Committee is satisfied with the effectiveness of the Company's internal financial controls.

Duties assigned by the Board

In addition to the statutory duties of the Audit Committee, as reported above, the Board of Directors has determined further functions for the Audit Committee to perform. These functions include the following:

i. Going concern

The Audit Committee reviews the going concern status of the Company at each meeting and makes recommendations to the Board.

ii. Governance of risk

The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

iii. Internal audit

The Audit Committee is responsible for ensuring that the Company's internal audit function is independent and has the necessary resources, standing and authority within the Company to enable it to discharge its duties.

The Audit Committee considered and recommended the internal audit charter for approval by the Board. The internal audit function's annual audit plan was approved by the Audit Committee.

iv. Evaluation of the expertise and experience of the Chief Financial Officer and finance function

The Audit Committee has satisfied itself that the Chief Financial Officer has appropriate expertise and experience.

The Audit Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Report of the Audit Committee (Cont.)

In compliance with the Provisions of Section 404(7) of the Companies and Allied Matters Act 2020, we report as follows:

- We have ascertained and hereby confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- The scope and planning of audit requirements for the year ended 31 December 2022 are adequate
- We are satisfied with the External Auditors' Management Report for the year ended 31 December 2022, as well as the response of the Management thereto.

Mr Ajibola Ajayi FCA, CFA.
Chairman, Audit Committee
FRC/2015/ICAN/00000011387

22 February 2023

AUDIT COMMITTEE MEMBERS:

Ajibola Ajayi FCA, CFA	Chairman - Independent shareholder
Oderinde Taiwo	Member - Independent shareholder
Kabiru Tambari	Member - Independent shareholder
Kabiru Rabiu	Member - Director
Shehu Abubakar	Member - Director

Ajibola Ajayi
Chairman - Independent shareholder

Oderinde Taiwo
Member - Independent shareholder

Kabiru Tambari
Member - Independent shareholder

Kabiru Rabiu
Member - Director

Shehu Abubakar
Member - Director

Independent Auditor's Report

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Independent auditor's report

To the Members of BUA Cement Plc

Report on the audit of the financial statements

Our opinion

In our opinion, BUA Cement Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

BUA Cement Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

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

Independent Auditor's Report (Cont.)

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Key audit matter	How our audit addressed the key audit matter
Provision for decommissioning liabilities (Refer to notes 2.15, 4.2 and 23 to the financial statements) As at 31 December 2022, the directors recognised provision for decommissioning liabilities amounting to N12.7 billion in relation to the restoration of active mining quarry sites to acceptable land use conditions. We focused on this area due to the materiality of the provision and because the directors exercised significant judgement in estimating the liabilities. Areas where significant judgements were exercised by the directors include: • methodology used by management's experts in determining the present value of the estimated future restoration costs using current prices adjusted for inflation and discounted using a risk-free rate; and • determining the useful life of mining quarry sites, mineable reserves and actual resources mined used in the decommissioning liabilities model.	We adopted a substantive approach in assessing the provision for decommissioning liabilities. Specifically, we performed the following procedures: • Assessed the professional competence and objectivity of the in-house and external experts. • Gained an understanding of methodology applied by the directors and the experts in estimating the future restoration costs, useful lives of mining quarry sites and mineable reserves used in the decommissioning liabilities computation. • Tested the reasonableness of key data input used in the decommissioning liabilities computation, such as mineable reserves, actual resources mined, useful lives of mining quarry sites and estimated future restoration costs. Specifically; - we traced the actual resources mined to the company's underlying records; - checked useful life of the mineable reserves against the mining license; - with the help of our accounting consulting experts, we checked the estimated future restoration costs by testing the appropriateness of the risk-free discount rate and the inflation rate and benchmarked them against reliable external sources; - we agreed the mineable reserves to the external experts' report. • Tested the decommissioning liabilities calculations prepared by the directors, including the present value of future costs and the interest expense on the liabilities, by reviewing the formulae and methodology applied for reasonableness. • Evaluated appropriateness of the related disclosures in accordance with the applicable financial reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Governance Report, Report of the Audit Committee, Statement of Directors' Responsibilities, Statement of Corporate Responsibilities Over Financial Reporting, Statement of Value Added, Five-Year Financial Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the BUA Cement Plc 2022 Annual Report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report (Cont.)

pwc

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 BUA Cement Plc 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report (Cont.)

pwc

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

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

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

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 branches not visited by us;

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0074711

24 February 2023

Oladele Oladipo

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

Engagement Partner: Oladele Oladipo
FRC/2013/ICAN/00000002951

Statement of Profit or Loss and Other Comprehensive Income

₦'000	Notes	31 December 2022	31 December 2021
Revenue from contracts with customers	5	360,989,105	257,327,091
Cost of sales	6	(197,944,436)	(136,390,231)
Gross profit		**163,044,669**	**120,936,860**
Administrative expenses	7	(17,299,763)	(11,158,080)
Distribution and selling expenses	8	(18,811,220)	(8,187,214)
Impairment write back on financial assets	10	276	5,394
Other income	11	2,785,855	2,627,682
Operating profit		**129,719,817**	**104,224,642**
Finance income	12(a)	1,941,453	620,604
Finance cost	12(b)	(10,553,365)	(1,705,833)
Net finance cost		(8,611,912)	(1,085,229)
Minimum tax charge	13(a)	(953,855)	(266,088)
Profit before tax		**120,154,050**	**102,873,325**
Income and deferred tax expense	13(a)	(19,143,424)	(12,794,314)
Profit after tax		**101,010,626**	**90,079,011**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligations (net of tax)	14(b)	32,489	156,779
Other comprehensive loss for the year net of tax		32,489	156,779
Total comprehensive income for the year		**101,043,115**	**90,235,790**
Earnings per share			
Basic and diluted (Naira)	28	2.98	2.66

The results shown above relate to continuing operations.

The notes on pages 84 to 133 are an integral part of these financial statements

Statement of Financial Position

₦'000	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	15	669,013,354	578,887,892
Right-of-use assets	16(a)	89,141	76,848
Intangible assets	17	7,138,904	5,343,263
		676,241,399	**584,308,003**
Current assets			
Inventories	18	52,468,290	39,068,039
Cash and cash equivalents	19	48,046,647	62,338,398
Trade receivables	20	17,570	118,986
Prepayments and other assets	21	80,690,386	37,897,852
Due from related parties	30(b)	16,547,592	4,776,195
		197,770,485	**144,199,470**
Total assets		**874,011,884**	**728,507,473**
Liabilities			
Non-current liabilities			
Lease liabilities	16(a)	-	39,595
Bank borrowings	24	44,740,089	43,685,460
Debt security issued	25	113,932,939	113,551,259
Employee benefit obligations	14	3,954,979	3,760,298
Deferred tax liabilities	13c	29,696,822	12,606,257
Government grant	26(a)	2,810,501	3,721,262
Provision for decommissioning liabilities	23	10,202,856	7,671,475
		205,338,186	**185,035,606**
Current liabilities			
Lease liabilities	16(a)	55,788	-
Contract liabilities	5(b)	92,166,502	78,586,238
Trade and other payables	22	78,112,432	22,278,412
Due to related parties	30(b)	-	1,477,927
Current income tax liabilities	13(b)	3,124,196	1,697,203
Bank borrowings	24	80,695,381	39,810,241
Government grant	26(a)	910,761	910,761
Provision for decommissioning liabilities	23	2,496,096	594,337
		257,561,156	**145,355,119**
Total liabilities		**462,899,342**	**330,390,725**

Statement of Financial Position (Cont.)

₦'000	Notes	31 December 2022	31 December 2021
Equity attributable to shareholders			
Ordinary share capital	27	16,932,177	16,932,177
Retained earnings		194,884,054	181,920,749
Reorganisation reserve		200,004,179	200,004,179
Defined benefit plan reserve		(707,868)	(740,357)
Total equity		**411,112,542**	**398,116,748**
Total equity and liabilities		**874,011,884**	**728,507,473**

The notes on pages 84 to 133 are an integral part of these financial statements.

The Financial Statements on pages 78 to 133 were approved and authorised for issue by the Board of Directors on 23 February 2023 and were signed on its behalf by:

Abdul Samad Rabiu, CFR, CON.
Chairman
FRC/2014/IODN/00000010111

Yusuf Binji
Managing Director/Chief Executive Officer
FRC/2013/NSE/00000001746

Jacques Piearski
Chief Financial Officer
FRC/2021/003/00000023724

Chikezie Ajaero
Finance Director
FRC/2014/ICAN/00000010408

Statement of Changes in Equity

₦'000	Share capital	Defined benefit plan reserve	Retained earnings	Reorganisation reserve	Total
Balance at 1 January 2021	**16,932,177**	**(897,136)**	**159,915,508**	**200,004,179**	**375,954,728**
Comprehensive income					
Profit for the year	-	-	90,079,011	-	90,079,011
Other comprehensive income for the year	-	156,779	-	-	156,779
Total comprehensive income	**-**	**156,779**	**90,079,011**	**-**	**90,235,789**
Share based payment (Note 11c)	-	-	1,926,230	-	1,926,230
Dividend declared and paid to BUA Cement Plc's shareholders	-	-	(70,000,000)	-	(70,000,000)
	-	-	(68,073,770)	-	(68,073,770)
Balance at 31 December 2021	**16,932,177**	**(740,357)**	**181,920,749**	**200,004,179**	**398,116,748**
Balance at 1 January 2022	16,932,177	(740,357)	181,920,749	200,004,179	398,116,748
Comprehensive income					
Profit for the year	-	-	101,010,626	-	101,010,626
Other comprehensive income for the year	-	32,489	-	-	32,489
Total comprehensive income	-	32,489	101,010,626	-	101,043,115
Transactions with owners:					
Dividend declared and paid to BUA Cement Plc's shareholders	-	-	(88,047,321)	-	(88,047,321)
	-	-	(88,047,321)	-	(88,047,321)
Balance at 31 December 2022	**16,932,177**	**(707,868)**	**194,884,054**	**200,004,179**	**411,112,542**

The notes on pages 84 to 133 are an integral part of these financial statements.

Statement of Cash Flows

₦'000	Notes	31 December 2022	31 December 2021
Cash flows from operating activities			
Profit before income tax		120,154,050	102,873,325
Adjustment for non-cash items:			
Net impairment loss/ (gain) on financial assets	10	(276)	(5,394)
Unrealised foreign exchange loss	7	5,462,791	890,656
Decommissioning liabilities adjustment	6	1,052,726	-
Amortisation of government grant	11	(910,761)	(900,695)
Modification gain	11	(1,432,561)	(1,434,056)
Write-off of property, plant and equipment	15	139,657	-
Depreciation of property, plant and equipment	15	22,135,220	15,344,075
Transfer of property, plant and equipment	15	316,731	-
Amortisation of intangible assets	17	351,178	44,898
Finance income	12(a)	(1,941,453)	(620,604)
Finance cost	12(b)	10,553,365	1,705,833
Minimum tax	13(a)	953,855	266,088
Defined benefit plan amendment	14(b)	(85,046)	-
Current service cost - Defined benefit plan	14(b)	348,380	359,983
Actuarial gain on defined benefit obligation	11	(46,414)	-
Remeasurement of defined benefit obligation		32,489	-
Share based payment	14(c)	-	1,926,230
Depreciation of right-of-use asset	16(b)	73,441	82,486
Operating cash flows before movements in working capital		**157,157,371**	**120,532,823**
Movement in working capital:			
Increase in contract liabilities	5(b)	13,580,264	36,447,908
Increase in inventories	18	(13,400,251)	(7,562,841)
Decrease in trade and other recievables	20	101,692	45,296,542
(Increase)/decrease in prepayments and other assets	21	(42,792,534)	44,948,499
Increase/(decrease) in trade and other payables	22(b)	50,118,117	(1,610,058)
Increase in amounts due from related parties	30(d)	(11,771,397)	(4,776,195)
Decrease in amount due to related parties	30(e)	(1,663,268)	(33,349,968)
Cash generated from operations		**151,329,994**	**199,926,710**
Tax paid	13(b)	(1,579,721)	(863,321)
Defined benefit paid during the year	14(b)	(176,679)	(106,132)
Net cash flow from operating activities		**149,573,594**	**198,957,257**
Investing activities			
Purchase of property, plant and equipment	15(c)	(102,284,661)	(57,613,851)
Interest recieved	12(a)	1,941,453	620,604
Unclaimed dividends receieved	22	214,794	19,702
Purchase of intangible assets	17	(2,146,820)	(1,103,176)
Net cash flows used in investing activities		**(102,275,234)**	**(58,076,721)**

Statement of Cash Flows (Cont.)

₦'000	Notes	31 December 2022	31 December 2021
Financing activities			
Dividend paid to equity holders		(88,047,321)	(70,000,000)
Additions to decommissioning liability		(1,052,726)	1,025,657
Interest payment on overdraft	12(b)	(457,933)	-
Principal repayment on lease liability	16(a)	(74,260)	(96,230)
Proceeds from borrowings	24	178,449,460	30,044,560
Principal repayment of borrowings	24	(136,982,278)	(102,939,124)
Interest repayment on borrowings	24	(4,838,374)	(5,863,737)
Interest repayment on debt securities	25	(8,625,000)	(8,598,052)
Net cash flows generated from financing activities		**(61,628,432)**	**(214,503,647)**
Net (decrease)/increase in cash and cash equivalents		(14,330,073)	(61,520,541)
Cash and cash equivalents at 1 January		62,338,398	123,821,089
Effects of exchange rate differences		38,321	37,850
Cash and cash equivalents at 31 December	19	**48,046,647**	**62,338,398**

The notes on pages 84 to 133 are an integral part of these financial statements.

Notes to the Financial Statements

1 General information

BUA Cement Plc ("the Company") is a company domiciled in Nigeria. The Company was incorporated in Nigeria as a limited liability company on 30 May 2014 and commenced business in August 2015. The Company was converted from a private limited liability company to a public limited liability company on 16 May 2019, as a prelude to a scheme of merger. The Company later merged with the defunct Cement Company of Northern Nigeria Plc in a scheme of merger on 23 December 2019 and was listed on the Nigerian Stock Exchange on 9 January 2020. BUA Cement Plc is ultimately owned by Abdul Samad Rabiu, CFR, CON.

The address of its registered office is 32, Churchgate Street, Victoria Island, Lagos. The principal activities of the Company are manufacturing and sales of cement to the general public. These activities are conducted primarily in Nigeria.

The majority shareholder of the Company, Abdul Samad Rabiu CFR, CON. is the Chairman of the Board of Directors and the ultimate owner of the Company.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as issued by the International Accounting Standards Board (IASB). The financial statements have also been prepared in compliance with the Companies and Allied Matters Act 2020 (CAMA) and the Financial Reporting Council of Nigeria (FRC) Act 2011.

The financial statements have been prepared under the historical cost convention, except for decommissioning liabilities, employee benefit obligation, inventories, leases and financial instrument measured using effective interest rate (EIR). The provision for decommissioning cost has been estimated based on the scope and method of abandonment using current requirements, price level adjusted for inflation and discounted using a risk-free discount rate for the eight active quarry sites as at 31 December 2022. Actual costs may however differ from the estimates based on the prevailing assumptions at the relevant periods.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgment in applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Directors believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (₦'000) except when otherwise indicated.

Notes to the Financial Statements (Cont.)

2.1.1 Going concern

The financial statements have been prepared in accordance with the going concern principle and the Directors have no doubt that the Company will remain in existence twelve (12) months after the statement of financial position date.

The Company reported a profit after tax of ₦101.01 billion for the year ended 31 December 2022 (2021: ₦90.07 billion). At the statement of financial position date, the Company had a net asset of approximately ₦411.11 billion (2021: ₦398.12 billion) and net current liabilities of approximately ₦38.96 billion (2021: ₦1.16 billion).

2.1.2 Changes in accounting policies and disclosures

2.1.2.1 New standards and interpretations adopted by the Company

The Company has applied the standards and amendments that are applicable to the Company for the first time in the annual reporting period commencing 1 January 2022.

(a) Amendment of IFRS 3 - Business combinations [Effective 1 January 2022]

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

(b) Amendment to IAS 16 - Property, plant and equipment [Effective 1 January 2022]

The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

These amendments had no impact on the financial statements of the Company as there was no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

(c) Amendment to IAS 37 - Provisions, contingent liabilities and contingent assets [Effective January 1 2022]

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendment had no impact on the financial statements of the Company as there were no such contracts on or after the earliest period presented.

Notes to the Financial Statements (Cont.)

(d) Annual improvements to IFRS standards 2018-2020 Cycle [Effective from 1 January 2022]

i. **IFRS 9 Financial Instruments** – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. This improvement does not apply to the Company.

These amendments did not have material impact on the financial statements of Company.

2.1.2.2 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the company. These new standards and interpretations are set out below:

(a) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 [Effective 1 January 2023]

The International Accounting Standards Board (Board) has issued narrow-scope amendments to IFRS Standards. The amendments will help companies improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies, and distinguish changes in accounting estimates from changes in accounting policies.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

These amendments are not expected to have a material impact on the financial statements of the Company.

(b) IFRS 17: Insurance Contracts [Effective 1 January 2023]

This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

This Standard would have no impact on the financial statements of the Company as it is not applicable to the Company.

Notes to the Financial Statements (Cont.)

(c) Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction [Effective 1 January 2023]

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

This amendment is not expected to have a material impact on the financial statements of the Company.

(d) Amendment to IFRS 16 – Leases on sale and leaseback [Effective 1 January 2024]

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

This amendment is not expected to have a material impact on the financial statements of the Company.

(e) Amendment to IAS 1 – Non current liabilities with covenants [Effective 1 January 2024]

These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.

This amendment is not expected to have a material impact on the financial statements of the Company.

2.2. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Naira which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Naira using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss within administrative expenses.

2.3. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses except for land which is carried at historical cost less any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements (Cont.)

Capital work in progress are not depreciated. Depreciation of assets commences when assets are available for use. Depreciation on other assets is calculated using the straight line method of calculation i.e. the cost of the assets less its residual value, if applicable, over the number of useful lives (in years), as follows:

An item of property, plant and equipment is derecognised upon disposal or when no economic benefit is expected from its use. Any gains or losses arising on derecognition is included in the statement of profit or loss when the asset is derecognised.

	Useful life (years)
Land	Not depreciable
Buildings	30 - 50
Plant and machinery	3 - 40
Furniture and fittings	5
Motor vehicles	4
Quarry equipment	6 - 25
Tools and laboratory equipment	5
Computers and office equipment	3 - 5
Trucks	4
Construction work-in-progress	Nil

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Quarry exploration and production assets

Accounting for quarry exploration and production assets

Quarry exploration expenditures are accounted for using the 'successful efforts' method of accounting. Costs are accumulated on a quarry-by-quarry basis. Geological and geophysical costs are expensed as incurred. Costs directly associated with a quarry, and exploration costs, are capitalised until the determination of minable reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expenses.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets.

Development tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities on commercially proven quarries and the drilling of commercially proven quarries, is capitalised within property, plant and equipment and intangible assets according to nature. When development is completed on a specific quarry, it is transferred to quarry equipment or intangible assets.

Depreciation/amortisation

Quarry tangible and intangible assets are depreciated or amortised using the straight line method.

Notes to the Financial Statements (Cont.)

2.4. Intangible assets

Costs associated with maintaining software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;
- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Licenses

Licenses are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Software

Costs associated with acquiring software programmes are capitalised at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Exploration assets

Exploration assets are carried at cost less accumulated amortisation and any impairment losses. All costs, including overhead costs directly associated with the specific project are capitalised. The Directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meets the criteria to be capitalised, the Directors use information from several sources, depending on the level of exploration. Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination.

Amortisation methods and useful lives

The accumulated capitalised costs from exploration assets are amortised over their useful life using a straight-line method.

The Company also amortises other intangible assets with a limited useful life using the straight-line method over the asset's estimated useful lives.

	Useful life (years)
Licenses	2-5
Exploration assets	7 - 40
Software	3

Notes to the Financial Statements (Cont.)

Derecognition

Intangible assets are derecognised when they are no longer in use or when the Company expects no future economic benefits from their disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in the profit or loss.

2.5. Impairment of non-financial assets

Non-financial assets 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6. Financial instruments

2.6.1 *Classification and measurement*

i. *Financial assets*

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

Financial assets held by the Company are classified based on the following:

- **Hold to collect:** Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represent solely payments of principal and interest. Assets held under this business model are measured at amortised cost.

- **Hold to collect and sell:** Financial assets in this category are held to collect contractual cash flows and sell. The cash flows represent solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

- **Hold to sell/residual:** This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

The financial assets of the Company are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

The Company's financial assets includes trade receivables, due from related parties and cash and cash equivalents. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Notes to the Financial Statements (Cont.)

ii. *Financial liabilities*

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, payable to related parties, lease liabilities, debt securities and borrowings.

2.6.2 *Impairment of financial assets*

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

The simplified approach is applied to trade receivables while the general approach is applied to cash and cash equivalents and amounts due from related parties.

The simplified approach requires lifetime expected credit losses to be recognised on initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted for forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage (general) approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political risk concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stages 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the cash recovery ratio of the counterparties. The EAD is the total amount outstanding at the end of the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) growth rate and inflation rate in Nigeria, to arrive at an ECL which is then discounted to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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

2.6.3 *Significant increase in credit risk and default definition*

The Company assesses the credit risk of its financial assets based on the information obtained during periodic reviews of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of stage 2 financial assets where the three-stage approach is applied.

Notes to the Financial Statements (Cont.)

The criteria for determining whether credit risk has increased significantly depends on quantitative and qualitative factors. In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default.

2.6.4 *Derecognition*

i. Financial assets

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

ii. Financial liabilities

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

If the modification of the existing liability does not meet the requirements for derecognition of the existing liability, the difference in the carrying amount and the modified liability amount is recognised immediately as a modification gain or loss in profit or loss.

2.6.5 *Offsetting of financial assets and financial liabilities*

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

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

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

Cost comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but excludes borrowing costs.

The cost of engineering spares and fuel is determined using the weighted average method. Work-in-progress are valued at purchase costs incurred to date.

The cost of packing materials is determined using the weighted average method and comprises purchase cost and other direct costs, incurred in bringing packing materials to its present location and condition but excludes borrowing costs.

Notes to the Financial Statements (Cont.)

Allowance is made for excessive, obsolete and slow-moving items. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.8 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current.

2.9 Prepayments and other advance payments

Prepayments are amounts paid for goods or services which are yet to be received/enjoyed. Other receivables are unsecured and no interest is charged on these balances.

2.10 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Profit before tax is therefore adjusted by non-cash items. All income and expenses from non-cash transactions that are attributable to investing or financing activities are eliminated. Interest repayments on external borrowings are presented in financing activities.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts, if any, are shown within borrowings in current liabilities.

The cash flows from investing and financing activities are determined by using the direct method.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Capitalisation is suspended during periods which involve interruption in active development. Also, capitalisation stops when all the substantial activities, essential for preparing the asset for its intended use or sale, have been accomplished.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements (Cont.)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Amortised cost is calculated by taking into account any fees or costs that are integral parts of the effective interest rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial instrument. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The EIR amortisation is included in interest expense in the statement of profit or loss.

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

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

2.15 Provision for decommissioning liabilities

Provision for decommissioning liabilities associated with the Company's mining operations are based on land restoration processes and analysis of site conditions such as projected pit area, borrow material area, waste dump area and top soil dump area.

Under the Nigerian Minerals and Mining Act 2007 and the Health, Safety, and Reclamation Code, the primary objective of the reclamation plan will be to return, where practical, all areas disturbed by mining operations to an acceptable land use and capability. The reclamation method is a forestry reclamation approach after mining activities. The disturbed mining areas are to be backfilled, compacted, re-graded and re-vegetated to support forest land uses.

Decommissioning provisions are measured at the present value of the expected future cash flows that will be required to perform the site reclamation. The effect of the time to expected closure will be reflected in the discounting of the provision. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Notes to the Financial Statements (Cont.)

Decommissioning provisions are updated at each statement of financial position date for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate. Changes to provisions that relate to site reclamation cost are added to or deducted from the carrying amount of the related asset in the current period. When a decrease in decommissioning liability exceeds the carrying amount of a decommissioning asset, the excess is recognised in profit or loss.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of Value Added Tax, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognised in profit or loss when the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

The five step recognition process for revenue is listed below:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the prices to the performance obligations.
- Recognise revenue.

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

Sale of goods

Revenue is recognised when the control of the goods is transferred to the customer. This occurs when the goods are delivered to the customer or when goods are picked up by the customers. This represents the single performance obligation in all revenue contracts with customers.

Revenue from sale of cement is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract except where the time lag between the recognition of revenue and granting rebates is within the same month. Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.

Advance payments made by customers for goods are deferred and recognised as contract liabilities in the statement of financial position.

The delivery service provided by the Company is a sales fulfilment activity and the income earned is recognised at the point in time when the goods are delivered to the customer.

Notes to the Financial Statements (Cont.)

Delivery of cement is done by the Company at the Sokoto Plant and by a related party haulage company, acting as the Company's agent, at the Okpella Plant.

Under both delivery arrangements, the Company quotes the price that reflects the amount of consideration to which it expects to be entitled in exchange for the transfer of the cement to a customer. Based on the Company's agreement with the haulage company, the haulage company will be reimbursed at a flat rate to depict the services rendered to the Company.

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Disaggregation of revenue from contracts with customers

The Company recognises revenue from the transfer of goods at a point in time from the sale of bagged cement and bulk cement. The Company has determined that the disaggregation of revenue based on the criteria of stream of revenue meets the disaggregation of revenue disclosure requirement of IFRS 15. It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in Note 5.

2.17 Other income

This comprises profit from sale of property, plant and equipment, profit from sale of scraps and insurance claims etc. Income arising from disposal of items of property, plant and equipment and scraps is recognised at the time when transactions are finalised and ownership transferred by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

2.18 Expenses

Expenses are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of profit or loss is presented in classification based on the function of the expenses.

The Company classifies its expenses as follows:

- Cost of sales.
- Selling and Distribution expenses.
- Administrative expenses.

a) Cost of goods sold

These are the direct costs attributable to the production of the cement sold by the Company. These costs include directly attributable costs such as the cost of direct materials, direct labour, energy costs, as well as production overheads, including depreciation of production facilities. The cost of goods sold includes write-downs of inventories where necessary.

b) Distribution and selling expenses

These comprise of the cost of marketing, the sales organisation, and distribution logistics.

c) Administrative expenses

These comprise of the cost of running the administrative function of the Company.

Notes to the Financial Statements (Cont.)

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the BUA Cement leadership team which comprises of the members of the Board of Directors and other executive officers.

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

Management assessed that the Company has only one operating segment arising from the sale of cement. The Company's internal reporting structure is based on this operating segment.

2.20 Current and deferred income tax

The tax for the period comprises current, education and deferred taxes. Tax is recognised in profit or loss, 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet 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 tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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 Company intends to settle its current tax liabilities on a net basis. Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.21 Employee benefits

Pension scheme - Defined contribution scheme

In line with the Pension Reform Act 2014, the Company operates a defined contribution scheme; employees are entitled to join the scheme immediately after they are employed. Contributions are made on a percentage of the employee's basic, transport and rent allowances by the employee and the Company. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Notes to the Financial Statements (Cont.)

Pension scheme - Defined benefit scheme

The estimates of the terminal benefit obligations are calculated periodically, with the assistance of independent actuaries, using the projected unit credit method. This method considers best estimate actuarial assumptions including the probable future length of the employees' service, the employees' final pay, the expected average life expectancy and probable turnover of beneficiaries. The obligations are discounted based upon appropriate discount rates.

The current period expense comprises the increase in the obligation, which results from the additional benefits earned by the employees in the period, and the interest expense, which results from the outstanding pension obligation. The current period expenses related to the defined benefit plan are recorded in cost of sales, selling and distribution and administrative expenses based on the beneficiaries and the plan. Actuarial gains or losses are charged or credited to other comprehensive income in the period which they arise and it is accumulated in a separate reserve in equity.

All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. Further information is provided in Note13(b).

Short-term benefits

Short-term employee benefit obligations which include wages, salaries, bonuses and other allowances for current employees are measured on an undiscounted basis and recognised and expensed in the Company's statement of profit or loss as the employees render such services.

A liability is recognised for the amount expected to be paid under short-term benefits if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payments arrangements

The grant-date fair value of equity-settled share based payment arrangements granted to employees is recognised as staff costs, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant-date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2.22 Finance income

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.23 Finance cost

Finance cost comprises interest expense on borrowings, debt security issued, lease liability, defined benefit obligation, overdraft and unwinding of discount of decommissioning liability. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements (Cont.)

2.24 Earnings per share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

2.25 Share capital, reserves and dividends

i. *Share capital*

The Company has only one class of shares i.e., ordinary shares. Ordinary shares are classified as equity.

ii. *Reserves*

Reserves include all current and prior period retained earnings, reorganisation reserves and reserves on actuarial valuation of defined benefit plan.

Reorganisation reserve consists of the Company's merger transactions with entities under common control.

iii. *Dividends*

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position.

2.26 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.27 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset; This may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company primarily leases buildings (used as office space and warehouse). The lease terms are typically for fixed periods ranging from 1 year to 2 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Notes to the Financial Statements (Cont.)

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants. However, leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Company. The right-of-use asset is depreciated using the straight line method over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use asset is carried at historical cost less accumulated depreciation and impairment losses.

i. Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible, uses recent third party financing received by the individual lessee as a starting point adjusted to reflect changes in financing conditions since third party financing was received. The Company may also use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

ii. Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs; and
- restoration costs.

Notes to the Financial Statements (Cont.)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The right-of-use asset and lease liability are presented separately from other non-lease assets and liabilities in the statement of financial position.

iii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low-value (i.e. low-value assets). Low-value assets are assets with lease amounts of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2.28 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the cost that they are intended to compensate.

2.29 Business combination under common control

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory), are referred to as common control transactions. The accounting policy for the acquiring entity is to account for the transaction at book values in its financial statements, as a result, no goodwill is recognised. Any difference between the acquirer's cost of investment and the acquiree's equity is presented separately in the re-organisation reserve in equity.

The Company has adopted the predecessor method of accounting for entities under common control. The book values of the acquired entity are the book values as reflected in the annual financial statements of the selling entity. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities. Any expenses of the combination are written off immediately in the profit or loss.

Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented and adjustments are made to achieve uniform accounting policies - adopting the surviving/acquiring entity.

3. Financial risk management

3.1 Financial risk factors

The Company's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Company's risk management programme is to minimise potential adverse impacts on the Company's financial performance.

Risk management is carried out in line with policies approved by the Board of Directors. The Board of Directors ("the Board"), provides principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Company's overall risk management program seeks to minimise potential adverse effects on the Company's financial performance.

Notes to the Financial Statements (Cont.)

Risk management is the responsibility of the Treasury Manager, who aims to effectively manage the financial risk of the Company according to the policies approved by the Board of Directors. The Treasury Manager identifies and monitors financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables (excluding prepayments), trade and other payables (excluding government grants), due from/to related parties, borrowings and debt securities issued.

3.1.1 Market risk

i. Foreign exchange risk

The Company is exposed to foreign exchange risk from some of its commercial transactions. Management minimises the effect of the currency exposure by buying foreign currencies when rates are relatively low and using them to settle bills when due. The Company is predominately exposed to the US Dollar and Euro.

The table below shows the closing balance of US Dollar and Euro denominated financial instruments and the impact on the Company's loss and equity if the exchange rate between the US Dollar, Euro and the Nigerian Naira had increased or decreased by 15-20% (2021: 10%) with all other variables held constant.

₦'000	31 December 2022	31 December 2021
Foreign currency denominated balances		
Trade payables	(34,424,266)	(18,686)
Cash and cash equivalent	765,395	146,926
	(33,658,871)	128,240
Effect of 15% increase in exchange rate (2021: 10%)	(38,707,702)	141,064
Effect of 15% decrease in exchange rate (2021: 10%)	(28,610,040)	115,416
Effect of 20% increase in exchange rate	(40,390,645)	-
Effect of 20% decrease in exchange rate	(26,927,097)	-

ii. Price risk

The Company is not exposed to price risk.

iii. Interest rate risk

The Company's operations are partly financed by borrowings obtained from Nigerian banks. Interest payable on such borrowings are charged by the banks to the Company.

The Company's interest rate risk arises from borrowings from the banks. Interest on bank borrowings are at fixed and floating interest rates.

The Company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for borrowings obtained and for deposits held with the banks.

The tables below shows the details of the borrowing exposed to floating interest rates and the impact on the Company's profit or loss if interest rates on variable interest rate borrowings increased or decreased by 5%, with all other variables held constant. Mainly as a result of higher or lower interest expenses.

Notes to the Financial Statements (Cont.)

₦'000	Average intrest rate	31 December 2022	31 December 2021
First Bank - Long term loan	17%	9,820,011	16,307,649
Union Bank (RSSF Loan)	2020 - 5% 2022 - 9%	18,132,260	17,817,754
Fidelity Bank (RSSF Loan)	2020 - 5% 2022 - 9%	17,130,063	17,542,936
		45,082,334	51,668,339

	31 December 2022	31 December 2021
Effect of 5% increase in interest rates (2021: 5%)	(2,254,117)	(296,315)
Effect of 5% decrease in interest rates (2021: 5%)	2,254,117	296,315

3.1.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables from related parties.

The Company uses policies to ensure that sales of products are to customers with appropriate credit histories. The granting of credit is controlled by credit limits and the application of certain terms of sale. The Company carries out its business mostly on a cash and carry basis. Individual customers make cash deposits before delivery of goods and corporate customers make payment within 3 months after goods are delivered.

No credit limits were exceeded during the reporting period and none of the counterparties renegotiated their terms in the reporting year. Management's expected credit loss as a result of non-performance by these counterparties is disclosed in the 'impairment of financial assets' section below.

The maximum exposure to credit risk for cash and cash equivalents, trade receivables and due from related parties approximates the amount recognised on the statement of financial position. The Company does not hold any collateral as security.

To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due.

Impairment of financial assets

The Company's financial assets that are subject to IFRS 9's new expected credit loss model are as follows:

- Trade receivables and;
- Cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Notes to the Financial Statements (Cont.)

i. Trade receivables

The Company applies the simplified approach in measuring the expected credit losses (ECL) which calculates a lifetime expected loss allowance (ECL) for all trade receivables. Trade receivables represent the amount receivable from customers for the sale of goods in the ordinary course of business. The expected credit loss for trade receivables is determined using a provision matrix approach. The macroeconomic variables considered were inflation and brent oil prices.

The expected loss rates as at 31 December 2022 are as follows:

₦'000 Age of trade receivables	0-30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 365 days	Total
Gross carrying amount*	17,595	-	-	-	3,238	20,833
Default rate	0.14%	0.43%	0.81%	1.24%	100%	-
Lifetime ECL	25	-	-	-	3,238	3,263
Net trade receivables	17,570	-	-	-	-	17,570

The expected loss rates as at 31 December 2021 are as follows:

₦'000 Age of trade receivables	0-30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 365 days	Total
Gross carrying amount*	52,398	66,888	-	-	3,238	122,524
Default rate	0.11%	0.36%	0.71%	1.05%	100%	-
Lifetime ECL	61	240	-	-	3,238	3,539
Net trade receivables	52,337	66,648	-	-	-	118,986

*The reconciliation of the gross carrying amount for trade receivables is as follows:

₦'000	2022	2021
Gross carrying amount as at 1 January	122,524	470,568
Additions during the year	400,635	377,784
Rebates offered to customers in the year	(6,579)	(31,262)
Receivables written off in the year	-	(252,268)
*Other adjustments to trade receivables	-	-
Receipts for the year	(495,747)	(442,297)
Gross carrying amount as at 31 December	20,833	122,524

*Other adjustments relates to the reclassification of receivables arising from cement supplies made to contractors yet to be capitalised as either property, plant and equipment or recharged against related parties as the job completion forms for the projects being executed have not been received.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves at all times so that the Company is able to meet its obligations as they fall due. The Company manages liquidity risk by effective working capital and cash flow management.

Notes to the Financial Statements (Cont.)

The Company invests its surplus cash in fixed deposits. At the reporting date the Company had ₦12.6 billion (2021: ₦12.4 billion) in fixed deposit.

Maturity analysis

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₦'000	Less than 6 months	6 - 12 months	Over 12 months	Total
At 31 December 2022				
Financial liabilities:				
Trade and other payables (Note 22)	29,859,556	27,427,421	1,081,179	58,368,156
Due to related parties (Notes 30b)	-	-	-	-
Bank borrowings (Note 24)	86,445,381	9,376,707	48,505,122	144,327,210
Debt security issued (Note 25)	-	-	143,031,250	143,031,250
Lease liabilities (Note 16)	-	55,788	-	55,788
	116,304,937	**36,859,916**	**192,617,551**	**345,782,404**

₦'000	Less than 6 months	6 - 12 months	Over 12 months	Total
At 31 December 2021				
Financial liabilities:				
Trade and other payables (Note 22)	4,889,877	-	-	4,889,877
Due to related parties (Notes 30b)	1,477,928	-	-	1,477,928
Bank borrowings (Note 24)	35,310,241	4,500,000	43,685,460	83,495,701
Debt security issued (Note 25)	-	-	151,656,250	151,656,250
Lease liabilities (Note 16)	-	-	41,945	41,945
	41,678,046	**4,500,000**	**195,383,655**	**241,561,701**

Value added tax, withholding tax and other statutory related items are excluded as they are non-financial instruments.

3.2 Fair value estimation

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, amounts due to/from related parties and short-term bank borrowings approximate their fair value.

₦'000	At 31 December 2022		At 31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Financial assets				
Trade receivables	17,570	17,570	118,985	118,985
Cash and cash equivalents	48,046,647	48,046,647	62,338,398	62,338,398

Notes to the Financial Statements (Cont.)

₦'000	At 31 December 2022		At 31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Financial liabilities				
Trade and other payables	(58,368,156)	(58,368,156)	(4,889,877)	(4,889,877)
Due to related parties	-	-	(1,477,928)	(1,477,928)
Short-term bank borrowings	(65,568,674)	(65,568,674)	(39,810,241)	(39,810,241)
Long-term bank borrowings	(59,866,796)	(59,866,796)	(43,685,460)	(43,685,460)
Current lease liabilities	(55,788)	(55,788)	-	-
Non-current lease liabilities	-	-	(39,595)	(39,595)
Debt security issued	(113,932,939)	(113,932,939)	(113,551,259)	(113,551,259)
	(249,728,138)	**(249,728,138)**	**(140,996,977)**	**(140,996,977)**

Value added tax, withholding tax and other statutory related items are excluded as they are non-financial instruments.

3.3 Fair value hierarchy

IFRS 13 requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. A description of the fair value hierarchy is detailed below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Below is the comparison of carrying amount and fair value for financial liabilities that are not measured at fair value:

₦'000	Carrying amount	Level 1	Level 2	Level 3
Bank borrowings	59,866,796	-	59,866,796	-
Debt securities issued	113,932,939	-	113,932,939	-
	173,799,735	**-**	**173,799,735**	**-**

Notes to the Financial Statements (Cont.)

3.4 Capital risk management

The objective of managing capital is to safeguard the Company's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

The Company monitors capital using the gearing ratio. This is determined as the proportion of net debt to equity. No formal debt/equity target has been established.

The gearing ratios at year end are as follows:

₦'000	Notes	31 December 2022	31 December 2021
Debt	i	239,368,409	197,046,960
Cash and cash equivalents		(48,046,647)	(62,338,398)
Net debt		191,321,762	134,708,562
Equity	ii	411,112,542	398,116,748
Gearing ratio		**47%**	**34%**

Note i: Debt is defined as long and short-term borrowings and debt securities issued.

Note ii: Equity includes all capital and reserves of the Company.

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

- The company shall not cause a change to its ownership structure which will result in a change of control without the prior written consent of the bank. ;
- The Company shall provide the bank with a copy of its audited statement of financial position and profit or loss accounts within 120 days of the end of the financial year.

The Company complied with these covenants and has thus classified all outstanding borrowings as current and non-current liabilities in the statement of financial position as at 31 December 2022.

4. Critical accounting estimates and judgments

The preparation of financial statements requires Directors to use judgment in applying the Company's accounting policies, estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on the Directors' experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgment and estimate made in the preparation of the financial statements is shown below.

Notes to the Financial Statements (Cont.)

4.1 Estimation of the useful life and depreciation method of property, plant and equipment

Property, plant and equipment and intangible assets with definite life are depreciated over their useful life. The Company estimates the useful lives of property, plant and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Company estimates the useful life of quarries based on the amount of limestone reserve in the quarries. The estimates change based on the budgeted amount of limestones to be mined and the actual limestone mined during the reporting period.

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 change in the estimated useful lives of the quarries would either increase or decrease the carrying value of quarry assets. The effect of the change in useful life of the quarry assets is also evident in the amount of depreciation charged. The effect of the change in useful life of the quarry assets is also evident in the amount of depreciation charged.

The method of depreciation for the quarry assets was changed from unit of production method to straight line method.

4.2 Provision for decommissioning liabilities

The Board of Directors exercises significant judgement in estimating provision for restoration/ decommissioning costs. Should these estimates vary, profit or loss and statement of financial position in the following years would be impacted. The estimation of the decommissioning costs is based on technical evaluations carried out by staff and experts with knowledge of the site and experience with similar assets. Estimated costs of restoring, where practical, all areas disturbed by mining operations to an acceptable land use and capability are based on expected future value of current market prices based on inflation rates. This is discounted to a present value using the yield on long-term risk free bonds over the expected useful life of the sites.

Estimates could change due to changes in inflation rate, expected useful life of assets, yield on risk free bonds and market prices. The amount and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated costs could reduce the cost of the mines and reduce interest expense.

The table below shows the balance of decommissioning liability and the impact on the Company's loss and equity if the inflation rate had increased or decreased by 5-10% with all other variables held constant.

₦'000	At 31 December 2022	At 31 December 2021
Present value of decommissioning liability	12,698,952	8,265,812
Effect of 5% increase in inflation rate	634,948	413,291
Effect of 5% decrease in inflation rate	(634,948)	(413,291)
Effect of 10% increase in inflation rate	1,269,895	826,581
Effect of 10% decrease in inflation rate	(1,269,895)	(826,581)

Notes to the Financial Statements (Cont.)

4.3 Defined benefit plan

The present value of the Company's defined benefit plan and the related current service cost and past service cost, are measured using the Projected Unit Credit (PUC) Method. This method considers best estimate actuarial assumptions including the probable future length of the employees' service, the employees' final pay, the expected average life expectancy and probable turnover of beneficiaries. Details of assumptions made in arriving at the defined benefit obligation are disclosed in note 11b.

5. Revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product categories:

₦'000	31 December 2022	31 December 2021
Sale of bagged cement	359,075,378	256,712,322
Sale of bulk cement	1,913,727	614,769
	360,989,105	257,327,091

The Company did not have any transaction with a single customer that contributed more than 10% of the total revenue from the sale of cement (2021: ₦27.59 billion). The revenue from customers are recognised at a point in time when control is transferred to the customer.

(a) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market.

i) Primary geographical markets

₦'000	31 December 2022	31 December 2021
Nigeria	356,609,466	254,994,208
Outside Nigeria	4,379,639	2,332,883
	360,989,105	257,327,091

(b) Liabilities relating to contracts with customers

The Company has recognised the following liabilities relating to contracts with customers:

₦'000	31 December 2022	31 December 2021
Contract liabilities	92,166,502	78,586,238

The following shows the movement in contract liabilities during the year

₦'000	31 December 2022	31 December 2021
Balance as at 1 January	78,586,238	42,138,330
Payments received in advance of satisfaction of performance obligation/discount offered	411,001,174	319,052,600
Revenue recognised (net of rebates and discounts)	(360,588,470)	(257,327,091)
Refund, taxes and other transfers	(36,832,440)	25,277,601
	92,166,502	78,586,238

Notes to the Financial Statements (Cont.)

6. Cost of sales

(a)

₦'000	31 December 2022	31 December 2021
Raw materials	24,984,085	22,907,534
Energy consumption	91,185,377	51,202,605
Lubricants	890,854	1,002,359
Quarry fees and royalties	644,093	315,918
Staff cost (Note 9)	4,573,394	3,131,687
Amortisation of intangible assets (Note 17)	316,108	41,102
Depreciation of property, plant and equipment (Note 15)	17,218,433	12,672,149
Other repairs and maintenance expenses	8,746,848	8,611,347
Operation and maintenance service charges	46,440,450	31,950,643
Management and technical support fees	628,272	1,827,829
Water supply	301,457	44,170
Explosives	792,896	558,986
Transportation and travelling expenses	43,396	25,491
Refractories cost	925,142	1,425,945
Insurance	572,539	299,009
**Other expenses	733,818	373,458
Subtotal (before decommissioning adjustment)	198,997,162	136,390,231
*Decommissioning liability adjustment	(1,052,726)	-
Total (after decommissioning adjustment)	197,944,436	136,390,231

*Decommissioning liability adjustment relates to a decrease in decommissioning liability of two quarries, Ikpobia and Cambut, that exceeds the carrying amount of the decommissioning asset in line with IFRIC 1.

**Other expenses mainly include protective clothings, uniforms and laboratory expenses.

(b)

₦'000	31 December 2022	31 December 2021
Carrying value of assets	1,517,632	-
Decrease in decommissioning estimate	(2,570,358)	-
*Decommissioning liability adjustment (Note 23)	(1,052,726)	-

(c) No non-audit services were provided by the Company's auditor (2021: Nil). Non-audit services provided by other professionals in respect of the financial statements are as follows:

Name of professional	FRC number of the professional	Name of firm	Nature of service
Wise Chigudu (MBA, FIA)	FRC/2022/PRO/NAS/00000024119	Ernst & Young	Actuarial
Oluwole Obayomi (FCIT)	FRC/2014/CITN/00000010157	KPMG	Tax

Notes to the Financial Statements (Cont.)

7. Administrative expenses

₦'000	31 December 2022	31 December 2021
Energy consumption	142,703	38,634
Staff cost (Note 9)	2,959,738	4,329,477
Amortisation of intangible assets (Note 17)	35,070	3,796
Depreciation of property, plant and equipment (Note 15)	870,877	498,660
Depreciation of right of use (Note 16)	73,441	82,486
Impairment of property, plant and equipment (Note 15)	139,657	-
Audit fee	147,853	149,817
*Consultancy fees	287,503	183,722
Other repairs and maintenance expenses	697,952	562,298
Office runing expenses	341,386	577,264
Communication expenses	449,054	370,555
Security expenses	1,005,818	740,191
Subscription dues	66,419	205,317
Transportation and travelling expenses	371,116	185,710
Bank charges	665,191	550,511
Insurance	424,979	177,722
Rental expense	540	8,794
Foreign exchange loss	5,501,109	301,727
**Other expenses	549,816	273,694
Listing fees	256,777	277,887
Donation	1,073,681	1,020,365
Public relations	626,525	140,746
Directors' expenses	294,525	238,236
Directors' emoluments (Note 29c)	318,033	240,471
	17,299,763	11,158,080

*Consultancy fee includes tax, legal and administrative fees.
**Other expenses relate mainly to the commissioning expenses for Line 4 and Annual General Meeting expenses.

Notes to the Financial Statements (Cont.)

8. Distribution and selling expenses

₦'000	31 December 2022	31 December 2021
Staff cost (Note 9)	1,074,427	1,459,074
Distribution cost	13,088,596	4,125,375
Depreciation of property, plant and equipment (Note 15)	4,045,910	2,173,266
Cement haulage charges	268,658	260,802
Office running expenses	10,078	4,694
Advertising and sales promotion cost	92,899	52,739
Communication expenses	87,030	7,093
Transportation and travelling expenses	52,510	40,487
Rental expense	2,098	2,643
Other expenses	89,014	61,041
	18,811,220	8,187,214

9. Staff cost

₦'000	31 December 2022	31 December 2021
Staff salaries and allowances	7,502,100	6,032,093
Staff welfare and training	288,002	162,028
Medical expenses	154,137	140,177
Pension (employer contribution)	399,986	299,726
Share based payment (Note 15c)	-	1,926,230
Defined benefit plan (Note 15b):	-	-
- Current service cost	348,380	359,983
- Plan amendment	(85,046)	-
	8,607,559	8,920,238

10. Impairment writeback on financial assets

₦'000	31 December 2022	31 December 2021
Impairment reversal on trade receivables (Note 20ii)	276	5,394
	276	5,394

Impairment reversal relates to the recovery of bad debts during the year.

11. Other income

₦'000	31 December 2022	31 December 2021
Sundry income	252,763	195,409
Insurance claims	189,770	97,522
Amortisation of government grant (Note 26)	910,761	900,695
Modification gain	1,432,561	1,434,056
	2,785,855	2,627,682

Notes to the Financial Statements (Cont.)

Insurance claims relate to payments received from insurance company for compensation on accidented vehicles and trucks.

Sundry income relates to Federal Government of Nigeria (FGN) promissory notes that matured and were liquidated during the year, the sale of iron or metal scraps, grinding aid tanks and scrapped pipes.

The Company recognised modification gains in the sum of ₦1.4 billion (2021: ₦1.4 billion) with respect to the Fidelity Bank Plc and Union Bank of Nigeria Plc long term borrowings.

The borrowings commenced in October 2020 with an interest rate of 5% for the first 5 months, which was to end in February 2021, and 9% subsequently. In 2021, the interest rate was modified, the 5% interest rate was extended for a further 12 months, until February 2022, then 9% subsequently.

In 2022, there was a further extension of the 5% interest rate for 12 months, until February 2023, but in the same 2022, the 5% interest rate was again modified to end in September 2022, then 9% subsequently. Therefore, there were 2 modifications to the borrowings in 2022.

12. Finance income and costs

(a) Finance income

₦'000	31 December 2022	31 December 2021
Interest income	1,941,453	620,604
	1,941,453	620,604

(b) Finance cost

₦'000	31 December 2022	31 December 2021
Interest expense on lease liability (Note 16)	4,719	9,663
Interest expense on debt security issued (Note 25)	9,006,680	8,954,267
Interest expense on defined benefit obligation (Note 14b)	154,440	81,061
Interest expense on borrowings (Note 24a)	6,743,521	6,972,980
Interest expense on overdraft	457,933	-
Other finance costs		
Interest on funding from related party**	185,341	28,408
Unwinding of provision for decomissioning liabilities (Note 23) *	860,739	511,610
	17,413,373	16,557,989
Amount capitalised***	(6,860,008)	(14,852,156)
Finance costs expensed	10,553,365	1,705,833
Net finance cost	8,611,912	1,085,229

*The unwinding of provision for liabilities is due to passage of time in recognition of the present value of the future obligation relating to restoration of quarries being mined by the Company as at year end. Amount is non-cash and has been adjusted for in cash generated from operating activities in the statement of cash flows.

Notes to the Financial Statements (Cont.)

**This relates to interest incurred on funding provided by related parties for construction. Interest expense incurred during the construction phase has been capitalised as part of property, plant and equipment in line with IAS 23 (Borrowing cost).

***Capitalised borrowing costs

All interest expense has been calculated using the effective interest rate except interest expense on defined benefit obligations.

The capitalisation rate used to determine the amount of general borrowing costs to be capitalised is the weighted average rate applicable to the Company's general borrowings. The determined effective interest rates are: First Bank Loan - 14.75% (2021: 16.67%), Series 1 Bond - 7.5% (2021 - 8%), RSSF Loan - 11.9% (2021: 12%). The specific borrowing costs were capitalised using the actual costs that are directly attributable to the acquisition, construction or production of the qualifying assets.

13. Taxation

(a) Income tax charge

₦'000	31 December 2022	31 December 2021
Tertiary education tax (2.5% of assessable profit)	2,060,728	1,366,930
Total current income tax charge	2,060,728	1,366,930
Police trust fund levy (0.005% of net profit)	6,056	5,078
Deferred tax charge	17,076,640	11,422,306
Income tax charge	19,143,424	12,794,314
Minimum tax (0.05% of gross turnover less franked investment income)	953,855	266,088

The Company applied to the Nigerian Investment Promotion Commission (NIPC) for a pioneer status for its production line 2 in Okpella, Edo State and its production line 4 in Kalambaina, Sokoto State. The pioneer status was approved on 30 July 2021 covering a three-year period from 1 June 2021 and 1 April 2022 respectively. As a result, no current income tax has been accrued on the pioneer profits in the year. On 1 January 2022, production line 3 in Kalambaina exited its pioneer status and has been subject to the companies income tax rules accordingly.

In line with IFRIC 21, ₦954 million (2021: ₦266 million) arising from minimum tax computations is included in the charge for the year on the statement of financial position but above the line in the statement of profit or loss and other comprehensive income for the year.

Profit is apportioned between the plants on the basis of cement dispatched from the plants.

(b) Current income tax liabilities

₦'000	31 December 2022	31 December 2021
The movement in current income tax liabilities is as follows:		
Opening balance	1,697,203	922,428
Provision for the year	3,014,583	1,633,018
Police trust fund levy (0.005% of net profit)	6,056	5,078
Payment during the year	(1,593,646)	(863,321)
Closing balance	3,124,196	1,697,203

Notes to the Financial Statements (Cont.)

A reconciliation of the Company's tax expense and the product of accounting profit multiplied by domestic tax rate for the year ended 31 December 2022 is as follows:

₦'000	31 December 2022	31 December 2021
Profit before tax	120,154,050	102,873,325
Tax at 30% statutory tax rate	36,046,215	30,861,997
Adjustments:		
Tertiary education tax (2.5% of assessable profit)	2,060,728	1,366,930
Police trust fund levy (0.005% of net profit)	6,056	5,078
Effect of permanent difference	-	556,514
Pioneer status adjustment	(18,969,575)	(20,144,414)
Deferred education tax	-	148,209
Income tax charge	19,143,424	12,794,314

(c) Deferred tax assets

₦'000	31 December 2022	31 December 2021
Opening balance	12,606,257	1,120,222
Deferred tax charge for the year - profit or loss	17,076,640	11,422,306
Deferred tax credit for the year - OCI	13,925	63,729
Closing balance	29,696,822	12,606,257

Deferred tax liabilities relates to unutilised capital allowances, employee defined benefit, unrealised exchange loss and provisions on the Company's Kalambaina Production Line 1 and Okpella Production Line 2 which are expected to unwind with passage of time.

₦'000	Property, plant and equipment	Unrealised exchange difference	Provisions and others*	Total
At 1 January 2022	(14,497,970)	2,153	1,889,560	(12,606,256)
Credit to other comprehensive income (OCI)	-	-	(13,925)	(13,925)
Charged/(credited) to profit or loss	(18,471,568)	658,926	736,002	(17,076,640)
At 31 December 2022	(32,969,538)	661,079	2,611,637	(29,696,821)
At 1 January 2021	(2,662,191)	78,545	1,463,425	(1,120,220)
Credit to other comprehensive income	-	-	(63,729)	(63,729)
Charged/(credited) to profit or loss	(11,835,779)	(76,392)	489,864	(11,422,307)
At 31 December 2021	(14,497,970)	2,153	1,889,560	(12,606,256)

*Others relate to deferred tax liabilities arising from the Company's defined benefits plan to employees.

Notes to the Financial Statements (Cont.)

14 Employee benefit obligations

(a) Defined contribution plan

The Company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, 2014, with contributions based on the employees' emoluments in the ratio of 8% by the employee and 10% by the employer.

The Company's contributions to this scheme are charged to the profit or loss account in the period to which they relate. Contributions to the scheme are managed by the various Pension Managers on behalf of the beneficiary staff, in line with the provisions of the Pension Reform Act.

Consequently, the Company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

As at 31 December 2022, the Company had no unpaid contribution (2021: ₦12.6 million).

(b) Defined benefit plan

The Company has a retirement benefits policy (unfunded) for all of its full-time employees who have served the Company for a minimum of 5 years and above. The Company has a post-retirement programme for any employee who has attained the terminal age limit of 60 years (2021: 60 years).

The valuations of the present value of the defined benefit plan were carried out at 31 December 2022 by Ernst & Young. The present value of the plan and the related current service cost and past service cost, were measured using the Projected Unit Credit (PUC) Method.

In calculating the liabilities, the method:

i. Recognises the service rendered to the Company by each member of staff at the reporting date;
ii. Anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement and then;
iii. Discounts the expected benefit payment to the reporting date.

i. Valuation assumptions

The valuation assumptions fall under two broad categories:

- Financial assumptions
- Demographic assumptions

Risk exposure

Through its defined benefit pension plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Notes to the Financial Statements (Cont.)

Changes in Bond Yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risks	The Company's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

The principal financial assumptions used for the purposes of the actuarial valuations were as follows:

%	31 December 2022	31 December 2021
Long-term average discount rate per annum	15	13.5
Average rate(s) of salary increase per annum	13	12
Average inflation rate per annum	13	12

Discount rate

In order to measure the liability, the projected benefit must be discounted to a net present value as at the current statement of financial position date, using an interest assumption (called the discount rate).

IFRS through IAS 19 requires that the discount rate be determined on the Company's statement of financial position date by reference to market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds).

The discount rate should reflect the duration of the liabilities of the benefit programme.

The weighted average liability duration for the plan is 10.17 years. The average weighted duration of the closest Nigerian government bond as at 25 November 2022 was 6.61 years with a gross redemption yield of 14.64%.

The Company has adopted 15% (2021: 13.5%) per annum as the discount rate for the current year valuation.

ii. Demographic assumptions

Mortality in service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

	Number of deaths in year of age out of 10,000 lives	
Sample Age	2022	2021
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Notes to the Financial Statements (Cont.)

Withdrawal from service

Age band	2022 rate	2021 rate
Less than or equal to 30	3%	3%
31 – 35	3%	3%
36 – 40	3%	3%
41 – 45	2%	2%
46 – 55	5%	5%

ii. The amount included in the statement of financial position as a result of the entity's obligation in respect of its defined benefit plans is as follows:

₦'000	31 December 2022	31 December 2021
Present value of the defined benefit plan	3,954,979	3,760,297

Reconciliation of change in the present value of the defined benefit plan are as follows:

₦'000	2022	2021
Balance at beginning of the year	3,760,298	3,645,893
Current service cost	348,380	359,983
Interest cost	154,440	81,061
Defined benefit plan amendment (Employee cost)	(85,046)	-
Actuarial losses/(gains) - Change in assumption	(46,745)	(518,240)
Actuarial losses/(gains) - Experience adjustment	331	297,732
Benefit paid during the year	(176,679)	(106,131)
Balance at end of the year	**3,954,979**	**3,760,298**

Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:

₦'000	31 December 2022	31 December 2021
Current service cost (Employee cost)	348,380	359,983
Interest on obligation (Finance cost)	154,440	81,061
Defined benefit plan amendment (Employee cost)	(85,046)	-
	417,774	**441,044**

Amounts recognised in other comprehensive income (OCI) are as follows:

₦'000	31 December 2022	31 December 2021
Actuarial loss/(gain) on defined benefit plan:		
- Change in assumption	(46,745)	(518,240)
- Change in experience adjustment	331	297,732
	(46,414)	(220,508)
Deferred tax credit	13,925	63,729
Amount recognised in OCI (net of tax)	**(32,489)**	**(156,779)**

Notes to the Financial Statements (Cont.)

Net liability recognised in the statement of financial position

₦'000	2022	2021
Balance at 1 January	3,760,298	3,645,893
Net periodic benefit cost recognised in profit or loss	417,774	441,044
Benefit paid during the year	(176,679)	(106,131)
Amount recognised in other comprehensive income	(46,414)	(220,508)
Balance at 31 December	**3,954,979**	**3,760,298**

iii. **Sensitivity analysis on accrued liability**

₦'000		Accrued liabilities	
		2022	2021
		3,954,979	3,760,298
Sensitivity base	**Parameters**		
Discount rate	+1%	3,856,198	3,670,767
	-1%	4,067,647	3,863,172
Salary increase	+1%	4,075,178	3,869,240
	-1%	3,848,185	3,664,152
Mortality experience	Age rated up by 1 year	3,955,177	3,760,378
	Age rated down by 1 year	3,954,471	3,760,227

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The weighted average duration of the defined benefit obligation is 10.17 years (2021 – 9.19 years). The expected maturity analysis of the defined benefit obligation is as follows:

Year	₦'000
2023	81,028
2024	208,241
2025	341,569
2026	288,050
2027	299,791
2028 - 2032	2,723,269

(c) **Share based payment - Equity-settled**

₦'000	31 December 2022	31 December 2021
Shared based payment expense	-	1,926,230
	-	1,926,230

Bonus shares issued to employees

No bonus shares were issued in 2022 (2021: 27,130,000 shares at an average price of ₦71 per share).

Notes to the Financial Statements (Cont.)

15. Property, plant and equipment (PPE)

₦'000	Land	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Quarry equipment	Tools, computers, laboratory and office equipment	Trucks	Capital work in progress	Total
Cost										
At 1 January 2022	531,800	59,400,473	358,880,193	686,111	1,942,601	8,274,109	1,333,324	8,693,067	205,696,069	645,437,747
Additions	378,198	1,082,490	472,077	182,615	1,127,641	34,766	320,112	9,160,152	95,343,493	108,101,544
Transfers	-	-	(341,802)	-	-	-	-	-	-	(341,802)
Reclassifications	-	779,274	199,819,596	-	-	-	-	14,954,177	(215,553,047)	-
Write-off	-	-	(155,604)	-	-	-	-	-	-	(155,604)
Changes in estimates (Note 23)	-	-	-	-	-	4,615,528	-	-	-	4,615,528
At 31 December 2022	**909,998**	**61,262,237**	**558,674,460**	**868,726**	**3,070,242**	**12,924,403**	**1,653,436**	**32,807,396**	**85,486,515**	**757,657,413**
At 1 January 2021	463,861	59,290,058	355,996,683	530,242	1,418,748	9,820,977	1,250,044	8,693,067	137,054,928	574,518,608
Additions	226,981	384,504	2,349,074	156,117	523,853	-	184,336	-	68,641,141	72,466,006
Transfers	(159,042)	(274,089)	534,436	(248)	-	-	(101,056)	-	-	1
Changes in estimates (Note 23)	-	-	-	-	-	(1,546,868)	-	-	-	(1,546,868)
At 31 December 2021	**531,800**	**59,400,473**	**358,880,193**	**686,111**	**1,942,601**	**8,274,109**	**1,333,324**	**8,693,067**	**205,696,069**	**645,437,747**

Notes to the Financial Statements (Cont.)

15. Property, plant and equipment (PPE) continued

₦'000	Land	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Quarry equipment	Tools, computers, laboratory and office equipment	Trucks	Capital work in progress	Total
Accumulated depreciation										
At 1 January 2022	-	5,532,899	49,577,570	367,449	1,031,201	2,910,002	716,748	6,413,987	-	66,549,856
Charge for the year	-	1,237,823	15,386,932	81,863	435,773	792,830	154,089	4,045,911	-	22,135,221
Transfers	-	-	(25,071)	-	-	-	-	-	-	(25,071)
Write-off		-	(15,947)	-	-	-	-	-	-	(15,947)
At 31 December 2022	**-**	**6,770,722**	**64,923,484**	**449,312**	**1,466,974**	**3,702,832**	**870,837**	**10,459,898**	**-**	**88,644,059**
At 1 January 2021	-	4,373,856	38,631,595	307,685	816,281	2,224,372	611,269	4,240,722	-	51,205,780
Charge for the year	-	1,159,043	10,945,975	59,764	214,920	685,629	105,479	2,173,266	-	15,344,075
Transfers	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	**-**	**5,532,899**	**49,577,570**	**367,449**	**1,031,201**	**2,910,002**	**716,748**	**6,413,987**	**-**	**66,549,855**
Net book value										
At 31 December 2022	**909,998**	**54,491,515**	**493,750,976**	**419,414**	**1,603,268**	**9,221,571**	**782,599**	**22,347,498**	**85,486,515**	**669,013,354**
At 31 December 2021	**531,800**	**53,867,574**	**309,302,623**	**318,662**	**911,400**	**5,364,107**	**616,576**	**2,279,080**	**205,696,069**	**578,887,892**

Notes to the Financial Statements (Cont.)

15. Property, plant and equipment (continued)

(a) All borrowings are secured by a debenture on all the fixed and floating assets of the Company. Refer to Note 24 for further details.

Transfer relates to the transfer of generators to a related party within the period.

The write-off relates to a fire incident in the Sokoto factory that burnt down some storage tanks of 5 million litres capacity constructed in 2017.

Included in quarry equipment are cost relating to restoration of quarry sites being mined by the Company as at 31 December 2022. Cost as at 1 January 2022 was ₦8.27 billion (note 15) and an addition of ₦4.62 billion (2021: a decrease of ₦1.54 billion) was recognised in the current year due to changes in estimates (₦3.57 billion) and adjustment to decommissioning liability (₦1.05 billion). The current year's depreciation charge recognised on the restoration cost is ₦792.8 million (2021: ₦685.6 million).

(b) The depreciation charged for the year is apportioned as follows:

₦'000	31 December 2022	31 December 2021
Cost of sales	17,218,433	12,672,149
Administrative expenses	870,877	498,660
Distribution and selling expenses	4,045,910	2,173,266
	22,135,220	15,344,075

(c) Purchase of property, plant and equipment in statement of cash flows is calculated as follows:

₦'000	31 December 2022	31 December 2021
Additions in the year	-	72,466,006
Decrease in net book value of property, plant and equipment	90,125,462	-
Adjustment for non-cash items:		
- transfer of assets	316,731	1
- write offs	139,657	-
- capitalised borrowing cost	(6,860,008)	(14,852,156)
Depreciation of property, plant and equipment	22,135,221	-
Change in estimate of decommissioning liability	(3,572,402)	-
	102,284,661	57,613,851

16. Leases

This note provides information for leases where the Company is a lessee.

(a) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

₦'000	31 December 2022	31 December 2021
Right-of-use assets		
Opening balance as at 1 January 2022	76,848	70,490
Additions	85,734	88,844
Depreciation	(73,441)	(82,486)
Closing balance as at 31 December 2022	89,141	76,848

Notes to the Financial Statements (Cont.)

16. **Leases (continued)**

₦'000	31 December 2022	31 December 2021
Lease liabilities		
Opening balance as at 1 January 2022	39,594	37,317
Additions	85,735	88,844
Interest expense on lease liability	4,719	9,663
Payments	(74,260)	(96,230)
Closing balance as at 31 December 2022	55,788	39,594
Current	55,788	-
Non-current	-	39,595
	55,788	39,595

(b) The statement of profit or loss shows the following amounts relating to leases:

i. Depreciation charge of right-of-use assets

₦'000	2022	2021
Opening balance as at 1 January	176,448	93,962
Charge for the year	73,441	82,486
Closing balance as at 31 December	249,889	176,448

17. Intangible assets

₦'000	Licenses	Exploration Assets	Software	Total
Cost				
At 1 January 2022	3,025	5,875,945	86,570	5,965,540
Additions during the year	-	2,123,666	23,154	2,146,820
At 31 December 2022	**3,025**	**7,999,611**	**109,724**	**8,112,360**
Accumulated amortisation				
At 1 January 2022	3,025	585,773	33,480	622,278
Charge for the year	-	324,200	26,978	351,178
At 31 December 2022	**3,025**	**909,973**	**60,458**	**973,456**
Cost				
At 1 January 2021	3,025	4,775,603	83,737	4,862,365
Additions during the year	-	1,100,342	2,833	1,103,175
At 31 December 2021	**3,025**	**5,875,945**	**86,570**	**5,965,540**
Accumulated amortisation				
At 1 January 2021	3,025	565,277	9,077	577,379
Charge for the year	-	20,495	24,403	44,898
At 31 December 2021	**3,025**	**585,772**	**33,480**	**622,277**
Net book value				
At 31 December 2022	-	**7,089,638**	**49,266**	**7,138,904**
At 31 December 2021	-	**5,290,172**	**53,090**	**5,343,263**

Amortisation charge is expensed in cost of sales and administrative expenses based on the use of the related intangible assets.

Notes to the Financial Statements (Cont.)

18. Inventories

₦'000	31 December 2022	31 December 2021
Fuel	1,843,532	1,583,518
Engineering spares	22,892,193	15,422,153
Packing materials	2,144,085	2,186,132
Raw materials	13,572,024	14,783,198
Goods in transit	4,291,658	2,555,596
Work in progress	7,205,105	2,196,853
Finished goods	519,693	340,589
	52,468,290	39,068,039

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2022 amounted to ₦41.58 billion: (2021: ₦22.91 billion). These were included in cost of sales.

There was no provision made for inventory obsolescence during the year (2021: Nil).

19. Cash and cash equivalents

(a)

₦'000	31 December 2022	31 December 2021
Cash in hand	10,004	11,999
Cash in bank	35,356,604	49,860,374
Fixed deposits	12,680,039	12,466,025
	48,046,647	62,338,398

(b) Cash and cash equivalents (included in statement of cash flows)

₦'000	31 December 2022	31 December 2021
Cash in hand	10,004	11,999
Cash in bank	35,356,604	49,860,374
Fixed deposits	12,680,039	12,466,025
Total	48,046,647	62,338,398

20. Trade receivables

i.

₦'000	31 December 2022	31 December 2021
Gross carrying amount – Trade receivables	20,833	122,525
Less: loss allowance (Note 3.1.2)	(3,263)	(3,539)
Net carrying amount – Trade receivables	17,570	118,986

ii. Impairment of trade receivables

The reconciliation of loss allowance for trade receivables as at 31 December 2021 to the opening loss allowance on 1 January 2022 and to the closing loss allowance as at 31 December 2022 is as follows:

Notes to the Financial Statements (Cont.)

₦'000	31 December 2022	31 December 2021
As at 1 January	3,539	8,933
Reversals during the year	(276)	(5,394)
At 31 December	3,263	3,539

21. Prepayments and other assets

(a)

₦'000	31 December 2022	31 December 2021
*Other prepayments	30,117,350	1,433,576
Prepayment for engineering and construction work	50,319,656	36,411,024
Advance to staff	253,380	53,252
	80,690,386	37,897,852

*Other prepayments relate to advance payments made to vendors for supply of products and spares.

22. Trade and other payables

(a)

₦'000	31 December 2022	31 December 2021
Financial liabilities:		
Trade payables	52,579,817	3,480,385
Other payables and accrued expenses	4,517,703	934,750
Unclaimed dividend	689,536	474,742
	58,368,156	6,745,124
Non-financial liabilities:		
Accruals, provisions and other liabilities	581,100	1,855,247
Statutory obligations	19,744,276	15,533,288
	78,112,432	22,278,412

(b) Changes in trade payables in the statement of cash flows is as follows:

₦'000	31 December 2022	31 December 2021
Movement in trade payables and other payables	55,834,020	1,590,356
Effect of unrealised exchange loss (Note 7)	(5,501,109)	-
Movement in unclaimed dividend received	(214,794)	-
	50,118,117	1,590,356

23. Provision for decommissioning liabilities

BUA Cement Plc is involved in the mining of four active limestone quarries, two clay quarry and four proposed quarries. The quarry licenses are largely for 5 years at a time, and can be renewed for a nominal fee on expiration. The Company has a constructive obligation to restore, where practical, all areas disturbed by mining operations to an acceptable land use and capability and has made provision for the estimated cost of site restoration. The decommissioning provision is estimated based on the assumption that decommissioning will take place between 24 months and 156 months as at 31 December 2022.

Notes to the Financial Statements (Cont.)

There were eight active quarries as at 31 December 2022 (2021: eight quarries) namely Cambut, Obu pit, Camp clay, Ikpobia clay, Elele clay, Edelstein, Edelstein north Freedom and Gamla, with estimated useful lives ranging from 24 months to 156 months (2021: 12 months, to 72 months). Hence, in the event of renewal of the licenses after the first expiration, some of these quarries would not have reached the end of their useful lives before the license can be renewed for a second time. Where there is a possibility that these licenses would not be renewed, then, the estimated useful lives would be adjusted to reflect the new assumption.

The provision for decommissioning cost has been estimated based on the scope and method of abandonment using current requirements, price level adjusted for inflation and discounted using a risk free discount rate for the eight active quarry sites as at 31 December 2022. Actual costs may however differ from the estimates based on the prevailing assumptions at the relevant periods.

(a) The table below shows the movement in the decommissioning liabilities:

₦'000	31 December 2022	31 December 2021
Balance at 1 January	8,265,812	9,291,470
Increase/(decrease) in decommissioning liability as a result of changes in estimates	4,625,128	(1,537,268)
Decommissioning liability adjustment (Note 6)	(1,052,726)	-
Unwinding of interest	860,739	511,610
At 31 December	12,698,952	8,265,812

₦'000	31 December 2022	31 December 2021
(b) **Provision for decommisioning liabilities**		
Current	2,496,096	594,337
Non-current	10,202,856	7,671,475
	12,698,952	**8,265,812**

24. Bank borrowings

₦'000	31 December 2022	31 December 2021
Bank loans	125,435,470	83,495,701
	125,435,470	83,495,701

₦'000	31 December 2022	31 December 2021
Bank loans - Current	80,695,381	39,810,241
Bank loans - Non-current	44,740,089	43,685,460
	125,435,470	**83,495,701**

Notes to the Financial Statements (Cont.)

24. Bank borrowings (continued)

(a) The analysis of borrowings during the year is as shown below:

₦'000	31 December 2022	31 December 2021
At 1 January	83,495,702	156,097,899
Additional drawdowns in the year	178,449,460	29,227,684
Modification gain	(1,432,561)	-
Principal repayments	(136,982,278)	(102,939,124)
Interest expense (Note 12)	2,127,241	1,075,091
Interest capitalised	4,616,280	5,897,889
Interest repayments	(4,838,374)	(5,863,737)
At 31 December	**125,435,470**	**83,495,702**

Bank borrowings are secured by an all asset debenture over the fixed and floating assets of the Company. The First Bank borrowing was secured with land and building comprising factory buildings, warehouses and other buildings; and plant and machineries of the Company.

The above borrowings are further classified based on the average interest rate, maturity and provider of funds:

₦'000	Average Interest Rate	Maturity	2022	2021
First Bank - Import trade finance	-	-	61,254,259	16,951,141
First Bank - Long-term loan	17%	30 June 2024	9,820,011	16,307,649
Union Bank (RSSF Loan)	2020 - 5% 2022 - 9%	30 September 2030	18,132,260	17,817,754
Union Bank LCs	-	-	2,093,109	2,133,768
Fidelity Bank (RSSF Loan)	2020 - 5% 2022 - 9%	30 September 2030	17,130,063	17,542,936
Coronation Merchant Bank - Import trade finance	-	-	6,540	112,540
First City Monument Bank - Import trade finance	-	-	1,007,766	925,878
Union Bank IFF (Cleanline)	-	-	1,207,000	11,704,036
First Bank Loan 2	17%	-	14,784,462	-
			125,435,470	**83,495,702**

(b) Bank borrowings

Current bank borrowings relate to short-term Import Finance Facilities (IFF) from several Nigerian banks with an average maturity of 12 months. They also include the portion of non-current bank borrowings repayable within the next 12 months. Non-current bank borrowings are secured by fixed and floating assets of the Company. They include ₦26 billion obtained from First Bank of Nigeria Plc for a period of 48 months with effect from July 2020 at a floating interest of 17% per annum (December 2021: 13.5%). ₦20 billion was obtained from Union Bank of Nigeria and Fidelity Bank each for a period of 10 years with effect from October 2020 at a floating interest of 5% per annum until August 2022 and then 9% afterwards.

Notes to the Financial Statements (Cont.)

25. Debt security issued

₦'000	31 December 2022	31 December 2021
Debt securities at amortised cost:		
Series 1 bond (Note 24b)	113,932,939	113,551,259
	113,932,939	113,551,259

₦'000	31 December 2022	31 December 2021
Non-current	113,932,939	113,551,259
	113,932,939	**113,551,259**

(a) The analysis of debt security issued during the year is as shown below:

₦'000	31 December 2022	31 December 2021
At 1 January	113,551,259	113,195,044
Interest expense (Note 12)	6,762,952	-
Interest capitalised	2,243,728	8,954,267
Interest repayments	(8,625,000)	(8,598,052)
At 31 December	113,932,939	113,551,259

(b) The Company issued a local bond of ₦115 billion on 30 December 2020 with a coupon rate of 7.5% payable semi-annually (Series 1 of ₦200 billion bond issuance programme). The bond has a tenor of 7 years and is due on 30 December, 2027. There is a moratorium of 3 years on the principal repayment of the bond, whilst interest is payable on a semi-annual basis at their respective interest rates.

BUA Cement Plc will have the right to exercise a call option to effect early redemption of the bonds, either in part or in whole, as from the expiration of 48 months from the issue date, in accordance with the provisions of the Series 1 Trust Deed.

On initial recognition of the Series 1 bond, management assessed the impact of the call option on the contractual cashflows to the bondholders and determined that the call option does not materially affect the contractual cashflows of the debt host contract, hence the option is closely related to the host contract and is not bifurcated from the host contract. The Series 1 bond has been classified as a debt measured at amortised cost using the effective interest rate.

26. Government grant

(a)

₦'000	31 December 2022	31 December 2021
Current	910,761	910,761
Non-current	2,810,501	3,721,262
	3,721,262	**4,632,023**

Notes to the Financial Statements (Cont.)

26. Government grant (continued)

(b) Movement in government grant is analysed below:

₦'000	31 December 2022	31 December 2021
Balance as at 1 January	4,632,023	5,532,718
Amount unwound to profit or loss (Note 8)	(910,761)	(900,695)
Balance as at 31 December	**3,721,262**	**4,632,023**

Government grant arose from a Central Bank of Nigeria (CBN) intervention fund for the construction of a 3 million metric tonnes per annum of Cement Plant in Kalambaina, Sokoto in 2020. It relates to the Fidelity Bank RSSF and Union Bank RSSF which were granted at initial rates of 5% and 9% subsequently. The interest rates on these borrowings were below market rate and the portion below the market rate was treated as government grants.

27. Share capital

(a) Authorised:

₦'000	31 December 2022	31 December 2021
40 billion ordinary shares @ 50k per share	20,000,000	20,000,000

(b) Issued and fully paid

₦'000	31 December 2022	31 December 2021
Balance as at 1 January and 31 December		
33,864,354,000 ordinary shares @ 50 kobo per share	16,932,177	16,932,177

28. Earnings per share

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

₦'000	31 December 2022	31 December 2021
Profit attributable to ordinary equity holders of the Company	101,010,626	90,079,011
Weighted average number of ordinary shares in issue	33,864,354	33,864,354
Basic earnings per share (Naira)	2.98	2.66

Diluted earnings per share is the same as the basic earnings per share as there are no potential securities convertible to ordinary shares.

Notes to the Financial Statements (Cont.)

29. Particulars of Directors and staff

(a) Particulars of staff

The average number of persons, excluding Directors, employed by the Company during the year was as follows:

₦'000	31 December 2022	31 December 2021
Management	17	16
Production	748	699
Administration	404	376
	1,169	**1,091**

(b) The table below shows the number of employees (excluding Directors) of the Company in receipt of emoluments, including allowances and pension costs within the following bands during the year.

₦'000	31 December 2022	31 December 2021
₦100,000 - ₦500,000	8	-
₦500,001 - ₦1,000,000	20	168
₦1,000,001 -₦2,000,000	397	294
₦2,000,001 - ₦3,000,000	226	258
₦3,000,001 - ₦4,000,000	231	150
₦4,000,001 - ₦5,000,000	109	83
₦5,000,001 - ₦10,000,000	131	104
₦10,000,001 - ₦15,000,000	28	16
₦15,000,001 - ₦20,000,000	2	8
₦20,000,001 - Above	17	10
	1,169	**1,091**

(c.) Particulars of Directors

Directors' emoluments

The remuneration paid to the Directors of the Company was:

₦'000	31 December 2022	31 December 2021
Emoluments paid to the Directors of the Company	318,033	240,471
Amount paid to the highest paid Director	125,298	104,971

The number of Directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

₦'000	31 December 2022	31 December 2021
₦15,000,001 - ₦45,000,000	7	7
₦80,000,001 - ₦110,000,000	1	1
	8	8

Notes to the Financial Statements (Cont.)

30. Related party transactions and balances

The ultimate majority shareholder of the Company, Abdul-Samad Rabiu, CFR, CON, is the ultimate controlling party. The ultimate controlling party has controlling interests in other companies. These companies are considered to be related parties to BUA Cement Plc.

The Company's transactions and balances arising from dealings with related parties during the year are shown below:

(a) Transactions with related parties

i. Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company. BUA Cement Plc has identified its management team as its key management personnel. The compensation paid or payable to key management for employee services is shown below:

₦'000	31 December 2022	31 December 2021
Salaries and other short-term employee benefits	439,590	656,131
Pension costs	18,700	27,585
Share based payment	-	1,926,230
	458,290	2,609,947

ii. Management and technical service fees

Fees are chargeable on technical support, management and administrative services provided by BUA Industries Limited to Sokoto Plant. The technical fees are chargeable at 2.83% of the Sokoto Plant's annual net sales in line with the Management Service Agreement with BUA Industries Limited. The agreement was terminated in February 2022.

During the financial year ended 31 December 2022, ₦0.63 billion was charged for management and technical services (2021: ₦1.83 billion).

iii. Transfer/(receipt) of funds

The treasury function of related entities of the Company are managed centrally.

(b) Outstanding balances with related parties

The receivables from related parties represent advance payments for goods/services expected from related parties. There is no outstanding balance due to related parties (2021: ₦1.48 billion).

i Due from related parties

₦'000	Relationship	31 December 2022	31 December 2022
BUA International Limited	Sister company	11,996,667	-
PW Nigeria Limited	Sister company	4,550,925	4,776,195
		16,547,592	4,776,195

ii. Due to related parties

₦'000	Relationship	31 December 2022	31 December 2021
BUA International Limited	Sister company	-	1,477,927
		-	1,477,927

Notes to the Financial Statements (Cont.)

30. Related party transactions and balances (continued)

(c) Impairment of receivables from related parties

There was no impairment charged on amount due from related parties (2021: Nil).

The net carrying amount of receivables from related parties is shown below:

₦'000	31 December 2022	31 December 2021
Gross carrying amount – due from related parties (Note 30aiii)	16,547,592	4,776,195
	16,547,592	4,776,195

(d) Changes in due from related parties in the statement of cash flows is as follows:

₦'000	31 December 2022	31 December 2021
Movement in due from related parties	(11,771,397)	(4,776,195)
	(11,771,397)	(4,776,195)

(e) Changes in due to related parties in the statement of cash flows is as follows:

₦'000	31 December 2022	31 December 2021
Movement in due to related parties	(1,477,927)	(33,019,833)
Effect of unrealised exchange loss on related party balances (Note 7)	-	(301,727)
*Effect of interest on funding from related party (Note 12)	(185,341)	(28,408)
	(1,663,268)	(33,349,968)

*Interests on funding from related parties are interests on letters of credit which the related party took on behalf of the Company. The Company repays the interest on the letters of credit to the related party.

31. Contingent liabilities

The Company is subject to some pending litigations arising in the normal course of business as at 31 December 2022. There are no contingent liabilities in respect of these pending litigations as at 31 December 2022 (2021: Nil).

32. Capital commitments and guarantees

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

₦'000	31 December 2022	31 December 2021
Purchase of delivery truck	10,028,280	-
Payment for off-road dump truck	377,720	-
70MV Power Plant	19,297,574	10,766,333
Expansion of Line 2 packing plant with two packers- civil & structural works	-	339,601
Construction of executive guest houses - 2 nos	-	123,446
Expansion of trailer park	-	60,772
	29,703,574	11,290,152

Notes to the Financial Statements (Cont.)

32. Capital commitments and guarantees (Continued)

(b) Guarantees

The Company had a guarantee of ₦100 million with Keystone Bank Limited as at 31 December 2022 (2021: ₦224.3 million) a with maturity date of 2 December 2022.

(c) Confirmed letters of credit and other obligations on behalf of customers

In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk. These instruments are issued in favour of Wartsila. The contractual amounts of the off-balance sheet financial instruments are:

- Letters of credit worth €19,445,010 with United Bank for Africa Plc and €19,627,028 from Zenith Bank Plc.

33. Subsequent events

There was no significant event after the reporting period which could have had a material effect on the disclosures and financial position of the Company as at 31 December 2022 and on its profit or loss and other comprehensive income for the period.

Statement of Value Added

₦'000	Notes	31 December 2022	%	31 December 2021	%
Revenue	5	360,989,105		257,327,091	
Other income	11	2,785,855		2,627,682	
		363,774,960		259,954,773	
Less: Bought in materials and services:					
Local and imported		(204,233,730)		(131,575,126)	
Value added		**159,541,230**	**100**	**128,379,647**	**100**
Applies as follows:					
To pay employees:					
Staff cost	9	8,607,559	6	8,920,238	7
To pay providers of funds:					
Net finance cost	12	8,611,912	5	1,085,229	1
To pay government:					
Income tax charge	13(a)	19,143,424	12	12,794,314	10
To provide for enhancement of assets and growth:					
Depreciation	6, 7 & 8	22,135,220	14	15,344,075	12
To augment reserve		101,043,115	63	90,235,790	70
		159,541,230	100	128,379,647	100

This statement represents the distribution of the wealth created through the use of the Company's assets by its own and employees' efforts.

Five-Year Financial Summary

₦'000	BUA Cement Plc			OBU Cement Company Limited	
	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Assets employed					
Non-current assets	676,241,399	584,308,003	527,668,305	408,405,566	399,431,134
Current assets	197,770,485	144,199,470	238,634,273	62,161,029	88,543,157
Current liabilities	(257,561,155)	(145,355,119)	(208,100,189)	(96,461,863)	(175,748,284)
Non-current liabilities	(205,338,186)	(185,035,606)	(182,247,661)	(10,407,490)	(3,613,823)
Net assets	**411,112,543**	**398,116,748**	**375,954,728**	**363,697,242**	**308,612,184**
Capital employed					
Ordinary share capital	16,932,177	16,932,177	16,932,177	16,932,177	16,932,177
Other reserves	(707,868)	(740,357)	(897,136)	(72,902)	194,926
Retained earnings	194,884,054	181,920,749	159,915,508	146,833,788	91,480,902
Reorganisation reserve	200,004,179	200,004,179	200,004,179	200,004,179	200,004,179
Total equity	**411,112,542**	**398,116,748**	**375,954,728**	**363,697,242**	**308,612,184**

₦'000	BUA Cement Plc				
	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Revenue from contract with customers	360,989,105	257,327,091	209,443,487	175,518,326	119,012,572
Profit before tax	120,154,050	102,873,325	78,873,498	66,224,501	39,166,582
Income tax (expense)/credit	(19,143,424)	(12,794,314)	(6,529,162)	(5,614,216)	24,905,420
Profit for the year	101,010,626	90,079,011	72,344,336	60,610,285	64,072,002
Total comprehensive income	**101,043,115**	**90,235,790**	**71,520,102**	**60,342,457**	**64,072,002**
Earnings per share (Naira)	**2.98**	**2.66**	**2.14**	**1.79**	**1.89**
Net assets per share (Naira)	**24.28**	**23.51**	**22.20**	**21.48**	**18.23**

Net assets per share is calculated by dividing net assets of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Share Capital History

Share Capital History

2014

AUTHORISED (UNIT)
20,000,000

ISSUED AND FULLY PAID (UNIT)
20,000,000

INCREASE IN ISSUED SHARES
-

2019

AUTHORISED (UNIT)
40,000,000
Share redenomination from (N1,000 to N0.50k each)

ISSUED AND FULLY PAID (UNIT)
40,000,000

INCREASE IN ISSUED SHARES
-

2019

AUTHORISED (UNIT)
40,000,000,000
Increase in authorised share capital

ISSUED AND FULLY PAID (UNIT)
40,000,000

INCREASE IN ISSUED SHARES
-

2019

AUTHORISED (UNIT)
40,000,000,000
Share reconstruction

ISSUED AND FULLY PAID (UNIT)
20,720,853,094

INCREASE IN ISSUED SHARES
-

2019

AUTHORISED (UNIT)
40,000,000,000
Merger

ISSUED AND FULLY PAID (UNIT)
20,720,853,094

INCREASE IN ISSUED SHARES
13,143,500,966

2019

AUTHORISED (UNIT)
40,000,000,000
Share reconstruction

ISSUED AND FULLY PAID (UNIT)
33,864,354,060

INCREASE IN ISSUED SHARES
-

Shareholder Information

Shareholder Information

Contact Details

Investor Relations

BUA Cement Plc
5th Floor, BUA Towers
PC 32, Churchgate Street
Victoria Island, Lagos, Nigeria

+234 01 4610669-70

investor.relations@buacement.com

www.buacement.com

@BUACementNG

@bua.cement

@bua_cement

@BUACement

@buacement

Registrar

Africa Prudential Plc
Head Office: 220B Ikorodu Road, Palmgrove, Lagos, PMB 12649 Marina
Abuja: Infinity House (2nd Floor), 11 Kaura Manoda Street, Off Faskari Cresent, Area 3, Garki, Abuja
Port Harcourt: Okien Suite Building (2nd Floor), No 1A, Evo Road, GRA Phase 2

+234 700 AFRIPRUD (0700 2374 7783)

cxc@africaprudential.com

www.africaprudential.com

@afriprud

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RC 649007

Affix Recent Passport Photograph
USE GUM ONLY
NO STAPLE PINS
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ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐ Date Of Birth D D M M Y Y Y Y

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:
Joint/Company's Signatories

Company Seal *(if applicable)*

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. ADAMAWA STATE GOVERNMENT BOND ☐
3. AFRILAND PROPERTIES PLC ☐
4. AFRICA PRUDENTIAL PLC ☐
5. A & G INSURANCE PLC ☐
6. ALUMACO PLC ☐
7. A.R.M LIFE PLC ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA CEMENT PLC ☐
10. BUA FOODS PLC ☐
11. BENUE STATE GOVERNMENT BOND ☐
12. CAP PLC ☐
13. CAPPA AND D'ALBERTO PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CORDROS MONEY MARKET FUND ☐
17. EBONYI STATE GOVERNMENT BOND ☐
18. GOLDEN CAPITAL PLC ☐
19. INFINITY TRUST MORTGAGE BANK PLC ☐
20. INVESTMENT & ALLIED ASSURANCE PLC ☐
21. JAIZ BANK PLC ☐
22. KADUNA STATE GOVERNMENT BOND ☐
23. LAGOS BUILDING INVESTMENT CO. PLC ☐
24. GLOBAL SPECTRUM ENERGY SERVICES PLC ☐
25. MED-VIEW AIRLINE PLC ☐
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)* ☐
27. NEXANS KABLEMETAL NIG. PLC ☐
28. LIVINGTRUST MORTGAGE BANK ☐
29. PERSONAL TRUST & SAVINGS LTD ☐
30. P.S MANDRIDES PLC ☐
31. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
32. PREMIER BREWERIES PLC ☐
33. RESORT SAVINGS & LOANS PLC ☐
34. ROADS NIGERIA PLC ☐
35. SCOA NIGERIA PLC ☐
36. TRANSCORP HOTELS PLC ☐
37. TRANSCORP PLC ☐
38. TOWER BOND ☐
39. THE LA CASERA CORPORATE BOND ☐
40. UACN PLC ☐
41. UNITED BANK FOR AFRICA PLC ☐
42. UNITED CAPITAL PLC ☐
43. UNITED CAPITAL BALANCED FUND ☐
44. UNITED CAPITAL BOND FUND ☐
45. UNITED CAPITAL EQUITY FUND ☐
46. UNITED CAPITAL MONEY MARKET FUND ☐
47. UNITED CAPITAL NIGERIAN EUROBOND FUND ☐
48. UNITED CAPITAL WEALTH FOR WOMEN FUND ☐
49. UNIC DIVERSIFIED HOLDINGS PLC ☐
50. UNIC INSURANCE PLC ☐
51. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
52. UTC NIGERIA PLC ☐
53. VFD GROUP PLC ☐
54. WEST AFRICAN GLASS IND PLC ☐

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
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Africa Prudential
RC 649007

E-SERVICE/DATA UPDATE FORM

NOTE: Tofillthisfor monline,pleasevisit:www.africaprudential.com/for ms-offers

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS *(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHER'S MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

Please tick against the company(ies) where you have shareholdings

CLIENTELE

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2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUA CEMENT PLC
10. BUA FOODS PLC
11. BENUE STATE GOVERNMENT BOND
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18. GOLDEN CAPITAL PLC
19. INFINITY TRUST MORTGAGE BANK PLC
20. INVESTMENT & ALLIED ASSURANCE PLC
21. JAIZ BANK PLC
22. KADUNA STATE GOVERNMENT BOND
23. LAGOS BUILDING INVESTMENT CO. PLC
24. GLOBAL SPECTRUM ENERGY SERVICES PLC
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OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
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BUA Cement Plc RC 119 3879
(A BUA Company)

Headquarters: 5th Floor, BUA Towers, PC 32, Churchgate Street
Victoria Island, Lagos, Nigeria T. 01 461 0669 - 70
E. info@buacement.com

PROXY FORM

7th Annual General Meeting to be held at 11:00 am on Thursday, 31st August, 2023 at the Congress Hall, Transcorp Hilton Hotel, No. 1, Aguiyi Ironsi Street, Maitama, Abuja.

I/We ____________________

of ____________________

____

member/members of BUA Cement Plc, hereby appoint ____________________

Alternatively, failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on 31st August, 2023.

Dated this ________ day of ____________ 2023. Signature ____________________

NUMBER OF SHARE HELD

NO.	ORDINARY BUSINESS	FOR	AGAINST
1.	To lay before the meeting the Audited Financial Statements for the year ended 31st December 2022 together with the report of the directors, and the audit committee thereon.		
2.	To declare a dividend (₦2.80k).		
3.	To re-elect the following Directors who retire by rotation and being eligible offer themselves for re-election:		
	i. Finn Arnoldsen – Non-executive Director		
	ii. Khairat Abdulrazaq-Gwadabe – Independent Non-executive Director		
	iii. Shehu Abubakar – Independent Non-executive Director		
4.	To authorize the Directors to fix the remuneration of the External Auditors. ₦150,000,000.00 VAT exclusive.		
5.	To elect members of the Audit Committee.		
6.	To disclose the remuneration of the managers of the Company		
	SPECIAL BUSINESS		
7.	To approve the remuneration of the Directors.		
	a. To approve the sum of ₦8,125,000.00 as Chairman's fee per annum.		
	b. To approve the sum of ₦6,500,000.00 as the Non-Executive Directors' fee per annum.		
8.	To consider and if thought fit, pass the following resolutions as special resolutions: a. In compliance with Article 45 (1c) of the Company's Articles of Association, requirements of Section 124 of the Companies and Allied Matters Act (CAMA) 2020 and Regulation 13 of the Companies Regulations 2021, the Company's unissued share capital of 6,135,645,940 (Six Billion, One Hundred and Thirty-Five Million, Six Hundred and Forty-Five Thousand, Nine Hundred and Forty) Ordinary Shares of ₦0.50K (Fifty Kobo) each from the total existing share capital of the Company be and is hereby cancelled.		

Please indicate with **'X'** in the appropriate space how you wish your votes cast on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his own discretion.

1

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BUA Cement Plc RC 119 3879
(A BUA Company)

Headquarters: 5th Floor, BUA Towers, PC 32, Churchgate Street
Victoria Island, Lagos, Nigeria T. 01 461 0669 - 70
E. info@buacement.com

PROXY FORM

NO.	RESOLUTIONS	FOR	AGAINST
	b. The Issued Share Capital of the Company be and is hereby declared as 33,864,354,060 (Thirty-Three Billion, Eight Hundred and Sixty-Four Million, Three Hundred and Fifty-Four Thousand, and Sixty) Ordinary Shares of ₦0.50 Kobo each.		
	c. That clause 6 of the Company's Memorandum and Articles of Association be and is hereby amended as follows: 'The Share Capital of the Company is N16,932,177,030 (Sixteen Billion, Nine Hundred and Thirty-Two Million, One Hundred and Seventy-Seven Thousand, Thirty Naira) divided into 33,864,354,060 (Thirty-Three Billion, Eight Hundred and Sixty-Four Million, Three Hundred and Fifty-Four Thousand and Sixty) Ordinary Shares of N0.50k each'.		
	d. That pursuant to section 11 of the Business Facilitation (Miscellaneous Provisions) Act 2022, the Articles of the Company be amended by the insertion of a new Article 50(1) to read as follows: A member of the Company or Proxy may participate in any general meeting of the Company via teleconference, video conference or using any other technological means that allow the participating member to hear and be heard. Any person so participating in person or by proxy shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in determining a quorum.		

Please indicate with **'X'** in the appropriate space how you wish your votes cast on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his own discretion.

NO.	NOTE
1.	Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead.
2.	Please sign this form and deposit it at the office of the Company's registrars at 220B Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the holding of the meeting. If the shareholder is a corporate body, this form must be sealed under its common seal or under a duly authorized attorney with provision made in writing.
3.	Shareholder's name to be inserted in **BLOCK LETTERS** in the blank space provided. In the case of joint shareholders, any one of such may complete this form, but the names of all joint holders must be inserted.
	In the event that any shareholder is unable to appoint a proxy to attend the meeting, he or she may appoint Abdul Samad Rabiu CFR, CON, the Chairman of the Company as a proxy. Alternatively, if you wish to appoint a different individual as your proxy for the meeting, kindly insert the name of the person in the provided blank space. This person may be a member of the Company or any other individual who will attend the meeting and vote on your behalf.
4.	For the proxy form to be considered valid and effective for the purpose of this meeting, it must be duly stamped in accordance with the provisions of the Stamped Duties Act, Cap S8, Laws of the Federal Republic of Nigeria, 2004.
5.	Proxy holders are required to present the admission card that is attached to this form upon arrival at the meeting venue. This card will serve as the required access to the meeting.

REGISTRARS:

AFRICA PRUDENTIAL PLC,
220B IKORODU ROAD,
PALMGROVE,
LAGOS.

2

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Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

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

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

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

SECTION A:

SHAREHOLDER'S FULL NAMES: ______
Surname / First Name / Middle Name

ADDRESS: ______

GSM NUMBER: ______ E-MAIL: ______

GENDER: Male ☐ Female ☐ DATE OF BIRTH: D D M M Y Y Y Y CSCS INVESTOR'S A/C NO.: ______

CLEARING HOUSE NUMBER(CHN): C ______ REGISTRAR'S ID NO (RIN): ______

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: ______ BANK: ______

BANK A/C NUMBER: ______ (Must be NUBAN) BVN: ______ (Must be confirmed by bank) AGE OF A/C: DD MM YYYY (Must be confirmed by bank)

Authorized Signature (1) *(and stamp of Stockbroker)*

Authorized Signature (2) *(and stamp of Stockbroker)*

Shareholder's Signature & Date

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

Thumb Print

CERTIFICATE DETAILS

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

Company Seal

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

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

CERTIFICATE DETAILS

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

Dated this ____ day of ____, 20 ____

Name: ______

Signature: ______

Joint (2) (if applicable): ______

Joint (3) (if applicable): ______

Company Seal

In the Presence of:

Name: ______ GSM NO: ______

Address: ______ Signature: ______

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

On behalf of ______ Plc/Ltd, we hereby agree jointly and severally keep the company and/or the Registrar or other persons acting on their behalf fully indemnified aganist all action, proceedings, liabilities, claims, losses, damage, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom. We/I also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Authorised Signatory (1): ______ Authorised Signatory (2): ______

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

SCAN

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cut along this line

Africa Prudential
RC 649007

SHARE PORTAL APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. *E-MAIL:

5. ALTERNATE E-MAIL:

6. *MOBILE NO.: **1.** **2.**

7. SEX: MALE FEMALE

8. *DATE OF BIRTH D D M M Y Y Y Y

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.: C

11. NAME OF STOCKBROKER:

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
7. A.R.M LIFE PLC
8. BECO PETROLEUM PRODUCTS PLC
9. BUACEMENTPLC
10. BUAFOODSPLC
11. BENUESTATEGOVERNMENTBOND
12. CAPPLC
13. CAPPAANDD'ALBERTOPLC
14. CSCSPLC
15. CHAMPIONBREWERIESPLC
16. CORDROS MONEY MARKET FUND
17. EBONYI STATE GOVERNMENT BOND
18. GOLDEN CAPITAL PLC
19. INFINITY TRUST MORTGAGE BANK PLC
20. INVESTMENT & ALLIED ASSURANCE PLC
21. JAIZ BANK PLC
22. KADUNA STATE GOVERNMENT BOND
23. LAGOS BUILDING INVESTMENT CO. PLC
24. GLOBAL SPECTRUM ENERGY SERVICES PLC
25. MED-VIEW AIRLINE PLC
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
27. NEXANS KABLEMETAL NIG. PLC
28. LIVINGTRUSTMORTGAGEBANK
29. PERSONAL TRUST & SAVINGS LTD
30. P.S MANDRIDES PLC
31. PORTLAND PAINTS & PRODUCTS NIG. PLC
32. PREMIER BREWERIES PLC
33. RESORT SAVINGS & LOANS PLC
34. ROADS NIGERIA PLC
35. SCOA NIGERIA PLC
36. TRANSCORP HOTELS PLC
37. TRANSCORP PLC
38. TOWER BOND
39. THE LA CASERA CORPORATE BOND
40. UACN PLC
41. UNITED BANK FOR AFRICA PLC
42. UNITED CAPITAL PLC
43. UNITED CAPITAL BALANCED FUND
44. UNITED CAPITAL BOND FUND
45. UNITED CAPITAL EQUITY FUND
46. UNITED CAPITAL MONEY MARKET FUND
47. UNITED CAPITAL NIGERIAN EUROBOND FUND
48. UNITED CAPITAL WEALTH FOR WOMEN FUND
49. UNIC DIVERSIFIED HOLDINGS PLC
50. UAC PROPERTY DEVELOPMENT COMPANY PLC
51. UTC NIGERIA PLC
52. VFDGROUPPLC
53. WESTAFRICANGLASSINDPLC

OTHERS:

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