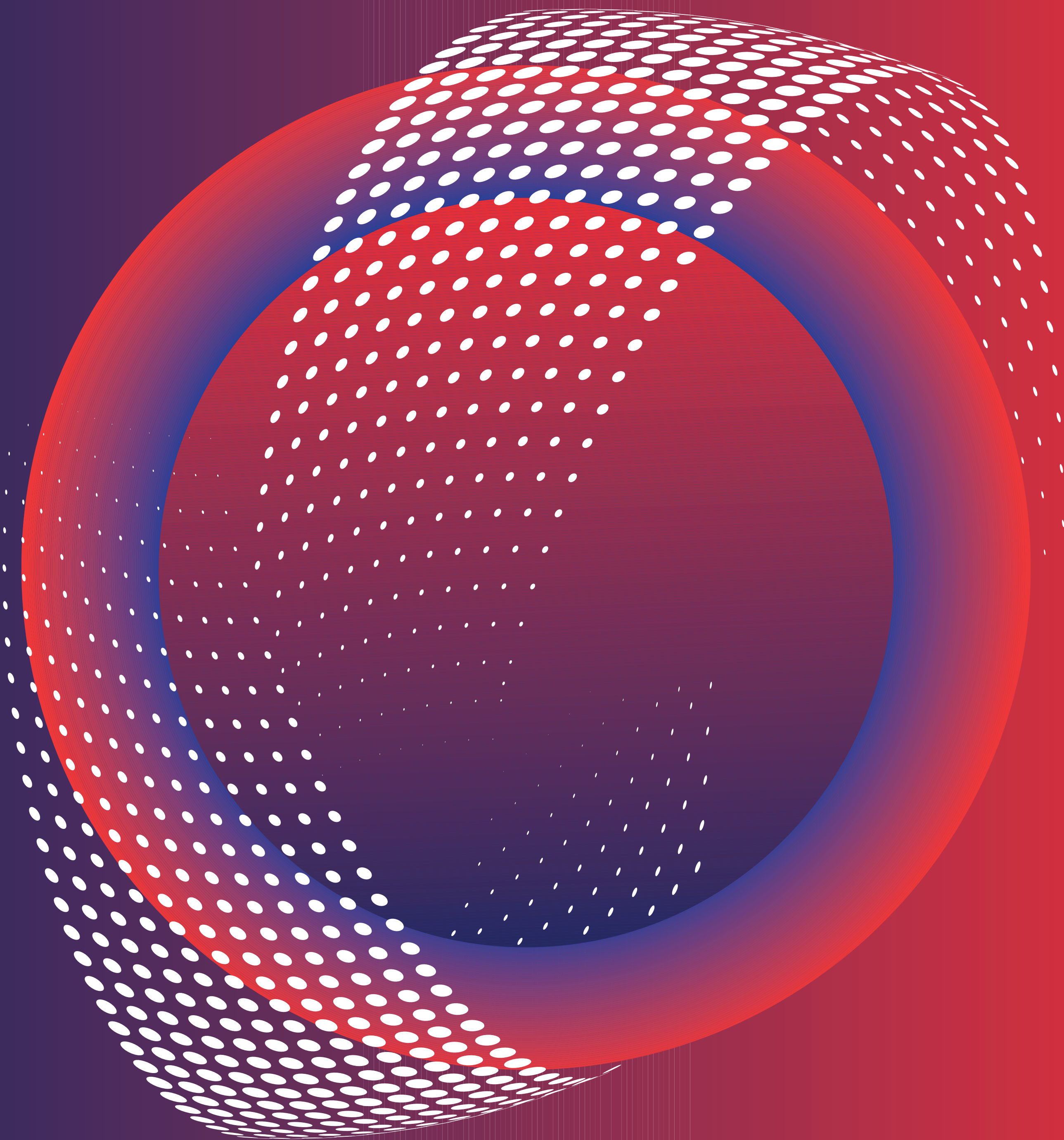
BUA Cement Plc RC1193879



INVESTING IN THE FUTURE

ANNUAL REPORT & ACCOUNTS 2021

Content

Company Overview

Company Overview

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

2021: Performance Highlights

Operational performance highlights

Installed Capacity

Obu Plant Edo State

2015	3 MMTPA
2019	3 MMTPA
TOTAL	6 MMTPA

Sokoto Plant Sokoto State

1985	0.5 MMTPA
2018	1.5 MMTPA
2021	3 MMTPA[1]
TOTAL	5 MMTPA

[1] This marks the cold commissioning of the plant - checks and readiness were completed but production was yet to commence.

Volume

2021	5,423KT
2020	5,100KT

Capacity Utilisation Attained

>67% (2020: 64%)

Installed Power

Obu Line I and II
89MW
captive power plant

Sokoto Line II, III and IV
108MW
captive power plant

Financial performance highlights

Revenue 2021
₦257.3 Bn
2020
₦209.4 Bn

EBITDA 2021
₦120.1 Bn
2020
₦96.8 Bn

Profit before tax 2021
₦102.9 Bn
2020
₦78.9 Bn

2021: Performance Highlights (cont.)

Sustainability performance highlights

Circular Economy

FOCUS - Drive the efficient management of resources

[2]154m³/day

Fresh water saved

[2]Obu Plant

Community

FOCUS - Bringing positive development to lives in host communities.

- Repair, Purchase and installation of transformers at Sama Road, Sokoto; Specialist Hospital
- Road, Sokoto; Rugar Wauru Community, Sokoto and Specialist Hospital Road, Hunde Chebuwa Village, Sokoto.
- Provision of solar and electrical borehole at Ukhomhedokha, Edo State; Imiegba, Edo State; Girabshi Resettlement Area, Sokoto and Gidan Gamba Resettlement Area, Sokoto.
- Donation of 10 patrol vehicles in support of the existing security architecture at Okpella, Edo State.
- Award of 150 scholarships to undergraduate and post-graduate students in Okpella Edo State, Sokoto State, Kebbi State and Zamfara State.
- Empowered 70 women in Okpella, Edo State and Sokoto State with the acquisition of skills in fashion design, hair dressing and makeup.
- Renovation of classrooms at Mary Mother of God Primary/Secondary School, Okpekpe, Edo State and Atakhekha Primary School at Itsuke-Ibie in Edo State.
- Construction and handover of Gidam Bailu Primary School, Sokoto State.
- Renovated the Corpers' lodge in Afokpella, Edo State.
- Provided medicines to 8 community health centres in Sokoto State
- Commenced the construction of 4 road projects namely; the Imikuri road, Okpella; the Iddo road, Okpella; the Afokpella road, Okpella and the Okpekpe road, all in Edo State.
- Building an Information and Technology Centre (ICT) for members of the Iddo community in Edo State.
- Building of town halls for the following communities: Imiekuri, Ogute, Imiagbese, Imiakhana-Imiegela, Imioshomu-imiegele, Imianoko-imiegele, Imiogha and Awuyemi.

Climate, Energy & Environment

FOCUS - Reduce carbon and dust particle footprint through innovation

447 CO_2kg/tcem

CO_2 emission

772 kcal/kg

Energy efficiency

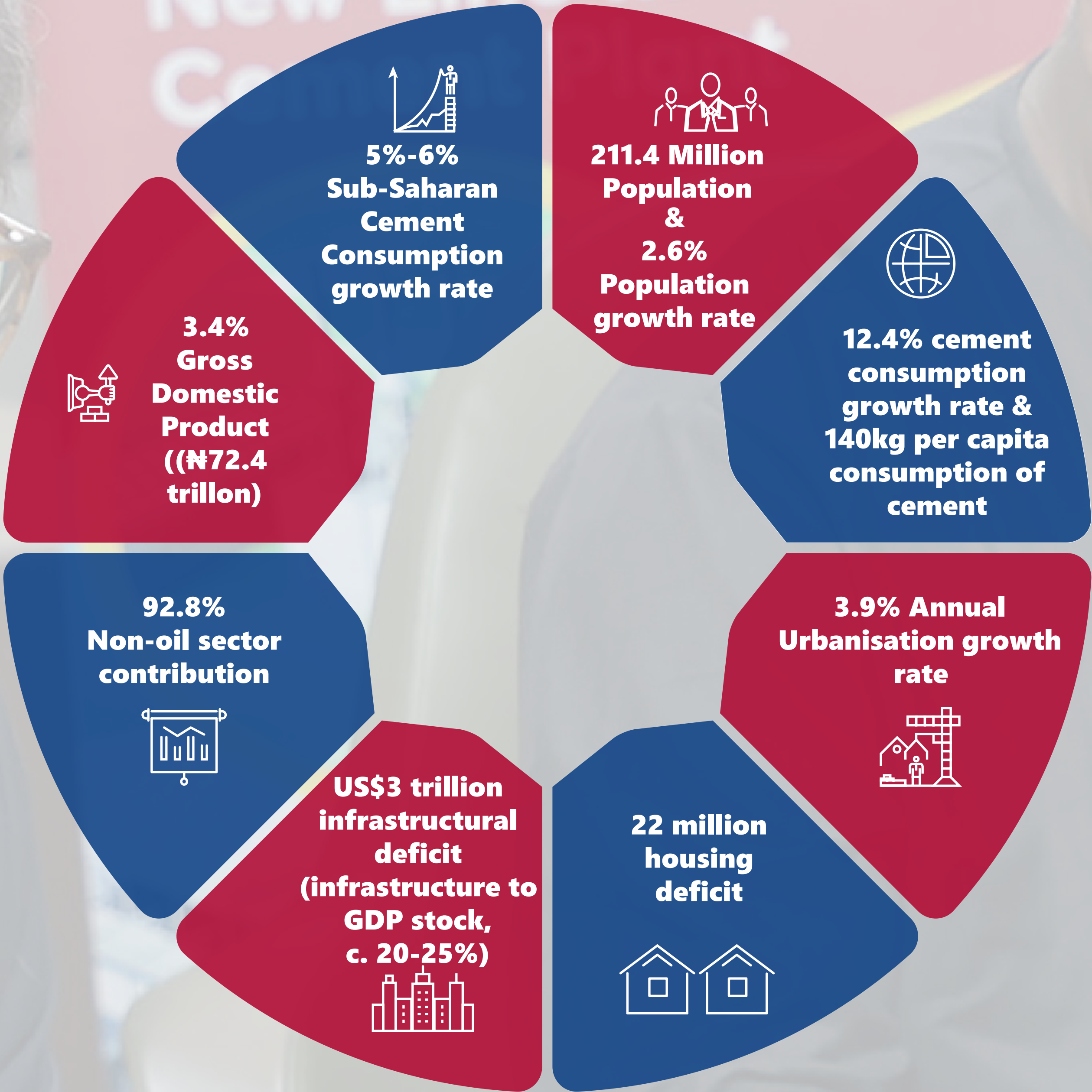
Environment

FOCUS - Restoration of the environment

[3]4.2mmt of sand, laterite and shale used for land reclamation - Rehabilitation of quarry sites (in compliance with the Nigerian Mineral and Mining Act, 2007), settlement areas, re-gasification and water house plants, truck yard and road construction.

[3] Sokoto Plant

Value Creation
(2021 Macro-Economics)



Value Creation Cement Consumption per Capita, CpC

Countries	CpC	Countries	CpC
Algeria	523kg	Libya	814kg
Benin	193kg	Mali	142kg
Cameroun	126kg	Mauritania	200kg
Chad	60kg	Morocco	463kg
Cote d'Ivoire	191kg	Niger	31kg
Egypt	471kg	*Nigeria	140kg
Ghana	209kg	Senegal	345kg
Guinea	126kg	Sierra Leone	91kg
Guinea-Bissau	90kg	South Africa	244kg
Kenya	135kg	Togo	242kg
Liberia	102kg	Tunisia	579kg

Global	556kg
SSA	117kg

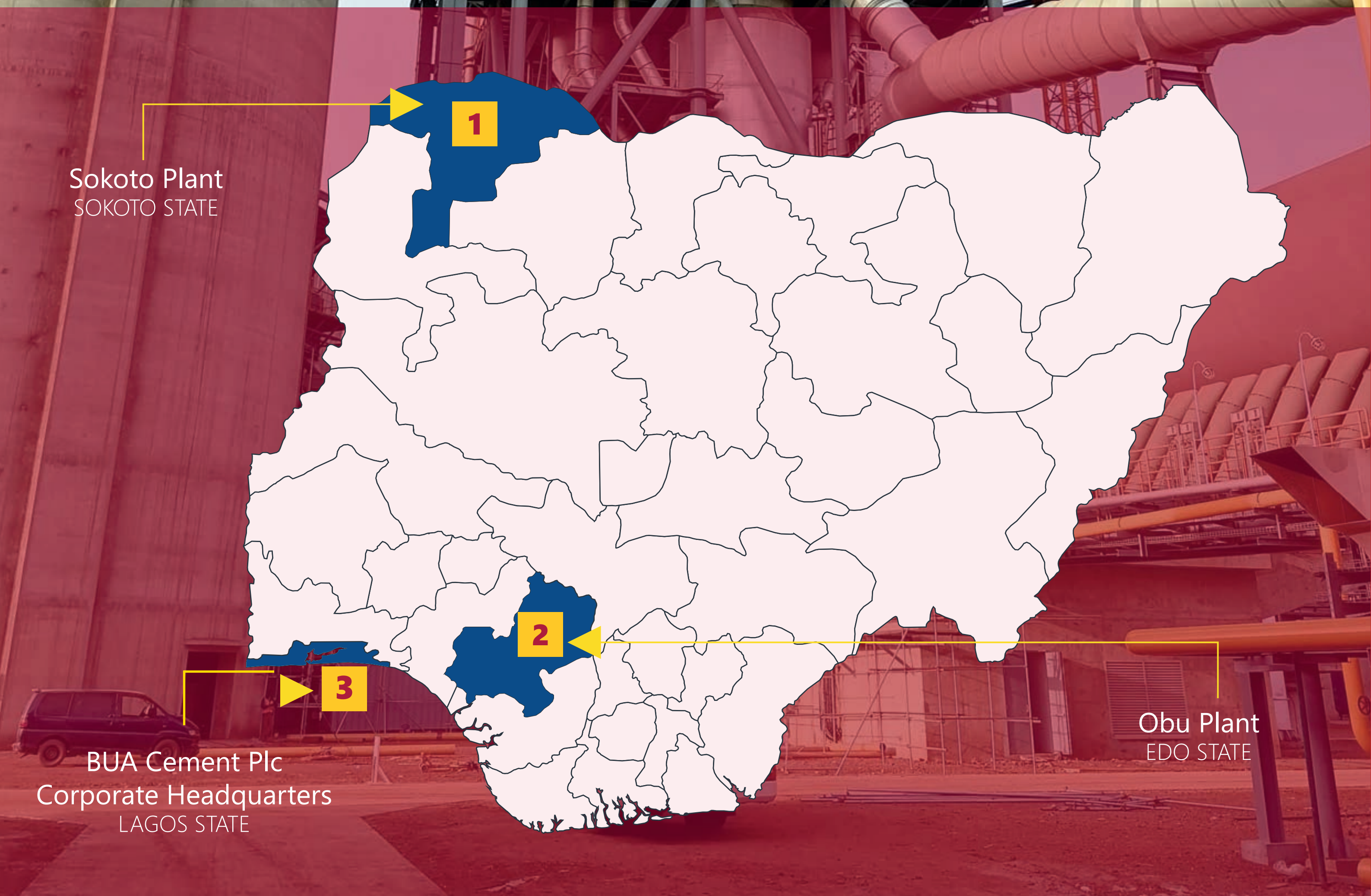
The above table highlights estimate to cement consumption per capita for 2021f.
*Actual (2021)

Perfromance

E^2GS

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

Our Locations



Chairman's Statement

> "...we immediately took decisive steps to secure the future and despite the world experiencing a shock and an economic downturn as a result of the pandemic, we have so far demonstrated the resilience and capital discipline needed to keep our strategy on track - emerging with a stronger footing for future growth in the process."

Welcome

Dear fellow stakeholders,

Welcome to our 2021 Annual General Meeting.

Last year was a great year for us but ended on a solemn note. In December, we lost our amiable Company Secretary, Mr. Ahmed Aliyu — a consummate professional whose impact on the Board, and affairs of the company will long be remembered. Our prayers are with his family, colleagues and friends, and we will continue to remember his time with us.

For more than a decade, BUA Cement has become a household name, providing much of what is needed for modern-day life: the cement for reliable infrastructure to connect supply chains and efficiently move goods and services across borders, connect households across metropolitan areas to higher quality opportunities for employment, healthcare and education — an impetus for faster economic growth in the country.

When the COVID-19 pandemic hit, we immediately took decisive steps to secure the future and despite the world experiencing a shock and an economic downturn as a result of the pandemic, we have so far demonstrated the resilience and capital discipline needed to keep our strategy on track - emerging with a stronger footing for future growth in the process.

Chairman's Statement (Cont.)

It should also interest you to know that BUA Cement is also rising to the global challenge of climate change, a role we must play in helping to tackle its impact, caused mostly by carbon emissions from manufacturing activities. At the Conference of the Parties (COP26) climate summit in Glasgow, Scotland, we witnessed how countries agreed that the world must transit to low-carbon energy sources. As a Company, we have decided to be at the forefront of this transition and will continue to invest in the future to help increase shareholder value, while contributing towards achieving Nigeria's commitment to net-zero emissions by 2060.

The year in review

Global growth in 2021 reached 5.5%, with growth rate in Sub-Saharan Africa (SSA) reported at 3.5%; supported by a rebound in commodity prices and a gradual easing of social restrictions. In Nigeria, the economy advanced by 2.4% primarily driven by the recovery in non-oil sector activities, compared to a contraction of 3.0% in 2020. Nonetheless, oil and gas production remained below pre-pandemic levels, restrained by disruptions to supply lines and declining extractive investments.

Inflation in Nigeria rose consecutively for 19 months to reach 18.17% year-on-year (y/y) in March 2021 before recording a monthly decline to 15.4% in November but picked up in December 2021 to 15.63%. Food inflation rose to a 16-year peak at 22.95% amid global supply chain disruptions, as economies reopened; domestic security challenges; low but rising oil prices and a further depreciation of the Naira.

It gives me great pleasure to announce that despite the prevailing uncertainties in the Nigerian and Global economy, BUA Cement continues to record strong operating performances. In 2021, BUA Cement recorded a 22.9% rise in revenue to ₦257.3 billion from ₦209.4 billion in 2020. Furthermore, EBITDA increased by 24.1% to ₦120.1 billion, EBITDA margin was up by 50 basis points to 46.7% and Profit after Tax rose by 24.5% to ₦90.1 billion (2020: ₦72.3 billion). This result gives credence to our sound business model, value proposition, and the excellent team who responded to the challenges and opportunities confronted with in the year under review. In the meantime, the BUA Cement brand continues to grow stronger in the marketplace.
Given this performance, the Board has recommended for your approval a dividend of ₦2.60 per ordinary share. If approved at this Annual General Meeting (AGM), it will be payable to shareholders whose names are on the Company's register at the close of business on 8 July 2022.

In December, we started the cold commissioning process of the new 3 million metric tonnes (Line 4) plant at Sokoto. With the new line officially commissioned in January 2022 and operations commencing afterwards, our total installed capacity increased to 11 million metric tonnes per annum, reaffirming our position as the second largest cement producer in Nigeria. On our expansion activities, satisfactory progress is being achieved with the Contractors on site in Edo and Sokoto States. When completed in 2023, BUA Cement's installed capacity will rise to 17 million metric tonnes per annum . Our aim is to invest more in the cement industry until Nigeria is self-sufficient, and cement is readily available, accessible, and affordable for all Nigerians.

We recognize the immense effort put in by our employees to keep the Company on a strong footing despite the pandemic and predictions of a tough year in 2020. As a result of their dedication, all members of staff received a share bonus gift from me during the year under review.

Board changes

At the beginning of the 2022 financial year, the Board approved the appointment of Mr. Abubakar Magaji, as the new Company Secretary/Legal Adviser with effect from 1 January 2022, following the untimely passing of Mr. Ahmed Aliyu; who was the Company Secretary since 9 March 2017. Mr. Magaji is an astute corporate lawyer with extensive experience gained during his time as the Company Secretary/Legal Adviser with Cement Company of Northern Nigeria, and as the Managing Partner at a leading law firm. We welcome him and wish him well in his role.

Sustainability Initiatives

BUA Cement continues to lead sustainably, in line with the United Nations Sustainable Development Goal (UN-SDGs) and made a few "headlines" along the way. During the year under review, we completed the transition from Heavy Fuel Oil (HFO) to Liquefied Natural Gas (LNG) in Sokoto (generators and partial replacement of coal in our kilns), thereby reducing our carbon footprint and supporting the Government's bid to cut carbon emission to net zero by 2060. This notable accomplishment was achieved with the installation of a 48MW gas power plant at Sokoto, together with the modification of the kilns, enabling the use of LNG in the pyro process. As part of our strategic medium-term pursuits, plans are already underway for the installation of new 70MW gas powered plants in Obu and Sokoto, respectively.

Chairman's Statement (Cont.)

Across our host communities, we engaged in empowerment programs, community development, and social impact projects through various tangible investments. In Edo and Sokoto States, we granted 150 new scholarships to students in pursuit of their undergraduate and postgraduate studies. We also empowered 70 women through skills acquisition programmes across diverse professions, and also provided them with the necessary tools needed to administer their new crafts effectively. Additionally, in healthcare, we supported community clinics with personnel, new health facilities and medicines. We also donated 10 patrol vehicles to support the existing security infrastructure in those communities.

During the course of the year, we were actively involved in the renovation of schools, electrification of communities, provision of solar/electricity boreholes and are presently involved in the construction of roads, town halls as well as an Information, Communication and Technology (ICT centre).

Outlook

According to the World Bank Group, growth forecast across Sub-Saharan Africa is estimated at 3.7% in 2022 from 3.5% in 2021; though it remains inadequate to reverse the pandemic-induced shock, given the Bank's concerns about security challenges, policy uncertainty, COVID-19, and current global supply chain disruptions. This is despite the positive impact of commodity prices. In Nigeria, growth is projected to strengthen to 2.5% in 2022 with the oil sector benefiting from higher oil prices, a gradual easing of production cuts by the Organization of the Petroleum Exporting Countries and its allies, as economies reopen and oil demand increases; while bearing in mind domestic reforms, with the signing of the Petroleum Industry Act (2021) into law which further liberalises the oil sector. However, we are mindful that inflation remains high going into 2022, which is also a pre-election year, with its attendant effects in terms of consumer spending and security concerns. Nevertheless, we remain positive in our thinking, agile in our manoeuvrability and disciplined in our approach, as we execute our priorities and strategy in a sustainable way.

The demand for cement was stronger in 2021 compared to 2020 and we expect this trend to continue in the short to medium term. Beyond our sector, the rebound in oil prices, as well as accelerated growth in telecommunication and financial services are also potential catalysts for growth in 2022. As we continue to transition to normalcy, there are still headwinds ahead that we must take into consideration. Nonetheless, BUA Cement is well positioned to support value creation across its stakeholder base over the foreseeable future. We will continue to invest in the future with a clarity of purpose for the Company and for its people.

The collective efforts of our people and the leadership of the Board and Management team is exemplary as we stay true to our vision of being a highly competitive market leader in Nigeria. We look forward to the commissioning of new lines in Edo and Sokoto States which would take our total installed capacity to 17 million metric tonnes per annum, whilst we continue exploring export opportunities in areas where we have strategic and competitive advantage.

Closing remarks

Fellow stakeholders, as BUA Cement goes into 2022 with good momentum having commissioned a new 3 million metric tonnes plant in Sokoto, and with a clear set of strategic initiatives, the Board is confident this will lead to another positive year of top-line growth for BUA Cement.

Our sustained high performance in 2021 could not have been achieved without the concerted effort of the people who make up this great Company — our shareholders, management, employees, partners, dealers, suppliers etc. Their commitment to excellence has once again kept us on the right path.

On behalf of the Board, I want to thank them for everything they have done and continue to do. I also want to specially acknowledge our shareholders and other stakeholders and thank them for their continued support. We are humbled that you keep trusting us to keep making the right decisions to create added value for you at all times. With your assured support, the future remains bright for BUA Cement.

Thank You.

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

5 May 2022

Interview with the Managing Director / Chief Executive Officer

"So far, we have delivered on most of our strategic priorities/objectives, which include: doing business sustainably by investing in clean energy, giving back to our host communities, adding capacity at Sokoto and progressing on expansion plans."

Operating Environment/Operations

Question: The operating environment in Nigeria was challenging in 2021, how did you manage energy costs and can you provide some insight into your strategy to be more competitive with energy cost per ton?
Answer: : High input-cost was a major challenge in 2021, with the depreciation of the Naira but businesses responded differently. Energy is one of our main costs, representing 37.6% of cost of sales in 2021, considering the cement production process is highly energy intensive.

As part of measures taken to reduce the impact of higher energy prices, in June 2021, we successfully commenced the usage of Liquefied Natural Gas (LNG) at the Sokoto plant, thereby diversifying our energy mix and becoming less dependent on just imported LPFO and AGO. For us, LNG is a more secure and reliable source of energy, because it is locally available, notwithstanding the transportation logistics due to the unavailability of gas pipelines within the region. This will have significant impact on our carbon footprint and energy cost going forward.

Question: What are the dynamics of demand in the industry, given that demand remained strong within the year and capacity across the industry is increasing?
Answer: There was an unprecedented demand for cement in the 2021 and this remains strong. The demand is local and precisely not from a particular geographical region. We have experienced strong demand in all the market regions where we have a presence.

Furthermore, the demand has been private sector driven, which accounts for between 75% to 80% of total industry output, compared to the public sector. Nevertheless, there are so many government projects ongoing and planned.

It is noteworthy to mention that sales are not a true reflection of the demand, because we believe that if we had produced more cement than was reported, the additional stock would have been sold. We expect the strong demand to continue because the current cement consumption per capita in Nigeria is around 140kg and remains low compared to neighbouring countries. For example, cement consumption per capita in Ghana, Senegal and Ivory Coast is around 230kg to 250kg. Therefore, consumption in Nigeria should continue to improve and the industry must continue to increase output to meet the extra demand.

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

Question: How did you manage the FX situation in 2021 considering the wide gap in the official and parallel market rate and your timely need for foreign currency?
Answer: Coping with the FX uncertainty was another challenge in 2021 and it impacted most businesses in Nigeria. We continue to reduce our reliance on imported materials as a strategy to manage this risk. For instance, we substituted foreign coal with LNG at our Sokoto plant to improve our mix and sought opportunities to replace imported spares with local substitutes.

For the rest of our operations such as, the purchase of spare parts or new equipment, we rely on sourcing FX from the CBN, using the I&E window or making use of FX proceeds generated from cement export. Additionally, we have good working relationships with Nigerian banks and through these relationships, we can meet our FX obligations.

Question: How has your capacity utilisation changed in 2021?
Answer: Our capacity utilisation remained steady between 85% to 90% in 2021 considering the operational efficiency of our plants and the run rate of our kilns. This is largely due to the use of new and modern equipment.

Question: What is the update on the plan for a plant in Adamawa State?
Answer: For the planned 3mmtpa, green field plant in Adamawa State, we are surveying raw materials availability for now. The contract has been signed and we have made some payments towards commencing the project. We will provide further update once we finalise our analysis on raw materials. Furthermore, there is the consideration to commence construction activities or move to another site elsewhere with proven limestone reserves in commercial quantities.

Question: What was the impact of a high input-cost environment on pricing for the Company?
Answer: We responded to the high-input cost environment by adjusting our price during the year but with a lot of consideration for the consumer. We achieved this through a mix of pricing and lifting bonus adjustments to support our customers and our margins. The lifting bonus is a kind of discount based on the quantity of bags being taken.

BUA Cement was perhaps the last manufacturer to adjust its price in 2021 due to the high cost environment. We held out as much as we could not to pass on some of the added costs to consumers and we envisage the addition of the 3mmtpa (line-4) plant in Sokoto, should lead to some reduction in the price of cement.

Strategy

Question: What is the plan for financing the Company's expansion strategy going forward?
Answer: We plan to add up to 6mmtpa to our current capacity over the next 2 years. This will increase our total capacity to 17mmtpa and puts us in a better position to serve the Nigerian market and grow our export business.

In 2020, we completed the single largest corporate debt issue and was recognised by the FMDQ for the maiden bond issue. We raised ₦115 billion from the market in Series I under a ₦200 billion programme. We could consider a Series II under the right market conditions. In addition, with a net cashflow from operating activities at ₦154 billion in 2021 from ₦64.2 billion (2020), we have a healthy cash generating capacity. Hence, we will consider the most optimal financing options under market conditions.

Question: The current FX condition in the country favours a sound export strategy for companies that can have capacity to export their products, how is BUA Cement thinking about export at this time?
Answer: We recognise that cement export can be very helpful in expanding our footprint, increasing brand awareness, and generating foreign currency earnings. However, considering the current level of demand in Nigeria, our focus has been the Nigerian market. Hence, our export volume was less than 1% of total production in 2021. As we increase our capacity, we will be better positioned to increase existing export volumes and, in the process, take advantage of some of the benefits from the full implementation of the AfCFTA; given the limited number of integrated cement plants in Africa, due to limited limestone deposits, the expected rise in urbanization, and the prevalent housing and infrastructural deficits.

Governance

Question: Sustainability has become a critical strategy for most businesses, can you talk us through the Company's sustainability activities in 2021 and other ongoing sustainability efforts?
Answer: At BUA Cement, sustainability reinforces our values as we remain operationally conscious, socially engaged, and economically involved. We made significant progress on cleaner energy mix and social impact. We modified the kilns at Sokoto, commissioned

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

the LNG gasification plant, and commenced the use of LNG at the plant on 10 June 2021, which led to full substitution of foreign coal (which represents about 30% of the energy input in the kiln) with LNG.

In Sokoto and Edo State, we continued the annual award of over 120 scholarships for graduate and post-graduate studies in various disciplines, particularly across the sciences. We empowered 70 women to gain new crafts this year through our skills acquisition programme and provided them with start-up kits. Additionally, we have been engaged in the provision of electric/solar boreholes; the electrification of communities, through the installation of transformers; renovation of schools, donations of patrol vehicles, construction of a healthcare centre, equipping of healthcare centers etc. Currently, we are involved in the construction of roads in Afokpella, Iddo and Imikuri; together with the construction of town halls in 8 communities and an ICT centre in Edo State.

Financial Performance

Question: How profitable were the operations of BUA Cement in 2021 and what were the drivers?
Answer: Our performance in 2021 was upheld by consistent market demand and supported by an excellent business model. Revenue increased by 22.9% to ₦257.3 billion from ₦209.4 billion in 2020 on the back of increased volumes dispatched and pricing activities. We sold 5.4 million tonnes of cement in 2021 compared to 5.1 million tonnes in the previous year.

Our EBITDA increased by 24.1% to ₦120.1 billion from ₦96.8 billion in 2020 resulting from higher net revenue. EBITDA margin was slightly up by 50bps at 46.7% from 46.2% in 2020. Profit after tax increased by 24.5% to ₦90.1 billion from ₦72.3 billion in the previous year, translating to an earnings per share of 266 Kobo from 214 Kobo.

Question: What impacted the significant drop in trade and other receivables in 2021?
Answer: Trade and receivables declined by 52.9% in 2021 to ₦39.2 billion (FY 2020: ₦83.3 billion). It is noteworthy that our actual receivables are very small because we receive cash in advance for our products. So, our receivables are small. The reason for the decline is because we had a huge amount of uncollected "other receivables" relating to proceeds from the Series I bond at the end of 2020 when the offer closed but was collected in January 2021.

Outlook

Question: What is your plan to ensure that BUA Cement remains an attractive investment option for investors?
Answer: So far, we have delivered on most of our strategic priorities/objectives, which include: doing business sustainably by investing in clean energy, giving back to our host communities, adding capacity at Sokoto and progressing on expansion plans. The operating condition in 2021 was not very favorable considering the FX situation and high level of inflation. Nonetheless, we recorded a profit growth of 26.8% and created value for shareholders.

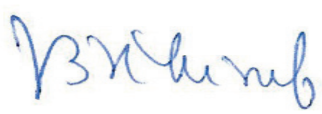
We continue to put ESG at the core of our operations with an understanding of how important it is for businesses. As part of measures aimed at improving our clean energy mix, we are considering the use of solar on a limited scale (up to 10 MW) to further reduce our carbon footprint.

Our rating by Agusto & Co. was upgraded to A+ from A, citing the Company's strong sustainable cash flow which is upheld by our product and service offering in the market place, the favourable terms of trade with customers, improved leverage metrics and working capital adequacy - bolstered by a good funding mix and experienced management team.

All of these will help us remain attractive in the market and we will continue to build on this progress to create value for our stakeholders.

Question: What is the Company's outlook for cement demand in 2022?
Answer: We expect cement demand in 2022 to remain strong, led by continued private sector growth and public infrastructure projects.

As previously stated, cement consumption per capita in Nigeria is one of the lowest globally, considering our population size & demographics, urbanisation rate and the existing infrastructure gap, particularly with the deficiencies exposed by COVID-19 in social infrastructure.



Yusuf Binji
Managing Director
BUA Cement Plc

May 5, 2022

Sustainability

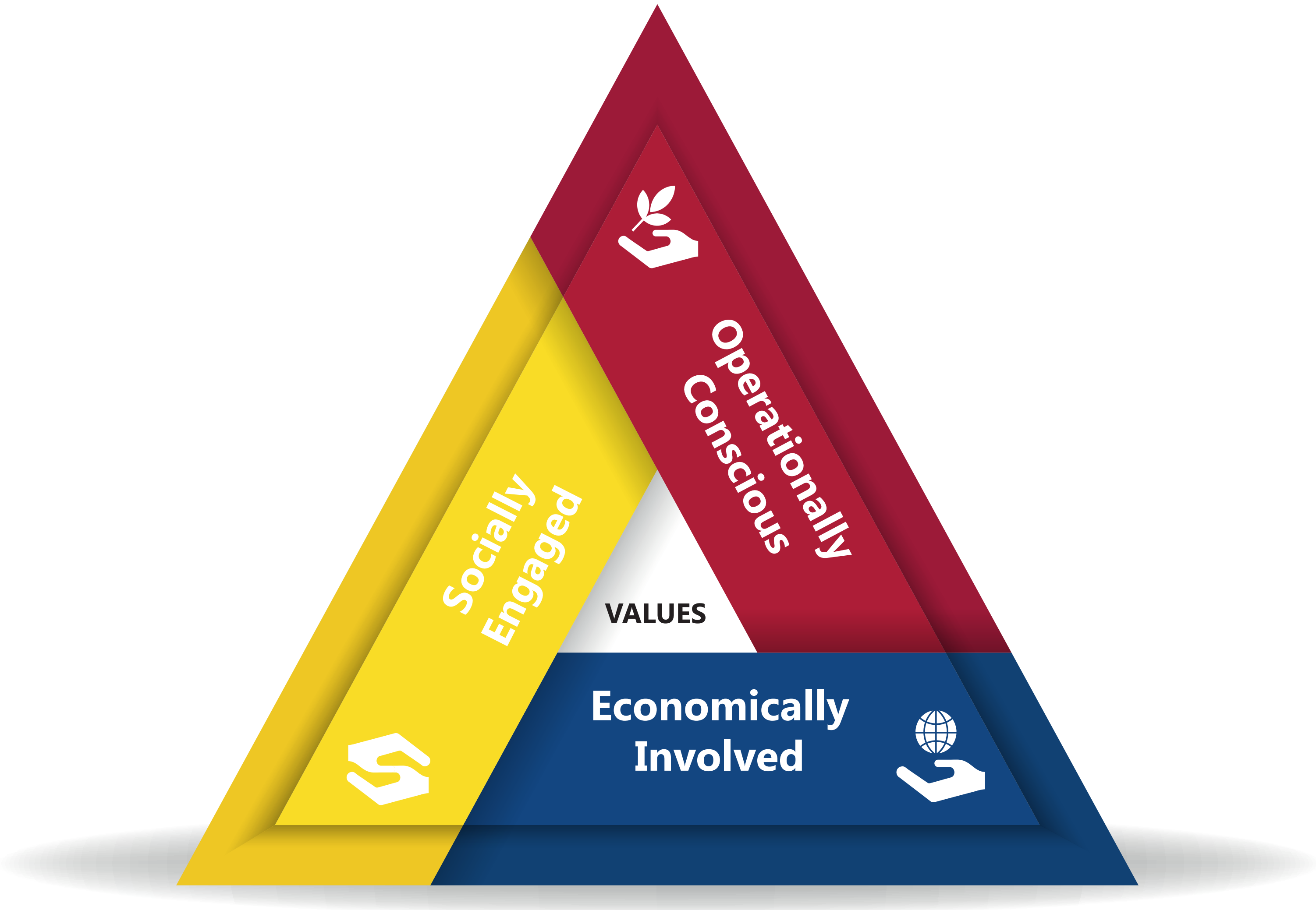
Sustainability

Approach to 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 in the world.

Our keenness to see a prospering Africa 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.



How We Win

In recent years, the continent, with Nigeria at the centre, has witnessed record high urbanisation rates, though unmatched with continued housing and infrastructure deficits; arising from low commodity prices, revenue shortfalls and by extension, low GDP per capita.

During the year, we witnessed the new strains of the Coronavirus – Delta and Omicron, though not as acute as the earlier strain, which led to some relaxation of the safety guidelines. Nevertheless, increasing pressure on fiscal balances persists, thereby limiting but focusing the decisions of Government at all tiers, to the most pressing societal needs.

In the wake of the challenges, together with our collective resolve to making each day a lot better for everyone, we constantly ask ourselves, how best can we drive value? How can we impact societies, positively?

To answer these important questions, we have adopted an inside–out, three-pronged approach, which ensures we are:

Operationally Conscious

What we do and how we do it, are important considerations to us. Towards this, we offer cement qualities that offer more value for less and which give the "best-fit" to customers' requirements. Through our compliance with required local and international standards, we ensure that our activities have minimal impact on the environment through strict adherence to emission standards; reduced freshwater usage, through water storage and recycling and the rehabilitation of decommissioned quarry sites etc., all bound by our corporate governance framework.

What did we do?

Specifically, our plant designs adopt the use of close circuit systems for heat recovery. With this system, we can recover heat generated during pyro processing for further use during calcination at the calciner, resulting in reduced direct thermal emission (the burning of fossil fuel to heat the kiln), which accounts for ~40% of total emissions among cement manufacturers globally and also reduces heat emitted into the atmosphere. Equally, as we continue to seek out ways of reducing our greenhouse footprint on the environment, our choice of gas as a primary energy source, has resulted to less carbon emission.

Today, all decommissioned quarries have been restored, ensuring the existence of no ditches or ponds, an achievement we take pride in. Furthermore, we recorded a carbon footprint of 447kg/TCEM in 2021 which was 24kg/TCEM lower, compared to the year 2020.

How We Win (Cont.)

Socially Engaged

We understand that our success depends on the success of others. By being socially engaged through volunteering and community enriching initiatives, we not only empower individuals and communities through diverse, trainings and projects but also ensure we have a pathway to consistently pursue our mission of promoting economic development across Nigeria and Africa.

What did we do?

During the year, we purchased and installed three 500KVA transformers to neighbouring communities at Sokoto. In addition, we provided solar and electrically powered boreholes to host communities and 10 patrol vehicles to support the existing security architecture at Okpella, Edo State.

We continue to support the Sokoto Cement Schools at Wurno Road, Sokoto State with full funding, while also providing scholarships to undergraduates and graduates from Okpella, Edo State; Sokoto; Zamfara and Kebbi States, who intend to, or who are currently pursuing engineering or other science-based courses in Nigerian tertiary institutions; all in our bid to promote innovation and technological advancement. Every year, BUA Cement awards over 100 educational scholarships to successful applicants.

Having understood the connection between the wellness and productivity in any community, we continue to support community health centres by employing the services of medical practitioners, who attend to the needs of community members and ensure the availability of drugs and medical equipment for each of the 8 community centres we worked with.

More of our social activities can be found under the Sustainable Development Goals (SDG) section.

Economically Involved

By successfully executing on our initiatives, we drive economic development through its multiplier effects. Hence achieving equality and shared prosperity for all.

What did we do?

Towards achieving our identified goals, BUA Cement continues to employ and train graduates from host communities through the Graduate Trainee Scheme, in the field of engineering. This is in addition to ensuring that members of host communities are accorded preference(s) for both skilled and unskilled labour.

Sustainable Developmental Goals

We are committed to the United Nation's Sustainable Development Goals (SDG's). In fulfilment of this commitment, we highlight the activities embarked upon in 2021, particularly how it reinforces each of the goals.

NO POVERTY

END POVERTY IN ALL ITS FORMS EVERYWHERE.

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

BUA Cement leveraged on the platform provided by the Edo State Government Skill Acquisition Program by giving 20 women the opportunity to acquire skills in sewing, fashion designing and hairdressing.

In Sokoto, 50 women acquired skills in beauty make-up classes.

Upon the completion of their programs, BUA Cement will provide start-up packs to the graduating apprentices, together with other facilities needed to put the acquired skill to use.

GOOD HEALTH AND WELL-BEING

ENSURE HEALTH AND WELL- BEING FOR ALL.

We provided 8 community health centres with manpower, equipment and medicines, thereby promoting the wellness of communities at Sokoto.

Constructing a clinic for members of the Iddo community in Edo State.

QUALITY EDUCATION

ENCOURAGE QUALITY EDUCATION AND LIFELONG LEARNING.

Every year, BUA Cement is responsible for the full funding of the Sokoto Cement schools at Wurno Road, Sokoto State. In addition, a multi-purpose hall was constructed, which would also be furnished.

50 undergraduate scholarships were granted to students from Kebbi, Sokoto and Zamfara States, studying engineering and science-based courses.

100 scholarships were awarded to 90 undergraduate and 10 post-graduate students from Edo State.

The renovation of classrooms at Mary Mother of God Primary/Secondary School, Okpekpe, Edo State and Atakhekha Primary School at Itsuke-Ibie in Edo State.

Construction and handover of Gidam Bailu Primary School, Sokoto State.

Sustainable Developmental 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, which provides leadership opportunities to women.

CLEAN WATER AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITISATION.

We provided 2 solar and electrically powered boreholes to communities at Imiegba and Ukhomhedokha, in Edo State.

Constructed boreholes at Girabshi and Gidam Gamba resettlement areas, in Sokoto State.

Annual maintenance of boreholes at Okpella town in Edo State.

AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO RELIABLE, SUSTAINABLE, AND MODERN ENERGY.

Installed 3 500KVA transformers at Specialist Hospital Road, Sokoto North LGA; Ruggar Wauru Community, Wamakko LGA, Sokoto and Specialist Hospital Road, Hunde Chebuwa Village, Sokoto.

The repair of the transformer at Sama Road, Sokoto was undertaken

DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE GROWTH.

We ensured inclusive growth by paying competitive wages to our staff, along with other benefits.

Grants were provided to members of host communities, as part of capacity building initiatives.

The NYSC Corpers' lodge at Afokpella was refurbished, which ensures decent living conditions for corpers posted to the community.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

BUA Cement commenced the construction of 4 road projects namely; the Imikuri road, Okpella; the Iddo road, Okpella; the Afokpella road, Okpella and the Okpekpe road, all in Edo State.

Donated 140 tons of cement to its host communities of Wamakko Local Government, Sokoto State.

Building an Information and Technology Centre (ICT) for members of the Iddo community in Edo State.

SUSTAINABLE CITIES & COMMUNITIES

MAKE COMMUNITIES SAFE, RESILIENT, AND SUSTAINABLE.

We undertook the relocation of the transformer at Fandirma Village, Sokoto and replaced the low-tension wires.

BUA Cement constructed the perimeter fence enclosing the cemetery at the Gidam Boka Area, Wajeke resettlement. This followed the construction of the new settlements for communities living close to the quarry sites.

Building of town halls for the following communities: Imiekuri, Ogute, Imiagbese, Imiakhana-Imiegela, Imioshomu-imiegele, Imianoko-imiegele, Imiogha and Awuyemi.

Sustainable Developmental Goals (Cont.)

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. For instance, some of the restored quarry sites are now used as trailer parks, thereby prioritising the safety of other road-users at Sokoto.

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 and donated reflective jackets to the Federal Road Safety Command, Auchi Division

Refurbished a vehicle belonging to the Nigerian Prison Service, Auchi division and undertook the repair of a vehicle belonging to the Area Command, Nigerian Police Force at Agenebode.

Renovated and furnished the Magistrate Court at Okpella, Edo State.

Conclusion

As we journey through an ever-changing world, met with unprecedented challenges and opportunities, we are fully aware that the acceptable standards today will become inadequate tomorrow. Given this mindset, we remain committed to reducing the negative impact of our activities on the environment while increasing our positive influences on the society, by constantly searching out better alternatives, initiatives, and avenues to make the most meaningful of impacts.

Corporate Governance

Corporate Governance

Corporate Governance Report

Introduction

The Board of BUA Cement PLC ("the Company" or "BUA Cement") is pleased to present the corporate governance report, which provides insight into the Company's governance structure as well as its compliance with the relevant codes and good corporate governance practices in Nigeria.

At BUA Cement we recognise that it is not sufficient to only achieve our set goals at the expense of right values and principles. Accordingly, the Company has established a strong governance framework to serve as a guide to its Directors, employees and stakeholders in implementing the right governance culture. The Board is the main driver of the Company's corporate governance practices built securely on its Board Charter, Board Committees' Charters and other Governance Policies in line with international best global practices, relevant Codes of Corporate Governance, Companies and Allied Matters Act, Securities and Exchange Commission and the Post Listing Requirements of the Nigerian Exchange Limited, and other applicable regulations.

BUA Cement's corporate governance processes and policies are founded on the pillars of accountability, efficiency, and effectiveness, fairness, responsibility, transparency, and independence. The Company's governance structure ensures that Managers at every level are held accountable and stakeholder views are taken seriously. To ensure good corporate governance practices, the Company continues to review its governance processes from time to time to align with the various applicable local legislation and international best practices.

The Board

The Board is the highest governing authority within the Company. It is accountable to the Shareholders to create and deliver sustainable value through the management of the Company's business. Directors of the Company possess the right balance of expertise, skills and experience, which translates to an effective Board and a Management team capable of steering the affairs of the Company in an ever changing and challenging environment. The responsibilities of the Board are clearly outlined in the Board Charter, highlights of which are as follows:

1. To oversee the continuous implementation of corporate governance principles and guidelines within the Company.
2. To approve the Company's strategy and make decisions on capital structure and allocation.
3. To consider and approve the Succession Plan for the Board and Senior Management of the Company.
4. On the recommendation of the Governance, Establishment and Remuneration Committee, review and approve compensation policy for the Company and make decisions relating to the appointment, promotion or termination of Senior Management staff.
5. To ensure that the Company maintains a sound system of internal controls to safeguard the investment and assets of the Company.
6. Approve any significant changes in the organisational structure of the Company and periodically review the Company's liquidity positions as well as approve major proposed transactions, projects, programs and services.
7. Oversee the companies process to ensure that the Company maintains a sound system of internal controls to safeguard shareholders' investment and the assets of the Company.
8. The Board is responsible for the efficient operation of the Company and ensures that the Company fully discharges its legal, financial and regulatory responsibilities. The Board delegates the operational management of the Company's businesses to the Managing Director who reports to the Board subject to such specific delegations and limits that the Board makes from time to time. The Managing Director may sub-delegate any of his duties to such members of the executive or Senior Management team as he/she shall determine from time to time.

The Delegation of Authority Matrix approved by the Board defines the relevant approving entity (Managing Director, Board or Shareholders) for various transactions and business decisions for the Company, including authority to commit to a transaction or risk.

Composition of the Board

In accordance with the SEC Rules and Nigerian Codes of Corporate Governance, that the Board should be of a sufficient size relative to the scale and complexity of the Company's operations.

Corporate Governance Report (Cont.)

As at 31 December 2021, the Board is composed of eight (8) Directors that are diverse with skills in manufacturing, engineering, business strategy, finance and law. The Directors consist of six (6) Non-Executive Directors, two of whom are independent and two Executive Directors, one of whom is also the Managing Director /Chief Executive Officer. This is in alignment 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, excellent level of achievement in their respective fields, integrity and independence of opinion.

There was no change to the Board's composition during the period under review.

The Chairman and The Managing Director/Chief Executive Officer

The roles of the Chairman and that of the Managing Director/Chief Executive Officer of the Company are separate such that no person can combine the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He is also responsible for the overall operation, leadership, and governance of the Board, management of the Board's business and setting of the Board agenda in consultation with the Managing Director/Chief Executive Officer and the Company Secretary.

The Chairman also facilitates the constructive participation of other Directors, promotes effective relationships, and open communication between the Executive and Non-Executive Directors, both inside and outside the Boardroom. The Managing Director/ Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors and is responsible for coordinating the day-to-day activities of the Company.

The Company Secretary

The Company Secretary and General Counsel provides support, governance advice and guidance to the Board and the individual Directors, on their powers, duties and responsibilities. The Company Secretary ensures that all regulations and procedures for the conduct of the affairs of the Board are complied with at all times. The Company Secretary also serves as the Secretary to all the Board Committees and the Statutory Audit Committee and attends all the meetings of the Board, shareholders, and the Committees.

Board Appointment Process

The Governance, Establishment and Remuneration Committee ("Governance Committee" or "GERC") is responsible for continuously reviewing the qualities and skills needed to complement the Board. Upon the recognition of an exit or vacancy on the Board, the Governance Committee develops and documents specifications of the skills, personal attributes, knowledge and experience required to fill the gap.

The Governance Committee then interviews prospective candidates, comparing their experience with the specifications earlier identified and nominates the prospective Directors. Thereafter, the Board considers and approves or rejects the nominations presented by the Governance Committee.

A formal induction program is conducted for new Directors to ensure that they are adequately acquainted with the Board's practices and the Company's operations. In addition to an appointment letter documenting their roles and responsibilities, new appointees also receive copies of the Board Charter, Committee Charters, Other Approved Governance Policies and the Company's Memorandum and Articles of Association.

All Directors are encouraged to continue to update their skills and knowledge on an individual basis while the Company provides additional training for Directors continuously. The training courses organised for Directors are geared towards giving the Directors a broader understanding and knowledge of the regulatory and competitive environment in which the Company operates.

Board Meetings

The Board meets quarterly in accordance with the approved Annual Calendar for Board meetings to perform its oversight function and to monitor the performance of Management. Special Board meetings are scheduled whenever business exigencies arise which require the urgent attention of the Board. Between meetings, the Board maintains regular contact with Management. The Directors are provided with notices, agenda and meeting papers in advance of each meeting to enable Directors adequately prepare for the meeting. Where a Director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such a Director also reserves the right to nominate an alternate or discuss with the Chairman any matter he/she may wish to raise at the meeting.

Corporate Governance Report (Cont.)

Directors are also provided with regular updates on developments in the regulatory and business environment. The Board met six (6) times during the period under review.

Attendance Register of the Members of the Board for the year ended 31 December 2021:

Name of Director	Date of meeting and attendance					
	29/01/21	25/03/21	28/04/21	28/07/21	21/10/21	09/12/21
Abdul-Samad Rabiu, CON.	P	P	P	P	P	P
Yusuf Binji	P	P	P	P	P	P
Jacques Piekarski	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 Gwadabe	P	P	P	P	P	P
Shehu Abubakar	P	P	P	P	P	P

P = Present

Board Committees

In addition to the Statutory Audit Committee, the Board carries out its responsibilities through four Committees, which have clearly defined terms of reference, setting out their powers, tenure and responsibilities. .

In the 2021 financial year, one (1) new Board Committee was created – the Audit Committee. Accordingly, 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 responsibilities and take advantage of individual expertise to formulate strategies for the Company. The Committees render reports to the Board on their activities at Board meetings in accordance with the Board reporting matrix.

The Board retains responsibility for final decision making while Committees are tasked with making recommendations on matters presented to them by the Management or the Company Secretary.

A. FINANCE AND GENERAL PURPOSE COMMITTEE

Opening Statement of the Committee Chairman

It is my pleasure to present to you the report of the Finance and General-Purpose Committee ("FGPC") for the period under review. The FGPC is a Committee of the Board duly constituted under a Terms of Reference comprising of five (5) persons who are jointly knowledgeable in financial management, capital markets, and in the operations of the Company. We are responsible for reviewing and providing recommendations to the Board on matters relating to finance, strategy, capital and investment planning, and budgetary performance. As Chairman of the Committee, I coordinate the meetings of the Committee and provide reports on our recommendations to the Board.

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

a. Vetting the annual budget, quarterly unaudited financial statements, and annual audited financial statements;

b. Reviewing the capital structure of the Company including any issue of share options or other securities, any share buy-back, and any other changes in the capital structure of the Company;

c. Reviewing contracts for capital projects beyond the approval limits of the management;

d. Periodically reviewing the Company's financial position including its liquidity.

Kabiru Rabiu
Committee Chairman

Corporate Governance Report (Cont.)

Report on FGPC Activities
The Committee held five (5) 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				
			27/05/21	24/03/21	27/07/21	20/10/21	08/12/21
1	Kabiru Rabiu	Chairman	P	P	P	P	P
2	Chimaobi Madukwe	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

B. GOVERNANCE, ESTABLISHMENT, AND REMUNERATION COMMITTEE

Opening Statement of the Committee Chairman

I am pleased to present the report of the Governance, Establishment and Remuneration Committee (GERC) for the period under review. The GERC is a committee of the Board duly constituted under a Terms of Reference, comprising of four (4) Non-Executive Directors of whom one (the Chairman) is an Independent Non-Executive Director. We are responsible for selecting and reviewing the skills required to be on the Board and providing recommendations on the Board skill mix and diversity to the Board on matters relating to Nomination; Governance; Remuneration; Succession Planning; and Board Evaluation.

As Chairman of the Committee, I coordinate the meetings of the Committee and provide reports on our recommendations to the Board. Our focus at our meetings is to fulfil our mandate as provided in our Terms of Reference by deliberating and making recommendations to the Board as regards the following:

a. Nomination and appointment of Board members;

b. Review of Board and Board Committee Charters as well as the Directors' Terms of Engagement;

c. Review of the terms of service upon appointment and any subsequent changes, including the total individual remuneration package for the Executive Directors and Senior Executive Management;

d. Assessment and planning of Board composition and succession considering the competencies and skills necessary for the Board as a whole, the competencies and skills that the Board considers each existing Director to possess, and the competencies and skills that each new nominee would bring to the Board;

e. Annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard;

f. Appointment, promotion, and termination of Senior Management;

g. Review and approve disciplinary actions to be carried out against Senior Management staff; and

h. Any other role and responsibility that relate to duties of the Committee from time to time.

Khairat Abdulrazaq 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:

Corporate Governance Report (Cont.)

S/N	Name	Designation	Date of meeting and attendance			
			23/03/21	26/04/21	26/07/21	07/12/21
1	Khairat 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

It is my great pleasure to present to you the report of the Risk Management Committee (RMC) for the period under review. The RMC is a committee of the Board duly constituted under a Terms of Reference comprising of five (5) persons who are jointly knowledgeable in risk management and regulatory compliance matters. We are responsible for reviewing and providing recommendations to the Board on matters relating to Internal Control; Enterprise Risk Management; and Health, Safety, Security & Environment.

As Chairman of the Risk Management Committee, I coordinate the meetings of the Committee and provide reports on our recommendations to the Board. At Committee meetings, we focus on fulfilling on our mandate by carrying out the following functions:

i. Ensuring the development of a comprehensive internal control framework for the Company, obtain assurance and report 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;

iv. Considering the nature, extent and categories of the risks facing the Company and the Company's ability to reduce the incidence and the impact on its business.

Finn Arnoldsen
Committee Chairman

Report of the RMC Activities
The Committee held three (3) 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		
			23/03/21	27/07/21	07/12/21
1	Finn Arnoldsen	Chairman	P	P	P
2	Khairat Gwadabe	Member	P	P	P
3	Shehu Abubakar	Member	P	P	P
4	Yusuf Binji	Member	P	P	P
5	Jacques Piekarski	Member	P	P	P

P = Present

Corporate Governance Report (Cont.)

D. BOARD AUDIT COMMITTEE

Opening Statement of the Committee Chairman

In line with Principle 11.4.7 of the Nigerian Code of Corporate Governance, the Board has constituted a Board Audit Committee (BAC). The BAC is a Committee of the Board duly constituted under a Terms of Reference comprising of four (4) persons who are jointly financially literate and able to interpret financial statements.

The Board Audit Committee is responsible for the following:

i. Exercising oversight over management's processes to ascertain the integrity of the Company's financial statements;

ii. Ensure the establishment of and oversight on the internal audit function;

iii. Ensure the development of a comprehensive internal control framework for the Company;

iv. Discuss the interim and annual financial statements and make recommendations to the Board.

Shehu Abubakar
Committee Chairman

Report of the BAC Activities

The Committee held two (2) 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	
			26/04/21	21/10/21
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 constituted the Statutory Audit Committee comprising of 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.

Below is the membership of the Committee:

1	Ajibola Ajayi	(Shareholder)	Chairman
2	Kabiru Tambari	(Shareholder)	Member
3	Oderinde Taiwo	(Shareholder)	Member
4	Kabiru Rabiu	(Director)	Member
6	Shehu Abubakar	(Director)	Member

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

Corporate Governance Report (Cont.)

S/N	Name of Director	Date of meeting and attendance					
		27/01/21	24/03/21	27/04/21	27/07/21	20/10/21	08/12/21
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	Chimaobi Madukwe	P	P	P	P	P	P
6	Shehu Abubakar	P	P	P	P	P	P

P = Present

Shareholders

The Company's Annual General Meetings are conducted in a transparent and fair manner. The General Meeting of the Company is the highest decision-making body of BUA Cement. Shareholders have the opportunity to express their opinions on the Company's financial results, all agenda matters and matters relating to the Company in general. Representatives of Shareholders' Associations and regulatory bodies such as the Securities and Exchange Commission, the Nigerian Exchange Limited and Corporate Affairs Commission attend the Annual General Meetings. The Company has an Investors Relations Unit, which deals directly with enquiries from shareholders and ensures that Shareholders' views are escalated to Management and the Board. In addition, quarterly, half-yearly and annual financial results are published in widely read national newspapers.

The Board ensures the protection of the statutory and general rights of Shareholders at all times particularly their rights to vote at General Meetings. All Shareholders are treated equally, regardless of volume of shareholding or social status.

Information Flow and Access to Management

Comprehensive Board papers are circulated to the Directors before each meeting of the Board and Board Committees. The Board papers highlight and address the agenda items on which the Managing Director /Chief Executive Officer will report and areas requiring approvals and decisions of the Board. 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 on corporate governance matters.

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.

Whistleblowing Policy

The Company is committed to fair and ethical business practices with transparency and integrity. Hence, BUA Cement Plc has a clear whistle blowing policy that ensures all employees including prospective applicants, contractors, agents, partners, bankers, other service providers, suppliers, shareholders, host community and the general public are given a channel through which they can report all cases of suspected illegal or unethical behaviour or unlawful activity. All matters reported are investigated and treated in line with extant laws, policies and the widely accepted best practice. Confidentiality to the identity of the whistle blower will be applied.

Suspected case of unlawful or unethical complaint can be reported to a dedicated email address whistleblower@buacement.com or a dedicated hotline +234 0812153560 for Obu plant and +234 08025011257 for Sokoto plant.

Complaints Management Policy

The complaints management policy has been prepared in line with the requirement of the Securities and Exchange Commission rules relating to complaint management and the Nigerian Exchange Limited's directives. BUA Cement Plc is committed to providing high standards of services for shareholders including a platform for efficient handling of shareholder complaints and enquiries enabling shareholders to have shareholder related matters acknowledged and addressed. Sufficient resources are provided to ensure that shareholder complaints and enquiries are dealt with adequately and

Corporate Governance Report (Cont.)

in an efficient and timely manner, as well as facilitating efficient and easy access to shareholder information.

The Company has therefore formulated a Complaints Management Policy designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner. Further, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder/investor confidence in the Company.

This 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 does not extend to its customers, suppliers or other stakeholders.

Insider Information Policy

The Company has a policy on insider information and prohibition of insider dealings as required by rules and regulations and this policy has been made publicly available to all stakeholders.

BUA Cement Plc's Insider Information Policy is to generally ensure that Board members, employees and its external stakeholders who have knowledge of confidential and potentially price sensitive information are aware of the prohibition imposed by law against using, disclosing (other than in the normal course of the performance of their duties) or encouraging transactions in securities on the basis of such inside information. In addition to obligations imposed by law, BUA Cement Plc obliges Board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information.

In accordance with the post listing requirement of the Nigerian Exchange Limited, the Company's Directors and Managers and other related and interested parties privileged to have sensitive information are therefore notified and prohibited from dealing in the Company's shares during the closed period of each quarter.

Succession Policy

In order to maintain continuity and stability of the Company, the Board has approved a robust Succession Plan Policy for identifying and developing successors for critical roles within the Board and Executive Management level of the organization. The policy outlines the succession plan for BUA Cement Plc, which includes:

a. determining the roles central to the achievement of the Company's objectives;

b. selecting top performers that will form the talent pool for the identified roles;

c. designing and implementing a training plan to prepare the selected persons for identified positions;

d. Review of the existing skill gaps possessed by individuals in the identified talent pool and articulation of developmental plans to bridge that gap and groom them as potential successors.

Board Evaluation Policy

In furtherance of the Company's commitment to excellence and continuous development, the Board has adopted a Board Evaluation Policy.

The policy provides a systematic and ongoing method for evaluating the performance of the Board, Board Committees, and individual Directors. In line with the SEC and the Nigerian Code of Corporate Governance, an external consultant reviews the effectiveness of the Board and its members in an objective, independent and fair manner once every three years. Internal evaluations are also conducted as the Board's Governance, Establishment and Remuneration Committee ("BGERC") Chairman is responsible for annually evaluating the performance of the Managing Director/Chief Executive Officer while the Managing Director/Chief Executive Officer reviews the performance of other Executive Directors. The Governance Establishment and Remuneration Committee has the responsibility to ensure existing directors stay current with the Company's business and objectives as well as relevant industry information and corporate governance requirements and best practices.

Every three (3) years, the BGERC oversees the conduct of a corporate governance assessment for the Company by an external consultant.

Corporate Governance Report (Cont.)

Directors' Training Policy

In accordance with the Nigerian Code of Corporate Governance 2018 and in order to ensure the structured and systematic training and continuous development of its Directors, 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 program every financial year. A formal induction program is organised for all newly appointed director's to familiarise them with the Company's operations, strategic plan, business management, and the Director's fiduciary duties

Conflict of Interest Policy

In accordance with the requirement of CAMA and to assist Directors and other senior officers of the Company in recognising, dealing with and disclosing actual or perceived conflicts of interests in line with international best practice.

The policy mandates all Directors to promptly declare any real or potential conflict of interest that they may have by virtue of their membership on appointment and thereafter. Directors are encouraged to declare their interests in any entities 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.

The Company Secretariat also maintains a Register of Director's interests in accordance with the requirement of Companies and Allied Matters Act.

Code of Ethics

The Company is upholding the highest standards of transparency, disclosure and ethics. Every year, Directors are required to fill and sign a Code of Conduct form committing to fulfil their duties of care and loyalty to the Company. The Company has an approved Code of Conduct designed to empower employees and enable effective decision making at all levels of the business according to defined ethical principles. New employees are required to read and sign an attestation signifying that they understand the contents of the Code.

Diversity

At BUA Cement, we believe in the increased innovation, improved risk assessment, unbiased view, creativity, and performance that results 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 age, national origin, gender, thought, experience and academic background across the Company.

Sustainability

At BUA Cement, we are conscious that a solid commitment to incorporating sound environmental and social standards into our business operations is key to safeguarding our long-term success. We are focused on fostering the economic and social development of the Nigerian and indeed wider African community in which the Company operates.

In furtherance of this commitment and focus, we carry out our operational activities in a manner that has minimal impact on the environment through strict adherence to emission standards; reduced fresh water use, water recycling 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 and provision of other social amenities and infrastructure to communities where BUA Cement operates.

Data Protection

In line with the Nigerian Data Protection Regulation, 2019 (NDPR), the Company has put in place mechanisms to ensure that the collection and processing of personal data from customers, suppliers, stakeholders as well as employees of the Company comply with the requirements of the NDPR.

Compliance Statement

The Company's corporate governance strategies and initiatives are geared towards complying with the Nigerian Code of Corporate Governance, 2018, and the disclosure requirements under the NGX Exchange's Listing Requirements and Rules.

By order of the Board

Abubakar Magaji, Esq.
Company Secretary/Legal Adviser
BUA Cement Plc
Lagos, Nigeria,
24 March 2022

Board of Directors

Abdul-Samad Rabiu, CON
Chairman

Date of Birth: August 4, 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 annual 100million dollars Africa 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 milling and pasta, edible oils, logistics, agriculture, fertilizer production, steel, 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 the 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 has a current capacity of 6million metric tonnes per annum. In 2020, BUA, under Abdul Samad Rabiu signed a contract to build 3 cement plants of 3 million metric tonnes each to solve Nigeria's huge cement supply deficit.

Other recent investments by the company include the $300million, 20,000hectares 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 sugar refinery outside of Lagos, Nigeria as well as commenced new investments in flour milling and pasta production. 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 3.3billion dollars transaction. The resultant company from the merger, BUA Cement

Board of Directors (Cont.)

Plc, was the third largest company on the Nigerian Stock Exchange by market capitalization upon listing. He also announced the construction of a 200,000barrels 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's petroleum refining needs. A former chairman of Tropical Continental Bank from 1993 to 2000, two-time former Chairman of Nigeria's Bank of Industry, and current Chairman and majority shareholder in BUA Cement 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 & sanitation amongst others.

He commenced the ongoing development of a N7.5billion 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, 1.35billion Naira to the CACOVID Private Sector Coalition; 300million Naira to the Presidential task force on Covid-19; over 1billion Naira 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, face masks, provision of raw/dry foodstuff for over 1.5million persons in Kano, Lagos and Rivers states, and the construction of health infrastructure.

In 2021, Abdul Samad Rabiu set up the annual 100million dollars Africa Fund for Social Development and Renewal through his ASR Africa Initiative. So far, the initiative has donated and/or commenced projects across the nation including the 4billion Naira Police Hospital in Abuja, and donated 1billion Naira each for 6 universities across each geopolitical zone in Nigeria through the ASR Africa Tertiary Education Grants Scheme for infrastructural development. The beneficiaries of the 6billion Naira 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 2.5billion Naira each through its tertiary healthcare Development Grants for health projects across 4 geopolitical zones in the country.

These funds are being channelled towards projects in Sokoto, Ogun, Kwara and Edo 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 5billion Naira donated to build the first teaching hospital in Akwa Ibom State.

Abdul Samad Rabiu has always heeded the call to support the nation in times of crisis, the latest being his donation to victims of flooding in Gombe State and Bauchi States. In the North-East of Nigeria,

Abdul Samad Rabiu continues to be one of Nigeria's largest private donors to reconstruction and development efforts 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 and 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 appointed by President Emmanuel Macron of France as the President of the France Nigeria Business Council in June 2021.

A recipient of many awards, Abdul Samad Rabiu was awarded the 2016 African Industrialist of the Year Award by the All-Africa Business Leaders Awards. Other awards include the 2019 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

Board of Directors (Cont.)

Yusuf Haliru Binji , FNSE
Managing Director/Chief Executive Officer

Yusuf Binji, a Nigerian, born on 23 March 1968, is the Managing Director/Chief Executive Officer of BUA Cement Plc. 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 his appointment as Managing Director, Cement Company of Northern Nigeria 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 at 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 an 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-organizing finance functions, financing (loans, bonds, rights issue, debt restructuring), M&A, leading transformation, revenue and cost optimization projects, various expansions and projects including 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 Executive Director/Group Chief Operating Officer 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 subsidiaries across the Group. 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, Structured Finance, Mergers & Acquisitions, Export Finance, Leasing, SME and has attended several international training programme symposia/ seminars on Iron & Steel development, 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, a Nigerian born on 28 November 1980 is a Non-Executive Director of BUA Cement Plc. He is also a Group Executive Director of BUA Group.

Kabiru holds a B.A (Hons) degree in Management from Webster University and an MBA in International Business from the American Intercontinental University, both in London, England.
Prior to his appointment as the Group Executive Director to oversee the strategy and growth of the group, he was General Manager, Nigerian Oil Mills Limited, in charge of managing daily operations and later, Managing Director, BUA Oil Mills Limited, where he successfully turned around the business.

Among other corporate successes, Mr. Kabiru Rabiu led the consolidation exercise between Cement Company of Northern Nigeria PLC and BUA's Kalambaina Cement; which resulted to the listing of BUA Cement PLC on the Nigerian Exchange Group (NGX), with a market capitalization of more than US$3 billion.

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

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

Board of Directors (Cont.)

Finn Arnoldsen

Non-Excutive Director

Finn Arnoldsen, a Norwegian, born on 3 September 1954, is a Non-Executive Director of BUA Cement Plc. He holds a Master's Degree in Combustion Engineering from 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 a 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 SA, 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 was born on April 23, 1958 is an Independent Non-Executive Director of BUA Cement Plc. She obtained a 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 LL.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 (LL.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 first 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 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 was born on 28 August 1959, is an Independent Director of BUA Cement Plc. He holds a B.Sc. (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 Boards 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 and 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 on the Board of BUA Cement Plc on 23 December 2019.

Abubakar Magaji
Company Secretary/Legal Adviser

Abubakar Magaji was born on 1 October 1951 and is the Company Secretary/Legal Adviser of BUA Cement Plc. He was awarded a LLB (Hons) degree from the prestigious Ahmadu Bello University in 1984 and was called to Bar the following year, as a solicitor and advocate of the Supreme Court of Nigeria.

Abubakar is an astute Corporate lawyer with over 30 years' cognate experience. He was first appointed as the Company Secretary/Legal Adviser of Cement Company of Northern Nigeria (CCNN) in 1987; during which he distinguished himself through the notable achievements attained. In 2001, he was re-appointed as the Company Secretary/Legal Adviser. In 2019, he became Managing Partner at a leading law firm, until his re-appointment as the Company Secretary and Legal Adviser of BUA Cement Plc.

He was a Non-Executive Director, Cement Company of Northern Nigeria between 2016 to 2019.

Mr. Magaji was appointed as the Company Secretary/Legal Adviser on the Board of BUA Cement Plc on 1 January 2022.

Management Team

Yusuf Binji
Managing Director/Chief Executive Officer

Yusuf Binji, a Nigerian, born on 23 March 1968, is the Managing Director/Chief Executive Officer of BUA Cement Plc. 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 his appointment as Managing Director, Cement Company of Northern Nigeria 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 at Harvard Business School in USA, Institute for Management Development Switzerland and INSEAD France.

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 an 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-organizing finance functions, financing (loans, bonds, rights issue, debt restructuring), M&A, leading transformation, revenue and cost optimization projects, various expansions and projects including 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.

Management Team (Cont.)

Abubakar Magaji
Company Secretary/Legal Adviser

Abubakar Magaji was born on 1 October 1951 and is the Company Secretary/ Legal Adviser of BUA Cement Plc. He was awarded a LLB (Hons) degree from the prestigious Ahmadu Bello University in 1984 and was called to Bar the following year, as a solicitor and advocate of the Supreme Court of Nigeria.

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He was a Non-Executive Director, Cement Company of Northern Nigeria between 2016 to 2019.

Hauwa Garba-Satomi
Deputy Company Secretary

Hauwa Garba-Satomi, was born on 12 August 1982 and is the Deputy Company Secretary of BUA Cement Plc. She is a barrister and a solicitor of the Supreme Court of Nigeria. She also serves as the Company Secretary of BUA International Limited and BUA Ports & Terminals Limited.

She started her career with a law office – Ashemi and Co, and thereafter joined Manga Chambers and rose to an Associate Partner. The value-driven Lawyer joined BUA International Limited as a Deputy Legal Manager in 2016 and rose through the ranks to become a Senior Legal Manager supporting the then Group Chief Legal Officer/ Company Secretary.

Hauwa Garba-Satomi is an alumnus of the University of Maiduguri, Nigeria (2007) and the Nigerian Law School (2010). Her legal experience spans over a decade in legal practice, company secretarial, commercial contracts, cooperate transactions, compliance management, and litigation portfolio management. She has attended several training and courses in the course of her career

Management Team (Cont.)

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.

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 an MBA from the University of Port Harcourt (2013) and University of Lagos (Transport Management and Planning - 2007). He is a member of 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 rank and advanced to become the General Manager, BUA Cement Manufacturing Company Limited, before his current role as the Director, Sales & Marketing, BUA Cement Plc.

Management Team (Cont.)

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.

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 in 2015 as the pioneer General Manager, Transport.

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 2021.

1. Legal Form

BUA Cement Plc was incorporated as a limited liability company on 30 May 2014 and commenced business in August 2015. It converted and registered as a Public Limited Liability Company on 16 May 2019. The Company concluded a business combination with the defunct Cement Company of Northern Nigeria Plc via a scheme of merger on 23 December 2019 and was thereafter listed on the Nigerian Stock Exchange on 9 January 2020.

2. Principal Activities

The principal activities of the Company are manufacturing, sales, and marketing of cement to the public.

3. Result for the Year

The Company's results for the year ended 31 December 2021 are as set out on page 55. The profit for the year has been transferred to retained earnings. The summarized results are presented below:

₦'000	31 December 2021	31 December 2020
Revenue	257,327,091	209,443,487
Profit before tax	102,873,325	78,873,498
Income tax	(12,794,314)	(6,529,162)
Profit after tax	90,079,011	72,344,336

4. Dividend Declaration

The Board of Directors ("the Board") recommends for the approval of the shareholders, payment of a dividend of ₦2.60 Per one (1) ordinary share of 50 Kobo each for the 2021 financial year which translates to ₦88,047,320,556 (eighty-eight billion and forty-seven million, three hundred and twenty thousand, five hundred and fifty-six Naira Only). 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 who served during the year are 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 Limited are as set out below:

Report of the Directors (Cont.)

Directors	Representing	31 December 2021	31 December 2020
Direct holding		Number of Shares held	Number of Shares held
Abdul-Samad Rabiu,CON		19,044,995,225	19,044,995,225
Yusuf Binji		827,093	7,093
Jacques Piekarski		820,000	
Chimaobi Madukwe		820,000	
Kabiru Rabiu		820,000	
Finn Arnoldsen		820,000	
Khairat A. Gwadabe			
Shehu Abubakar		450,000	
Indirect Holding			
Abdul-Samad Rabiu	BUA Industries Limited	13,562,681,069	11,490,595,760
	Damnaz Cement Company Limited	637,403,152	637,403,152
	BUA International Limited	19,166,766	74,218,444
Total		**33,268,803,305**	**31,247,219,674**

In 2021, shares held by BUA Cement Manufacturing Company Limited were transferred to BUA Industries Limited.

6. Analysis of Shareholding

Shareholding Range Analysis
The shareholding pattern of the Company as at 31 December 2021 was as follows:

Range of Shareholding	Number of Holders	Holder %	Holders Cumulative	Units	Units %	Units Cumulative
1-1000	21,526	60.58%	21,526	8,169,854	0.02%	8,169,854
1001-5000	9,526	26.81%	31,052	20,905,801	0.06%	29,075,655
5001-10000	1,638	4.61%	32,690	11,998,497	0.04%	41,074,152
10001-50000	2,241	6.31%	34,931	54,129,265	0.16%	95,203,417
50001-100000	295	0.83%	35,226	20,872,024	0.06%	116,075,441
100001-500000	218	0.61%	35,444	49,449,578	0.12%	165,525,019
500001-1000000	43	0.12%	35,487	30,440,399	0.04%	195,965,418
1000001-999999999999	44	0.12%	35,531	33,668,388,642	99.57%	33,864,354,060
Total	**35,531**	**100%**		**33,864,354,060**	**100%**	

Substantial Interest in Shares

According to the register of members as at 31 December 2021, no individual shareholder held more than 5% of the issued share capital of the Company except the following:

Shareholders	Holdings	% of shareholding
Rabiu Alhaji Abdulsamad	19,044,995,225	56.24%
BUA Industries Limited	13,562,681,069	40.05%

Report of the Directors (Cont.)

7. Shareholding Structure as at 31 December 2021

Shareholding per category

S/N	Holder type	Holder count	Holdings	Percentage (%)
1	Corporate	706	14,516,718,764	42.87%
2	Foreign	72	68,564,607	0.20%
3	Government	23	10,014,394	0.03%
4	Individual	34,690	19,253,342,446	56.85%
5	Institution	8	563,045	0.00%
6	Joint	26	1,889,647	0.01%
7	Pension	6	13,261,157	0.04%
	Total	**35,531**	**33,864,354,060**	**100.00%**

8. Property, Plant and Equipment

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

9. Charitable Donations

In accordance with Section 43(2) of the Companies and Allied Matters Act, 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.

Charitable Gifts totalling ₦1.02 billion (2020: ₦753.7 million) were given out 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:

Report of the Directors (Cont.)

Beneficiary	Amount ₦'000
Annual maintenance of 6 units of boreholes in Okpella town	3,399
Annual development levy & miscellaneous to Okpella Town- CDA	205,100
Construction of Afo-Okpella Road - progress payment	350,000
National Sports Festival Sponsorship	50,000
Granite stone purchase to fix roads in Okpella community	2,322
Drilling of borehole at Okpekpe and Imiegba Communities	7,654
Purchase of 500KVA transformer for Okpella Community	7,329
Supply of solar power panels and submersible pump to Okpekpe Community	3,700
Expansion of road from Ukhomedokhe village to Okpekpe hot tap	5,100
Scholarship to Okpella students	25,590
Renovation and furnishing of Okpella Magistrate Court	5,000
Repair of Nigeria Police patrol vehicle at Agenebode	1,500
Installation and commissioning of 7 Nos transformers for Communities in Okpella	26,630
Payment for skill Acquisition Programme to Okpella sons and daughters	6,320
Refurbishment of Nigeria Prison Service vehicle- Auchi division	2,890
Donations of BUA branded reflective jackets to FRSC	2,000
Construction of perimeter fence around cemetery at Gidan Boka Area Wajeke Resettlement	11,369
Supply and installation of Brand new Transformer at specialist Hospital Road Sokoto North Local Govt Area	12,896
Supply and installation of Brand new Transformer at Ruggar Wauru community Wamakko Local Govt Area	12,581
Construction of Borehole/Steel Tank and at Girabshi Resettlement Area	11,727
Construction of Borehole/Steel Tank and at Gidan Gamba Resettlement Area	11,727
Supply and installation of Brand new Transformer at Specialist Hospital Road Sokoto Hunde Chebuwa Village	13,005
Construction of Exam Hall at BUA Cement School Wurno Road Sokoto	19,689
Repair of transformer at Sama road Sokoto	629
Relocation of Fandirma village transformer and replacement of low tension wires	12,358
Award of Scholarship to 50 students of tertiary institutions	5,000
Training/Empowerment of 50 women	4,850
Sokoto State University	200,000
Total	**1,020,365**

10. Acquisition of Own Shares

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

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 restrictions imposed by the Nigerian Centre for Disease Control, the Company engaged a hybrid work strategy allowing non-essential departments to rotate between working remotely and working on-site. The Company's offices are organised in such a way to ensure physical distancing and observance of

Report of the Directors (Cont.)

all safety protocols. The Company meets all safety standards and these include provision of sanitary tools, adequate protective clothing, fire fighting equipment and footwear.

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 opportunity for career growth and development. There are currently two (2) physically challenged persons in the employment of the Company.

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 skill 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 2021.

15. Approval of Financial Statements

The Directors on 25 March 2022 have approved these financial statements for the year ended 31 December 2021 for issue.

16. Independent Auditor

PriceWaterhouseCoopers ("PwC") acted as the Company's Independent Auditor during the year under review. PwC has 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

Abubakar Magagi, Esq.
Company Secretary/Legal adviser
BUA Cement Plc
Lagos, Nigeria

24 March 2022

Notice of the 6th Annual General Meeting

BUA CEMENT

BUA Cement Plc RC 1193879

Notice of 6th Annual General Meeting

Notice is hereby given that the 6th Annual General Meeting of BUA Cement PLC will be held on Thursday, July 21, 2022 in Transcorp Hilton Hotel, No. 1 Aguiyi Ironsi Street, Maitama Abuja at 11:00 am to transact the following ordinary business:

AGENDA

Ordinary Business

1. To lay before the meeting the report of the Directors, Statement of Financial Position as at December 31, 2021 together with the Statement of Profit or Loss and Other Comprehensive Income for the year ended on that date and the reports of the Auditors and the Audit Committee thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors.
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

To approve the remuneration of the Directors.

BY ORDER OF THE BOARD

ABUBAKAR MAGAJI, Esq.
Company Secretary/Legal Adviser
Dated this 29th day of April, 2022

NOTES:

i. Compliance with Covid-19 Related Directives and Guidelines

Shareholders should NOTE that all existing regulations and protocols as issued by the Federal Government of Nigeria, through the Nigeria Centre for Disease Control and other regulatory authorities as regards meetings and gatherings of large number of persons would be strictly observed. Shareholders shall be strictly required to adhere to these regulations.

ii. Proxies

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead. A blank proxy form is enclosed and if intended to be used, the form should be returned to the Company Secretary not later than Forty-Eight hours (48 hours) before the Meeting. The cost of stamping the proxies shall be borne by the company.

iii. Attendance by Proxy

In line with the Corporate Affairs Commission Guidelines on Holding of Annual General Meetings of Public Companies using Proxies issued on March 26, 2020, attendance of the Meeting shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

1. Mr. Boniface Okezie
2. Mr. Kabiru Waziri Ibrahim
3. Mr. Mukhtar Mukhtar
4. Mrs. Adebisi Bakare
5. Mr. Alex Adio
6. Mr. Tunji Bamidele
7. Mrs. Esther Funke Augustine
8. Mr. Tunde Bhadmus
9. Mrs. Adenike David
10. Mr. Kazeem Olayiwola

iv. Live Streaming of the Meeting

The Meeting will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the Meeting live streaming will be made available on the Company's website at [www.buacement.com]

v. Closure of Register of Members

Notice is hereby given that the register of members and transfer books of the Company will be closed from Monday, July 11, 2022 to Friday, July 15, 2022 (both dates inclusive) for updating the register.

vi. Dividend Payment

If the dividend payment of ₦2.60 per share proposed by the Directors is approved, dividend warrants or e-payment will be paid on Thursday, July 21, 2022 to the shareholders whose names appear in the register of members by close of business on Friday, July 8, 2022.

vii. Audit Committee

In accordance with the Companies and Allied Matters Act, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing to the Company Secretary at least twenty-one days (21 days) before the Meeting. According to clause 11.4.2 of the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria, members of the Audit Committee should have basic financial literacy and should be able to read financial statements. At least one member should have knowledge of accounting or financial management. Therefore, the curriculum vitae of each nominee shall be attached to the nomination.

viii. Rights of Securities' Holders to ask Questions

Securities' Holders have rights 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 on or before Tuesday, July 19, 2022.

Hqtrs. 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-wide risk management framework 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 risk, led by the various members of the Risk Management Committee who are drawn from various units across the Company and are well-equipped to identify various 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-wide risk management framework is fully aligned to the Risk Management Policy issued in 2020.

B. Our ERM Framework

Through our Enterprise Risk Management (ERM) framework, we identify, assess, mitigate and monitor risks, using defence 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 of eight members, which consists of a Chairman, three Non-Executive Directors, two Independent 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 standards for current and future operations of the Company. It also reviews and evaluates current and future opportunities and threats in both global and domestic environments, along with setting and authorizing policy, management objectives, whilst ensuring these are implemented.

2. Risk Management Committee

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

3. Management's Risk Committee

There are two committees, one at each plant, each consisting of 10+ members and headed by the risk manager, who is a member of the management team. Members of this 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 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 on, 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 crystallise. 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, reduction or transferring) in line with the Company's risk tolerance and appetite. A quarterly report with recommendations is prepared by the Management 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 review, conduct monthly assessments and issue quarterly reports to the Board through the Risk Management Committee.

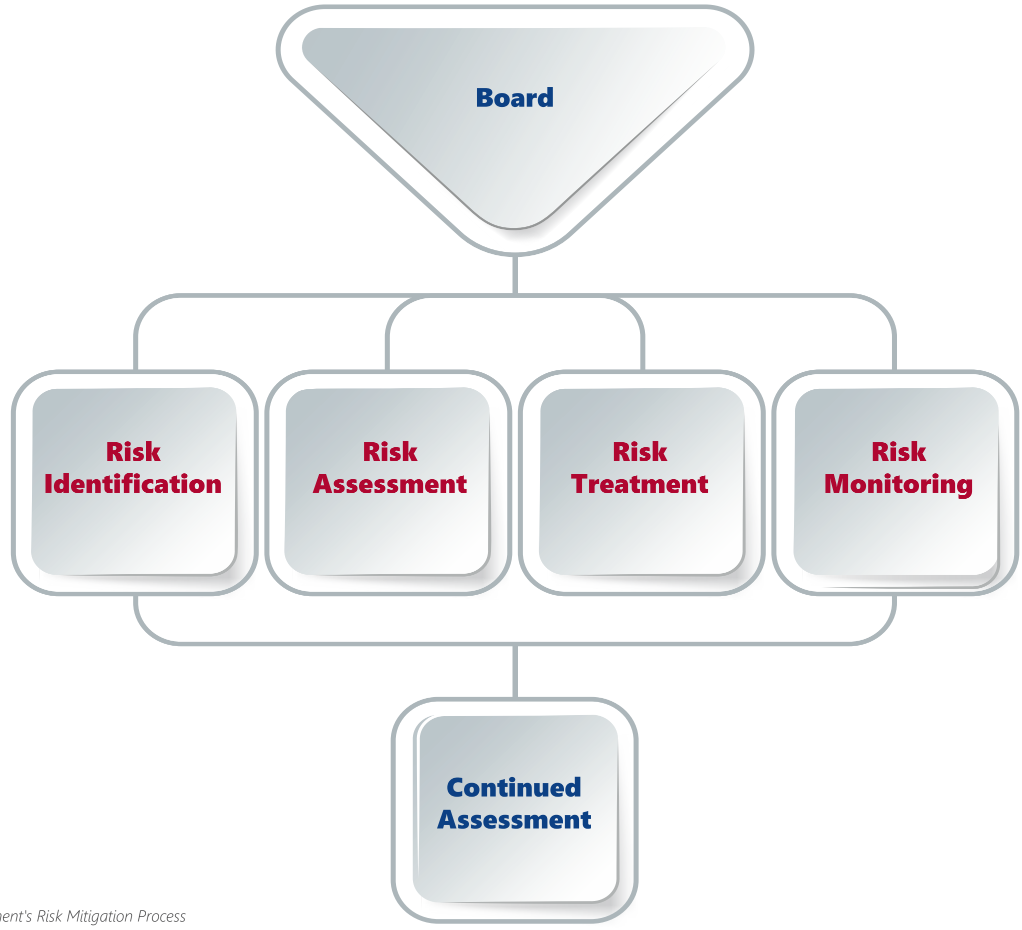

Figure 2: BUA Cement's Risk Mitigation Process

Risk Management (Cont.)

D. Risk Incidents and Review in 2021

During the year, the Risk Management Committee, focused on a wave of events across the domestic and international environments, alongside their implications for the business, particularly with the new strains of the Coronavirus – Delta and Omicron and its impact on individuals, government and businesses, resulting from supply chain disruptions as economies reopened.

For proper assessments of the impact of these events, the Management's Risk Committee focused on risk incidences which were categorized as follows: strategy, operational, financial, market, liquidity, business and reputational risks. The Committee was particularly focused on operational, business, strategy and financial risks, in 2021 along the following areas:

Energy sources

In a world of uncertainty, ensuring access to and maintaining diverse energy sources is important. As a result, the addition of Liquefied Natural Gas (LNG) to our fuel mix helps us maintain control and minimize the risk associated with complete dependence on any fuel source, as we remain nimble and able to fall back on other energy sources, with the adoption of multi-fuel systems across our production processes.

Risk mitigation

- Our systems are multi-fuel designed, which minimizes disruption across the value chain.
- Stockpiling of energy sources to avoid stock outs.
- Diversification of energy base to include both solid and gaseous fuel sources.

Inability to meet demand due to growing demand.

Demand for our product within and outside the country continues to grow. Hence, we continue to design measures to meet this growing demand by taking advantage of possible opportunities to expand production capacity in Obu and Sokoto.

Risk mitigation

- Capacity expansion with the construction of 2 new plants.
- Procurement of additional trucks to support product delivery to new markets.

Spare parts and raw materials

Having adequate spares on hand is reflective of our contingency plans, as a lack thereof can impede operational activities and by extension, the corporate objectives. This was one of the most critical challenges faced by the company, a situation worsened by the Coronavirus, which disrupted supply chains globally. In addition, foreign exchange unavailability continued to impact the domestic environment in diverse ways.

Risk mitigation

- The maintenance and procurement team explored opportunities to substitute foreign parts with local parts, where applicable.
- Cordial relationship with local and foreign suppliers is constantly prioritized.
- Foreign exchange to import foreign spare parts was continuously sourced for, as a means of securing major spare parts needed in production.
- Additional sites were opened in Sokoto and Obu to boost limestone production.
- More equipment were acquired to increase quarry output.

Unavailability of regular power

Ensuring the non-interruption of our production process is crucial to the overall success of the Organisation. During the year, BUA Cement purchased new generators and signed strategic partnerships with Aggreko and Wartsila to boost power generation.

Risk Management (Cont.)

Risk mitigation

- A 50-Megawatt gas power plant was procured and installed at the Sokoto plant to guarantee uninterrupted power supply.
- Signed a purchase agreement with Wartsila for the supply of a 70-Megawatt gas fuelled power plant at the Sokoto plant.
- Signed a purchase agreement for the supply of a 70-Megawatt gas fuelled power plant at the Obu plant.
- Signed a strategic partnership agreement with Aggreko, a power rental company for the supply of an additional 12-Megawatt generating capacity to complement the existing power infrastructure.
- Entered into a long-term agreement with Greenville LNG Ltd for the supply of LNG.

Financial risk

Access to foreign exchange and managing foreign exchange volatility are areas of continued focus, given the market situation and its impact on investments.

Risk mitigation

- Banks were approached for Letters of Credit to be opened for the continued shipments of goods and equipment.
- 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 within and outside the plant

The safety and well-being of our staff remains a priority, which was further strengthened because of the Coronavirus outbreak and the reported cases of the Delta and Omicron variants. Furthermore, the safety of communities close to the plants and quarry sites cannot be overemphasized. Hence, we have resettled these communities and provided basic amenities to improve their standard of living.

Risk mitigation

- Covid19 safety protocols were mandated to be observed within and outside the plant, in line with the NCDC guidelines.
- Assessment and continued monitoring by independent consultants of all Environment, Health and Safety activities.
- Vaccination of members of staff was given paramount attention in the year.
- Physical Protection Equipment such as hand sanitizers, nose masks etc. were provided for all staff.
- Resettlement of communities with access to water, electricity, school, healthcare facility and good road etc..

Security and community issue

In pursuance of safety of life and properties, the Company engaged the services of the Nigerian Army and other 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 supporting their activities through the donation of patrol vehicles.

Environment

How we operate informs our everyday decisions, as we implement simple but impactful choices. During the year, we transited from Heavy Fuel Oil and coal to partial gas firing, thus, reducing the carbon intensity of our process.

Risk mitigation

- Signed a long-term strategic partnership with Greenville LNG Ltd for the supply of LNG at Sokoto. With this introduction, we eliminated the use of LPFO in the generators, and substituted a certain percentage of coal used in the kilns, thereby reducing carbon emission.
- On-site gas storage facility to ensure the availability of gas to support all our activities.

Financial Information

Financial Information

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Abdul-Samad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111

24 March 2022

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

24 March 2022

Jacques Piekarski
Chief Finance Director
FRC/2021/003/00000023724

24 March 2022

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 December 31, 2021.

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 controls 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 a 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 presents in all material respects the financial condition and results of operations of the Company for the year ended December 31, 2021.

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

24 March 2022

Jacques Piekarski
Chief Finance Director
FRC/2021/003/00000023724

24 March 2022

Report of the Audit Committee

The Audit Committee is pleased to present this report for the financial year ended 31 December 2021 in compliance with Section 404 (7) of the Companies and Allied Matters Act. 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 of three shareholders, one of whom chairs it, and three Non-Executive Directors nominated by the Board and meet 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					
	27/01/2021	24/3/2021	27/4/2021	27/07/2021	20/10/2021	12/08/2021
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 audit and external auditors.

Statutory duties

The Audit Committee's role and responsibilities include statutory duties as stipulated by the Companies and Allied Matters Act 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 and any other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 31 December 2021.

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 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 Finance Officer and finance function

The Audit Committee has satisfied itself that the Chief Finance 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 2021 are adequate;
- We are satisfied with the External Auditors' Management Report for the year ended 31 December 2021, as well as the response of the Management thereto.

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

22 March 2022

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

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 2021, 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 2021;
- the statement of financial position as at 31 December 2021;
- 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.)

Key audit matter	How our audit addressed the key audit matter
Provision for decommissioning liabilities *(Refer to notes 2.15, 4.1.2 and 19 to the financial statements)* As at 31 December 2021, the directors recognised provision for decommissioning liabilities amounting to N8.3 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 future restoration costs and in the parameters used for the estimation of the decommissioning provision. 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, actual resources mined and the future restoration costs 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 benchmarking 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 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 and 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 2021 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.

Independent Auditor's Report (Cont.)

pwc

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

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

When we read the other sections of the BUA Cement Plc 2021 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.

Independent Auditor's Report (Cont.)

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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.

Oladele Oladipo

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

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

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1099397

28 March 2022

Statement of Profit and Loss and Other Comprehensive Income

₦'000	Notes	31 December 2021	31 December 2020
Revenue from contracts with customers	5	257,327,091	209,443,487
Cost of sales	7.2	(136,402,954)	(113,964,695)
Gross profit		**120,924,137**	**95,478,792**
Administrative expenses	7.2	(13,318,623)	(10,320,437)
Distribution and selling expenses	7.2	(6,013,948)	(4,867,449)
Impairment write-back on financial assets	6	5,394	1,355,590
Other income	8	2,627,682	375,519
Operating profit		**104,224,642**	**82,022,015**
Finance income	9(a)	620,604	859,618
Finance cost	9(b)	(1,705,833)	(3,836,870)
Net finance cost		(1,085,229)	(2,977,252)
Minimum tax charge		(266,088)	(171,265)
Profit before tax		**102,873,325**	**78,873,498**
Income and deferred tax expense	10(a)	(12,794,314)	(6,529,162)
Profit after tax		**90,079,011**	**72,344,336**
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligations (net of tax)	**11(b)**	**156,779**	**(824,234)**
Other comprehensive income/(loss) for the year net of tax		156,779	(824,234)
Total comprehensive income for the year		**90,235,790**	**71,520,102**
Earnings per share			
Basic and diluted (Naira)	24	2.66	2.14

The notes on pages 73 to 125 are an integral part of these financial statements.

Statement of Financial Position

₦'000	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	12	578,887,892	523,312,829
Right-of-use assets	13(a)	76,848	70,490
Intangible assets	14	5,343,263	4,284,986
		584,308,003	**527,668,305**
Current assets			
Inventories	15	39,068,039	31,505,198
Due from related parties	26(c)	4,776,195	-
Trade and other receivables	17	38,016,838	83,307,986
Cash and cash equivalents	16	62,338,398	123,821,089
		144,199,470	**238,634,273**
Total assets		**728,507,473**	**766,302,578**
Equity attributable to shareholders			
Ordinary share capital	23	16,932,177	16,932,177
Retained earnings		181,920,749	159,915,508
Reorganisation reserve		200,004,179	200,004,179
Reserve on actuarial valuation of defined benefit plan		(740,357)	(897,136)
Total equity		**398,116,748**	**375,954,728**
Liabilities			
Current liabilities			
Trade and other payables	18	22,278,412	23,868,768
Contract liabilities	5(b)	78,586,238	42,138,330
Due to related parties	26(b)	1,477,928	34,497,761
Current income tax liabilities	10(b)	1,697,203	922,428
Short-term borrowings	20	39,810,241	105,648,512
Government grant	22(a)	910,761	900,695
Provision for decommissioning liabilities	19	594,337	123,695
		145,355,120	**208,100,189**

Statement of Financial Position (Cont.)

₦'000	Notes	31 December 2021	31 December 2020
Non-current liabilities			
Lease liabilities	13(a)	39,595	37,317
Long-term borrowings	20	43,685,460	50,449,387
Debt security issued	21	113,551,259	113,195,044
Employee benefit obligations	11	3,760,297	3,645,893
Deferred tax liabilities	10(d)	12,606,257	1,120,222
Government grant	22(a)	3,721,262	4,632,023
Provision for decommissioning liabilities	19	7,671,475	9,167,775
		185,035,605	**182,247,661**
Total liabilities		**330,390,725**	**390,347,850**
Total Equity and liabilities		**728,507,473**	**766,302,578**

The notes on pages 73 to 125 are an integral part of these financial statements.

The financial statements on pages 67 to 125 were approved and authorised for issue by the Board of Directors on 24th March 2022 and were signed on its behalf by:

Abdul-Samad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111

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

Jacques Piekarski
Chief Finance Director
FRC/2021/003/00000023724

Chikezie Ajaero
Finance Director
FRC/2014/ICAN/00000010408

Statement of Changes in Equity

₦'000	Share capital	Reserve on actuarial valuation of defined benefit plan	Retained earnings	*Reorganisation reserve	Total
Balance at 1 January 2020	16,932,177	(72,902)	146,833,788	200,004,179	363,697,242
Comprehensive income					
Profit for the year	-	-	72,344,336	-	72,344,336
Other comprehensive loss for the year	-	(824,234)	-	-	(824,234)
Total comprehensive income	-	**(824,234)**	**72,344,336**	**-**	**71,520,102**
Transactions with owners:					
Dividend declared and paid to BUA Cement Plc's shareholders	-	-	(59,262,616)	-	(59,262,616)
	-	-	(59,262,616)	-	(59,262,616)
Balance at 31 December 2020	**16,932,177**	**(897,136)**	**159,915,508**	**200,004,179**	**375,954,728**
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**	**-**	**90,235,790**
Transactions with owners:					
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**

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

The notes on pages 73 to 125 are an integral part of these financial statements.

Statement of Cash Flows

₦'000	Notes	31 December 2021	31 December 2020
Cash flows from operating activities			
Profit before income tax		**102,873,325**	**78,873,498**
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	12	15,344,074	15,199,012
Amortisation of intangible assets	14	44,898	227,871
Unrealised foreign exchange losses		890,656	887,011
Net impairment write-back on financial assets	6	(5,394)	(1,355,590)
Finance income	9(a)	(620,604)	(859,618)
Finance cost	9(b)	1,705,833	3,836,870
Minimum tax	10(a)	266,088	171,265
Depreciation of right-of-use asset	13b	82,486	56,191
Share based payment expense	11(c)	1,926,230	-
Defined benefit plan amendment	11(b)	-	(1,186,842)
Current service cost - Defined benefit plan	11(b)	359,983	688,606
Amortization of government grant	22(b)	(900,695)	(229,438)
Modification gain	8	(1,434,056)	-
Operating cash flows before movements in working capital		**120,532,824**	**96,308,836**
Movement in working capital:			
Decrease/(increase) in trade and other receivables	17	45,296,543	(80,595,951)
Increase in inventories	15	(7,562,841)	(4,303,618)
(Increase)/decrease in amounts due from related parties	26(d)	(4,776,195)	18,292,778
Decrease in trade and other payables	18	(1,610,058)	(12,508,698)
(Decrease)/increase in amounts due to related parties	26(e)	(33,349,968)	32,843,327
Increase in contract liabilities	5(b)	36,447,908	9,269,385
Increase in government grant		-	5,756,455
Cash generated from operations		**154,978,213**	**65,062,514**
Defined benefit paid during the year	11(b)	(106,132)	(100,775)
Tax paid	10(b)	(863,321)	(744,369)
Net cash flow from operating activities		**154,008,760**	**64,217,370**
Investing activities			
Purchase of property, plant and equipment	12(d)	(57,613,850)	(127,118,686)
Interest received		620,604	859,618
Purchase of intangible assets	14	(1,103,175)	(1,730,941)
Net cash flows used in investing activities		**(58,096,421)**	**(127,990,009)**
Financing activities			
Dividend paid to equity holders		(70,000,000)	(59,262,616)
Unclaimed dividends received		19,702	35,608

Statement of Cash Flow (Cont.)

Principal and interest repayment on lease liability	13(a)	(96,229)	(65,236)
Proceeds from debt security issued	21	-	113,170,093
Proceeds from borrowings	20	30,044,560	228,722,337
Principal repayment of borrowings	20	(102,939,124)	(96,768,171)
Interest repayment on borrowings	20	(5,863,737)	(13,287,516)
Interest repayment on debt securities		(8,598,052)	-
Net cash flows (used in)/generated from financing activities		**(157,432,880)**	**172,544,499**
Net (decrease)/increase in cash and cash equivalents		**(61,520,541)**	**108,771,860**
Cash and cash equivalents at 1 January		123,821,089	15,024,598
Effects of exchange rate differences		37,850	24,631
Cash and cash equivalents at 31 December	16.1	**62,338,398**	**123,821,089**

The notes on pages 73 to 125 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 Alhaji Abdulsamad Rabiu, 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, Abdulsamad Rabiu, 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 compliance with the Companies and Allied Matters Act (CAMA) and the International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRS IC.

The financial statements have been prepared under the historical cost convention, except for decommissioning liabilities. 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 2021. 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 under the historical cost convention. 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 of ₦90.1 billion for the year ended 31 December 2021 (2020: ₦72.3 billion). At the statement of financial position date, the Company had a net asset of approximately ₦398.1 billion (2020: ₦375.9 billion) and net current liabilities of approximately ₦1.16 billion (2020: asset of ₦30.5 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 2021.

2.1.2.2 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations, have been published that are not yet effective or mandatory for annual periods beginning on or after 1 January 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Details of these new standards and interpretations are set out below:

(a) **Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. This amendment had no impact on the financial statements of the Company.

(b) **IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Notes to the Financial Statements (Cont.)

These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

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

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023. The amendments are not expected to have a material impact on the Company.

(d) **Reference to the Conceptual Framework- Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 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 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Company.

Notes to the Financial Statements (Cont.)

(e) **Property, Plant and Equipment: Proceeds before Intended Use-Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

(f) **Onerous Contracts- Costs of Fulfilling a Contract-Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. 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 amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

(g) **Definition of Accounting Estimates- Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

(h) **Definition of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Notes to the Financial Statements (Cont.)

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

(i) **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- -right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The effective date is 1 January 2023.

(j) **IFRS 1 First-time Adoption of IFRS – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual impact improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to 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 entity within the Company operates. The financial statements are presented in thousands of Naira which is the Company's functional and presentation currency.

Notes to the Financial Statements (Cont.)

(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.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and 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 seperate 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.

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:

	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.

Notes to the Financial Statements (Cont.)

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

Exploration assets are amortised using the straight line method

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

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.

Notes to the Financial Statements (Cont.)

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 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 the 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 or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will extend the lease longer than the estimated useful life.

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

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.

Notes to the Financial Statements (Cont.)

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.

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 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.

Notes to the Financial Statements (Cont.)

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 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 review 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.

The citeria 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 de-recognition 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.

Notes to the Financial Statements (Cont.)

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 cost 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.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable 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 **Other receivables**

Other receivables 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 receivables. Other receivables have been included in trade and other receivables on the statement of financial position.

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.

Notes to the Financial Statements (Cont.)

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 are shown within bank overdraft 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. Capitalization should be suspended during periods which involve interruption in active development. Also, capitalization should close down 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.

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 part 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.

Notes to the Financial Statements (Cont.)

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 forestry reclamation approach after mining activities. The disturbed mining areas are to be back filled, 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 finance cost in profit or loss.

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.

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.

Notes to the Financial Statements (Cont.)

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 payment 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.

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 haulauge 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.

Notes to the Financial Statements (Cont.)

Disaggregation of revenue from contract 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 claim 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;
- Distribution and selling 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 includes 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 organization, and distribution logistics.

c) *Administrative expenses*

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

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 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.

Notes to the Financial Statements (Cont.)

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 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.

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.

Notes to the Financial Statements (Cont.)

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. 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.

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, share premium, reorganisation reserve and reserve on actuarial valuation of defined benefit plan.

(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 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.

Notes to the Financial Statements (Cont.)

2.26 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.27 Leases

At 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 usually 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

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 in which the Company is a lessee

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 over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

Notes to the Financial Statements (Cont.)

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 is 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.

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.

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

Short-term leases and leases of low value

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 amount of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense 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.

Notes to the Financial Statements (Cont.)

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.

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 grant), due from/to related parties.

3.1.1 Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk from some of its commercial transaction. 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 10% with all other variables held constant.

Notes to the Financial Statements (Cont.)

₦'000 Foreign currency denominated balances	31 December 2021	31 December 2020
Trade payables	(18,686)	382,174
Cash and cash equivalents	146,926	(1,014,091)
	128,240	(631,918)

Effect of 10% increase in exchange rate	12,824	(63,192)
Effect of 10% decrease in exchange rate	(12,824)	63,192

(ii) *Price risk*

The Company is not exposed to price risk.

(iii) *Interest rate risk*

The Company's operations are partly financed by loans obtained from Nigerian banks. Interest payable on such loans 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.

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 loans obtained and for deposits held with the banks.

The table below shows the impact on the Company's profit or loss if interest rates on variable interest rate loans increased or decreased by 5%, with all other variables held constant. Mainly as a result of higher or lower interest expense.

₦'000	31 December 2021	31 December 2020
Effect of 5% increase in interest rates	(296,315)	(806,365)
Effect of 5% decrease in interest rates	296,315	806,365

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 sale of products are to customers with appropriate credit history. 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.

Notes to the Financial Statements (Cont.)

The maximum exposure to credit risk for cash and cash equivalents, trade and other 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.

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 2021 are as follows:

Age of trade receivables **₦'000**	**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	-	-	-	118,985

The expected loss rates as at 31 December 2020 are as follows:

Age of trade receivables **₦'000**	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 365 days**	**Total**
Gross carrying amount*	60,346	-	179,730	222,140	8,351	470,568
Default rate	0.06%	0.18%	0.24%	0.35%	100%	
Lifetime ECL	36	-	431	114	8,351	8,933
Net trade receivables	60,310	-	179,299	222,026	-	461,635

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

Notes to the Financial Statements (Cont.)

₦'000	31 December 2021	31 December 2020
Gross carrying amount as at 1 January	470,568	354,558
Additions during the year	377,784	3,841,427
Rebates offered to customers in the year	(31,262)	(208,935)
Receivables written off in the year	(252,268)	-
Receipts for the year	(442,297)	(3,516,482)
Gross carrying amount as at 31 December	122,524	470,568

ii. **Amounts due from related parties**

Amounts due from related parties arises from expenses incurred on behalf of related parties. The general (3 stage) approach has been adopted for recognising expected credit loss on amounts due from related parties as they do not meet the criteria for applying the simplified approach.

*The reconciliation of the gross carrying amount for amount due from related parties is as follows:

₦'000	31 December 2021	31 December 2020
Gross carrying amount as at 1 January	-	18,016,340
Additions during the year	4,776,195	-
Unrealised exchange loss on related party balances	-	-
Receipts for the year	-	(18,016,340)
Gross carrying amount as at 31 December	4,776,195	-

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.

The Company invests its surplus cash in interest bearing accounts. At the reporting date the Company had ₦12.4 billion (2020: ₦0.3 billion) in current accounts.

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.

Notes to the Financial Statements (Cont.)

₦'000	Less than 6 months	6 - 12 months	Over 12 months	Total
At 31 December 2021				
Financial liabilities:				
Trade and other payables (Note 18)	4,889,877	-	-	4,889,877
Due to related parties (Note 26b)	1,477,928	-	-	1,477,928
Borrowings (Note 20)	35,310,241	4,500,000	43,685,460	83,495,701
Debt security issued (Note 21)	-	-	115,000,000	115,000,000
Lease liabilities (Note 13)	-	-	41,945	41,945
	41,678,046	4,500,000	158,727,405	204,905,451
At 31 December 2020				
Financial liabilities:				
Trade and other payables (Note 18)	5,770,382	-	-	5,770,382
Due to related parties (Note 26b)	34,497,761	-	-	34,497,761
Borrowings (Note 20)	105,648,512	-	50,449,387	156,097,899
Debt security issued (Note 21)	-	-	115,000,000	115,000,000
Lease liabilities (Note 13)	-	-	37,317	37,317
	145,916,655	**-**	**165,486,704**	**311,403,359**

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 borrowings approximate their fair value.

3.3 Fair value hierarchy

All the Company's financial assets and liabilities are measured at amortised cost. The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair value.

Notes to the Financial Statements (Cont.)

3.4 Financial instruments by category

₦'000	At 31 December 2021		At 31 December 2020	
	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets				
Trade and other receivables	118,985	-	461,635	-
Due from related parties	4,776,195	-	-	-
Cash and cash equivalents	62,338,398	-	123,821,089	-
Financial liabilities				
Trade and other payables	-	4,889,877	-	5,770,382
Due to related parties	-	1,477,928	-	34,497,761
Short-term borrowings	-	39,810,241	-	105,648,512
Long-term borrowings	-	43,685,460	-	50,449,387
Non current lease liabilities	-	39,595	-	37,317
Debt security issued	-	113,551,259	-	113,195,044
	67,233,578	203,454,360	124,282,724	309,598,403

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

3.5 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 is as follows:

₦'000	Note	31 December 2021	31 December 2020
Debt	i	197,046,960	269,292,943
Cash and cash equivalents		(62,338,398)	(123,821,089)
Net debt		134,708,562	145,471,854
Equity	ii	398,116,748	375,954,728
Gearing ratio		34%	39%

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

Notes to the Financial Statements (Cont.)

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 wih 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 2021.

4 Critical accounting estimates, judgments

4.1 Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires Directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on 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.

4.1.1 Useful life and residual value of property, plant and equipment and intangible assets.

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 estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence.

It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives or residual values of the plant and machinery would increase expenses and decrease the value of non-current assets.

4.1.2 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.

Notes to the Financial Statements (Cont.)

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.

4.1.3 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note (3.1.2).

4.1.4 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

4.1.5 Deferred tax asset

The Company is subject to income taxes within Nigeria, which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilize the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income is based on forecast cash flows from operations.

4.1.6 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.

Notes to the Financial Statements (Cont.)

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 2021	31 December 2020
Sale of bagged cement	256,712,322	209,005,779
Sale of bulk cement	614,769	437,708
	257,327,091	209,443,487

The Company's transactions in 2021 with one customer - Chinedu and Sons contributed more than 10% of the total revenue from the sale of cement ₦27.59 billion (2020: ₦60.1 billion). The revenue from customers are recognised at a point in time.

a Disaggregation of revenue from contracts with customers

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

₦'000	31 December 2021	31 December 2020
(i) **Primary geographical markets**		
Nigeria	254,994,208	208,015,930
Outside Nigeria	2,332,883	1,427,557
	257,327,091	209,443,487

(b) Liabilities relating to contracts with customers

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

₦'000	31 December 2021	31 December 2020
Contract liabilities	78,586,238	42,138,330

The following shows the movement in contract liabilities during the year

₦'000	2021	2020
Balance as at 1 January	42,138,330	32,868,945
Payments received in advance of satisfaction of performance obligation/discount offered	319,052,600	241,887,242
Revenue recognised (net of rebates and discounts)	(257,327,091)	(209,443,487)
Refunds, taxes and other transfers	(25,277,601)	(23,174,370)
	78,586,238	42,138,330

6 Impairment write back on financial assets

₦'000	31 December 2021	31 December 2020
Impairment writeback on trade and other receivables (Note 17ii)	5,394	93,100
Impairment write back on due from related parties (Note 26c)	-	1,262,490
	5,394	1,355,590

Notes to the Financial Statements (Cont.)

	₦'000	31 December 2021	31 December 2020
7.1	**Expenses by nature**		
	Raw materials	22,908,602	21,279,956
	Energy consumption	51,241,239	43,054,993
	Staff cost (Note 7.3)	8,920,238	8,099,100
	Amortisation of intangible assets (Note 14)	44,898	227,871
	Depreciation of property, plant and equipment (Note 12)	15,344,074	15,199,012
	Depreciation of right of use (Note 13)	82,486	56,191
	Audit fee	137,500	111,514
	Consultancy fees*	183,722	195,083
	Other repairs and maintenance expenses	13,299,020	5,368,495
	Operation and maintenance service charges	31,950,643	26,654,721
	Cement haulage charges	260,802	203,824
	Management and technical support fees	1,827,829	1,940,257
	Office running expenses	581,958	485,921
	Advertising and sales promotion cost	56,722	428,964
	Water supply	44,265	73,459
	Communication expenses	377,648	156,363
	Explosives	558,986	-
	Security expenses	729,080	555,286
	Subscription dues	205,317	40,579
	Transportation and travelling expenses	250,620	208,487
	Bank charges	539,400	537,056
	Refractories cost	1,425,945	383,694
	Insurance	476,731	481,614
	Rental expense	11,437	7,748
	Foreign exchange loss	301,727	616,147
	Merger and listing fees	277,887	37,212
	Directors' emoluments (Note 25c)	240,471	142,736
	Directors' expenses	269,091	66,856
	Donation	1,020,364	753,645
	Public relations	140,747	-
	Other expenses	2,026,076	1,785,797
		155,735,525	129,152,581

*Consultancy fees include tax, legal and administrative fees.

*There were no fees incurred in the year for non-audit services provided by the auditors of the Company (2020: 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
Rotimi Okpaise (FIA, ASA)	FRC/2012/NAS/00000000738	Ernst & Young	Actuarial
Oluwole Obayomi (FCIT)	FRC/2014/CITN/00000010157	KPMG	Tax

Notes to the Financial Statements (Cont.)

	₦'000	31 December 2021	31 December 2020
7.2	**Expenses summarised as follows:**		
	Cost of sales	136,402,954	113,964,695
	Administrative expenses	13,318,623	10,320,437
	Distribution and selling expenses	6,013,948	4,867,449
		155,735,525	129,152,581

	₦'000	31 December 2021	31 December 2020
7.3	**Staff costs**		
	Staff salaries and allowances	6,032,093	8,105,679
	Staff welfare and training	162,028	136,222
	Medical expenses	140,177	135,902
	Pension (employer contribution)	299,726	219,534
	Share based payment (Note 11c)	1,926,230	-
	Defined benefit plan (Note 11b):		
	- Current service cost	359,983	688,606
	- Plan amendment	-	(1,186,842)
		8,920,238	8,099,100

8 Other income

₦'000	31 December 2021	31 December 2020
Sundry income	195,409	35,671
Insurance claim	97,522	110,410
Amortisation of government grant (Note 22)	900,695	229,438
Modification gain (Note 20)	1,434,056	-
	2,627,682	375,519

Sundry income relates majorly to 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 (2020: Nil) with respect to government grant and other long term loans. The Fidelity Bank Plc and Union Bank Plc long term loans had their interest rates reduced. Previously, the loan had an initial interest of 5% for the first 5 months and 9% for the subsequent months. The 5% initial interest rate was increased for a further 12 months by the Central Bank of Nigeria, and 9% subsequently.

Both loans commenced in October 2020, hence the initial 5% interest rate was meant to end in February 2021, however, due to the extension granted, the 5% will continue until February 2022, and the 9% interest charge will now commence from March 2022.

Notes to the Financial Statements (Cont.)

9 Finance income and costs

	₦'000	31 December 2021	31 December 2020
(a)	**Finance income**		
	Interest income	620,604	859,618
		620,604	859,618

Interest income comprises interest earned from fixed deposit investments.

(b)	**Finance costs**		
	Interest expense on lease liability (Note 13)	9,663	3,756
	Interest expense on bond (Note 21)	8,954,267	24,951
	Interest expense on defined benefit obligation (Note 11b)	81,061	433,600
	Interest expense on bank loans (Note 20a)	5,897,889	-
	Interest expense on borrowings (Note 20)	1,075,091	2,968,068
	Other finance costs		
	Interest on funding from related party**	28,408	13,159,223
	Accretion expense on decommissioning liabilities (Note 19)*	511,610	286,949
		16,557,989	16,876,547
	Amount capitalised***	(14,852,156)	(13,039,677)
	Finance costs expensed	1,705,833	3,836,870
	Net finance (income)/cost	1,085,229	2,977,252

*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.

**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

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the effective interest rate (EIR) applicable to the Company's specific and general borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset. The determined rate is 13.05% - First Bank Loan, 8% - Series 1 Bond, 12% - RSSF loan. (2020: 13%).

Notes to the Financial Statements (Cont.)

10 Taxation

(a) **Income tax charge**

₦'000	31 December 2021	31 December 2020
Tertiary education tax	1,366,930	681,809
Total current income tax charge	1,366,930	681,809
Police trust fund levy	5,078	-
Deferred tax charge	11,422,306	5,847,353
Income tax charge	12,794,314	6,529,162
Minimum tax	266,088	171,265

*The Company applied to the Nigerian Investment Promotion Commission (NIPC) for a pioneer status for its Production Line 2 in Kalambaina, Sokoto State and an extension for its existing pioneer status on the Okpella Production Line 1, Edo State. The pioneer status were approved on 26 February 2020 covering a three-year and a two-year period respectively. As a result, no current income tax has been accrued on the pioneer profits in the year. In line with IFRIC 21, ₦266 million (2020: ₦171.3 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 2021	31 December 2020
The movement in current income tax liabilities is as follows:		
Opening balance	922,428	813,724
Provision for the year	1,633,018	853,074
Police trust fund levy	5,078	-
Payment during the year	(863,321)	(744,369)
Closing balance	**1,697,203**	**922,428**

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 2021 is as follows:

₦'000	31 December 2021	31 December 2020
Profit before tax	102,873,325	78,873,498
Tax at 30% statutory tax rate	30,861,997	23,662,049
Adjustments:		
Tertiary education tax	1,366,930	681,809
Police trust fund levy	5,078	-
Effect of permanent difference	556,514	1,397,651
Pioneer status adjustment	(20,144,414)	(19,095,400)
Deferred education tax	148,209	(116,947)
Income tax charge	**12,794,314**	**6,529,162**

Notes to the Financial Statements (Cont.)

(c) **Deferred tax assets**

₦'000	**31 December 2021**	**31 December 2020**
Opening balance	-	12,140,877
Deferred tax reclassification	-	(12,140,877)
Closing balance	-	-

Deferred tax asset relates to unutilised capital allowances, unrealised exchange loss and provision on the Company's Okpella Production Line 1 and Kalambaina Production Line 2, to the extent that the realisation of the related tax benefit through future taxable profits is probable. All deferred tax assets are deemed to be recoverable after 12 months.

₦'000	**Property, plant and equipment**	**Unrealised exchange difference**	**Provisions and others**	**Total**
At 1 January 2021	-	-	-	-
Reclassification to deferred tax liabilities	-	-	-	-
At 31 December 2021	-	-	-	-
At 1 January 2020	10,579,840	28,535	1,532,502	12,140,877
Reclassification to deferred tax liabilities	(10,579,840)	(28,535)	(1,532,502)	(12,140,877)
At 31 December 2020	-	-	-	-

(d) **Deferred tax liabilities**

₦'000	**31 December 2021**	**31 December 2020**
Opening balance	1,120,222	7,492,289
Reclassification from deferred tax asset	-	(12,140,876)
Deferred tax charge for the year - profit or loss	11,422,306	5,847,353
Deferred tax credit for the year - OCI	63,729	(78,544)
Closing balance	12,606,257	1,120,222

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.

Notes to the Financial Statements (Cont.)

₦'000	Property, plant and equipment	Unrealised exchange difference	Provisions and others*	Total
At 1 January 2021	(2,662,191)	78,545	1,463,425	(1,120,221)
Reclassification from deferred tax asset	-	-	-	-
Credit to other comprehensive income (OCI)	-	-	(63,729)	(63,729)
(Credited)/charged 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	(12,606,257)
At 1 January 2020	(8,467,207)	14,858	960,060	(7,492,289)
Reclassification from deferred tax asset	10,579,840	28,535	1,532,502	12,140,877
Credit to other comprehensive income (OCI)	-	-	78,544	78,544
(Credited)/charged to profit or loss	(4,774,824)	35,152	(1,107,681)	(5,847,353)
At 31 December 2020	(2,662,191)	78,545	1,463,425	(1,120,221)

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

11 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 8% by the employee and 10% by the employer.

The Company's contributions to this scheme is charged to the profit or loss account in the period to which they relate. Contributions to the scheme are managed by Stanbic IBTC Pension Managers, and other appointed 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 2021, the unpaid contribution amounted to ₦12.6 million (2020: ₦4.6 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. (2020: 60 years)

The valuations of the present value of the defined benefit plan were carried out at 31 December 2021 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.

Notes to the Financial Statements (Cont.)

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:

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 is 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 2021	31 December 2020
	%	%
Long term average discount rate per annum	13.5	8.5
Average rate(s) of salary increase per annum	12	11
Average inflation rate per annum	12	11

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 9.19 years. The average weighted duration of the closest Nigerian government bond as at 31 December 2020 was 7.3 years with a gross redemption yield of 12.8%.

The Company has adopted 13.5% (2020: 8.5%) per annum as the discount rate for the current year valuation.

Notes to the Financial Statements (Cont.)

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.

Sample age	Number of deaths in year of age out of 10,000 lives	
	2021	2020
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service

Age band	2021 rate	2020 rate
Less than or equal to 30	3.0%	3.0%
31 – 35	3.0%	3.0%
36 – 40	3.0%	3.0%
41 – 45	2.0%	2.0%
46 – 55	5.0%	5.0%

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 2021	31 December 2020
Present value of the defined benefit plan	3,760,297	3,645,893

Reconciliation of change in the present value of the defined benefit plan are as follows:

₦'000	31 December 2021	31 December 2020
Balance at beginning of the year	3,645,893	2,908,526
Current service cost	359,983	688,606
Interest cost	81,061	433,600
Plan amendment	-	(1,186,842)
Actuarial losses/(gains) - Change in assumption	(518,240)	311,931
Actuarial losses/(gains) - Experience adjustment	297,732	590,847
Benefit paid during the year	(106,131)	(100,775)
Balance at end of the year	3,760,297	3,645,893

Plan amendment is as a result of an amendment in the benefit structure during the financial year ended 31 December 2020. This led to a reduction in past service cost of ₦1.19 billion.

Notes to the Financial Statements (Cont.)

Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:

₦'000	31 December 2021	31 December 2020
Current service cost (Employee cost)	359,983	688,606
Interest on obligation (Finance cost)	81,061	433,600
Defined benefit plan amendment (Employee cost)	-	(1,186,842)
	441,044	(64,636)

Amounts recognised in other comprehensive income (OCI) are as follows:

₦'000	31 December 2021	31 December 2020
Actuarial loss/(gain) on defined benefit plan:		
- Change in assumption	(518,240)	311,931
- Change in experience adjustment	297,732	590,847
	(220,508)	902,778
Deferred tax credit	63,729	(78,544)
Amount recognised in OCI (net of tax)	(156,779)	824,234

Net liability recognized in the statement of financial position

₦'000	2021	2020
Balance at 1 January	3,645,893	2,908,526
Net periodic benefit cost recognised in profit or loss	441,044	(64,636)
Benefit paid during the year	(106,131)	(100,775)
Amount recognised in other comprehensive income	(220,508)	902,778
Balance at 31 December	3,760,298	3,645,893

iii) Sensitivity analysis on accrued liability **Accrued liabilities**

₦'000		2021	3 2020
		3,760,297	3,645,893
Sensitivity base	**Parameters**		
Discount rate	+1%	3,670,767	3,547,315
	-1%	3,863,172	3,762,680
Salary increase	+1%	3,869,240	3,763,487
	-1%	3,664,152	3,544,708
Mortality experience	Age rated up by 1 year	3,760,378	3,645,064
	Age rated down by 1 year	3,760,227	3,646,634

The above sensitivity analyses 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.

Notes to the Financial Statements (Cont.)

The weighted average duration of the defined benefit obligation is 9.19 years (2020 – 12.75 years). The expected maturity analysis of the defined benefit obligation is as follows:

Year	₦'000
2022	61,941
2023	86,417
2024	237,289
2025	413,314
2026	308,320
2027 - 2031	2,627,879

(c) Share based payment - Equity-settled

₦'000	31 December 2021	31 December 2020
Share based payment expense	1,926,230	-
	1,926,230	-

Bonus shares transferred to employees

On 31 May 2021, the Company's chairman announced an employee share bonus arrangement under which shares would be transferred to the employees for no cash consideration and vest immediately on the grant date. All active employees of the Company as at the announcement date (grant date) were eligible to receive the bonus shares. The share based payment was recognised as part of employee benefit expenses for the period with a corresponding increase in equity. The total number of shares transferred to the employees was twenty seven million, one hundred and thirty thousand (27,130,000) at an average price of ₦71 per share.

Notes to the Financial Statements (Cont.)

12. 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 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)	-	-	-
Changes in estimates (Note 19)	-	-	-	-	-	(1,546,868)	-	-	-	(1,546,868)
At 31 December 2021	**531,799**	**59,400,473**	**358,880,193**	**686,111**	**1,942,601**	**8,274,109**	**1,333,323**	**8,693,067**	**205,696,069**	**645,437,746**
At 1 January 2020	264,019	59,024,054	353,667,730	443,548	1,212,605	4,824,960	1,172,769	8,693,067	143,722	429,446,474
Additions	199,842	169,654	2,956,867	88,693	206,143	48,810	89,623	-	144,359,206	148,118,838
Transfers	-	96,350	(627,914)	(1,999)	-	-	(12,348)	-	(7,448,000)	(7,993,911)
Changes in estimates (Note 19)	-	-	-	-	-	4,947,207	-	-	-	4,947,207
At 31 December 2020	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

Notes to the Financial Statements (Cont.)

12. 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
Depreciation										
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	59,763	214,920	685,629	105,479	2,173,266	-	15,344,074
At 31 December 2021	**-**	**5,532,899**	**49,577,571**	**367,448**	**1,031,201**	**2,910,002**	**716,748**	**6,413,987**	**-**	**66,549,854**
At 1 January 2020	-	3,212,638	27,741,645	266,095	655,394	1,563,082	534,215	2,067,134	-	36,040,204
Charge for the year	-	1,161,258	10,908,638	42,319	160,887	661,612	90,710	2,173,588	-	15,199,012
Transfers	-	(40)	(18,688)	(729)	-	(322)	(13,656)	-	-	(33,436)
At 31 December 2020	**-**	**4,373,856**	**38,631,595**	**307,685**	**816,281**	**2,224,372**	**611,269**	**4,240,722**	**-**	**51,205,779**
Net book value										
At 31 December 2021	531,799	53,867,574	309,302,622	318,663	911,400	5,364,107	616,575	2,279,080	205,696,069	578,887,892
At 31 December 2020	463,861	54,916,203	317,365,088	222,557	602,467	7,596,605	638,775	4,452,345	137,054,928	523,312,829

Notes to the Financial Statements (Cont.)

(a) All borrowings are secured by a debenture on all the fixed and floating assets of the Company. Refer to Note 20 for further details.

(b) Transfers relate to the accumulated construction cost of the Company's production plant which is now transferred to the respective asset classes on completion of the plant and subsequently depreciated.

(c) Included in quarry equipment is cost relating to restoration of quarry sites being mined by the Company as at 31 December 2021. Cost as at 1 January 2021 was ₦9.29 billion (note 19) and a reduction of ₦1.54 billion (2020: an addition of ₦4.95 billion) was recognised in the current year due to changes in estimates. Current year depreciation charge recognised on the restoration cost is ₦685.6 million (2020: ₦661.6 million).

The depreciation charged for the year is apportioned as follows:

₦'000	31 December 2021	31 December 2020
Cost of Sales	12,756,633	12,649,472
Administrative Expenses	37,615	2,549,540
	12,794,248	15,199,012

(d) Purchase of property, plant and equipment in statement of cash flows is calculated as follows:

₦'000	31 December 2021	31 December 2020
Additions in the year	72,466,006	148,118,838
Adjustment for non-cash items:		
- transfer of assets	-	(7,960,475)
- capitalised borrowing cost	(14,852,156)	(13,039,677)
	57,613,850	127,118,686

13 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	Building	Total
Right-of-use assets		
Opening balance as at 1 January 2021	70,490	70,490
Additions	88,844	88,844
Depreciation	(82,486)	(82,486)
Closing balance as at 31 December 2021	76,848	76,848

Notes to the Financial Statements (Cont.)

Lease liabilities		
Opening balance as at 1 January 2021	37,317	37,317
Additions	88,844	88,844
Interest expense	9,663	9,663
Payments	(96,230)	(96,230)
Closing balance as at 31 December 2021	39,594	39,594
Current	-	-
Non-current	39,595	39,595
	39,595	39,595
Right-of-use assets		
Opening balance as at 1 January 2020	76,503	76,503
Additions	50,178	50,178
Depreciation	(56,191)	(56,191)
Closing balance as at 31 December 2020	70,490	70,490
Lease liabilities		
Opening balance as at 1 January 2020	48,352	48,352
Additions	50,445	50,445
Interest expense	3,756	3,756
Payments	(65,236)	(65,236)
Closing balance as at 31 December 2020	37,317	37,317
Current	-	-
Non-current	37,317	37,317
	37,317	37,317

b The statement of profit or loss shows the following amounts relating to leases:

	₦'000	**2021**	2020
i	**Depreciation charge of right-of-use assets**		
	Opening balance as at 1 January	93,962	37,771
	Charge for the year	82,486	56,191
	Closing balance as at 31 December	176,448	93,962

Notes to the Financial Statements (Cont.)

14 Intangible assets

₦'000	Licenses	Exploration Assets	Software	Total
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	24,402	44,898
At 31 December 2021	3,025	585,772	33,480	622,277
Cost				
At 1 January 2020	3,025	3,060,885	67,514	3,131,424
Additions during the year	-	1,714,718	16,224	1,730,941
At 31 December 2020	3,025	4,775,603	83,737	4,862,365
Accumulated amortisation				
At 1 January 2020	3,025	337,673	8,811	349,509
Charge for the year	-	227,604	267	227,871
At 31 December 2020	3,025	565,277	9,077	577,379
Net book value				
At 31 December 2021	-	5,290,172	53,091	5,343,263
At 31 December 2020	-	4,210,326	74,660	4,284,986

(a) Amortisation charge is expensed in cost of sales and administrative expenses based on the use of the related intangible assets.

15 Inventories

₦'000	31 December 2021	31 December 2020
Fuel	1,583,518	857,514
Engineering spares	15,422,153	12,664,806
Packing materials	2,186,132	189,509
Raw materials	14,783,197	9,921,259
Goods in transit	2,555,596	5,527,658
Work in progress	2,196,853	1,658,779
Finished goods	340,589	685,673
	39,068,038	31,505,198

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2021 amounted to ₦22.91 billion: (2020: ₦21.28 billion). These were included in cost of sales.

There was no provision made for inventory obsolescence during the year (2020: Nil).

Notes to the Financial Statements (Cont.)

16 Cash and cash equivalents

₦'000	31 December 2021	31 December 2020
Cash in hand	11,999	10,573
Cash in bank	49,860,374	123,502,330
Fixed deposit	12,466,025	308,186
	62,338,398	123,821,089

16.1 Cash and cash equivalent (included in statement of cash flows)

₦'000	31 December 2021	31 December 2020
Cash in hand	11,999	10,573
Cash in bank	49,860,374	123,502,330
Fixed deposit	12,466,025	308,186
Total	62,338,398	123,821,089

17 Trade and other receivables

₦'000	31 December 2021	31 December 2020
Financial assets:		
Trade receivables	118,985	461,635
Non-financial assets:		
Prepayments	1,433,576	747,469
*Other receivables	36,411,024	75,316,087
Advance to suppliers	-	6,685,273
Advance to staff	53,252	97,522
Total non-financial assets	37,897,852	82,846,351
	38,016,837	83,307,986

*Other receivables as at year end 31 December 2021, relate to advance payments made to vendors for engineering, procurement and construction contract for the construction of additional Cement Plants. (2020: ₦67 billion receivables from issuing house in respect of the bond issuance that closed on 30 December 2020 and advance payment to CBMI for the construction of a new plant.)

i. The gross carrying amount of trade receivables is shown below:

₦'000	31 December 2021	31 December 2020
Gross carrying amount – trade receivables	122,524	470,568
Less: loss allowance (Note 3.1.2)	(3,539)	(8,933)
Net carrying amount – trade receivables	118,985	461,635

ii. Impairment of trade receivables and other receivables

The reconciliation of loss allowance for trade receivables as at 31 December 2020 to the opening loss allowance on 1 January 2021 and to the closing loss allowance as at 31 December 2021 is as follows:

Notes to the Financial Statements (Cont.)

₦'000	2021	2020
As at 1 January	8,933	102,033
Increase in loss allowance recognised in profit or loss during the year	-	-
Reversals during the year	(5,394)	(93,100)
At 31 December	3,539	8,933

18 Trade and other payables

₦'000	31 December 2021	31 December 2020
Financial liabilities:		
Trade payables	3,480,385	3,852,292
Other payables and accrued expenses	934,750	1,463,050
Unclaimed dividend	474,742	455,040
	4,889,877	5,770,382
Non-financial liabilities:		
Other payables and accrued expenses	1,855,247	1,868,284
Statutory obligations	15,533,288	16,230,102
	17,388,535	18,098,386
	22,278,412	23,868,768

19 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 12 months and 72 months as at 31 December 2021.

There were eight active quarries as at 31 December 2021 namely: Ikpobia, Ikpobia clay 1, Ikpobia clay 2, Cambut, Edelstein north, Freedom, Gamla and Camp clay quarry, with estimated useful lives ranging from 4 years to 10 years. 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 2021. Actual costs may however differ from the estimates based on the prevailing assumptions at the relevant periods.

The table below shows the movement in the decommissioning liabilities for the year ended 31 December 2021.

Notes to the Financial Statements (Cont.)

₦'000	31 December 2021	31 December 2020
Balance at 1 January	9,291,470	4,047,713
(Decrease)/increase in decommissioning liability as a result of changes in estimates	(1,537,268)	4,947,207
Unwinding of interest	511,610	286,949
Additions during the year	-	9,600
At 31 December	8,265,812	9,291,470

(a) **Provision for decommissioning liabilities**

₦'000	31 December 2021	31 December 2020
Current	594,337	123,695
Non-current	7,671,475	9,167,775
	8,265,812	**9,291,470**

20 Borrowings

₦'000	31 December 2021	31 December 2020
Bank loans	83,495,701	156,097,899
	83,495,701	156,097,899

₦'000	31 December 2021	31 December 2020
Current	39,810,241	105,648,512
Non-current	43,685,460	50,449,387
	83,495,701	**156,097,899**

(a) The analysis of borrowings during the year is as shown below:

₦'000	31 December 2021	31 December 2020
At 1 January	156,097,899	21,423,504
Additional drawdowns in the year	30,044,560	228,722,337
Principal repayments	(102,939,124)	(96,768,171)
Interest expense (Note 9)	1,075,091	2,968,068
Interest capitalised	5,897,889	13,039,677
Interest repayments	(5,863,737)	(13,287,516)
Modification gain	(1,434,056)	-
Exchange difference	617,180	-
At 31 December	83,495,702	156,097,899

Bank loans are secured by an all asset debenture over the fixed and floating assets of the Company. All Assets Debentures over the assets of BUA Cement Plc stamped to cover ₦500 million, managed by Leadway Trustee Limited (The trustee) and shared pari-passu with other lenders.

The above borrowings are further classified based on average interest rate, maturity and provider of funds:

Notes to the Financial Statements (Cont.)

	Average Interest Rate	Maturity	2021 ₦'000	2020 ₦'000
First Bank - Import trade finance	-	-	16,951,141	20,033,770
First Bank - Long term loan	13.5%	30 June 2024	16,307,649	26,547,858
Union Bank (RSSF Loan)	2020 - 5% 2022 - 9%	30 September 2030	17,817,754	17,603,196
Union Bank LCs	-	-	2,133,768	2,243,406
Fidelity Bank (RSSF Loan)	2020 - 5% 2022 - 9%	30 September 2030	17,542,936	17,541,749
Coronation Merchant Bank - Import trade finance		-	112,540	140,622
First City Monument Bank - Import trade finance		-	925,878	958,136
Union Bank IFF (Cleanline)			11,704,036	-
Shareholders Loan	2020 - 12.4% Other years -15.9%	31 December 2026	-	71,029,162
			83,495,702	156,097,899

(b) **Bank loans**

Current bank borrowings relate to short term Import Finance Facilities (IFF) from several Nigerian banks with 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 13.5% per annum. ₦20 billion was obtained from Union Bank of Nigeria and Fidelity Bank each for a period of 120 months with effect from October 2020 at a floating interest of 5% per annum till February 2022 and then 9% afterwards.

(c) **Shareholders loan**

The Shareholders loan from BUA International Limited was approved in 2019 but the applicable loan agreement became effective on 1 January 2020. The loan was fully repaid in January 2021.

21 Debt security issued

₦'000	31 December 2021	31 December 2020
Debt securities at amortized cost:		
Series 1 bond (Note 21b)	113,551,259	113,195,044
	113,551,259	113,195,044

₦'000	31 December 2021	31 December 2020
Current	-	-
Non-current	113,551,259	113,195,044
	113,551,259	113,195,044

Notes to the Financial Statements (Cont.)

(a) The analysis of debt security issued during the year is as shown below:

₦'000	31 December 2021	31 December 2020
At 1 January	113,195,044	-
Debts issued in the year	-	113,170,093
Principal repayments	-	-
Interest expense (Note 9)	8,954,267	24,951
Interest repayments	(8,598,052)	-
At 31 December	113,551,259	113,195,044

(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 cash flows to the bondholders and determined that the call option does not materially affect the contractual cash flows of the debt host contract, hence the option is closely related to the host contract and is not bifurcated from the host contract. The Series1 bond has been classified as a debt measured at amortised cost using effective interest rate.

22 Government grant

	₦'000	31 December 2021	31 December 2020
(a)	Current	910,761	900,695
	Non-current	3,721,262	4,632,023
		4,632,023	5,532,718

(b) Movement in government grant is analysed below:

₦'000	31 December 2021	31 December 2020
Balance as at 1 January	5,532,718	5,701
Additions in the year	-	5,756,455
Amount recognised in profit or loss (Note 8)	(900,695)	(229,438)
Balance as at 31 December	**4,632,023**	**5,532,718**

Notes to the Financial Statements (Cont.)

23 Share capital

(a)

₦'000	31 December 2021	31 December 2020
Authorised:		
40 billion ordinary shares @ 50k per share	20,000,000	20,000,000

(b)

₦'000	31 December 2021	31 December 2020
Issued and fully paid		
Balance as at 1 January and 31 December	16,932,177	16,932,177

(c)

	31 December 2021	31 December 2020
	Number'000	Number'000
Number of shares outstanding		
Balance as at 1 January and 31 December	33,864,354	33,864,354

24 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 2021	31 December 2020
Profit attributable to ordinary equity holders of the Company	90,079,011	72,344,336
Weighted average number of ordinary shares in issue	33,864,354	33,864,354
Basic earnings per share (Naira)	2.66	2.14

Diluted earnings per share is the same as the basic earnings per share as there are no potential securities convertible to ordinary shares.

25 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:

	31 December 2021	31 December 2020
	Number	Number
Management	54	53
Production	685	618
Administration	352	330
	1,091	1,001

(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.

Notes to the Financial Statements (Cont.)

		31 December 2021 Number	31 December 2020 Number
₦100,000	- ₦500,000	-	-
₦500,001	- ₦1,000,000	168	118
₦1,000,001	- ₦2,000,000	294	295
₦2,000,001	- ₦3,000,000	258	297
₦3,000,001	- ₦4,000,000	150	133
₦4,000,001	- ₦5,000,000	83	94
₦5,000,001	- ₦10,000,000	104	46
₦10,000,001	- ₦15,000,000	16	8
₦15,000,001	- ₦20,000,000	8	3
Above	- ₦20,000,000	10	7
		1,091	1,001

c **Particulars of Directors**

Directors' emoluments

The remuneration paid to the Directors of the Company was:

₦'000	31 December 2021	31 December 2020
Emoluments paid to the Directors of the Company	240,471	142,736
Amount paid to the highest paid Director	104,971	75,298

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:

		31 December 2021	31 December 2020
₦1,000,000 -	₦5,000,000	-	1
₦5,000,001 -	₦10,000,000	-	7
₦10,000,001 -	₦15,000,000	-	1
₦15,000,001 -	₦45,000,000	7	-
₦45,000,001 -	₦50,000,000	-	-
₦65,000,001 -	₦70,000,000	-	-
₦75,000,001 -	₦80,000,000	-	1
₦80,000,001 -	₦110,000,000	1	-
		8	10

26 Related party transactions and balances

The ultimate majority shareholder of the Company, Alhaji Abdulsamad Rabiu 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**

Notes to the Financial Statements (Cont.)

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 2021	31 December 2020
Salaries and other short-term employee benefits	656,131	450,535
Pension costs	27,585	21,507
	683,717	472,042

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 between BUA Industries Limited.

During the financial year ended 31 December 2021, ₦1.83 billion was charged for technical and management services (2020: ₦1.9 billion).

iii **Transfer/(receipt) of funds**

The treasury function of related entities of the Company are managed centrally. As at 31 December 2019, there was frequent movement of funds from entities with surplus at any particular point in time for the settlement of obligations owed by another related party. However, this is no longer applicable in the current year. The net movement of funds between these related entities and the Company is shown below:

₦'000		31 December 2021	31 December 2020
Due from related parties	**Relationship**		
PW Nigeria Limited	Sister company	4,776,195	-
		4,776,195	-

(b) **Outstanding balances with related parties**

The receivables from related parties represents the funds obtained from the Company's account but used to finance the transactions of related parties of the Company. Conversely, the balances due to related parties represents the amount of money obtained from other subsidiaries but used to finance the operations of the Company.

Below are the outstanding receivable and payable balances with related parties.

	₦'000		31 December 2021	31 December 2020
i	**Due to related parties**	**Relationship**		
	BUA International Limited	Sister company	1,477,928	34,497,761
			1,477,928	34,497,761

Notes to the Financial Statements (Cont.)

(c) **Impairment of receivables from related parties**

₦'000	31 December 2021	31 December 2020
As at 1 January	-	1,262,490
Write-back of loss allowance recognised in profit and loss	-	(1,262,490)
At 31 December	-	-

The net carrying amount of receivables from related parties is shown below

₦'000	31 December 2021	31 December 2020
Gross carrying amount – due from related parties (Note 26bii)	4,776,195	-
Due from related parties net of expected credit losses	4,776,195	-

(d) **Changes in due from related parties in the statement of cash flows is as follows:**

₦'000	31 December 2021	31 December 2020
Movement in due from related parties	(4,776,195)	16,753,850
Effect of loss allowance recognised in profit or loss (Note 26c)	-	1,262,490
Effects of exchange rate differences	-	(24,631)
Effect other non-cash items	-	301,070
	(4,776,195)	18,292,778

(e) **Changes in due to related parties in the statement of cash flows is as follows:**

₦'000	31 December 2021	31 December 2020
Movement in due to related parties	(33,019,833)	46,618,697
Effect of unrealised exchange loss on related party balances (Note 7.1)	(301,727)	(616,147)
Effect of non-cash interest on funding from related party (Note 9)	(28,408)	(13,159,223)
	(33,349,968)	32,843,327

27 Contingent liabilities

The Company is subject to some pending litigations arising in the normal course of business as at 31 December 2021. There are no contingent liabilities in respect of these pending litigations as at 31 December 2021 (2020: Nil).

28 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:

Notes to the Financial Statements (Cont.)

₦'000	31 December 2021	31 December 2020
Re-roofing of the Clinker Dome	-	189,000
Regasification project of line 2	-	177,735
Regasification project of line 3	-	136,709,000
70MV Power Plant	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	-
	11,290,152	137,075,735

(b) Guarantees

The Company had a guarantee of ₦224.3 million with Keystone Bank Limited as at 31 December 2021 (2020: Nil), with a maturity date of 27th October, 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 to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

- Letters of credit worth ₦20 million with United Bank for Africa Plc and $1.1 million (₦466.5 million) with Guaranty Trust Bank Plc.
- Cash margin LC's worth EUR1.5 million (₦720.1 million) with Guaranty Trust Bank Plc.

29 Subsequent events

The Company experienced an isolated fire incident which occurred at a diesel storage tank farm located in the vicinity of one of our factories in Sokoto on 19 March 2022. The incident occurred whilst routine maintenance work was ongoing on one of the storage tanks by a third-party contractor.

The fire was brought under control on 20 March 2022. Operations at the plant which were shut down in the aftermath of the incident as a precautionary and preventive measure have since resumed at the factory- which was unaffected by the incident.

The Company is yet to estimate the financial impact of this incident on its results. Such impact however, is not expected to be material.

30 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Statement of Value Added

₦'000	Note	31 December 2021	%	31 December 2020	%
Revenue	5	257,327,091		209,443,487	
Other income	8	2,627,682		375,519	
		259,954,773		209,819,006	
Less: Bought in materials and services:					
Local and imported		(131,575,128)		(105,494,378)	
Value added		128,379,645	100	104,324,628	100
Applies as follows:					
To pay employees:					
Staff cost	7.3	8,920,238	7	8,099,100	8
To pay providers of funds:					
Net finance cost	9	1,085,229	1	2,977,252	3
To pay government:					
Income tax charge	10a	12,794,314	10	6,529,162	6
To provide for enhancement of assets and growth:					
Depreciation	7.1	15,344,074	12	15,199,012	15
To augment reserve		90,235,790	70	71,520,102	69
		128,379,645	100	104,324,628	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

	BUA Cement Plc				OBU Cement Company Limited
₦'000	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Assets employed					
Non-current assets	584,308,003	527,668,305	408,405,566	399,431,134	157,662,079
Current assets	144,199,470	238,634,273	62,161,029	88,543,157	46,369,021
Current liabilities	(145,355,120)	(208,100,189)	(96,461,863)	(175,748,284)	(159,562,803)
Non-current liabilities	(185,035,605)	(182,247,661)	(10,407,490)	(3,613,823)	(15,128,635)
Net assets	398,116,748	375,954,728	363,697,242	308,612,184	29,339,662
Capital employed					
Ordinary share capital	16,932,177	16,932,177	16,932,177	16,932,177	20,000
Other reserves	(740,357)	(897,136)	(72,902)	194,926	-
Retained earnings	181,920,749	159,915,508	146,833,788	91,480,902	29,319,662
Reorganisation reserve	200,004,179	200,004,179	200,004,179	200,004,179	-
Total equity	398,116,748	375,954,728	363,697,242	308,612,184	29,339,662

	BUA Cement Plc				OBU Cement Company Limited
₦'000	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Revenue from contract with customers	257,327,091	209,443,487	175,518,326	119,012,572	87,193,161
Profit before tax	102,873,325	78,873,498	66,224,501	39,166,582	39,470,897
Income tax (expense)/credit	(12,794,314)	(6,529,162)	(5,614,216)	24,905,420	(15,747,361)
Profit for the year	90,079,011	72,344,336	60,610,285	64,072,002	23,723,536
Total comprehensive income	90,235,790	71,520,102	60,342,457	64,072,002	23,723,536
Earnings per share (Naira)	2.66	2.14	1.79	1.89	1,186.18
Net assets per share (Naira)	23.51	22.20	21.48	18.23	1,466.98

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

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

Contact Details

Investor Relations

BUA Cement Plc
5th Floor, BUA Towers
PC 32, Churchgate Street
Victoria Island, Lagos, Nigeria
Tel: +234 01 4610669-70

Email: investor.relations@buacement.com
Web: www.buacement.com

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
Tel: +234 700 AFRIPRUD (0700 2374 7783)

Email: cxc@africaprudential.com
Web: www.africaprudential.com
@afriprud

Africa Prudential
RC 649007

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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)

Note: This service costs **N150.00** per form exclusive of VAT.

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 GROUP ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPPA AND D'ALBERTO PLC ☐
13. CEMENT COY. OF NORTHERN NIG. PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CWG PLC ☐
17. CORDROS MONEY MARKET FUND ☐
18. EBONYI STATE GOVERNMENT BOND ☐
19. GOLDEN CAPITAL PLC ☐
20. INFINITY TRUST MORTGAGE BANK PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAIZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. LAGOS BUILDING INVESTMENT CO. PLC ☐
25. GLOBAL SPECTRUM ENERGY SERVICES PLC ☐
26. MED-VIEW AIRLINE PLC ☐
27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc) ☐
28. NEXANS KABLEMETAL NIG. PLC ☐
29. LIVINGTRUST MORTGAGE BANK PLC ☐
30. PERSONAL TRUST & SAVINGS LTD ☐
31. P.S MANDRIDES PLC ☐
32. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
33. PREMIER BREWERIES PLC ☐
34. RESORT SAVINGS & LOANS PLC ☐
35. ROADS NIGERIA PLC ☐
36. SCOA NIGERIA PLC ☐
37. TRANSCORP HOTELS PLC ☐
38. TRANSCORP PLC ☐
39. TOWER BOND ☐
40. THE LA CASERA CORPORATE BOND ☐
41. UACN PLC ☐
42. UNITED BANK FOR AFRICA PLC ☐
43. UNITED CAPITAL PLC ☐
44. UNITED CAPITAL BALANCED FUND ☐
45. UNITED CAPITAL BOND FUND ☐
46. UNITED CAPITAL EQUITY FUND ☐
47. UNITED CAPITAL MONEY MARKET FUND ☐
48. UNITED CAPITAL NIGERIAN EUROBOND FUND ☐
49. UNITED CAPITAL WEALTH FOR WOMEN FUND ☐
50. UNIC DIVERSIFIED HOLDINGS PLC ☐
51. UNIC INSURANCE PLC ☐
52. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
53. UTC NIGERIA PLC ☐
54. VFD GROUP PLC ☐
55. 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.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

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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

6th Annual General Meeting to be held at 11:00 am on Thursday July 21, 2022 in the Lagos/Osun 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 July 21, 2022.

Dated this __________ day of ________________ 2022.

Signature ______________________________

Number of Share held	

No.	Resolutions	For	Against
1.	Annual Report and Accounts for the year ended 31 December, 2021		
2.	To declare a dividend (₦2.60k)		
3.	To elect/re-elect the following Directors		
	a. To elect the following Directors who retire by rotation and being eligible, offer themselves for re-election.		
	i. Chimaobi Madukwe - Non-Executive Director		
	ii. Kabiru Rabiu - Non-Executive Director		
	iii. Jacques Pierkaski - Executive Director		
4.	To authorize the Directors to fix the remuneration of the External Auditors (₦137,500,000)		
5.	To elect members of the Audit Committee		
6.	To approve the remuneration of the Directors		
	a. To approve the sum of (₦6,500,000.00 per annum as the Chairman's fee.		
	b. To approve the sum of (₦5,200,000.00 per annum as the Non-Executive Directors' Fee		

Please indicate with an 'X' in the appropriate space how you wish your votes on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his own discretion

1. Please sign this form and send it to reach the address above not later than 10:00am on July 19, 2022. If executed by a corporate body, this form should be sealed under its common seal or under the hand of some office or attorney duly authorized in writing.

   In line with the Company's obligations to comply with the restriction on mass gatherings and social and /or physical distancing guidelines prescribed by both the Federal Republic of Nigeria and the Lagos State Government in the conduct of the meeting, in addition to the Chairman, members may appoint any of the following as their Proxy for the meeting:

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BUA Cement Plc RC 119 3879
(A BUA Company)

PROXY FORM

a. Mr. Boniface Okezie
b. Mr. Kabiru Waziri Ibrahim
c. Mr. Mukhtar Mukhtar
d. Mrs. Adebisi Bakare
e. Mr. Alex Adio
f. Mr. Tunji Bamidele
g. Mrs. Esther Funke Augustine
h. Mr. Tunde Bhadmus
I. Mrs. Adenike David
j. Mr. Kazeem Olayiwola

The meeting would also be accessible to all members virtually on the Company's website www.buacement.com to avoid the need for physical gathering involving large number of persons.

1. 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.

2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy. However, you may insert in the blank space provided the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.

REGISTRARS:

AFRICA PRUDENTIAL PLC,
220B IKORODU ROAD,
PALMGROVE,
LAGOS.

PAGE 1 / 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

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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. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPPA AND D'ALBERTO PLC
13. CEMENT COY. OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. CWG PLC
17. CORDROS MONEY MARKET FUND
18. EBONYI STATE GOVERNMENT BOND
19. GOLDEN CAPITAL PLC
20. INFINITY TRUST MORTGAGE BANK PLC
21. INVESTMENT & ALLIED ASSURANCE PLC
22. JAIZ BANK PLC
23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*
28. NEXANS KABLEMETAL NIG. PLC
29. LIVINGTRUST MORTGAGE BANK PLC
30. PERSONAL TRUST & SAVINGS LTD
31. P.S MANDRIDES PLC
32. PORTLAND PAINTS & PRODUCTS NIG. PLC
33. PREMIER BREWERIES PLC
34. RESORT SAVINGS & LOANS PLC
35. ROADS NIGERIA PLC
36. SCOA NIGERIA PLC
37. TRANSCORP HOTELS PLC
38. TRANSCORP PLC
39. TOWER BOND
40. THE LA CASERA CORPORATE BOND
41. UACN PLC
42. UNITED BANK FOR AFRICA PLC
43. UNITED CAPITAL PLC
44. UNITED CAPITAL BALANCED FUND
45. UNITED CAPITAL BOND FUND
46. UNITED CAPITAL EQUITY FUND
47. UNITED CAPITAL MONEY MARKET FUND
48. UNITED CAPITAL NIGERIAN EUROBOND FUND
49. UNITED CAPITAL WEALTH FOR WOMEN FUND
50. UNIC DIVERSIFIED HOLDINGS PLC
51. UNIC INSURANCE PLC
52. UAC PROPERTY DEVELOPMENT COMPANY PLC
53. UTC NIGERIA PLC
54. VFD GROUP PLC
55. WEST AFRICAN GLASS IND PLC

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
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