BUA Foods PLC

RC621320

LISTING BY INTRODUCTION

On the Main Board of

Nigerian Exchange Limited

of

18,000,000,000 Ordinary Shares of ₦0.50 each at

₦40 per Share

Lead Financial Adviser:

Stanbic IBTC Capital

RC1031358

Joint Financial Advisers

RMB

RC1031371

UCML CAPITAL

RC370890

Joint Stockbrokers

RC165189

CARDINALSTONE SECURITIES LIMITED
Member of the Nigerian Stock Exchange

RC739857

This Listing Memorandum (hereinafter referred to as the "Memorandum") has been prepared by or on behalf of BUA Foods PLC ("BUA Foods" or the "Company") solely in connection with the listing of the Company's shares on the Main Board of the Nigerian Exchange Limited ("NGX") (the "Listing"). In particular, it has not been prepared and published in relation to any offer to sell new or existing shares of the Company.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SUBSCRIBE FOR, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR, SHARES BY PERSONS IN ANY JURISDICTION. NO PUBLIC OFFERING OF THE SHARES IS BEING CONDUCTED ON THE BASIS OF THIS MEMORANDUM IN ANY JURISDICTION.

This Listing Memorandum is dated December 30, 2021

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IMPORTANT NOTICE

The information contained in this Listing Memorandum (hereinafter referred to as the "**Memorandum**") has been prepared by or on behalf of BUA Foods PLC (hereinafter referred to as "**BUA Foods**" or the "**Company**"). BUA Foods has engaged Udo Udoma & Belo-Osagie as its solicitors, Stanbic IBTC Capital Limited as its lead financial adviser, Rand Merchant Bank Nigeria Limited and UCML Capital Limited as joint financial advisers, APT Securities and Funds Limited and CardinalStone Securities Limited as its joint stockbrokers (the solicitors, the financial advisers and the joint stockbrokers are collectively referred to as the "**Advisers**") in connection with the listing of the Company's shares on the Main Board of NGX (the "**Listing**").

This Memorandum (references to which and to any information contained herein shall be deemed to include any information, whether or not in writing, supplied in connection herewith or in connection with any further enquiries) is confidential.

The sole purpose of this Memorandum is to support the Company's application to Nigerian Exchange Limited in connection with the Listing. It is not intended to provide the basis of any investment decision, credit or any other evaluation and is not to be considered as a recommendation by the Advisers or BUA Foods or any of their respective subsidiaries, affiliates, directors, partners, officers, employees, representatives, managers, advisers or agents (the "**Affiliates**") that any person invests in the Company.

This Memorandum does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to purchase, subscribe for, or otherwise acquire, any securities of the Company and/or its Affiliates nor shall it or any part of it, nor the fact of its distribution form the basis of or be relied upon in connection with any contract or commitment whatsoever. This Memorandum is not a prospectus or an offering document.

None of the Company, the Advisers, or their respective Affiliates, accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, directly or indirectly, from the use of this Memorandum or its contents or otherwise arising in connection therewith. The Advisers and their respective Affiliates are acting exclusively for the Company and no one else in connection with the matters referred to in this Memorandum and will not regard any other person (whether or not a recipient of this Memorandum) as their respective clients in relation to such matters or any transaction, arrangement or other matter referred to in this Memorandum and will not be responsible to any other person for providing the protections afforded to their respective clients, or for providing advice in relation to such matters.

The contents of this Memorandum are confidential and must not be copied, published, reproduced, distributed, or passed on in whole or in part to any other person at any time. This Memorandum has not been issued for circulation to the general public. The distribution of this Memorandum in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Memorandum comes should inform themselves about and observe any such restrictions.

This Memorandum contains "forward-looking statements," which are all statements other than statements of historical facts. Such forward-looking statements include statements regarding the Company's intentions, beliefs, current expectations, and projections about future events concerning, among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the markets in which the Company operates or will operate.

Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "proposes", "considers", "predicts", "continues", "assumes", "positioned", "guidance", "targets" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. Such forward-looking statements involve known and unknown risks; and factors beyond the Company's control could cause the actual results, performance or achievements of the Company to be materially different from the projected results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition, prospects, growth, strategies and the development of the markets in which the Company will operate may differ materially from those made in or suggested by the forward-looking statements contained in this Memorandum. Such forward-looking statements speak only as at the date as of which they are made, and none of the Company, the Advisers or their respective Affiliates, undertakes to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Memorandum. Accordingly, any reliance placed on such forward-looking statements will be at the sole risk of such reliant party.

In this Memorandum certain of our trademarks, service marks and trade names, which are protected under applicable intellectual property laws and are the property of the Company or its subsidiary. Solely for convenience, trademarks, service marks and trade names referred to in this Memorandum may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

PRESENTATION OF INFORMATION

The financial information in this Memorandum relates to the Company. Certain figures included in this Memorandum have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown in totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Some statistical information reported in this Memorandum have been reproduced from official publications of, and information supplied by, a number of the Nigerian government agencies and ministries, and other third-party sources. Views may necessarily vary among the sources from which the information in this Memorandum was obtained. This third-party information is presented under “The Food and Fast-Moving Consumer Goods Industry and Regulatory Overview” and “Risk Factors”. Where such third-party information appears in this Memorandum, it has been cited as such. The Company has accurately reproduced such information, has not independently verified such information included in this Memorandum and, so far as the Company is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Company has relied on the accuracy of this information without independent verification.

Recipients are, therefore, advised to consider this information with caution. The underlying information, on which market studies are based, is to all intents and purposes, speculative. As such, these market and industry studies may not be accurate or appropriate. While neither the Company nor the Advisers have any reason to believe that any of the market or industry is materially inaccurate, neither the Company nor the Advisers have independently verified the figures, market data or other information on which third parties have based their studies and no representation is made by the Company or the Advisers with respect to the accuracy or completeness of any of these market or industry studies.

DEFINITIONS OF KEY TERMS & ABBREVIATIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them below.

"AFCFTA"	African Continental Free Trade Area
"Affiliates"	With respect to any person, any corporation, partnership, trust or other entity or organisation that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with such person where "control" means the ability to direct or cause the direction of the business, affairs and management policies or practices of a person
"Auditors"	PricewaterhouseCoopers
"B2B"	Business-to-Business
"B2C"	Business-to-Consumer
"Board" or "Directors"	The board of directors of the Company, whose names are set out on pages 42 – 45 of this Listing Memorandum
"BUA Foods" or "Company"	BUA Foods PLC, a public limited liability company registered in the Federal Republic of Nigeria with RC number 621320
"CAC"	Corporate Affairs Commission
"CAMA"	Companies and Allied Matters Act No. 3 of 2020
"CBN"	Central Bank of Nigeria
"CSCS"	Central Securities Clearing System PLC
"Daily Official List"	The official list published daily by the NGX containing information about all equity and debts quoted on the floor of the NGX
"Director"	A director of the Company
"Divisions"	Sugar Division, Flour Division, Pasta Division, Rice Division and Edible Oils Division.
"Dollars", "USD", "US$" and/or "$"	United States Dollars or such lawful currency of the United States of America from time to time
"EBITDA"	Earnings Before Interest Tax Depreciation and Amortisation
"Edible Oils Division"	The crude oil palm business of BUA Foods
"FAOSTAT"	Food and Agriculture Organisation Statistics
"FCCPC"	Federal Competition and Consumer Protection Commission
"FCCPA"	Federal Competition and Consumer Protection Act, 2018
"FGN"	Federal Government of the Federal Republic of Nigeria
"Flour Division"	The flour business of BUA Foods
"FMCG"	Fast-Moving Consumer Goods
"GDP"	Gross Domestic Product

DEFINITIONS OF KEY TERMS & ABBREVIATIONS

"ISA"	The Investments and Securities Act No. 29 of 2007 (as amended)
"ISO"	International Organisation for Standardisation
"Joint Stockbrokers"	APT Securities and Funds Limited and CardinalStone Securities Limited
"LFN"	Laws of the Federation of Nigeria
"Listing"	The listing of the entire 18,000,000,000 Ordinary Shares of ₦0.50 each of BUA Foods on the Main Board of NGX
"Listing Memorandum" or "Memorandum"	This listing memorandum dated December 30, 2021
"MT"	Metric Tons
"Naira" or "₦"	Naira, or such lawful currency of the Federal Republic of Nigeria from time to time
"NGX"	Nigerian Exchange Limited
"Nigeria"	Federal Republic of Nigeria
"NSMP"	Nigerian Sugar Master Plan
"NPA"	Nigeria Ports Authority
"Pasta Division"	The pasta business of BUA Foods
"PLC" or "Plc"	Public Limited Liability Company
"Restructuring"	The restructuring implemented on 25 November 2021 by way of a scheme under Section 711 of CAMA, among BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, and BUA Foods Limited. BUA Sugar Refinery Limited emerged as the surviving entity of the restructuring and subsequently, its name was changed to BUA Foods PLC.
"Rice Division"	The rice business of BUA Foods
"SEC"	Securities and Exchange Commission, Nigeria
"SON"	Standards Organisation of Nigeria
"Sugar Division"	The sugar business of BUA Foods
"TCD"	Tons of Cane per Day
"UNICEF"	United Nations Children's Fund

Corporate Directory of the Company

1. **Registered Office Address:**
   PC 32, Churchgate Street,
   Victoria Island,
   Lagos, Nigeria

2. **Head Office Address:**

   PC 32, Churchgate Street,
   Victoria Island,
   Lagos, Nigeria

   Website: www.buafoodsplc.com

   Telephone: +234 1 461 0669

   Email: info@buafoodsplc.com

3. **The addresses of BUA Foods' branches, plants and subsidiaries are as follows:**

S/N	Outlet	Address
1	Apapa Sugar Refinery	22B Creek Road Apapa, Lagos State
2	Oil Mills	No. 8 Akilo Street, off Oba Akran Avenue, Ikeja, Lagos State
3	BUA Sugar Refinery FZE	26, Azikiwe Road, Bundu Free Trade Zone, Port Harcourt, Rivers State
4	Bassa Sugar Company Limited	Bassa Local Government Area, Kogi State
5	LASUCO Sugar Company Limited	Lafiagi, Edu Local Government Area, Kwara State
6	Flour Mills Plant 1	26, Azikiwe Road, Bundu Free Trade Zone, Port Harcourt, Rivers State
7	Flour Mills Plant 2	Abonema Wharf, Port Harcourt Old Station, Rivers State
8	Pasta Factory Plant 1	26, Azikiwe Road, Bundu Free Trade Zone, Port Harcourt, Rivers State
9	Pasta Factory Plant 2	Abonema Wharf, Port Harcourt Old Station, Rivers State
10	Rice Mill	Sharada Industrial Estate, Phase II, Kano Kumbotso Local Government Area, Kano State

SUMMARY OF LISTING APPLICATION

This summary draws attention to information contained elsewhere in this Listing Memorandum. It does not contain all of the information to be considered in approving the Company's application. You should therefore read this summary together with the more detailed information, including the financial statements elsewhere in this Listing Memorandum.

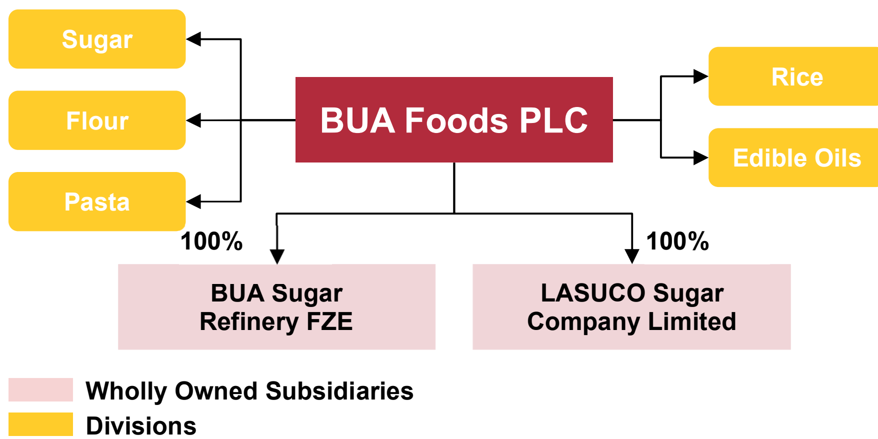
Company:	BUA Foods PLC
Lead Financial Adviser:	Stanbic IBTC Capital Limited
Joint Financial Advisers:	Rand Merchant Bank Nigeria Limited and UCML Capital Limited
Stockbrokers:	APT Securities and Funds Limited and CardinalStone Securities Limited
Share Capital (As at the date of this Listing Memorandum):	**Issued and Fully Paid:** Ordinary shares: ₦9,000,000,000 divided into 18,000,000,000 Ordinary Shares of ₦0.50 each.
Mode of Listing:	Listing by Introduction (of all issued and fully paid-up Ordinary Shares)
Purpose:	BUA Foods is undertaking a Listing by Introduction of its 18,000,000,000 ordinary shares of ₦0.50 each in order to create liquidity for its ordinary shares in the secondary market and have access to a platform for raising long-term capital in the future from a wide range of domestic and international investors if and when required, amongst others.
Listing price:	₦40 per Ordinary share
Market Capitalisation at Listing:	₦720,000,000,000.00
Current operations and principal activities:	Carrying on the business of cultivating, processing, manufacturing, producing, mixing, packing, preserving, extracting, refining, importing, exporting, buying, selling, trading, and dealing in all kinds of foods, consumables, food materials or derivatives as well as raw materials for making all kinds of foods, food products and ingredients for making any kind of foods and consumables.
Capacity Utilisation:	As at the date of this Listing Memorandum the capacity utilisation of the Company's business divisions are as follows: Sugar Division 75%, Flour Division 84%, and Pasta Division 54%.
Shareholding Structure:	As at the date of this Listing Memorandum, the 18,000,000,000 Ordinary shares in the share capital of the Company, are beneficially held as follows:

Shareholder	Number of shares held	%
Abdulsamadu Isyaku Rabiu	16,172,851,967	89.849%
Alhaji Abdulsamadu Isyaku Rabiu (Jnr)	1,792,096,099	9.956%
CardinalStone Trustees Limited	31,910,000	0.177%
Kabiru Isyaku Rabiu	1,101,654	0.006%
BUA Group Limited	971,475	0.005%
BUA International Limited	583,372	0.003%
BUA Industries Limited	485,433	0.003%
Total	**18,000,000,000**	**100.000%**

Indebtedness:

Further to the Restructuring, as at the date of this Memorandum, the Company had bank facilities in the ordinary course of business amounting to ₦113,682,010,376 (one hundred and thirteen billion, six hundred and eighty-two million, ten thousand three hundred seventy-six Naira)

Company Structure:



The diagram above reflects the current Company structure.

Unaudited Proforma Consolidated Financial Summary:

11 months period ended 30 November 2021 (₦'000)[1]	
Revenue	303,875,640
Profit/(Loss) for the year	78,809,363
Net cash generated from operating activities	13,983,394
Total assets	649,467,497

Claims and Litigations:

Based on the updates provided by the Company's external solicitors regarding existing litigation involving BUA Sugar Refinery Limited (now BUA Foods) ("Solicitor's Report"), the solicitors confirmed that BUA Foods is currently involved in two (2) cases. BUA Foods is a claimant in one (1) of the two (2) cases and a co-defendant in the other, as detailed below:

1. The total sum claimed by BUA Foods is ₦2,535,990,982 (two billion, five hundred and thirty-five million, nine hundred and ninety thousand, nine hundred and eighty-two Naira) in addition to the cost of the action; and
2. The total sum jointly claimed against BUA Foods and the other defendants, in the second case, is ₦729,150,000 (seven hundred and twenty-nine million, one hundred and fifty thousand Naira).

The Solicitors to the Listing are of the opinion that the contingent liability, from these cases, that could materialise against the Company will not have any material impact on the Listing.

The Directors of the Company are of the opinion that the pending claim against the Company is unlikely to have a material adverse effect on the Listing.

[1] The unaudited proforma consolidated financial summary for the eleven months ended 30 November 2021, combines the respective financial items, from the management accounts, for the same period, of BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, BUA Sugar Refinery FZE and LASUCO Sugar Company Limited.

BOARD OF DIRECTORS	
Chairman	**Abdulsamadu Isyaku Rabiu** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Acting Managing Director	**Ayodele Musibau Abioye** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Executive Director and Chief Financial Officer	**Abdulrasheed Adebayo Olayiwola** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Executive Director	**Isyaku Naziru Rabiu** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Non-Executive Director	**Kabiru Isyaku Rabiu** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Non-Executive Director	**Chimaobi Kenneth Madukwe** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Non-Executive Director	**Rashid Ur Imran** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Non-Executive Director	**Finn Heyerdahl Arnoldsen** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Independent Non-Executive Director	**Saratu Altine Umar** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria
Company Secretary	**Oluseye Olufunmilayo Alayande** PC 32, Churchgate Street, Victoria Island, Lagos, Nigeria

PROFESSIONAL PARTIES	
Lead Financial Adviser	**Stanbic IBTC Capital Limited** I.B.T.C. Place, Walter Carrington Crescent, Victoria Island, Lagos, Nigeria
Joint Financial Advisers	**Rand Merchant Bank Nigeria Limited** 3rd Floor Wings East Tower, 17A Ozumba Mbadiwe Street, Victoria Island, Lagos, Nigeria **UCML Capital Limited** 7 Fatai Durosinmi Etti Crescent, Off Ligali Ayorinde Street, Victoria Island, Lagos, Nigeria
Joint Stockbrokers	**APT Securities and Funds Limited** 3rd Floor Church House, 29 Marina Street, Marina, Lagos, Nigeria **CardinalStone Securities Limited** 5, Okotie-Eboh Street, Ikoyi, Lagos, Nigeria
Solicitors to the Listing	**Udo Udoma & Belo-Osagie** St. Nicholas House (10th, 12th & 13th Floors), Catholic Mission Street, Lagos-Island, Lagos, Nigeria
Registrars	**Africa Prudential PLC** 220 Ikorodu Road, Palmgrove, Lagos, Nigeria
Auditors	**PricewaterhouseCoopers** Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

OVERVIEW OF BUA FOODS

1. HISTORICAL OVERVIEW

BUA Foods PLC ("BUA Foods" or the "Company") was formed in November 2021 following a restructuring by way of a scheme under Section 711 of CAMA (the "Restructuring") among BUA Sugar Refinery Limited ("BUA Sugar Refinery"), IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, and BUA Foods Limited (the "Entities"), further to which BUA Sugar Refinery (a private limited liability company, incorporated on 13 April 2005 and commenced business operations in September 2008) emerged as the surviving entity. As part of the Restructuring, the name of the enlarged entity was changed to BUA Foods with its operations reorganised into five business divisions: Sugar, Flour, Pasta, Rice and Edible Oils. In December 2021, the Company was converted into a public limited liability company. BUA Foods is affiliated with diverse group companies under the BUA brand that span the food and infrastructure sectors.

As at the date of this Memorandum, the share capital of the Company is ₦9,000,000,000 comprising 18,000,000,000 ordinary shares of ₦0.50 each which are fully issued and paid-up.

2. BRIEF PROFILE OF THE ENTITIES PRE-RESTRUCTURING

BUA SUGAR REFINERY LIMITED
BUA Sugar Refinery Limited was incorporated on 13 April 2005 and commenced business operations in September 2008 as a private limited liability company. The primary business of the company was the refining of imported and locally sourced raw sugar. BUA Sugar Refinery Limited was conceived as an ultra-modern, automated plant with state-of-the-art equipment to refine high-quality products for consumption and industrial uses. BUA Sugar Refinery Limited has two refineries; in Lagos and Port Harcourt, both have a total sugar refining capacity of 1,500,000 metric tonnes per annum.

IRS FLOUR MILLS LIMITED
IRS Flour was incorporated on 27 June 2019, as a private limited liability company. IRS Flour operated in the food processing sector, processing, manufacturing, and distributing flour and other related products. The company commenced production in 2019 with a capacity of 500,000 tonnes per annum which is currently being expanded to a capacity of 1.3 million tonnes per annum. As part of the Restructuring the company was dissolved, and the business operations integrated into the Flour Division of BUA Foods.

IRS PASTA LIMITED
IRS Pasta was incorporated on 26 June 2019, as a private limited liability company and commenced business operations on 1 December, 2019. The company's business involved the processing, manufacturing, and distribution of pasta and other related products with a capacity of 250,000 tonnes per annum. Prior to the Restructuring, IRS Pasta commenced the establishment of a second plant which was expected to raise the company's total capacity to 500,000 tonnes per annum and position the company to become the second-largest pasta producer in Nigeria. As part of the Restructuring the company was dissolved, and the business operations integrated into the Pasta Division of BUA Foods.

BUA RICE LIMITED
BUA Rice was incorporated on 5 December 2014, as a private limited liability company. Although the company was yet to commence business operations prior to the Restructuring, the company's rice milling facility had a capacity of 200,000 tonnes per annum and a rice plantation of circa 10,000 hectares in Kano State, making it the largest rice milling company in Nigeria. As part of the Restructuring the company was dissolved, and the business operations integrated into the Rice Division of BUA Foods which would commence operations in 2022.

BUA OILS MILLS LIMITED
BUA Oil was incorporated on 3 September 2009, as a private limited liability company and commenced business operations in 2009. The company acquired Nigeria Oil Mills Ltd which was established in 1951 and had been in operations till 2000. BUA Oil Mills specialised in the conversion of crude oil palm into high-quality oil products including palm olein, stearine, distilled fatty acid, amongst others, for both direct and industrial uses such as soap manufacturing. The company's mills, located in Kano and Lagos, have a total capacity of 250,000 tonnes per annum. The company's business became moribund, and operations were suspended in 2012. As part of the Restructuring, the company was dissolved and its business

operations integrated into the Edible Oil Division of BUA Foods which will be resuscitated and expected to be operational in 2024, with the establishment of a new milling and packaging plant.

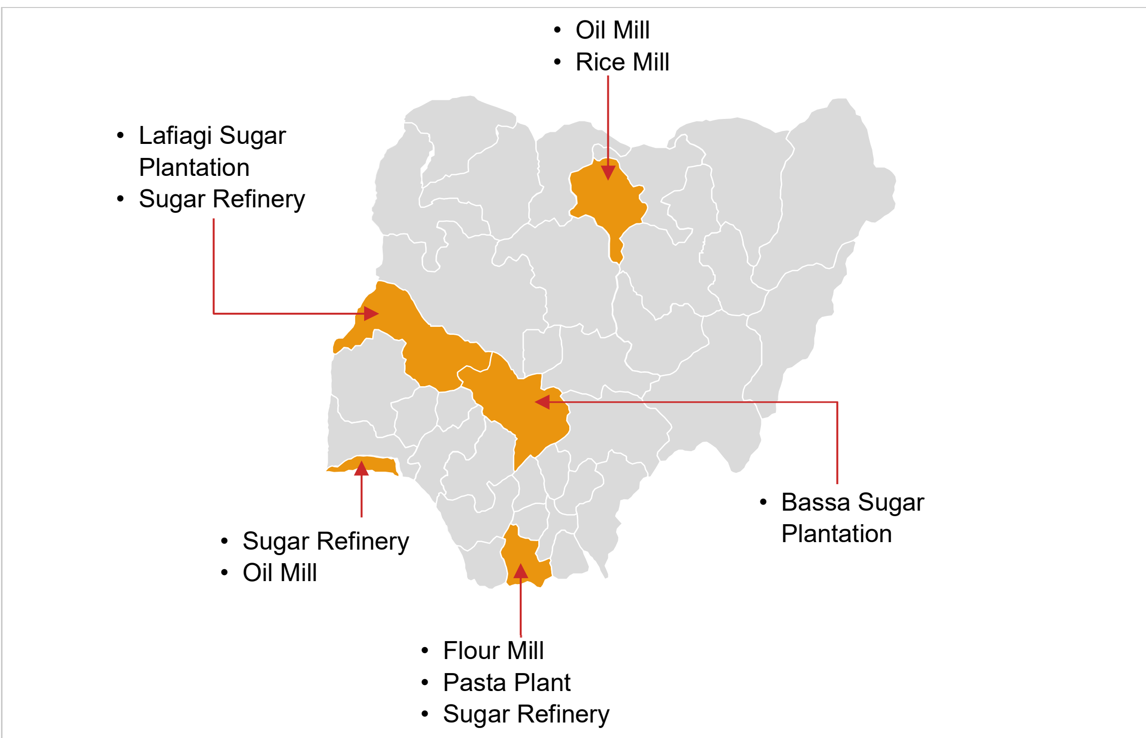
BUA FOODS LIMITED

BUA Foods was incorporated on 10 June 2021, as a private limited liability company. The primary business of the company was the processing, manufacturing, and distribution of all kinds of foods and food materials. As part of the Restructuring the company was dissolved, and the business operations integrated as part of the Divisions of BUA Foods.

3. BUSINESS OVERVIEW

BUA Foods is a leading food and fast moving consumer goods ("FMCG") business, which processes, manufactures, produces and distributes food materials such as sugar, flour, pasta, rice, and edible oils as well as packaged foods. The Company's products currently include fortified and non-fortified sugar, flour for large and small scale use, and pasta. In addition, the Company expects to commence the processing, manufacturing, production and distribution of rice by 2022 and edible oils by 2024. BUA Foods business operations comprise of five divisions, which include Sugar, Flour, Pasta, Rice, and Edible Oils. BUA Foods' products are distributed to customers across Nigeria with a strong potential for expansion into West Africa.

Figure 1: The Company currently owns mills, plants, refineries, and plantations across different regions in Nigeria.



4. SUGAR DIVISION

The Sugar Division currently operates the second-largest sugar refinery in West Africa, with a total refining capacity of 1.5 million MT per annum. The Company is a leading producer of fortified and non-fortified sugar in West Africa.

The Sugar Division operates across the value chain of the sugar industry, including the production, processing, refining, and distribution of raw sugar and its by-products such as bagasse, molasses and mud cakes. The division operates two ultramodern and automated sugar refineries, one in Apapa, Lagos State, and the other in Port Harcourt, Rivers State. Over the years, the Company also acquired two plantations, in Lafiagi, Kwara State, and in Bassa, Kogi State.

Sugar Refining

The Company's sugar refineries in Apapa and Port Harcourt utilise state-of-art equipment to refine high quality products for industrial uses. The sugar refineries have a total combined installed refining capacity of 1.5 million MT. In 2019, BUA Sugar completed the installation of Eastern Sugar Refinery in Port Harcourt, Rivers State, which is the only sugar refinery in Nigeria located outside of Lagos and is positioned to cater to the West African coastal market. The sugar refineries transform raw sugar into white granulated sugar, which is utilised by manufacturers of pharmaceuticals, bakeries and confectionaries, food, beverages, and dairy products. BUA Foods is committed to providing high-quality sugar to the West African market, with a consistent track of less than 40 ICUMSA ("International Commission for Uniform Method of Sugar Analysis"), indicating a high efficiency of colour removal techniques, which the Company believes makes the final product as close to natural as possible.

Sugar Plantations

Further to the Nigerian Sugar Master Plan ("NSMP"), which incentivises local sugar production and backward integration in the sugar industry, the Company invested in sugar estates within Nigeria to deepen local sugar production, through the development of the LASUCO plantation in Lafiagi, Kwara State and the establishment of the Bassa Sugar Company in Bassa, Kogi State. The two plantations have a total of 70,000 hectares of land which the Company intends to use for the purpose of setting up large-scale sugar plantations. Once operational, the Company expects that these plantations will significantly improve the development of Nigeria's local sugar industry and boost the Company's revenue growth. The Company also expects to significantly reduce its reliance on the importation of raw sugar, ensuring cost efficiencies in connection with the operation of the sugar plantations.

LASUCO is a 20,000-hectare sugar cane plantation, on which the Company is building a sugar refinery with 220,000 MT annual capacity. The sugar mill has a daily crushing capacity of 10,000 tons of cane per day ("TCD"). In addition, the Company expects the refinery to generate a total volume of 20 million litres of ethanol per annum, while 32 megawatts of electricity will be generated from bagasse, a by-product of sugar cane. BUA Foods expects the refinery to be commissioned and fully operational by 2022. Once operational, the Company expects that LASUCO would be the largest integrated sugar factory in West Africa. The LASUCO plantation is designed to supply c.15% of Nigeria's sugar consumption and the Company expects to support farmers through an outgrower scheme to increase sugar cane production and provide a springboard for the Company to expand its local sugar production.

The Bassa plantation, which is in Kogi State, is 50,000 hectares of prime land, suitable for sugar cane plantation. The produce from the plantation is expected to provide stock feed for the refineries in Apapa and Port Harcourt.

Sugar Product Portfolio

The product portfolio of the Sugar Division can be broadly categorised into:

- Non-Fortified Sugar – This is a product of BUA Foods that is not fortified with Vitamin A and is typically used for industrial consumption and approved by the SON.
- Fortified Sugar – This product is fortified with Vitamin A, in accordance with the UNICEF requirement and is approved by SON.

Non - Fortified Sugar

Fortified Sugar

1.1. FLOUR DIVISION

The Flour Division is involved in the processing, manufacturing and distribution of flour and bran and produces them for large-scale and small-scale use. BUA Foods owns a state-of-the-art flour mill equipped with high efficiency specifications for energy saving and waste reduction. This flour mill commenced production in 2019 with a capacity of 500,000 MT per annum. The mill's capacity utilisation is approximately 84%. The flour mill currently produces 315,000 MT of flour and 105,000 MT of bran, with sales revenue split of 91.3% and 8.7% respectively as at 31 December 2020. As flour is one of the staple foods contributing to the development of Nigeria and in order to cater for the growing flour demand in the country, BUA Foods is currently expanding the milling facility by 720,000 MT per annum to over 1.2 million MT per annum. The facility expansion is expected to be completed in 2022. The Flour Division operates from BUA Foods' Industrial Complex, Port Harcourt, Rivers State.

Wheat Flour

Wheat Bran

1.2. PASTA DIVISION

The Pasta Division is involved with processing, manufacturing and distributing pasta. The Pasta Division operates from BUA Foods' Industrial Complex, Port Harcourt, Rivers State with a capacity to produce 250,000 MT of pasta per annum. The Pasta plant capacity utilisation is approximately 54% impacted largely by frequent natural gas (power) supply disruptions. To achieve BUA Foods' drive to expand its product portfolio and create capacity ahead of demand and increase its Pasta market share beyond the North and the South-South of Nigeria, the Company has invested in the construction of a second pasta processing plant with a capacity of 250,000 MT per annum. Following the combination of these two plants and upon the commencement of operation of the second plant, the Company expects the plant to yield a total capacity of 500,000 MT per annum, positioning the Company to become the second largest pasta producer in Nigeria. In addition, the Company is developing its retail pasta brand and broadening its product range to satisfy varying consumer needs. The Company is also addressing the gas supply constraint through a strategic partnership with a downstream energy company.

Spaghetti 500g Single Pack X 20

Spaghetti 500g Single Pack

1.3. RICE DIVISION

The Rice Division has a rice milling facility with a capacity of 200,000 MT per annum. The Company expects that the rice mill will be operational in 2022 and expects it to be the biggest single-line rice mill in Nigeria. The Company also expects that the rice mill will produce quality parboiled rice, with a very strong brand identity that will be identifiable to target customers. It will leverage the existing strong brand name and consumer loyalty with which BUA brand is already renowned.

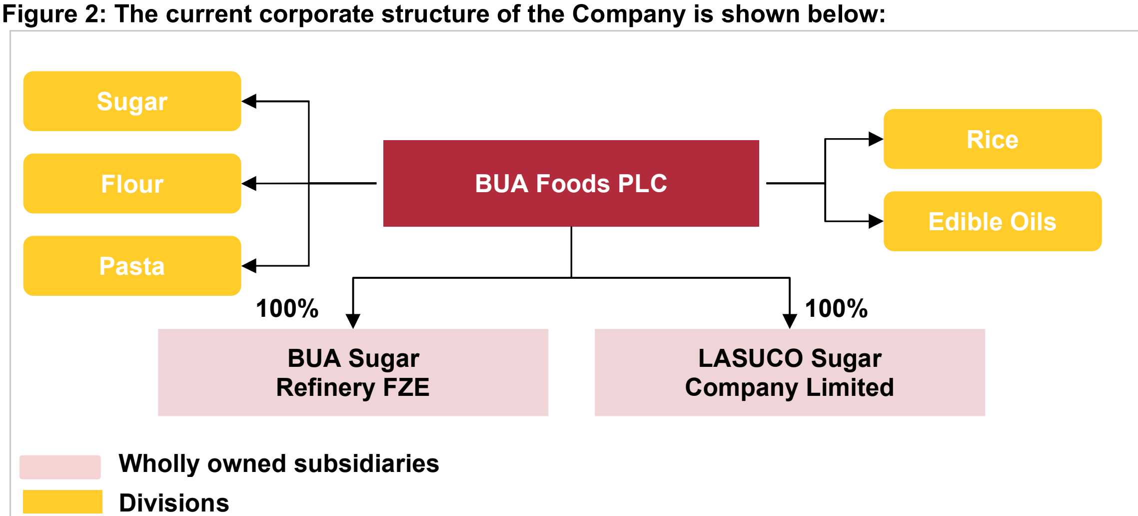
The Company currently has one rice mill and plans to expand its rice milling business to a combined capacity of 1 million MT per annum, by installing new rice mill facilities in Gujungu, Jigawa State and establishing a rice mill and plantation in Agaie, Niger State. The Company's other assets are largely the parboiling plant which has two boilers (weighing 8 MT each) and milling machines. Other assets include storage tanks, soaking tanks, driers, elevators and conveyors, paddy de-stoners and cleaners. With respect to milling machines, constituent parts include huskers, paddy separators, brown rice de-stoners, whiteners, polishers, length graders, sortex machines and bagging machines.

1.4. EDIBLE OILS DIVISION

The Edible Oils Division specialises in the conversion of crude oil palm into high quality oil products including palm olein, stearin, and distilled fatty acid, amongst others, for direct and industrial uses such as soap manufacturing. BUA Foods' oil mills, located in Kano and Lagos, have a total capacity of 250,000 MT per annum and are expected to become operational in 2024. The Company plans to resuscitate its edible oils operations with the establishment of a new milling and packaging plant, with an annual capacity of 300,000 MT. Pack offerings are expected to be in bulk and retail, with retail sizes ranging between 0.5litres – 6.0litres.

5. CORPORATE STRUCTURE OF THE COMPANY

Figure 2: The current corporate structure of the Company is shown below:



6. SUBSIDIARIES OF THE COMPANY

By share transfer forms each dated 11 October 2021, the shareholders of BUA Sugar Refinery FZE and LASUCO Sugar Company Limited ("Subsidiaries") each transferred all their shares to BUA Sugar Refinery Limited thereby making them wholly owned subsidiaries of the Company:

BUA Sugar Refinery FZE

BUA Sugar Refinery FZE commenced operations in 2020 and is located in the Bundu Free Trade Zone, Port Harcourt, Rivers State. The company engages in the manufacturing of white granulated fortified sugar and white granulated non-fortified sugar.

LASUCO Sugar Company Limited ("LASUCO")

LASUCO was incorporated in 2016. The company owns a 20,000-hectare sugar cane plantation which is expected to produce 220,000 MT annual capacity of refined sugar with a daily crushing capacity of 10,000 TCD. LASUCO is an integral part of BUA Foods' strategy to align with Nigeria's sugar self-sufficiency backward integration program. This integrated sugar factory located in Kwara State will include a sugar mill, a sugar refinery, an ethanol plant and a power plant. BUA Foods expects the factory to be commissioned and fully operational by 2022. The current national sugar consumption is estimated at 1.6 million MT per annum. Once operational, the Company expects that LASUCO would be the largest integrated sugar factory in West Africa thereby supplying about c.15% of Nigeria's sugar consumption. The company expects to support farmers through an outgrower scheme to increase sugar cane production and provide a springboard for the Company to expand its local sugar production.

7. OTHER KEY FACTORS

A major part of the Company's reputation management structure is branding and seeking the optimal way of positioning its product lines sustainably. The Company executes its branding plans by providing quality products, across various demographics, and by balancing pricing / affordability and distribution with access.

The Company also seeks to ensure that activities that could become potential branding pitfalls, including internal and external / public communications, human resources operations, host-community relationships, and fidelity to other stakeholders - shareholders, customers, regulators, etc- are given utmost consideration and are placed at the heart of its daily operations.

End-to-end efficiency remains one of the Company's key strategic thrusts; hence, it is ingrained in its operations, at all locations. The Company plans to maintain its engagement of world-class, experienced, and proven technical, operational, and financial partners in the form of new and existing manufacturing plants, enhanced automation, input supplies, proactive engagement of host-communities and expansion into new locations.

RISK MANAGEMENT

The Company adopts an Enterprise Risk Management approach in the management of its risks. The strict enforcement of the Company's Standard Operating Procedure ("SOP") is a key instrument in ensuring that risks are mitigated. The Company's adherence to all regulatory requirements, including but not limited to environment, health and safety issues, is also significant in its risk management framework.

8. PROPERTY

The Company's operations are located across Nigeria. Specifically, it has manufacturing plants in four of the six geo-political zones of Nigeria. The business locations are dimensioned below:

S/N	Property	Address	Geo-political zone
1	Sugar Refinery	22B Creek Road Apapa, Lagos State	South West
2	Oil Mills	No. 8 Akilo Street, off Oba Akran Avenue, Ikeja, Lagos State	South West
3	BUA Sugar Refinery FZE	26, Azikiwe Road, Bundu Free Trade Zone, Port Harcourt, Rivers State	South South
4	Bassa Sugar Company	Bassa Local Government Area, Kogi State	North Central
5	LASUCO Sugar Company Limited	Lafiagi, Edu Local Government Area, Kwara State	North Central
6	Flour Mills Plant 1	26, Azikiwe Road, Bundu Free Trade Zone, Port Harcourt, Rivers State	South South
7	Flour Mills Plant 2	Abonema Wharf, Port Harcourt Old Station, Rivers State	South South
8	Pasta Factory Plant 1	26, Azikiwe Road, Bundu Free Trade Zone, Port Harcourt, Rivers State	South South
9	Pasta Factory Plant 2	Abonema Wharf, Port Harcourt Old Station, Rivers State	South South
10	Rice Mill	Sharada Industrial Estate Phase II, Kumbotso Local Government Area, Kano State	North West

9. LICENCES

The table below sets forth details of the spectrum licences and permits held by the Company as at the date of this Memorandum

S/N	Licenses / Permits	Date Granted/Renewed	Term (Years)	Renewable Term
1	ISO Management Sugar[2]	2015	3	2020
2	Environmental Impact Assessment and Certificates- PH	2020	5	2025
3	NAFDAC Product Registration Approval Sugar	2020	1	2021
4	Fire Service Certificates- PH site	2020	2	2022
5	MANCAP Certification – Flour/Pasta	2021	3	2024
6	MANCAP Certification- Sugar	2018	3	2021
7	Halal Certification Sugar	2021	1	2022

[2] Currently undergoing the renewal process

10. INSURANCE

The Company's operations are subject to a wide variety of operational and other risks, including accidents, fire, and weather-related hazards. In mitigating these risks, the Company maintains various types of insurance policies customary to the industry in which it operates, to protect against financial impact arising from unexpected events when the cost of the potential loss would be significant enough to prevent normal business operations.

The Company believes that its existing insurance is sufficient considering identified risks and is consistent with industry standards based on the scope of its operations.

11. CORPORATE SOCIAL RESPONSIBILITY

Since its incorporation BUA Foods has implemented a corporate social responsibility strategy which focuses on five key areas - People and Skills Development, Infrastructural Development, Security, Environmental Sustainability, Health and Welfare. Further to this mission, BUA Foods in partnership with BUA Foundation established to drive its efforts to promote human development and complement the efforts of the government in the provision of basic infrastructural services.
The foundation leverages the power of public-private partnerships in complementing the efforts of various levels of government and seeks to make an impact on the socio-economic development of society.

In addition, in partnership with BUA Foundation, BUA Foods has made substantial donations across the country to decrease the impact of COVID-19 on individuals and some government agencies in the health sector.

12. ENVIRONMENTAL MATTERS

BUA Foods recognises the importance of the environment and sustainability as key principles in its business operations. The Company aims to proactively minimise its energy footprint, waste, air, water usage and noise that arises from its operations.

BUA Foods maintains an ISO 14001:2015 certified Environmental Management System and allocates adequate resources to manage its environment and sustainability commitments while making necessary efforts to reduce and abate the environmental impacts associated with its operations by continually reviewing and adopting best practices that will ensure the Company meets its environmental commitments.

In compliance with relevant environmental protection laws and international guidelines BUA Foods continually take steps to minimise its dust and noise emission, water and energy usage and other acts capable of negatively impacting people and environment. The Company has installed integrated noise and dust level control systems to manage environmental pollution in all its plants. The Company has brine recovery system in place in its manufacturing plants to process and recover industrial effluent. BUA Foods uses alternative energy sources such as natural gas, which is cleaner, safer for the environment and therefore reduces greenhouse gas (“GHG”) emissions. The packaging materials used by the Company are designed to be recycled.

In general, the Company returns up to 90% of its operational waste and by-product in its Sugar, Flour, and Rice Divisions and uses those by-products in production as alternative revenue source.

The Company's Sustainability Policy sets out guidelines for the use of clean energy, safe handling and disposal of waste, effective use of water among others, it establishes procedures and a management hierarchy, which monitors the environmental impact of the Company's operations. Under its Sustainability Policy, the Company is required to carry out monitoring exercises at least once a year to assess the effectiveness of its initiatives and ensure prompt identification and mitigation of potential sustainability, health and environment risks associated with its operations.

Finally, the Company has not been subject to any material fines or regulatory action involving non-compliance with environmental regulations. The Company is not aware of any non-compliance in any material respect with the applicable environmental regulations.

Overview of the Food and Fast-Moving Consumer Goods Industry

1. General Overview

Nigeria is the most populous nation in Africa and the seventh most populous nation in the world, with an estimated population of 212.5m people as at September 2021. Population growth is forecast to average 2.6% over the long term. Nigeria's population is expected to overtake that of the United States of America sometime between 2045 and 2050.

The median age in Nigeria is 18.1 years and 53.8% of the population is between 15 - 64 years old. Nigeria is also experiencing rapid urbanisation as the economy moves away from an agrarian base towards a more service-oriented model.

The food and FMCG industry is one of the largest industries worldwide. Consumer goods are generally products that are purchased by consumers on a regular basis.

Weak consumer disposable income and high poverty rates had made the case for growth less compelling for the consumer goods industry in Nigeria. Additionally, the country's tough operating environment, decrepit infrastructure, porous borders, double-digit inflation and sluggish economic recovery, have further compounded sector players woes as they struggle to break-even. The Nigerian food industry has witnessed subdued growth in 2017 on the back of weak consumer purchasing power stifled by high inflation and unemployment. However, staple foods such as bread, pasta, rice and cereals are expected to perform well and show modest growth as more consumers shift preferences to basic value products. According to FitchSolutions, bread, rice and cereals sales are forecast to grow at an average annual growth rate of 15% between 2021 and 2025.

The food and FMCG sector in Africa have significant scope to expand. According to World Bank, Nigeria, South Africa and Egypt contribute over 70% of Sub-Saharan Africa's total consumer spending. The development in the ICT sector, especially in the area of e-payment, continues to encourage growth in the e-commerce space given an increasing proliferation of stores online. Accordingly, Nigeria now reports one of the highest levels of market competition in Africa. Poverty levels especially in Sub-Saharan Africa are still quite high, with food and other necessities dominating the consumer budget. For this reason, the food sub-sector of FMCG has a very large market to cater for, with penetration rates in the other categories underscoring a significant growth potential. Currently, consumer spending makes up 8% of Nigeria's nominal GDP, making retail and consumer goods sales the second largest contributor to the country's GDP.

Nigeria's growing young population and its continued economic growth positions it as one of the largest high-potential consumer markets in Africa and makes it a significant market in the West African sub-region of the continent.

FGN's continuous regulatory reforms, through the CBN, aimed at boosting local production of food and consumer products, provides encouraging strides to propel growth of the Nigerian foods and FMCG sectors. In 2016, The CBN instituted a policy restricting access to FX in the interbank market for 41 imported items. Included in these items were food and agricultural products such as rice, palm oil, vegetable oil, meat, margarine, poultry and tomatoes/tomato paste. Demand for local food and raw materials rose significantly as a result of FX restrictions. This was expected to incentivise both the government and private sector to harvest opportunities in the agriculture and allied industries. Agriculture contributed 26.58% of Nigeria's nominal GDP in Q3 2021. Despite this, Nigeria is still heavily dependent on food imports, spending ₦1.3 trillion on food imports annually. This has made the country vulnerable to weaknesses in the currency, translating into accelerating food prices, such that imported food inflation has exceeded core inflation. The recent pressure on the exchange rate has, however, created the stimulus for ongoing backward integration and import substitution programmes.

2. SEGMENTS

2.1. Food

The Nigerian retail food segment is dominated by informal trade, although this is quickly starting to change with the entry of supermarkets and the increase in the number of shopping centers. The US Department of Agriculture notes that the major traditional foodstuffs consumed by the majority of Nigerians are predominantly unprocessed and/or semi-processed food. However, changes that are occurring with regard to purchasing power, demographics, lifestyles, and consumer preferences are resulting in increased demand for a wider range of products. Food spending is expected to reach ₦37.1 trillion in 2021 and rise to ₦61.6 trillion by 2025.

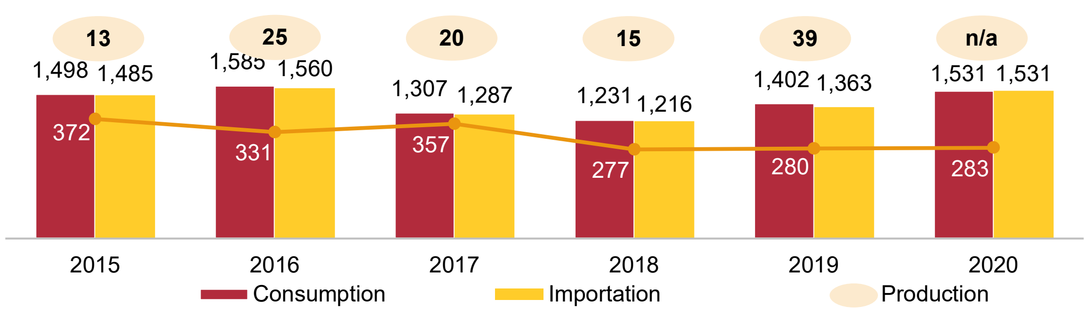
Wide-ranging reforms in Nigeria's agricultural sector are ongoing. These are centered on import restrictions to boost local production, better distribution of fertilisers, a scrapping of import duties on agricultural equipment, and easier access to credit for farmers. Though the policy of restricting imports is meant to support local production, farmers have been unable to satisfy demand, resulting in shortages and causing headaches for grocers.

Despite the upward revision of the minimum wage by 66.7% to ₦30,000, non-implementation of the new wage structure provided no support to consumer wallets as consumers ignored big brands for cheaper items.

2.2. Sugar

Nigeria is the second largest sugar market in Sub-Saharan Africa after South Africa. The per capita consumption of sugar was about 8kg in 2020, much lower than the global average of c.23kg.
In 2012, the FGN launched the NSMP, a policy document which contains the strategic road map for the development of the sugar industry as well as the enactment of the conducive policy environment for its implementation. The policy positions the sector to attract investments in domestic production through backward integration program, offering credit facilities and tax incentives to investors, while at the same time imposing duties on imported raw and refined sugar.

Figure 3: Nigeria's annual sugar consumption and production ('000 MT)



Note: 2020 crushing season is still on-going; and consumption is taken as simple addition of yearly production and importation, although there are ending stocks that are not captured
Source: National Sugar Development Council Nigeria

Despite the government's professed efforts to boost local production of sugar the nation has relied almost entirely – over 98% — on the importation of raw sugar for the last 30 years. Nigeria produced far less sugar in 2020 than it did in 1990 and repeatedly failed to meet its production targets. While Nigeria produced 41,478 MT of sugar in 1990, the figure fell to 38,597 MT in 2019. This allowed for massive growth in importation as domestic demand and production languished, imports rose astronomically from 603,000 MT in 1990 to 1.4 million MT by 2019.

According to FAOSTAT, import estimates for Nigeria refined sugar was 300,000 MT in 2019; thus, projecting that consumption could be as high as 1.8 - 2.0 million MT per annum in the current year and beyond. The Company expects to capture part of this current import opportunity in refined sugar through capacity optimisation at its refineries and its retail penetration strategy which will drive heightened product availability.

Major players in the Nigerian sugar industry:

Key players of sugar segment	
DANGOTE SUGAR	• Operates three plantations: Savannah in Adamawa State (Milling Capacity / annum: Phase I: 85,000MT; Phase II: 120,000 MT), Lau Tau in Taraba and Tunga in Nasarawa State (combined Milling Capacity / annum: 180,000MT) • Products from these farms are processed by the refinery located in Adamawa, while the Lagos State refinery processes imported raw sugar
GOLDEN SUGAR COMPANY LTD	• Operates sugar estate in Sunti, Niger State, with one refinery in Lagos state (Milling Capacity / annum: 50,000 MT)
BUA FOODS	• Owns two plantations: LASUCO in Kwara State (Milling Capacity/annum: 220,000MT) and Bassa in Kogi State has a 50,000-hectare sugar cane plantation • The Company's two sugar refineries are in Lagos and Port Harcourt with a combined installed capacity of 1.5million MT per annum

CBN has granted permission to only three companies: Dangote Sugar, Golden Sugar Company and BUA Sugar Refinery (now BUA Foods), to source foreign exchange in official market for the importation of sugar.

2.3. Flour

Nigeria's flour industry has had a hard time finding its way back from a COVID-19 pandemic induced downturn. The lockdown of the economy in Q2 and Q3 2020 along with a host of other factors led to a shortfall in the actual demand for flour and a massive disruption to flour supply chains. Nigeria, Africa's largest buyer of wheat, lacks the capacity to produce the commodity, harvesting just 1% of the 4.7 million MT of the grain that it is estimated to consume in 2021.

The FGN is partnering with Crown Flour Mills (OLAM grains) to increase wheat production in the country. The goal of this partnership is to decrease wheat imports, increase food security and nutrition and create more employment opportunities.

Major players in the Nigerian flour segment:

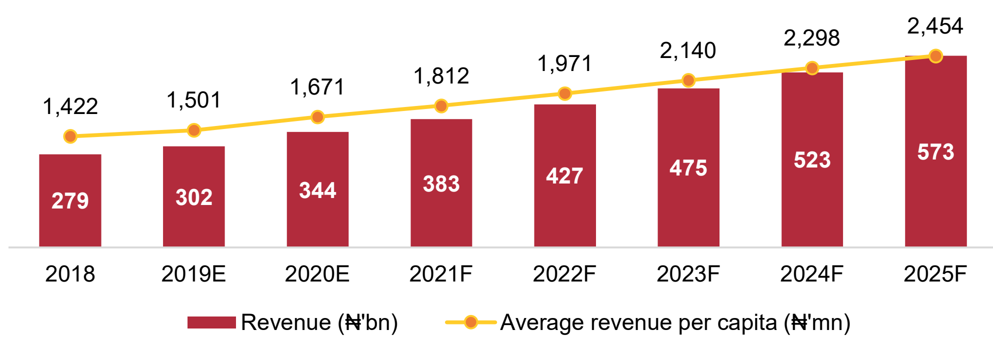
The industry comprises more than 10 flour milling companies, although the three largest players (Flour Mills of Nigeria, Honeywell Flour Mills and Crown Flour Mill) account for over 80% of the market share.

Key players of flour segment	
Flour Mills of Nigeria	• Marketed under the Golden Penny brand with a daily wheat grinding capacity of 8,000 MT, Flour Mills of Nigeria controls one of the largest flour milling complexes in the world.
Honeywell Flour Mills	• One of the major flour milling companies in Nigeria with total installed production capacity of 2,610 MT per day.
Crown Flour Mills	• Crown Flour Mills, owned by Olam following the acquisition in 2010, ranks amongst the three largest wheat millers in Nigeria • Crown Flour Mills has two port-based milling facilities in Lagos and Warri with total installed capacity of 2,380 MT per day

2.4. Pasta

Nigeria's pasta market is expected to generate revenue of ₦383 billion in 2021 and the market's revenue is expected to grow at a CAGR of 10.6% to ₦572 billion in 2026. The population is increasingly reliant on domestic and imported processed food products and other wheat flour-based products are major stables in Nigeria's urban areas. About 70% of the flour milled from wheat goes into bread production; pasta and other wheat flour-based products (including semolina) account for the balance. According to FitchSolutions, pasta products is expected to be an outperformer in the staple foods market due to the rising popularity of noodles in Nigeria. The convenience of short cooking times and relative affordability are driving the category's popularity.

Figure 4: Nigeria's annual Pasta revenue and average revenue per capita



Source: Fitch Solutions

The growing incomes and changing tastes among Nigeria's middle class, which has begun to favour pasta, have been among the key drivers of rapid growth in the country's pasta consumption.

Major players of Nigerian Pasta segment:

Key players of pasta segment	
Flour mills of Nigeria	• Marketed under the Golden Penny Pasta brand • Expanded its pasta production capacity from 40,000 MT (1999) to 350,000MT currently
Honeywell Group	• Operates factory in Sagamu, Ogun State which boasts an annual pasta production capacity of 138,600 metric MT
Crown Flour Mills	• In 2019, Crown Flour Mill acquired one of the key players in the industry, Dangote Flour Mill. This greatly increased the Company's production and distribution capacities • Dangote expanded the milling capacity from 15,000MT/year to a total installed capacity of 800MT/day currently
Pure Flour Mills	• Power Pasta Spaghetti is a product of Pure Flour Mills Limited. and made from hard wheat flour

2.5. Rice

Rice is the third-most consumed staple food in Nigeria (after maize and cassava) and has become a food security crop due to its increased significance in the country. There are several rice varieties, such as long-grain rice, medium-grain rice, short-grain rice, white rice, brown rice, and wild rice, as well as sticky rice and parboiled rice. Nigeria is the largest rice producer in West Africa; second largest rice producer in Africa; single largest rice importer in Africa, and third largest importer in the world, with Thailand and India as its largest import sources.

Rice is cultivated in all of Nigeria's agro-ecological zones, from the mangrove swamps of the Niger Delta to the dry zones of the Sahel in the North. However, the North West accounts for 72% of total rice production. The two types of rice mainly cultivated in Nigeria are the African Rice (Oryza glaberrima) and the Asian rice (Oryza sativa). In recent times however, new hybrid varieties have been introduced such as NERICA.

Rainfed lowland is the most predominant rice production environment covering 47% of cultivated area and accounting for over 50% of the total rice produced in Nigeria, while rainfed upland rice (30% cultivated area, 17% domestic production), irrigated systems (17% cultivated area, 27% domestic production), deep water and mangrove swamp environments (6% cultivated area, 4% domestic production) are the other rice production environments in Nigeria.

Revenue in the rice segment is expected to reach USD3,540 million in 2021. The market is expected to grow annually by 12.54% CAGR between 2021 and 2026. In the Rice segment, volume is expected to amount to 2.5bn kg by 2026. Rice prices are likely to remain elevated in 2021 because land borders were closed and trade with neighbours was suspended in 2020 to combat the smuggling of rice and other commodities. Though higher global prices and macroeconomic conditions in Nigeria will make imports less affordable, financial constraints will place limits on the government's capacity to provide support for much-needed improvements in yields and quality.

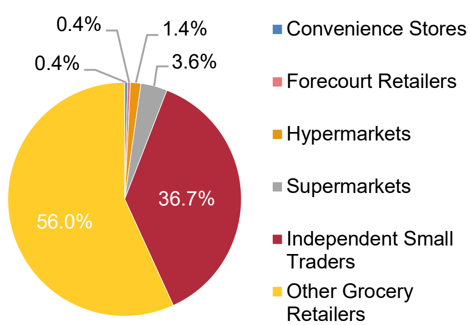
The Nigerian government remains committed to bolstering domestic rice production and reducing national rice import requirements. Reflecting this, rice imports have declined 33.3% in the past 5 years, as a result of reduced demand caused by the FGN's policies on import substitution which includes, import tariffs and inclusion of rice in the list of 41 items ineligible to access foreign currency in the official market.

The country faces low yields, estimated at just 3.5 MT per hectare, compared with 8.0 - 9.0 MT per hectare in other sub-Saharan countries. Improving seed quality and better farming techniques remain crucial to rice output growth. The Nigerian government has actively been supporting the growth of domestic rice, and around 70% duty on imported rice continues to encourage increased domestic paddy farming, coupled with additional loan schemes from the government to boost local production volumes. President Muhammadu Buhari requested that the CBN, in Q3 2019, to block food importers' access to acquiring foreign currency for rice importation; which hurt rice imports but also negatively impacted consumers by moving domestic rice prices upwards, owing to a domestic supply deficit. The CBN has also enacted a number of subsidies, including a USD130mn fund to offer concessionary loans to farmers with over one hectare of land.

The average volume per capita in the Rice segment is expected to amount to 10.3kg in 2021.

Figure 5: Channel Distribution for rice

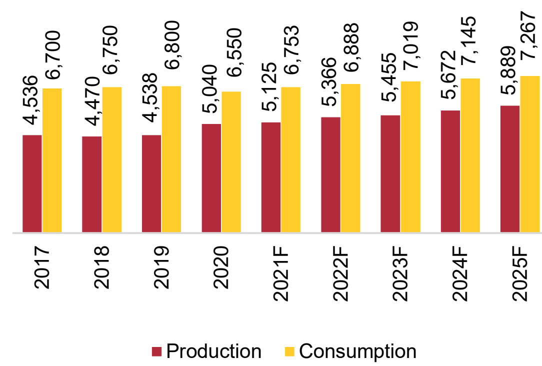
% breakdown



Source: KPMG, Fitch

Figure 6: Demand and supply of rice in Nigeria

('000 MT; 2017 - 2025F)



Major players of the Nigerian Rice segment:

Key players of rice segment	
Olam International	• An integrated rice milling facility was established in Nasarawa State in 2014 and is situated at the heart of Olam's 10,000-hectare greenfield irrigated and mechanised farming • The rice mill plant has a capacity to produce 150,000 MT per annum
Tropical General Investments	• Producers of Wacot Rice • Operates a 120,000 MT rice mill in Argungu, Kebbi State, Nigeria • A second phase of the rice mill with another 120,000MT commenced in July 2021
	• An integrated rice mill that was established in Birnin, Kebbi State in 2012 • The company commenced production in November 2014 with two independent plants that have the capacity to produce 400MT/day • The third additional plant that is currently under construction has the capacity to produce 300MT/day of parboiled rice
	• Operates the biggest rice mill in Kano, Nigeria and has an annual installed capacity of 430,000MT
Others	• Other major rice players include Darma Rice, Lake Rice, Radheshyam Rice, Gerawa Rice, Whitefield Agro , Wems Rice, BUA Rice Limited

2.6. Edible Oils

Edible oils are an essential component of many dishes consumed in Nigeria. The Country is the fifth largest producer of one of the most popular edible oils in the world, palm oil, accounting for 1.5% of global production, behind Indonesia, Malaysia, Thailand and Colombia. Revenue in the Edible Oils segment is expected to reach USD1,953 million in 2021. The market is expected to grow annually by 9.30% CAGR between 2021 and 2026.

Foodservice volume sales of edible oils in Nigeria were strongly impacted by the COVID-19 pandemic lockdown measures in 2020, as foodservice sales were restricted to takeaway only in major cities such as Abuja, Lagos, and Port Harcourt.

Major players in the Nigerian Edible Oils segment:

Key players of edible oils segment	
PZ Wilmar	• Producers of Mamador Oil and Devon King's brands
Dufil Prima Foods	• Producers of Power Oil and Emperor Oil
Sunola Foods	• Producers of Sunola Soya Oils
Others	• Grand oil and other foreign-based products attracting significant interest in the Nigerian market such as Wesson Canola oil

2.7. Drinks

Nigeria's drinks market comprises alcoholic and non-alcoholic drinks. Non-alcoholic drinks represented one of the largest portions of expenditure for Nigerian household spending in 2020, according to Fitch Solutions, largely driven by consumers focus on spending on essential consumer goods category as a result of the Covid-19 pandemic, coupled with high inflation rate in the country. According to FitchSolutions, non-alcoholic drinks spending is forecast to grow by 16.3% year-on-year in 2022 to reach ₦4.5 trillion, with the largest contributor to the segment being carbonated drinks estimated to represent 60.6% of non-alcoholic drinks spending in 2022. Youthful demographics and low income levels provide favourable conditions for carbonated drink popularity and will continue to drive growth in the sub-sector. Per capita annual soft drinks consumption in Nigeria remains low enough to ensure significant room for major volume and value growth for this sub-sector of the FMCG industry over the coming years.

Despite consumers focus on essential goods category in 2020, Nigeria remains Africa's largest alcohol consumer according to Deutsche Bank Market Research and has become an increasingly attractive frontier for global drinks players. Over the next five years from 2022 to 2025, alcoholic drinks consumption, is forecast to grow by an average annual growth rate of 7.5% to reach 2.5 billion liters by 2025. While alcoholic drinks spending is forecasted to grow at an average annual growth rate of 13.5% to reach ₦1.0 trillion by 2025.

2.8. Personal Care

The Nigerian personal care sector is dominated by international brand names. According to Euromonitor International, the market is currently worth an estimated USD3.0 billion as of 2020 and its value is likely to rise to keep pace with an increasing number of working women with disposable income, as well as sophisticated youth searching for new ways to care for and present themselves.

While demand for the basic products is mainly expected to be driven by population growth, the other categories will rely on increases in disposable income. Hair care products are generally considered to be more essential than many other categories of personal care, and as such, it has performed well in

Nigeria over the past decade, driven by the growing young working female population. Other factors that have supported the sector's performance are the rise of the Internet, and the growing number of Western style shopping centers in the country.

2.9. Home Care

Growth in Nigeria's home care sector is expected to be robust over the medium term, as consumers continue to switch from (cheaper) general substitutes to products that are task-specific (e.g. switching from using a bar of soap to clean various household items to using different products to fulfil different needs), in line with rising incomes. Other factors driving this market include urbanisation and increased home ownership.

3. KEY DRIVERS OF GROWTH IN THE NIGERIAN CONSUMER GOODS INDUSTRY

Growth drivers	
Large and attractive market demography	• As the most populous country in Africa, Nigeria has a potentially that can benefit demand growth for local foods and consumer goods' producers. • Nigeria's young and rapidly growing demography a large pool of labour that would drive production growth across the industry, with the country's agribusiness activities already employing about 70% of its population.
Rising urbanisation levels and consumer spending power	• With Nigeria's increasing urbanisation rate at 52% (2020), it is important that the quality of infrastructure in urban areas improve in order to cater for the influx of people; and these improvements would help calm the stifling cost effects of poor food transportation on local producers • Job creation has become a priority for the FGN in the face of rapid urbanisation, to ensure that per capita spending power remains at a sustainable level. This would increase domestic consumption and incentivise increased productivity among local producers
Government and regulatory interventions	• The continuation of recent government efforts to form public-private partnerships, as seen with the backward integration programme between the NSMP and a number of large scale sugar producers, is likely to lead to further private investment and increased productivity with the foods and consumer goods industry. • Government efforts to aid sugar production, such as, financing incentives for local producers and high tariffs on refined sugar imports; in conjunction with privatisation and investment efforts could herald the start of a robust national sugar industry. • The CBN's continued restrictions on access to foreign currency for food imports, including rice and sugar, will support greater domestic food output.
Improved and sustainable power supply	• Nigeria has recently experienced improvements in its electricity supply following privatisation reforms in the sector; although, provision of electricity remains somewhat volatile and inefficient. Significant improvement in the reliability of local energy supplies over time, is likely to facilitate investment growth in both foods and consumer goods production and processing market segments. • An increasing number of local foods and consumer goods players have focused investment efforts on building their own independent internally generated power sources, placing little or no reliance on the unstable general electricity power supply in the country. As more players adopt this structure, this would allow for increased stability in local production.
Improved infrastructure development	• Sustainability of the foods and consumer goods industry depends significantly on the advancement of transport infrastructure in Nigeria to improve access to raw materials and proximity to customer markets. • The provision of better infrastructure electricity and water would improve processing, storage and transport of food produce, thereby incentivising local producers to boost output volumes.

4. FACTORS INHIBITING THE GROWTH OF NIGERIA'S FOOD AND CONSUMER GOODS INDUSTRY

Income inequality: Income inequality has grown over the past 20 years, up 23% since 1990, according to World Bank data.

Infrastructural development: Poor infrastructural development has made the delivery of certain goods a challenge, thereby elevating the cost of living and constraining discretionary spending.

Unemployment: The high rate of unemployment in the country and the slow pace of job creation had a direct impact on disposable income which directly affects FMCG companies. According to Trading economics, Nigeria's current unemployment rate is expected to be c.33% in Q4 2021.

Relative value of Naira: Devaluation of the Naira has led to a drastic increase in cost of imported goods. The current official Investors & Exporters exchange rate of US Dollar to Naira is USD1.0 / ₦411.42 as at 12 November 2021[3].

Security risks: Insecurity has become a nationwide theme in Nigeria, particularly heightened insecurity in the Northern region which has led to significant losses of revenue by many consumer goods companies in the region.

5. IMPACT OF COVID-19 ON NIGERIAN FOODS AND FMCG INDUSTRY

Parameter	Comments
Supply side	
Production shutdown	• The lockdown restrictions caused by the Covid-19 pandemic placed a significant discontinuation of production process in many plants across the Nigerian foods and FMCG industries, with most companies letting go of a large number of their workforce and requiring only a handful key administrative staff to work remotely. • Global lockdown restrictions and mobility limitations also hindered access to important internationally sourced raw materials further halting key production processes across the country.
Higher cost of raw materials	• The current devaluation of Naira against the US Dollar has weighed heavily on import prices for raw materials. • A large number of players in the industry remain dependent on imports for supply of raw materials required in their production process, however, the CBN import restrictions have caused most to rely on high foreign exchange rates in the parallel market for foreign currency needs. This has resulted in higher costs of production across the industry
Supply chain disruption	• The lockdown restrictions have impacted route to market mechanisms for key players in the industry, hindering movement of finished products to wholesalers and inevitable consumers. • Also, the retail route has been challenged due to transportation constraints and limitations placed on operations of retail outlets causing most to remain open for only short periods during the day.
Demand side	
Demand fluctuations	• The pandemic impacted the purchasing power of consumers both in the short-term and mid-term. There has been panic buying of essential items due to the increased demand
Price revisions	• The increased demand for essential goods has resulted in a price spike whereas companies are providing incentives such as price discounts for non-essential items
Securities challenges	• COVID-19 related job losses in Nigeria are expected to worsen the already bad security situation in the country, resulting in further disruptions to the route to market strategies of FMCGs, especially in Northern regions of Nigeria.

[3] CBN as at 12 November 2021

6. OUTLOOK

The food and FMCG industry is expected to gradually recover from 2021 onwards, after the relaxation of lockdown and easing of movement restrictions, which came into effect due to the COVID-19 pandemic.

Nigeria's post COVID-19 recovery plan seeks to stimulate the economy by preventing business collapse and ensuring liquidity, as well as, retaining and creating jobs in key areas like agriculture and housing; FGN's target is to create 5 million jobs in the agricultural sector, and 1.8 million jobs through its mass housing strategy. The Nigerian government's post COVID-19 pandemic economic recovery plans is providing a positive turn for the industry by increasing local manufacturing of goods.

COMPETITIVE STRENGTHS

Below are the key factors which BUA Foods believes are its key competitive strengths:

1.0 LEADING PLAYER IN THE SUGAR INDUSTRY IN NIGERIA

BUA Foods is associated with high quality, accessible, competitively priced and innovative food products. The Company has over the years established itself as a successful food manufacturing and processing company in Nigeria.

BUA Foods owns the second largest sugar refinery in West Africa, with total sugar refining capacity of 1.5 million MT per annum, which is able to meet 93% of Nigeria’s estimated sugar consumption rate in 2020 of 1.6 million MT per annum, as estimated by Fitch Solution in 2020. According to the Company, its sugar refining capacity has earned the Company a market share of 35% in Q3 2021, representing a 9% increase from its 2020 position of 26% market share. This was achieved by the addition of 750,000 MT per annum capacity to the Company’s sugar refinery in Port Harcourt.

The Company believes it is also well positioned to be a market leader in the production and distribution of rice, given that the Nigerian rice supply market is significantly fragmented with the largest player holding only a 7% share of the country’s total rice supply market. Despite the fragmentation and large number of players in the Nigerian rice market, rice production in Nigeria is estimated by Fitch Solutions to have met only 74% of rice consumption in the country in 2020, demonstrating an under-penetrated market of 29% meaning about 1.8 million MT of rice was imported into the country in 2020. The Company believes this under penetration provides an opportunity to gain a leadership position in the rice industry once it commences production and distribution of rice products from its rice mill in Kano State.

BUA Foods has developed a distinct reputation for making high-quality products across its business Divisions, evidenced by the Company estimates of its 35% share of the Nigerian sugar market, 20% share of the Nigerian flour market and 20% share of the Nigerian pasta market.

In 2021, the Company was granted a Halal certification for its Sugar Division by the Halal Certification Authority. The Halal certification states that its certified products are permissible for the followers of Islam and no haram products or procedures are used for its production, packaging, storage and transport. This offers competitive edge in the Company’s strategy for expanding to other markets within and outside Africa.

BUA Foods has obtained certifications and has won the following awards for its state-of-the-art sugar plants from 2015 to 2017:

Organisation	Description of Award/Certification	Year
Standard Organisation of Nigeria	• Standard Organisation of Nigeria Mandatory Assessment Certificate (MANCAP) Programme	2017
Nigerian Institution of Safety Engineers	• Award of recognition in Safety Matters presented to BUA Sugar	2017
Nigerian Institution of Safety Engineers	• Safety Award presented to BUA Sugar	2016

Organisation	Description of Award/Certification	Year
German Cert Nigeria Limited GERMAN CERT	• BUA Sugar was awarded with the following Integrated Management System Standards Certificates: − Quality Management System (ISO 9001:2008); and − Environmental Management System (ISO 14001:2004) • Food Safety Management System (ISO 22000:2005)	2015
Halal Certification Authority Halal Certification Authority	• Halal Certification Sugar	2021

2.0 FAST PACED AND INNOVATIVE EXPANSION CAPABILITY

BUA Foods' strategy to meet the dynamic consumer demand for foods in Nigeria, has been to expand its operations, by consistently using best in class technology, machinery and plant development experts.

In August 2020, the Company engaged Milleral Integrated Milling Systems, a top plant equipment manufacturer and installer headquartered in Turkey, to build a new, state-of-the-art plant with a total milling capacity of 2,400 MT per day, equipped with highly efficient technological system that produces less waste. Upon completion expected in 2022, the new plant would increase the Company's total flour production capacity from 1,600 MT per day to 4,000 MT per day.

In October 2020, the Company signed an agreement with FAVA S.P.A of Italy, another major Italian plant-production and one of the three best-in class equipment manufacturer, for the supply and installation of a pasta processing plant built with high energy saving capacity in Port Harcourt, with total capacity of 720 MT per day across five) production lines. Upon the completion of the plant expected in 2022, the Company expects to enhance its capacity from five lines to ten lines and from 720 MT per day to 1,440 MT per day, to become the second largest pasta producer in Nigeria, within two years from the commencement of the Company's pasta production operations.

3.0 STRATEGIC LOCATION OF MANUFACTURING PLANTS

Due to logistical challenges in the local manufacturing of food produce in Nigeria, including the limited number of sugar cane mills and the low proximity of farmers to such mills, inadequate road networks and transportation infrastructure, which prevents access for small scale farmers to supply produce timely to customers without food spoilage, the Company established an industrial complex in Port Harcourt that includes its sugar refinery as well as pasta and flour milling plants. Centralisation of its South-South operation has made it easy for BUA Foods to establish reliable infrastructure, including roads and transportation mechanisms, that sustains its routes to access raw materials and direct delivery to customers' locations. The location of BUA Foods' industrial complex with a sugar refinery, flour mill and pasta plant in Port Harcourt, is close to Nigerian Ports Authority's ("NPA") Port Harcourt port and Berth 8 of Terminal B, which is owned by BUA Ports and Terminals Limited, a concessionaire of NPA and an affiliated company. The Company's strategy is to dedicate a berth to the import of raw sugar and wheat, in order to facilitate all-year-round availability of raw materials for BUA Foods' sugar, pasta and flour milling businesses.

This strategy has provided the Company with a remarkable competitive advantage by enabling faster and more convenient importation of raw materials and the subsequent evacuation of finished products to local and regional markets.

4.0 CORDIAL AND STRATEGIC ALLIANCE WITH FARMERS

BUA Foods has maintained good relationships with large and retail farmers within the vicinity of its manufacturing plants across its business divisions, to ensure uninterrupted supply of raw materials and products to meet customers' demand within the required timeframe.

In respect of the rice business, ahead of commencing its operations, BUA Foods supports a robust out-growers scheme targeting about 100,000 rice farmers in Kano and Jigawa States. The rice mill in Kano State is the largest in Nigeria with capacity to produce 200,000 MT of rice per annum. The Company plans to expand its rice capacity to 1 million MT per annum with a new mill in Jigawa State, in addition to installing a parboiling plant with capacity for 20 MT per hour and establishing rice plants and plantation in Agaie, Niger State. The Company expects this initiative to support partner farmers to increase local paddy production, through its increased demand capacity with added quality improvement for the farmers such as, high performance standardised mechanisation, availability of high-yielding seeds, pesticides and subsidy of inputs to meet future demand of paddy.

In 2008, BUA Sugar (now BUA Foods) acquired a cane plantation in Lafiagi, Kwara State to increase local production which in turn will contribute to the reduction in the country's dependence on imported raw sugar. BUA Foods' planned development of a 20,000-hectare sugar cane plantation in Kwara State with a 10,000 MT per day capacity, is expected to supply about 15% of Nigeria's sugar consumption and employ 10,000 farmers in its out-grower scheme upon completion. In addition, the development of the sugarcane plantation at Kwara State is expected to facilitate the provision of basic infrastructure and social amenities to farmers and the wider community including a 235 km earth road network, 200-unit housing estate; 20 km irrigation infrastructure and natural water areas; healthcare facilities; education facilities; an airstrip and satellite villages.

The Company believes these expansion initiatives have re-enforced BUA Foods' position as a reliable customer and partner with financial and ethical capability to provide long-term and continuous support to the farmers' operations in Nigeria. The depth of BUA Foods' significant manufacturing investments across Nigeria also makes it compelling for the Company to proactively engage the various host communities.

5.0 END-TO-END EFFICIENCY AND ECONOMIES OF SCALE

The Company has integrated its pasta and flour milling operations into one location at its Port Harcourt sugar refinery complex to provide it with a more seamless flow of raw materials across the three business Divisions. For example, wheat and raw sugar imported through the Port Harcourt berth port can be easily transferred across the Divisions in this location. This integration allows the Company to save on costs associated with transportation including material wastage on delivery route and reduce the Company's dependency on third parties for input materials.

The Company has also been able to achieve cost efficiency in production through technological adaptability in its energy generation for plant operations. For example, the Company's flagship sugar refinery in Apapa, Lagos, is structured to generate its own power during the process of converting molasses to sugar using an alternative source of energy, gas, to fire its turbines as opposed to electrical power supply.

6.0 STRONG GOVERNMENT RECOGNITION AND CONTINUED SUPPORT AS A KEY DOMESTIC FOODS AND CONSUMER GOODS PLAYER

The FGN mainly through the CBN, has taken a firm development finance position to support improvement of Nigeria's agricultural and related sectors, through the creation and deployment of intervention funds to farmers and local foods producing companies. These interventions have come in the form of monetary disbursements, including, the ₦121.57 billion Agribusiness / SME Investment Scheme issued in 2017, the ₦318.17 billion Targeted Credit Facility issued in 2020, and the ₦923.41 billion Real Sector Facility issued in 2021. BUA Foods has so far been allocated a portion of the ₦923.41 billion Real Sector Facility, providing funding of up to ₦4.7 billion which the Company is utilising to fully finance the development of its Rice Division, avoiding reliance on internally generated revenue or bank financing that could be used across its other business Divisions.

The FGN having recognised BUA Foods as a significant player in the sugar market, has through the CBN in a circular issued in July 2021, permitted only BUA Sugar alongside two other companies, Dangote Sugar Refining PLC and Golden Sugar Company Limited, to access foreign currency at the official market rate for the importation of sugar. This has been favourable to BUA Foods' margins as raw sugar is a key production raw material across three of its five business Divisions, Sugar, Flour and Pasta. The Company expects the FGN initiative to continue to enable the Company keep foreign exchange costs at sustainable levels despite significant volatility in foreign exchange rates in the unregulated parallel market and maintain its leadership position in the sugar market at an affordable cost.

7.0 HIGH BARRIERS TO ENTRY IN THE SUGAR MARKET

The Company's sugar business is the highest contributor to comprehensive business performance, representing 63% of revenue, based on unaudited proforma consolidated financial statement for the eleven months period ended 30 November 2021. BUA Foods' continued market leadership position as one of the top players in the sugar industry is critical to the long-term profitability of its business. because the significant amount of capital expenditure required to establish market leadership in the sugar industry, reduces the threat to the Company's sugar business by new entrants. Firstly, the capital outlay associated with integrated sugar projects under the NSMP. Secondly, the long gestation period for recouping investments in sugar plantation, given that the CBN has added sugar to the list of goods restricted access to foreign currency for importation, new entrants would have to rely on importing raw sugar at the high and volatile foreign exchange rate in unregulated markets before their sugar plantations sufficiently provide the required volume of raw sugar. While the Company does not believe that this cost of entry is likely to change in the medium to long term, BUA Foods has already scaled these hurdles and consistently shown its financial and technical capabilities as an active participant in the Nigerian sugar value chain.

8.0 STRONG AND EXPERIENCED MANAGEMENT TEAM

BUA Foods is run by a management team of experienced and seasoned personnel with extensive industry experience and a track-record of operational excellence in Nigeria's domestic foods industry with global exposure. The management team have over the years helped to drive the growth of each business Division on an individual basis and would continue to play virtual roles in the transformation of all the Divisions of BUA Foods. The Company believes that its management team's composition and organisation places BUA Foods in a strong position to successfully implement its growth strategy and focus on improving the operating performance of the Company, while retaining appropriate levels of oversight of each business Division operation.

In addition, BUA Foods benefits from the strong support and expertise of affiliated companies that operate under the BUA brand with operations spanning decades and activities , across various sectors including food and infrastructure. The management team of the affiliated companies operating under the BUA brand have developed strong capabilities for navigating peculiarities of conducting successful business operations in Nigeria and would continue to deploy this expertise as required by BUA Foods.

9.0 ATTRACTIVE FINANCIAL PROFILE, WELL POSITIONED TO DELIVER CASH FLOW GROWTH

BUA Foods is well-positioned to deliver cash flow growth, benefiting from increasing operational capacity through the full deployment of its Rice Division and Edible Oils Division by 2022 and 2024 respectively, as well as, planned capital expansion of its Flour Division and Pasta Division and which are due to be completed in 2022. The planned capital expansion for its sugar refinery is expected to be completed in 2023 for its sugar refinery. Over the years, the Company has been able to finance 80% of expansion projects with internally generated revenue, with its flour milling and pasta projects being 100% equity financed, while funding for rice milling was sourced from the CBN's ₦923.41 billion Real Sector Facility. BUA Foods aims to continue to invest aggressively in its capital expenditures to support its geographic expansion targets and establish itself as a market leader across its five business Divisions

In 2020, BUA Foods consolidated proforma revenue increased by 170% year-on-year, led by introduction of revenue from newly operational Flour Division and Pasta Division, contributing ₦44 billion and ₦35 billion respectively to BUA Foods' proforma 2020 revenue. The Company's consolidated proforma profit after tax margin reached 22% as of 31 December 2020 compared to 11% recorded in the year ended 31 December 2019. This was largely driven by strong growth in revenue and cost optimisation as the Company recorded lower cost-of-sales to revenue ratio of 63% as of 31 December 2020, compared to 70% as of 31 December 2019.

BUA FOODS BUSINESS STRATEGY

Below provides detailed information on BUA Foods' key strategic focus:

1.0 IMPROVE PROXIMITY TO RAW MATERIALS

The Company's key inputs are food commodities sourced from agricultural outputs from local and international markets. Given the Company's focus to maintain high quality standards across its food produce and products, ease of access to raw materials remains a critical investment decision factor for the Company. The easiest route to access raw materials that maintains food quality through delivery to plant is via local supply which remains largely underdeveloped across all food segments in Nigeria.

The Company's strategy to improve proximity to raw materials for its sugar business is to finalise implementation of its backward integration programme initiated in conjunction with the NSMP. In July 2021, the CBN issued a circular that permits only BUA Foods and two other sugar industry players to access foreign exchange in official markets for importation of raw sugar and sugar related products. This policy initiative would support the Company's efforts over the long term to continue to source quality raw sugar from international markets at stable prices, until its backward integration programme to generate raw sugar is fully deployed and ramped up to meet the Company's production demand.

The Company's plans to continue to promote local sourcing of paddy rice by increasing its out-growers' capacity in proximity to its planned rice mill expansion. The Company is in the process of completing the expansion of its rice milling business in Northern Nigeria to with an expected increase in its capacity up to 1 million MT per annum together with a parboiling plant, that would increase its demand for paddy rice from local farmers and encourage local farmers to invest in ramping up their production over time.

The Company has also been able to improve its raw material delivery route in Port Harcourt by establishing its flour mill and pasta plant in one centralised complex with the sugar refinery. This location's proximity to one of the berths at the Port Harcourt port, a concessionaire of NPA and an affiliated company, makes it easy for the Company to access imported raw sugar and wheat, which are easily and more efficiently transported with limited waste to the manufacturing plants for use in production and conversion to finished products.

2.0 IMPROVE ROUTE TO MARKET AND EXPAND RETAIL CUSTOMER BASE

The Company's customer base is largely corporates and trade customers that make bulk orders, delivery of which the Company has efficiently honed over the years, with its bulk trucking systems. BUA Foods deploys about 1000 trucks with the capacity to carry over 45MT per truck, management of which has been outsourced to an associated company under the BUA brand. Given its associated relationship, BUA Foods is able to maintain current demand and meet future increase in demand for bulk order deliveries together with its strategic capacity expansion plans. The Company's strategy for bulk ship delivery (over 30,000 MT per shipment) for grains and sugars ensures continuation of manufacturing processes and customer delivery satisfaction. The Company's current storage systems are over 60,000 MT in capacity and are adequate to guarantee continuous production in all its location. BUA Foods is committed to delivery of its customers demand in full at all times. Despite production and supply chain processes the Company has a fulfilment metrics of over 90%.

The Company intends to expand its customer strategy by diversifying into the retail segment across its five Divisions. For the initial phase, the Company is considering offering retail size packaging for its edible oils and sugar products. Specifically, for sugar the Company plans to formalise its B2C strategy to capture opportunities that exist in this segment. The Company plans to utilise its already existing integrated wholesalers' partnership for distribution in the retail segment as these wholesalers have a strong network of retail outlets with capacity to distribute products across Nigeria.

3.0 INCREASE AND CONTINUE INVESTMENT IN LOGISTICS NETWORK

The Company has a logistics function in all its business Divisions that handles warehousing and distribution, while the fleet is managed by its associated company. The individual sales teams in the business Divisions generate sales orders which serve as the input for the delivery process. The Company also has set internal control systems and processes required to generate an approved delivery order, following which, all the delivery orders are captured in daily delivery schedules to customers which are, eventually, issued to its associated fleet service provider. The fleet capacity can cover the Company's entire market space within Nigeria including delivery to the Company's warehouses. This provides BUA Foods with a long-term logistics partner to meet its growing delivery demand generated by its capacity expansion projects across all five business Divisions.

The Company expects that the ongoing capacity expansion across its plants, would increase production and logistical need. It expects to address the increased logistical requirements by using new and advanced technology to improve order quality and reduce timing of daily sales order generation and internal control processes, required for final delivery orders for each business Division sent to the fleet providers.

4.0 STREAMLINING BUSINESS OPERATIONS POST-RESTRUCTURING

The Company expects the Restructuring to help it harmonise resource distribution and aggregate activities in respect of logistics, supply chain management, research and development, particularly in relation to its flour and pasta and sugar businesses located in Port-Harcourt. In addition, the Company is considering inorganic growth opportunities in certain regions in Nigeria and across West Africa, to the extent that the business dynamics and potential synergies meet the Company's "compelling business sense case" criteria. For example, the highly fragmented rice market in Nigeria, provides an opportunity for the Company to consider a future acquisition in the market.

Following the Restructuring, the Company streamlined its operations by centralising overlapping business functions which existed individually across the Entities, such as, corporate strategy, large-scale procurement and senior-level staff recruitment. These functions are now being executed by the management and Board of BUA Foods. The current leadership of the Company's business Divisions will be empowered to make other relevant business and operational decisions that govern the day to day running of each Division.

The centralisation of oversight functions provides ease of transfer of resources within the business Divisions, for example, divisions that share similar raw materials and human resources. This also enables the Company to share logistic infrastructures required to transport raw materials to plants and finished goods to overlapping demand markets across the business Divisions. For example, the integration of the flour milling and pasta businesses into the same location as the sugar refinery in Port Harcourt, allows the Company save costs and benefit from economies of scale that arise from shared services of logistics, distribution, and marketing, and avoid cost duplication. This process is now seamless from a reporting perspective as all business Divisions are now under one entity removing the requirement to report transfer costs across separate entities.

5.0 ENHANCE THE COMPANY'S FUNDING BASE TO BOOST CAPACITY EXPANSION

A strategic focus of the Company is an aggressive expansion plan particularly within its Sugar Division and Flour Division. The Company's current production systems are largely based on orders received and its current demand pull greatly exceeds its supply.

The Company has been able to finance 80% of the costs of its expansion projects across the five business Divisions, using internally generated revenue. A small percentage of the Company's sugar projects are slightly financed with bank borrowings, while its flour mill and pasta projects have been 100% equity financed with the Company's internally generated funds. Only the Company's rice mill projects are 100% financed through the Real Sector Facility provided by the CBN.

The Company's strategy is to continue to generate sufficient revenue across its five business Divisions to fund its capacity expansion projects over the short term, with support from the CBN's funding facilities. The Company expects that its listing on the NGX, will grant it greater access to more cost-efficient sources of capital.

6.0 RAMP UP MARKET SHARE IN THE POST COVID-19 PANDEMIC ENVIRONMENT

Following gradual return to normalcy of business operations across the Nigerian economy following the lockdown and mobility restrictions caused by the Covid-19 pandemic, the Company has identified improvements in demand for food produce, which is clearly corroborated by the growth of Nigeria's Composite Purchasing Manger's Index by 3.4% from 52.3 in September 2021 to 54.1 in October 2021. The Company's strategy to improve market share across all five Divisions as demand grows in the post pandemic environment, is to continue maintaining high quality food produce, improving its end-to-end cost efficiency. In particular in respect to the Sugar Division the Company plans to expand its domestic market share by optimizing the capacity utilisation of its existing refineries as well as on streaming additional capacity from LASUCO in 2022. Also supported by enhanced export opportunities through access to its foods industrial complex in Port Harcourt, which ultimately targets the West African export market. Leveraging the AFCFTA presents additional export opportunities across all of Africa and potentially beyond. As a result, the Company believes it is proactively positioned to capture additional unfulfilled domestic demand and export opportunities.

7.0 INCREASE THE COMPANY'S PRODUCT OFFERINGS

Ahead of finalising decisions to invest in new products or sectors, the Company commissions a study of the viability of that sector and products. The following are the Company's initiatives across its business Divisions:

Sugar

This business Division will continue to maintain its investment momentum in its sugar plantations at Lafiagi in Kwara State and Bassa in Kogi State respectively, in alignment with the backward integration policy of the NSMP, of which the Company is a major player and stakeholder. The Company's drive for total quality management, from sourcing to production; and from production to distribution and marketing, remains an enduring strategy that has continued to attract high returns.

A product category the Company is considering and expects to implement within the next four years is the production of retail / table sugar for a B2C; which will complement its current B2B strategy.

Flour

The Company plans to continue to focus on effective marketing with respect to its flour business in the South-South region of Nigeria, in order to consolidate its leadership position in flour milling in the region and capture market share. The Company plans to establish a new flour milling plant in Port Harcourt by 2022, with a total flour milling capacity of 720,000 per annum.

Pasta

Similar to the Company's strategy in the Flour Division, the Company will continue to give adequate attention to marketing its pasta products, as the sustainable game changer for its captive market. This is considering the fact that the Company has made attaining top-quality products, a non-negotiable strategy. The Company plans to acquire additional Pasta facilities and equipment to increase its capacity by 720 MT per day and 250,000- MT per annum in 2022. The Company also plans to deploy two new macaroni products in 2022.

Rice

The Company's major strategy for the roll out of new products relates to its expected rice produce from its rice mill in Kano State, which is estimated to commence operation by 2022. The key strategic consideration for this Division, is the pragmatic approach to input sourcing. The Company plans to proactively engage aggregate farmers to source paddy rice for the Company's rice mill. The Company will also deploy various marketing campaign tools such as suppliers' forum, market storming, sales conferences and advocacy sessions to create awareness and boost sales.

8.0 MARKETING STRATEGY

The Company's marketing strategy in the short to medium term, is hinged on the following strategic thrusts:

- Segmentation of markets into regions, with Lagos as stand-alone (5 areas), other South-West states (3 areas), and other regions.
- Customer engagement platforms, which include dealers' forum, bakers' forum, road shows, market storming and direct selling.
- Maintain effectiveness of sales promotion for new products and /or new markets. Under this strategy, the Company would deploy the major trade fairs in Lagos, Kaduna, Kano, Abuja and Enugu, as good marketing and sales forums.
- Organise specialised interface with corporate customers, in terms of the need to accord them certain special privileges in relation to pricing discounts.

- Empowerment of sales teams in all business Divisions; giving them the latitude to determine peculiar work tools and sundry distribution channels.
- Aggressive branding, including branding of sales vans / trucks, dealers' vans, mass transit vehicles, open-market branding and branding of walls in public places, especially major markets, etc.
- Demonstration forums for dealers, distributors and select retailers. where product quality is demonstrated and confirmed to and by the target audience.
- Miscellaneous strategies including the hosting of sales conferences, radio jingles, especially during low-season periods, etc.

PROFILE OF BOARD OF DIRECTORS

BUA Foods' board comprises seasoned professionals with extensive expertise, who are positioned to provide guidance and oversight to the Company. The Board is currently comprised of one (1) Independent Non-Executive Director, five (5) Non-Executive Directors (inclusive of the Chairman) and three (3) Executive Directors. The Board exercises general governance over the Company's activities, ensuring the set-out goals and objectives are attained.

Abdulsamadu Isyaku Rabiu is the Chairman of BUA Foods. He holds a Bachelor of Science degree in Economics from Capital University, Columbus, Ohio, USA (1984). He is the founder and Chairman of BUA International Limited – a foods, mining and infrastructure conglomerate which he established in 1988 with business interests in cement manufacturing, sugar refining and plantations, rice, flour milling & pasta production, oil & gas, construction, real estate and logistics. He was a former chairman of Tropical Continental Bank from 1993 to 2000, a two-time Chairman of Nigeria's Bank of Industry, and is the majority shareholder in BUA Cement Plc. He holds the Nigerian National Honour of 'Commander of the Order of the Niger' ("CON"). He is a recipient of many awards including the 2016 African Industrialist of the Year Award by the All-Africa Business Leaders Awards. He was appointed to the board of BUA Foods in 2021.

Ayodele Musibau Abioye was appointed as the Acting Managing Director of BUA Foods in 2021. He holds a Bachelor of Engineering degree in Mechanical Engineering from the University of Ilorin (1989) and a Master of Science Degree in Engineering Management from the University of Benin (2007). Prior to his appointment, he has over 25 years' experience working as General Manager in Seven Up bottling company, as franchise technical director in Coca-Cola Nigeria, region supply chain director with Nigerian Bottling Company Limited and as Chief Operating Officer in SecureID Limited. Prior to his appointment as the Acting Managing Director, he was the Chief Operating Officer of the Company. He has extensive, professional and management training locally and internationally, particularly in the United States of America, Europe and South Africa. He attended institutions such as institute for Management Development, Switzerland, Georgia Institute of Technology, Atlanta, USA, Harvard Business school Pan Atlantic University and Lagos Business School, Nigeria. He is registered with the Council for the Regulation of Engineering in Nigeria as a certified Engineer, he is also a member of the Nigerian Society of Engineers, Nigerian Institute of Mechanical Engineers and Nigerian Institute of Management of Directors Nigeria. He was appointed to the board of BUA Foods in 2021.

Kabiru Isyaku Rabiu is a Non-Executive director at BUA Foods. He holds a Bachelor of Science degree in Management from Webster University, London (2001), and an MBA in International Business from American Intercontinental University UK (2002). He holds various executive and board roles across a number of companies that operate under the BUA brand. He serves as a Non-Executive Director at BUA Cement PLC. Prior to his appointment, he held various management positions at Nigeria Oil Mills as General Manager and in 2008, he became the Managing Director of BUA Oil Mills Limited. He has over 20 years of experience spanning multiple sectors, including edible oils, cement, and infrastructure. He has won numerous awards and was recently a 2-time Laureate of the Institut Choiseul, France. He was appointed to the board of BUA Foods in 2021.

Chimaobi Kenneth Madukwe is a Non-Executive Director at BUA Foods. He holds a Bachelor's degree in Management Studies / Accountancy from University of Jos (1984), and an MBA in Finance from Anambra State University of Science and Technology (1990). He has also attended specialised trainings on Negotiations & Strategy in Harvard and on Mergers & Acquisitions in Wharton, USA. He has over 30 years' experience in top executive management, working at various times as Treasurer, General Manager and Executive Director. He also has a wide experience in the banking, non-bank finance and commercial sectors of the Nigerian economy and was involved in various syndications, financial and management restructuring, debt management and loan workout and business start-ups. He holds various executive and board roles across a number of companies that operate under the BUA brand. He was appointed to the board of BUA Foods in 2021.

Rashid Ur Imran is a Non-Executive Director of BUA Foods and currently occupies the position of Director (Projects). He obtained a Bachelors' degree in Mechanical Engineering from Calcutta, India (1997). He started his career in 1998 with "Flour Tech Engineers (Pvt) Limited", a leading manufacturer of Food Processing Machineries in India. He also worked with Wilmar International, Singapore as operation Manager (Flour & Pasta Business) from 2016 to 2018. He holds various executive and board roles across a number of companies that operate under the BUA brand. Overall, he has 23 years' experience in the food industry. He was appointed to the Board of BUA Foods in 2021.

PROFILE OF BOARD OF DIRECTORS

Finn Heyerdahl Arnoldsen is a Non-Executive Director of BUA Foods. He holds various executive and board roles across a number of companies that operate under the BUA brand. He holds a master's degree in Mechanical and Combustion Engineering from Norwegian Institute of Technology, Trondheim, Norway in 1977. He has completed several Executive Management Development Programmes at the International Institute for Management Development (IMD). Lausanne, Switzerland (1996) and Institut Européen d'Administration des Affaires (INSEAD) Fortainebleau, France (2000). His entire working career has been in the cement Industry and mainly within the African Continent. He started his career in 1983 in Ghana as the Work Manager for Heidelberg Cement (Scancem International Ltd.) where he worked for 25 years from 1983 to 2008. He was member of the Executive Management in Heidelberg Cement Africa for 10 years as Senior Vice President, responsible for West Africa and Southern Africa. He was also Chairman and member of several Boards across the continent, also including Ghana Cement Works Limited, Nova Cimangola SA, and Tanzania Portland Cement Limited. He joined Cement Company of Nigeria PLC in 2009, where he served as Commercial Director and an Executive Board member. Furthermore, he was appointed Managing Director for Edo Cement Ltd in 2012 and Chief Operating Officer, BUA Cement PLC in 2017. He was appointed to the Board of BUA Foods in 2021.

Saratu Altine Umar is an Independent Non-Executive Director of BUA Foods. She is a technocrat, reformer, strategist, economist, investment promotion expert, export development specialist and Banker. She possesses over 29 years' experience in banking and finance, investment and consulting segments within the public and private sectors of Nigeria. She holds a Bachelor of Science degree in Economics (1989) and an MBA degree in Finance and Banking both from Ahmadu Bello University (2006). She served as a one-time Executive Secretary/Chief Executive Officer of the Nigerian Investment Promotion Commission ("NIPC") in 2014 to 2015, where she played a key role in transforming the organisation to play a central role in the Nigerian investment eco-system as well as in national development. Prior to this role, she had spent over twenty years in development banking at the Nigeria Export-Import Bank which she joined in 1992. She has also served as Member and Secretary of the Nigerian President's Honorary International Investor Council and an Independent Board member of Transcorp Hotels PLC and a member of its statutory Audit committee. She is the Founder and Chief Executive Officer of Aisston Consulting Limited, a business and management consulting firm based in Abuja Nigeria, and serves as a member of the FGN's ₦50 billion Export Expansion Facility Programme for the country's Economic Sustainability Plan chaired by the Vice-President of Nigeria. She is a Fellow of the American Academy of Financial Management, a Fellow of the Institute of Management Consultants, a certified Chartered Wealth Manager, a Certified Risk and Compliance Management Professional, a Fellow of the Institute of Chartered Economists, a senior Associate of the Risk Management Association of Nigeria, a holder of the Fiduciary Awareness Certification for Corporate Governance System by NGX, and a senior member of the Chartered Institute of Bankers of Nigeria amongst others. She is also a recipient of local and international awards, amongst them, the International Distinguished Leadership Award. She was appointed to the Board of BUA Foods in 2021

Isyaku Naziru Rabiu is an Executive Director of BUA Foods (Operations). He obtained a Bachelors' degree in Business Economics from the University of Hertfordshire, Hatfield (2018). Prior to his appointment, he was a director for commercial operations in BUA Foods businesses. In 2019, he managed the merger of two cement companies (Cement Company Of Northern Nigeria Plc and Kalambana Cement). Prior to this, while in Seplat Petroleum Company in 2017, he successfully developed an economic model for upstream oil and gas. He was appointed to the Board of BUA Foods as an Executive Director in 2021.

Abdulrasheed Adebayo Olayiwola is an Executive Director and the Chief Financial Officer of BUA Foods and was appointed in 2021. He holds a Bachelor of Science degree in Accounting from University of Ilorin (1988). He is a Fellow of the Institute of Chartered Accountants of Nigeria and an Associate of the Chartered Institutes of Taxation of Nigeria. He is a finance professional with over 30 years' experience in the private and public sectors of the Nigerian economy. He has previously worked as a Consultant in the Performance Improvement service line of PricewaterhouseCoopers, Nigeria. He has also earlier worked with the Nigerian Security Printing and Minting Plc as Manager in charge of Cost and Management Accounts, and Financial Analysis and Planning. Between 1997 to 2000, he was the Accountant to Shelter Afrique (An Intergovernmental Housing Finance Institution) based in Nairobi, Kenya. Mr Olayiwola served as the Senior General Manager of LASUCO from 2014 to 2021. Prior to his appointment at LASUCO, he was the Head of Finance for BUA Sugar. His expertise includes general management, project development and management, agribusiness development (with emphasis on sugarcane development), financial management, financial analysis, budgeting, financial accounting, financial control, management accounting, tax management, business management, strategy development, organisational assessment, and process redesign. He was appointed to the Board of BUA Foods in 2021.

SENIOR MANAGEMENT TEAM

Oluseye Olufunmilayo Alayande is the Company Secretary of BUA Foods. She is an alumnus of the University of Jos, Plateau State (LLB) (1999) and Nigerian Law School (BL) (2000). She is a Barrister and Solicitor of the Supreme Court of Nigeria, with over 20 years' extensive experience in several sectors including oil and gas, power, and the FMCG sector. She is also a member of the Nigerian Bar Association, Institute of Chartered Arbitrators (UK Chapter), Association of International Petroleum Negotiators and an Associate of the Institute of Chartered Secretaries and Administrators of Nigeria. Oluseye Alayande commenced her career at Chief Rotimi Williams Chambers, a Legal Firm with offices in Lagos and Abuja in 2002, following which she worked at Adepetun, Caxton Martins, Agbor and Segun, a Legal Firm in Lagos, Nigeria between 2004 and 2006. Subsequently, she held the position of Legal Manager in Sahara Group, a leading international energy and infrastructure conglomerate between 2007 and 2010. In 2010, she joined Afren Nigeria as the Deputy General Counsel. From 2016 to 2020, she was the Chief Legal Officer and Company Secretary of Ibadan Electricity Distribution Company PLC, Ibadan, Oyo State. She joined BUA International in January 2021 and is currently the Chief Legal Officer, Corporate & Commercial, where she manages and executes all corporate and commercial negotiations and transactions undertaken by BUA international. She was appointed to the board of BUA Foods in December 2021.

Gert Jacobus Kriek is the Plants Director for the Flour & Pasta division. He completed a Master Business Program from Foundation for Business Leaders, South Africa (1992) and a Marketing Program through Premier Milling Group (1996). He has over 35 years of experience in the FMCG industry with concentration in food manufacturing/processing, ranging from bakeries, maize mills, wheat mills, animal feed mills, bulk grain storage facilities and an edible oils refinery since 1984. He held the position of General Manager in Tiger Foods, South Africa, and Foodcorp South Africa. In 2009 he joined United Miller Limited, Kenya as Chief Operating Officer and in 2013, he joined Northern Nigerian Flour Mills Plc. He has completed various internal and external training courses on management, baking technology, human resources, and marketing with various institutions. He has a track record of steering companies to profitability by developing and implementing strategic plans to increase revenues, improve efficiencies and excellence in best manufacturing practices resulting in improved levels of productivity and efficiencies.

Godspower Sivwete is the Plants Director for the Sugar Refinery business Division. He obtained a Higher National Diploma ("HND") in Instrumentation Engineering from the Petroleum Training Institute (1997) and a Master of Engineering degree in Industrial Automation from the Engineering Institute of Technology, Perth Australia (2018). He is a certified Automation Professional of the International Society of Automation, USA. In addition, he also holds a Master of Business Administration degree from Asia-Pacific International College Sydney Australia (2014). He joined BUA Sugar in September 2006 as manager in charge of Instrumentation and Automation systems of the sugar refinery and rose to the position of General Manager (Projects) in charge of the Port Harcourt Sugar, Pasta, and Flour mill projects in 2013, until 2017 when he was appointed the General Manager in charge of the Lagos Sugar Refinery operations. Prior to the Restructuring, He was appointed as the Executive Director BUA Sugar refineries (Lagos and Port Harcourt) in February 2021. He started his career in Dangote Sugar Refinery in March 2000 as Instrumentation and control systems engineer, and later joined Nigeria Bottling Company, bottlers of Coca Cola products in Nigeria in 2004 where he held the position of production leader and maintenance engineer covering operations and engineering management services.

Adewunmi Desalu is the Director for Marketing and Corporate Communications at BUA Foods. She has a Bachelor of Science degree in Biochemistry from Lagos State University (2004). She has over 15 years' experience in marketing, brand management and customer relationship management, working across sectors including FMCG, oil and gas, telecommunications, consumer electronics, retail, and financial services. She previously worked at Insight Publicis where she rose through the rank to become Business Director of the Brand Management and Production departments. In that role, She was responsible for driving multifaceted, consumer-led campaigns through multi-departmental collaborations from conceptualisation to production, launch and management with a view to maintaining relevance for the brands she handled, while helping the company grow its consumer interest and capture additional market share. Over the course of her career, she had a six-year stint with other companies where she held various management positions while overseeing the affairs of reputable brands such as Globacom, Yves Rocher, Nestle and Heineken, amongst others.

Labaran Saidu Audu is the Plant Director for the LASUCO operations division. He holds a HND in Metallurgical Engineering from the Federal Polytechnic Idah (1993) and he is currently undergoing a Master's program in Policy and Strategic Studies from Kwara State University. He has over 22 years industry experience cutting across plant commissioning, upgrades maintenance, and projects implementation; and participated in the engineering design and procurement of the 10000TCD LASUCO sugar factory. Prior to his appointment as plant director, he worked as the Chief Engineer between 2010 to 2013 where he coordinated all engineering activities of the factory, and prior to that, he was the head of mechanical engineering between 2006 and 2010 at BUA Sugar Refinery. Before joining BUA, He worked as a Piping Engineer and rose up to Senior General Manager at Dangote Sugar Refinery where he supervised the refinery operations. He is a member of the Nigeria Society of Engineers where he has attended numerous trainings.

Abdullahi Aminu is the General Manager of BUA Rice Mills Limited. He holds a Bachelor’s degree in Business Administration from Ahmadu Bello University (2004) and a Master’s in Industrial Labour Relations from University of Maiduguri (2008). He was appointed in 2017 and has since participated in significant projects such as piloting the BUA anchor borrower program and managing the 400 MT Parboiling Plant Rice Mill Kano Brown Field Project. Prior to this role served as the General Manager of BUA Estates Development company for three years. He has over 25 years’ experience in the financial sector working in various roles. Prior to joining BUA, he has worked at Union Bank, Afribank, International Trust Bank and Unity Bank. He served as the Resident Controller for Unity Bank Plc overseeing compliance between 2008 to 2014. He also served as the District Manager, Maiduguri at Intercellular Nigeria Plc, where he recorded an unprecedented subscriber recruitment into the brand. He is a member of the Institute of Cost and Management Accountants.

CORPORATE GOVERNANCE

BUA Foods' understands that a strong corporate governance framework is required to safeguard the interest of shareholders, customers, suppliers, employees, regulators, and the entire public. Accordingly, the Board has established governance processes and policies 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 stakeholders' views are taken seriously, timely and accurate disclosures of all material matters are made, high standards of business ethics and integrity are maintained, and risks are managed prudently, while pursuing business objectives. To ensure good corporate governance practices, the Company will continue to review its governance processes from time to time to align with the various applicable local legislation and international best practices.

The Board of Directors is made up of nine (9) members comprising a Non-Executive Chairman, one Independent Non-Executive Director, four (4) Non-Executive Directors and three (3) Executive Director (inclusive of the Acting Managing Director). This is in alignment with global best practice that encourages a high percentage of Non-Executive Directors to Executive Directors.

The Board is led by the Non-Executive Chairman and includes individuals who are distinguished by their high level of competencies, business and commercial experience, integrity, and independence of opinion. The Board meets regularly to set broad policies for its business and operations ensuring that actions are taken on a fully informed basis, in good faith with due diligence in the best interest of all stakeholders.

Responsibilities of the Board are well defined, and the Board is not dominated by one individual. The position of the Chairman is separate from that of the Managing Director/Chief Executive Officer and the Chairman is not involved in the day-to-day operations of the Company.

The Board of Directors is responsible for providing leadership to deliver long-term value to shareholders and other stakeholders. The Board establishes corporate policies, sets strategic direction, ensures that an effective internal control environment is in place, and oversees the management which is responsible for day-to-day operations. The Board recognises that delegating its functions and authorities to any committee and the management does not absolve its overall responsibility for governance.

The managing director, supported by the management team (known as the Executive Leadership Team), facilitates the business and operational duties of the Company. The managing director is responsible for supervising and coordinating all key business and operational activities in relation to the implementation of the company's overall strategy. The Executive Leadership Team is made up of the senior executives of the company who have the delegated authority from the Board to perform day-to-day management functions of the business and to implement all projects and initiatives as approved by the Board. The team meet at least once a month and may attend board meetings by invitation, where they present a report and provide input and perspective on their areas of responsibility.

The Board, managing director and Executive Leadership Team are further supported by the company secretary and external auditors. The company secretary facilitates the board process as well as communications between Board members, shareholders, and management, and advises the board on all governance matters. The external auditors provide assurance on financial reporting and ensure accountability and audit quality. BUA Foods holds regular general meetings of its shareholders and is also mindful of adhering to its governance framework in its interactions with other stakeholders in the company's daily operations including clients, employees, regulatory bodies, suppliers, and vendors.

As a responsible corporate citizen, social responsibility and environmental stewardship form the bedrock of the Company's operations. To demonstrate this commitment, the Company continues to structure its production activities and carry out social initiatives that will ensure positive impact on Nigeria and indeed Africa as a whole.

In carrying out its business operations, the Company keeps sustainability as its watchword and focuses solely on implementing strategies that will minimize the adverse effects of business operations on the environment. A regular assessment is conducted, of the impact of the Company's operations on immediate stakeholders and the broader environment.

The Company also frequently conducts programs and outreaches that will have a positive impact on the communities in which it operates. Through these, the Company creates opportunities and are leading the way in the economic empowerment of the African continent as a whole.

CORPORATE GOVERNANCE COMMITTEES

To enhance corporate governance, Board sub-committees are constituted to discuss broad policies for the Company's business and operations, help the Board properly assess management reports, proposals, carry out oversight functions and make recommendations to the main Board. In line with this the Board of Directors constituted the following committees through which the Board's oversight functions are performed. 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.

Risk Management Committee

The Risk Management Committee is responsible for reviewing and providing recommendations to the Board on matters relating to internal control; enterprise risk management; health, safety, security & environment. Its functions include 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; reviewing and approving the Company's risk management policy including risk appetite and risk strategy; and reviewing and recommending the Company's health, safety, security, and environment policies to the Board for approval. The Risk Management Committee is headed by Imran Ur Rashid, Chimaobi Kenneth Madukwe, Ayodele Musibau Abioye, Isyaku Naziru Rabiu, Abdulrasheed Adebayo Olayiwola, Saratu Altine Umar.

Governance, Establishment and Remuneration Committee

The Governance, Establishment and Remuneration Committee is responsible for making recommendations to the Board on the nomination and appointment of Directors, review of staff remuneration and other establishment matters and the appointment and discipline of senior Management staff. The Committee is also responsible for assessing and planning Board composition, succession, and remuneration. The Governance, Establishment and Remuneration Committee is headed by Saratu Altine Umar, Kabiru Isyaku Rabiu, Chimaobi Kenneth Madukwe, Finn Heyerdahl Arnoldsen and Imran Ur Rashid.

Finance and General Purpose Committee

This Committee is responsible for reviewing and providing recommendations to the Board on matters relating to finance, strategy, capital and investment planning and budgetary performance. Its functions among others include reviewing the financial performance of the Company, vetting the budget, reviewing the capital structure of the Company and any changes therein; reviewing contracts for capital projects beyond the approval limits of the Management; and periodically reviewing the Company's financial position including its liquidity. The Finance and General Purpose Committee is headed by Kabiru Isyaku Rabiu, Chimaobi Kenneth Madukwe, Finn Heyerdahl Arnoldsen, Ayodele Musibau Abioye, Abdulrasheed Adebayo Olayiwola and Isyaku Naziru Rabiu are members of the Committee.

RISK FACTORS

The risk factors described below are not an exhaustive list or explanation of all risks which may impact the Company's financial condition and future prospects and should be used as guidance only. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties relating to BUA Foods that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on BUA Foods' business, financial condition, results of operations and prospects and, if any such risk should occur, shareholders could lose all or part of their investment. The risk factors described below are not ordered by reference to materiality or importance to BUA Foods' business, financial condition, results of operations and prospects.

The information contained in this Listing Memorandum is based on current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of shareholders' investments in the Company.

1. RISK FACTORS GENERALLY AFFECTING BUSINESSES IN NIGERIA

The Company operates in Nigeria and therefore faces general macroeconomic risks as the performance of its sectors is impacted by the performance of the Nigeria economic climate.

Lack of economic diversification exposes the country to downside effects of lower global oil prices that may result in domestic recession which may affect the Company's business

BUA Foods is exposed to risks associated with any future downturn in the national economy. The structure of the Nigerian economy remains largely undiversified, import dependent, and consumption driven. The country is dependent on the proceeds from oil for economic activities, fiscal revenues, and foreign exchange and as such, fluctuations in the global prices of oil directly affect the economy. Oil accounts for more than 90% of exports and foreign exchange earnings while the manufacturing sector accounts for less than 1% percent of total exports. Dominance of oil as the major source of export receipts, coupled with import dependence increases Nigeria's vulnerability to external shocks. This risk is heightened by the fact that global oil prices are unpredictable and are governed by forces outside the country's control. The impact on the Country, of the steady decline in global crude oil prices from mid-2015 was evident in the depreciation of the Naira, short supply of foreign currency, decline in foreign reserves, and a slowdown in the economy. Furthermore, the Nigerian economy entered into a recession in 2020, due in part to the fall in global crude oil prices. The economy however experienced growth in the first, second and third quarters of 2021. This growth was offset by factors such as, foreign exchange volatility and high levels of inflation.

Economic downturn can have a material adverse effect on the Nigerian consumers' purchasing power and per capita income, which could materially adversely affect the Company's business, financial condition, results of operations and prospects. As consumers experience rise in purchasing power, reflected in higher per capita income, their consumption levels of food and consumer goods tends to rise and reverse occurs with declining per capita income.

Sustained periods of high inflation could cause a downturn in Nigeria's economy negatively impacting growth of the Company's consumer base

Currency depreciation and increases in some tariffs, as well as rise in fuel and electricity prices, led to 9% increase in consumer price inflation from 9.55% in 2015 to 18.55% in 2016. Nigeria has since then recorded double digit inflation levels, far above the CBN's single-digit inflation target of 6% to 9%, creating significant challenges for the financial conditions of companies across the service and real sectors in the country. Food inflation level reached a 15-year high of 22.95% in March 2021, due to import restrictions inhibiting access to foreign currency for key food importation, complied with logistic restrictions as a result of Covid-19 pandemic. Although, on a positive note, consumer price inflation and food inflation has slowly declined over the past few months to 16.63% and 19.57% respectively in September 2021, import restrictions still place significant pressures on sale prices of food and consumer goods.

Although tighter monetary policies and continuous return to economic operation levels prior to the Covid-19 pandemic, may help to curb inflation, there can be no assurance that inflation will not continue to remain at current levels or that the inflation rate will not rise in the future. Significant inflation could have a material adverse effect on Nigeria's economy and cause consumer purchasing power to decrease, which, in turn, may have an adverse effect on BUA Foods' business, results of operations, financial condition, cash flows, liquidity and prospects.

Large infrastructure deficit contributes a significant challenge to business operations

Decades of underinvestment have led to a significant deterioration of Nigeria's public infrastructure and the persistent dearth of basic infrastructure to promote and sustain growth and economic development. The value of Nigeria's total infrastructure stock (road, rail, power, airports, water, telecoms, and seaports) represents only 35% GDP which is far below the level of peer emerging market countries, where the average is 70%. Nigeria faces persistent issues with power generation, transmission and distribution, and congested ports (air and sea) which have all together contributed to the sluggish socio-economic development of Nigeria. Such inefficient and unreliable infrastructure, particularly in electricity supply, has had a ripple effect on the development of all sectors in the economy to the extent that citizens and companies have had to resort to, and rely on, alternative power and water supply services hence adding to, in the case of companies, their overall business costs alongside potential fluctuation of overheads. Given the huge capital investment required to address this deficit, there have been calls for the private sector to play a key role in providing critical infrastructure, either directly or in collaboration with the FGN. Despite repeated efforts by the Nigerian government to privatise the power sector, the sector still faces challenges which relate to governance, funding, legal, regulatory and pricing issues across the value chain. Lastly, challenges with pricing and funding continue to call to question the viability of private sector investment. Rising fuel and energy costs may have significant impact on the cost of operations, including the manufacture, transportation, and distribution of products for companies across Nigeria.

Lack of proper road access can hinder the Company's expansion to other geographical regions in the country, which may hinder BUA Foods' market share growth across Nigeria or limiting market share leadership in a handful of regions. Additionally, the Company may be unable to maintain favourable arrangements with respect to the costs of procuring raw material, packaging, services and transporting products, which could result in increased expenses and negatively affect operations.

The Company notes the present and future impact of certain other structural barriers in the industry, including cost of power, poor public infrastructures such as roads, dams, etc, which, unfortunately may have an impact on pricing and consumer demand choices. As a mitigant against the risk in the cost of power, the Company has been able to achieve cost efficiency in production through technological adaptability in its energy generation for plant operation.

Exposure to fraud, violations of anti-bribery and corruption laws and regulations

Companies conducting business primarily in Nigeria, like many emerging market economies, are exposed to a considerable level of criminal activity, fraud, bribery and corruption which constitute major barriers to doing business in Nigeria and hinders economic growth and social development. The Company has internal policies and procedures designed to assist its compliance with all applicable anti-bribery, corruption and money laundering laws in Nigeria. These policies and procedures specifically address facilitation payments, gifts and hospitality, engagement with public officials, political donations, lobbying and charitable donations. In addition, the Company has a whistle-blowing policy that encourages employees to report allegations of unethical practices or misconduct. The Company undertakes reviews of its internal compliance policies and procedures to ensure that they are effective, but they can give no assurance that such policies and procedures, even if enhanced, will be followed at all times by employees or will effectively detect and prevent all violations of the applicable laws and every instance of fraud, bribery, corruption or money laundering. The Company can also give no assurance that violations of applicable anti-bribery and corruption laws will not occur under the relevant applicable laws which may have material adverse consequences on its business, financial condition, results of operations and prospects. In addition, such violations could also negatively impact the Company's reputation and, consequently, its ability to win future business. Any such violation by the Company's competitors, if detected or undetected, could give them an unfair advantage when bidding for contracts. The consequences that the Company may suffer due to any of the foregoing could have a material adverse effect on its business, financial condition, results of operations and prospects.

Risks related to political instability, growing security challenges, religious and ethnic differences can cause disruption in the Company's productivity

The country is plagued by insurgency attacks in some northern states while battling militant attacks on oil pipelines and kidnapping episodes in some southern states. Amidst the setback caused by the global slide in oil prices which saw a considerable reduction in oil revenues to the economy, pipeline vandalism had further worsened the country's predicament by a decline in production as well as also a reduction in operations by major international companies in the region. The combined effect of these security challenges is the increased political instability and reduced confidence of foreign investors in the local economy. In recent times, there has been an increase in the frequency of kidnapping cases across the country, the sectarian conflicts in the Middle Belt; insurgence of Boko Haram activity in Northern Nigeria; and the general banditry/communal clashes crisis still contribute to the regions' security challenges.

The Company's rice business is currently domiciled in the Northern region of the Country and although no security issue has been faced by its plant yet, there is potential risk that if these insurgencies continue to rise, the Company's plant infrastructure might be at risk. The negative effects of such incidences on the nation's economy portend a negative impact on the Company and the industry in which it operates.

There are risks associated with the nation's political climate. Nigeria's diverse political, religious and ethnic landscape has led to struggles for power between rival groups, which have consistently hindered the smooth governance of the country. The continued criminal activity, unrest, political and religious conflicts in the country may lead to lower oil production, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy. Also, changes in government policies which affect the financial services landscape could impact on the Company's business. If the FGN is unable to address all these issues, these risks may persist and may adversely affect Nigeria's political and economic stability which may, in turn, further affect the Company's business, results of operation, and/or financial condition. Any adverse changes in the political, social, economic or other conditions in Nigeria or in neighbouring countries, could have a material adverse effect on the investments that the Company has made or may make in the future, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Covid-19 Pandemic

The Covid-19 outbreak had a disrupting effect on the Nigerian economy and adversely impacted the Company's business operations particularly in relation to supply chain disruptions, foreign exchange shortages, regulatory approvals, and slow-down in economic activities which had an impact on the disposable income of the Company's customers. The contraction in global economic activity has also constrained the economic recovery momentum which had been on a steady climb following the global recession experienced in 2016. The pandemic significantly reduced international trade and economic activity in Nigeria and has had an adverse effect on tourism, trade and investment in Nigeria in the short term.

In 2020, the major impact of Covid-19 on the Company's business was on its raw sugar shipment scheduling due to various delay factors which included logistics, regulatory restrictions and control process. The unprecedented events resulted in delays in delivery of materials. The effects of the Covid-19 pandemic affected the distribution of its products to customers. Despite the challenges faced by the Company, there has been no record of lockdown of any of the Company's factories/plants, while in full compliance with all Covid-19 guidelines, the Company is still able to continue productions and meet the needs of its customers. While the lockdown has since been lifted due in part to a need to stimulate economic activity, the threat from new variants of the Covid-19 virus as well as low vaccination rates means the FGN cannot rule out future restrictions which could impact on the Company's revenue.

These adverse consequences of the Covid-19 pandemic could also be long term and ultimately have a material adverse effect on the Company's business.

Climate change and the general weather-related risks on supply & prices

The Company operates in the food value chain, which unequivocally means that issues such as weather and climate change are potential risk factors. In instances of unexpectedly prolonged lack of rainfall (or delayed rainfall and/or irregular rainfall) and significant environmental pollution and degradation, arising from industrialization, supplies and prices will definitely be at risk. Climate change is expected to impact on agricultural development in Africa, with changing weather patterns, and increases in the volatility of crop yields. While the Company is exposed to these risks, climate change is largely out of the Company's control.

Volatility in the depreciation of the value of the Naira against other global currencies may negatively impact the Company's financial condition

The Company is exposed to currency risks and its financial performance is affected by changes in the value of the Naira against other currencies. Excluding its Rice Division, the Company imports about 90% of its raw materials and undertakes other foreign currency denominated transactions, subjecting its input costs and expenses to fluctuations in the exchange rate of the Naira against the United States Dollar in particular.

Over the last 19 months, the Naira has experienced two significant devaluation events, representing a cumulative 34% depreciation of the Naira against the United Stated Dollars. In March 2020, the CBN adjusted the official exchange rate from ₦306:USD1 to ₦360:USD1, effectively devaluing the currency by 18%, in order to mirror the exchange rate in the I & E window that was negatively impacted by the drastic fall in global oil prices as a result of increase in oil supply by Saudi Arabia and Russia, as well as, decreased global oil demand caused by the Covid-19 pandemic. In May 2021, the CBN removed the official exchange rate of ₦379:USD1 from its website, in a bid to unify Nigeria's foreign exchange rates; and effectively adopted the NAFEX rate as the official exchange rate for the Naira, which effectively devalued the currency by 8% to ₦410:USD1. This current turmoil in the exchange rate market is a challenge that all operators in the economy, especially in the real sector the Company operates, would have to face.

The Company is taking measures to mitigate the downside risk from the challenging exchange rate environment and the CBN's permission for BUA Foods to access foreign currency at official foreign exchange market rate for importation of sugar, provides a cushion to manage the Company's import cost. However, there can be no assurance that the official foreign exchange rate would remain at the current level and unfavourable movement in exchange rates or disruption in supply of foreign currencies or operations of the foreign exchange market may affect the Company's foreign currency transactions and have a negative impact on the Company's financial condition.

Rapid urbanisation rate across Nigeria's younger population

The trend of consistent movement of the youth population from rural settlements to towns and cities across Nigeria, in search of employment and better living standards, may affect the labour force available in more rural areas. BUA Foods' workforce is dependent on manpower from rural areas for its rice and sugar operations. Reduced labour coupled with manual / nonmechanized farming operations means that BUA Foods' outgrower farms are unable to meet the raw material demand for the increasing plant capacity envisaged by the Company. This may result in an increase to the Company's labour costs, in an effort to attract manpower.

2. RISK FACTORS GENERALLY FACING THE FOODS AND FMCG SECTOR IN NIGERIA

Changes in relevant and applicable Nigerian laws, regulations or policies could adversely affect the Company's business, financial condition, results of operations and prospects

Every facet of the Company's business including importations, advertising, taxation, relationships with distributors and retailers, health and safety issues, and environmental concerns are all covered by regulations. Any failure to adequately plan for regulatory changes or effects, as well as the need to comply with new or revised licensing requirements, trade and pricing practices, environmental permitting, or other food or safety matters, or new interpretations or enforcement of existing laws and regulations, could have a material negative impact on the Company's sales and profitability. There is no guarantee that the Company will not incur material or liability costs if it defaults.

The Company currently operates in 'safe-haven' businesses, with significant government/fiscal policy support, hence export/import restrictions are not current risks. However, the potential risk of significant policy changes, especially with change in government cycles, may arise. The Company's operations may be affected by unfavourable governmental trade policies and regulations in both Nigeria and countries from which it imports its raw materials. In addition, the SON requires flour producers to fortify flour produced with vitamins and micronutrients. Another requirement by the SON is the mandatory inclusion of a percentage of cassava flour in wheat flour in an attempt to create import substitution opportunities for cassava.

Non-compliance with established rules and regulations could adversely affect BUA Foods operations and financial performance

The FGN under the National Sugar Development Council established the NSMP to encourage and incentivise sugar refining companies in their backward integration program for local sugar production. In a circular by the CBN dated 16 July 2021, the Company was listed as one of the three companies who have made reasonable progress in achieving backward integration in the sector and is therefore allowed to import sugar into Nigeria. The Company's participation in the backward integration programme, allows the Company benefit from the concessionary tariff waivers for sugar importation. Hence, if the Company changes its disposition to promoting the policy, the Company may be at risk of losing its sugar importation quota, backward integration programme supports incentives, among others. On the other hand, where the Government elects to alter the NSMP which is an offshoot of the backward integration programme, this will also adversely affect the financial condition of the Company, as the Company will have to expend its cash flow on importation of sugar which is a major part of its operations.

This risk is owing to the fact that the Company, in 2021 had requested for its importation quota to be increased from the 2020 quota of 360,000 MT to a 600,000 MT Quota. Therefore, it is advisable that the company maintains its status as a beneficiary of the NSMP to preserve its privileges. In this light it is asserted that the requested 66.7% increase of its sugar importation quota and further possible proposals from the company on sugar production, is only viable where the status quo is maintained as regards the provisions of the policy and the conduct of parties involved.

Failure to comply with the existing framework of the NSMP could subject the Company to potential liabilities or result in the limitation or suspension of its production.

The Company's future growth may be limited by current and future antitrust and competition laws

Prior to the enactment of the FCCPA, the Nigerian competition law regime had been inadequate compared with its economy's size and complexity. It had not had a comprehensive law addressing anti-competitive trade practices like monopoly, price regulation and abuse of dominance.
The government previously had a monopoly over certain key sectors of the economy, such as telecommunications and electric power. After these were largely privatised, anti-competitive activities remained evident. These raised entry barriers, limited innovation, and reduced quality in the market. The FCCPC which is the primary regulator of consumer protection and competition in Nigeria was established and empowered to administer and enforce the FCCPA. It can also conduct quality tests on consumer goods as it deems necessary. It can compel makers and suppliers to certify that they have met all standards for goods and services and warn of any health hazards. These include commercial and government bodies or agencies.

In light of BUA's market share particularly in its Sugar Division, the Company may seek to expand its operations by entering into a commercial agreement with another entity in its industry. The Company may experience difficulties and delays in obtaining regulatory approvals for most of its corporate and operational actions due to enhanced competition impact assessments conducted by the FCCPC. This may prohibit the Company from introducing or otherwise adversely impact the time to market its promotional plans and its ability to make strategic or tactical acquisitions.

In addition, violation of competition laws and policies could expose the Company to regulatory enforcement action, including mandatory directives and financial penalties and have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Changes in existing FGN regulations to support local foods and consumer goods production

The FGN, mainly through the CBN, has taken a firm development finance position, through its use of various intervention funds. Some of these interventions, in the form of actual disbursements, include ₦121.57 billion Agribusiness/SME Investment Scheme (AGSMEIS), ₦318.17 billion Targeted Credit Facility, ₦923.41 billion Real Sector Facility. The impact of deploying such long-term funding in a timely manner signposts better financial planning and management by all players and attendant lowering their cost structure, which is beneficial to both the Company and its various stakeholders, especially consumers, in the long run. If the Company is no longer able to access funding for rice from the CBN's Real Sector Facility, it would reduce the Company's funding to purchase paddy rice and for capital investments in its rice division, which may reduce the Company's demand for paddy rice that could discourage paddy rice production by local farmers, ultimately impacting the Company's production prospects and financial expectation for its Rice Division.

In a circular dated 16 July 2021, the CBN exempted BUA Foods from the restriction on access to the official foreign exchange market for sugar importation. This exemption stems from BUA Food's progress in the backwards integration program initiated by the government as an importation substitution policy aimed at conserving foreign exchange, among other things. If BUA Foods' is removed from the list of companies able to access foreign currency at the official foreign exchange rates for sugar importation, it would have significant impact on the Company's ability to import which in turn negatively impacts its customer base as its customers may be forced to turn to other competitors. Furthermore, if the Company is unable to import sugar and consequently unable to make sales, it is likely to affect the Company's revenue over time.

3. RISK FACTORS ASSOCIATED WITH THE BUSINESS ACTIVITIES OF THE COMPANY'S OPERATIONS

The Company may be adversely affected by competition from other FMCG manufacturers in Nigeria

The Nigerian FMCG market is diversified and highly competitive with local and international companies competing with their brands and active route-to-market programmes. BUA Foods faces competition from local and international branded product manufacturers, who produce, promote and sell products under their own names or brands, and retailer brand manufacturers, who primarily produce products on behalf of local and international retailers, who in turn promote and sell the products under their own brand or label in the country and across BUA Foods' West African export markets.

Consumer pricing and value for money are critical measures that determine the popularity and demand for the Company's brands. BUA Foods' products compete with other brands on the basis of quality, price, availability and market demand. In addition, if the Company is unable to develop innovative products, this may result in the loss of market share to competitors who are able to do so. A loss of market share, or inability to maintain the Company's current market share, to a competitor would reduce the prevalence of the Company's brand in the market and negatively impact its earnings.

Unexpected business disruptions may jeopardize the Company's capacity to provide goods to its customers

The Company's products are daily-need consumables, with balanced consumption patterns across the country, which confer a form of guaranteed sustainable earnings to the Company. Weather, raw material shortages, natural disasters, fire or explosion, terrorism, generalized labour unrest, or health pandemics, all of which are difficult to predict or beyond the Company's control, could damage or disrupt the Company's operations, as well as the operations of its suppliers and manufacturers. If the Company is unable to respond to operational disruptions, it may be late or unable to deliver products to customers, as well as lose track of orders, inventories, receivables, and payables. Customers' trust in and long-term demand for its products may suffer if this happens.

Customer and supplier concentration could have a material adverse effect on its business

Due to the scale and scope of its business, the Company must rely on relationships with third parties, including suppliers, distributors, contractors, or external business partners, for certain functions. If the Company is unable to effectively manage its third-party relationships and the agreements under which third party partners operate, the Company's financial results could suffer. If the third-party retailers or wholesalers give higher priority to other brands, or purchase less of its products, or devote inadequate promotional support to the Company's products, it could have an adverse effect on the Company's business, results of operations and cash flows or financial condition.

In addition, the Company faces risks and costs associated with transfer of operations and the voluntary or involuntary replacement of major suppliers may impact the Company's business cost structures. Failure to replace any of the Company's major suppliers in a timely manner and on commercially reasonable terms, or at all, could have a material adverse effect on the Company's business, financial conditions, results of operations and prospects. If any of these critical relationships is terminated or a material supplier fails to provide key services or equipment and the Company is unable to reach suitable alternative arrangements in a timely manner and on commercially reasonable terms, or at all, the Company may experience significant additional costs or may not be able to provide certain services to customers, which could in turn have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Company may be affected by product liability claims or otherwise subject to adverse publicity

Sensitivity of its food products opens the Company to risk of food contamination resulting from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, and other agents, or residues introduced during the growing, storage, handling or transportation phases. In addition, any significant product liability claim against the Company could subject it to adverse publicity, disruption of operations and increased costs, as a result of such actions.

The Company's involvement in litigation and regulatory proceedings may adversely affect its reputation and potentially result in significant costs. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which the Company may become involved (or related settlements) may have a material adverse effect on BUA Foods' business, financial condition, results of operations and prospects. Significant legal proceedings and litigation by affiliated companies may also have a material adverse effect on BUA Foods share price performance once listed.

4. RISK FACTORS RELATING TO THE COMPANY'S ORDINARY SHARES AND LISTING OF ITS ORDINARY SHARES ON NGX

The requirements of being a listed company may strain the Company's resources

BUA Foods is not a listed Company and have not, historically, been subjected to the increased scrutiny of its affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, BUA Foods will incur significant legal, accounting, corporate governance and other expenses, that were not previously incurred as an unlisted private company. This includes costs of appointing three (3) additional independent directors to comply with the Board composition requirements for companies listed on the Main Board of the NGX. The Company would also be subject to the SEC's rules and regulations for listed public companies and must comply with other listing requirements of the NGX, which will require the Company to among other things, file audited annual and unaudited semi-annual financial statements with respect to its business and financial condition. If the Company experiences any delays, it may fail to satisfy its reporting obligations and / or the Company may not be able to readily determine and accordingly report any changes in its results of operations as promptly as other listed companies which may subject the Company to regulatory fines and sanctions, adversely affecting the financial position of the Company.

As a listed company, BUA Foods would need to maintain and improve the effectiveness of its disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures, internal control over financial reporting and additional compliance requirements for publicly traded companies in Nigeria. In order to maintain and improve the effectiveness of its disclosure controls and procedures and internal control, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect its business, prospects, financial condition, and results of operations.

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained

Prior to the Listing by Introduction, there has been no public trading market for the Ordinary Shares. Although the Company has applied to the NGX for the admission to its Daily Official List the 18,000,000,000 Ordinary Shares of ₦0.50 each representing the issued and fully paid Ordinary Shares of the Company, the Company can give no assurance that an active trading market for the Ordinary Shares will develop. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected.

Ordinary Shares in the Company may be subject to market price volatility and the market price of the Ordinary Shares in the Company may decline in response to a variety of factors

The market price of the Ordinary Shares may be volatile and subject to wide fluctuations. The market price of the Ordinary Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in this Risk Factors section); as well as period to period variations in operating results or changes in any revenue or profit estimates of the Company, the industry participants or financial analysts may issue in the future.

The market price of the Ordinary Shares may also be adversely impacted by the sale or divestment of the said shares by key shareholders in the Company. Furthermore, the value of the Ordinary Shares may be materially adversely affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to BUA Foods, speculation about BUA Foods or affiliated companies in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. The value of the Ordinary Shares may further be impacted by any public offering or capital raise undertaken by the Company in the future.

Any or all of these factors could result in material fluctuations in the price of Ordinary Shares, which could diminish shareholders' returns or lead to a total loss of their investment.

The Company cannot guarantee making dividend payments in the future

There can be no assurance as to the level or frequency of any future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, among other things, the economic conditions in Nigeria, foreign exchange conditions and the position taken by the Company's regulators, as well as the Company's earnings, financial position, cash requirements and availability of profits and distributable reserves. If the Company's cash flow underperforms, its capacity to pay a dividend will be impacted negatively.

There will be transaction costs on the sale of Ordinary Shares

Upon the conclusion of the Listing of the Ordinary Shares, the Ordinary shares may be traded on the floor of NGX in the same way as other companies' shares may be traded on NGX upon payment of the customary fees and charges, which would include a brokerage commission, commission on the fees payable to NGX, CSCS and the SEC, including, VAT and stamp duties. Shareholders are advised to inquire as to the current level of all such transaction costs before incurring them.

The **issuance of additional Ordinary Shares in the Company or any share incentive or share option plans or otherwise may dilute all other shareholdings**

The Company may seek to raise equity financing to fund future acquisitions and other growth opportunities, invest in its business or for general corporate purposes. The Company may issue additional equity or convertible equity securities for these and other purposes, including in connection with employee share plans or as consideration for any potential future acquisitions. As a result, existing holders of Ordinary Shares may suffer dilution in their percentage ownership, or the market price of the Ordinary Shares may be materially adversely affected.

Investing in securities of emerging market issuers generally involves a higher degree of risk than investing in more developed markets

Investing in securities of emerging market issuers, such as Nigerian issuers, generally involves a higher degree of risk than investments in securities of issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and limited liquidity in respect of the Ordinary Shares, political risk, social unrest, inflation, currency volatility, instability in neighbouring countries, corruption, low per capita customer purchasing power, a narrow export base, budget deficits, delays in reform and transformation agendas, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Any such risks may adversely impact Nigeria's economy.

Although significant progress has been made in reforming Nigeria's economy and its political and judicial systems since the Constitution of the Federal Republic of Nigeria 1999 (as amended) came into effect and a democratically-elected government was sworn-in in 1999, Nigeria is still in the process of developing the necessary infrastructure, regulatory and judicial framework that is essential to support market institutions and broad-based social and economic reforms.

Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than permissible in other developed markets. Generally, investment by investors from mature markets in securities of issuers in emerging markets, such as Nigeria, is only suitable for sophisticated investors who fully appreciate the significance of risks involved in, and are familiar with, investing in emerging markets and investors are urged to consult their own legal, tax and financial advisers before making an investment. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set out in this Listing Memorandum may become outdated relatively quickly.

Shareholders may be subject to exchange rate risk

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in Naira. An investment by an investor whose principal currency is not Naira exposes the investor to foreign currency exchange rate risk. Any depreciation of Naira in relation to such foreign currency will reduce the value, in foreign currency terms, of the investment in the Ordinary Shares or any dividends.

1. BUA SUGAR REFINERY LIMITED (NOW BUA FOODS PLC) – HISTORICAL AUDITED FINANCIAL STATEMENTS PRIOR TO THE RESTRUCTURING

(i) AUDITED HISTORICAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND THE YEARS ENDED 31 DECEMBER 2016 – 2020

		H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	Note	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Revenue from contracts with customers	5a	51,591,457	98,352,683	83,689,564	71,419,245	68,924,552	68,913,395
Cost of sales	6a	(34,540,219)	(65,129,116)	(58,712,802)	(52,550,255)	(47,033,437)	(45,761,619)
Gross profit		**17,051,238**	**33,223,567**	**24,976,762**	**18,868,990**	**21,891,115**	**23,151,776**
Administrative expenses	6a	(1,730,969)	(4,636,660)	(3,276,194)	(3,894,009)	(3,734,453)	(10,430,871)
Net impairment write back/(loss) on financial assets	6c	2,718,751	525,528	(2,639,968)	(2,551,256)	-	-
Selling and distribution expenses	6a	(996,239)	(3,279,139)	(2,854,330)	(1,907,343)	(527,531)	(744,321)
Other income/(expenses)	7	766,127	1,530,191	(60,643)	12,919	7,791	11,320
Operating profit		**17,808,908**	**27,363,487**	**16,145,627**	**10,529,301**	**17,636,922**	**11,987,904**
Finance income	8	-	30,999	31	185	8,095	1,248
Finance cost	8	(3,839,825)	(4,627,041)	(5,059,000)	(4,638,117)	(6,213,174)	(4,882,081)
Finance costs - net	8	(3,839,825)	(4,596,042)	(5,058,969)	(4,637,932)	(6,205,079)	(4,880,833)
Minimum tax charge	9a	(131,420)	(245,882)	(418,821)	-	-	-
Profit before tax		**13,837,663**	**22,521,563**	**10,667,837**	**5,891,369**	**11,431,843**	**7,107,071**
Income tax expense	9a	(4,535,077)	(6,257,557)	(1,615,163)	(2,242,609)	(3,888,179)	(2,329,917)
Profit after tax		**9,302,586**	**16,264,006**	**9,052,674**	**3,648,760**	**7,543,664**	**4,777,154**
Total comprehensive income for the year		**9,302,586**	**16,264,006**	**9,052,674**	**3,648,760**	**7,543,664**	**4,777,154**
Earnings per share Company							
Basic and diluted earnings per share (EPS) (Naira)	18	465.13	813.20	452.63	182.44	377.18	238.86

(ii) AUDITED HISTORICAL STATEMENT OF FINANCIAL POSITION

SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND THE YEARS ENDED 31 DECEMBER 2016 – 2020

		H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	Note	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Non-current assets							
Property, plant and equipment	10	90,923,328	92,073,761	94,614,402	95,185,744	94,923,636	94,056,092
Right-of-use assets	11	2,120	5,609	42,594	-	-	-
Total non-current assets		**90,925,448**	**92,079,370**	**94,656,996**	**95,185,744**	**94,923,636**	**94,056,092**
Current assets							
Inventories	12	10,948,093	7,796,645	8,812,151	6,116,581	15,739,372	8,650,501
Trade and other receivables	13	7,073,765	16,044,579	2,483,310	2,463,611	1,686,109	3,678,378
Due from related parties	21c	208,312,057	194,083,723	145,727,427	132,013,770	106,580,739	74,350,963
Cash and cash equivalents	14	19,014,925	17,608,533	7,228,104	5,035,169	6,405,188	4,741,356
Total current assets		**245,348,840**	**235,533,480**	**164,250,992**	**145,629,131**	**130,411,408**	**91,421,198**
Total assets		**336,274,288**	**327,612,850**	**258,907,988**	**240,814,875**	**225,335,044**	**185,477,290**
Liabilities							
Non-current liabilities							
Borrowings		-	-	-	-	-	11,418,750
Deposit for shares	21b	32,169,923	32,169,923	32,169,923	32,169,923	32,169,923	32,169,923
Deferred tax liabilities	9c	13,031,658	8,776,686	3,038,925	1,756,597	3,871,417	767,404
Lease liabilities	11b	-	-	14,284	-	-	-
Total non-current liabilities		**45,201,581**	**40,946,609**	**35,223,132**	**33,926,520**	**36,041,340**	**44,356,077**
Current liabilities							
Bank overdraft	14	9,497,495	9,466,442	6,730,328	6,753,817	2,206,894	6,812,599
Borrowings	15	104,998,438	124,403,218	98,538,802	85,994,604	79,508,384	25,331,538
Trade and other payables	16	20,093,872	19,379,684	14,952,605	12,375,942	10,565,757	12,061,207
Contract liabilities	5b	28,326,182	14,904,486	1,937,053	1,386,383	-	-
Due to related parties		-	-	-	8,560,343	9,081,601	17,249,440
Current income tax payable	9b	6,072,795	5,731,087	5,025,483	4,392,578	1,465,982	745,006
Lease liabilities	11b	39,973	39,958	23,225	-	-	-
Total current liabilities		**169,028,755**	**173,924,875**	**127,207,496**	**119,463,667**	**102,828,618**	**62,199,790**
Total liabilities		**214,230,336**	**214,871,484**	**162,430,628**	**153,390,187**	**138,869,958**	**106,555,867**
Equity							
Ordinary share capital	17	20,000	20,000	20,000	20,000	20,000	20,000
Retained earnings		122,023,952	112,721,366	96,457,360	87,404,688	86,445,086	78,901,423
Total equity		**122,043,952**	**112,741,366**	**96,477,360**	**87,424,688**	**86,465,086**	**78,921,423**
Total equity and liabilities		**336,274,288**	**327,612,850**	**258,907,988**	**240,814,875**	**225,335,044**	**185,477,290**

(iii) AUDITED HISTORICAL STATEMENT OF CHANGES IN EQUITY

SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND THE YEARS ENDED 31 DECEMBER 2016 – 2020

		Share capital	Retained earnings	Total
	Note	N'000	N'000	N'000
Balance at 1 January 2016		**20,000**	**74,124,268**	**74,144,268**
Total comprehensive income for the year		-	4,777,154	4,777,154
Balance at 31 December 2016		**20,000**	**78,901,422**	**78,921,422**
Balance at 1 January 2017		**20,000**	**78,901,422**	**78,921,422**
Total comprehensive income for the year		-	7,543,664	7,543,664
Balance at 31 December 2017		**20,000**	**86,445,086**	**86,465,086**
Balance at 1 January 2018		**20,000**	**86,445,086**	**86,465,086**
Impact of IFRS 9 adoption (net of tax)		-	(2,689,159)	(2,689,159)
Balance at 1 January 2018 (as restated)		20,000	83,755,927	83,775,927
Total comprehensive income for the year		-	3,648,759	3,648,759
Balance at 31 December 2018		**20,000**	**87,404,686**	**87,424,686**
Balance at 1 January 2019		**20,000**	**87,404,686**	**87,424,686**
Total comprehensive income for the year		-	9,052,674	9,052,674
Balance at 31 December 2019		**20,000**	**96,457,360**	**96,477,360**
Balance at 1 January 2020		**20,000**	**96,457,360**	**96,477,360**
Profit for the period		-	16,264,006	16,264,006
Balance at 31 December 2020		**20,000**	**112,721,366**	**112,741,366**
Balance at 1 January 2021, as previously reported		**20,000**	**112,721,366**	**112,741,366**
Profit for the period		-	9,302,586	9,302,586
Balance at 30 June 2021		**20,000**	**122,023,952**	**122,043,952**

(iv) AUDITED HISTORICAL STATEMENT OF CASH FLOWS

SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND THE YEARS ENDED 31 DECEMBER 2016 – 2020

		H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	Note	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash flows from operating activities							
Cash (used in)/generated from operations	19	26,080,749	(10,151,840)	2,664,183	1,423,789	(25,359,725)	26,656,982
Tax paid	9b	(69,816)	(60,075)	(118,750)	(165,348)	(63,191)	(30,498)
Net cash (used in)/generated from operating activities		**26,010,933**	**(10,211,915)**	**2,545,433**	**1,258,441**	**(25,422,916)**	**26,626,484**
Cash flows from investing activities							
Purchase of property, plant and equipment	10	(19,284)	(86,628)	(1,725,369)	(3,197,339)	(2,456,455)	(2,017,004)
Interest received	8	-	30,999	31	185	8,095	1,248
Net cash used in investing activities		**(19,284)**	**(55,629)**	**(1,725,338)**	**(3,197,154)**	**(2,448,360)**	**(2,015,756)**
Cash flows from financing activities							
Proceed from borrowings	15c	95,157,229	102,732,002	98,892,298	108,253,441	123,239,824	39,526,196
Repayment of borrowings	15c	116,190,320)	(78,438,177)	(87,183,193)	(103,212,240)	(82,885,837)	(61,678,425)
Finance costs paid	8b	(3,583,219)	(6,381,966)	(10,250,480)	(9,019,429)	(6,213,174)	(4,882,081)
Payment of lease liabilities	11b	-	-	(62,296)	-	-	-
Net cash generated from financing activities		**(24,616,310)**	**17,911,859**	**1,396,329**	**(3,978,229)**	**34,140,813**	**(27,034,310)**
Net increase in cash and cash equivalents		1,375,339	7,644,315	2,216,424	(5,916,942)	6,269,537	(2,423,582)
Cash and cash equivalents at the beginning of the year		8,142,091	497,776	(1,718,648)	4,198,294	(2,071,243)	352,339
Cash and cash equivalents at the end of the period	**14b**	**9,517,430**	**8,142,091**	**497,776**	**(1,718,648)**	**4,198,294**	**(2,071,243)**

BUA SUGAR REFINERY LIMITED (NOW BUA FOODS PLC) - NOTES TO THE AUDITED HISTORICAL FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 AND THE YEARS ENDED 2016 – 2020

1. GENERAL INFORMATION

BUA Sugar Refinery Limited ("the Company ") is a private limited company, which is incorporated and domiciled in Nigeria. The address of its registered office is 22B, Creek Road, Apapa Lagos. The majority shareholder of the Company Abdulsamadu Rabiu, CON who is also the Chairman of the Board of Directors ("the Chairman"), is the ultimate owner of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These financial statements are the stand-alone financial statements of the Company.

The financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and the International Accounting Standards (IAS 34) 'Interim Financial Reporting'. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires directors to exercise judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The 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 have been prepared using a rounding level of N1,000.

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 statements of financial position date.

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 following standards and amendments for the first time in the annual reporting period commencing 1 January 2021.

2018-2020 Annual improvements to IFRS Standards - IFRS 9 (effective for reporting periods on or after 1, January 2022)

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an 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.

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 period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

Amendments to IAS$_1$, Presentation of financial statements on classification of liabilities (effective for reporting periods beginning on or after 1 January 2023))

The amendments issued by the IASB on January 23, 2020 impact only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendment also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted. The Company will apply the classification amendments to financial liabilities with the "right" to defer settlement by at least twelve months as at the end of the annual reporting period in which it will first apply the amendment. The Company does not expect this will result in a material impact on its financial statements.

Amendments to IFRS 3, Business combinations (effective for reporting periods beginning on or after 1, January 2022)

The amendments issued on May 14, 2020 by the IASB was designed to update the conceptual framework reference in IFRS 3. Previously, the standard referenced the 1989 conceptual framework which had conflicting definitions for "assets" and "liabilities" in comparison with the 2018 conceptual framework. Paragraph 11 of IFRS 3 has been updated to reference the 2018 conceptual framework, without significantly changing the requirements of IFRS 3. This amendment eliminates the possibility of recognising day 2 gains or losses post-acquisition for already recognised balances.

The amendments also clarify that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted, provided the Company also applies the updated Conceptual Framework on or before the date it first applies the amendments to IFRS 3. The Company does not expect this will result in a material impact on its financial statements.

Amendments to IAS 16, Property, plant and equipment - proceeds before intended use (effective for reporting periods beginning on or after 1 January 2022)

The amendments issued on May 14, 2020 by the IASB addresses the accounting treatment for proceeds generated from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The standard was revised to prohibit 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 cost of producing those items, in profit or loss.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets - "Onerous contracts - cost of fulfilling a contract" (effective for reporting periods beginning on or after 1 January 2022)

The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives do not need to be restated.

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2. SEGMENT INFORMATION

The Company's primary segment reporting is by business segment. It operates predominantly in only one business segment which is the refining of imported and locally sourced raw sugar as well as sale of refined sugar. The Company only operates in one geographical segment. Information relating to both the business and geographic segments has been presented in these financial statements.

2.3. FOREIGN CURRENCY

a) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of BUA Sugar Refinery Limited is the Nigerian Naira (N).

b) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the foreign exchange gain in profit or loss.

2.4. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are stated at historical cost less depreciation. 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 recognized 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. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

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)
Buildings	50
Plant and machinery	15-50
Furniture and fittings	8
Motor vehicles	8
Trucks	5
Office equipment	5
Capital work-in-progress	Nil

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. Residual values have been identified as 5% of the cost of plant and machinery and motor vehicles. However, the residual values for all other assets have been estimated to be zero.

In the case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as an expense in profit or loss.

Gains and losses on disposal of property, plant and equipment are determined by the difference between the sales proceeds and the carrying amount of the asset. These gains and losses are included in profit or loss.

Interest costs on borrowings specifically used to finance the acquisition of property, plant and equipment are capitalized during the period of time required to prepare and substantially complete the asset for its intended use. Other borrowing costs are recorded in the profit or loss as expenses.

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 recognized 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

a) 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 cash flow 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.

The business models applied to assess the classification of the financial assets held by the Company are:

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 include: trade and other receivables, due from related parties and cash and cash equivalents. They are included in current assets, except for 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, due to related parties and borrowings.

b) 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 for trade receivables while the general (three-stage) approach is applied to other receivables 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 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 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 stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the cash recovery ratio of the counterparties. The EAD is the total amount outstanding at the reporting period. These three components are multiplied together and adjusted for forward-looking information, such as the gross domestic product (GDP) in Nigeria and inflation, 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.

c) SIGNIFICANT INCREASE IN CREDIT RISK AND DEFAULT DEFINITION

The Company assesses the credit risk of its financial assets based on the information obtained during a 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 a significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

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.

d) 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.

e) 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 of raw materials and other costs incurred in bringing each product to its present location and condition are accounted for, on a weighted average cost basis. The cost of finished goods includes all direct costs relating to the production of these items. Finished goods are valued at weighted average cost.

The cost of engineering spares and raw materials is determined using the weighted-average method.

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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

2.9. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

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 and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

2.10. BORROWINGS

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently measured at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

BORROWING COST

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 a time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.11. TRADE PAYABLES

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

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.12. CURRENT AND DEFERRED INCOME TAX

The income tax for the period comprises current, tertiary education and deferred taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is recognized in other comprehensive income or directly in equity, respectively.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized 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 realized. 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.

2.13. EMPLOYEE BENEFITS

Pension scheme

Defined contribution scheme

The Company operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme is funded by 8% contribution from employees and 10% contribution from the employer of the employee's basic, housing and transport allowances.

2.14. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Company's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after:

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

The probability that a customer would make payment is ascertained based on the evaluation done on the customer 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.

Revenue from sale of sugar is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are applied immediately on sale and are all utilized within a reporting period. Returns on goods are estimated at the inception of the contract except where a reasonable estimate cannot be made. In these instances, the returns are accounted for when they occur.

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 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.

2.15. 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, houses and warehouses). The lease terms are typically for fixed periods ranging from 1 years 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 at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. 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.

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.

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

Extension and termination options

Extension and termination options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Company.

Rental income

Rental income from leases is recognised on a straight-line basis over the lease term. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income

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 minimize 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"). The Board provides written 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 minimize 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. The Treasury Manager identifies and monitors financial risks. 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 trade and other receivables, due from related parties, cash and cash equivalents, trade and other payables, due to related parties, bank overdraft and borrowings.

a) MARKET RISK

i. *Foreign exchange risk*

The Company is exposed to foreign exchange risks from some of its commercial transactions. The Company obtained a USD 150 million credit facility from Standard Chartered Bank, London and a group of international, local and regional institutions for 54 months from July 2015, inclusive of 18 months moratorium. Of this amount, the first and second tranche of USD 45 million has been drawn down with USD 2.153 million outstanding as at June 2021

The table below shows the impact on the Company's profit and equity if the exchange rate between the US Dollar (USD) on the Nigerian Naira had increased or decreased by 5%, with all other variables held constant.

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Effect of 5% increase in USD exchange rate	(3,240,418)	(4,690,818)	(2,322,831)	(2,164,066)	(616,558)	(686,193)
Effect of 5% decrease in USD exchange rate	3,240,418	4,690,818	2,322,831	2,164,066	616,558	686,193

At 30 June 2021, if the currency had weakened or strengthened by 5% against the USD with all the variables held constant, pre-tax profit for the year would have been N3.240 billion (2020: N4.690 billion) lower or higher, mainly as a result of foreign exchange gains or losses on translation of USD denominated current, non-current borrowings and related parties balances.

ii. *Price risk*

The Company is not exposed to price risk as it does not hold any equity instrument.

iii. *Interest rate risk*

The Company's interest rate risk arises from current and non-current borrowings. Borrowings are issued at floating rates. This exposes the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. The Company's policy on managing interest rate risk is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits.

The Company took out a long term loan of USD45 million from Standard Chartered Bank Nigeria Limited for 54 months with effect from July 2015 (inclusive of 18 months moratorium). This loan still remains outstanding as at 30 June 2021.

Other borrowings include:

- N5 billion obtained from Rand Merchant Bank Nigeria Limited for a period of 48 months with effect from September 2017 (inclusive of 16 months moratorium) at an interest of 17.5% per annum.
- N10 billion obtained from Union Bank Plc for a period of 72 months with effect from 18 September 2018 (inclusive of 24 months moratorium) at an interest of 21% per annum.

The table below shows the impact on the Company's net assets if interest rates on current and non-current term borrowings increased or decreased by 5%, with all other variables held constant, mainly as a result of higher or lower interest expense on borrowings

Borrowings	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Effect 5% increase in interest rates	(17,306)	(4,057)	(9,578)	(27,308)	(40,539)	(51,099)
Effect 5% decrease in interest rates	17,306	4,057	9,578	27,308	40,539	51,099

At 30 June 2021, if the interest rates had increased or decreased by 5% currency with all the variables held constant, pre-tax profit for the year would have been N17.3 million (2020: N4.1 million) lower or higher.

b) 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 receivables from related parties.

The Company uses policies to ensure that sales 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. At the year end, the Company considered that there were minimal credit risks. All trade receivables are current.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. None of the counterparties renegotiated their terms in the reporting period.

The maximum exposure to credit risk for trade receivables approximates the amount recognized on the statement of financial position. The Company does not hold any collateral as security.

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

6 month period ended 30 June 2021					
Financial assets:	**Neither past due nor impaired**	**Less than 90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 13)	1,321,417	626,989	89,486	465,583	2,503,475
Due from related parties (Note 21)	213,391,013	-	-	-	213,391,013
Cash and cash equivalents (Note 14)	19,014,925	-	-	-	19,014,925
	233,727,355	**626,989**	**89,486**	**465,583**	**234,909,413**

At 31 December 2020					
Financial assets:	**Neither past due nor impaired**	**Less than 90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 13)	747,567	244,583	236,466	70,474	1,299,090
Due from related parties (Note 21)	202,378,806	-	-	-	202,378,806
Cash and cash equivalents (Note 14)	17,608,533	-	-	-	17,608,533
	220,734,906	**244,583**	**236,466**	**70,474**	**221,286,429**

At 31 December 2019					
Financial assets:	**Neither past due nor impaired**	**Less than 90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 13)	2,079,304	20,691	167,171	-	2,267,166
Due from related parties (Note 21)	154,755,773	-	-	-	154,755,773
Cash and cash equivalents (Note 14)	7,228,104	-	-	-	7,228,104
	164,063,181	**20,691**	**167,171**	**-**	**164,063,181**

At 31 December 2018					
Financial assets:	**Neither past due nor impaired**	**Less than 90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 13)	2,348,652	-	9,667	97,463	2,455,782
Due from related parties (Note 21)	138,460,332	-	-	-	138,460,332
Cash and cash equivalents (Note 14)	5,035,169	-	-	-	5,035,169
	145,844,153	**-**	**9,667**	**97,463**	**145,951,283**

At 31 December 2017					
Financial assets:	**Neither past due nor impaired**	**Less than 90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 13)	-	1,115,096		93,135	1,208,231
Due from related parties (Note 21)	106,580,739	-	-	-	106,580,739
Cash and cash equivalents (Note 14)	6,405,188	-	-	-	6,405,188
	112,985,927	**1,115,096**	**-**	**93,135**	**114,194,158**

At 31 December 2016					
Financial assets:	**Neither past due nor impaired**	**Less than 90 days**	**91 - 365 days**	**Over 365 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other receivables (Note 13)	-	406,607	223,101	58,319	688,027
Due from related parties (Note 21)	74,350,963	-	-	-	74,350,963
Cash and cash equivalents (Note 14)	4,741,356	-	-	-	4,741,356
	79,092,319	**406,607**	**223,101**	**58,319**	**79,780,346**

Credit quality of cash and cash equivalents

An analysis of the international long term credit ratings of counterparties where cash and short-term deposits are held is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Credit rating	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
A	7,717	-	-	-	-	-
A-	-	-	826,253	-	-	-
A+	5,364,660	7,796,416	-	-	1,678,845	604,322
AA	145,306	867,299	29,113	-	-	-
AA-	141,297	-	730,733	3,854,823	4,272,772	2,779,080
AAA	23,921	73,075	-	-	-	-
B+	-	-	3,254,637	228,683	258,511	399,768
B	-	-	-	338,928	192,918	936,745
BBB	2,776,786	7,945,282	-	-	-	-
BBB+	2,604,579	-	1,248,093	-	-	-
BBB-	-	792,736	987,379	-	-	-
Not Rated (NR)	7,950,659	133,724	151,896	16,982	2,142	21,441
	19,014,925	**17,608,532**	**7,228,104**	**4,439,416**	**6,405,188**	**4,741,356**

Credit rating keys

A - High credit quality relative to other issuers or obligations in the same country. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

AA - Very high credit quality relative to other issuers or obligations in the same country. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.

B - A financial institution where financial condition is weak but obligations are still being met as and when they fall due. It has more than one weakness and may require external support , which, may not be assured. Adverse changes in the environment (macro-economic, political and regulatory) will increase risk significantly.

BBB - Adequate protection factors relative to other issuers or obligations in the same country. However, there is considerable variability in risk during economic cycles.

NR- No rating available.

A + (plus) or – (minus) may be added to a rating. A plus added to a rating indicates that the rating may be raised. A minus means that the rating may be lowered. When no plus or minus is added to the rating, this means that the rating is unlikely to change. A positive or negative added to a rating is therefore a reflection of the rating outlook.

The credit ratings were sourced from Fitch Ratings Inc. and Global Credit Rating Company Limited.

c) 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 to operational needs at all times so that the Company does not breach borrowing limits on any of its borrowing facilities. 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 N19 billion (2020: N17.6 billion) in current account

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.

6 month period ended 30 June 2021	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Total Undiscounted N'000
Financial liabilities:				
Bank overdraft (Note 14)	9,497,495	-	-	9,497,495
Trade and other payables (Note 16)**	5,807,598	-	-	5,807,598
Borrowings (Note 15a)	104,998,438	-	-	104,998,438
Lease liabilities (Note 11)	39,973	-	-	39,973
	120,343,504	**-**	**-**	**120,343,504**

At 31 December 2020	Less than Less than 1 year	Between 1 Between 1 and 2 years	Between 2 Between 2 and 5 years	Total Total Undiscounted
Financial liabilities:	**N'000**	**N'000**	**N'000**	**N'000**
Bank overdraft (Note 14)	9,466,442	-	-	9,466,442
Trade and other payables (Note 16)**	6,421,712	-	-	6,421,712
Borrowings (Note 15a)	124,403,216	-	-	124,403,216
Lease liabilities (Note 11)	39,958	-	-	39,958
	140,331,328	**-**	**-**	**140,331,328**

At 31 December 2019	Less than Less than 1 year	Between 1 Between 1 and 2 years	Between 2 Between 2 and 5 years	Total Total Undiscounted
	N'000	**N'000**	**N'000**	**N'000**
Financial liabilities:				
Bank overdraft (Note 14)	6,730,328	-	-	6,730,328
Trade and other payables (Note 16)**	2,087,219	-	-	2,087,219
Borrowings	98,538,802	-	-	98,538,802
Lease liabilities	37,125	384	-	37,509
	107,393,474	**384**	**-**	**107,393,858**

At 31 December 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total Undiscounted
	N'000	**N'000**	**N'000**	**N'000**
Financial liabilities:				
Bank overdraft (Note 14)	6,753,817	-	-	6,753,817
Trade and other payables (Note 16)**	1,918,044	-	-	1,918,044
Due to related parties (Note 21)	8,560,342	-	-	8,560,342
Borrowings	86,315,888	-	-	86,315,888
Lease liabilities	-	-	-	-
	103,548,091	**-**	**-**	**103,548,091**

At 31 December 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total Undiscounted
	N'000	N'000	N'000	N'000
Financial liabilities:				
Bank overdraft (Note 14)	2,206,894			2,206,894
Trade and other payables (Note 16)	2,165,879			2,165,879
Due to related parties (Note 21)	9,081,601			9,081,601
Borrowings	78,757,079			78,757,079
	92,211,453			**92,211,453**

At 31 December 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total Undiscounted
	N'000	N'000	N'000	N'000
Financial liabilities:				
Bank overdraft	6,812,599			6,812,599
Trade payables and other (Note 15)	1,343,166			1,343,166
Due to related parties (Note 22)	17,249,440			17,249,440
Borrowings (Note 14)	25,331,538	3,413,761	7,516,854	36,262,154
	50,736,744	**3,413,761**	**7,516,854**	**61,667,359**

**Value added tax (VAT), Withholding tax (WHT), prepayment, accrued expenses and other statutory related items are not included as part of financial instruments.

3.2. FAIR VALUE ESTIMATION

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

3.3. FAIR VALUE HIERARCHY

The Company adopted the amendment to IFRS 13, effective 1 January 2013. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

3.4. FINANCIAL INSTRUMENTS BY CATEGORY

	H1 2021		FY2020		FY2019		FY2018		FY2017		2016	
	Financial assets Amortised cost	Financial assets Amortised cost	Financial assets Amortised cost	Financial liabilities Amortised cost	Financial assets Amortised cost	Financial liabilities Amortised cost	Financial assets Amortised cost	Financial liabilities Amortised cost	Financial assets Loans and receivables	Financial liabilities Amortized Cost	Financial assets Loans and receivables	Financial liabilities Amortized Cost
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets												
Trade and other receivables (Note 13)	2,503,475	-	1,299,090	-	2,267,167	-	2,455,782	-	1,208,231	-	688,027	-
Due from related parties (Note 21c)	208,312,057	-	194,083,723	-	145,727,427		132,013,770		106,580,739		74,350,963	
Cash and cash equivalents (Note 14)	19,014,925	-	17,608,533	-	7,228,104	-	5,035,169	-	6,405,188	-	4,741,356	-
Financial liabilities												
Bank overdraft (Note 14)	-	9,497,495	-	9,466,442		6,730,328		6,753,817		2,206,894		6,812,599
Trade and other payables (Note 16)	-	5,807,598	-	6,421,712	-	2,087,219	-	1,918,044	-	2,165,879	-	1,343,166
Due to related parties	-	0						8,560,342		9,081,601		17,249,440
Borrowings (Note 15)	-	104,998,438	-	124,403,218	-	98,538,802	-	85,994,604	-	79,508,384	-	36,750,288
	229,830,457	120,303,531	**212,991,346**	**140,291,372**	**155,222,698**	**107,356,349**	**139,504,721**	**103,226,807**	**114,194,158**	**92,962,758**	**79,780,346**	**62,155,494**

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 maximize 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.

Consistent with others in the industry, the Company monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (comprising bank overdraft, current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position.

The gearing ratios as at 30 June 2021 and the years ended 31 December 2016 - 2020 are as follows:

	H1'2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Net debt (Note 15d)	(95,481,008)	(116,261,127)	(98,041,026)	153,390,187	138,869,958	106,555,867
Total equity	122,043,952	112,741,366	96,477,360	87,424,688	86,465,086	78,921,423
Gearing ratio	**(78%)**	**(103%)**	**(102%)**	**175%**	**161%**	**135%**

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.

4.1.1. PLANT AND MACHINERY

Plant and machinery is depreciated over its useful life. The Company estimates the useful lives of plant and machinery 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 of the plant and machinery would increase expenses and decrease the value of non-current assets.

4.1.2. LEASES - 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.

4.1.3. 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 2.6.

Sensitivity of estimates used in IFRS 9 ECL

Estimation uncertainty in measuring impairment loss

In establishing sensitivity to ECL estimates for trade receivables and related parties receivables, three variables (GDP growth rate, exchange rate, and Inflation rate) were considered. Of these variables, the Company's receivables portfolio reflects greater responsiveness to GDP growth rate and inflation rate.

i. Trade receivables

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. Changes to these methods, assumptions and estimates may result in material adjustments to the carrying amounts of the Company's financial assets.

Expected cash flow recoverable:
The table below demonstrates the sensitivity to a 10% change in the expected cash flows from trade receivables, with all other variables held constant:

	Effect on profit before tax		
	FY2020	FY2019	FY2018
	N'000	N'000	N'000
Increase/decrease in estimated cash flows			
+10%	41,348	20,575	15,369
-10%	(41,348)	(20,575)	(15,369)

Forward looking macro-economic variables:
This table shows the sensitivity of the expected credit loss to an inverse and positive change to each forward-looking macro variables, with all other variables held constant:

		2020 Effect on expected credit loss		
		Brent Oil Price		
		-10%	Held constant	+10%
		N'000	N'000	N'000
	+10%	4,535	14,413	24,291
Inflation rate	Held constant	(9,878)	-	9,878
	-10%	(24,291)	(14,413)	(4,535)

		2019 Effect on expected credit loss		
		Brent Oil Price		
		-10%	Held constant	+10%
		N'000	N'000	N'000
	+10%	6,717	4,281	1,546
Inflation rate	Held constant	2,735	-	(2,735)
	-10%	(1,546)	(4,281)	(7,017)

		2018 Effect on expected credit loss		
		GDP growth rate		
		-10%	Held constant	+10%
		N'000	N'000	N'000
	+10%	2,970	2,352	1,734
Inflation rate	Held constant	618	-	(618)
	-10%	(1,734)	(2,352)	(2,970)

Related party receivables

The table below demonstrates the sensitivity to movements in the following inputs for related parties receivables with all other variables held constant:

Probability of default (PD)

Increase/decrease in probability of default	**Effect on profit before tax**		
	FY2020	**FY2019**	**FY2018**
	N'000	**N'000**	**N'000**
+10%	(445,459)	(902,834)	(1,033,092)
-10%	445,459	902,834	1,033,092

Loss given default (LGD)	**Effect on profit before tax**		
	FY2020	**FY2019**	**FY2018**
	N'000	**N'000**	**N'000**
Increase/decrease in loss given default			
+10%	(1,137,507)	(899,193)	-
-10%	1,137,507	899,193	(1,025,579)

Forward looking macroeconomic indicators		**2020 Effect on expected credit loss Brent Oil Price**		
		-10%	**Held constant**	**+10%**
		N'000	**N'000**	**N'000**
Inflation rate	+10%	(450,209)	(846,760)	(1,243,311)
	Held constant	396,551	-	(396,551)
	-10%	1,243,311	846,760	450,209

		2019 Effect on expected credit loss Brent Oil Price		
		-10%	**Held constant**	**+10%**
		N'000	**N'000**	**N'000**
Inflation rate	+10%	(147,341)	(293,989)	(440,637)
	Held constant	146,648	-	(146,648)
	-10%	440,637	293,989	147,341

		2018 Effect on expected credit loss GDP growth rate		
		-10%	**Held constant**	**+10%**
		N'000	**N'000**	**N'000**
Inflation rate	+10%	634,872	504,388	373,699
	Held constant	131,058	-	(131,194)
	-10%	(374,782)	(506,366)	638,086

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

a) Disaggregation of revenue from contracts with customer

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

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Sales - Sugar (Non-fortified)	36,201,363	30,310,662	20,913,375	12,921,663	3,489,017	3,198,726
Sales - Sugar (Fortified)	15,259,536	55,986,191	62,608,189	58,389,032	65,351,535	65,705,119
Sales - Molasses	130,558	12,055,830	168,000	108,550	84,000	9,550
	51,591,457	**98,352,683**	**83,689,564**	**71,419,245**	**68,924,552**	**68,913,395**

Nigeria is the Company's only geographical segment as 100% of the Company's revenue is earned from sales in Nigeria.
All of the Company's revenue is derived from sale of similar products with similar performance obligation. Additionally, the Company's transactions in 2021 with one major customer which contributed more than 10% of the total revenue from the sale of sugar is N13.0 billion (2020: N20.5 billion).

b) Liabilities related to contracts with customers

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

	H1 2021	FY2020	FY2019	FY2018
Contract liabilities – advance payment from customers*	28,326,182	14,904,486	1,937,053	1,386,383

	H1 2021	FY2020	FY2019	FY2018
	N'000	**N'000**	**N'000**	**N'000**
Balance as at 1 January	14,904,487	1,937,052	1,386,383	789,087
Payments received in advance of satisfaction of performance				
obligation/discount offered	28,326,182	14,904,487	1,937,053	1,386,383
Revenue recognised for goods previously paid for	(14,904,487)	(1,937,052)	(1,386,383)	(789,087)
	28,326,182	**14,904,487**	**1,937,053**	**1,386,383**

*Advance payment from customers are deposits made in advance by customers for goods which are yet to be supplied as of the year end date.

6. EXPENSES BY NATURE

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Expenses by nature	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost of raw materials consumed	28,806,527	53,637,048	48,469,192	44,072,613	39,504,698	38,557,432
Staff cost (Note 6b)	982,350	1,741,948	2,137,361	1,796,840	1,517,649	1,475,202
Factory production overhead	3,945,390	8,266,065	7,215,357	5,093,538	4,205,522	3,998,896
Depreciation of property, plant and equipment (Note 10)	1,388,946	2,627,266	2,296,710	2,935,231	2,848,772	2,787,776
Depreciation of right-of-use assets (Note 11b)	3,489	36,985	46,749	-	-	-
Management fee (Note 21a)	730,019	1,391,690	-	-	-	-
Audit fees	25,000	35,000	35,000	30,000	25,125	16,000
Foreign exchange loss on translation of borrowings (Note 15c)	139,382	752,294	307,094	1,220,416	1,144,250	9,052,829
Rent and rates	13,420	86,495	2,942	95,878	79,259	114,209
Diesel and Fuel	-	-	-	-	338,521	-
General expenses	199,813	903,570	1,297,648	1,079,183	846,513	164,564
Security expenses	12,543	31,765	28,410	22,243	23,698	31,007
Office maintenance	-	-	73	25,172	28,887	30,205
Provision for doubtful debt	-	-	-	-	89,708	-
Travel and transportation	3,957	38,687	5,187	9,473	8,041	8,168
Subscriptions	11,551	104,231	8,695	11,583	2,287	1,524
Hotel and accommodation	748	1,171	2,141	748	754	270
Advertisement	1,677	8,851	16,235	9,973	19,565	5,714
Printing and stationeries	1,236	3,087	4,949	3,236	1,928	2,820
Electricity	2,039	4,942	7,577	5,609	3,176	666
Other expenses	3,100	94,680	107,677	32,528	79,535	18,980
Haulage expense	988,239	3,231,658	2,652,770	1,791,113	514,937	602,730
Other selling and marketing expenses	7,999	47,481	201,559	116,230	12,596	60,949
	37,267,427	**73,044,915**	**64,843,326**	**58,351,607**	**51,295,421**	**56,936,810**

a) Expenses summarised as follows:	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost of sales	34,540,219	65,129,116	58,712,802	52,550,255	47,033,437	45,761,619
Administrative expenses	1,730,969	4,636,660	3,276,194	3,894,009	3,734,453	10,430,871
Selling and distribution expenses	996,239	3,279,139	2,854,330	1,907,343	527,531	744,321
	37,267,427	**73,044,915**	**64,843,326**	**58,351,607**	**51,295,421**	**56,936,811**

b) Staff cost	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Staff salaries	923,647	1,560,181	1,985,140	1,658,152	1,377,038	1,381,613
Pension (employer contribution)	29,613	56,573	65,729	59,542	61,037	42,185
Staff welfare and training	22,205	107,401	75,431	66,711	49,791	42,309
Medical	6,885	17,793	11,061	12,435	29,783	9,095
	982,350	**1,741,948**	**2,137,361**	**1,796,840**	**1,517,649**	**1,475,202**

c) ***Net impairment loss on financial assets :***	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Increase in loss allowance on trade receivables (Note 13a)	497,375	207,735	58,184	18,826	-	-
(Decrease)/increase in loss allowance due from related parties (Note 21c)	(3,216,126)	(733,263)	2,581,784	2,532,430	-	-
	(2,718,751)	(525,528)	2,639,968	2,551,256	-	-

7. OTHER INCOME/(EXPENSES)

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Other income/(expenses)	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Foreign exchange loss on borrowings	-	-	(74,613)	-	-	
Rental income from leased asset	760,000	1,520,000	-	-	-	
Sale of scrapped chemical drums	6,127	10,191	13,970	12,919	7,791	11,320
	766,127	**1,530,191**	**(60,643)**	**12,919**	**7,791**	**11,320**

8. FINANCE INCOME/(COST)

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Finance income/(cost)	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
a) Finance income						
Interest income	-	30,999	31	185	8,095	1,248
	-	30,999	31	185	8,095	1,248
Finance cost						
Bank charges	(1,450,712)	(1,623,111)	(936,459)	(1,762,491)	(2,168,418)	(2,042,095)
Interest expense on overdraft	(503,888)	(780,451)	(1,424,643)	-	-	-
Interest expense on borrowings (Note 15c)	(1,885,210)	(2,221,030)	(2,687,436)	(2,875,626)	(4,044,756)	(2,839,986)
Interest on lease liabilities (Note 11b)	(15)	(2,449)	(10,462)	-	-	-
	(3,839,825)	(4,627,041)	(5,059,000)	(4,638,117)	(6,213,174)	(4,882,081)
Net finance cost	**(3,839,825)**	**(4,596,042)**	**(5,058,969)**	**(4,637,932)**	**(6,205,079)**	**(4,880,833)**
Breakdown of finance cost in the statement of cash flows						
Bank charges	(1,450,712)	(1,623,111)	(936,459)	(1,762,491)	(2,168,418)	-
Interest expense on overdraft	(503,888)	(780,451)	(1,424,643)	-	-	-
Interest paid (Note 15c)	(1,628,619)	(3,978,404)	(8,084,583)	(7,957,605)	(4,044,756)	-
Interest expense capitalised as PPE (Note 15c)		-	195,205	700,667	-	-
	(3,583,219)	**(6,381,966)**	**(10,250,480)**	**(9,019,429)**	**(6,213,174)**	**-**

9. TAXATION

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Taxation	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
a) Income tax expense						
Income tax - minimum tax	131,420	245,882	418,821	2,872,090	506,488	-
Tertiary education tax	279,488	518,670	332,280	219,853	277,678	275,109
Police levy fund	616	1,126	555	-	-	-
	280,104	519,796	332,835	3,091,943	784,166	275,109
Deferred tax charge	4,254,973	5,737,761	1,282,328	(849,334)	3,104,013	2,054,808
Tax charge	**4,535,077**	**6,257,557**	**1,615,163**	**2,242,609**	**3,888,179**	**2,329,917**

b) Current income tax payable

The movement in tax payable is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Opening balance	5,731,087	5,025,484	4,392,578	1,465,982	745,006	500,395
Provision for the year (Note 9a)	410,908	764,552	751,101	3,091,944	784,167	275,109
Police trust fund levy	616	1,126	554	-	-	
Payment in the year	(69,816)	(60,075)	(118,750)	(165,348)	(63,191)	(30,498)
Closing balance	**6,072,795**	**5,731,087**	**5,025,483**	**4,392,578**	**1,465,982**	**745,006**

A reconciliation of the company's tax expense and the product of accounting profit multiplied by domestic tax rate for the period ended 30 June 2021 and the years ended 31 December 2016 - 2020 is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Profit before tax	13,837,663	22,521,563	10,667,837	5,891,368	11,431,843	7,107,071
Tax at 30% statutory tax rate	4,151,299	6,756,469	3,200,351	1,767,410	3,429,553	2,132,121
Adjustments:						
Tertiary education tax	279,488	(518,670)	(332,280)	219,853	277,678	275,109
Effect of permanent difference	103,676	305,545	(878,884)	228,370	174,311	(40,822)
Minimum tax adjustment	-	(245,882)	(418,821)	-	-	
Police levy fund	616	(1,126)	(554)	-	-	
Impact of deferred tertiary education tax	-	(38,778)	45,351	26,976	6,637	(36,491)
Tax charge for the year	**4,535,078**	**6,257,558**	**1,615,163**	**2,242,609**	**3,888,179**	**2,329,917**

c) Deferred tax liabilities	H1'2021 N'000	FY2020 N'000	FY2019 N'000	FY2018 N'000	FY2017 N'000	FY2016 N'000
Opening balance	8,776,685	3,038,925	1,756,597	3,871,417	767,404	(1,287,404)
Deferred tax impact on IFRS 9 adoption		-	-	(1,265,486)	-	-
Deferred tax (credit)/charge	4,254,973	5,737,761	1,282,328	(849,334)	3,104,013	2,054,808
Closing balance	**13,031,658**	**8,776,686**	**3,038,925**	**1,756,597**	**3,871,417**	**767,404**

The analysis of deferred tax liabilities is as follows:

	Property, plant and equipment	Unrealised exchange difference	Provisions	Total
	N'000	N'000	N'000	N'000
At 1 January 2021	12,167,048	(355,716)	(3,034,646)	8,776,686
Charged to profit or loss	3,697,603	355,716	201,653	4,254,972
At 30 June 2021	15,864,651	(355,716)	(2,832,993)	13,031,658
At 1 January 2020	18,915,527	(1,055,258)	(14,821,344)	3,038,925
Charged to profit or loss	(6,748,479)	699,542	11,786,698	5,737,761
At 31 December 2020	12,167,048	(355,716)	(3,034,646)	8,776,686
At 1 January 2019	5,039,989	(1,172,798)	(2,110,594)	1,756,597
Charged to profit or loss	13,875,538	117,540	(12,710,750)	1,282,328
At 31 December 2019	18,915,527	(1,055,258)	(14,821,344)	3,038,925
At 1 January 2018	5,495,233	(1,608,850)	(14,966)	3,871,417
Charged to profit or loss	(455,244)	436,052	-	(19,192)
At 31 December 2018	5,039,989	(1,172,798)	(14,966)	3,852,225
At 1 January 2017	2,684,127	(1,916,723)	-	767,404
Charged to profit or loss	2,811,106	307,873	(14,966)	3,104,013
At 31 December 2017	5,495,233	(1,608,850)	(14,966)	3,871,417
At 1 January 2016	(1,450,613)	163,209	-	(1,287,404)
Charged to profit or loss	4,134,740	(2,079,932)	-	2,054,808
At 31 December 2016	2,684,127	(1,916,723)	-	767,404

10. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Trucks	Office equipment	Capital work-in-progress	Total
	N'000	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**
Cost								
At 1 January 2021	7,673,232	111,404,817	72,571	453,743	2,097,662	87,894	-	121,789,919
Additions during the year	-	-	7,437	-	(1)	11,847	-	19,284
At 30 June 2021	**7,673,232**	**111,404,817**	**80,009**	**453,743**	**2,097,661**	**99,741**	**-**	**121,809,203**
At 1 January 2020	7,673,232	111,376,416	60,912	424,017	2,097,662	71,052	-	121,703,291
Additions during the year	-	28,401	11,659	29,726	-	16,842	-	86,628
At 31 December 2020	**7,673,232**	**111,404,817**	**72,571**	**453,743**	**2,097,662**	**87,894**	**-**	**121,789,919**
At 1 January 2019	7,673,232	35,147,088	49,821	354,015	2,097,662	59,239	74,596,866	119,977,923
Additions during the year	-	4,846	11,091	70,002	-	11,813	1,627,617	1,725,369
Capitalisation (Note 10b)	-	76,224,483	-	-	-	-	(76,224,483)	-
At 31 December 2019	**7,673,232**	**111,376,416**	**60,912**	**424,017**	**2,097,662**	**71,052**	**-**	**121,703,291**
At 1 January 2018	7,673,232	35,136,735	43,661	326,792	1,234,962	57,020	72,308,182	116,780,584
Additions during the year	-	10,353	6,160	27,223	862,700	2,219	2,288,684	3,197,339
At 31 December 2018	**7,673,232**	**35,147,088**	**49,821**	**354,015**	**2,097,662**	**59,239**	**74,596,866**	**119,977,923**

	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Trucks	Office equipment	Capital work-in-progress	Total
	N'000	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**
At 1 January 2017	7,673,232	35,136,735	36,912	326,792	1,234,962	53,737	68,601,899	113,064,269
Additions during the year	-	-	6,749	-	-	3,283	3,706,283	3,716,315
At 31 December 2017	**7,673,232**	**35,136,735**	**43,661**	**326,792**	**1,234,962**	**57,020**	**72,308,182**	**116,780,584**
At 1 January 2016	7,673,232	35,136,204	36,394	326,792	1,234,962	50,878	65,851,684	110,310,146
Additions during the year	-	531	518	-	-	2,859	2,750,215	2,754,123
At 31 December 2016	**7,673,232**	**35,136,735**	**36,912**	**326,792**	**1,234,962**	**53,737**	**68,601,899**	**113,064,269**
Depreciation								
At 1 January 2021	1,597,509	25,581,142	62,133	352,669	1,827,072	76,400	-	29,496,926
Charge for the year	76,732	1,198,891	7,817	9,519	86,270	9,717	-	1,388,946
At 30 June 2021	**1,674,242**	**26,780,034**	**69,950**	**362,189**	**1,913,343**	**86,117**	**-**	**30,885,873**
At 1 January 2020	1,444,045	23,400,308	48,677	352,668	1,781,393	61,797	-	27,088,889
Charge for the year	153,465	2,180,835	13,457	-	264,909	14,601	-	2,627,266
At 31 December 2020	**1,597,510**	**25,581,143**	**62,134**	**352,669**	**2,046,303**	**76,399**	**-**	**29,716,156**
At 1 January 2019	1,290,581	21,701,222	42,354	336,393	1,363,059	58,570	-	24,792,180
Charge for the year	153,465	1,699,087	6,324	16,274	418,335	3,227	-	2,296,710
At 31 December 2019	**1,444,045**	**23,400,308**	**48,677**	**352,668**	**1,781,393**	**61,797**	**-**	**27,088,890**

	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Trucks	Office equipment	Capital work-in-progress	Total
	N'000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000	N' 000
At 1 January 2018	1,137,937	19,395,222	40,356	326,222	901,118	56,093	-	21,856,948
Charge for the year	152,644	2,306,000	1,998	10,171	461,941	2,477	-	2,935,231
At 31 December 2018	**1,290,581**	**21,701,222**	**42,354**	**336,393**	**1,363,059**	**58,570**	**-**	**24,792,179**
At 1 January 2017	984,472	17,024,564	33,419	326,222	591,753	47,747	-	19,008,177
Charge for the year	153,465	2,370,658	6,937	-	309,365	8,346	-	2,848,771
At 31 December 2017	**1,137,937**	**19,395,222**	**40,356**	**326,222**	**901,118**	**56,093**	**-**	**21,856,948**
At 1 January 2016	831,007	14,704,394	30,920	326,222	283,012	44,847	-	16,220,402
Charge for the year	153,465	2,320,170	2,500	-	308,740	2,901	-	2,787,776
At 31 December 2016	**984,472**	**17,024,564**	**33,419**	**326,222**	**591,753**	**47,747**	**-**	**19,008,178**
Net book value								
At 30 June 2021	**5,998,990**	**84,624,783**	**10,058**	**91,554**	**184,319**	**13,624**	**-**	**90,923,328**
At 31 December 2020	**6,075,722**	**85,823,674**	**10,436**	**101,074**	**51,360**	**11,495**	**-**	**92,073,761**
At 31 December 2019	**6,229,187**	**87,976,108**	**12,235**	**71,349**	**316,268**	**9,255**	**-**	**94,614,402**
At 31 December 2018	**6,382,651**	**13,445,866**	**7,467**	**17,622**	**734,603**	**669**	**74,596,866**	**95,185,744**
At 31 December 2017	**6,535,295**	**15,741,513**	**3,305**	**570**	**333,844**	**927**	**72,308,182**	**94,923,636**
At 31 December 2016	**6,688,760**	**18,112,171**	**3,493**	**570**	**643,209**	**5,990**	**68,601,899**	**94,056,092**

Depreciation charges of N1.2 billion (2020: N2.2 billion) and N0.2 billion (2020: N0.4billion) were expensed in cost of sales and administrative expenses respectively based on the use of the related property, plant and equipment.

11. LEASES

This note provides information for leases where the Company is a lessee.

a)	***Right-of-use assets***	
		Buildings
	Cost	**N'000**
	Opening balance as at 1 January 2019	-
	Effect of initial application of IFRS 16	89,343
	Restated opening balance as at 1 January 2019	89,343
	Additions during the year	-
	Closing balance as at 31 December 2019	89,343
	Opening balance as at 1 January 2020	89,343
	Additions during the year	-
	Closing balance as at 31 December 2020	89,343
	Opening balance as at 1 January 2021	89,343
	Additions during the period	-
	Closing balance as at 30 June 2021	89,343
	Depreciation	
	Opening balance as at 1 January 2019	-
	Charge for the year	46,749
	Closing balance as at 31 December 2019	46,749
	Opening balance as at 1 January 2020	46,749
	Charge for the year	36,985
	Closing balance as at 31 December 2020	83,734
	Opening balance as at 1 January 2021	83,734
	Charge for the period	3,489
	Closing balance as at 30 June 2021	87,223
	Net book value as at 30 June 2021	2,120
	Net book value as at 31 December 2020	5,609
	Net book value as at 31 December 2019	42,594

		Buildings
b)	***Lease liabilities***	
	Opening balance as at 1 January 2019	-
	Effect of initial application of IFRS 16	89,343
	Restated opening balance as at 1 January 2019	89,343
	Interest expense	10,462
	Payments made during the year	(62,296)
	Closing balance as at 31 December 2019	37,509
	Opening balance as at 1 January 2020	37,509
	Interest expense	2,449
	Payments made during the year	-
	Closing balance as at 31 December 2020	**39,958**
	Opening balance as at 1 January 2021	39,958
	Interest expense	15
	Payments made during the period	-
	Closing balance as at 30 June 2021	**39,973**

There are no cash flows on the leases for the current year. The total cash flow for all leases in the year ended 31 December 2019 is N62.3 million.

Lease liabilities as at 30 June 2021, 31 December 2020 and 31 December 2019 are classified as follows:

		H1 2021	FY2020	FY2019
		N'000	**N'000**	**N'000**
	Current lease liabilities	39,973	39,958	23,225
	Non-current lease liabilities	-	-	14,284
		39,973	**39,958**	**37,509**

c)	**Amounts recognised in the statement of profit or loss**			
		H1 2021	**FY2020**	**FY2019**
		N'000	**N'000**	**N'000**
	Cost of sales			
	Depreciation charge on right-of-use assets	3,489	36,985	46,749
	Finance cost			
	Interest expense	15	2,449	10,462

d) **The weighted average incremental borrowing rate of the lease liabilities as at 30 June 2021 and 31 December 2020 is 13.5% and 16.6% respectively.**

12. INVENTORIES

Inventories	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Raw materials	28	5,208,685	3,431,403	4,883,724	1,186,561	6,053,448
Work in progress	79,650	78,479	85,325	6,173	20,896	54,676
Finished goods	602,663	2,051,590	797,195	263,106	8,321,365	211,709
Consumables and spare parts	482,043	457,891	1,128,508	963,578	651,662	634,410
Goods in transit	9,783,709	-	3,369,720	-	5,558,888	1,696,258
	10,948,093	**7,796,645**	**8,812,151**	**6,116,581**	**15,739,372**	**8,650,501**

There was no inventory provision during the period as no inventory item was impaired (2020: Nil). The value of inventory consumed during the year has been disclosed in Note 6.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables	H1 2021	FY2020	FY2019	FY2018	FY2017	2016
Financial assets:	N'000	N'000	N'000	N'000	N'000	N'000
Trade receivables	1,591,134	884,125	2,059,936	2,306,736	1,117,039	26,525
Staff debtors	-	-	-	1,484	1,484	1,484
Other debtors*	5,246,442	14,961,048	296,695	-	-	-
Total financial assets	6,837,576	15,845,173	2,356,631	2,308,220	1,118,523	28,009
Non-financial assets:						
Prepaid expenses	236,189	197,323	126,679	155,391	237,086	384,675
Withholding tax receivable	-	2,083	-	-	-	-
Advance payment to suppliers	-	-	-	-	330,500	3,265,694
Total non-financial assets	236,189	199,406	126,679	155,391	567,586	3,650,369
Trade and other receivables	**7,073,765**	**16,044,579**	**2,483,310**	**2,463,611**	**1,686,109**	**3,678,378**

*Other debtors represent cash held by banks for FX forward contracts

a) Impairment of trade 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 30 June 2021 is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017
	N'000	N'000	N'000	N'000	N'000
As at 1 January	414,965	207,230	149,046	89,708	89,708
Amounts restated through opening retained earnings	-	-	-	40,512	-
Opening loss allowance as at 1 January (restated)	**414,965**	**207,230**	**149,046**	**130,220**	**89,708**
Increase in loss allowance recognised in profit or loss during the year	497,375	207,735	58,184	18,826	-
At 31 December	**912,340**	**414,965**	**207,230**	**149,046**	**89,708**

b)	The gross carrying amount of trade receivables is shown below:				
	H1 2021	FY2020	FY2019	FY2018	FY2017
Net carrying amount – trade receivables	1,591,134	884,125	2,059,936	2,306,736	1,117,039
Add: loss allowance (Note 13a)	912,340	414,965	207,230	149,046	89,708
Gross carrying amount – trade receivables	**2,503,474**	**1,299,090**	**2,267,166**	**2,455,782**	**1,206,747**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents

	H1'2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Cash in hand	269	147	4	482	855	7,390
Cash at bank	14,425,661	11,315,932	7,228,100	4,438,934	6,404,333	4,733,966
Short term investment	4,588,995	6,292,454	-	-	-	-
Restricted cash	-	-	-	595,753	-	-
Cash and cash equivalents	**19,014,925**	**17,608,533**	**7,228,104**	**5,035,169**	**6,405,188**	**4,741,356**

a) **Cash and cash equivalents have maturities of less than three months.**

b) **For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, cash at bank, restricted cash and bank overdraft as analysed below:**

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	19,014,925	17,608,533	7,228,104	5,035,169	6,405,188	4,741,356
Bank overdrafts	(9,497,495)	(9,466,442)	(6,730,328)	(6,753,817)	(2,206,894)	(6,812,599)
	9,517,430	**8,142,091**	**497,776**	**(1,718,648)**	**4,198,294**	**(2,071,242)**

15. BORROWINGS

a) **Borrowings comprises:**

	H1 2021	FY2020	FY2019	FY2018	FY2017	2016
	N'000	N'000	N'000	N'000	N'000	N'000
Current						
Short term import finance facilities	98,602,550	115,967,554	82,925,770	43,349,665	-	-
Bank borrowings	6,395,887	8,435,664	15,613,032	42,644,939	79,508,384	25,331,538
	104,998,438	**124,403,218**	**98,538,802**	**85,994,604**	**79,508,384**	**25,331,538**
Non-current						
Bank borrowings	-	-	-	-	-	11,418,750
Total borrowings	**104,998,438**	**124,403,218**	**98,538,802**	**85,994,604**	**79,508,384**	**36,750,288**

Current bank borrowings relate to short term Import Finance Facilities (IFF) from several Nigerian banks with average maturity of 5 months. They also include the portion of non-current bank borrowings repayable within the next 12 months.

Term loans are secured by all the assets of the Company. They include:

i)	'USD45 million obtained from Standard Chartered Bank Nigeria Limited for 54 months with effect from July 2015 (inclusive of 18 months moratorium).
ii)	'N5 billion obtained from Rand Merchant Bank Nigeria Limited for a period of 48 months with effect from September 2017 (inclusive of 16 months moratorium) at an interest of 17.5% per annum.
iii)	N10 billion obtained from Union Bank of Nigeria Plc for a period of 72 months with effect from 18 September 2018 (inclusive of 24 months moratorium) at an interest of 21% per annum.

b) Compliance with loan covenants

Under the terms of the non-current borrowings facilities, the Company is required to comply with the following financial covenants:

1) Tangible networth shall be greater than N100 billion.
2) Total debt to tangible networth ratio shall not be greater than 0.75:1.
3) Total net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) ratio shall be no greater than 2:0 times.
4) All indebtedness owed to the Company, by related parties/associates, shall not, in aggregate, be greater than USD 200 million (Naira equivalent - N82.05 billion).
5) All indebtedness owed to the Borrower, by an Obligor and any other Affiliates, shall not, in aggregate, be greater than N50 billion.
6) Debt service cover ratio shall not be less than 1.3:1.
7) Minimum debt service coverage of 1.2 times measurable half yearly commencing in 2019.
8) EBITDA to interest payable shall be greater than 4.0:1.
9) Gross profit margin to be above 25%.

The Company has not complied with the loan covenants (2) to (8) above in the current year. As at 31 December 2020, total debt to tangible networth ratio was 1.15:1; total net debt to EBITDA ratio was 4.57 times; total indebtedness owed to the Company by related parties/ associates, an obligor and other affiliates was N280.59 billion; debt service coverage ratio was 0.29times; EBITDA to interest payable was 5.50 times.

As a result of this breach, long term borrowings have been disclosed as current liabilities in the statement of financial position.

c) Movement in borrowings is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	124,403,218	98,538,802	85,994,604	79,508,384	36,750,288	49,112,569
Proceeds from loan drawdown	95,157,229	102,732,002	98,892,298	108,253,441	123,239,826	39,526,190
Interest charge expensed	1,885,210	2,221,030	2,687,436	2,875,626	4,044,756	2,839,986
Interest absorbed by related parties	1,232,337	2,575,671	5,729,941	4,605,915	-	-
Interest charge capitalised	-	-	195,205	700,667	1,774,138	2,696,970
Foreign exchange loss on translation of borrowings	139,382	752,294	307,094	1,220,416	1,144,250	9,052,829
Repayment of principal	(116,190,320)	(78,438,177)	(87,183,193)	(103,212,240)	(82,885,837)	(61,678,425)
Interest paid	(1,628,619)	(3,978,404)	(8,084,583)	(7,957,605)	(4,559,037)	(4,799,831)
Total borrowings	**104,998,438**	**124,403,218**	**98,538,802**	**85,994,604**	**79,508,384**	**36,750,288**
d) Net debt comprises:						
Cash and cash equivalents	19,014,925	17,608,533	7,228,104	5,035,169	6,405,188	4,741,356
Borrowings - current	(104,998,438)	(124,403,218)	(98,538,802)	(85,994,604)	(79,508,384)	(32,144,138)
Borrowings - overdraft	(9,497,495)	(9,466,442)	(6,730,328)	(6,753,817)	(2,206,894)	(11,418,750)
Net debt	**(95,481,008)**	**(116,261,127)**	**(98,041,026)**	**(87,713,252)**	**(75,310,090)**	**(38,821,531)**

16. TRADE AND OTHER PAYABLES

Trade and other payables						
	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
Financial liabilities:	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	2,881,905	2,472,763	1,996,723	1,843,936	1,594,195	1,280,289
Accrued expenses	2,925,693	3,948,949	90,496	74,108	571,684	62,878
Total financial liabilities	5,807,598	6,421,712	2,087,219	1,918,044	2,165,879	1,343,166
Non-financial liabilities:						
VAT payable	14,255,839	12,948,862	10,303,684	8,967,855	789,087	4,993,869
Withholding tax payable		-	9,742	14,266	7,596,525	5,709,905
Other statutory obligations	30,435	9,110	2,551,960	1,475,777	14,266	14,266
Total non-financial liabilities	14,286,274	12,957,972	12,865,386	10,457,898	8,399,878	10,718,039
Trade and other payables	**20,093,872**	**19,379,684**	**14,952,605**	**12,375,942**	**10,565,757**	**12,061,207**

All trade payables are due within 12 months after the statement of financial position date.

17. SHARE CAPITAL

Share capital						
	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Authorized:						
20,000,000 ordinary shares of N1.00 each	20,000	20,000	20,000	20,000	20,000	20,000
Issued and fully paid:						
20,000,000 ordinary shares of N1.00 each	20,000	20,000	20,000	20,000	20,000	20,000

18. BASIC AND DILUTED EARNINGS PER SHARE

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 year.

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Profit attributable to shareholders of the Company	9,302,586	16,264,006	9,052,674	3,648,759	7,543,664	4,777,153
Weighted average number of ordinary shares in issue	20,000	20,000	20,000	20,000	20,000	20,000
Basic earnings per share (Naira)	465.13	813.20	452.63	182.44	377.18	238.86

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

19. CASH GENERATED FROM OPERATING ACTIVITIES

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Profit before tax	13,837,663	22,521,563	10,667,837	5,891,369	11,431,843	7,107,071
Adjustment for:						
Depreciation restatement - trucks	(219,230)	-	-	-	-	-
Depreciation of property, plant and equipment (Note 10)	1,388,946	2,627,266	2,296,710	2,935,231	2,848,771	2,787,776
Depreciation of right-of-use assets (Note 11)	3,489	36,985	46,749	-	-	-
Foreign exchange loss on translation of foreign currency borrowings (Note 15c)	139,382	752,294	307,094	1,220,416	1,144,250	9,052,829
Finance income (Note 8)	-	(30,999)	(31)	(185)	(8,095)	(1,248)
Impact of IFRS 9 adoption (pre-tax)	-	-	-	(3,954,644)	-	-
Finance cost on borrowings (Note 8)	3,839,825	4,627,041	5,059,000	4,638,117	6,213,174	4,882,081
Minimum tax (Note 9a)	131,420	245,882	418,821	-	-	-
Changes in working capital:						
Decrease/(increase) in inventories	(3,151,448)	1,015,506	(2,695,572)	9,622,791	(7,088,871)	(4,012,793)
(Increase) / decrease in trade and other receivables	8,970,814	(13,561,269)	(19,698)	(777,502)	1,992,268	(2,627,240)
Increase in due from related parties (Note 21d)	(12,995,997)	(45,780,625)	(7,983,717)	(20,827,116)	(32,229,776)	(6,433,378)
Decrease in due to related parties		-	(8,560,343)	(521,258)	(8,167,839)	10,154,544
Increase / (decrease) in trade and other payables	714,188	4,427,079	2,576,662	1,810,186	-1,495,450	5,747,340
Increase in contract liabilities	13,421,697	12,967,437	550,671	1,386,383	-	
Net cash (used in)/ generated from operations	**26,080,749**	**(10,151,840)**	**2,664,183**	**1,423,789**	**(25,359,725)**	**26,656,982**

20. PARTICULARS OF DIRECTORS AND STAFF

a) Particulars of staff

The average number of persons, excluding Directors, employed by the Company during the year is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Production	270	278	244	301	368	374
Administration	65	72	126	90	139	128
	335	**350**	**370**	**391**	**507**	**502**

b) The table below shows the number of employees of the Company in receipt of emoluments, including allowances and pension costs within the following bands during the year.

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
N100,000 - N500,000	-	-	-	-	9	1
N500,000 - N1,000,000	0	6	9	10	64	58
N1,000,001 - N2,000,000	14	29	24	28	126	239
N2,000,001 - N3,000,000	97	146	153	156	183	128
N3,000,001 - N4,000,000	88	104	112	122	59	29
N4,000,001 - N5,000,000	77	33	35	38	21	27
N5,000,001 - N10,000,000	52	26	31	30	39	13
N10,000,001 - N15,000,000	3	-	1	1	3	1
N15,000,001 - N20,000,000	1	4	4	5	2	5
N20,000,001 - N30,000,000	3	2	1	1	1	1
	335	**350**	**370**	**391**	**507**	**502**

c) Particulars of Directors

I. Directors' emoluments

The remuneration paid to the Directors of the Company is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Emoluments paid to the Director of the Company	-	49,629	49,629	40,976	33,359	25,301
Amount paid to the highest paid Director	-	49,629	49,629	40,976	33,359	15,000

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 range:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	Number	Number	Number	Number	Number	Number
10,000,000 - 15,000,000	-	-	-	-	-	2
40,000,001 - 50,000,000	-	1	1	1	1	-
Only one director received emoluments during the year (2019: 1). Other directors waived their rights to receive emoluments.						

21. RELATED PARTY TRANSACTIONS AND BALANCES

The majority shareholder of the Company, Abdulsamadu Rabiu CON who is also the Chairman of the Board of Directors ('the Chairman'), is the ultimate owner of the Company.

The Company is owned and controlled by the Chairman of the Company. The Chairman has controlling interests in other companies which are considered to be related parties to BUA Sugar Refinery Limited.

The Company's transactions and balances arising from dealings with related parties during the year are shown below:

a. Transactions with related parties

i. Management agreement

As consideration for the services provided by BUA International Limited, a sum equivalent to 2.83% of the net revenue from BUA Sugar Refinery Limited for the year will be paid to BUA International Limited in line with the Management Service Agreement between both entities. During the year, BUA International Limited waived 50% of the right to claim the management fee due to her from BUA Sugar Refinery Limited during the period. Hence, management fee of N0.73million has been included in administrative expenses for the period ended 30 June 2021.

ii. Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the entity. BUA Sugar Refinery Limited has identified its management team and the Directors as its key management personnel. The compensation paid or payable to key management for employee services is shown below:

	H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
	N'000	N'000	N'000	N'000	N'000	N'000
Salaries and other short-term employee benefits	59,233	91,964	49,616	80,166	110,647	90,830
Pension costs	2,166	3,898	2,307	4,070	5,041	3,256
	61,399	**95,862**	**51,923**	**84,236**	**115,688**	**94,086**

b. Outstanding balances with related parties

Below are the outstanding receivable and payable balances with related parties. These balances are not as a result of trade transactions but relate to settlement of liabilities on behalf of the Company or by the Company on behalf of other entities.

			H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
(i)	**Due from related parties**	**Relationship**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
	BUA International Limited	Sister company	200,290,609	191,704,808	148,169,309	73,049,056	47,541,686	38,842,807
	BUA Oil Mill Limited	Sister company	-	-	-	4,111,302	4,111,302	4,110,876
	Edo Cement Limited	Sister company	-	-	-	25,304,220	23,474,825	19,284,554
	BUA Ports and Terminals Limited	Sister company	-	-	-	1,546,502	1,613,386	1,720,593
	Nigeria Oil Mills Limited	Sister company	-	-	-	477,000	477,000	477,000
	OBU Cement Company Limited	Sister company	-	-	-	-	6,171,277	-
	BUA Transport Limited	Sister company	-	-	-	2,290,048	1,536,080	338,977
	Lafiaji Sugar Company Limited	Sister company	-	-	-	8,494,994	3,161,615	917,525
	BUA Cement Company Limited	Sister company	-	-	-	-	919,352	5,086,458
	BUA Cement Plc	Sister company	-	-	-	21,549,636	17,574,216	-
	Nigeria Oil Mills (UK) Limited	Sister company	-	-	-	1,637,574	-	-
	Director's current account	Director	13,100,404	10,673,998	6,586,464	-	-	3,572,175
			213,391,013	**202,378,806**	**154,755,773**	**138,460,332**	**106,580,739**	**74,350,963**

			H1 2021	FY2020	FY2019	FY2018	FY2017	FY2016
(i)	**Due to related parties**	**Relationship**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
	BUA International Limited	Sister company	-	-	-	-	-	-
	Director's current account	Director	-	-	-	-	-	-
	Damnaz Shipping Limited	Sister company	-	-	-	-	-	2,496,561
	Nigeria Oil Mills (UK) Limited	Sister company	-	-	-	-	2,895,525	6,734,967
	Metal Ores Nigeria Limited	Sister company	-	-	-	2,059,198	2,059,198	2,059,198
	BUA Cement Plc	Sister company	-	-	-	2,260,550	-	5,958,714
	BUA Cement Company Limited	Sister company	-	-	-	3,519,936	-	-
			-	**-**	**-**	**7,839,684**	**4,954,723**	**17,249,440**
	Director's current account	Director	-	-	-	720,659	4,126,878	
			-	**-**	**-**	**8,560,342**	**9,081,601**	**17,249,440**

The Balance due to related parties for the period ended 30 June 2021 is nil (2020: nil).

		FY2020	FY2019	FY2018	FY2017	FY2016
		N'000	N'000	N'000	N'000	N'000
(iii)	**Deposit for shares**	32,169,923	32,169,923	32,169,923	32,169,923	32,169,923

Deposit for shares are funds of the ultimate shareholder that are yet to be authorised and issued as share capital. There have been no new shares issued since this deposit was made.

c. Impairment of due from related parties

The loss allowance for receivable from related parties as at 31 December 2020 reconciled to the opening loss allowance on 1 January 2021 and to the closing loss allowance as at 30 June 2021 is as follows:

	H1 2021	FY2020	FY2019	FY2018
	N'000	N'000	N'000	N'000
As at 1 January	8,295,083	9,028,346	6,446,562	-
Amount restated through opening retained earnings	-	-	-	3,914,132
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(3,216,126)	(733,263)	2,581,784	2,532,430
At end of period	**5,078,957**	**8,295,083**	**9,028,346**	**6,446,562**

	H1 2021	FY2020	FY2019	FY2018	FY2017
	N'000	N'000	N'000	N'000	N'000
The net carrying amount of due from related parties is shown below:					
Gross carrying amount - due from related parties (Note 21b(i))	213,391,013	202,378,806	154,755,773	138,460,332	106,580,739
Less: loss allowance	(5,078,957)	(8,295,083)	(9,028,346)	(6,446,562)	-
Due from related parties net of loss allowance	**208,312,057**	**194,083,723**	**145,727,427**	**132,013,770**	**106,580,739**

d. Changes in amounts due from related parties in the statement of cash flows is as follows:

	H1 2021	FY2020	FY2019	FY2018	FY2017
	N'000	N'000	N'000	N'000	N'000
Movement in amounts due to related parties	(14,228,334)	(48,356,296)	(13,713,658)	(25,433,031)	32,229,776
Effect of non-cash interest on borrowings to related parties	1,232,337	2,575,671	5,729,941	4,605,915	-
	(12,995,997)	**(45,780,625)**	**(7,983,717)**	**(20,827,116)**	**32,229,776**

22. CONTINGENT LIABILITIES

There are no contingent liabilities for the period ended 30 June 2021 (31 December 2020: Nil)

23. IMPACT OF COVID-19

Despite the exceptional challenges brought by the Coronavirus (Covid-19) pandemic on the different socio-economic factors during the period 2021, the priority of the company Board and Management was ensuring the welfare of all stakeholders. The Company developed a mechanism that ensured regular monitoring of the company's financial position throughout the peak periods of the pandemic, and also during the socio-political disruptions that occurred alongside the pandemic. The focus of the Board and Management was on mitigating the impact of the Covid-19 on the business.

24. SUBSEQUENT EVENTS

There were no significant events after the reporting period, which could have had a material effect on the financial statements of the Company as at 30 June 2021 that have not been adequately provided for or disclosed in the financial statements.

25. COMPARATIVES

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

2. BUA FOODS PLC - UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

Key Assumptions

The proforma consolidated Statement of Profit and Loss, Financial Position and Cashflows, for the 11 month period ending 30 November 2021 and 12 month period ending 31 December 2020 set out hereunder, are unaudited, and have been prepared for illustrative purposes only and, given its nature may not present a true picture of BUA Foods PLC's post-Restructuring financial position.

Please note:

i. The proforma consolidated Statement of Profit and Loss, Financial Position and Cashflows, have been prepared on the assumption that the Restructuring occurred as at 31 December 2020.

ii. The proforma consolidated Statement of Financial Position, has also been prepared on the assumption that the share consideration issued as part of the Restructuring to the shareholders of the restructured entities, was issued as at 31 December 2020, bringing the proforma consolidated share capital position to ₦29,537,595 as at 31 December 2020.

iii. The proforma consolidated Statement of Profit and Loss, Financial Position and Cashflows, for the 11 months ended 30 November 2021 combines the unaudited Statement of Profit and Loss, Financial Position and Cashflows from the management accounts, for the same period, of BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, BUA Sugar Refinery FZE and LASUCO Sugar Company Limited.

iv. The proforma consolidated Statement of Profit and Loss, Financial Position and Cashflows, for the year ended 31 December 2020, combines the audited Statement of Profit and Loss, Financial Position and Cashflows, for BUA Sugar Refinery Limited, IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, BUA Sugar Refinery FZE and LASUCO Sugar Company Limited.

(i) UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS (GROUP)

ELEVEN MONTHS PERIOD ENDED 30 NOVEMBER 2021 AND FOR THE YEAR ENDED 31 DECEMBER 2020

	11 months to 30 November 2021	FY2020
	N'000	**N'000**
Turnover	303,875,640	192,860,037
Cost of sales	(207,647,751)	(127,950,180)
Gross Profit	**96,227,889**	**64,909,857**
Other income	1,420,378	1,543,010
Selling and Distribution Expense	-	(4,013,384)
Administrative and other Operating Expenses	(10,136,298)	(7,732,165)
Net impairment loss on financial assets	-	383,728
Finance cost - net	(8,702,606)	(5,192,037)
Minimum tax charge	-	(245,882)
Profit before tax	**78,809,363**	**49,653,128**
Income tax credit/(expenses)	**-**	(11,953,335)
Profit for the period	**78,809,363**	**37,699,793**

(ii) UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (GROUP)

ELEVEN MONTHS PERIOD ENDED 30 NOVEMBER 2021 AND FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	11 months to 30 November 2021	FY2020
		N'000	N'000
Non-current assets			
Property, plant and equipment		267,305,335	253,225,419
Pre-operation Expenses		-	3,028,450
Suspension Period Expenses		-	11,085
Biological Assets		801,023	555,959
Right use of asset		4,605,250	2,047,365
Deferred tax asset		-	-
Total non-current assets		**272,711,609**	**258,868,278**
Current assets			
Inventory	1	16,959,882	20,394,007
Due from related parties	2	257,994,004	196,236,255
Debtors and prepayments	3	54,426,162	
Trade and other receivables	3	12,363	25,339,603
Cash and cash equivalents	4	47,363,478	25,680,126
Total current assets		**376,755,889**	**267,649,991**
Total assets		**649,467,497**	**526,518,269**
Liabilities			
Non-current liabilities			
Long term Loans/ Lease Liabilities	8	27,150,728	-
Deposit for shares		-	32,638,056
Lease liabilities		-	2,801,924
Deferred tax liabilities		-	23,063,214
Borrowings		-	3,834,509
Total non-current liabilities		**27,150,728**	**62,337,703**
Current liabilities			
Bank overdraft	5	24,331,613	9,466,442
Creditors and Accruals	6	51,946,541	
Other Current Liabilities	6	179,499,215	
Borrowings	7	100,060,210	124,403,218
Trade and other payables		-	64,628,502
Lease liabilities		-	876,004
Due to related parties		-	77,433,399
Current income tax liabilities		-	6,376,001
Contract liabilities		-	25,286,669
Total current liabilities		**355,837,578**	**308,470,235**
Total liabilities		**382,988,306**	**370,807,938**
Equity			
Share capital		9,000,000	29,537
Deposit for share		23,741,393	73,800
Revaluation reserve	9	21,526,013	21,526,013
Retained earnings	9	212,211,785	134,080,981
Total equity		**266,479,191**	**155,710,331**
Total equity and liabilities		**649,467,497**	**526,518,269**

(iii) UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (GROUP)

ELEVEN MONTHS PERIOD ENDED 30 NOVEMBER 2021 AND FOR THE YEAR ENDED 31 DECEMBER 2020

	11 months to 30 November 2021	FY2020
	N'000	N'000
Cash flows from operating activities		
Cash (used in)/generated from operations	13,983,394	61,235,126
Tax paid	-	(60,075)
Suspension Period expenses	-	(750)
Net cash (used in)/generated from operating activities	**13,983,394**	**61,174,301**
Cash flows from investing activities	**-**	
Acquisition of property, plant and equipment	3,022,469	(60,317,558)
Acquisition of right of use asset	-	(3,047,051)
Interest received	-	30,999
Net cash used in investing activities	**3,022,469**	**(63,333,610)**
Cash flows from financing activities	**-**	
Changes in non-current borrowings	(11,216,910)	-
Changes in current Borrowings	(2,672,399)	-
Proceed from borrowings	-	102,732,002
Repayment of borrowings	-	(78,438,177)
Finance costs paid	(642,973)	(6,972,907)
Payment of lease liabilities	-	(5,073)
Issue of shares	-	427,670
Net cash generated from financing activities	**(14,532,282)**	**17,743,515**
Net increase/(decrease) in cash and cash equivalents	2,473,581	15,584,207
Cash and cash equivalents at the beginning of the year	20,558,285	498,389
Cash and cash equivalents at the end of the year	**23,031,866**	**16,082,596**

BUA FOODS PLC - NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS FOR THE ELEVEN MONTHS PERIOD ENDED 30 NOVEMBER 2021

1. INVENTORIES

	N'000
Raw Materials/ Chemicals	9,503,979
Work in Progress/ Fertilizers	2,599,557
Finished Goods/ Spare Parts	3,838,694
Packaging, Energy & Consumables	1,017,652
	16,959,882

2. DUE FROM RELATED COMPANIES

	N'000
Due from related companies	257,994,004
	257,994,004

3. DEBTORS AND PREPAYMENTS

	N'000
Prepayments	18,569,811
Trade Debtors	19,370,462
Other Receivables	16,498,252
	54,438,525

4. CASH AND BANK BALANCES

	N'000
Cash in Bank	38,764,872
Cash Collateral / Restricted Cash	8,571,593
Cash in Hand	27,013
	47,363,478

5. BANK OVERDRAFT

	N'000
Bank Overdraft	(24,331,613)

6. DUE TO RELATED COMPANIES

	N'000
Intercompany Payable	119,481,760
	119,481,760

6. CREDITORS AND ACCRUALS / OTHERS

	N'000
Provisions and Accruals/ Accrued Audit Fees	26,256,013
VAT/ WHT/ Income Tax Payable	26,884,881
Gaslink Payable	3,048,498
Trade Creditors/ Other Current Liabilities	12,692,822
Customers Deposit	43,081,781
	111,963,995

7. SHORT TERM LOANS

	N'000
Short term loans	**100,060,210**

8. LONG TERM LOANS/LEASE LIABILITY

	N'000
Loans	8,583,319
Lease liability	18,567,409
	27,150,728

9. RESERVE

	N'000
Opening balance	133,402,422
Revaluation	21,526,013
Transferred from P&L	78,809,363
Closing balance	233,737,798

BUA Foods PLC ("BUA Foods" or the "Company") was formed in November 2021 following a restructuring by way of a scheme under Section 711 of CAMA (the "Restructuring") among BUA Sugar Refinery Limited ("BUA Sugar Refinery"), IRS Flour Mills Limited, IRS Pasta Limited, BUA Rice Limited, BUA Oil Mills Limited, and BUA Foods Limited (the "Entities"), further to which BUA Sugar Refinery (a private limited liability company, incorporated on 13 April 2005, and commenced business operations in September 2008) emerged as the surviving entity. As part of the Restructuring, the name of the enlarged entity was changed to BUA Foods with its operations reorganised into five business divisions: Sugar, Flour, Pasta, Rice and Edible Oils. In December 2021, the Company was converted into a public limited liability company. BUA Foods is affiliated with diverse group companies under the BUA brand that span the food and infrastructure sectors.

Prior to the Restructuring, the Company had a share capital of ₦20,000,000 (twenty million Naira) and increased its share capital to ₦29,537,595 (twenty-nine million, five hundred and thirty seven thousand, five hundred and ninety five Naira) by the creation of 9,537,595 (nine million, five hundred and thirty seven thousand five hundred and ninety five) ordinary shares at ₦1.00 each to consolidate the Restructuring and by a resolution dated 24 November 2021, the Company further increased its share capital to ₦9,000,000,000 by the creation of 17,940,924,810 (seventeen billion, nine hundred and fifty million, nine hundred and twenty four thousand, eight hundred and ten) ordinary shares at ₦0.50 each.

As at the date of this Memorandum, the share capital of the Company is ₦9,000,000,000 comprising 18,000,000,000 ordinary shares of ₦0.50 each which are fully issued and paid-up.

The changes in the ordinary share capital of the Company since incorporation are reflected in tabular form as follows:

1. Incorporation and share capital history

Year	Share Capital (₦)	Number of shares		Consideration/Method of Issue
		Increase	Cumulative	
2005	₦20,000,000	-	20,000,000	Cash
2021	₦29,537,595	9,537,595	29,537,595	Consolidation- Restructuring
2021	₦29,537,595	-	59,075,190	Share capital split from ₦1.00 to ₦0.50 nominal value per share
2021	₦9,000,000,000	17,940,924,810	18,000,000,000	Bonus Issue of 17,909,014,810 shares (at a bonus ratio of 303.1562795) and allotment of 31,910,000 shares to new shareholder

2. Shareholding Structure

The table below sets out the issued and paid-up capital legally and/or beneficially held by shareholders holding more than 5% of the Company's Ordinary Shares as at the date of this Memorandum:

Shareholder	Ordinary Shares Held	Shareholding %
Abdulsamadu Isyaku Rabiu	16,172,851,967	89.849%
Alhaji Abdulsamadu Isyaku Rabiu (Jnr)	1,792,096,099	9.956%

3. Directors' Interests

The Directors and their respective shareholdings are as recorded in the register of members as at the date of this Memorandum and set out below:

Name of Director	Direct Shares Held	% Holding	Indirect Holding Entities	Indirect Shares Held	% Holding	Total % holding
Abdulsamadu Isyaku Rabiu	16,172,851,967	89.849%	BUA Group Limited	971,475	0.005%	89.86%
			BUA International Industries	583,372	0.003%	
			BUA industries Limited	485,433	0.003%	
Kabiru Isyaku Rabiu	1,101,654	0.006%	-	-	-	0.006%

4. Related Party Transactions

BUA Foods enters into a number of transactions with related parties in the normal course of business, including affiliated companies. All these transactions are executed on an "arm's length" basis and do not pose any conflict of interest. BUA Foods undertakes to promptly disclose any real or potential conflict of interest that a director may have regarding any matters that may come before the Board or its committees and to abstain from discussions and voting on any matter in which a director has or may have a conflict of interest. BUA Foods shall not use its position to disadvantage the other and that relationships with any affiliated company, which will be on an arm's length basis, unless otherwise mutually agreed and appropriately disclosed.

5. Indebtedness

Further to the Restructuring, As at the date of this Memorandum, the Company had bank facilities in the ordinary course of business amounting to ₦113,682,010,376 (one hundred and thirteen billion, six hundred and eighty-two million, ten thousand three hundred seventy-six Naira).

6. Subsidiaries and Associated Companies

As at the date of this Memorandum, the subsidiaries and associated companies of the Company are set out below:

Subsidiary	Incorporation/Registration Details	Principal Place of Business	Ordinary Shares in Issue	Effective Date of Becoming a Subsidiary	% holding
BUA Sugar Refinery FZE	Registered at the Bundu Free Zone on 2 June 2020	26, Azikiwe road, Bundu Free Zone, Port Harcourt, Rivers State	USD1,000,000	11 October 2021	100%
LASUCO Sugar Company Limited	Registered at the CAC on 7 September 2016	Lafiagi, Edu Local Government Area, Kwara State	₦20,000,000	11 October 2021	100%

7. Extracts from the Memorandum and Articles of Association

The following are the relevant extracts from BUA Foods' Memorandum and Articles of Association.

1. The objects for which the company is hereby incorporated shall be the following:

i. To carry on the business of cultivation, processing, manufacturing, production, mixing, packing, preserving, extraction, refining, import, export, buying, selling, trading, and dealing in all kinds of foods, food materials, raw materials for making all kinds of food products including sugar, rice, spaghetti, flour.

ii. To carry on the business of farmers, importers, exporters, retailers, distributors, agents, and dealers in all kinds of foods and food materials and for that purpose acquire all kinds of machines and equipment and to transport manufacture and process all kinds of foods and food materials and accessories.

iii. To carry on in Nigeria or elsewhere the business of refining and processing of sugar, milling of flour, production of pasta, edible oil, rice, semolina, and all types of confectionery and processed foods/items.

iv. To deal in, cultivation, manufacture, refine, prepare, buy, sell, export, import and distribute all kinds of Sugar, Sugar Cane, Rice, Cereals, Oil, Maize, Corn, Flour and other raw materials and by-products of such manufacturing and refining of Sugar and acquire any machinery required for this purpose.

v. To promote any other company for the purpose of acquiring the whole or any part of the business or property and undertaking any of the liabilities of the company or undertaking which may appear likely to assist or benefit this company and to place or guaranty the placing of, underwrite, subscribe for or otherwise acquire all or any part of the shares or securities of any such company aforesaid.

vi. To borrow or raise money in such manner as the company shall think fit and in particular by the issue of debenture stock (perpetual or otherwise) and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the whole or any part of the company's property or assets (whether present or future) including its uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance by the company of any obligation or liability which it may undertake.

vii. To do all such other lawful things as are incidental or conducive to the attainment of the above objects or any of them.

AND IT IS HEREBY DECLARED THAT the objects set forth in any sub-clause of these clauses shall not be restrictively construed but the widest interpretation shall be given thereto, and they shall not except where the context expressly so requires, be in any way limited to or inferred from the terms of any other sub- clause or by the name of the company. None of such sub- clauses or the object or objects therein specified, or the power thereby conferred shall be deemed subsidiary or ancillary to the objects or powers mentioned in any other sub-clause, but the company shall have full powers to exercise all or any of the powers and to achieve and to endeavour to achieve all or any of the objects conferred by and provided in any one or more of the said sub-clauses.

2. The Company is a public company.

3. The liability of the members is limited by shares.

4. The Share Capital of the Company is ₦9,000,000,000 (nine billion Naira) divided into 18,000,000,000 Ordinary Shares of ₦0.50 (50 kobo) each, with power to increase the capital and to divide the capital for the time being into several classes and to attach thereto any preferential, deferred, qualified or special rights, privileges or conditions.

Articles of Association

Share Capital
Preferential and other special rights

5. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares in the Company, shares may be issued with such preferred, deferred or other special right or such restrictions, whether with regard to dividend, return of capital or otherwise as the Company may from time to time, determine by ordinary resolution.
6. Subject to the provisions of the Act, the Company may accept such consideration, whether cash or other valuable consideration, or partly cash and partly valuable consideration other than cash in exchange for the issuance of its shares.
7. If any class of shares shall have any preferential rights to dividend or return of capital, the conferring upon other shares of rights to either dividends or return of capital ranking on points of priority either before or pari passu with that class shall (unless otherwise and expressly provided by the terms of issue of that class) be deemed a variation of the rights of the holders of that class of shares.
8. If at any time the share capital of a Company is divided into different classes of shares under Section 143 of the Act, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing, of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to the general meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons holding or representing by proxy one third of the issued shares of the class.
9. The Company may exercise the power of paying commission conferred by section 156 of the Act provided that the rate per cent, or the amount to be paid shall be disclosed in the manner required by the said section and that the commission shall not exceed the rate of 10 percent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10 percent of such price, as the case may be. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other. The Company may on any issued shares pay such brokerage as may be lawful.
10. Except as required by law, no person shall be recognized by the Company as holding any shares upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or (except as provided by these Articles) any interest in any fraction, part of a share or any other rights in respect of any share except an absolute right to the entirety, in the registered holder.
11. Except as permitted by section 296 of the Act no part of the funds of the Company shall be employed directly or indirectly in the purchase of or in loans upon the security of the Company's shares.

Alteration of Capital

12. The Directors may with the sanction of ordinary resolution in a General Meeting of the Company increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
13. If determined by the Company by the resolution sanctioning the increase of the share capital, new shares may, before issue, be offered to such persons as at the date of the offer are entitled to receive notice from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer of share shall be made by notice specifying the number of shares offered and limiting a time within the offer if not accepted, will be deemed to be declined and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company.

14. The Directors may likewise dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot in the opinion the Directors be conveniently offered under the Articles.
15. Except insofar as it is otherwise provided by these Articles or by the conditions of issue, any capital raised by the creation of new shares shall be subject to the same provisions contained in these Articles with reference to the payment of calls, lien, transmission, forfeiture, capital and otherwise as the shares in the original ordinary share capital.
16. (1) The Company may by Ordinary Resolution in General Meeting:
   a. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
   b. Subdivide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum so however that in the subdivision the proportion unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
   c. Cancel any shares which, at the date of the passing of the resolution, have not been taken by any person, and diminish the amount of its share capital by the amount of shares so cancelled.

   (2) The Company may by Special Resolution in General Meeting:

   a. Reduce its share capital in any manner authorized by law, but with and subject to any incident authorised or consent required by law.

General Meetings

17. A General Meeting to be known as the Annual General Meeting shall be held in every year in accordance with Section 237 of the Act at such times not being more than fifteen months after the holding of the last preceding General Meeting and place as the Directors shall appoint in Nigeria.
18. All General Meetings other than Annual General Meetings shall be called by Extraordinary General Meetings and shall be held in accordance with Section 239 of the Act.
19. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened by such requisitionists as provided by section 239 of the Act.
   If at such time there are not within Nigeria sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director or any two members

Votes of Members

20. Subject to any rights or restriction attached to any voting class of share on a show of hands every member present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.
21. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the register of members.
22. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or curator bonis appointed by the court, and any such committee, or curator bonis, or other person may, on a poll, vote by proxy.
23. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
24. A proxy need not be a member, but a member may act as a proxy, although he is not entitled on his own behalf to attend and vote at the meeting at which he acts as proxy.
25. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal or in some manner approved by the directors.
26. Any corporation which is a member may, be resolution of its directors or writing under the hand of any one of its Directors, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise it as if he were an individual member. The production at the meeting of a copy of such resolution duly signed by one director of such corporation and certified by him, as being a true copy of the resolution shall on production at the meeting be accepted by the Company as sufficient evidence of the validity of the appointment of the representative of such corporation.
27. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office or at such other place within Nigeria as is specified for that purpose in the notice convening the meeting not less than 48 hours before the time of holding the meeting at which the person named in the instrument proposes to vote or in the case of poll, not less than 48 hours before the time appointed for the taking of the poll.
28. An instrument appointing a proxy may be in the following form or in any other form which the Directors shall approve: -

Directors

29. Unless and until otherwise determined by a General Meeting the number of Directors shall not be less than seven (7) and not more than thirteen (13) and the composition of the Board shall reflect the ownership structure of the Company.
30. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting, such remuneration shall be deemed to accrue from day to day.
31. It shall not be necessary for any Director to acquire or hold any share qualification.
32. (1) A Director who is in any way, whether directly interested in a contract or proposed contract with the Company shall declare the nature of his/her interest at a meeting of the Directors of the Company.

    (2) A Director shall not vote in respect of any contract or arrangement in which he/she is interested, and if he/she shall so do his/her vote shall not be counted.

    But neither these prohibitions shall apply to any contract in which a Director is interested only as officer or holder of shares or other securities of such company.

    (3) A Director may hold any other office or place under the Company (other than the office of the Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit, or as vendor, purchaser or otherwise. No such contract or no contract or arrangement entered into by or on behalf of the Company, in which any Director is in anyway interested, shall be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized from any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established; a Director notwithstanding

his interest, may be counted in the quorum present at any meeting whereat he or any other director is appointed to hold any office or place of profit under the Company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement of the terms thereof.

(4) A Director of the Company may be or become director or other officer of or otherwise in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or by reason of such office or from his interest in such other company unless the Directors otherwise direct. The Director may exercise the voting power conferred by the shares in any other company held or owned by the Company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the Directors or officers of such other company, and any director of the Company may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be or about to become director or officer of such other company, be interested or exercise such voting rights in the manner aforesaid.

(5) Any Director may act by himself or his firm in professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorize a Director or his firm to act as Auditor to the Company.

Seal

33. The seal shall not be affixed to any instrument except by the authority of a resolution of the Directors or of a committee of Directors authorised by the Directors in that behalf and in the presence of at least one Director and of the Secretary or such other Secretary or other person as the Directors may appoint for the purpose; and this Director and Secretary or other person as aforesaid shall sign every instrument to which the seal is so affixed in their presence.

Borrowing Powers

34. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures, debenture stock, and other securities, whether outright or as security for any debt, liability or obligation of the Company or any third party.

8. Responsibility of the Board

The Company is fully compliant with all the duties and responsibilities stated under the relevant and applicable laws and regulations, including codes of corporate governance applicable to the Company and its affairs.

9. Composition of the Board

The Board is currently comprised of three (3) Executive Directors and five (5) Non-executive Directors including the Chairman and one (1) Independent Non-Executive Director. The Independent Non-Executive Director is independent of management and free from constraints that could materially interfere with the exercise of her independent judgement. The Directors have experience and knowledge of the industry, markets, financial and/or other business information to make a valuable contribution to the Company's progress.

10. Chairman and Chief Executive Officer roles

Responsibilities of the board of directors of the Company are well defined and the Board is not dominated by one individual. The role of the Chairman and Managing Director of the Company are distinct and not occupied by the same person.

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 responsibility. He is also responsible for the overall operation and governance of the Board, management of the Board's business and settling of the Board agenda in consultation with the Managing Director and the Company Secretary. The Chairman is not involved in the day-to-day operations of the Company.

11. Proceedings and frequency of meetings

The Board meets regularly (at least once every quarter). A clear agenda and relevant reports and board papers are provided to all Directors ahead of each meeting.

12. Non-Executive Directors

The Company's Non-Executive Directors are of strong calibre and actively contribute to Board deliberations and decision-making. Non-Executive Directors remain in office in accordance with the provisions of extant legislation and corporate governance codes. The Board will evolve post the Listing and members of the board of the Company will be periodically changed to ensure continuity and injection of fresh ideas, in accordance with applicable codes of corporate governance. The Board is currently sourcing suitable candidates that will fill those vacancies and ensure that the Board is refreshed in a manner that reflects diversity of experience, gender and knowledge without compromising the quality of board effectiveness.

13. Code of Business Ethics

The Company is committed to conducting all of its activities with utmost professionalism and integrity by ensuring it is in compliance with all applicable laws, effectively managing any conflicts of interest arising from time to time and putting in place systems and controls to avoid bribery.

14. Claims and Litigation

Based on the updates provided by the Company's external solicitors regarding existing litigation involving BUA Sugar Refinery Limited (now BUA Foods) ("Solicitor's Report"), the solicitors confirmed that BUA Foods is currently involved in two (2) cases. BUA Foods is a claimant in one (1) of the two (cases) and a co-defendant in the other, as detailed below:

1. The total sum claimed by BUA Foods is ₦2,535,990,982 (two billion, five hundred and thirty-five million, nine hundred and ninety thousand, nine hundred and eighty-two Naira) in addition to the cost of the action.

2. The total sum jointly claimed against BUA Foods and the other defendants in the second case, is the sum of ₦729,150,000 (seven hundred and twenty-nine million, one hundred and fifty thousand Naira).

The Solicitors to the Listing are of the opinion that the contingent liability, from these cases, that could materialise against the Company will not have any material impact on the Listing.

The Directors of the Company are of the opinion that the pending claim against the Company is unlikely to have a material adverse effect on the Listing.

15. Material Contracts

The following agreements have been entered into and are considered to be material to the Listing:

1. Management Services Agreement for the provision of management and administrative services between BUA International Limited and BUA Sugar Refinery Limited dated 18 July 2008.

2. Financing/facility agreements between the Company and relevant financing institutions:
   i. An offer letter dated 11 August 2021 from Access Bank Plc to BUA Sugar Refinery Limited offering BUA Sugar Refinery Limited an import finance facility in the sum of US$151,000,000 (one hundred and fifty-one million United States Dollars).
   ii. An offer letter dated 20th February 2020 from Union Bank of Nigeria Plc offering to renew certain credit facilities offered to BUA Sugar Refinery Limited a sum total of ₦27,011,500,000 (twenty seven billion, eleven million and five hundred thousand Naira).
   iii. An offer letter dated 11 October 2021 offering to restructure two facilities of ₦32,800,000,000 (thirty-two billion, eight hundred million Naira) and US$ 80,000,000.00 (eight million United States Dollars), and a term loan facility in the sum of ₦34,000,000,000.00 (thirty four billion Naira) to BUA Sugar Refinery Limited.
   iv. A First Supplemental Facility letter dated 1 June 2021 amending the offer letter dated 10 December 2020 from Ecobank Nigeria Limited to BUA Sugar Refinery Limited in respect of a US$50,000,000.00 (fifty million United States Dollars) Inventory Finance Facility.
   v. An offer letter dated 17 November 2021 from Coronation Merchant Bank Limited to BUA Sugar Refinery Limited in respect of a ₦10,500,000,000 ten billion five hundred million Naira) Import Finance and ₦2,000,000,000 (two billion Naira) Overdraft Facility.
   vi. An offer letter dated 21 November 2016 from Sterling Bank PLC to BUA Rice Limited in respect of a N8,757,000,000 (eight billion, seven hundred and fifty-seven million Naira) FGN/CBN Fund.
   vii. A facility agreement dated 18 May 2015 between BUA Sugar Refinery Limited and Standard Chartered Bank for the provision of a facility in the sum of US$150,000,000 (one hundred and fifty million United States Dollars) to BUA Sugar Refinery Limited.
   viii. An offer letter dated 3 August 2020 and a credit facility agreement dated 7 august 2020 between BUA Sugar Refinery Limited and Sterling Bank PLC in respect of an import facility of $20,000,000 (twenty million United States Dollars).
   ix. An offer letter dated 27 October 2021 from First Bank of Nigeria Limited to BUA Sugar Refinery in respect of a renewal of an overdraft facility of ₦750,000,000 (seven hundred and fifty million Naira) and a Stock Replacement Facility/Clean Confirmation Line/Unconfirmed Letter of Credit of ₦19,780,000,000 (nineteen billion seven hundred and eighty million Naira).
   x. An offer letter dated 2 November 2020 between BUA Sugar Refinery Limited and Nova Merchant Bank Limited in respect of a trade finance in the sum of $20,000,000 (twenty million United States Dollars) or its Naira equivalent of ₦7,700,000,000 @$/N385 and an overdraft facility of ₦800,000,000 (eight hundred million Naira).

xi. An offer letter dated 17 August 2021 from FBN Quest Merchant Bank Limited in respect of a ₦7,690,000,000 (seven billion, six hundred and ninety million Naira) working capital and trade finance facility to BUA Sugar Refinery Limited

xii. A Facility Agreement dated 6 October 2021 between Rand Merchant Bank Nigeria Limited and BUA Sugar Refinery Limited in respect of a ₦4,000,000,000 (four billion Naira) facility.

xiii. An offer letter dated 10 December 2019 from First City Monument Bank Ltd to BUA Sugar Refinery Limited in respect of a ₦5,000,000,000 (five billion Naira) documentary import finance facility and ₦3,000,000,000[4] real sector support Facility.

xiv. An offer letter dated 17 September 2021 from Providus Bank to BUA Sugar Refinery Limited in respect of a US$10,000,000.00 (ten million United States Dollars) facility.

xv. An offer letter dated 7 May 2021 from Globus Bank to BUA Sugar Refinery Limited in respect of a US$20,000,000.00 (twenty million United States Dollars) to be availed for Confirmation/Usance Line and Unconfirmed Letter of Credit facility.

xvi. An offer letter dated 7 May 2021 from Titan Trust Bank Limited to BUA Sugar Refinery Limited in respect of a ₦5,500,000,000 (five billion, five hundred million Naira) import finance line facility.

xvii. An offer letter dated 17 November 2021 from Access Bank to BUA Sugar Refinery Limited in respect of a $65,000,000 (sixty five million United States Dollars) Import finance facility.

xviii. Fourth supplemental All Asset Debenture Trust Deed dated 31 October 2019 between BUA Sugar Refinery and Leadway Capital & Trust Limited securing the total sum of ₦1,000,000,000 (one billion Naira) in favor of Leadway Capital & Trust Limited.

16. Mergers and Acquisitions

As at the date of this Memorandum, the Company has not received any merger or takeover offer from a third party in respect of its securities nor has the Company made any merger or takeover offer to any other entity. However, on 25 November 2021, the Company received the sanction of the Federal High Court for the Restructuring.

[4] The real sector support facility of ₦3Billion was never utilized as such has been canceled.

Relationship between the Company and its Advisers

As at the date of this Memorandum, there was no relationship between the Company and any of the advisers except in the ordinary course of business.

CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Memorandum with the inclusion of their names and reports (where applicable) in the form and context in which they appear:

Chairman	Abdulsamadu Isyaku Rabiu
Acting Managing Director	Ayodele Musibau Abioye
Executive Directors	Abdulrasheed Adebayo Olayiwola Isyaku Naziru Rabiu
Non-Executive Directors	Kabiru Isyaku Rabiu Chimaobi Kenneth Madukwe Ur Rashid Imran. Finn Heyerdahl Arnoldsen
Independent Non-Executive Director	Saratu Altine Umar
Company Secretary	Oluseye Olufunmilayo Alayande
Solicitors to the Listing	Udo Udoma & Belo-Osagie
Lead Financial Adviser	Stanbic IBTC Capital Limited
Joint Financial Advisers	Rand Merchant Bank Nigeria Limited UCML Capital Limited
Stockbroker	APT Securities and Funds Limite. CardinalStone Securities Limited
Auditors to the Company	PricewaterhouseCoopers
Registrar	Africa Prudential PLC