

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, you should consult your Stockbroker, Banker, Solicitor, Accountant or any other professional adviser duly registered under the Investments and Securities Act No. 29, 2007 immediately.

If you have sold or otherwise transferred all your shares in Flour Mills of Nigeria Plc, please give this document and the accompanying proxy forms to the purchaser or transferee or to the Stockbroker, Bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The distribution of this document in jurisdictions other than Nigeria may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

SCHEME OF ARRANGEMENT

Under Section 711 of the Companies and Allied Matters Act, No. 3 of 2020 (as amended), and in accordance with Rules 440 - 444 of the Securities and Exchange Commission Rules and Regulations, 2013

BETWEEN

FLOUR MILLS OF NIGERIA PLC (RC 2343)



AND

BAGCO INDUSTRIAL SOLUTIONS LIMITED (RC 1580350)

Incorporating an Explanatory Statement on the Proposed Scheme of Arrangement

Rand Merchant Bank Nigeria Limited is acting as Financial Adviser in respect of the Scheme of Arrangement between Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited.

Rand Merchant Bank Nigeria Limited will not be responsible to any person, individual or corporate body other than Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited in relation to the arrangements referred to herein.

The notices convening the Court-Ordered Meetings of the Shareholders of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited are set out on pages 53 and 56 of this document respectively. Proxy Forms are also set out on pages 58 and 60. To be valid, proxy forms must be completed, together with the power of attorney or other authority, if any, under which they are signed and in accordance with the instructions printed thereon, and must reach the Registrars, Atlas Registrars Limited, 34 Eric Moore Road, Iganganmu, and the Company Secretary of Bagco Industrial Solutions Limited, not less than 24 hours before the time scheduled for the Court-Ordered Meetings.

THE PROPOSAL, WHICH IS THE SUBJECT OF THE SCHEME OF ARRANGEMENT SET OUT IN THIS DOCUMENT, HAS BEEN CLEARED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUIRED TO TAKE ARE SET OUT ON PAGE 23 OF THIS SCHEME DOCUMENT.

FINANCIAL ADVISER



THIS SCHEME OF ARRANGEMENT DOCUMENT IS DATED [•]

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1. DEFINITIONS

The following definitions apply throughout this document except where otherwise stated:

Terms

“Assets and Liabilities”

Definitions

The tangible and intangible Assets and Liabilities of the Bagco Division more specifically detailed in Annexure I of the Scheme of Arrangement;

Packaging division of Flour Mills of Nigeria Plc;

“Bagco Division” or “Division”

a wholly owned subsidiary of Flour Mills of Nigeria Plc to whom the Assets and Liabilities of Bagco Division will be transferred;

“Bagco Industrial Solutions Limited” or “NewCo” or “Bagco Limited”

The Board of Directors of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited comprising those persons whose names are set out on pages 7 to 8;

“Board” or “Board of Directors” or “Directors”

Between 8:00a.m and 5:00pm on a day other than a Saturday or Sunday or a public holiday on which commercial banks are open for general banking business in Nigeria;

“Business Day”

Corporate Affairs Commission;

“CAC”

Companies and Allied Matters Act, No. 3 of 2020 (as amended);

“CAMA” or “Companies and Allied Matters Act”

Federal High Court of the Federal Republic of Nigeria;

“Court” Or “Federal High Court” or “FHC”

The separate meetings of the Shareholders of ordinary shares of Flour Mills of Nigeria Plc and Bagco Limited, to be convened by an order of the Court pursuant to the provisions of Section 711 of the CAMA, of which notice is set out on pages 53 to 56 of this Document, including any adjournment thereof;

“Court Sanction”

An order made by the Court pursuant to the provisions of Section 711 (3) of CAMA approving the Scheme of Arrangement;

“CTC”

Certified True Copy;

“Effective Date”

The date the Court sanctions the Scheme or such other date as the Court may direct as the Effective Date [●] ;

“Explanatory Statement”

The statement issued by the Financial Adviser, for the purpose of explaining the terms, conditions and effects of the Scheme which is set out on pages 14 to 19 of the Scheme Document;

“FGN”

The Federal Government of Nigeria;

“FIRS”

Federal Inland Revenue Service;

“Financial Adviser”

Rand Merchant Bank Nigeria Limited acting as Financial Adviser on the proposed Scheme of Arrangement;

“Flour Mills of Nigeria Plc” or “Flour Mills” or “FMN” or the “Group”

Flour Mills of Nigeria PLC;

“Legal Adviser”

Banwo & Ighodalo acting as Legal Adviser to FMN and Bagco Limited;

“LFN”

Laws of the Federation of Nigeria;

“NGX”

Nigerian Exchange Limited;

“Proposed Restructuring”

The carve-out of Bagco Division from FMN and transfer of Assets and Liabilities to Bagco Limited;

DEFINITIONS

“Qualification Date”	April 30, 2024, being the date that the Register of Members shall be closed for the purpose of determining the shareholders eligible to attend and vote at the Court - Ordered Meeting;
“Qualifying Shareholders”	The Shareholders whose names appear in the Register of members as at the Qualification Date;
“Register of Members”	The register of members of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited, as is required to be maintained pursuant to the provisions of CAMA;
“Scheme” or “Scheme of Arrangement”	The proposed Scheme of Arrangement between Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited undertaken in accordance with Section 711 of CAMA, which is set out on pages 24 to 29;
“Scheme Document” or “Document”	This document dated [•], which contains the Scheme, the Explanatory Statement, the notice of the Court-Ordered Meeting, and the various appendices therein in relation to the Scheme;
“SEC”	Securities and Exchange Commission, Nigeria;
“SEC Rules and Regulations”	The rules and regulations of the SEC, 2013 (as amended); and
“Shareholders”	The registered Shareholder of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited as at the Qualification Date.

2. PROPOSED TIMETABLE

EVENT	DATE
Obtain order of the Court convening Shareholders meeting	[April 4, 2024]
Publish notice of Court-Order Meeting in national newspapers	[April 16, 2024]
Last date for lodging proxy forms for the Court-Ordered Meetings	[May 13, 2024]
Court-Ordered Meeting for the Shareholders of FMN	[May 15, 2024]
Court-Ordered Meeting for the Shareholders of Bagco Limited	[May 15, 2024]
File resolutions obtained at the Court-Ordered Meeting with the CAC	[May 16, 2024]
Obtain the SEC's formal approval of the Scheme	[May 30, 2024]
Obtain Court Sanction of the Scheme	[June 5, 2024]
File CTC of Court Sanction with the SEC	[June 5, 2024]
File CTC of Court Sanction with CAC (Effective Date)	[June 6, 2024]
Publish copy of Court Sanction in two national newspapers	[June 7, 2024]
File summary report with SEC	[June 7, 2024]

Important Notice: The dates given above are indicative only and are subject to possible changes without notice. The timetable has been prepared on the assumption that certain key activities, including but not limited to the assumption that Court dates for the Scheme of Arrangement will be available as and when applied for; if not, the tentative dates on which key events are scheduled may be adjusted.

3. DIRECTORS AND PARTIES TO THE SCHEME

FOR FLOUR MILLS OF NIGERIA PLC

Directors:

Mr. John George Coumantaros (Chairman)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Omoboyede Oyebolanle Olusanya

(Group Managing Director)
1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Paul Miyonmide Gbededo (Vice Chairman)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Foluso O. Phillips (Independent Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Prof. Jerry Gana CON (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Alfonso Garate (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Ioannis Katsaounis (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Dr. (Mrs.) Salamatu Hussaini Suleiman (Independent Non -Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Thanassis Mazarakis (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mrs. Juliet Anammah (Independent Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Folarin R. A. Williams (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Muhammad Ahmad OON (Independent Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Alhaji Rabiu M. Gwarzo, OON (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Ms. Yewande Sadiku (Independent Non-Executive Director)

Plot 999c, Danmole Street
Off Adeola Odeku/Idejo Street
Victoria Island
Lagos

Alhaji Y. Olalekan A. Saliu (Non-Executive Director)

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

DIRECTORS AND PARTIES TO THE SCHEME

Company Secretary:

Joseph Odion Umolu
1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED

Directors:

Mr. Omoboyede Oyebolanle Olusanya
1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Anders Kristiansson
1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Sadiq Usman

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Mr. Adebola Adeeko
1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Joseph Odion Umolu

1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Company Secretary:

Joseph Odion Umolu
1, Golden Penny Place,
Wharf Road
Apapa,
Lagos

Financial Advisers:

Rand Merchant Bank Nigeria Limited
3rd Floor East Tower
Wings Office Complex
Victoria Island
Lagos

Solicitors:

Banwo & Ighodalo
48, Awolowo Rd
Ikoyi
Lagos

Tax Advisers:

KPMG Advisory Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

Registrars

Atlas Registrars Limited
4th Floor Bagco Building
Eric Moore Road
Iganmu
Lagos

4. LETTER FROM THE CHAIRMAN OF FLOUR MILLS

FLOUR MILLS OF NIGERIA PLC (RC 2343)



1, GOLDEN PENNY PLACE, WHARF ROAD,
APAPA, LAGOS STATE

To the Shareholders of Flour Mills of Nigeria Plc

Dear Sir/Madam,

PROPOSED SCHEME OF ARRANGEMENT BETWEEN FLOUR MILLS OF NIGERIA AND BAGCO INDUSTRIAL SOLUTIONS LIMITED FOR THE CARVE-OUT AND TRANSFER OF BAGCO DIVISION TO BAGCO INDUSTRIAL SOLUTIONS LIMITED

Introduction

Flour Mills of Nigeria Plc was incorporated on September 29, 1960, and is Nigeria's leading food and agro-allied company operating across the entire value chain comprising of Grains, Sweeteners, Oil and Fats, Starches and Protein. FMN creates value along the entire value chain with its "farm – to – table" model.

Over the years, FMN has undertaken several strategic and expansion programmes including strategic acquisitions and mergers as well as divestments aimed at streamlining, consolidating, refocusing, and supporting its core business. In 2022, FMN completed the strategic acquisition of Honeywell Flour Mills PLC and announced the unbundling of its power assets. FMN has continued to restructure internally for effectiveness, and to position their businesses for sustainable competitiveness.

The transformation and development of Flour Mills in recent years has been directed at value creation through strategic clarity, managerial focus and shareholder insight. It is in furtherance of this that in December 2012, Flour Mills undertook a merger of its packaging subsidiaries under the FMN umbrella. Subsequently, the packaging subsidiaries operating under the names, Nigerian Bag Manufacturing Company Limited, Northern Bag Manufacturing Limited and Bagco Morpack Limited were dissolved without being wound up and the packaging business became a support division of Flour Mills, "Bagco Division", providing total packaging solutions ranging from woven polypropylene bags to flexibles packaging to Flour Mills and third-party customers in key sectors of the Nigerian economy.

The packaging sector is however highly dynamic, and requires divergent strategy, clear management focus and different capital requirement – Bagco Division's cashflow profile and capital needs also vary considerably from other divisions within FMN's portfolio. In light of the above, FMN's Board of Directors have determined that the long-term prospects of FMN and the Bagco Division will be enhanced by the carve-out of the Bagco Division into a separate legal entity, wholly owned by FMN in the first instance. Consequently, the emerging Bagco company; Bagco Limited will be afforded the flexibility to operate in an efficient manner – positioned for significant growth trajectory across the packaging value chain, serving multiple sectors and verticals.

On behalf of Flour Mills of Nigeria Plc and the Board of Directors, I am now writing to you, to set out the rationale for the proposed carve out of the packaging division, Bagco Division into a wholly owned operating company (the "Proposed Restructuring"). The Proposed Restructuring will be effected by way of a Scheme of Arrangement (the

4. LETTER FROM THE CHAIRMAN OF FLOUR MILLS

“Scheme”) pursuant to the provisions of Sections 711 of the Companies and Allied Matters Act No 3 of 2020 (as amended) (“CAMA”) and in accordance with the Rules and Regulations of the Securities and Exchange Commission (“SEC”).

Benefits/effects of the Proposed Restructuring

The following are expected to be the benefits of the Proposed Restructuring:

- a. Position Bagco Industrial Solutions Limited (“Bagco Limited”) as a distinct sub-Saharan Africa focused packaging provider, thereby enabling it to pursue its own growth strategy, access and deploy its capital in accordance with its ambitions without the competing capital requirements of the other entities within FMN;
- b. Afford FMN and Bagco Limited each with the platform to pursue independent strategic initiatives, with enhanced flexibility and efficiency;
- c. Improve the operational efficiency of FMN mainly through the reduction in operational complexity and costs over time;
- d. Provide Bagco Limited with direct access and accountability to the equity and debt markets, each with the appropriate capital structure to support its strategic objectives on a long-term sustainable basis, and the ability to raise funding independently;
- e. Enable the respective management teams of FMN and Bagco Limited to take direct responsibility and accountability for the performance and growth of the respective companies, thus enhancing the transparency and accountability of Bagco Limited as it will have its own distinct financial statements;
- f. Provide FMN and Bagco Limited with the flexibility to anticipate and react to changes within the specific market segment and economic landscape in which it operates;
- g. Introduce strategic partners to Bagco Limited who have a track record of operational excellence and expertise in the packaging sector in order to drive long term sustainable growth of the business; and
- h. Facilitate a consolidated financial strength of FMN, which will lead to greater value for its Shareholders.

Summary of the Proposed Restructuring

The Proposed Restructuring is in furtherance of Flour Mills’ long term growth strategy for Bagco Limited, which will require significant capital expenditure and strategic management focus to expand its manufacturing capacity and also improve efficiency in order to take advantage of the opportunities in the fast-moving consumer goods, agriculture, and manufacturing sectors of the economy. The Proposed Restructuring will allow Bagco Limited pursue alternative source(s) of capital independent of FMN, in order to invest significantly in its capacity to expand its operations and improve its product portfolio.

The Proposed Restructuring entails that the identified assets, liabilities and undertakings relating to Flour Mills’ packaging division will be carved-out and transferred to Bagco Limited, a wholly owned subsidiary of Flour Mills. The Proposed Restructuring, however, will not result in any adverse change to the rights of the shareholders and existing shareholding structure of Flour Mills.

The Proposed Restructuring will be effected by a Scheme of Arrangement pursuant to the provisions of Sections 711 of the Companies and Allied Matters Act No 3 of 2020 (as amended) and in accordance with the Rules and Regulations of the Securities and Exchange Commission.

As part of the process of the Proposed Restructuring, FMN engaged the services of professional advisers to guide decision-making of the respective board of directors and to manage the process. Rand Merchant Bank Nigeria Limited was appointed as Financial Adviser and the firms of Banwo & Ighodalo and KPMG Advisory Services were appointed as Solicitors and Tax Advisers respectively.

The terms and effects of the Scheme are explained further in an Explanatory Statement from the Financial Adviser on pages 14 to 19 of this document.

4. LETTER FROM THE CHAIRMAN OF FLOUR MILLS

Recommendation

Following careful consideration, the Board of Directors of your Company is of the opinion that the Scheme of Arrangement will provide considerable benefits and opportunities to the Shareholders, customers, staff and other stakeholders of Flour Mills and Bagco Limited.

I am pleased to inform you that your Directors, as advised by the Financial Adviser, consider the terms of the Scheme fair, reasonable and in the best interest of your company. Your directors therefore recommend that you vote in favour of the resolutions to be proposed at the Court-Ordered Meeting scheduled to hold on [May 15, 2024].

The Court Ordered Meeting and Voting Protocols

In accordance with Clause 27 of the Company's Articles of Association, the Company will hold the meeting virtually. The link for the meeting can be accessed through the Company's website <https://www.fmnplc.com>. Any member entitled to attend and vote at the Court-Ordered Meeting is entitled to attend in person virtually or appoint a proxy to attend and vote in his/her/its stead physically.

Shareholders will join the meeting and follow the proceedings remotely via real-time streaming options. The link for the live stream will be provided on the Company's website at <https://www.fmnplc.com>. Real time voting options and an online link will also be provided on the Company's website. Atlas Registrars Limited, our Registrars will make efforts to communicate details for voting and remote participation at the meeting to each shareholder.

If you intend to attend the meeting through a proxy, you are enjoined to follow the procedure set out in the notice on pages 53 to 55 and the Proxy Form on pages 58 to 59 Complete and sign the Proxy Form and return it to Atlas Registrars Limited, our registrar, in accordance with the instructions thereon.

Where a shareholder who has appointed a proxy attends the meeting remotely and he/she elects to vote through any of the channels provided by the Company and not through the appointed proxy, such shareholder must communicate in writing to Atlas Registrars prior to the commencement of the meeting.

Shareholders are encouraged to utilise the alternative methods available to attend/observe and cast their votes.

Yours faithfully



Mr. John G. Coumantaros
Chairman
Flour Mills of Nigeria Plc

5. LETTER FROM THE BOARD OF BAGCO INDUSTRIAL SOLUTIONS LIMITED

BAGCO INDUSTRIAL SOLUTIONS LIMITED (RC 1580350)

1, GOLDEN PENNY PLACE, WHARF ROAD,
APAPA, LAGOS STATE

To the Shareholders of Bagco Industrial Solutions Limited

Dear Sir/Madam,

PROPOSED SCHEME OF ARRANGEMENT BETWEEN FLOUR MILLS OF NIGERIA AND BAGCO INDUSTRIAL SOLUTIONS LIMITED FOR THE TRANSFER OF BAGCO DIVISION TO BAGCO INDUSTRIAL SOLUTIONS LIMITED

Introduction

On behalf of Bagco Industrial Solutions Limited (“Bagco Limited”), I wish to inform you of your company’s intention to accept the transfer of all assets, liabilities and undertakings relating to the packaging division of Flour Mills of Nigeria Plc, Bagco Division, to Bagco Limited.

Bagco Limited was incorporated as a private limited liability company in 2019 under the name, Rom Oil Mills Limited. The company’s name was changed to Bagco Industrial Solutions Limited by a special resolution dated 27th April, 2023. The company’s main business objective is to engage in the production and marketing of total packaging solutions to Flour Mills and other customers in Nigeria and other countries across the globe.

Flour Mills of Nigeria Plc (“Flour Mills or “FMN”) was incorporated on September 29, 1960 and is Nigeria’s leading food and agro-allied company operating across the entire value chain comprising of Grains, Sweeteners, Oil and Fats, Starches and Protein. FMN creates value along the entire value chain with its “farm – to – table” model.

Bagco Division was originally incorporated in 1964 as a private limited liability company, wholly owned by Flour Mills under the name “Nigerian Bag Manufacturing Company Limited (“NBMCL”). In 2007, NBMCL converted to a public entity through a public issue of its securities and was subsequently listed on the NGX in 2008. The public issue resulted in the reduction of Flour Mills’ holdings to 70% and the remaining 30% was held by Nigerian individuals and organisations. As part of its strategic ambitions, FMN merged with NBCML, including its packaging subsidiaries operating under the names, Nigerian Bag Manufacturing Company Limited, Northern Bag Manufacturing Limited and Bagco Morpack Limited. Subsequently, the subsidiaries were dissolved without being wound up and the packaging business became a support division of Flour Mills, known as “Bagco Division”, providing total packaging solutions ranging from woven polypropylene bags to flexibles packaging to Flour Mills and third-party customers in key sectors of the Nigerian economy.

Given the dynamic nature of the packaging sector, FMN believes that Bagco Division requires enhanced focus from a dedicated management team who are well equipped to define a divergent strategy and explore avenues to cater for the capital requirements of the business. Considering the above, FMN’s Board of Directors have determined that the long-term prospects of FMN and the Bagco Division will be enhanced by the carve-out of the Bagco Division to Bagco Limited. Consequently, Bagco Limited will be afforded the flexibility to operate in an efficient manner – positioned for significant growth trajectory across the packaging value chain, serving multiple sectors and verticals.

Benefits/effects of the Proposed Restructuring

The following are expected to be the benefits of the Proposed Restructuring:

- a. Position Bagco Limited as a distinct sub-Saharan Africa focused packaging provider, thereby enabling it to pursue its own growth strategy, access and deploy its capital in accordance with its ambitions;
- b. Afford Bagco Limited with the platform to pursue independent strategic initiatives, with enhanced flexibility and efficiency;

LETTER FROM THE BOARD OF BAGCO INDUSTRIAL SOLUTIONS LIMITED

- c. Provide Bagco Limited with direct access and accountability to the equity and debt markets, each with the appropriate capital structure to support its strategic objectives on a long-term sustainable basis, and the ability to raise funding independently;
- d. Enable the respective management teams of FMN and Bagco Limited to take direct responsibility and accountability for the performance and growth of the respective companies, thus enhancing the transparency and accountability of Bagco Limited as it will have its own distinct financial statements;
- e. Provide Bagco Limited with the flexibility to anticipate and react to changes within the specific market segment and economic landscape in which it operates; and
- f. Introduce strategic partners to Bagco Limited who have a track record of operational excellence and expertise in the packaging sector in order to drive long term sustainable growth of the business.

Summary of the Proposed Restructuring

The Proposed Restructuring is in furtherance of Flour Mills' long term growth strategy for Bagco Limited, which will require significant capital expenditure and strategic management focus to expand its manufacturing capacity and also improve efficiency in order to take advantage of the opportunities in the fast-moving consumer goods, agriculture, and manufacturing sectors of the economy. The Proposed Restructuring will allow Bagco Limited pursue alternative source(s) of capital independent of FMN, in order to invest significantly in its capacity to expand its operations and improve its product portfolio.

The Proposed Restructuring entails that the assets and undertakings relating to Flour Mills' packaging division will be carved-out and transferred to Bagco Limited, a wholly owned subsidiary of Flour Mills. The Proposed Restructuring, however, will not result in any adverse change to the rights and existing shareholding structure of Flour Mills.

The Proposed Restructuring will be effected by a Scheme of Arrangement pursuant to the provisions of Section 711 of the Companies and Allied Matters Act No 3 of 2020 (as amended) and in accordance with the Rules and Regulations of the Securities and Exchange Commission as amended.

The terms and effects of the Scheme are explained further in an Explanatory Statement from the Financial Adviser on pages 14 to 19 of this document.

Recommendation

Following careful consideration, the Board of Directors of your company is of the opinion that the Scheme of Arrangement will provide considerable benefits and opportunities to the Shareholders, customers, staff and other stakeholders of Flour Mills and Bagco Limited.

I am pleased to inform you that your Directors consider the terms of the Scheme fair, reasonable and in the best interest of your company. Your directors therefore recommend that you vote in favour of the resolutions to be proposed at the Court-Ordered Meeting scheduled to hold on [May 15, 2024].

If you are unable to attend the meeting virtually, please complete and return the enclosed Proxy Form in accordance with the instructions thereof. Kindly note that the lodging of a Proxy Form does not prevent you from attending and voting in person virtually, should you subsequently decide to do so. However, in such instances, your proxy will not be entitled to attend or vote.

We look forward to welcoming you or your proxy at the meeting

Yours faithfully



Mr. Omoboyede Olusanya
On behalf of the Board of Directors
Bagco Industrial Solutions Limited

6. EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER



Rand Merchant Bank Nigeria Limited
17A Ozumba Mbadiwe, Victoria Island,
Lagos

To the Shareholders of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited

Dear Sir/Madam,

PROPOSED SCHEME OF ARRANGEMENT BETWEEN FLOUR MILLS OF NIGERIA PLC AND BAGCO INDUSTRIAL SOLUTIONS LIMITED

6.1 INTRODUCTION

The letters from the Chairman of Flour Mills of Nigeria Plc ("Flour Mills or FMN") and Board of Bagco Industrial Solutions Limited ("Bagco Limited") on pages 9 to 11 and pages 12 to 13 of this document respectively set out the considerations that informed the decision of the Boards of Directors of Flour Mills and Bagco Limited to propose the carve-out of Flour Mills of Nigeria Plc's packaging division, Bagco Division and the subsequent transfer of all its assets, liabilities and undertakings to a wholly owned company of Flour Mills, Bagco Limited (the "Proposed Restructuring").

The Proposed Restructuring will be effected through a Scheme of Arrangement pursuant to Section 711 of Companies and Allied Matters Act 2020 ("CAMA"). The Scheme will provide for the transfer of the assets, liabilities and undertaking of the packaging division, Bagco Division to Bagco Limited, a wholly owned subsidiary of Flour Mills.

We have been authorised by your respective directors to write to you, on their behalf, to explain the terms, provisions and effects of the Scheme, and provide you with other relevant information which we now summarise as follows.

6.2 THE PROPOSAL

Under the terms of the Scheme of Arrangement, it is proposed that:

(a) Carve-out of Bagco Division from FMN

The Assets and Liabilities relating to Bagco Division as set out in Annexure I to the Scheme of Arrangement, including but not limited to licenses, contracts, intellectual property rights, and litigation will be carved out from the books of Flour Mills.

(b) Transfer to Bagco Limited

The Assets, liabilities and undertakings of Bagco Division as set out in Annexure I of the Scheme of Arrangement will be transferred to Bagco Limited.

Following the implementation of the Scheme, Bagco Division will cease to be a division of FMN and the entire issued and paid-up share capital of Bagco Limited will be held by Flour Mills.

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

6.3 RATIONALE FOR THE PROPOSED SCHEME

The decision to carve-out the packaging division of Flour Mills is in line with the respective Boards of FMN and Bagco Limited strategic decision to focus investments and dedicate resources to the expansion of its core business operations. It is expected that the Proposed Restructuring will yield the following benefits:

- a. Position Bagco Limited as a total packaging solutions company, thereby enabling its management to pursue its own growth strategy, access and deploy its capital in accordance with its strategic ambitions;
- b. Provide greater flexibility and efficiency to enable FMN and Bagco Limited to pursue independent strategic initiatives;
- c. Improve the operational efficiency of FMN mainly through the reduction in operational complexity and costs over time;
- d. Position Bagco Limited to raise funding independently from the equity and debt markets, each within the appropriate capital structure, to support its strategic objectives on a long-term sustainable basis;
- e. Enable the respective management teams of FMN and Bagco Limited to take direct responsibility and accountability for the performance and growth of the respective companies;
- f. Enhance the transparency and accountability of Bagco Limited as it will have its own distinct financial statements;
- g. Provide FMN and Bagco Limited with the flexibility to anticipate and react to changes within the specific market segment and economic landscape in which it operates;
- h. Introduce strategic equity partners to Bagco Limited who have a track record of operational excellence and expertise in the packaging sector in order drive long term sustainable growth of the business; and
- i. Facilitate a consolidated financial strength of FMN, which will lead to greater value for its Shareholders.

6.4 EFFECTS OF THE SCHEME ON FLOUR MILLS AND BAGCO LIMITED

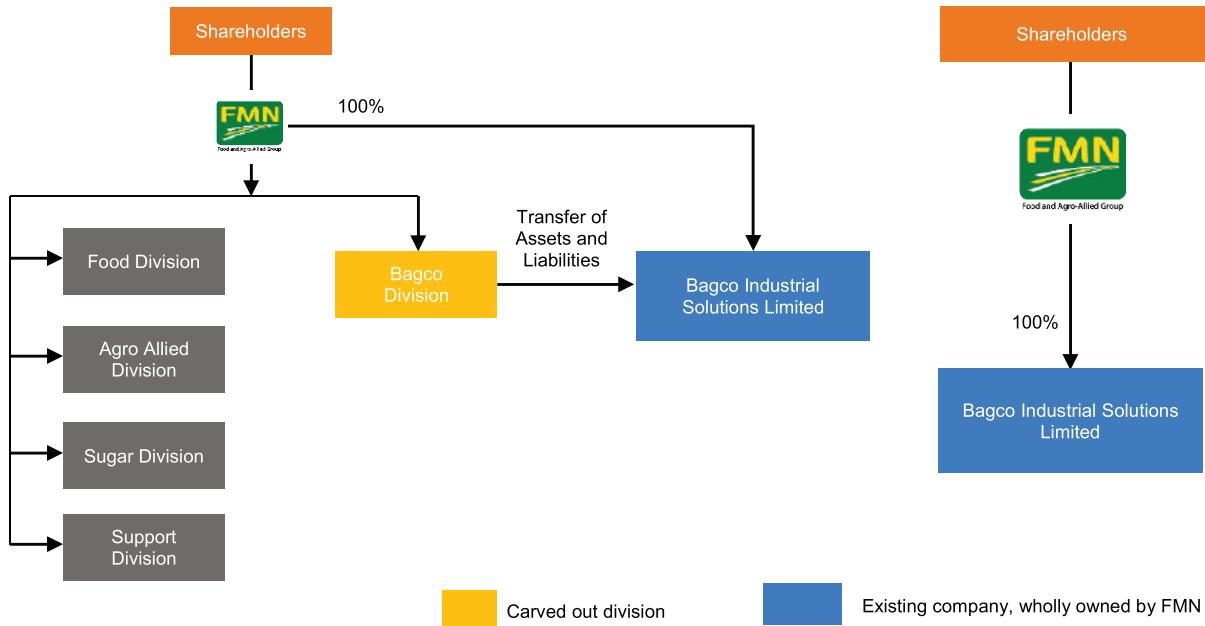
Upon the Effective Date, the Scheme will become binding on all Shareholders. The effects and consequences of the Scheme are as follows:

- Bagco Division will cease to be a division of Flour Mills and all undertakings of the Bagco Division will be carried on by Bagco Limited;
- All Assets and Liabilities highlighted in the Annexure I of this Scheme shall be transferred to Bagco Limited;
- All legal proceedings, claims and litigation pending or contemplated by or against FMN with respect to the Bagco Division, shall be continued by or against Bagco Limited after the Effective Date;
- Where certain services and infrastructure are shared, FMN and Bagco Limited shall enter into a shared services agreement or transitional service agreement on an arms' length basis;
- Flour Mills will directly own 100% shareholding in Bagco Limited in the first instance; and
- Bagco Limited will continue to operate as a subsidiary of Flour Mills; thereby providing Bagco Limited with the flexibility and efficiency to pursue its own strategy and growth opportunities.

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

Illustrative description of the Proposed Restructuring:

a) Carve-out structure



6.5 CONDITIONS PRECEDENT

From the Effective Date, the Scheme shall become binding on the parties and their respective Shareholders, irrespective of whether or not they attended or voted at the Court Ordered Meeting ("COM") (and if they attended or voted, irrespective of whether or not they voted in favour of the Scheme), if all the following conditions precedent are fulfilled:

- The Scheme is approved, with or without modification(s), by a resolution of a majority representing three-quarters (3/4) in value of the shares held by the Shareholders of Flour Mills present and voting, either in person (virtually) or by proxy at the COM;
- The Scheme is approved, with or without modification(s), by a resolution of a majority representing three-quarters (3/4) in value of the shares held by the Shareholders of Bagco Industrial Solutions Limited present and voting, either in person (virtually) or by proxy at the COM;
- The SEC approves, with or without modification, the terms and conditions of the Scheme as agreed by the Shareholders in accordance with (b) above; and
- The Court sanctions the Scheme with or without modification (s).

6.6 MEETING TO APPROVE THE SCHEME OF ARRANGEMENT AND VOTING RIGHTS

Separate Court-Ordered Meetings of Flours Mills and Bagco Limited, will be convened pursuant to an order of the Court for Shareholders to consider, and if deemed fit, approve the Scheme. Your entitlement to vote and the number of votes which may be cast at the COM will be determined by reference to your shareholding as shown in the Register of Members at the Qualification Date. Only Shareholders registered on the Register of Members of Flour Mills and Bagco Limited as of the Qualification Date shall be entitled to vote at the Meeting.

The statutory majority required to approve the Scheme and pass the resolutions at the Court-Ordered Meetings is a majority representing not less than three-quarters in value of the shares held by members present and voting either in person or by proxy.

Notices of the Court-Ordered Meetings are set out on pages 54 to 57 of this Scheme Document.

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

6.7 ACTIONS TO BE TAKEN BY SHAREHOLDERS

The appropriate proxy form for the Court-Ordered Meetings scheduled to be held by each company is enclosed with this Document. If you are unable to attend the respective meeting in person virtually, you are required to complete the proxy form in accordance with the instructions thereon, and return it as soon as possible to the relevant company secretary, to arrive not later than 24 hours before the time scheduled for the Court-Ordered Meeting.

Please note that if you do not give specific instructions as regards to voting on the special resolution to be considered at the Court-Ordered Meeting by placing a mark in the appropriate box, your proxy will be at liberty to vote or abstain from voting as he or she deems fit on the resolution, any modifications to the Scheme, or on any other business that may properly come before the Court-Ordered Meeting.

6.8 PLAN FOR EMPLOYEES AND DIRECTORS OF BAGCO LIMITED AFTER THE SCHEME

It is intended that Bagco Limited will absorb all the employees of FMN working in Bagco Division, on terms and conditions that will be similar or no less favorable than those under which they are presently employed. In the event an employee of FMN chooses not to continue in the employment of Bagco Limited, such employee will be given full terminal benefits in accordance with the terms and conditions of his or her existing contract of service with FMN. In addition, FMN and Bagco Limited, shall have the right, where it deems appropriate, to terminate the employment of any member of staff, provided that such termination is effected in accordance with the terms and conditions of such member of staff's contract of employment.

A Board of Directors which includes current directors and executive management members of Flour Mills has been constituted for Bagco Limited. The Board will also bring in additional experienced professionals to be directors of Bagco Limited.

6.9 TAXATION

KPMG Advisory Services has been appointed as tax advisers to assist in the evaluation of the potential tax implications of the Proposed Restructuring. Their key findings are outlined in below paragraph with further details contained in the Tax opinion set out on page 21 of this document.

Tax implications

Under current Nigerian tax legislation, regulations and guidelines, Companies Income Tax (CIT), Capital Gains Tax (CGT), Tertiary Education Tax, Value Added Tax (VAT), Withholding Tax (WHT) and Stamp Duties (SD) are not applicable to transfer of business, subject to fulfilment of the conditions in Section 29(9) of the CIT Act, Section 42 of the VAT Act, Section 32 of the CGT Act and Section 105 of the SD Act.

We expect that FMN and Bagco Limited will comply with the conditions in the above-mentioned sections and should therefore enjoy the concessions in those provisions. Therefore, the proposed spin-off will have the following tax implications:

For FMN

- FMN will be exempt from preparing and submitting cessation tax returns to the Federal Inland Revenue Service (FIRS) in relation to Bagco Division.
- FMN would not be required to compute balancing adjustments in respect of the assets sold to Bagco Limited, as the assets would be deemed to have been disposed of at their Tax Written Down Values (TWDVs).
- FMN will be liable for VAT on services received from professional, legal, or consulting firms involved in the transaction.
- FMN will be required to deduct WHT from any professional, legal, consulting, or similar fees paid to other parties at the appropriate WHT rates and remit the WHT to the relevant tax authorities.

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

- FMN will not transfer any unutilized capital allowances, unrelieved loss, or unutilized WHT credits to Bagco Limited by virtue of the spin-off transaction.
- FMN would be accountable to the tax authorities for tax obligations relating to Bagco Division up to the date of the spin-off.

For Bagco Limited

- Bagco Limited will not be required to prepare and submit tax returns to the FIRS using the commencement rule in the CIT Act (as amended) in relation to Bagco Division.
- Bagco Limited will be able to claim annual allowance on the TWDV of the assets purchased from FMN and set off the annual allowance against its assessable profits, in computing its total profits for CIT purposes.
- Bagco Limited should not be exposed to any tax liabilities relating to the period before the spin-off date to the extent that it did not carry on any business operations before that date.

The above opinion is not intended to be, and should not be construed to be, legal or tax advice to any Existing Shareholder. Any Existing Shareholder who is in doubt as to its individual tax position should consult its professional advisers without delay as to the consequences of the Scheme in view of its individual circumstances.

However, the parties and their respective Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside Nigeria, are strongly advised to consult their own professional advisers without delay as to the consequences of the Scheme in view of their own circumstances.

6.10 INFORMATION REGARDING FLOUR MILLS OF NIGERIA PLC

Flour Mills was incorporated in September of 1960 as a private limited liability company and commenced operations in 1962 with an installed capacity of 600 metric tons per day. The company was converted to a public limited liability company in 1978, and its shares were subsequently listed on Nigerian Exchange Limited.

In its 52-year history, Flour Mills has continued to remain at the fore front of wheat milling in Nigeria. The company's flagship brand "Golden Penny" remains one of the best known and the preferred brands amongst bakers and confectionaries in Nigeria. Flour Mills has invested over N23billion in milling infrastructure over the last ten years, to continually maintain its competitive advantage. These investments cover the upgrading of the milling operations from a manual system to a completely automated system run by Programmed Logic Controlled technology and has resulted in a higher flour extraction yield from the processed wheat. Today, Flour Mills has a rated milling capacity of 8,250 metric tonnes per day, making the Apapa site the second largest wheat milling site in the world.

The company's flagship mill located in Apapa, Lagos is comprised of 14 integrated mills. Each mill has been purpose-designed as a multilevel operation in order to optimize the use of gravity in the sifting process, thereby reducing the energy requirements. In addition, the company maintains dedicated mills to the processing of different wheat varieties to produce different flour types. This has ensured consistent quality of its products for over 50 years. The Apapa Milling site also boasts modern silos with a storage capacity of 140,000 metric tonnes. There is additional storage planned that, when completed, will boost grain storage capacity to over 200,000 metric tonnes.

Flour Mills has also made significant investments in power generation. The company has 11 General Electric (GE) Jenbacher gas generators at its Apapa Mills, with a combined capacity of 30 megawatts. This has enabled the company to reduce the occurrence of production stoppages. In addition, the company has a 30-megawatt diesel plant at the same site to act as a backup in the event of any shortage of feedstock to the gas generators.

The company is also engaged in the importation and distribution of high-grade fertilizer. In addition, the company has interest in various flour milling operations across the country and has also ventured into the production of pasta and bags.

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

In 2022, Flour Mills obtained all regulatory approvals to acquire a 71.69% stake in Honeywell Flour Mills Plc (HFMP), formerly a company of Honeywell Group and also a 5.06% per cent stake in HFMP held by First Bank of Nigeria Limited. The acquisition birthed a more resilient national champion in the Nigerian foods industry.

Flour Mills is currently one of the largest companies listed on the NGX, with a market capitalization of about N120 billion as at 18 April 2023.

6.11 INFORMATION REGARDING BAGCO PACKAGING DIVISION

Prior to its conversion to a division of FMN, Bagco Division was originally incorporated as a private limited liability company under the name “Nigerian Bag Manufacturing Company Limited (“NBMCL”) in 1964, as a wholly owned subsidiary of Flour Mills. In 1990, NBCML expanded its operations into Kano by incorporating a new entity called Northern Bag Manufacturing Company Limited and set up a manufacturing facility in Sharada establishing a pan Nigerian supplier of woven Polypropylene bags and a flagship company in Northern Nigeria.

In 2007, NBMCL converted to a public entity through a public issue of its securities and was subsequently listed on the NGX in 2008. The public issue resulted in the reduction of Flour Mills’ holdings to 70% and the remaining 30% was held by Nigerian individuals and organisations. In the course of its operations as a company, NBMCL undertook several expansion initiatives to consolidate its market position and expand its product offering.

Noting the growing need for flexible packaging in the Nigerian market, NBMCL incorporated a new subsidiary named Bagco Morpack Nigeria Limited and began operations of manufacturing flexible packaging materials. In 2010, following approval from the SEC, NBMCL delisted from the NGX and alongside its other subsidiaries, merged with its parent company, Flour Mills in 2012. The merger was implemented by a scheme of arrangement between NBMCL, its subsidiaries – Northern Bag Manufacturing Company Limited and Bagco Morpack Nigeria Limited, and Flour Mills, with Flour Mills as the enlarged entity. NBMCL subsequently became a division of Flour Mills of Nigeria, Bagco Division.

The Division currently operates three plants, namely Bagco Lagos, Bagco North and Bagco Morpack. Bagco Division is one of the largest suppliers of industrial sacks to many industrial and agro-allied companies in Nigeria. Bagco Lagos and Bagco North manufacture sacks and bags for the packaging of flour, cement, grains, salt, detergent, fertilizer, merchandise, farm harvests, shopping, etc. Bagco North continues to remain the industry’s flagship in Northern Nigeria in the provision of packaging materials.

Bagco Morpack is focused on manufacturing and marketing of flexible packaging materials and blown films used in the packaging of spaghetti, noodles, biscuits, detergents etc. The subdivision is currently in its growth phase and Flour Mills has invested heavily to expand to full capacity utilisation of its laminating line and plans to increase production capacity in order to penetrate new markets. Bagco Division also exports certain types of polypropylene bags to other countries venturing into an area which offers good growth opportunities.

6.12 INFORMATION REGARDING BAGCO INDUSTRIAL SOLUTIONS LIMITED

Bagco Industrial Solutions Limited was incorporated as a private limited liability company in 2019. The company, which name was changed by a special resolution, dated on 27th April, 2023, previously called Rom Oil Mills Limited. The company is authorised to undertake the business of production and marketing of total packaging solutions to Flour Mills of Nigeria and other customers in Nigeria and other countries across the globe.

6.13 FURTHER INFORMATION

Shareholders are encouraged to read the entire Scheme Document, and not rely only on the summarised information included in this Explanatory Statement. Your attention is specifically drawn to further information contained in the following appendices to the Scheme Document:

Appendix I: Further Information on Flour Mills of Nigeria on pages 28 to 39;

Appendix II: Further Information on Bagco Industrial Solutions Limited on pages 40 to 43;

EXPLANATORY STATEMENT FROM THE FINANCIAL ADVISER

Appendix III: Pro-forma Statements on pages 44 to 48;

Appendix IV: Statutory and General Information on pages 49 to 50; and

Appendix V: Notice of the Court-Ordered Meeting on page 53 to 56;

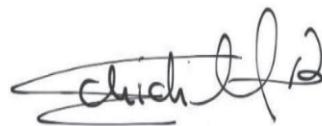
6.14 RECOMMENDATION

The respective Boards of Directors of Flour Mills of Nigeria and Bagco Industrial Solutions Limited have considered the terms and conditions of the Scheme as well as the benefits thereof and have determined that the terms of the Scheme will provide considerable benefits for the Shareholders, customers, staff and other stakeholders of Flour Mills and Bagco Limited. We therefore urge that you vote in favour of the resolutions that will be proposed at the Court-Ordered Meeting.

Yours faithfully,



DALU AJENE
CHIEF EXECUTIVE OFFICER



CHIDI IWUCHUKWU
CO-HEAD BANKING DIVISION

7. TAX ADVISER'S OPINION ON THE SCHEME OF ARRANGEMENT



KPMG Advisory Services
 KPMG Tower
 Bishop Aboyade Cole Street
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 PMB 40014, Falomo
 Lagos

Telephone 234 (1) 271 8955
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Private and Confidential			
To	Flour Mills of Nigeria Plc	Date	2 June 2023
From	Olawumi Olaitan	Ref	Securities and Exchange Commission Filing
Cc	Oluseyi Alao, Tijjani Abdulsalam, Akinwale Alao, Temitope Salako		
Subject	Tax advisory opinion on the proposed carve-out of Bagco division from Flour Mills of Nigeria Plc		

We refer to our advisory opinion of 10 May 2023 and your e-mail of 16 May 2023 on the above subject. As requested, we have provided below, a summary of our understanding of your needs and an abridged version of our advisory opinion on the issues submitted for our consideration. We have provided our opinion within the context of relevant legislation, regulations, guidelines, and case laws in Nigeria. And we confirm that **Sections 1 and 2** of the opinion below, can be included in the Scheme document to be filed with the Securities and Exchange Commission.

1. Background

Flour Mills of Nigeria Plc ("FMN Plc") is considering spinning off its entire bagging and packaging business division (hereafter referred to as "Bagco operations") as part of a corporate reorganisation. Accordingly, FMN Plc intends to spin off the Bagco operations into an existing, dormant, wholly owned subsidiary of FMN Plc ("DormantCo").

2. Tax Implications

Under current Nigerian tax legislation, regulations and guidelines, Companies Income Tax (CIT), Capital Gains Tax (CGT), Tertiary Education Tax, Value Added Tax (VAT), Withholding Tax (WHT) and Stamp Duties (SD) are not applicable to transfer of business, subject to fulfillment of the conditions in Section 29(9) of the CIT Act, Section 42 of the VAT Act, Section 32 of the CGT Act and Section 105 of the SD Act.

We expect that FMN Plc and DormantCo will comply with the conditions in the above-mentioned sections and should therefore enjoy the concessions in those provisions. Therefore, the proposed spin-off will have the following tax implications:

For FMN Plc

- FMN Plc will be exempt from preparing and submitting cessation tax returns to the Federal Inland Revenue Service (FIRS) in relation to the Bagco operations.
- FMN Plc would not be required to compute balancing adjustments in respect of the assets sold to DormantCo, as the assets would be deemed to have been disposed of at their Tax Written Down Values (TWDVs).
- FMN will be liable to VAT on services received from professional, legal, or consulting firms involved in the transaction.

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Registered in Nigeria No. BN 2145583.

Partners	Ayodele H. Oritseja	Ijeoma T. Emezie-Ezigbo	Öladimeji I. Salau-Jeeleni	Oluwadile O. Obeyemi	Williams I. Erimona
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Adegoke A. Oyetomi	Emmanuel O. Adebayo	Lawrence C. Amadi	Olufermi A. Babem	Oluwadile O. Oluwalana	
Adewale A. Adebisi	Enoch O. Aigbe	Martina I. Arogje	Olufermi A. Babem	Oluwadile O. Oluwalana	
Adevenia K. Aiyi	Adewole O. Abioye	Chibuzor N. Anyanwu	Olufermi A. Babem	Oluwadile O. Oluwalana	
Akintunde O. Afolabi	Akintunde O. Oloruntola	Dolapo R. Adegbola	Olufermi A. Babem	Oluwadile O. Oluwalana	
Akintunde O. Alao	Akintunde O. Alao	Dunni D. Olegbemise	Mohammed M. Adama	Oluwadile O. Oluwalana	
Akinyemi J. Aishade	Akinyemi J. Aishade	Ngosi M. Chidioke	Oluwadile O. Oluwalana	Oluwadile O. Oluwalana	
Ayobami L. Salami	Ayobami L. Salami	Nneka C. Elumbe	Oluwafemi O. Awoyeye	Oluwadile O. Oluwalana	
Ayodele A. Soyinka	Ayodele A. Soyinka	Oluwadile C. Obi	Oluwadile C. Odeku	Oluwadile O. Oluwalana	
		Ifeoma M. Adepoju	Oluwadile O. Oluwalana	Oluwadile O. Oluwalana	



Flour Mills of Nigeria Plc

Tax advisory opinion on the proposed reorganisation between Flour Mills of Nigeria entities

2 June 2023

- FMN will be required to deduct WHT from any professional, legal, consulting, or similar fees paid to other parties at the appropriate WHT rates and remit the WHT to the relevant tax authorities.
- FMN Plc will not transfer any unutilized capital allowances, unrelieved loss, or unutilized WHT credits to DormantCo by virtue of the spin-off transaction.
- FMN Plc would be accountable to the tax authorities for tax obligations relating to the Bagco operations up to the date of the spin-off.

For DormantCo

- DormantCo will not be required to prepare and submit tax returns to the FIRS using the commencement rule in the CIT Act (as amended) in relation to the Bagco operations.
- DormantCo will be able to claim annual allowance on the TWDV of the assets purchased from FMN Plc and set off the annual allowance against its assessable profits, in computing its total profits for CIT purposes.
- DormantCo should not be exposed to any tax liabilities relating to the period before the spin-off date to the extent that it did not carry on any business operations before that date.

The above opinion is not intended to be, and should not be construed to be, legal or tax advice to any Existing Shareholder. Any Existing Shareholder who is in doubt as to its individual tax position should consult its professional advisers without delay as to the consequences of the Scheme in view of its individual circumstances.

3. Benefits of Advice Disclaimer

Unless otherwise specifically stated in the engagement letter, any advice or opinion (deliverable) relating to the provision of this Service is provided solely for FMN Plc's use and benefit.

Should you wish to disclose or refer to such deliverable in any way, including but not limited to any publication on any electronic media, to any third party, you are required to notify such third party of the fact that the said deliverable has been provided to you for your sole use and benefit and is based on specific facts and circumstances provided by you and pursuant to KPMG's Standard Terms and Conditions of Service.

Such third party may not rely on such deliverable and KPMG to the fullest extent possible, shall accept no responsibility or liability to that third party in connection with our Services.

During the supply of our services, we may supply oral, draft, or interim advice, report, or presentation but in such circumstances our written advice or final written report shall take precedence. No reliance should be placed by you on any oral, draft, or interim advice, reports, or presentations. Where you wish to rely on oral advice or an oral presentation, you shall inform us, and we will provide documentary confirmation of the advice.

TAX ADVISERS OPINION ON THE SCHEME OF ARRANGEMENT



Flour Mills of Nigeria Plc

*Tax advisory opinion on the proposed reorganisation between Flour Mills of Nigeria entities
2 June 2023*

KPMG shall not be under any obligation in any circumstance to update any advice or report, oral or written, for events occurring after the advice or report has been issued in final form.

We trust that you will find the above useful for your purpose. Please contact Akinwale Alao on 0808 718 3030 or e-mail: akinwale.alao@ng.kpmg.com, or me on 0808 954 2473 or e-mail: olawumi.olaitan@ng.kpmg.com, if you require any clarification on this opinion.

Regards

A handwritten signature in blue ink, appearing to read "Olawumi Olaitan".

Olawumi Olaitan
Manager, Tax, Regulatory and People Services

Page 3 of 3

8. THE SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT

Pursuant to Section 711 of the Companies and Allied Matters Act No. 3 of 2020 (as amended) ("CAMA") incorporating a carve-out and transfer of the packaging business to a wholly owned entity

BETWEEN

FLOUR MILLS OF NIGERIA PLC (RC 2343)

AND

BAGCO INDUSTRIAL SOLUTIONS LIMITED (RC 1580350)

ON THE PROPOSED CARVE-OUT AND TRANSFER OF BAGCO DIVISION TO BAGCO INDUSTRIAL SOLUTIONS LIMITED

A. PRELIMINARY

1. In this Scheme of Arrangement, the following words shall have the meanings ascribed to them below, unless otherwise stated or clearly indicated by the context:

Terms

"Assets and Liabilities"

Definitions

The tangible and intangible assets and liabilities of the Bagco Division more specifically detailed in Annexure I of the Scheme of Arrangement.

"Bagco Division" or "Division"

Packaging division of Flour Mills of Nigeria Plc;

"Bagco Industrial Solutions Limited" or "NewCo" or "Bagco Limited"

a wholly owned subsidiary of Flour Mills of Nigeria Plc to whom the Assets and Liabilities of Bagco Division will be transferred;

"Board" or "Board of Directors" or "Directors"

The Board of Directors of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited comprising those persons whose names are set out on pages 7 to 8;

"Business Day"

Between 8:00a.m and 5:00pm on a day other than a Saturday or Sunday or a public holiday on which commercial banks are open for general banking business in Nigeria;

"CAC"

Corporate Affairs Commission;

"CAMA" or "Companies and Allied Matters Act"

Companies and Allied Matters Act, No. 3 of 2020 (as amended);

"Court" Or "Federal High Court" or "FHC"

Federal High Court of the Federal Republic of Nigeria;

"Court-Ordered Meeting" or "COM" or "Meeting"

The separate meetings of the Shareholders of ordinary shares of Flour Mills of Nigeria Plc and Bagco Limited, to be convened by an order of the Court pursuant to the provisions of Section 711 of the CAMA, of which notice is set out on pages 53 to 56 of this Document, including any adjournment thereof;

"Court Sanction"

An order made by the Court pursuant to the provisions of Section 711 (3) of CAMA approving the Scheme of Arrangement;

THE SCHEME OF ARRANGEMENT

"CTC"	Certified True Copy;
"Effective Date"	The date the Court sanctions the Scheme or such other date as the Court may direct as the Effective Date [•]
"Explanatory Statement"	The statement issued by the Financial Adviser, for the purpose of explaining the terms, conditions and effects of the Scheme which is set out on pages 14 to 19 of the Scheme Document;
"FGN"	The Federal Government of Nigeria;
"FIRS"	Federal Inland Revenue Service;
"Financial Adviser"	Rand Merchant Bank Nigeria Limited acting as Financial Adviser on the proposed Scheme of Arrangement;
"Flour Mills of Nigeria Plc" or "Flour Mills" or "FMN" or the "Group"	Flour Mills of Nigeria PLC;
"Legal Adviser"	Banwo & Ighodalo acting as Legal Adviser to FMN and Bagco Limited;
"LFN"	Laws of the Federation of Nigeria;
"NGX"	Nigerian Exchange Limited;
"Proposed Restructuring"	The carve-out of Bagco Division from FMN and transfer of Assets and Liabilities to Bagco Limited;
"Qualification Date"	[May 14, 2024], being the date that the Register of Members shall be closed for the purpose of determining the shareholders eligible to attend and vote at the Court-Ordered Meeting;
"Qualifying Shareholders"	The Shareholders whose names appear in the Register of members as at the Qualification Date;
"Register of Members"	The register of members of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited, as is required to be maintained pursuant to the provisions of CAMA;
"Scheme" or "Scheme of Arrangement"	The proposed Scheme of Arrangement between Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited undertaken in accordance with Section 711 of CAMA, which is set out on pages 24 to 29;
"Scheme Document" or "Document"	This document dated [•], which contains the Scheme, the Explanatory Statement, the notice of the Court-Ordered Meeting, and the various appendices therein in relation to the Scheme;
"SEC"	Securities and Exchange Commission, Nigeria;
"SEC Rules and Regulations"	The rules and regulations of the SEC, 2013 (as amended); and
"Shareholders"	The registered Shareholder of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited as at the Qualification Date.

2. As at March 31, 2023, Flour Mills had an issued and paid-up share capital of ₦2,050,197,803 comprising 4,100,395,606 ordinary shares of 50 kobo each. The shareholding structure of the Group as at the date of the Scheme is as follows:

Name	Number of shares held	Holding (%)
Excelsior Shipping Company	2,597,314,890	63.34
Other shareholders	1,503,080,716	36.66
Total	4,100,395,606	100%

THE SCHEME OF ARRANGEMENT

3. As at May 16, 2023, Bagco Limited had an issued and unpaid share capital of ₦5,000,000 divided into 10,000,000 Ordinary Shares of ₦0.50k each. The shareholding structure of Bagco Limited as at the date of the Scheme is as follows:

Name	Number of shares held	Holding (%)
Flour Mills of Nigeria PLC	10,000,000	100
Total	10,000,000	100%

4. By a board resolution passed at a meeting of the board of directors of Flour Mills of Nigeria Plc held on 27th March 2023, it was resolved that a proposal for the carve-out of the packaging division of Flour Mills, Bagco Division, be presented to the Shareholders of Flour Mills. The Board of directors also resolved that the assets, liabilities and undertakings of Bagco Division be transferred to Bagco Limited, a wholly owned subsidiary of FMN in which FMN owns its entire and issued share capital.
5. By a board resolution passed at a meeting of the Board of Directors of Bagco Limited held on 17th May 2023, it was resolved that a proposal for the acceptance of all the assets, liabilities and undertakings of Bagco Division, the packaging division of Flour Mills. Following the transfer, Bagco Limited will provide packaging solutions to customers.
6. In a bid to harness the opportunities presented by having a full-fledged packaging business, the growing need for quality packaging solutions and effectively compete in the packaging industry, the management and boards of the two companies reasonably believe that Bagco Limited will adequately position the company to achieve its strategic ambitions.

B. THE SCHEME

The Scheme shall be composed of the following elements:

(a) Carve out of the Packaging Division to Bagco Limited

The Assets and Liabilities as set out in Annexure I to this Scheme, including but not limited to licenses, contracts, intellectual property rights, and litigation, will be carved out from the books of Flour Mills,

Pursuant to the Scheme, Flour Mills will transfer these Assets, Liabilities and undertakings of its packaging division to its wholly owned subsidiary, Bagco Limited. The excess of the packaging division assets over liabilities "Net Interest in Principal entity" will be applied as consideration for the payment of the fully allotted shares of Bagco Limited held by FMN and any excess over and above the nominal share value will be treated as share premium.

Hence, there will be no issuance of shares as consideration for the transfer of Assets, Liabilities and Undertakings.

From the Effective Date, Bagco Division will cease to be a division of FMN and the business will be operated by Bagco Limited.

(b) Transfer of employees

Upon the Scheme becoming effective, all employees of the packaging division, Bagco Division will become employees of Bagco Industrial Solutions Limited pursuant to the terms of the Court Order.

THE SCHEME OF ARRANGEMENT

C. CONDITIONS PRECEDENT

From the Effective Date, the Scheme shall become binding on Shareholders of FMN irrespective of whether or not they attended or voted at the COM (and if they attended or voted, irrespective of whether or not they voted in favour of the Scheme), if all the following conditions precedent are fulfilled:

- a. The Scheme is approved, with or without modification(s), by a resolution of a majority representing three-quarters (3/4) in value of the shares held by FMN's Shareholders present and voting, either in person (virtually) or by proxy at the COM.
- b. The Scheme is approved, with or without modification(s), by a resolution of a majority representing three-quarters (3/4) in value of the shares held by the Shareholders of Bagco Limited present and voting, either in person (virtually) or by proxy at the COM.
- c. The SEC approves, with or without modification, the terms and conditions of the Scheme as agreed by the majority of the Shareholders; and
- d. The Court sanctions the Scheme with or without modification (s)

D. EFFECTS OF THE SCHEME

- i. Bagco Division will cease to be a division of Flour Mills of Nigeria Plc.
- ii. Flour Mills will transfer all assets, liabilities, and undertakings related to the packaging division as set out in Annexure I to Bagco Limited.
- iii. Bagco Limited will commence the packaging business as a wholly owned subsidiary of FMN.

E. DIRECTORS AND EMPLOYEES

Plan for Employees

Upon the Scheme becoming effective, all employees of the packaging division, Bagco Division will be redeployed to become employees of Bagco Limited pursuant to the terms of the Court Order.

It is intended that Bagco Limited will absorb all the employees of FMN working in Bagco Division, on terms and conditions that will be similar or no less favorable than those under which they are presently employed. In the event an employee of FMN chooses not to continue in the employment of Bagco Limited, such employee will be given full terminal benefits in accordance with the terms and conditions of his or her existing contract of service with FMN. In addition, FMN and Bagco Limited, shall have the right, where it deems appropriate, to terminate the employment of any member of staff, provided that such termination is effected in accordance with the terms and conditions of such member of staff's contract of employment.

Composition of the Board of Directors of Bagco Limited

The Board of Directors of Bagco Limited will be reflective of its shareholding structure and in accordance with the provisions of its articles of association.

F. EFFECTIVENESS

The Scheme shall become effective on the day on date on which the Court sanction is received, or such other date as may be declared by the Court as the effective date of the Scheme and shall become binding on all Shareholders of Flour Mills and Bagco Limited, including those who were absent from the Court-Ordered Meeting, those who attended but did not vote, and those voted against this Scheme at the Court-Ordered Meeting.

THE SCHEME OF ARRANGEMENT

G. MODIFICATIONS

The Boards of Directors of Flour Mills of Nigeria Plc and Bagco Limited may consent, on behalf of all the parties to the Scheme, to any modification of or addition to the Scheme which the Court or any regulatory authority may deem fit or approve or to any condition which the Court or any regulatory authority may impose.

ANNEXURE I – LIST OF ASSETS AND LIABILITIES TO BE TRANSFERRED

DATED THIS [•] DAY OF _____

¹Assets	N'bn
BagCo Morpack factory (Eric Moore)	1.37
BagCo Lagos factory (Eric Moore)	0.77
BagCo Kano	0.53
9 Us Rotogravure Printing Line	1.02
Roto-Gravure Printing Press	0.34
Flexible Laminating Line	0.32
Blown Film 3 Layers & Slitting Machines	0.24
Dynaflex Dx8 Printing Machine	0.23
Injection Moulding Machine for Margarine	0.23
Tape Extrusion Line for Kano	0.23
Injection Moulding 350/720 T/L	0.19
Injection Label Changing Kit T/L	0.17
Recostarrecyc Machine for Kano	0.17
Injection Moulding 210/580 T/L	0.16
Injection Moulding Robot T/L	0.16
Polypropylene Extrusion Plant	0.16
Simplex Lam Line No 4-Morpack	0.14
Simplex Lam Line No 5-Morpack	0.14
Overhauling Of Frigel Chillers	0.12
Slitting Line-Dual Spindle No5	0.12
Morpack Bopp Recycling Machine	0.11
Wanson Thermal Boiler No 3	0.11
Overhauling Of Cerruti Press	0.10
Refurbishments (Blown Film Ma	0.10
Starex - 08 A	0.09
Slitting Line-Dual Spindle No 4	0.09
Slitting Line-Dual Spindle No 3	0.09
Other assets including bags & flexible packaging manufacturing equipment, plant and machinery, water treatment plants, trucks, motor vehicle, laboratory equipment, furniture and fittings, electrical installations, computer systems, tools and workshop equipment located in Bagco Lagos, Bagco Morpack and Bagco Kano factories, excluding the power assets of Flour Mills, located within the Bagco Lagos, Morpack, and Kano premises; as well as regulatory licenses, permits, trademarks and trade names, contractual rights relating to the manufacturing equipments, certificates and approvals, relevant to the operations of Bagco division	60.59
Total Assets	68.2

¹ Detailed list of assets included is available for inspection

THE SCHEME OF ARRANGEMENT

Liabilities	
Bank of Industry Loan (UBA)	1.5
Intercompany Loans and payables	24.9
Retirement Benefit Obligation	0.5
Long Service Awards	0.7
Deferred Taxation	0.0
Deferred Income	0.0
Bank Overdraft	1.0
Trade and other Payables	33.2
Borrowings	0.7
Deferred Income	0.0
Derivative Liability	0.0
Customer Deposits	0.6
Total Liabilities	63.2

9. APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

9.1 INCORPORATION AND SHARE CAPITAL HISTORY

Flour Mills was incorporated as a limited liability company on 29 September 1960 with a share capital of N1,000,000 and was converted to a public limited liability company in November 1978. The company currently has an issued and paid-up share capital is ₦2,050,197,803 comprising 4,100,395,606 ordinary shares of 50 kobo each.

The following changes have taken place in Flour Mills' issued shared capital since its shares were quoted on the Nigerian Exchange Limited

Date	Issued and fully paid		Consideration
	Increase	Cumulative	
Sep 1978	-	15,000,000	
Aug 1980	-	15,000,000	
Nov 1980	10,000,000	25,000,000	Scrip (2:3)
Nov 1984	-	25,000,000	
Jan 1985	7,500,000	32,500,000	Scrip (3:10)
Nov 1993	-	32,500,000	
Feb 1994	65,000,000	97,500,000	Scrip (2:1)
Oct 1996	-	97,500,000	-
Nov 1996	32,500,000	130,000,000	Scrip (1:3)
Nov 1998	65,000,000	195,000,000	Scrip (1:2)
Sep 1999	-	195,000,000	
Jan 2000	78,000,000	273,000,000	Rights issue 2 for 5
Sep 2002	-	273,000,000	
Feb 2003	91,000,000	364,000,000	Scrip (1:3)
Sep 2004	-	364,000,000	
Feb 2005	218,400,000	582,400,000	Rights issue 3 for 5
Sep 2006	194,133,334	776,533,334	Scrip (1:3)
Sep 2008	77,653,334	854,186,668	Scrip (1:10)
Oct 2010	85,418,666	939,605,334	Scrip (1:10)
Jun 2011	-	939,604,334	
Feb 2012	227,783,111	1,167,388,000	Rights issue 8 for 33
Mar 2013	-	1,192,842,200	Share Exchange upon BAGCO and Niger Mills Merger
Mar 2014	-	1,192,842,200	
Mar 2015	-	1,312,126,690	Scrip 1:10
Jul 2015	500,000,000	1,312,126,690	
Mar 2018		2,050,197,803	Right Issue
Dec 2022	0	2,050,197,803	Share cancellation

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

9.2 SHAREHOLDING STRUCTURE

As at 31st March 2023, Flour Mills of Nigeria Plc outstanding ordinary share capital of 4,100,395,606 was beneficially owned as follows:

Name	Number of shares held	Holding (%)
Excelsior Shipping Company	2,597,314,890	63.34
Other shareholders	1,503,080,716	36.66
Total	4,100,395,606	100%

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

9.3 BOARD OF DIRECTORS AND THEIR BENEFICIAL INTERESTS

As at 31 March 2023, the interests of Directors in the Group were held as follows:

Director	Direct Holding	Indirect Holding	Total Holding
Mr. John George Coumantaros	-	2,597,314,890	2,597,314,890
Mr. Paul Miyonmide Gbededo	10,836,154	-	-
Mr. Omoboyede Oyebolanle Olusanya	-	-	-
Prof. Jerry Gana, CON	44,000	-	-
Mr. Ioannis Katsaounis	3,561,512	8,295,673	11,857,185
Mr. Thanassis Mazarakis	-	-	-
Mr. Folarin R. A. Williams	30,082	-	30,082
Alhaji Rabiu M. Gwarzo, OON	199,722	-	199,722
Alhaji Y. Olalekan A. Saliu	1,235,699	-	1,235,699
Mr. Foluso O. Phillips	-	-	-
Mr. Alfonso Garate	-	-	-
Dr. (Mrs.) Salamatu Hussaini Suleiman	-	-	-
Mrs. Juliet Anammah	-	-	-
Mr. Muhammad Ahmad	-	-	-
Ms. Yewande Sadiku	-	-	-

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

9.4 SUBSIDIARIES AND ASSOCIATE COMPANIES

The Group's interest in its subsidiaries and associates as at 31 March 2023 are as follows:

S/N	Name of Company	Stake (%)	Status
<u>Direct Shareholding in Subsidiaries</u>			
1	Apapa Bulk Terminal Limited	100	Going Concern
2	Golden Shipping Company Nigeria Limited	-	Merged with Apapa Bulk
3	Golden Sugar Company Limited	100	Going Concern
4	Northern Nigeria Flour Mills Plc	53	Going Concern
5	Crestview Towers Limited	100	Going Concern
6	Nigerian Eagle Flour Mills Limited	51	Going Concern
7	FMN International Limited	100	Going Concern
<u>Indirect Shareholding in Subsidiaries</u>			
8	Servewell Agricultural Services Limited	100	Going Concern
9	Independent Grain Handling and Storage Limited	100	Going Concern
10	Upland Grains Production Company Limited	100	Going Concern
11	Premium Edible Oil Products Limited (Rom Oil Mills Limited)	99	Going Concern
12	Best Chickens Limited	100	Going Concern
13	Premier Feed Mills Company Limited	62	Going Concern
14	Golden Fertilizer Company Limited	100	Going Concern

9.5 INDEBTEDNESS

As at 31 March 2023, Flour Mills of Nigeria Plc had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness, other than those incurred in the ordinary course of business.

9.6 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Extract of Memorandum of Association

Clause 3 (R)

To accept payment for any property or rights sold, or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or fully or partly paid-up shares of any company or corporation, with or without differed or preferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities or any company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.

Clause 3 (T)

To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of this Company, or the promotion of which shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company, and to acquire and hold or dispose of shares, stock or securities of, and guarantee the payment of the dividends, interest or capital of any shares, stock or securities issued by, or any other obligations or, any such company.

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

Extract of Articles of Association

GENERAL MEETING

27. The Company shall in each calendar year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

28. All general meetings other than Annual General meetings shall be called Extraordinary General Meetings.

29. The Directors may whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitions, as provided by Section 215 of the Act. If at any time there are not available sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETING

30. An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least and a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day on which is given and shall specify the place, the day and the hour of meeting and, in case of special business the general nature of that business, and shall be given, in manner the Company in general meeting, to such persons as are under the regulations of the Company, entitled to receive such notices from the Company.

Provided that a meeting of the Company shall not notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed: -

(a) in the case of a meeting called as the Annual General Meeting, by all the members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

31. The accidental omission to give a notice of a meeting to, on the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL METINGS

32. All business shall be deemed special that is transacted at an Extra-ordinary General Meeting, and also all that is transacted at an Annual General Meeting, and also all that is transacted at an Annual General Meeting with the exception of declaring a dividend, the consideration of the accounts, balance sheets,

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

- and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.
33. The quorum for any general meeting of the Company shall be one third of the total number of members of the Company or twenty-five members (whichever is less) present in person or by proxy and no business shall be transacted at any general meeting unless a quorum of members is present at the time the meeting proceeds to business.
34. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.
35. The Chairman, or in his absence the Vice-Chairman, if any, of the Director shall preside as Chairman at every General Meeting of the Company, or if there is no such Chairman, or Vice-Chairman, or if neither shall be present within fifteen minutes after the time appointed for holding of the meeting or its unwilling to act the Directors present shall elect one of their number to be the Chairman of the meeting.
36. If at any meeting no Director is willing to act as Chairman or if no Directors is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be Chairman of the meeting.
37. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourned the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted adjourned meeting.
38. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded.

- (a) By the Chairman; or
- (b) By at least three members present in person or by proxy; or
- (c) By any member or members present in person or proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) By a member holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded a declaration by the Chairman, that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn before or on the declaration of the result of the show of hands.

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

- 39.Except as provided in Article 63 if a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be of the resolution of the meeting at which the poll is demanded.
- 40.In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
- 41.A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

- 42.Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person or by proxy shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder.
- 43.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.
- 44.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, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may, on a poll, vote by proxy.
- 45.No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
- 46.On a poll, votes may be given either personally or by proxy.
- 47.The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised. A proxy need not be a member of the Company.
- 48.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 may be specified for that purpose in the notice convening the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 4 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- 49.An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances admit:-

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

“FLOUR MILLS OF NIGERIA PLC

I/We

Of

being a member/member of the above-named Company, hereby appoint

of

or failing him,

of

as my/our proxy to vote for me/us on my/our behalf at the (Annual or Extraordinary, as the case may be)

General Meeting of the Company to be held on theday of.....20...., and at
any adjournment thereof.

Signed this..... day of.....20....”

50. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument
appointing a proxyin the following form or a form as near thereto as circumstance.....

“FLOUR MILLS OF NIGERIA PLC

I/We

Of

being a member/member of the above-named Company, hereby appoint

of

or failing him,

of

as my/our proxy to vote for me/us on my/our behalf at the (Annual or Extraordinary, as the case may be)

General Meeting of the Company to be held on theday of.....20...., and at
any adjournment thereof.

The instrument is to be used

Signed this..... day of.....20....”

*(Insert voting instructions at this point) favour of

Unless otherwise instructed, the proxy will vote as he thinks fit or abstain from voting.

51. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding
a poll.

52. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the
previous death or insanity of the principal or revocation of the proxy or of the authority under which the
proxy was execute, or the transfer of the share in respect of which the proxy is given, provided that no
intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been receive
by the Company at the Office before the Commencement of the meeting or adjourned meeting at which
the proxy is used.

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

CORPORATION ACTING BY REPRESENTATIVES AT MEETING

53. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation which he represents as that corporation could exercise if it were an individual member of the Company.

9.7 CLAIMS AND LITIGATIONS

Flour Mills of Nigeria Plc (the “Company”) is involved in Six (6) ongoing litigation matters in connection with its bagging and packaging business, as of May 1, 2023.

The Solicitors to the Transaction reviewed all the Six (6) cases in the Schedule relating to the Company's bagging and packaging business. Of the Six (6) cases, the Company is Claimant in Two (2) cases and Defendant in Two (2) cases. Also, the Company is Respondent in Two (2) cases in which judgment had been delivered. Of the Two (2) cases, judgment was delivered against the Company in One (1) case, while judgment was delivered in its interest in the other case. The judgment sum in the One (1) case in which judgment had been delivered against the Company is N1,000,000.00 (One Million Naira) and is to be ultimately paid by the Company's insurer.

The total value of the monetary claims against the Company in the Two (2) cases in which it is Defendant and the Two (2) cases in which the Company is Respondent, is approximately N232,471,420 (Two Hundred and Thirty-Two Million, Four Hundred and Seventy-One Thousand, Four Hundred and Twenty Naira). The amount referred to herein does not include interest and costs, which can only be ascertained after final resolution of the cases. Ultimately, the Company's actual liability in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the relevant suits.

The Solicitors to the Transaction are of the opinion that majority of the cases instituted against the Company are exaggerated, frivolous and speculative.

Therefore, the Solicitors to the Transaction are of the view that the contingent liability that may arise from the cases involving the Company's bagging and packaging business where same are competently and diligently defended, is not likely to have a material adverse effect on the Company or the Transaction.

Save for the foregoing, the Solicitors to the Transaction are not aware of any claim or litigation pending or threatened against the Company which (i) materially or adversely affects the Company's ability to fulfill its obligations under the Transaction; and/or (ii) affect the validity of the proposed Transaction or restrict the proceedings or actions of the Company with respect to the Transaction.

The cases will be transferred to Bagco Limited from the Effective Date.

9.8 MATERIAL CONTRACTS

Except as otherwise disclosed in this Scheme Document, save for the Financial Services Agreement to be entered between Flour Mills, Bagco Limited and the Financial Advisers, in relation to the bagging and packaging business, Flour Mills is not party to any contracts other than in the ordinary course of business.

9.9 DOCUMENTS AVAILABLE FOR INSPECTION

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

Copies of the following documents may be inspected at the offices of Rand Merchant Bank Nigeria Limited, at 3rd Floor, East Wing, Wings Office Complex, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, during normal business hours on any Business Day until the date of the Court-Ordered Meeting:

1. Certificate of Incorporation of Flour Mills;
2. The Memorandum and Articles of Association of Flour Mills;
3. The audited financial statements of Flour Mills for the last five years;
4. The Board Resolution authorising the Proposed Restructuring;
5. The list of outstanding claims and litigations; and
6. Detailed List of assets.

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

9.10 FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	9 months 2023	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	657,565,462	832,810,561	535,881,585	394,884,217	370,205,529
Cost Of Goods Sold	(598,834,414)	(768,739,096)	(478,166,108)	(354,952,741)	(337,073,874)
Gross Profit	58,731,048	64,071,465	57,715,477	39,931,476	33,131,655
Operating Income	34,086,766	32,165,916	27,169,264	15,076,927	16,216,041
Investment Income	3,101,004	12,778,485	11,046,498	14,754,035	18,346,048
Finance Cost	(19,545,164)	(15,195,572)	(10,032,461)	(12,293,277)	(16,025,840)
Profit Before Tax	17,642,607	29,748,829	28,183,601	17,537,685	18,536,249
Income Tax Expense	(5,822,047)	(7,929,013)	(8,011,112)	(4,955,114)	(986,742)
Profit after Taxation	11,820,560	21,819,816	20,172,489	12,582,571	17,549,507

APPENDIX I – FURTHER INFORMATION ON FLOUR MILLS OF NIGERIA PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	9 months				
	2023	2022	2021	2020	2019
	#'000	#'000	#'000	#'000	#'000
ASSETS					
Non-current assets	205,716,640	254,895,383	238,727,670	242,722,155	236,552,221
Current assets	403,068,191	412,116,426	306,005,143	189,731,687	180,269,383
Total Assets	608,784,831	667,011,809	544,732,813	432,453,842	408,347,917
LIABILITIES					
Non-current liabilities	140,580,690	177,520,701	160,422,753	127,887,817	81,220,607
Current liabilities	289,216,117	293,586,417	209,696,110	148,758,253	184,628,802
Total Liabilities	429,796,808	187,146,465	168,225,415	148,944,533	143,710,894
Total Equity	178,988,023	195,904,681	174,613,966	155,807,772	150,972,195
Total Liabilities & Equity	608,784,831	177,520,701	160,422,753	127,887,817	81,220,607

10. APPENDIX II – FURTHER INFORMATION ON BAGCO INDUSTRIAL SOLUTIONS LIMITED

10.1 INCORPORATION AND SHARE CAPITAL HISTORY

At inception, the company had an issued and unpaid share capital of ₦5,000,000 divided into 10,000,000 Ordinary Shares of ₦0.50k each.

10.2 BENEFICIAL OWNERSHIP

Upon the Scheme becoming effective, Flour Mills of Nigeria Plc will be the only beneficial shareholder in Bagco Industrial Solutions Limited. As at 21 July 2023, the 10,000,000 ordinary shares of ₦0.50k kobo each in the issued share capital of Bagco Industrial Solutions Limited were beneficially held as follows:

Name	Number of shares held	Holding (%)
Flour Mills of Nigeria Plc	10,000,000	100
Total	10,000,000	100%

10.3 PROFILE OF DIRECTORS

Mr. Omoboyede Oyebolanle Olusanya

Mr. Omoboyede Oyebolanle Olusanya is the Group Managing Director and Chief Executive Officer of Flour Mills of Nigeria Plc since January 1, 2021. Prior to his appointment, he served as the Group Chief Operating Officer at Flour Mills of Nigeria PLC in January 2020 before assuming his current role.

He was a Partner of Portfolio Operations Group at Helios Investment Partners LLP. He has years of relevant professional experience. Prior to joining Helios, he led the interim executive management team as Chief Executive Officer at 9mobile (formerly Etisalat) Nigeria, appointed by the regulator and a bank consortium to lead the turnaround and disposal of the company. Previously he was a Partner at GA Capital, providing consultancy advisory services. He served as Chief Transformation Officer at Dangote Industries, he was a Managing Director at Dancom Technologies, managing all the telecommunications assets and IT infrastructure of the group; as well as serving in senior management roles at Celtel Nigeria and Econet Wireless Nigeria. He currently serves on the Boards of Directors of Axxela, OVH Energy, and Starsight Power Utility Limited. He served as Deputy Chief Executive Officer of Celtel Nigeria. Mr. Olusanya holds a B.Sc. (Hons) in Civil Engineering from the University of Lagos.

He holds postgraduate studies at the University of Liverpool and the University of Manchester, England where he obtained his M.Sc. Computer Science and M.Sc. Environmental Civil Engineering respectively. He has also attended several management programs at the Harvard, London, and Lagos Business Schools. He is a member of the Nigerian Society of Engineers (NSE), Council for the Regulation of Engineering in Nigeria (COREN), Institute of Directors (IOD), and Institute of Highway and Transportation, UK (IHT).

Mr. Anders Kristiansson

Mr. Anders Kristiansson, Esq, serves as Group Chief Financial Officer of Flour Mills of Nigeria PLC since 2019. Mr. Kristiansson served as the Chief Financial Officer and Group Finance Director of Lafarge Africa Plc (formerly, Lafarge Cement WAPCO Nigeria Plc). Mr. Kristiansson also served as the Chief Financial Officer of PZ Cussons Nigeria Plc. Prior to joining PZ Cussons Nigeria, he served as Director of Financial Operations at Celtel (now Zain) covering all African operations. Prior to joining Lafarge, he served as the Chief Financial Officer for NBC/Coca-Cola HBC's operations in Nigeria.

He started his career with Procter & Gamble in Scandinavia and thereafter worked for P&G in South Africa. He has been a Global Divisional Controller for Eaton Automotive. He has been a Director of Lafarge Africa Plc since October 27, 2014. He has been a Non-Executive Director at AshakaCem PLC

APPENDIX II – FURTHER INFORMATION ON BAGCO INDUSTRIAL SOLUTIONS LIMITED

since March 12, 2015. He served as an Executive Director of PZ Cussons Nigeria Plc from June 1, 2008 to June 30, 2012. He holds a Master of Science Degree in Business Administration and Economics from the Gothenburg University, Sweden.

Mr. Sadiq Usman

Sadiq Usman is the Director of Group Strategy & Stakeholder Relations, Flour Mills of Nigeria PLC Head. He served as Head of Corporate Business Development. He has also served as a Special Assistant to the Governor of the Central Bank of Nigeria, Vice-President at JPMorgan Plc, and an analyst at both JPMorgan Plc and Zenith Bank Plc. Currently, he is responsible for identifying and exploiting organic and strategic growth opportunities for the conglomerate. He is also a Non-Executive Director of NNFN Plc. and a Board Member of the Nigerian-Belgian Chamber of Commerce. He graduated from the University of East Anglia with a bachelor's degree in economics, business, and finance and a master's degree in development economics from the School of Oriental and African Studies (SOAS), University of London.

Mr. Adebola Adeeko

Adebola Adeeko is the Group Director for Special Projects at Flour Mills of Nigeria PLC and a seasoned business executive with 30 years of relevant experience. He has worked for reputable global institutions such as Sara Lee Corporation, First Data Corporation, and JP Morgan Chase, where he rose to the position of Vice President, Global Trade Finance. He has also served as Chief of Staff and Head of Corporate Services Division at the NGX Exchange Group (formerly Nigerian Stock Exchange), as Interim CEO at Central Securities Clearing System Plc (CSCS), and, most recently, Head of Business Support Services Division at the NGX before joining Flour Mills. He is a Fellow of the Institute of Directors and a Life Member of the Chartered Institute of Stockbrokers. He has a Bachelor of Science in Accounting from Olabisi Onabanjo University and an MBA in Finance and Marketing from Hood College in Frederick, Maryland.

Mr. Joseph Odion Umolu

Mr. Joseph Odion Umolu, A.O., is Company Secretary/ Group Director, Legal Services of Flour Mills of Nigeria Plc and also serves as the Group Compliance Officer. Prior to this appointment, Mr. Umolu served as Head of Legal Services at Flour Mills of Nigeria Plc. He began his career with FMN as Manager, Legal Services in January 2012 and has served in various capacities.

His career in corporate legal practice cuts across both the private and public sectors. He served as a counsel in Gocuz Chambers where he was the Managing Counsel before joining the Nigerian Civil Aviation Authority as Senior Legal Officer in 2003. He proceeded to the Legal Department of Union Bank of Nigeria Plc where he rose to the position of a manager. Mr. Umolu is a Member of the Nigerian Bar Association (NBA) and an Associate of the Institute of Chartered Secretaries and Administrators of Nigeria. Mr. Umolu holds a Bachelor of Arts Degree in Philosophy from the University of Ibadan and a Degree in Law from the University of Lagos. He was called to the Nigerian Bar in October 2000 and subsequently obtained a master's degree in Law from the University of Lagos.

10.4 BOARD OF DIRECTORS AND THEIR BENEFICIAL INTERESTS

As at 21 July 2023, no director of Bagco Limited has beneficial interest in the business.

10.5 INDEBTEDNESS

As at 21 July 2023, Bagco Limited had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness other than those incurred in the ordinary course of business.

APPENDIX II – FURTHER INFORMATION ON BAGCO INDUSTRIAL SOLUTIONS LIMITED

10.6 RELATED PARTY TRANSACTIONS

Other than transactions made pursuant to Scheme, the company has not entered into any related party transaction as of the date of this Scheme Document.

10.7 CLAIMS AND LITIGATIONS

Bagco Limited is currently not involved in any litigation as at the date of this Scheme Document. From the Effective Date, all legal proceedings, claims and litigation matters pending or contemplated by or against Flour Mills as it relates to the bagging and packaging business will be continued by or against Bagco Limited.

10.8 MATERIAL CONTRACTS

Except as otherwise disclosed in this Scheme Document, save for the Financial Services Agreement to be entered between Flour Mills, Bagco Limited and the Financial Advisers, in relation to the bagging and packaging business, Bagco Limited is not party to any contracts other than in the ordinary course of business.

10.9 PREMISES

As at 31 March 2023, Bagco Limited operated from the following premises:

State	Address	Title
Lagos	Plot 34, Eric Moore Road, Igamu, Lagos	Freehold
Kano	Plot 47-49, Sharada Industrial Estate, Phase III Kano	Freehold

10.10 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Extract of the Memorandum of Association

Clause 3(L)

To do all other things as may be considered to be incidental or conducive to the attainment of the above objects or any of them or calculated in any way to benefit the company in accordance with the law or any regulatory guidelines in force and to do all such other things as may be considered incidental or conducive to the attainment of the above objects or any of them.

Extract of Articles of Association

Article 1 – Notice

A notice may be given by the company to any member either personally or by sending it by post to him or to his registered address, or (if he has no registered address within Nigeria) to the address, if any, within Nigeria supplied by him to the company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice and to have been effected at the expiration of seven days after the letter containing the same is posted.

Article 3 – Voting

No member shall be entitled to vote at any general meeting unless all calls or other sums payable by him in respect of shares in the company have been paid.

Article 4 – Meetings

APPENDIX II – FURTHER INFORMATION ON BAGCO INDUSTRIAL SOLUTIONS LIMITED

The annual general meeting shall be held at such time and place as the director shall appoint. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company, or if there is no such chairman, or if he is not present within thirty minutes after the time appointed for the holding of the meeting or is unwilling to act, the director present shall elect of their number to be chairman of the meeting. If at any meeting no director is willing to act as chairman or if no director is present within thirty minutes after the time appointed for the holding the meeting, the members present shall choose one of their number to be chairman of the meeting.

10.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Rand Merchant Bank Nigeria Limited, at 3rd Floor, East Wing, Wings Office Complex, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, during normal business hours on any Business Day until the date of the Court-Ordered Meeting:

1. Certificate of Incorporation of Bagco Limited;
2. The Memorandum and Articles of Association of Bagco Limited; and
3. The Board Resolution authorising the Proposed Restructuring.

11. APPENDIX III – PRO-FORMA FINANCIAL INFORMATION

11.1 OVERVIEW

This section presents a summary of the financial information showing the effect of the Proposed Restructuring. It includes the pro-forma consolidated balance sheet and income statement for the nine months ending 31 December 2022 as if the Proposed Restructuring were in place on that date.

The pro-forma financial information is provided for illustrative purposes only. It does not represent what Flour Mills' and Bagco Limited's financial results would be if the Proposed Restructuring occurred on the date above. It is not representative of the financial results for any future period. With respect to Bagco Limited, the proforma statements are only illustrative for the purpose of showing impact of carve-out on the shelf company were it occur on 31 December 2022 and do not represent actual accounts of the company.

11.2 BASIS OF PREPARATION

The pro-forma financial information is presented in abbreviated form and therefore does not comply with all presentation and disclosure standards applicable to annual reports prepared in accordance with CAMA.

APPENDIX III – PRO-FORMA FINANCIAL INFORMATION

PROFORMA STATEMENT OF FINANCIAL POSITION FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED²
9 months ended 31-Dec-22
₦'bn

Assets	
Non-Current Assets	11.8
Inventory	39.0
Receivables	3.7
Cash and Cash Equivalents	1.5
Prepayments	12.2
Derivative assets	-
Current Assets	56.3
Total Assets	68.2
Liabilities	
Non-Current Liabilities	
Borrowings	26.4
Retirement Benefit Obligation	0.5
Long Service Awards	0.7
Deferred Taxation	0.0
Deferred Income	0.0
Total Non-Current Liabilities	27.7
Current Liabilities	
Net Interest in Principal Entity	5.0
Bank Overdraft	1.0
Trade and other Payables	33.2
Borrowings	0.7
Deferred Income	0.0
Derivative Liability	0.0
Customer Deposits	0.6
Total Current Liabilities	40.5
Total Liabilities	68.2

² With respect to Bagco Limited, the proforma statements are only illustrative for the purpose of showing impact of carve-out on the shelf company were it occur on 31 December 2022 and do not represent actual accounts of the company

APPENDIX III – PRO-FORMA FINANCIAL INFORMATION

PROFORMA STATEMENT OF PROFIT OR LOSS FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED

	9 months ended 31-Dec-22
	₦'000
Revenue	52,241,000
Cost Of Goods Sold	(44,433,000)
Gross Profit	7,808,000
<hr/>	<hr/>
Operating Profit	5,502,000
Finance Income	-
Finance Cost	(134,000)
<hr/>	<hr/>
Profit Before Tax	5,368,000
Income Tax Expense	-
<hr/>	<hr/>
Profit after Taxation	5,368,000

APPENDIX III – PRO-FORMA FINANCIAL INFORMATION

STATEMENT OF PROFIT OR LOSS FOR FLOUR MILLS OF NIGERIA PLC (THE COMPANY) FOR THE NINE MONTHS ENDING DECEMBER 31, 2022

Please note that the proforma number is based on the financial numbers of Flour Mills, the “Company” given that Bagco Limited will remain a consolidated entity at the Group level. Accordingly, there is no expected impact on the “Group” position.

	PRE-CARVE-OUT	POST CARVE-OUT
	₦'000	₦'000
Revenue	657,565,462	605,490,859
Cost Of Goods Sold	(598,834,414)	(554,596,321)
Gross Profit	58,731,048	50,894,538
Operating Income	34,086,766	28,585,245
Investment Income	3,101,004	3,101,004
Finance Cost	(19,545,164)	(19,411,383)
Profit Before Tax	17,642,607	12,274,866
Income Tax Expense	(5,822,047)	(4,050,696)
Profit after Taxation	11,820,560	8,224,170

APPENDIX III – PRO-FORMA FINANCIAL INFORMATION

PROFORMA STATEMENT OF FINANCIAL POSITION FOR FLOUR MILLS OF NIGERIA PLC (THE COMPANY) FOR THE NINE MONTHS ENDING DECEMBER 31, 2022

	PRE-CARVE-OUT ₦'000	POST CARVE-OUT ₦'000
ASSETS		
Total Non-Current Assets	205,716,640	193,892,831
Inventory	166,129,300	127,173,739
Trade and Other Receivables	60,783,735	94,917,098
Prepayment	126,579,887	114,363,100
Cash And Equivalents	47,228,814	45,767,207
Derivative Assets	2,346,455	2,393,916
Net interest in Bagco Division	-	4,950,287
Total Current Assets	403,068,191	389,565,346
Total Assets	608,784,831	583,458,177
EQUITY AND LIABILITIES		
EQUITY		
Total Equity	178,988,023	180,759,372
LIABILITIES		
Total Non-Current Liabilities	140,580,690	112,472,082
Total Current Liabilities	289,216,117	290,226,722
Total Liabilities	429,796,808	402,698,804
Total Equity and Liabilities	608,784,831	583,458,177

12. APPENDIX IV – STATUTORY AND GENERAL INFORMATION

12.1 RESPONSIBILITY STATEMENT

The information contained in this document in relation to Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited has been supplied by the companies. The Directors of Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited have taken all reasonable care to ensure that the facts stated, and opinions expressed in this document with regard to the companies, are all fair and accurate and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief as at the date of this Scheme Document, no material facts concerning the companies have been omitted from this Scheme Document. The Directors hereby accept responsibility for the information provided.

12.2 CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Scheme Document in the form and context in which they appear herein:

Directors of Flour Mills of Nigeria Plc

Mr. John G. Coumantaros	<i>Chairman</i>
Mr. Paul Miyonmide Gbededo	<i>Vice Chairman</i>
Mr. Omoboyede Oyebolanle Olusanya	<i>Group Managing Director</i>
Prof. Jerry Gana CON	<i>Non-Executive Director</i>
Mr. Ioannis Katsaounis	<i>Non-Executive Director</i>
Mr. Thanassis Mazarakis	<i>Non-Executive Director</i>
Mr. Folarin R. A. Williams	<i>Non-Executive Director</i>
Alhaji Rabiu M. Gwarzo, OON	<i>Non-Executive Director</i>
Alhaji Y. Olalekan A. Saliu	<i>Non-Executive Director</i>
Mr. Alfonso Garate	<i>Non-Executive Director</i>
Dr. (Mrs.) Salamatu Hussaini Suleiman	<i>Independent Non-Executive Director</i>
Mrs. Juliet Anammah	<i>Independent Non-Executive Director</i>
Mr. Foluso O. Phillips	<i>Independent Non-Executive Director</i>
Ms. Yewande Sadiku	<i>Independent Non-Executive Director</i>
Mr. Muhammad Ahmad OON	<i>Independent Non-Executive Director</i>

Company Secretary

Mr. Joseph Odion Umolu

Directors of Bagco Industrial Solutions Limited

Mr. Omoboyede Oyebolanle Olusanya	<i>Non-Executive Director</i>
Mr. Anders Kristiansson	<i>Non-Executive Director</i>
Mr. Sadiq Usman	<i>Non-Executive Director</i>
Mr. Adebola Adeeko	<i>Non-Executive Director</i>
Mr. Joseph Odion Umolu	<i>Non-Executive Director</i>

Company Secretary

Mr. Joseph Odion Umolu

Financial Adviser

Rand Merchant Bank Nigeria Limited

Auditors

KPMG Advisory Services

Tax Advisers

KPMG Advisory Services

Solicitors

Banwo & Ighodalo

Registrars

Atlas Registrars Limited

APPENDIX IV – STATUTORY AND GENERAL INFORMATION

12.3 GENERAL INFORMATION

Except as otherwise disclosed in this Scheme Document:

1. The costs, charges, and expenses of and incidental to the Scheme are payable by Flour Mills of Nigeria Plc and Bagco Limited.
2. Save as disclosed herein, the Directors of Flour Mills of Nigeria Plc and Bagco Limited have not been informed of any holding representing 5% or more of the issued share capital of the companies.
3. There are no material service agreements between Flour Mills of Nigeria Plc and Bagco Industrial Solutions Limited or any of their directors and employees other than in the ordinary course of business.

13. APPENDIX V - NOTICE OF THE COURT-ORDERED MEETING FOR FLOUR MILLS OF NIGERIA PLC

**IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS**

SUIT NO. FHC/L/CS/556/2024

**IN THE MATTER OF
THE COMPANIES AND ALLIED MATTERS ACT, NO. 3 OF 2020 (AS AMENDED)**

AND

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 711 THEREOF

IN RE:

- 1. FLOUR MILLS OF NIGERIA PLC (RC 2343)**
AND
- 2. BAGCO INDUSTRIAL SOLUTIONS LIMITED (RC 1580350)**

**MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES
OF
FLOUR MILLS OF NIGERIA PLC**

NOTICE IS HEREBY GIVEN that by an **order of the Federal High Court** (hereinafter referred to as the "Court" or the "FHC") dated April 4, 2024, made in the above matter, the Court has directed that a meeting (the "Court Ordered Meeting" or the "Meeting") of the holders of the fully paid up ordinary shares of Flour Mills of Nigeria Plc ("Flour Mills" or the "Company") be convened to consider, and if thought fit, approve (with or without modification) a Scheme of Arrangement proposed to be entered into between Flour Mills and Bagco Industrial Solutions Limited (the "Scheme").

The meeting will be held on the 15th day of May 2024 virtually and hosted from at 1, Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria at 10:00 am or soon thereafter. Copies of the Scheme documents have been made available to Shareholders of the Company.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as a special resolution of the company:

"That:

- 1. The Scheme as contained in the Scheme Document dated March 22, 2024, a printed copy of which has been submitted to the meeting and for the purposes of identification endorsed by the Chairman, with, or subject to such modification, addition or condition agreed at this meeting and/or approved or imposed by the Court, be and is hereby approved;*
- 2. The Directors be and are hereby authorised to consent to any modifications of the Scheme that the Federal High Court or any regulatory authority may deem fit to impose and approve;*
- 3. Subject to the sanction of the Court, the assets and liabilities of Bagco Division set out in Annexure I to the Scheme including but not limited to licenses, contracts, intellectual property rights, and litigations will be carved out from the books of Flour Mills and transferred to its wholly owned subsidiary, Bagco Industrial Solutions Limited for business operations.*
- 4. Upon the scheme becoming effective, all employees of the packaging division of Flour Mills, Bagco Division will become employees of Bagco Industrial Solutions Limited, pursuant to the terms of the Scheme and the Court order;*
- 5. Upon the scheme becoming effective, Bagco Division will cease to be a division of Flour Mills and the business will be operated by Bagco Industrial Solutions Limited, pursuant to the terms of the Scheme and the Court order; and*

APPENDIX VI - NOTICE OF THE COURT-ORDERED MEETING FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED

6. *The Board of Directors of Flour Mills of Nigeria Plc be and is hereby authorised to take all actions that may become necessary to effect the Scheme of Arrangement."*

By the said Order, the Court has appointed the Vice-Chairman of the Board of Directors of Flour Mills of Nigeria Plc, Mr. Paul Gbededo, or failing him, Alhaji Olalekan Saliu, a Non-Executive Director of Flour Mills or failing him, any other director appointed in his stead by the Shareholders present at the meeting to act as Chairman of the said meeting and has directed the Chairman to report the results thereof to the Court.

Voting at the meeting will be by poll. The Scheme will be subject to the subsequent approval of the SEC and the sanction of the Court.

In accordance with Clause 27 of the Company's Articles of Association, the Company will hold the meeting virtually. The link for the meeting can be accessed through the Company's website <https://www.fmnplc.com>. Any member entitled to attend and vote at the Court-Ordered Meeting is entitled to attend the meeting in person virtually or appoint another person, whether a shareholder or not, to act as a proxy and to attend virtually and vote in his/her/its stead. Atlas Registrars Limited, our Registrars will communicate details for voting and remote participation at the meeting to each shareholder.

Shareholders can also join the meeting and follow the proceedings remotely via real-time streaming options. The link for the live stream will be provided on the Company's website at <https://www.fmnplc.com>.

If you intend to attend the meeting through a proxy, you are enjoined to follow the procedure set out in this notice and the Proxy Form on pages 58 to 59 of the Scheme Document. Complete and sign the Proxy Form and return it to Atlas Registrars Limited, our registrar, following the instructions thereon. A proxy form will be available on the Company's website <https://www.fmnplc.com>.

In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person virtually or by proxy, will be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority will be determined by the order in which their names stand in the register of members of Flour Mills of Nigeria Plc.

It is requested that the executed Proxy Forms be lodged at the office of the Registrars of Flour Mills of Nigeria PLC, Atlas Registrars Limited, as shown on the proxy form, not less than 48 hours before the time appointed for the Meeting.

Please note that the lodging of the proxy form does not prevent you from attending the meeting virtually and voting should you wish to do so. Where a shareholder who has appointed a proxy attends the meeting remotely and he/she elects to vote through the channel(s) provided by the Company and not through the appointed proxy, such shareholder must communicate in writing to Atlas Registrars prior to the commencement of the meeting. In such an arrangement, your proxy will not be entitled to vote.

A member entitled to attend the Meeting who does not receive a copy of the Scheme Document within 14 days of the date of this notice can obtain copies of same, free of charge, from the Registrars of Flour Mills of Nigeria PLC, Atlas Registrars Limited, 34 Eric Moore Road, Igamu.

The Register of Members will be updated on 30th April, 2024 for the purpose of attendance at the Court-Ordered Meeting.


DATED this 12th day of April 2024

**Mr. Joseph Umolu
Company Secretary:
Flour Mills of Nigeria Plc
1 Golden Penny Place, Wharf Road, Apapa, Lagos**

APPENDIX VI - NOTICE OF THE COURT-ORDERED MEETING FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED

14. APPENDIX VI - NOTICE OF THE COURT-ORDERED MEETING FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED

**IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS**

SUIT NO. FHC/L/CS/556/2024

**IN THE MATTER OF
THE COMPANIES AND ALLIED MATTERS ACT, NO. 3 OF 2020 (AS AMENDED)**

AND

IN THE MATTER OF AN APPLICATION UNDER SECTIONS 711 THEREOF

IN RE:

- 1. BAGCO INDUSTRIAL SOLUTIONS LIMITED (RC 1580350)**

AND

- 2. FLOUR MILLS OF NIGERIA PLC (RC 2343)**
-

**MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES
OF
BAGCO INDUSTRIAL SOLUTIONS LIMITED**

NOTICE IS HEREBY GIVEN that by an **order of the Federal High Court** (hereinafter referred to as the “Court” or the “FHC”) dated April 4, 2024, made in the above matter, the Court has directed that a meeting (the “Court Ordered Meeting” or the “Meeting”) of the holders of the fully paid up ordinary shares of Bagco Industrial Solutions Limited (“Bagco Limited” or the “Company”) be convened to consider, and if thought fit, approve (with or without modification) a Scheme of Arrangement proposed to be entered into between Flour Mills of Nigeria PLC and Bagco Limited (the “Scheme”).

The meeting will be held virtually on the 15th day of May 2024 and hosted from 1, Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria at 12:00 noon or soon. Copies of the Scheme documents have been made available to Shareholders of the Company.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as a special resolution of the Company:

“That:

- 1. The Scheme as contained in the Scheme Document dated March 22, 2024, a printed copy of which has been submitted to the meeting and for the purposes of identification endorsed by the Chairman, with, or subject to such modification, addition or condition agreed at this meeting and/or approved or imposed by the Court, be and is hereby approved;*
- 2. The Directors be and are hereby authorised to consent to any modifications of the Scheme that the Federal High Court or any regulatory authority may deem fit to impose and approve;*

APPENDIX VI - NOTICE OF THE COURT-ORDERED MEETING FOR BAGCO INDUSTRIAL SOLUTIONS LIMITED

3. *Bagco Industrial Solutions Limited accepts the transfer of the assets, liabilities, and undertakings of the packaging division Flour Mills of Nigeria Plc ("FMN" or "Flour Mills"), including its real properties and intellectual property rights upon the terms and subject to the conditions set out in the Scheme;*
4. *Upon the Scheme becoming effective, all employees of the packaging division of FMN, Bagco Division, will become employees of Bagco Limited and Bagco Division will cease to be a division of Flour Mills and the business will be operated by Bagco Limited, pursuant to the terms of the Scheme and the Court Order; and*
5. *The Board of Directors of Bagco Industrial Solutions Limited be and is hereby authorised to take all actions that may become necessary to effect the Scheme of Arrangement."*

By the said Order, the Court has appointed a Director of Bagco Industrial Solutions Limited, Mr. Omoboyede Olusanya, or failing him, Mr. Joseph Umolu, the Company Secretary, or failing him, any other director appointed in his stead by the Shareholders present at the meeting to act as Chairman of the said meeting and has directed the Chairman to report the results thereof to the Court.

Voting at the meeting will be by poll. Shareholders may vote in person virtually, or they may appoint another person, whether a shareholder or not, to act as a proxy and to attend virtually and vote in their stead. A proxy form will be available to the Shareholders by the Company. The Company Secretary will communicate details for voting and remote participation at the meeting to each shareholder.

It is requested that the executed Proxy Forms be lodged at the office of the Company Secretary of Bagco Industrial Solutions Limited, Mr. Joseph Umolu at 1 Golden Penny Place, Wharf Road, Apapa, Lagos as shown on the proxy form, not less than 48 hours before the time appointed for the Meeting.

Please note that the lodging of the proxy form does not prevent you from attending the meeting and voting in person virtually should you wish to do so. Where a shareholder who has appointed a proxy attends the meeting remotely and he/she elects to vote through any of the channels provided by the Company and not through the appointed proxy, such shareholder must communicate in writing to the Company Secretary prior to the commencement of the Meeting. In such arrangement, your proxy will not be entitled to vote.

A member entitled to attend the Meeting who does not receive a copy of the Scheme Document within 14 days of the date of this notice can obtain copies of same, free of charge, from the Company Secretary.

DATED this 12th day of April 2024



**Mr. Joseph Umolu
Company Secretary:
Bagco Industrial Solutions Limited
1 Golden Penny Place, Wharf Road, Apapa, Lagos.**

PROXY FORM

Court-Ordered Meeting to be held at 1, Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria on May 15, 2024 at 10:00am or soon thereafter

I/We, Account No:....., Shareholder's Name:..... being a shareholder/shareholders of Flour Mills of Nigeria Plc. ("Flour Mills" or the "Company"), hereby appoint** or failing him as my/our proxy to act and vote for me/us and on my/our behalf at the Court-Ordered Meeting of holders of the Ordinary shares of the Group to be held on 15th May 2024, or at any adjournment thereof.

Dated this.....day of2024;

Shareholder's Signature.....;

Proxy's Signature.....
(companies must execute under Common Seal)

SPECIAL RESOLUTIONS

"That:

1. *The Scheme as contained in the Scheme Document dated March 22, 2024, a printed copy of which has been submitted to the meeting and for the purposes of identification endorsed by the Chairman, with, or subject to such modification, addition or condition agreed at this meeting and/or approved or imposed by the Court, be and is hereby approved;*
2. *The Directors be and are hereby authorised to consent to any modifications of the Scheme that the Federal High Court or any regulatory authority may deem fit to impose and approve;*
3. *Subject to the sanction of the Court, the assets and liabilities of Bagco Division set out in Annexure I to the Scheme including but not limited to licenses, contracts, intellectual property rights, and litigations will be carved out from the books of Flour Mills and transferred to its wholly owned subsidiary, Bagco Industrial Solutions Limited for business operations.*
4. *Upon the scheme becoming effective, all employees of the packaging division of Flour Mills, Bagco Division will become employees of Bagco Industrial Solutions Limited, pursuant to the terms of the Scheme and the Court order;*
5. *Upon the scheme becoming effective, Bagco Division will cease to be a division of Flour Mills and the business will be operated by Bagco Industrial Solutions Limited, pursuant to the terms of the Scheme and the Court order; and*
6. *The Board of Directors of Flour Mills of Nigeria Plc be and is hereby authorised to take all actions that may become necessary to effect the Scheme of Arrangement."*

NOTES:

1. A member (shareholder) who is unable to attend the Court-Ordered Meeting is allowed by law to vote by proxy and this proxy form has been prepared to enable you to exercise your right to vote in case you cannot attend the meeting in person virtually.
2. Voting at the meeting will be by poll which means that each shareholder has one vote for each of the shares he/she/it holds in the Company.
3. Please sign and post the proxy form so as to reach "The Registrar – Atlas Registrars Limited, 4th Floor, 34 Eric Moore Rd, Iganmu, Lagos" not less than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties. If executed by a corporate body, the proxy form should be sealed with the Common Seal.
4. The member (shareholder) or his/her duly appointed proxy must detach and produce the Admission Card to obtain entrance to the meeting.
5. The completion and despatch of the proxy form does not prevent the attendance of the member should he/she become free to attend in person virtually. Where a shareholder who has appointed a proxy attends the meeting virtually and he/she elects to vote through any of the channels provided by the Company and not through the appointed proxy, such shareholder must communicate in writing to Atlas Registrars prior to the commencement of the meeting. However, in such arrangement, your proxy will not be entitled to vote.
6. The details in the Scheme of Arrangement provide information on the material features of the proposed Scheme and the general effect thereof upon the rights of existing Shareholders of Flour Mills of Nigeria Plc whilst also providing information essential to a shareholder's appraisal of the action to be taken with regards to the Scheme.

Please indicate how you wish your votes to be cast on the resolutions set out above by indicating 'x' in the appropriate space. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

For	Against

Before posting the above form, please tear off this section and retain it to facilitate your admission or that of your proxy to the Meeting

Flour Mills of Nigeria Plc

COURT-ORDERED MEETING ADMISSION CARD

Please admit the shareholder named on this card or duly appointed proxy to the court-ordered meeting to be held virtually and hosted from 1, Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria, on May 15th 2024 , at 10:00 am or soon thereafter.

Account No.....
Shareholder's Name.....
No. of Shares

Proxy

Shareholder

Please tick "✓" in the appropriate box above before presenting this card for admission to the meeting

Signature of Persons attending**

NOTE: ** You are required to sign this card at the entrance in the presence of the Registrars on the day of the Court-Ordered Meeting.

Atlas Registrars Limited
3rd Floor, 34 Eric Moore Rd
Iganmu
Lagos

PROXY FORM

Court-Ordered Meeting to be held at 1, Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria on May 15, 2024] at 12:00 noon or soon thereafter

I/We, Account No:..... Shareholder's Name:..... being a shareholder/shareholders of **Bagco Industrial Solutions Limited**, hereby appoint..... ** or failing him, as my/our proxy to act and vote for me/us and on my/our behalf at the Court-Ordered Meeting of holders of the Ordinary shares of the Company to be held on 15th May 2024, or at any adjournment thereof.

Dated this.....day of2024;

Shareholder's Signature.....;
Proxy's Signature.....
(Companies must execute under Common Seal)

SPECIAL RESOLUTION

"That:

1. *The Scheme as contained in the Scheme Document dated March 22, 2024, a printed copy of which has been submitted to the meeting and for the purposes of identification endorsed by the Chairman, with, or subject to such modification, addition or condition agreed at this meeting and/or approved or imposed by the Court, be and is hereby approved;*
2. *The Directors be and are hereby authorised to consent to any modifications of the Scheme that the Federal High Court or any regulatory authority may deem fit to impose and approve;*
3. *Bagco Industrial Solutions Limited accepts the transfer of the assets, liabilities, and undertakings of the packaging division Flour Mills of Nigeria Plc ("FMN" or "Flour Mills"), including its real properties and intellectual property rights upon the terms and subject to the conditions set out in the Scheme;*
4. *Upon the scheme becoming effective, all employees of the packaging division of FMN, Bagco Division will become employees of Bagco Limited and Bagco Division will cease to be a division of Flour Mills and the business will be operated by Bagco Limited, pursuant to the terms of the Scheme and the Court Order; and*
5. *The Board of Directors of Bagco Industrial Solutions Limited be and is hereby authorised to take all actions that may become necessary to effect the Scheme of Arrangement."*

NOTES:

1. A member (shareholder) who is unable to attend the Court-Ordered Meeting is allowed by law to vote by proxy and this proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Voting at the meeting will be by poll which means that each shareholder has one vote for each of the shares he/she/it holds in the Company.
3. Please sign and post the proxy form so as to reach "The Company Secretary – Mr Joseph Umolu at 1 Golden Penny Place, Wharf Road, Apapa, Lagos not less than 48 hours before the time appointed for the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties. If executed by a corporate body, the proxy form should be sealed with the Common Seal.
4. The member (shareholder) or his/her duly appointed proxy must detach and produce the Admission Card to obtain entrance to the meeting.
5. The completion and despatch of the proxy form does not prevent the attendance of the member should he/she become free to attend in person virtually. Where a shareholder who has appointed a proxy attends the meeting remotely and he/she elects to vote through any of the channels provided by the Company and not through the appointed proxy, such shareholder must communicate in writing to the Company Secretary prior to the commencement of the meeting. However, in such arrangement, your proxy will not be entitled to vote.
6. The details in the Scheme of Arrangement provide information on the material features of the proposed Scheme and the general effect thereof upon the rights of existing Shareholders of Bagco Industrial Solutions Limited whilst also providing information essential to a shareholder's appraisal of the action to be taken with regards to the Scheme.

Please indicate how you wish your votes to be cast on the resolutions set out above by indicating 'x' in the appropriate space. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion

For	Against

Before posting the above form, please tear off this section and retain it to facilitate your admission or that of your proxy to the Meeting

Bagco Industrial Solutions Limited

COURT-ORDERED MEETING ADMISSION CARD

Please admit the shareholder named on this card or duly appointed proxy to the court-ordered meeting to be held virtually and hosted from 1, Golden Penny Place, Wharf Road, Apapa, Lagos State, Nigeria on May 15th 2024 , at 12:00 noon or soon thereafter.

Account No.....
Shareholder's Name.....
No. of Shares

Proxy

Shareholder

Signature of Persons attending**

NOTE: ** You are required to sign this card at the entrance in the presence of the Company Secretary on the day of the Court-Ordered Meeting.

Please tick "✓" in the appropriate box above before presenting this card for admission to the meeting

