



FLOUR MILLS OF NIGERIA PLC

RC: 2343

[INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA]

₦200,000,000,000

## COMMERCIAL PAPER ISSUANCE PROGRAMME

Flour Mills of Nigeria PLC ( "**Flour Mills**" or "**the Issuer**" or "**the Company**" ), a public limited liability company incorporated in Nigeria and listed on The Nigerian Exchange Limited (the "**NGX**" ), has established this ₦200,000,000,000 Commercial Paper Issuance Programme (the "**CP Programme**" ), under which Flour Mills may from time to time issue Commercial Paper notes ("**CPs**" or "**Notes**" ), denominated in Nigerian Naira ("**Naira**" or "**₦**" ) or in such other currency as may be agreed between the Issuer and the Dealers and or the Arrangers (as defined in the section entitled, "*Summary of the Programme*", in separate series or tranches subject to the terms and conditions ("**Terms and Conditions**") contained in this Programme Memorandum.

Each Series and each Tranche (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the "**Applicable Pricing Supplement**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the CP Programme shall not exceed ₦200,000,000,000 or its equivalent in any other currency over a three-year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

This Programme Memorandum is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference, and in relation to any Series or Tranche (as defined herein), together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum.

This Programme Memorandum, the Applicable Pricing Supplement and the CPs have not been and will not be registered with the Securities and Exchange Commission, or under the Investment and Securities Act, No. 29 of 2007.

The Notes issued under this Programme shall be issued in dematerialised form, registered, quoted and traded over the counter via the FMDQ Securities Exchange ("**FMDQ Exchange**") platform in accordance with the rules, guidelines and such other regulation with respect to the issuance, registration and quotation of commercial paper as may be prescribed by the Central Bank of Nigeria ("**CBN**") and FMDQ Exchange from time to time, or any other recognised trading platform as approved by the CBN. The CPs issued under the Programme will settle via the Central Securities Clearing System PLC ("**CSCS**" ), acting as Registrars and Clearing Agent for the Notes.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement is delivered (the "**Recipient**") and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in this Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of CP Notes.

This Programme Memorandum has been prepared in accordance with the CBN Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on September 11, 2019, the CBN letter to all deposit money banks and discount houses dated July 12, 2016 on Mandatory Registration and Quotation of Commercial Papers (together the "**CBN Guidelines**") and the Commercial Paper Registration and Quotation Rules (the "**Rules**") of FMDQ Exchange in force as at the date thereof. The document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should please consult his/her banker, stockbroker, accountant, solicitor or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Board of Directors of Flour Mills of Nigeria PLC, who jointly and individually accept full responsibility for the accuracy of all information given.

**Lead Arranger and Dealer**  
Issuing, Collecting and Paying Agent

**FBNQUEST MERCHANT BANK LIMITED**

RC: 264978

**Joint Arranger and Dealer****FCMB CAPITAL MARKETS LIMITED**

RC: 446561

**This Programme Memorandum is dated 10 February 2023**

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## GLOSSARY OF DEFINED TERMS

*Except where expressed otherwise, the following definitions apply throughout this document.*

<b>“Agency Agreement”</b>	The Issuing, Collecting and Paying agency agreement dated on or about 10 February 2023 and entered into between the Issuer and the Issuing, Collecting and Paying Agent
<b>Lead Arranger and Dealer:</b>	FBNQuest Merchant Bank Limited
<b>Joint Arranger and Dealer:</b>	FCMB Capital Markets Limited
<b>“Board” or “Directors”</b>	Board of Directors of Flour Mills of Nigeria PLC
<b>"Business Day"</b>	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
<b>"CBN"</b>	Central Bank of Nigeria
<b>“CBN Guidelines”</b>	CBN’s Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 18 <sup>th</sup> November 2009, as amended or supplemented from time to time.
<b>“CGT”</b>	Capital Gains Tax as provided for under the Capital Gains Tax Act Cap C1, LFN 2004
<b>“CITA”</b>	Companies Income Tax Act Cap C21, LFN 2004 (as amended by the Companies Income Tax Act No 11 of 2007)
<b>“Commercial Paper”, “CP” or “Notes”</b>	Quoted unsecured commercial paper notes to be issued by the Issuer under the CP Programme in form of short-term zero-coupon notes under the CP Programme
<b>“Conditions” or “Terms and Conditions”</b>	Terms and conditions, in accordance with which the Notes will be issued, set out in the section headed “Terms and Conditions of the Notes”
<b>“CP Programme” or “Programme”</b>	The CP Programme described in this Programme Memorandum pursuant to which the Issuer may issue several separate series of Notes from time to time with varying maturities and discount rates provided, however, that the aggregate Face Value of Notes in issue does not exceed ₦200,000,000,000 or its equivalent in any other specified currency.
<b>“CSCS” or the “Clearing System”</b>	Central Securities Clearing System PLC, which expression shall include its successors, or any additional or alternative clearing system approved by the Issuer or as may otherwise be specified in the Applicable Pricing Supplement
<b>“CSCS Rules”</b>	The rules and operating procedures for the time being of the CSCS
<b>“Central Securities Depository” or “CSD”</b>	FMDQ Depository Limited or such other central securities depository registered or recognised by the Securities and Exchange Commission and approved by the Issuer or as may be specified in the Applicable Pricing Supplement
<b>“Day Count Fraction”</b>	The method of calculating the discount in respect of a Note as specified in the Applicable Pricing Supplement

## GLOSSARY OF DEFINED TERMS

<b>“Dealers”</b>	FBNQuest Merchant Bank Limited FCMB Capital Markets Limited
<b>“Dealing Members”</b>	A member of FMDQ that is licensed to make market in CPs to eligible investors on any of the FMDQ-advised trading systems
<b>“Event of Default”</b>	Means an event of default by the Issuer as set out in Condition 6 of the “Terms and Conditions of the Notes”
<b>“Eligible Investor” or “EI”</b>	An investor that is not a QII as defined in FMDQ Exchange Rules, which has executed a declaration attesting to his/her/its eligibility in the manner prescribed in FMDQ Exchange Rules.
<b>“Face Value”</b>	The par value of the Notes
<b>“FGN”</b>	Federal Government of Nigeria
<b>“FIRS”</b>	Federal Inland Revenue Service
<b>“Flour Mills” or “Issuer” or “FMN”</b>	Flour Mills of Nigeria PLC
<b>“FMDQ Exchange” or “FMDQ Securities Exchange Limited”</b>	Means FMDQ Exchange, a securities exchange and self-regulatory organisation licensed by the Securities and Exchange Commission to provide a platform for, amongst others, listing, quotation, registration and trading of debt securities, among others
<b>“FMDQ Exchange Rules”</b>	The FMDQ Commercial Paper Registration and Quotation Rules, April 2021 (as may be amended from time to time) and such other regulations (including but not limited to Market Bulletins) with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time
<b>“Force Majeure”</b>	Means any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, riot, war, embargo, legislation, acts of God, acts of terrorism, and industrial unrest
<b>“Government”</b>	Any federal, state or local government of the Federal Republic of Nigeria
<b>“Holder” or “Noteholder”</b>	The holder of a Note as recorded in the Register kept by the CSCS in accordance with the Terms and Conditions
<b>“Implied Yield”</b>	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement
<b>“Issue Date”</b>	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement
<b>“Issue Price”</b>	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement

## GLOSSARY OF DEFINED TERMS

<b>“Issuing, Collecting and Paying Agent”</b>	FBNQuest Merchant Bank Limited or any successor issuing, collecting and paying agent in respect of the Notes, appointed by the Issuer
<b>"LFN"</b>	Laws of the Federation of Nigeria
<b>"Maturity Date"</b>	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due
<b>“Material Adverse Change”</b>	Means a material adverse effect on the ability of the Issuer to perform and comply with its payment obligations under the CP Programme
<b>“NIBOR”</b>	The Nigerian Inter-bank Offered Rate
<b>"Naira", "NGN" or "₦"</b>	The Nigerian Naira
<b>“Noteholders”</b>	Means the several persons for the time being, whose names are shown in the records of the CSCS and/or entered in the Register of Noteholders as holders of the Notes and shall include the legal and personal representatives or successors of the Noteholders and those entered as joint Noteholders
<b>“Notes”</b>	The commercial paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialised form by the Noteholders through the CSCS
<b>“Outstanding”</b>	Means, in relation to the Notes, all the Notes issued, other than: <ul style="list-style-type: none"> <li>(i) those Notes which have been redeemed pursuant to these Conditions</li> <li>(ii) those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption in accordance with the relevant conditions has occurred and the redemption moneys have been duly paid in accordance with the provisions of this Deed and</li> <li>(iii) those Notes which have become void under the provisions of this Deed</li> </ul>
<b>“Pricing Supplement’ or ‘Applicable Pricing Supplement”</b>	The Pricing Supplement applicable to a particular series or tranche of Notes issued under the CP Programme
<b>“Principal Amount”</b>	The nominal amount of each Note, as specified in the Applicable Pricing Supplement
<b>“Programme”</b>	The ₦200,000,000,000 (Two Hundred Billion Naira) commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time
<b>“Programme Memorandum”</b>	This information memorandum dated 10 February 2023 which details the aggregate size and broad terms and conditions of the CP Programme
<b>“Qualified Institutional Investor” or “QII”</b>	include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and

## GLOSSARY OF DEFINED TERMS

	bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by the Securities and Exchange Commission from time to time.
<b>“Redemption Amount”</b>	The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date
<b>“Redemption Date”</b>	Means in relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these Conditions and the Applicable Pricing Supplement
<b>“Register”</b>	A register or such registers as shall be maintained by the Registrar in which are recorded details of Noteholders
<b>“Registrar”</b>	The CSCS or such other registrar as may be appointed by the Issuer in respect of the Notes issued under the Programme
<b>“Relevant Currency”</b>	The currency in which payments in respect of the Notes of the relevant Tranche or Series are to be made as indicated in the Applicable Pricing Supplement
<b>“Relevant Date”</b>	The payment date of any obligation due on the Notes
<b>“Relevant Last Date”</b>	The date stipulated by CSCS and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered
<b>“Series”</b>	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices
<b>“Specified Office”</b>	The office of the Issuing, Collecting and Paying Agent as specified under the Agency Agreement and shall include such other office or offices as may be specified from time to time thereunder
<b>“Tranche”</b>	Notes which are identical in all respects
<b>“Unique Identifier”</b>	A code specifically designated/assigned to identify a CP.
<b>“VAT”</b>	Value Added Tax as provided for in the Value Added Tax Act, CAP VI, LFN 2004 (as amended by the Value Added Tax Act No 12 of 2007)
<b>“WHT”</b>	Withholding Tax as provided for in section 78(2) of CITA and section 70 of PITA
<b>“Zero Coupon Note”</b>	A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than in the case of late payment

## IMPORTANT NOTICES

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This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of ₦200,000,000,000 (Two Hundred Billion Naira). The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

The Issuer shall not require the consent of the Noteholders for the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained or incorporated in this Programme Memorandum is correct and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is reasonably material in the context of the CP Programme and the offering of the Notes, that the information contained in this Programme Memorandum is true and accurate in all material respects and is not misleading and that there are no other facts the omission of which would make this document or any of such information misleading in any material respect.

No person has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied in connection with the CP Programme and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation or the rendering of investment advice by the Issuer, the Dealers, or the Arrangers that any recipient of this Programme Memorandum should purchase any Notes.

No representation, warranty or undertaking, express or implied is made and no responsibility is accepted by the Arrangers, the Dealers, or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arrangers, the Dealers and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

Each person contemplating purchasing any Commercial Paper should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision.

Notes issued under the Programme shall be restricted to Qualified Institutional Investors and Eligible Individual Investors who meet the qualification criteria prescribed by FMDQ from time to time.

**FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.**

## INCORPORATION OF DOCUMENTS BY REFERENCE

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This Programme Memorandum should be read and construed in conjunction with:

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme; and
2. The audited annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme
3. Any supplements and/or amendments to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Memorandum.

which shall be deemed to be incorporated into, and to form part of, this Programme Memorandum and which shall be deemed to modify and supersede the contents of this Programme Memorandum as appropriate.

The Issuer may for so long as any Note remains outstanding, publish an amended and restated Programme Memorandum or a further supplement to the Programme Memorandum on the occasion of any subsequent issue of Notes, where there has been: -

- (a) material change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme, which would then make the programme materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have substituted the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of its issue.

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The audited financial statements and documents incorporated by reference shall be available on the website of the Issuer, [www.fmnplc.com](http://www.fmnplc.com), unless such documents have been modified or superseded (and which documents may at the Issuer's option be provided electronically). Requests for such documents shall be directed to the Issuer or Arrangers at their specified offices as set out in this Programme Memorandum.

**SUMMARY OF THE PROGRAMME**

*This summary information should be read in conjunction with the full text of this Programme Memorandum from where it is derived. The information below is a brief summary of the key features and summarised terms and conditions of the proposed CP Programme:*

<b>Issuer:</b>	Flour Mills of Nigeria PLC
<b>Lead Arranger and Dealer:</b>	FBNQuest Merchant Bank Limited
<b>Joint Arranger and Dealer:</b>	FCMB Capital Markets Limited
<b>Issuing, Collecting and Paying Agent:</b>	FBNQuest Merchant Bank Limited
<b>Auditors:</b>	KPMG Professional Services
<b>Registrars/Custodian:</b>	Central Securities Clearing System PLC
<b>Solicitors:</b>	The New Practice
<b>Programme:</b>	The commercial paper issuance programme established by the Issuer which allows for the multiple issuance of Notes from time to time under a standardised documentation framework
<b>Programme Size:</b>	<del>₦</del> 200,000,000,000 (Two Hundred Billion Naira)
<b>Issuance in Series:</b>	The Notes will be issued in series and each series may comprise one or more tranches issued on different dates. The Notes in each Series, each a tranche, will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series and Tranche will be specified in the Applicable Pricing Supplement
<b>Issue Price:</b>	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
<b>Issue Size:</b>	As specified in the Applicable Pricing Supplement, subject to a minimum value of ₦5million and multiples of ₦1,000 thereafter
<b>Use of Proceeds:</b>	Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of the CPs will be applied to support the Issuer's short term funding requirements, as part of its working capital management strategy
<b>Interest Payments:</b>	Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than in the case of late payment
<b>Source of Repayment:</b>	The repayment of all obligations under the CP issuance will be funded from the operating cash flows of the Company
<b>Default Rate:</b>	Interest rate equivalent to the daily overnight NIBOR + 5% per annum or issue rate + 5% per annum (whichever is higher)
<b>Currency of Issue:</b>	Nigerian Naira
<b>Redemption:</b>	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the FMDQ Rules
<b>Issuer Rating:</b>	"A-" rating expiring 30 September 2023 by Augusto & Co. Limited <b><i>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency</i></b>
<b>Tenor:</b>	As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 days and a maximum of 270 days, including roll-over from the date of issue
<b>Status of Notes:</b>	Each Note constitutes a senior unsecured obligation of the Issuer and the Notes rank <i>pari passu</i> among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time
<b>Quotation:</b>	The Notes will be quoted on the FMDQ Exchange Platform or any other recognised trading platform. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation or listing of any Series or Tranche of Notes quoted or listed on the relevant trading

	platform
<b>Taxation:</b>	The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest, and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Note holders. However, the discount on the Notes may be taxed in accordance with applicable Nigerian tax laws.
<b>Governing Law:</b>	The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law
<b>Source of Repayment</b>	Operating Cash Flow of the Issuer
<b>Settlement Procedures:</b>	Purchases will be settled via direct debit, electronic funds transfers, NIBBS Instant Payment (NIP), NIBBS Electronic Funds Transfer (“NEFT”) or Real Time Gross Settlement (“RTGS”)

**A. BUSINESS OVERVIEW**

Flour Mills of Nigeria PLC was incorporated in September 1960 and remains Nigeria's largest and oldest integrated food business, with a broad product portfolio and a robust pan-Nigerian distribution network. FMN has the largest food basket offering of any Nigerian FMCG company with over 28 consumer products. The Company's major business is constantly evolving to meet the diverse needs of FMN's stakeholders.

FMN aims to continue to expand its current businesses, while seeking to develop new ones both organically and through targeted acquisitions and/or joint ventures by taking advantage of scale, manufacturing excellence, strong brands and dominant market share.

The Company employs, directly and indirectly, over 3,500 people from diverse ethnic, cultural and religious backgrounds working harmoniously to deliver superior value to customers and other stakeholders.

**I. Food Value Chain**

FMN's core strength lies in its food business, which is the highest contributor to the Company's revenue (contributing 64.3% as at 31 March 2022). The food business encompasses flour milling as well as the production of pasta, noodles, semolina, and wheat meal. FMN's flagship flour brands, Golden Penny Flour and Golden Penny Pasta have sustained market leadership status in the flour and pasta markets.

Furthermore, to strongly position itself as a leading food business in Nigeria and Africa, FMN is focused on accelerating innovation in its products and processes. The FMN food business is continuously developing a range of new high-quality products across three chains (Food Service, Business-to-Consumer and Corporate) to take advantage of the recovery in the Nigerian economy.

***Flour products***

FMN mills various types of wheat imported largely from North America and Europe at its state-of-the-art mills in Apapa. FMN's flagship flour brand, Golden Penny Flour enjoys market leadership status over the years. FMN is committed to developing its core business of flour milling, offering a unique value proposition to its numerous industrial customers and is well positioned to maintain and further expand its market leadership through product innovation, excellent customer care, consistent quality, value for money and dependability. FMN's flour products, the flour of choice for Nigerian bakers, consist of the following varieties:

- Golden Penny Prime Flour, the flour of choice for Nigerian bakers;
- Soft Biscuit Flour, primarily used for making biscuits and snacks;
- Noodles Flour, specially formulated for noodles manufacturers;
- Confectionery Flour, a blend of high-quality flours used for confectioneries;
- Multipurpose Flour, which contains cassava and is suitable for baking and frying; and
- Eagle Wheat Flour, another type of flour used for baking.

***Pasta products***

The Company manufactures and sells a wide range of pasta products under the Golden Penny label. In 2014, to meet the growing demand for its pasta products, FMN commissioned and began full operations of a “greenfield” pasta factory in Agbara, Ogun State, which is ISO certified by SON. The factory is equipped with three fully automated industrial lines with combined capacity of approximately 100,000 metric tonnes per annum. The branded pasta products include:

- Spaghetti;
- Twist;
- Spaghettini;
- Macaroni;
- Eliche; and
- Couscous

***Noodle products***

The Company produces and sells noodles under its Golden Penny Noodles brand. The Golden Penny Noodles brand was launched in March 2009 and is available in 70g, 100g and 150g packs. It currently offers chicken, jollof and goatmeat pepper soup seasonings. According to management estimates, Golden Penny Noodles commands a c.9% share of the noodles market in Nigeria.

***Ball foods and breakfast cereals***

FMN produces a diverse range of “ball foods” and breakfast cereals which provide healthy and nutritious options for homes requiring quality and affordable “ball food” delicacies and cereals. The “ball foods” and cereals manufactured at FMN’s world class cereal factory in Agbara, Ogun State include;

- Golden Penny Goldenvita, a healthy whole wheat meal with more fibre than regular semovita;
- Golden Penny Semovita, a superior quality brand of semolina made from the finest quality wheat;
- Golden Penny Masavita: is a wholesome maize meal popular in the Northern region; and
- Amazing day breakfast cereal, made from whole maize, Pure soya bean flour and cassava flour which is high in calcium, protein, dietary fibre and vitamin A.

**II. Agro-allied Value Chain**

FMN’s agro-allied business involves the domestic blending of fertiliser<sup>1</sup>.

***Fertiliser***

FMN through its division, Golden Fertiliser, blends, distributes and supplies various types of fertilisers. Since its establishment in 1997, Golden Fertiliser has been transformed from a small player to one of the leading brands in the agro-allied supply chain in Nigeria. As part of FMN’s measures to reposition the division for improved performance in blending, loading

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<sup>1</sup> The Company’s other businesses related to primary agriculture are undertaken through its subsidiaries.

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**OVERVIEW OF FLOUR MILLS OF NIGERIA PLC**


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and delivery operations, the division has mechanised its bagging operations and increased its bagging capabilities. In addition, the distribution of fertiliser has been further enhanced by the acquisition of additional warehouses in Lagos to improve customer service. Partnerships with agro-dealers and farmer support organisations have also been formed to enhance the Company's strategy in reaching farmers directly with quality fertilisers in affordable pack size. FMN imports high grade granular fertiliser and fertiliser materials such as UREA, NPK 15-15-15, Di-Ammonium Phosphate, Muriate of Potash and Granular Ammonium Sulphate, which have been tested and certified by the Federal Ministry of Agriculture and Rural Development. FMN blends these materials at a modern fertiliser plant, which has a production capacity of 450,000 metric tonnes per annum.

### **III. Sugar Value Chain**

Golden Penny Sugar is processed from Sugarcane grown on the FMN plantation. Golden Penny sugars come in cube and granulated form for domestic, industrial and commercial use.

### **IV. Support Value Chain**

The Company's support businesses provide services such as packaging, transportation and power generation to support FMN's other divisions. While the primary goal of these businesses is to service the Company, the units also offer services to third party customers. FMN continues to develop its expertise in requisite areas to facilitate the provision and movement of raw materials and finished products for itself and third parties throughout the country by investing in additional equipment for its support business.

FMN believes that brand differentiation is evolving and becoming more important in the Nigerian FMCG market.

#### ***Transportation***

FMN, through its transport division, provides strong logistics support for the Company, with its nationwide distribution fleet, ensuring the effective and reliable delivery of products to customers across Nigeria.

## **B. AGGREGATION OF INPUTS & BACKWARD INTEGRATION STRATEGIES**

The strategies below have been identified as the aggregation of inputs and backward integration strategies of FMN:

- FMN has strategic partnership with Flour Milling Association (FMAN) on local wheat development. The Company also promotes local content with the sorghum milling investment in Kano with installed capacity of 100,000 metric tons per annum.
- Flour Mills is strongly committed to the backward integration strategy of the Nigerian Sugar Master Plan.
- The Company also aggregates raw materials from a network of smallholder farmers and young entrepreneurs; providing enabling structures such as inputs, training and related extension services to further strengthen their capabilities.

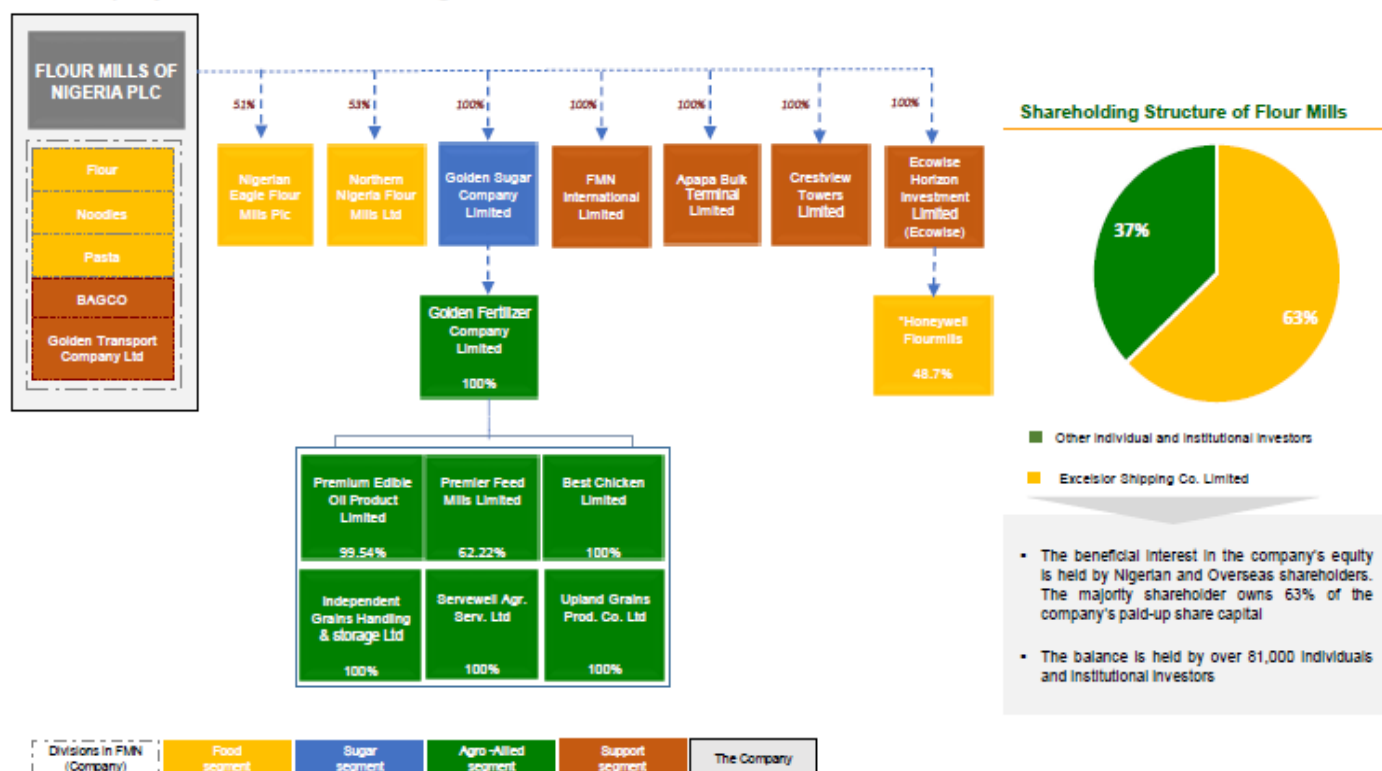
## OVERVIEW OF FLOUR MILLS OF NIGERIA PLC

- FMN has continuously invested in cassava cultivation towards the production of high quality cassava flour, industrial starch and garri.

In addition, FMN also works with the Fertilizer Producers Suppliers Association of Nigeria (FEPSAN) and the Nigerian Sovereign Investment Authority (NSIA) to ensure that farmers across the country have access to NPK fertilizer.

### C. GROUP STRUCTURE

The Company and its subsidiaries at a glance



Flour Mills of Nigeria Plc effectively holds 77.4% of HFMP, being 48.7% through Ecowise (a wholly owned subsidiary or Flour Mills of Nigeria Plc) and 28.7% held in proxy by Greywise Investment Solutions Ltd, an associated company of Flour Mills of Nigeria Plc.

### D. SHAREHOLDING STRUCTURE

Shareholders	Number of shares	%
Excelsior Shipping Co. Limited	2,597,314,890	63.34
Other individual and institutional investors	1,503,080,716	36.66
<b>Total</b>	<b>4,100,395,606</b>	<b>100.00</b>

### E. BOARD OF DIRECTORS

The Board of Directors of FMN comprises fifteen members. The Board formulates the broad policies and takes decisions regarding the management and operations of FMN, to ensure that the Company's strategic objectives are achieved.

**Mr. John G Coumantaros**

Mr. Coumantaros is the Chairman of FMN. He holds a BA in History from Yale University (1984). He commenced work in 1984 with Southern Star Shipping Company Inc. where he became Vice President in 1992, Senior Vice President in 2000 and President in 2008. He was appointed to the Board of FMN as a non-Executive Director in 1990. He served as non-Executive Vice Chairman of the Company between 2012 and 2014 before being appointed as Chairman of the Board of Directors on 10 September 2014. He is also a Director of Oxbow Carbon LLC, a leading international energy company and ELBISCO Holdings SA, a fast-moving consumer food business in Athens, Greece.

**Mr. Paul M Gbededo**

Mr. Gbededo is the Vice Chairman of FMN. He graduated from the Plastic and Rubber Institute and became an associate of National College of Rubber Technology, both from the Polytechnic of North London in 1980. He holds an MSc Degree in Polymer Technology from Loughborough University (1981). He is also an alumnus of the Lagos Business School Advanced Management Programme. Mr Gbededo has worked with FMN for over 30 years, starting with BAGCO in 1982 where he held several managerial positions until 1998. He joined FMN in 1998 as general manager of fertiliser operations. He served as pioneer General Manager/Director of Golden Pasta and was elevated to the position of Managing Director of FMN's agro-allied business in July 2012. In March 2013, Mr Gbededo was appointed as Group Managing Director of FMN and held the role until his retirement in December 2020. He sits on the boards of Golden Sugar Company Limited and other subsidiaries of FMN.

**Professor Jerry Gana, CON**

Professor Gana is a non-Executive Director of FMN. He holds a Bachelor's Degree in Geography from Ahmadu Bello University (1970). He also obtained an MSc Degree in Rural Resources Planning leading to a Ph.D in Market Place Systems and Rural Development from University of Aberdeen in Scotland (1974). He previously taught at the Ahmadu Bello University from 1974 to 1986, rising to the post of professor in 1985. He was appointed the Chairman of Mass Mobilisation for Social and Economic Recovery during Rtd General Babangida's regime.

He subsequently became a cabinet minister for Agriculture and Natural Resources (1993), Information and Culture (1994), Cooperation and Integration in Africa (1999 - 2001) and (2001 - 2003). Professor Gana also served as Peoples Democratic Party (PDP) National Secretary and Secretary of the PDP Board of Trustees from 1998 till his resignation in 2006. Professor Gana is currently the Pro-Chancellor and Chairman of Council of the University of Lagos. He was appointed to the Board of FMN on 13 March 2013.

**Mr Alfonso Garate**

Mr Garate is a non-Executive Director of FMN. He holds a Bachelor of Economics and Business Administration Degree from University Pontificia Comillas – ICADE in Madrid, Spain (1992) and attended Harvard Business School's Advanced Management Program (2009). He is also an alumnus of the International Institute for Management Development Business School of Post Graduate Studies in Lausanne, Switzerland (2007). He later proceeded to Holcim Limited, a company in which he held different management positions and subsequently became the Chief Executive Officer of Holcim Trading SA. He became a member of the Board of FMN on 11 March 2015.

**Alhaji Rabi Muhammad Gwarzo, OON**

Alhaji Gwarzo is a non-Executive Director of FMN. He studied Commercial Accounting between 1972 and 1975 at the West Ham College and Northeast London Polytechnic. He holds a Certificate in Accounting and Finance from the University of Strathclyde in Glasgow, Scotland (1982). Alhaji Gwarzo joined Northern Nigeria Flour Mills PLC as an accountant in 1985 and rose to the position of Deputy Managing Director in 1991 before his appointment as Managing Director in 1997. Alhaji Gwarzo became Vice Chairman of Northern Nigeria Flour Mills of Nigeria PLC in 2011. He is also a member of the Kano Peace Development Initiative and Director of Kano State Investment Company Limited. He was appointed to the Board of FMN on 8 December 2009.

**Mr. Ioannis Katsaounis**

Mr. Katsaounis is a non-Executive Director of FMN. He holds a Bachelor of Science Degree in Mechanical Engineering from University of Minnesota (1969), an MBA in Economics from the University of California (1970), a Graduate Degree in Economics from the University of Geneva (1972), a Degree in Regional Development from the University of Athens (1975). Prior to joining FMN, Mr. Katsaounis was the founder and owner of Plexus Construction Company in Greece. He also served as Managing Director and General Manager of Alucanco S. A., Greece, an aluminium can manufacturing company from 1985 to 2000. He joined the Board of FMN in 1993.

**Mr. Thanassis Mazarakis**

Mr. Mazarakis is a non-Executive Director of FMN. He holds a Bachelor of Arts Degree in Economics from Princeton University (1984) and an MBA from the Wharton School of Business, University of Pennsylvania (1988). He joined the Board of FMN in July 2006. Prior to joining FMN, Mr Mazarakis held numerous positions in finance, marketing and general management. He was the Chief Financial Officer of the Prudential Insurance Company of America and the Chief Executive Officer of Chase Merchant Services.

**Mr. Foluso O Phillips**

Mr. Phillips is a non-Executive Director of FMN. He holds a degree in Industrial Economics from the University of Wales' Institute of Science and Technology, Cardiff, Wales 1974. He is a qualified Industrial Economist, a Chartered Management Accountant of the United Kingdom and a Fellow of the Institute of Chartered Accountants of Nigeria. He is Executive Chairman and Founder of Phillips Consulting Limited and also holds several other Board positions including Chairman of Nigeria Economic Summit Group, Chairman of Nigeria/South Africa Chamber of Commerce, Chairman of Interbrand Sampson West Africa and Chairman, Web Liquid West Africa. Mr Phillips also serves as Director, Special Olympics of Nigeria, Director, Vigeo Holdings Limited and an Advisory Board member of Africa Leadership Academy. He joined the Board of FMN in March 2014.

**Alhaji Yunus Olalekan Saliu**

Alhaji Saliu is a non-Executive Director of FMN. He holds a degree in Economics from the University of Ibadan (1969) and is a Fellow of the Institute of Chartered Accountants of Nigeria (1976). He is an alumnus of the Lagos Business School Executive Programme and has attended some executive and leadership development programs and training in the United Kingdom, United States of America, Switzerland and Australia. He started his career as an Audit Senior in KPMG Audit in 1974 and was admitted as a Partner of the firm in 1982 before joining FMN as Finance Director/Company Secretary in 1994. He stepped aside from his role of Finance Director in September 2011 and served FMN as an Executive Director and Company Secretary until

December 2015. He is also the Vice-Chairman of Body of Patrons, Lagos Mainland District of the Institute of Chartered Accountants of Nigeria.

#### **Mr. Folarin Rotimi Abiola Williams**

Mr. Williams is a non-Executive Director of FMN. He holds a Bachelor's degree in AGGI Chemical Engineering from the Imperial College of Science and Technology in London (1976) and an MA Cantab from Cambridge University (1983). He subsequently attended the Nigerian Law School from 1983 to 1984. Mr Williams is a highly experienced legal practitioner who is principally active in commercial and corporate advisory work and litigation. He currently serves on the Board of Pharma-Deko PLC, G. Cappa PLC and a number of other companies. He joined the Board of FMN on 20 May 2005.

#### **Dr. (Mrs.) Salamatu Hussaini Suleiman**

Mrs. Suleiman is an Independent Non-Executive Director of FMN. She obtained an LLB (Hons) degree from Ahmadu Bello University (1981) as well as an LLM from the London School of Economics & Political Science (1987). Her experience spans over three decades across various private sector and public organisations. She has held various leadership positions including Secretary and Director of Legal Services at the Securities & Exchange Commission, Honourable Minister of Women Affairs and Social Development, Federal Republic of Nigeria, Minister of State II, Foreign Affairs Ministry, Federal Republic of Nigeria, and Commissioner, Political Affairs, Peace and Security, ECOWAS Commission. She presently sits on the board of Stanbic IBTC Holdings PLC.

#### **Mr. Omoboyede Oyebolanle Olusanya**

Mr. Olusanya is the Group Managing Director of FMN. He joined FMN on 1st March 2020 as the Group Chief Operating Officer and was promoted to Group Managing Director in January 2021. He has over 30 years of experience across structural engineering, IT and telecommunications industries. Prior to joining FMN, he was an Operating Partner - Helios Investment Partners; CEO - 9mobile; Partner - GA Capital Limited; Chief Transformation Officer - Dangote Industries; Managing Director - Dancom Technologies; Deputy CEO - Vee Networks; Acting Chief Executive Officer - ECONET Wireless. He holds an M.Sc. in Computer Science from the University of Manchester and an M.Sc. in Environmental Civil Engineering from the University of Liverpool. He is a member of the Institute of Highways and Transportation, and Internet Society.

#### **Mrs. Juliet Anammah**

Mrs. Anammah is an Independent Non-Executive Director of FMN. She obtained a Bachelor of Pharmacy from University of Nigeria, Nsukka as well as an MBA in finance from Enugu State University of Technology (ESUT) Business School. Her experience spans almost three decades across the pharmaceutical, consulting and ecommerce sectors. She spent over four years as CEO of Jumia Nigeria, the largest eCommerce platform in Africa. Prior to that she was at global consulting firm Accenture for 16 years where she covered the full suite of management consulting services Strategy, Business Transformation, Process excellence, Organisation design, and Change Management. Her consulting experience spanned multiple industries; Consumer Goods and Services, Healthcare, Retail, Transportation, Financial Services. Prior to that she also had 8 years of experience in pharmaceutical sales and marketing.

#### **Alhaji Muhammad K. Ahmad, OON**

Alhaji Ahmad is an Independent Non-Executive Director of FMN. He is a seasoned public sector executive with over 35 years of distinguished experience spanning the public sector and the financial services industry. Alhaji Ahmad has served as the pioneer Director General and Chief

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**OVERVIEW OF FLOUR MILLS OF NIGERIA PLC**


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Executive Officer of the National Pension Commission (“PENCOR”) and oversaw the growth of the pension industry in Nigeria from nothing to N4.7 trillion in Assets under Management. He was also a pioneer staff member of the Nigeria Deposit Insurance Company (“NDIC”) where he rose through the ranks from a bank supervisor to become a Director. He chairs the Technical Committee of the National Council on Privatisation (“NCP”), chaired by the Vice President of Nigeria. He chaired the Technical Committee on the Nigerian Code of Corporate Governance constituted by the Financial Reporting Council of Nigeria, which produced the Nigerian Code of Corporate Governance 2018. Alhaji Ahmed also chaired the Technical Committee that produced the North-East States Transformation Strategy (“NESTS”), a medium-term regional development strategy, for the sustainable socio-economic transformation and reconstruction of the region, a strategy promoted by the six Governors of the constituent states of the region. He also assisted in the development of the Buhari Plan, which was initiated by the Federal Government of Nigeria to provide a framework for coordinating all initiatives and interventions by various actors for early recovery and sustainable development of the North-East region. He currently coordinates and leads a team to develop Borno 2045 Development Plan. He has served on the Board of various companies and committees including banks and not for profit organisations. In July 2016, he was appointed to be the Chairman of the Board of Director of Skye Bank Nigeria. In 2019, he was appointed an independent Board Director of MTN Nigeria.

**Ms. Yewande Sadiku**

Ms. Sadiku was the Executive secretary/CEO of the Nigerian Investment Promotion Council (NIPC) Nigeria’s foremost investment promotion agency from November 2016 to September 2021. At NIPC she worked on institutional reform aimed at proactive investment promotion and embedding a culture of governance and proactive accountability. Until October 2016, she was the Executive director responsible for Stanbic IBTC Group’s Corporate and Investment Banking business, ensuring the realisation of business opportunities in Nigeria’s complex operating environment.

Her banking career spans 23 years in which she has handled assignments for clients in virtually every sector of the Nigerian economy. She is a proud awardee of the Eisenhower fellowship for International Leadership, and is currently the Acting Chairman of the Board of Trustees of the Investors Protection Fund of the Nigerian Stock Exchange PLC.

**F. MANAGEMENT TEAM**
**Mr. Oyebolanle Omoboyede Olusanya**

Mr. Olusanya is the Group Managing Director. He joined Flour Mills of Nigeria Plc on 1st March 2020 as the Group Chief Operating Officer. Mr. Olusanya has over 30 years of experience across structural engineering, IT and telecommunications industries. Prior to joining FMN, he was an Operating Partner - Helios Investment Partners; CEO - 9mobile; Partner - GA Capital Limited; Chief Transformation Officer - Dangote Industries; Managing Director - Dancom Technologies; Deputy CEO - Vee Networks; Acting Chief Executive Officer - ECONET Wireless. Mr. Olusanya holds an M.Sc. in Computer Science from the University of Manchester and an M.Sc. in Environmental Civil Engineering from the University of Liverpool. He is a member of the Institute of Highways and Transportation, and Internet Society.

**Mr. Devlin Marc Hainsworth – Managing Director, Foods Division**

Mr. Hainsworth joined Flour Mills of Nigeria Plc as Managing Director, Foods Division in January 2018. He graduated with Second Class Honours (Upper Division) from Trinity College, University of Cambridge, where he studied History, in 1986. Mr. Hainsworth brings over 30 years of experience in sales & marketing, business strategy, business turnarounds and people

development in the Consumer foods business to his role in Flour Mills. Prior to joining FMN, he spent 18 years as a senior executive of Diageo Africa, serving as CEO of Guinness Ghana Breweries (1999-2006), Guinness Nigeria Plc (2008-2012), East Africa Breweries Limited in Kenya & Uganda (2012-2013) and Dashen Brewery Share Company Limited (2013-2017).

#### **Mr. Anders Kristiansson – Group Chief Financial Officer**

Mr. Kristiansson is the Group Chief Financial Officer. Mr. Kristiansson, a chartered accountant, joined Flour Mills of Nigeria as Group Chief Financial Officer in September 2018. Mr. Kristiansson, a Swedish citizen, graduated from the University of Gothenberg in 1994 with a Master of Science degree in Business Administration and Economics. Before joining Flour Mills, he spent the last 24 years in various finance and general management positions. He served as the Chief Financial Officer and Group Finance Director of Lafarge Africa Plc. Prior to this, he served as the Chief Financial Officer for NBC/Coca-Cola HBC's operations in Nigeria. Anders also served as the Chief Financial Officer of PZ Cussons Nigeria Plc from 2008 to 2012. Prior to joining PZ Cussons Nigeria, he served as Director of Financial Operations at Celtel (now Zain) covering for all African operations.

Mr. Kristiansson started his career with Procter & Gamble in Scandinavia and thereafter worked for P&G in South Africa, from which he moved to Eaton Automotive to take up the role of Global Divisional Controller.

#### **Mr. Waltonio Percival-Deigh**

Mr. Percival-Deigh joined Flour Mills of Nigeria plc in May 2011 as Group Head, Internal Audit. A Sierra Leonean who began his career in 1988 with KPMG Sierra Leone, and was seconded to the Nigerian Practice in 1990. During his stint with KPMG, he worked with various Consulting Services offered by the firm.

Mr. Percival-Deigh holds a B.Sc Honors (Acc) Degree in Economic & Social Sciences. He is a Chartered Accountant (ACA); a Certified Tax Practitioner (ACIT); Certified Fraud Examiner (CFE); Certified in Risk and Information Systems Control (CRISC) and Certified Risk Management Assurance (CRMA). He is also a GRAPA qualified Professional for Revenue Assurance and Internal Audit (Telecoms). He left KPMG Nigeria in 1997 and joined Rahman Brothers Ltd (RBL); a Nigerian Group of Companies operating in the Timber, manufacturing, Construction, Steel and other sectors of the Nigerian economy, as Senior Manager (Accounts). He resigned from RBL in 2002, as Group Head (Finance) for the then emerging private telecoms sector, as Senior Internal Auditor in Econet Wireless (Nigeria). At Econet, Mr. Percival-Deigh was responsible for the Finance Audits, and was saddled with the responsibility for setting up the Regional Audit structure. He was later promoted to Regional Audit Manager in 2005. He later successfully set up the Fraud & Forensic Dept of the company in line with the guidelines of the Institute of Certified Fraud Examiners (CFE) and was appointed Regional Audit & Investigations Manager in 2006.

In July 2007, he was appointed Head of Division - Internal Audit & Risk Management, and mid-wifed the process of outsourcing the Internal Audit function of the business, in line with Celtel Group requirements, which had bought over majority interest. He is presently the Treasurer of the Institute of Internal Audit (Nigeria chapter) and has written articles on Corporate Governance and Internal Audit. He is an experienced Internal Audit Professional, Company Fraud Expert and GRAPA Certified Professional.

#### **Mr. Paul Udochi**

Mr. Udochi joined Flour Mills in August 2013 as Head of Sales. He holds an MBA in Business Administration and Diploma in Banking. Before joining Flour Mills of Nigeria Plc, he was Sales Director at Cadbury Nigeria Plc. and had worked in various companies at senior management levels.

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**OVERVIEW OF FLOUR MILLS OF NIGERIA PLC**


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He has a solid operational appreciation of the Fast-Moving Consumer Goods (FMCG) business, having gained extensive experience from previous positions as; Sales and Marketing Director, Customer Leadership Manager, Market Development Manager and Franchise Manager at Coca-Cola Nigeria & Equatorial Africa Limited, Regional Sales Manager and Sales Executive Manager at SC Johnson and SCOA Nigeria Plc. since 1992.

**Mr. Yiannis Katsichtis**

Mr. Katsichtis joined the FMN group in 2005 as General Manager of the Pasta division, responsible for production, sales and marketing. He holds a B.Sc. (2nd Upper) degree in Chemical Engineering from the University of Manchester (UMIST) and an MBA degree from the Management Centre of Bradford University, U.K. He started his career in 1984 with Cussons-PZ in Nigeria and Kenya as Factory Manager of Soaps and later he became General Manager of the Ikorodu site (Detergent powder, Detergent bar, Creams and Lotions, Perfumes, Printing and Sulphonic acid production). Later he served as the General Manager of the Group Purchasing department.

In Greece he gained experience in the production of coated abrasives, the sales of ERP program and warehouse management of a large third-party logistics company.

The fast growth that made GP pasta the market leader, led in the creation of the FMN Consumer Goods division and he is now in charge of the Iganmu and Agbara sites, manufacturing pasta, instant noodles, snacks and breakfast cereals. He is now also in charge, except for manufacturing, for the development of the Supply Chain Management of the Retail division.

**Mr. Wale Adediran MCIPM**

Mr. Adediran is the Group Human Resources Director, Flour Mills of Nigeria Plc. He holds BSc (Hons) and MSc (Hons, with distinction) in Mechanical Engineering, obtained in 1990 and 1992 respectively, both from the University of Ibadan. He started his career at Procter & Gamble in 1992 as a management trainee. He had various positions in Production Management, Personnel Administration, Industrial Relations, Reliability Engineering, Stores Management; across all management levels from then till 2002.

In 2002, he was appointed Group Manager, Sub-Sahara Programs, and later Senior Manager, Human Resources. He led the Human Resource function for Procter & Gamble in West Africa sub-region from then till 2005 when he joined Frigoglass Industries Nigeria Limited as the Human Resources Director. He led the Human Resource function in Frigoglass Group in Nigeria, for seven years after which he was appointed Human Resources Director of Guinness Nigeria Plc. After two and half years as the HR Director for Guinness Nigeria, a subsidiary of Diageo, he was appointed HR Director for the Flour Mills of Nigeria Plc. in October 2014.

Mr. Adediran has diverse in-depth experiences ranging from manufacturing start-ups and operation, shutdown and divestments, to mega project management in both engineering and human resources functions. He is widely travelled and has attended many Human Resource, People management and leadership courses and conferences, both within and outside Nigeria. He is a member of the Chartered Institute of Personnel Management of Nigeria and was a Council Member of the Institute in 2011, when he chaired the Annual National Conference planning of the Institute. He sat on the Board of United Way Nigeria and was a member of the Board of Trustees of Guinness Foundation.

**Mr. Russell Barry Prior**

Mr. Prior is the General Manager Director of the Bagco packaging division of FMN. He graduated from the University of Zimbabwe in 1983 with a B.Sc Hons degree in Biochemistry.

He started his career with National Foods Limited first as a Trainee Chemical Engineer in 1984, later became the Assistant Plant Manager in their edible oil plant in 1986 and thereafter rose to

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**OVERVIEW OF FLOUR MILLS OF NIGERIA PLC**


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the position of Plant manager in 1989, where he managed and controlled a fully integrated edible oil processing facility. After rising to the position of Technical Director in 2000, Mr. Prior moved industries to join the Treger Group of Companies first as General Manager in charge of Zimbabwe Grain Bag in 2002 to complete an upgrade for manufacturing woven polypropylene packaging. He was later promoted to the position of Managing Director with full responsibility for financial and operational performance of the business. He was again appointed the Managing Director of Treger Plastics operations (manufacturers of polyethylene flexible packaging & PVC Piping) in December 2008 thereby assuming full responsibility of P & L.

He joined Bagco as General Manager in 2013 and was later promoted to the position of General Manager Director Bagco group. Mr. Prior is an Alumnus of the University of South Africa having attended the Graduate School of Leadership's Management Development Programme.

**Mr. Joseph O. Umolu**

Mr. Umolu, a Member of the Nigerian Bar Association (NBA), is currently the Company Secretary and Director, Legal Services of Flour Mills of Nigeria Plc. Prior to this appointment, he was the Company's Head of Legal Services.

He holds a Second-class Honours (Upper Division) Bachelor of Arts Degree in Philosophy from the University of Ibadan and an Upper Second-Class Honours 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. 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.

Mr. Umolu proceeded to the Legal Department of Union Bank of Nigeria Plc where he rose to the position of a Manager. He began his career with FMN as Manager, Legal Services in January 2012 and was elevated to head the Group's Legal Department. In addition, he also assisted the Company Secretary and served as the Group's Compliance Officer.

**Mr. Jack Joseph Cwach**

Mr. Cwach joined Flour Mills of Nigeria Plc on 06 March 2020 as the Group Flour Operations Director. He has over 30 years of international experience in Agro-allied, Manufacturing and Grain Milling businesses.

Prior to joining FMN, he was Group Chief Operating Officer at Interflour Group, Vice President at Archer Daniels Midland and Managing Director at Jamaica Flour Mills.

Mr. Cwach holds a Bachelor of Science in Agricultural Business, and an M.B.A. from University of Missouri Kansas City. He is a member of Chicago Board of Trade.

**USE OF PROCEEDS**

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Unless otherwise stated in the applicable Pricing Supplement, the net proceeds from each issue of CPs will be used to support the Issuer's short term funding needs.

The applicable Pricing Supplement for each Series under the Programme will specify details of the use of proceeds of the Series.

## TERMS AND CONDITIONS OF THE NOTES

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*The following are the Terms and Conditions of the Notes to be issued by the Issuer under the Programme. The provisions of the Applicable Pricing Supplement to be issued in respect of any Series are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of those Notes. The Applicable Pricing Supplement in relation to any Series may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions contained herein, replace or modify the following Terms and Conditions for the purpose of such Series.*

### 1.1 Interpretations

- 1.1.1 Any reference in this Deed to a Clause is, unless otherwise stated, reference to a clause in this Deed.
- 1.1.2 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed.
- 1.1.3 Any reference in this Deed to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.
- 1.1.4 All references in this Deed to an agreement, instrument or other document (including the Dealer Agreement and the IPCA Agreement) shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, replaced or novated from time to time.

### 1.2 Business Day Adjustment

Where the day on or by which a payment is due to be made or an event due to occur is not a Business Day, that payment shall be made and that event shall occur on or by the next succeeding Business Day, unless that next succeeding Business Day falls in a different calendar month, in which case that payment shall be made or that event shall occur on or by the immediately preceding Business Day.

## 1. Status and Constitution of the Notes

### 2.1 Constitution of the Notes

THE ISSUER HEREBY CONSTITUTES THE NOTES AS ITS SENIOR UNSECURED OBLIGATIONS AND COVENANTS IN FAVOUR OF EACH NOTEHOLDER THAT IT WILL DULY PERFORM, AND COMPLY WITH, THE DIRECT AND UNCONDITIONAL OBLIGATIONS EXPRESSED TO BE UNDERTAKEN BY IT IN THE PROGRAMME MEMORANDUM AND THE APPLICABLE PRICING SUPPLEMENT IN RESPECT OF THE NOTES.

### 2.2 Status of the Notes

- 2.2.1 Each Note constitutes a senior unsecured obligation of the Issuer and the Notes shall rank *pari passu* among themselves and, save for certain debts preferred by law, *pari passu* with all other present and future senior unsecured obligations of the Issuer outstanding from time to time.
- 2.2.2 The term of the Notes shall be from the Issue Date to the Maturity Date (both dates inclusive).

## **2. The CP Notes**

- 2.1 The Issuer covenants with and in favour of each Noteholder that it will perform and comply with the obligations expressed to be undertaken by it under each CP Note in accordance with the terms and conditions of the CP Notes (and for this purpose any reference in the terms and conditions to any obligation or payment under or in respect of the CP Notes shall be construed to include a reference to any obligation for payment under or pursuant to this provision).
- 2.2 The Issuer further undertakes that the aggregate sum of the CP Notes issued shall not exceed the Maximum Amount.
- 2.3 The Issuer shall be liable to the Noteholders for obligations under the Programme.

## **3. Direct Rights**

### **3.1 *Direct Rights***

If any CP Note becomes void in accordance with its terms, the Noteholders shall have all rights (“Direct Rights”) against the Issuer, including (without limitation) the right to receive all payments due at any time in respect of the CP Notes without any need for any further action.

### **3.2 *No Further Action***

No further action shall be required on the part of the Issuer or any other person:

- i. for the Noteholders to enjoy the Direct Rights; and
- ii. for each Noteholder to have the benefit of the terms and conditions of the CP Notes as if they had been incorporated with all necessary changes made into this Deed, provided, however, that nothing shall entitle any Noteholder to receive any payment in respect of any CP Note which has already been made.

## **4. Deposit of Deed of Covenant**

This Deed shall be deposited with and held by the IPCA until the date on which all the obligations of the Issuer under or in respect of the CP Notes (including, without limitation, its obligations under this Deed) have been discharged in full. The Issuer hereby acknowledges the right of every Noteholder to the production of this Deed or the issuing of copies thereof at any time.

## **5. Stamp Duties and Similar Taxes**

The Issuer shall bear and pay any stamp, issue, registration or other similar duties or taxes (including interest and penalties, payable or imposed by any authority or government agency in Nigeria), in connection with the execution, delivery and performance of this Deed, and shall indemnify each Noteholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, any reasonable and properly incurred legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## TERMS AND CONDITIONS OF THE NOTES

**6. Covenants of the Issuer**

- 6.1 The Issuer hereby covenants with each of the Noteholders and undertakes that as long as any of the Notes remain outstanding and at all times during the continuance of this Deed (except as may otherwise be agreed in writing by the Noteholders):
- 6.1.1 it shall not without the express written consent of the relevant Noteholder(s), create or permit to subsist, or agree or purport to permit to subsist any encumbrance(s) on the Notes established under the Programme Memorandum and any Applicable Pricing Supplement;
  - 6.1.2 it shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part (including the punctual payments to the Noteholders) to be performed as provided herein and in any Transaction Document;
  - 6.1.3 it shall not, except as approved by a special resolution, assign or transfer all or any of its rights, benefits, and obligations under this Deed, provided that each Noteholder shall be entitled to assign all or any of its rights and benefits under this Deed; and
  - 6.1.4 each Noteholder shall have the benefit of the terms and conditions of the Notes which are stated in the Programme Memorandum and or the Applicable Pricing Supplement as if they had been incorporated *mutatis mutandis* into this Deed.

**7. Representations & Warranties of the Issuer**

- 7.1 The Issuer represents and warrants to each of the Noteholders as follows, that:
- 7.1.1 it is duly incorporated, validly existing under the laws of Nigeria and has all the requisite power and authority to carry on its business as presently conducted;
  - 7.1.2 it has the power to enter into, perform and deliver, and has taken all necessary actions to authorise the entry into, performance and delivery of, the Notes and the Transaction Documents;
  - 7.1.3 the Transaction Documents and the Notes (when they have been issued, delivered and paid for) will constitute legal, valid and binding obligations of the Issuer in accordance with their respective terms;
  - 7.1.4 no consent or action of, or filing or registration with, any governmental or public regulatory body or authority, including the SEC, is required in connection with the execution, delivery, or performance of, the Offer Documents save for the registration of the Notes with the FMDQ and the CSD; and
  - 7.1.5 all authorisations and approvals required to enable the Issuer to lawfully enter into, exercise its rights and comply with its obligations under the Notes and the Transaction Documents have been obtained and are in full force and effect and that, in the case of an issue of Notes, such authorisations and approvals will be obtained and will be in full force and effect on the Issue Date of such Notes.

**8. Benefit of the Deed of Covenant**

- 8.1 This Deed shall take effect as a deed poll for the benefit of each of the Noteholders from time to time.

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**TERMS AND CONDITIONS OF THE NOTES**


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- 8.2 This Deed shall ensure to the benefit of each Noteholder and its successors and assigns, each of which shall be entitled severally to enforce this Deed against the Issuer.
- 8.3 Nothing in this Deed or in the Notes (express or implied) shall give to any person, other than the Noteholders and their agents, personal representatives/successors and assigns and the beneficial owners of the Notes, any benefit or any legal or equitable right, remedy or claim under this Deed.

**9. Title & Enforcement of the Notes**

- 9.1 Any Noteholder may directly protect and enforce its rights arising out of this Deed in respect of any Note held by such Noteholder without the necessity of using the name of or obtaining any authority from any predecessor in title or any other person.
- 9.2 A Noteholder will be entitled to receive payment of all amounts due to it with respect to each Note held by it to the exclusion of any other person and payment in full by the Issuer to a Noteholder shall discharge the Issuer from all obligations in respect of such Note.
- 9.3 Title to the Notes will pass upon the credit of such amount of the Notes that are purchased by a Noteholder to the account of each Noteholder with the CSD, and any transfer of title in respect of the Notes shall be effected in accordance with the rules governing the transfer of title in securities held by the CSD.
- 9.4 Statements issued by the CSD as to the name of the Noteholder and aggregate number of Notes standing to the CSD account of any person shall be prima facie for all purposes (save in the case of manifest error) and such person shall be treated by the Issuer and the IPCA as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 9.5 Notwithstanding the provisions of Clauses 9.1 to 9.4 above, a Note will become void unless presented for payment in respect of the redemption amount within three (3) years from the Maturity Date.

**10. Payments**

- 10.1 All sums payable under this Deed shall be paid:
  - 10.1.1 free of any restriction or condition; and
  - 10.1.2 free and clear of (except to the extent required by law) any deduction or withholding for or on account of any tax imposed, levied, collected, withheld or assessed by or within Nigeria.

**11. Assignment**

The Issuer shall not be entitled to assign or transfer all or any of its rights, benefits and obligations under this Deed. Each Noteholder shall be entitled to assign all or any of its rights and benefits under this Agreement.

**12. Severability**

If at any time any provision of this Deed becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired.

**13. Notices****13.1 NOTICES TO THE NOTEHOLDERS**

13.1.1 All notices to each of the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant Register of Notes of a Tranche or Series maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner that complies with the rules and regulations of the CSD, FMDQ or such other regulatory authority as may be applicable to the Notes.

**1.1.1**

13.1.2 Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication.

**13.2 NOTICES FROM THE NOTEHOLDERS**

13.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same with the IPCA.

**1.1.2**

13.2.2 Any change of name or address on the part of the Noteholder shall immediately be notified to the Issuer and subsequently, the Register shall be altered accordingly following notifications to the CSD.

**14. Governing Law**

14.1 This Deed shall be governed by and construed in all respects in accordance with the laws of the Federal Republic of Nigeria.

14.2 The Issuer agrees for the benefit of the Noteholders that the courts of Nigeria shall have exclusive jurisdiction to hear and determine any suit, action, or proceedings ("Proceedings") and to settle any disputes, which may arise out of or in connection with this Deed ("Disputes") and for such purposes, irrevocably submits to the jurisdiction of such courts.

14.3 The Issuer irrevocably waives any objection, which it might now or subsequently have to the courts of Nigeria being the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

14.4 The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement, or execution against any property whatsoever of any order or judgment that is made or given in such Proceedings.

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**TERMS AND CONDITIONS OF THE NOTES**


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before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

**15. EVENT OF DEFAULT**
**15.1. Event of Default**

An event of default in relation to the Notes (each an "Event of Default") shall arise if any one or more of the following events shall have occurred and is continuing:

- 15.1.1. If the Issuer fails to make payment in full by the Maturity Date;
- 15.1.2. If the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of 7 days following the service on the Issuer of a written notice requiring that breach to be remedied;
- 15.1.3. Should any, representation, warranty or undertaking made in connection with any documentation supplied by the Issuer be, in the Arranger's opinion, materially incorrect;
- 15.1.4. If the Issuer initiates bankruptcy or insolvency proceedings or becomes insolvent, or is provisionally or finally sequestrated, or is provisionally or finally wound up, or is unable to pay its debts as they become due as prescribed under the CAMA or any other applicable law, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors;
- 15.1.5. Should the shareholders of the Issuer pass a resolution for the winding up of the Issuer;
- 15.1.6. If an attachment, execution or other legal process is levied, enforced upon, issued on or against a material or substantial part of any assets of the Issuer and is not discharged or stayed within 90 days of service by the relevant officer of the court of such attachment, execution or other legal process; or
- 15.1.7. If a writ of execution is issued by any competent court attaching any material or substantial part of assets belonging to the Issuer and such remains unsatisfied for more than 10 Business Days after the date on which it is issued.

**15.2. Action upon Event of Default**

- 15.2.1. Upon the occurrence of an Event of Default which is continuing, any Noteholder may by written notice to the Issuer at its specified Office(s), effective upon the date of receipt thereof by the Issuer, declare the Notes held by that Noteholder to be forthwith due and payable, provided that no such action shall be taken if the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction.
- 15.2.2. Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full. In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of Nigeria.

## TAX CONSIDERATIONS

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The Notes issued under the Programme will be zero-coupon notes and as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest. Notwithstanding, the discount on the Notes may be taxed in accordance with applicable Nigerian Income tax laws, to wit, CITA or PITA as may be applicable to the Noteholders.

This summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective purchaser of Notes issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Notes issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary. Any actual or prospective purchaser of the Notes who intends to ascertain his/her/its tax position should seek professional advice from his/her/its preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Notes, bearing in mind his/her/its peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Notes in any manner for placing reliance upon the contents of this section.

## RISK FACTORS

*The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Notes. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Programme Memorandum, which may describe additional risks associated with the Notes. Investors should also seek professional advice before making investment decisions in respect of the Notes.*

### IN RELATION TO THE COMPANY

FMN is exposed to operational and market risks in its ordinary course of business. Whilst the Issuer believes that it has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and/or reputation of the Issuer. The following is a description of the risk factors which are material in respect of the financial situation of FMN as the Issuer of the Commercial Paper Notes under the Programme.

#### 1. Business Risks – These are the risks that FMN faces in its operations and include the following:

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

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

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

The Company may be affected by product liability claims resulting from tampering by unauthorised third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, and other agents, or residues introduced during the growing, storage, handling or transportation phases. In addition, any significant product liability claim against the Company could also subject the Company to adverse publicity. Furthermore, the Company may be subject to adverse publicity relating to other matters, including, but not limited to, product quality, brands, complaints and production facilities. Adverse publicity may negatively impact the Company's reputation, regardless of whether or not the allegations are valid.

##### ***The workforce of the Company is unionised and may cause disruptions to operations***

The Company may face industrial action, disturbances across its workforce or employees may otherwise oppose the closure of production facilities. Any such actions, disturbances or opposition could result in a deterioration of the Company's relationship with its employees. In addition, the Company may experience a disruption of operations and increased costs as a result of such actions or disturbances. Therefore, any major deterioration in relationship with employees, trade unions and other employee representative bodies could have a material adverse effect on the Company's business, financial condition and results of operations

#### 2. Environmental Risks - These are losses that may arise due to significant natural occurrences in the environment. The operations of the Company are exposed to certain environmental challenges which include but are not limited to pollution, environmental degradation, global warming, severe flooding and other natural hazards:

**RISK FACTORS**

***Any major natural disaster may significantly affect the day-to-day operations of the Company and may result in severe damage beyond the Company's control and adversely affect the Company's business.***

The nature of environmental risks is that they are often sudden, unpredictable and unforeseen. Although the Company feels that it has sufficient processes and safety measures in place to prevent and effectively respond to accidents that may occur as a result of changes in the environment, there is no guarantee that such processes will prevent all accidents, which may impose a variety of liabilities and adversely affect the Company's business.

***Non-compliance with established environmental rules and regulations is also a threat to the Company***

Failure to comply with environmental laws and regulations in Nigeria could subject the Company to potential liabilities or result in the limitation or suspension of the sale or production of product

***The operations of the Company may pose certain hazards to the environment, which include but are not limited to release of dust particles into the atmosphere***

The Company may be liable for clean-up costs, replacement costs or subject to litigation claims under hazardous conditions. Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Company to incur additional costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations and, as a result, adversely affect financial performance.

### **3. Sector Risks – These are the risks generally facing the FMCG sector:**

***Product contamination, though inadvertent, could lead to a loss of consumer confidence and arise in legal and financial liability***

A significant proportion of FMN's business involves the production and distribution of edible products, which are susceptible to contamination if not handled with the requisite care applicable. FMN may be required to recall products that may fail to meet internal quality standards and/or the applicable health and safety standards set by the SON or other government agencies. FMN may also be required, to pay damages to third parties if the contamination causes personal injury or other damage.

***A significant loss of market share by FMN may lead to a decline in earnings if consumers opt for competitor products and/or substitute brands***

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

### **4. Regulatory Risk – these are the risks brought about through adherence to regulation governing the sector, which may have a negative impact on the way the Company operates:**

The Company's operations may be affected by unfavourable governmental trade policies and regulations in both Nigeria and countries from which it imports its raw materials. In addition, the

**RISK FACTORS**

SON requires flour producers to fortify flour produced with vitamins and micronutrients. Another requirement by the SON is the mandatory inclusion of a percentage of cassava flour in wheat flour in an attempt to create import substitution opportunities for cassava. In furtherance of the same goals, the Government implements higher import duties on finished wheat and semolina products than the wheat grains.

**5. Market Risks - These are risks arising from the fluctuation in the value of financial instruments caused by changes in market prices such as interest rate, commodity prices, exchange rates and other prices:**

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. Exposure to market risk is measured using sensitivity analyses.

**6. Currency Risks - These are risks that arise from the change in price of one currency against another:**

The input costs of FMN are subject to fluctuation in the exchange rate of the Naira against the United States Dollar. The Company undertakes transactions denominated in foreign currencies such as the importation of significant proportions of the Company's raw materials. As the bulk of FMN's raw materials are imported (i.e., wheat for its flour milling business, polypropylene for its packaging business), FMN is vulnerable to volatility in the Naira to United States Dollar exchange rate. Unfavourable movement in exchange rates may affect the Company's foreign currency transactions and have a negative impact on the Company's financial condition.

**7. Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates:**

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. It conducts sensitivity analyses that are determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1000 basis point (BP) increase or decrease is used when reporting the Nigerian Interbank Offered Rate (NIBOR) risk internally to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

**8. Credit Risk Management - Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company:**

A default by a counterparty poses the risk of the Company incurring higher costs in debt recovery. Where the debts are recovered or obligations enforced late, there are financial losses as a result of the time value of money for the period the debt was unrecovered or delays in production due to delays in performance. In the event that the debt cannot be recovered, financial loss is incurred

**IN RELATION TO THE NOTES****1) Limited active trading market for the Bonds**

Any Series or Tranche issued under the Programme will be new securities for which there may be no active two-way quote trading market, thus, the liquidity of the notes may be limited. Although an application will be made for commercial papers issued under the Programme to be quoted on the FMDQ or listed on any other SEC registered stock exchange (subject to the provisions of the

**RISK FACTORS**

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applicable Supplement), there is no assurance that an active trading market will develop or any quotation or admission to trading of the commercial papers will be maintained. Accordingly, there is no assurance of the development or liquidity of any trading market for any particular Tranche/Series of the commercial papers.

**2) Credit ratings may not reflect the full impact of the commercial papers' risks**

The commercial papers will assume the entity rating of FMN or may be assigned separate rating by or any SEC registered rating agency appointed by the Issuer as specified in the relevant Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above and any other factors that may affect the value of the commercial papers. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**3) Modifications, waivers and substitution**

The Conditions of the commercial papers contain provisions for modification of the Terms and Conditions and for calling general meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend or vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

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**SETTLEMENT, CLEARING AND TRANSFER OF NOTES**


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*Words used in this section shall bear the same meanings as used in the section headed "Definitions and Interpretations", except to the extent that they are separately defined in this section or the meaning if applied, would be clearly inappropriate for the context.*

**Clearing System**

The Notes will be issued in dematerialised form and will not be represented by any certificate or written instrument. As stipulated by the CBN Guidelines, each Series or Tranche of Notes will be held in custody by the CSCS, either in the name of the beneficial owner or Nominee.

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of the CSCS. Subject as aforesaid, each Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through authorised participants who will follow the electronic settlement procedures prescribed by CSCS.

**Authorised Participants**

CSCS will maintain a central securities account for Dealing Members (the "Authorised Participants") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants. Noteholders may exercise their rights in respect of the Notes held in the custody of the CSCS only through the Authorised Participants.

For purposes of Notes issued under this Programme, the Authorised Participant is FBNQuest Merchant Bank Limited and any other bank appointed by the Issuer to act as ICPA.

**Registration**

- i. The Authorised Participant shall register with the CSCS, where CP custody and depository services are required. The Authorised Participant shall complete Form: CSCS-CP001 and shall be required to submit proof of appropriate FMDQ membership along with the completed form.
- ii. Noteholders are required to route their account opening applications and transactions through the Authorised Participant, who will officially notify CSCS to create sub-accounts for these Noteholders and attach Noteholders' mandates to this effect.
- iii. The CSCS will assign a unique identification number (the "Trade Member Code") to the Authorised Participant and also provide an account number (and sub-account numbers for Noteholders) after creation as requested by the Authorised Participant to enable them to trade the CPs.
- iv. FMDQ shall request for the CP to be registered with CSCS, who in turn shall furnish FMDQ and the Authorised Participant with the CP Symbol and ISIN Codes for the registered CP, subject to receipt of CP registration fees from the Authorised Participant.
- v. The CSCS will re-open the existing ISIN code for all tranches with same maturity dates, however new ISIN codes will be issued for tranches with different maturity dates.

**Custody and Dematerialisation**

- i. An Authorised Participant with physical CP notes may decide to dematerialise CP(s) with CSCS by completing Form CSCS-CP003.
- ii. All holders of CP notes must route these notes through the Authorised Participant who will then submit on the CSCS authorised platform in dematerialised form.
- iii. The Authorised Participant may also decide to keep the CPs in physical form with CSCS (subject to service agreement with CSCS), acting as the Custodian for the issue.
- iv. The Authorised Participant can also lodge the CP(s) electronically by using the CSCS e-lodgement format.
- v. The Authorised Participant will advise CSCS, after dematerialisation or e-lodgement to transfer CPs to Noteholders' (or their custodians') accounts at CSCS before trading commences.

**SETTLEMENT, CLEARING AND TRANSFER OF NOTES**

- vi. Cut-off time for e-lodgement of CPs is 10.00 a.m. on the day before the value date, and CSCS shall process the same within 24 hours of receipt.

**Redemption**

- i. No transactions or trades may be effected for any CPs two (2) working days prior to its maturity date as the register closes two (2) working days before the Maturity Date.
- ii. The Authorised Participant will submit a letter to CSCS confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is two (2) working days before the Maturity Date.
- iii. CSCS shall expunge (knock-off) matured CPs on the Maturity Date or Redemption Date of the CP.
- iv. The Maturity Date shall be on a Business Day, however if the Maturity Date falls on a public holiday, payment will be made on the following working day.
- v. In case of default by the Issuer, the Issuing and Placing Agents and the Calculating and Paying Agent must notify the CSD and FMDQ Exchange latest by 3.00pm on the Maturity Date to make public, the default status of the CP to the market.
- vi. In case of (v) above, the CP must remain with the CSD until the CPA pays off the Noteholders and notifies the CSD and the FMDQ Exchange with evidence.
- vii. Thereafter, the CSD will notify the public and expunge the CP accordingly

**Roll-Over**

- i. Every roll-over of a CP shall be treated or classified as a fresh/separate CP.
- ii. Upon granting approval for rollover, FMDQ shall request for the rollover CP to be registered with CSCS, who in turn shall furnish FMDQ and the Authorised Participant with the new CP Symbol and ISIN Codes, subject to receipt of CP rollover fees from the Authorised Participant.
- iii. CSCS shall expunge the existing CP Symbol and ISIN Codes from the system and replace with the new codes.

**Default**

- i. Where the Issuer is unable to repay the Noteholders and the CP will be in default status, the Authorised Participant shall notify CSCS, FMDQ, as well as the Noteholders, latest two (2) Business Days before the Maturity Date, latest by 3.00pm.
- ii. CSCS shall make public the default status to the market latest by the date which is one (1) Business Day before the Maturity Date.
- iii. In case of (i) above, the CP holdings must remain with the CSCS until the ICPA pays off the Noteholders and notifies CSCS and the FMDQ with evidence.
- iv. Thereafter, CSCS will notify the public and expunge the CP from the CSCS depository accordingly.

**Secondary Market Trading Guidelines**

- i. Standard settlement cycle is T+2.
- ii. FMDQ shall submit the confirmed CP trade details on trade day in the specified format via the CSCS authorised platform, based on the following settlement timelines:
  - Same Day Settlement: 12.30 p.m.
  - T+1 or T+2 Settlements: 3.00 p.m.
- iii. The CSCS shall deliver securities and send confirmation of transfers via the CSCS authorised platform by 2.00 p.m. on the settlement date to FMDQ and the Nigeria Inter-Bank Settlement System ("NIBSS") simultaneously. The Authorised Participant shall state the particular account number where the CP(s) will be settled.
- iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the FMDQ and CSCS simultaneously.

**SETTLEMENT, CLEARING AND TRANSFER OF NOTES**

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- v. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is three (3) Business Days before the Maturity Date.

**Reporting**

- i. The CSCS shall effect the transfer of CPs on the settlement date as advised by the Authorised Participant or the FMDQ and keep records of consideration for each transaction.
- ii. The CSCS will advise the Authorised Participant or the FMDQ for onward communication to the Authorised Participant, as applicable, of successful and failed transactions on each settlement day.
- iv. The Authorised Participant can visit the CSCS website ([www.cscsnigeriaplc.com](http://www.cscsnigeriaplc.com)) to ascertain its CP balances after each day's trade. This is available only to the institutions that subscribe to the CSCS online service.

**Transfer of Notes**

Title to beneficial interest in the Notes will pass on transfer thereof by electronic book entry in the securities accounts maintained by the CSCS and may be transferred only in accordance with rules and operating procedures of the CSCS.

**Cash Settlement**

Transaction parties will be responsible for effecting the payment transfers via Real Time Gross Settlement, National Electronic Funds Transfer or any other transfer mode agreed by the transaction parties and recognised by the CBN.



RC: 2343

FLOUR MILLS OF NIGERIA PLC

**Issue of Up to ₦[●] (Series 1) Commercial Paper Notes  
Under its ₦200,000,000,000  
Commercial Paper Issuance Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, originally dated 10 February 2023 prepared by FBNQuest Merchant Bank Limited on behalf of Flour Mills of Nigeria PLC in connection with its ₦200,000,000,000 Commercial Paper Issuance Programme (“the Programme Memorandum”), as amended and/or supplemented from time to time.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Programme Memorandum.

This document constitutes the Applicable Pricing Supplement relating to the issue of Commercial Paper Notes (“CP Notes” or “the Notes”) described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

This document has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 11<sup>th</sup> September 2019 and the FMDQ Exchange Commercial Paper Registration and Quotation Rules in force from time to time. The document is not required to be registered with the Nigerian Stock Exchange (“NSE”) or the Securities and Exchange Commission (“SEC”). The document is important and should be read carefully, if any recipient is in any doubt about its contents or the actions to be taken, such recipient should consult his/her Banker, Stockbroker, Accountant, Solicitor any other professional adviser for guidance immediately.

**Lead Arranger and Dealer  
Issuing, Collecting and Paying Agent  
FBNQUEST MERCHANT BANK LIMITED  
RC: 264978**

**Joint Arranger and Dealer  
FCMB CAPITAL MARKETS  
LIMITED  
RC: 446561**

This Pricing Supplement Is Dated [●]

## PRO FORMA APPLICABLE PRICING SUPPLEMENT

<b>Issuer</b>	Flour Mills of Nigeria PLC
<b>Lead Arranger &amp; Dealer, Issuing, Collecting and Paying Agent</b>	FBNQuest Merchant Bank Limited
<b>Joint Arranger &amp; Dealer</b>	FCMB Capital Markets Limited
<b>Receiving Bank</b>	First Bank of Nigeria Limited
<b>Auditors</b>	KPMG Professional Services
<b>Sponsor to the Quotation of the CP</b>	[●]
<b>Custodian</b>	Central Securities Clearing Services PLC
<b>Solicitors</b>	[●]
<b>Series Number</b>	1
<b>Programme Size</b>	₦200,000,000,000
<b>Issued and Outstanding at the date of this Pricing Supplement</b>	₦[●]
<b>Face Value</b>	₦[●]
<b>Discounted Value</b>	₦[●]
<b>Nominal Amount Per Note</b>	₦[●]
<b>Tenor</b>	[●]
<b>Issue Date</b>	[●]
<b>Maturity Date</b>	[●]
<b>Final Redemption Amount</b>	[●]
<b>Minimum Subscription</b>	₦5,000,000 and multiples of ₦1,000 thereafter
<b>Specified Currency</b>	Nigerian Naira (₦)
<b>Status Of Notes</b>	Each Note constitutes a senior unsecured obligation of the Issuer and rank <i>pari passu</i> among themselves, and save for certain debts mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time
<b>Form Of Notes</b>	Uncertificated
<b>Quoting</b>	The FMDQ Exchange platform or any other recognised Exchange
<b>Taxation</b>	Please refer to the 'Tax Considerations' section in the Programme Memorandum
<b>Method Of Offer</b>	Fixed Price Offer
<b>Book Closed Period</b>	The Register will be closed from [●] to [●] until the Maturity Date
<b>Implied Yield</b>	[●]%
<b>Discount Rate</b>	[●]%
<b>Basis For Determining Amount(s) Payable</b>	$PV = FV * (1 - (DR * t / \text{actual number of days in a year}))$
<b>Day Count Fraction</b>	Actual/Actual (actual number of days in a month and actual number of days in a year)
<b>Business Day Convention</b>	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
<b>Use of Proceeds</b>	To support short term funding requirements
<b>Source of Repayment</b>	General cash flows
<b>Redemption/Payment Basis</b>	Redemption at par
<b>Issuer's Early Redemption</b>	Not Applicable

## PRO FORMA APPLICABLE PRICING SUPPLEMENT

<b>Issuer's Optional Redemption</b>	Not Applicable
<b>Issuer's Optional Redemption</b>	Not Applicable
<b>Other Terms Applicable On Redemption</b>	[●]
<b>Offer Opens</b>	[●]
<b>Offer Closes</b>	[●]
<b>Allotment Date</b>	[●]
<b>Notification Of Allotment</b>	All applicants will be notified through an email and/or telephone of their allotment by no later than [●]
<b>Payment Date</b>	[●], 2022
<b>Details Of Bank Account(s) To Which Payments Are To Be Made In Respect Of The Notes</b>	<b>Bank:</b> First Bank of Nigeria Limited <b>Account Name:</b> Flour Mills CP Issue Proceeds Account <b>Account Number:</b> 202-671-0558 <b>Sort Code:</b> 011151919
<b>Settlement Procedures And Settlement Instructions</b>	Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)
<b>Issuer Rating</b>	[.] (short term) expiring [.] by Global Credit Rating Co [.] (long term) expiring [.] by Global Credit Rating Co
<b>Specified Office of Arranger</b>	FBNQuest Merchant Bank Limited 16 Keffi Street Off Awolowo Road Ikoyi, Lagos

**CORPORATE ACTIONS**

Except as disclosed in this document, there have been no corporate actions since the March 31, 2022 audited accounts.

**MATERIAL ADVERSE CHANGE STATEMENT**

Except as disclosed in this document, there has been no material adverse change in the financial position or prospects of the Issuer since the March 31, 2022 audited accounts.

**RESPONSIBILITY**

The Issuer and its Board of Directors accepts responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Programme Memorandum and supplemental Programme Memorandum, if any, contains all information that is material in the context of the issue of the Notes.

Signed at Flour Mills of Nigeria PLC, 1 Golden Penny Place, Wharf Road, Apapa, Lagos on this [●] day of [●], 2022.

For and on behalf of Flour Mills of Nigeria PLC

\_\_\_\_\_  
Name  
Capacity: Director

\_\_\_\_\_  
Name  
Capacity: Director

**PRO FORMA APPLICABLE PRICING SUPPLEMENT**

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Who warrants his/her authority hereto  
hereto

Who warrants his/her authority



To the Board of Directors of Flour Mills of Nigeria Plc

## Report on the Summary Financial Information

### Opinion

- the consolidated and separate statements of financial position as at 31 March 2020, 31 March 2021 and 31 March 2022;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of cash flows for the years then ended.

are derived from the audited consolidated and separate financial statements of Flour Mills of Nigeria Plc for the years ended 31 March 2021 and 31 March 2022.

In our opinion, the summary financial information are consistent, in all material respects, with the audited consolidated and separate financial statements for the years ended 31 March 2021 and 31 March 2022 in accordance with the Companies and Allied Matters Act (CAMA), 2020.

### Summary Financial Information

The summary financial information does not contain all the disclosures required by International Financial Reporting Standards (IFRS®), the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011. Reading the summary financial information and the auditor's report thereon, therefore, is not a substitute for the reading the audited consolidated and separate financial statements the years ended 31 March 2021 and 31 March 2022 and the auditor's report thereon. The summary financial information and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements for the years ended 31 March 2021 and 31 March 2022 in our report dated 29 June 2021 and 29 May 2022 respectively. Those reports also include the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period.

### Directors' Responsibility for the Summary Financial Statements

The Directors are responsible for the preparation of the summary financial information in accordance with Company and Allied Matters Act (CAMA), 2020.

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial information are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

(Revised). *Engagements to Report on Summary Financial Statements*.

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[illegible]



**Report on Other Legal and Regulatory Requirements**  
***Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020***

- i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

A handwritten signature in black ink, appearing to read 'Goodluck C. Obi'.

**Goodluck C. Obi, FCA**  
FRC/2012/ICAN/0000000442  
For: KPMG Professional Services  
Chartered Accountants  
27 December 2022  
Lagos, Nigeria

## SUMMARY OF FINANCIAL STATEMENTS

Consolidated and separate statement of profit or loss and other comprehensive income for the Year Ended 31 March							
	Notes	Group			Company		
		2022 (N'000)	2021 (N'000)	2020 (N'000)	2022 (N'000)	2021 (N'000)	2020 (N'000)
Revenue	6	1,163,802,851	771,607,880	573,774,356	832,810,561	535,881,585	394,884,217
Cost of Sales	7	(1,055,712,728)	(664,850,870)	(507,987,179)	(768,739,096)	(478,166,108)	(354,952,741)
<b>Gross Profit</b>	<b>9</b>	<b>108,090,123</b>	<b>106,757,010</b>	<b>65,787,177</b>	<b>64,071,465</b>	<b>57,715,477</b>	<b>39,931,476</b>
Net operating (losses) and gains	27	(135,885)	(15,528,451)	4,905,683	(4,617,901)	(8,911,617)	472,846
Write-back/(impairment loss) on trade and intercompany receivables	10	415,208	2,093,523	(2,988,628)	3,132,300	4,020,275	(2,399,634)
Selling and distribution expenses	11	(11,080,165)	(12,079,534)	(9,278,394)	(9,250,950)	(8,406,303)	(7,361,829)
Administrative expenses		(31,775,930)	(29,045,821)	(23,346,202)	(21,168,998)	(17,248,268)	(15,565,932)
<b>Operating profit</b>		<b>65,513,351</b>	<b>52,196,727</b>	<b>35,079,636</b>	<b>32,165,916</b>	<b>27,169,564</b>	<b>15,076,927</b>
Investment income	13	1,086,420	3,652,138	2,392,649	12,778,485	11,046,498	14,754,035
Finance costs	14	(25,481,623)	(18,655,198)	(19,975,470)	(15,195,572)	(10,032,461)	(12,293,277)
<b>Profit before minimum taxation</b>		<b>41,118,148</b>	<b>37,193,667</b>	<b>17,496,815</b>	<b>29,748,829</b>	<b>28,183,601</b>	<b>17,537,685</b>
Minimum tax	15	(1,902,530)	91,216	(243,222)	-	-	-
Profit before taxation		39,215,618	37,284,883	17,253,593	29,748,829	28,183,601	17,537,685
Net income tax expenses	15	(11,200,392)	(11,567,960)	(5,876,850)	(7,929,013)	(8,011,112)	(4,955,114)
<b>Profit for the year</b>		<b>28,015,226</b>	<b>25,716,923</b>	<b>11,376,743</b>	<b>21,819,816</b>	<b>20,172,489</b>	<b>12,582,571</b>
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Remeasurements of defined benefit liability	34	1,839,888	(1,831,980)	(607,665)	1,380,216	(1,409,020)	(460,968)
Related tax	16	(597,964)	586,234	172,994	(448,570)	450,886	147,510
		<b>1,241,924</b>	<b>(1,245,746)</b>	<b>(434,671)</b>	<b>931,646</b>	<b>(958,134)</b>	<b>(313,458)</b>
Gain/(loss) on investments in equity instruments		6,460	5,100	(18,700)	6,460	5,100	(18,700)
Items that may be classified to profit or loss							
Cashflow hedge		(1,898,421)	-	-	(1,898,421)	-	-
Related tax		616,987	-	-	616,987	-	-
		<b>(1,281,434)</b>	<b>-</b>	<b>-</b>	<b>(1,281,434)</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the year net of tax</b>		<b>(33,050)</b>	<b>(1,240,646)</b>	<b>(453,371)</b>	<b>(343,328)</b>	<b>(953,034)</b>	<b>(332,158)</b>
<b>Total comprehensive income for the year net of tax</b>		<b>27,982,176</b>	<b>24,476,277</b>	<b>10,923,372</b>	<b>21,476,488</b>	<b>19,219,455</b>	<b>12,250,413</b>
<b>Profit attributable to</b>							
Owners of the parent		25,676,035	26,148,786	10,467,673	21,819,816	20,172,489	12,582,571
Non-controlling interests	22	2,339,191	(431,863)	909,070	-	-	-
		<b>28,015,226</b>	<b>25,716,923</b>	<b>11,376,743</b>	<b>21,819,816</b>	<b>20,172,489</b>	<b>12,582,571</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the parent		25,612,511	24,950,980	10,096,435	21,476,488	19,219,455	12,250,413
Non-controlling interest	22	2,369,665	(474,703)	826,937	-	-	-
		<b>27,982,176</b>	<b>24,476,277</b>	<b>10,923,372</b>	<b>21,476,488</b>	<b>19,219,455</b>	<b>12,250,413</b>
<b>Earnings per share</b>							
<b>Per share information</b>							
Basic earnings per share (kobo)	17	626	638	255	532	492	307
Diluted earnings per share (kobo)	17	626	638	255	532	492	307

Consolidated and Separate Statements of Financial Position as at 31 March							
	Notes	Group				Company	
Assets		2022 (N'000)	2021 (N'000)	2020 (N'000)	2022 (N'000)	2021 (N'000)	2020 (N'000)
Property, plant and equipment	18	226,840,392	208,721,490	216,890,095	100,300,597	89,251,566	89,144,006
Investment property	19	1,427,443	1,532,553	1,633,141	52,735	54,789	56,844
Biological assets	24	73,474	30,930	156,723	-	-	-
Right of use asset	40	15,720,081	16,511,473	14,933,340	2,692,372	2,684,703	3,671,094
Goodwill	21	4,148,022	4,148,022	4,148,022	1,876,816	1,876,816	1,876,816
Intangible assets	20	369,182	646,404	953,855	296,022	501,106	734,047
Investment in subsidiaries	22	-	-	-	45,755,534	62,258,329	44,666,634
Long term loans and receivables	25	37,551	38,852	358,689	69,962,336	62,423,085	48,864,528
Other investments	23	34,000	27,540	22,440	34,000	27,540	22,440
Deferred tax	16	6,245,238	6,974,435	3,578,421	-	-	-
Prepayments	29	-	95,971	47,429	-	85,317	47,429
<b>Total non-current assets</b>		<b>254,895,383</b>	<b>238,727,670</b>	<b>242,722,155</b>	<b>220,970,412</b>	<b>219,163,251</b>	<b>189,083,838</b>
Biological assets	24	757,085	376,439	147,599	-	-	-
Inventories	26	284,462,821	195,449,036	115,596,185	155,480,370	76,980,128	61,693,906
Trade and other receivables	27	39,900,930	25,825,611	25,731,446	43,782,434	23,160,406	28,471,323
Derivative assets	28	84,480	621,780	3,702,659	84,480	621,780	2,906,508
Prepayments	29	55,289,689	46,568,933	18,342,824	47,025,998	32,772,245	16,079,088
Cash and cash equivalents	30	31,621,421	37,163,344	26,210,974	20,273,882	27,624,715	16,032,397
<b>Total current assets</b>		<b>412,116,426</b>	<b>306,005,143</b>	<b>189,731,687</b>	<b>266,647,164</b>	<b>161,159,274</b>	<b>125,183,222</b>
<b>Total assets</b>		<b>667,011,809</b>	<b>544,732,813</b>	<b>432,453,842</b>	<b>487,617,576</b>	<b>380,322,525</b>	<b>314,267,060</b>
<b>EQUITY AND LIABILITIES</b>							
Share capital	32	2,050,197	2,050,197	2,050,197	2,050,197	2,050,197	2,050,197
Share premium	32	75,377,444	75,377,444	75,377,444	75,377,444	75,377,444	75,377,444
Fair value reserves	45	(101,456)	(107,916)	(113,016)	(101,456)	(107,916)	(113,016)
Hedging reserve		(1,281,434)	-	-	(1,281,434)	-	-
Retained earnings		111,101,724	90,905,674	71,629,892	98,619,096	82,559,069	69,002,265
<b>Equity attributable to owners of the Company</b>		<b>187,146,475</b>	<b>168,225,399</b>	<b>148,944,517</b>	<b>174,663,847</b>	<b>159,878,794</b>	<b>146,316,890</b>
Non-controlling interests	22	8,758,216	6,388,551	6,863,254	-	-	-
<b>Total equity</b>		<b>195,904,691</b>	<b>174,613,950</b>	<b>155,807,771</b>	<b>174,663,847</b>	<b>159,878,794</b>	<b>146,316,890</b>
<b>Liabilities</b>							
Borrowings	33	114,810,880	101,764,591	80,675,376	70,976,427	68,598,529	46,741,771
Lease liabilities	41	17,654,283	14,789,031	10,702,733	590,079	439,742	341,612
Retirement benefit obligation	34	10,268,526	10,396,790	7,135,477	7,815,524	8,067,744	5,648,770
Deferred income	36	16,173,241	12,901,940	14,787,589	3,807,687	1,735,080	1,650,826
Deferred tax	16	15,022,760	16,857,129	11,848,855	14,217,140	13,498,453	10,665,100
Long service award	35	3,591,011	3,713,272	2,737,787	2,926,253	3,037,869	2,277,821
<b>Total non current liabilities</b>		<b>177,520,701</b>	<b>160,422,753</b>	<b>127,887,817</b>	<b>100,333,110</b>	<b>95,377,417</b>	<b>67,325,900</b>
Trade and other payables	37	194,591,771	120,152,472	83,613,863	155,202,371	77,584,189	68,333,644
Borrowings	33	34,016,762	26,913,425	23,343,851	19,622,399	15,020,385	10,275,267
Lease liabilities	41	-	1,919,724	2,654,089	-	236,631	1,298,974
Deferred income	36	7,645,503	3,997,200	4,117,580	2,355,474	1,093,978	435,579
Derivative liabilities	28	1,898,421	97,049	-	1,898,421	49,322	-
Current tax payable	15	14,411,961	9,481,685	5,531,160	7,250,478	4,690,116	2,566,482
Dividend payable	38	2,804,900	4,207,541	3,984,940	2,804,900	2,586,437	2,370,330
Customer deposits	39	28,279,266	3 8,926,118	19,970,243	18,923,572	23,805,256	13,790,645
Bank overdraft	30	9,937,833	4,000,896	5,542,528	4,563,004	-	1,553,349
<b>Total current liabilities</b>		<b>293,586,417</b>	<b>209,696,110</b>	<b>148,758,254</b>	<b>212,620,619</b>	<b>125,066,314</b>	<b>100,624,270</b>
<b>Total liabilities</b>		<b>471,107,118</b>	<b>370,118,863</b>	<b>276,646,071</b>	<b>312,953,729</b>	<b>220,443,731</b>	<b>167,950,170</b>
<b>Total equity and liabilities</b>		<b>667,011,809</b>	<b>544,732,813</b>	<b>432,453,842</b>	<b>487,617,576</b>	<b>380,322,525</b>	<b>314,267,060</b>

Separate statement of changes in equity for the year ended 31 March 2022								
Group	Share Capital (N'000)	Share Premium (N'000)	Fair Value Reserve (N'000)	Hedging reserve (N'000)	Retained earnings (N'000)	equity attributable to the owners of the company (N'000)	Non-controlling interest (N'000)	Total equity (N'000)
Balance at 1 April 2020	2,050,197	75,377,444	(113,016)	-	71,629,892	148,944,517	6,863,254	155,807,771
<b>Total Comprehensive income</b>								
Profit for the year	-	-	-	-	26,148,786	26,148,786	(431,863)	25,716,923
Other comprehensive income (net of tax)	-	-	5,100	-	(1,202,906)	(1,197,806)	(42,840)	(1,240,646)
<b>Total comprehensive income for the year</b>	-	-	<b>5,100</b>	-	<b>24,945,880</b>	<b>24,950,980</b>	<b>(474,703)</b>	<b>24,476,277</b>
<b>Transactions with owners recorded directly in equity</b>								
Dividends declared (Note 38)	-	-	-	-	(5,753,101)	(5,753,101)	-	(5,753,101)
Write-back of unclaimed dividends (Note 38)	-	-	-	-	83,003	83,003	-	83,003
<b>Total transactions with owners of the company recognised directly in equity</b>	-	-	-	-	<b>(5,670,098)</b>	<b>(5,670,098)</b>	-	<b>(5,670,098)</b>
<b>Balance at 31 March 2021</b>	<b>2,050,197</b>	<b>75,377,444</b>	<b>(107,916)</b>	-	<b>90,905,674</b>	<b>168,225,399</b>	<b>6,388,551</b>	<b>174,613,950</b>
Balance at 1 April 2021	2,050,197	75,377,444	(107,916)	-	90,905,674	168,225,399	6,388,551	174,613,950
<b>Total Comprehensive income</b>								
Profit for the year	-	-	-	-	25,676,035	25,676,035	2,339,191	28,015,226
Other comprehensive income (net of tax)	-	-	6,460	(1,281,434)	1,211,450	(63,524)	30,474	(33,050)
<b>Total comprehensive income for the year</b>	-	-	<b>6,460</b>	<b>(1,281,434)</b>	<b>26,887,485</b>	<b>25,612,511</b>	<b>2,369,665</b>	<b>27,982,176</b>
<b>Transactions with owners recorded directly to equity</b>								
Dividends declared (Note 38)	-	-	-	-	(6,765,653)	(6,765,653)	-	(6,765,653)
Write-back of unclaimed dividends (Note 38)	-	-	-	-	74,218	74,218	-	74,218
<b>Total transactions with owners of the company recognised directly in equity</b>	-	-	-	-	<b>(6,691,435)</b>	<b>(6,691,435)</b>	-	<b>(6,691,435)</b>
<b>Balance at 31 March 2022</b>	<b>2,050,197</b>	<b>75,377,444</b>	<b>(107,456)</b>	<b>(1,281,434)</b>	<b>111,101,724</b>	<b>187,146,475</b>	<b>8,758,216</b>	<b>195,904,691</b>
Company	Share Capital (N'000)	Share Premium (N'000)	Fair Value Reserve (N'000)	Hedging reserve (N'000)	Retained earnings (N'000)	Total attributable to equity holders of the company (N'000)	Total equity (N'000)	
Balance at 1 April 2020	2,050,197	75,377,444	(113,016)	-	69,002,265	146,316,890	146,316,890	
<b>Total Comprehensive income</b>								
Profit for the year	-	-	-	-	20,172,489	20,172,489	20,172,489	
Other comprehensive income (net of tax)	-	-	5,100	-	(958,134)	(953,034)	(953,034)	
<b>Total comprehensive income for the year</b>	-	-	<b>5,100</b>	-	<b>19,214,355</b>	<b>19,219,455</b>	<b>19,219,455</b>	
<b>Transactions with owners recorded directly in equity</b>								
Dividends declared (Note 38)	-	-	-	-	(5,740,554)	(5,740,554)	(5,740,554)	
Write-back of unclaimed dividends (Note 38)	-	-	-	-	83,003	83,003	83,003	
<b>Total transactions with owners of the company recognised directly in equity</b>	-	-	-	-	<b>(5,657,551)</b>	<b>(5,657,551)</b>	<b>(5,657,551)</b>	
<b>Balance at 31 March 2021</b>	<b>2,050,197</b>	<b>75,377,444</b>	<b>(107,916)</b>	-	<b>82,559,069</b>	<b>159,878,794</b>	<b>159,878,794</b>	
Balance at 1 April 2021	2,050,197	75,377,444	(107,916)	-	82,559,069	159,878,794	159,878,794	
<b>Total Comprehensive income</b>								
Profit for the year	-	-	-	-	21,819,816	21,819,816	21,819,816	
Other comprehensive income (net of tax)	-	-	6,460	(1,281,434)	931,646	(343,328)	(343,328)	
<b>Total comprehensive income for the year</b>	-	-	<b>6,460</b>	<b>(1,281,434)</b>	<b>22,751,462</b>	<b>21,476,488</b>	<b>21,476,488</b>	
<b>Transactions with owners recorded directly to equity</b>								
Dividends declared (Note 38)	-	-	-	-	(6,765,653)	(6,765,653)	(6,765,653)	
Write-back of unclaimed dividends (Note 38)	-	-	-	-	74,218	74,218	74,218	
<b>Total transactions with owners of the company recognised directly in equity</b>	-	-	-	-	<b>(6,691,435)</b>	<b>(6,691,435)</b>	<b>(6,691,435)</b>	
<b>Balance at 31 March 2022</b>	<b>2,050,197</b>	<b>75,377,444</b>	<b>(101,456)</b>	<b>(1,281,434)</b>	<b>98,619,096</b>	<b>174,663,847</b>	<b>174,663,847</b>	

Consolidated and separate Statements of Cash Flow for the Year Ended 31 March							
	Notes	Group			Company		
		2022 (N'000)	2021 (N'000)	2020 (N'000)	2022 (N'000)	2021 (N'000)	2020 (N'000)
<b>Cash flows from operating activities</b>							
Cash generated from operations	31	49,719,610	33,291,942	70,323,546	2,084,184	11,532,588	32,920,733
Income tax paid	15	(4,833,346)	(2,942,872)	(2,562,378)	(1,336,183)	(610,894)	(336,250)
Long Service award benefit paid	35	(248,608)	(165,335)	(140,327)	(194,900)	(152,335)	(41,586)
Retirement benefit paid	34	(600,682)	(332,576)	(940,525)	(501,882)	(291,297)	(603,078)
<b>Net cash from operating activities</b>		<b>44,036,974</b>	<b>29,851,159</b>	<b>66,680,316</b>	<b>51,219</b>	<b>10,478,062</b>	<b>31,939,819</b>
<b>Cash flows from investing activities</b>							
Purchase of property plant and equipment	18	(40,652,521)	(19,425,792)	(16,216,197)	(23,815,114)	(13,839,760)	(11,740,814)
Proceeds from sale of property plant and equipment		123,852	546,750	229,340	104,101	530,591	76,893
Acquisition of right of use asset	40	(1,097,291)	(2,293,325)	(33,095)	(402,024)	(12,500)	(33,095)
Acquisition of intangible assets	20	-	(19,191)	(2,142)	-	-	(2,142)
Acquisition of investment property	19	-	(4,195)	-	-	-	-
Investment in subsidiary	22	-	-	-	(1,114,900)	-	-
Repayment of Quasi Equity	22	-	-	-	17,591,695	-	-
Loans repayments from related companies	25	1,301	-	-	310,978,887	87,215,220	19,172,138
Loans granted to related companies	25	-	-	-	(314,672,741)	(94,116,111)	(10,051,568)
Purchase of biological assets	24	(4,309,723)	(881,472)	(163,562)	-	-	-
Interest received	13	1,086,420	3,652,138	2,392,649	6,656,485	6,532,315	10,779,035
Dividend received	13	-	-	-	6,122,000	4,514,183	3,975,000
<b>Net cash (used in)/generated from investing activities</b>		<b>(44,847,962)</b>	<b>(18,425,087)</b>	<b>(13,793,007)</b>	<b>1,448,389</b>	<b>(9,176,062)</b>	<b>12,175,448</b>
<b>Cash flows from financing activities</b>							
Proceeds from borrowings	33	39,573,064	88,503,452	126,950,415	10,987,462	73,216,237	76,384,800
Repayments of borrowings	33	(16,250,651)	(63,292,881)	(139,604,896)	(2,787,982)	(46,070,438)	(96,205,655)
Repayments of lease liabilities	41	(2,667,114)	(1,740,546)	(2,541,665)	(409,384)	(168,412)	(1,370,689)
Dividend paid	38	(8,094,076)	(5,453,991)	(4,669,639)	(6,472,971)	(5,441,444)	(4,669,639)
Unclaimed dividend received	38	-	6,494	-	-	-	-
Finance costs paid		(23,939,384)	(17,373,764)	(19,975,470)	(15,112,735)	(9,960,941)	(12,293,277)
<b>Net cash generated from/(used in) financing activities</b>		<b>(11,378,161)</b>	<b>648,764</b>	<b>(39,841,255)</b>	<b>(13,795,610)</b>	<b>11,575,002</b>	<b>(38,154,460)</b>
Net increase in cash and cash equivalents		(12,189,149)	12,074,836	13,046,054	(12,296,002)	12,877,002	5,960,807
Cash and cash equivalents, beginning of the year		33,162,448	20,668,446	7,554,408	27,624,715	14,479,048	8,459,148
Effect of exchange difference		710,289	419,166	67,984	382,165	268,665	59,093
<b>Cash and cash equivalents, end of the year</b>		<b>21,683,588</b>	<b>33,162,448</b>	<b>20,668,446</b>	<b>15,710,878</b>	<b>27,624,715</b>	<b>14,479,048</b>

# FLOUR MILLS OF NIGERIA PLC

## Entity Rating

# A-

*This is a company with good financial condition and strong capacity to repay obligations on a timely basis.*

**Outlook:** Stable  
**Issue Date:** 29 September 2022  
**Expiry Date:** 30 September 2023

**Previous Rating:** A-

**Industry:** Food and Agro-Allied

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 57, Marina  
 Lagos, Nigeria  
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## RATING RATIONALE

- Agusto & Co. hereby affirms the "A-" rating assigned to Flour Mills of Nigeria Plc ("Flour Mills", "FMN" or "the Company"). The rating affirmation underpins FMN's operational resilience, which has continued to support a healthy cash flow position and satisfactory profitability level, despite soaring input costs caused by prolonged supply chain disruptions and high foreign exchange and inflation rates. This is in addition to the Company's moderate leverage position as well as its qualified and experienced management team. The rating also takes into account FMN's leading position in the domestic flour milling market as well as the potential synergy to be derived from the recent acquisition of a majority stake in Honeywell Flour Mill PLC ("HFMP"). However, the rating is constrained by thinning margin across the Company's food segment owing to intensifying cost pressures and the vulnerability of its future earnings to macroeconomic headwinds given the undue exposure of its production process to external shocks and foreign exchange risks.
- Flour Mills of Nigeria PLC is a fully integrated food company and a leading flour miller with an installed capacity of over 3 million metric tonnes per annum. The Company has extensive product offerings in the wheat-based food and packaging segments under the Golden Penny and BAGCO brands respectively, and a robust distribution network of wholesalers and retailers in line with its business-to-business (B2B) and business-to-consumer (B2C) sales strategies. In a bid to improve the local sourcing of raw materials and lower input costs, FMN has continued to strengthen its partnership with various farmer groups in the country. Although these partnerships have resulted in improved local sourcing of critical inputs, the Company is yet to achieve considerable scale in this regard, hence, the high dependency on imported wheat.
- The performance of flour millers in Nigeria has been marred by several constraints such as unfavourable government policies, import restrictions and foreign exchange shortages that limit the availability of key inputs as well as the negative impact of inflationary pressure and soaring energy costs on margins. The bulk of these challenges stems from the inadequate local supply of grains caused by the worsening insecurity, especially within the country's farm belt.

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12<sup>th</sup> December 2022

**FBNQuest Merchant Bank Limited**  
10 Keffi Street  
Off Awolowo Road  
South West Ikoyi  
Lagos.

**Attention: The Chief Executive Officer**

Dear Sir,

**OPINION IN RESPECT OF THE ESTABLISHMENT OF UP TO ₦200, 000, 000, 000.00 (TWO HUNDRED BILLION NAIRA) COMMERCIAL PAPER ISSUANCE PROGRAMME BY FLOUR MILLS OF NIGERIA PLC'S**

**Introduction**

We act as Transaction Solicitors in respect of Flour Mills of Nigeria's (the "Issuer") proposed establishment of a ₦200, 000, 000, 000.00 (Two Hundred Billion Naira) Commercial Paper Issuance Programme (the "Transaction").

We have provided our legal opinion on the Transaction below for your benefit.

**1. The Documents**

This legal opinion is based on our review of the following documents:

- 1.1 Programme Memorandum;
- 1.2 Dealer Agreement;
- 1.3 Deed of Covenant;
- 1.4 Issuing, Placing, Paying and Collecting Agency Agreement.

The documents listed above are referred to below as the "Transaction Documents". Capitalized terms not defined here shall have the same meaning as used in the relevant Transaction Documents.

**2. Sources**

We have not sought to establish the accuracy of the information contained in the Transaction Documents or the reliability of the same by reference to independent evidence. However, we are not aware of any of these assumptions being incorrect or misleading.

In respect of each of the materials provided to us, we have assumed that:

- 2.1 any information was, when supplied (and continues to be), true, accurate and not misleading;
- 2.2 all signatures and company seals on all documents we have examined or on the relevant originals where we have examined copies are genuine;
- 2.3 each party to the Transaction Documents has the right, power and authority and has taken all actions necessary to validly execute and deliver, and to exercise its rights and perform its obligations under the relevant document, agreement or arrangement.

### 3. Opinion

Based on the above and subject to the qualifications below, we are of the opinion that should the Transaction proceed on the terms as presently contained in the Transaction Documents:

#### 3.1 *Legal Status of the Issuer*

The Issuer is duly incorporated and validly exists under Nigerian Law. To the best of our knowledge, as at the date of this opinion, no steps have been taken to wind up the issuer, to terminate its existence or to appoint a receiver in respect of it or otherwise to place its business or any of its assets outside the control of its directors.

#### 3.2 *Validity of Transaction Documents*

All Transaction Documents will upon execution, be valid, binding, duly stamped (where necessary) and enforceable in line with their terms.

#### 3.2 *Capacity of the Parties*

Each party to the Transaction Documents has by virtue of its constitutional documents, the capacity and power to enter into and perform its obligations under the relevant Transaction Document(s). There is no provision of FMN's constitutional documents and Nigerian Law which will be contravened by:

- a. any provision in any Transaction Document; or
- b. the carrying out of any relevant transactions contemplated by the Transaction Documents.

#### 3.3 *Consent and Filings*

All parties to the Transaction Documents have obtained the essential consents, authorizations and licences empowering them to execute the respective Transaction Documents.

#### 3.4 *Legal and enforceable obligations*

The Transaction Documents constitute legal, valid and binding obligations of the respective parties enforceable against each party in accordance with their respective terms.

### **3.5 *Validity of the Deed of Covenant***

The Deed of Covenant embodies the Issuer's undertaking to the Noteholders to duly perform and fulfill its obligations in respect of each CP Note. By virtue of Clause 3.1 of the Deed of Covenant, the Issuer shall be liable to the Noteholders for obligations under the Transaction.

The obligations of the Issuer are valid, legal, and binding obligations enforceable against the Issuer in accordance with the Deed of Covenant.

### **3.6 *Validity of the Issuing, Placing, Paying and Collecting Agency Agreement***

The Issuing, Placing, Paying and Collecting Agency Agreement (the "IPCA Agreement") sets out the obligations of the Issuing, Placing, Paying and Collecting Agency (the "IPCA") in respect of the issuance of the CP Notes in Clause 4 of the IPCA Agreement. By virtue of Clause 6 of the IPCA Agreement, the Issuer must ensure there are sufficient funds in the account designated by the IPCA to repay any matured CP Notes.

### **3.7 *Validity of the Dealer Agreement***

By virtue of the Dealer Agreement, the Issuer appointed the Dealer for the purpose of overseeing the CP Notes. Under Clause 4.2 of the Dealer Agreement, the Issuer is required to promptly notify the Dealer in writing of any change in the Issuer's financial condition, operations or business prospects that would be material to holders of the CP Notes or potential holders of the CP Notes.

### **3.8 *Effect of Issuer's Default***

In the event of the failure of the Issuer to perform its obligations under the CP Notes, the Deed of Covenant makes the Issuer liable to the Noteholders for the Issuer's obligations in respect of the CP Notes.

### **3.9 *Registration***

- a. Save for the registration of the CP Notes with the Central Securities Clearing System which shall serve as the registrar of the CP Notes and the registration of the CP Notes on the FMDQ Exchange for quotation, the CP Notes are not required to be registered under the Investment and Securities Act.
- b. Save for the stamping of the relevant transaction documents at the stamp duties office of the Federal Inland Revenue Service ("FIRS"), it is not necessary or desirable for any further action to be taken in the future (including the making of any registrations or filings) in order to preserve as a matter of law, the interest of the investors in the CP Notes.

- c. Save for the stamping of the relevant Transaction Documents, no consent, licence, authorization or similar approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body is required in Nigeria for the due execution, delivery, and performance by the Issuer of the Transaction Documents.

#### 4. Qualification

- 4.1 The validity and enforceability of rights and remedies under the Transaction Documents may be subject to limitations imposed by applicable Nigerian bankruptcy, insolvency, reorganization, administration, moratorium, limitation, prescription and time-bar or other laws affecting the rights of creditors in general and to any provision generally applicable under Nigerian law regarding the invalidation or revision of unfair contract terms.
- 4.2 For the purposes of this opinion, we have limited our review to matters of Nigerian law. The laws of Nigeria shall also govern any obligations in connection with this opinion.
- 4.3 This opinion is expressly limited to the matters stated in the same and we render no opinion whether by implication or otherwise as to any other matters.
- 4.4 We have issued this opinion on the basis that the unsigned Transaction Documents will not deviate materially from the versions we have reviewed, and we assume no obligation to update or supplement our opinion contained in this document to reflect any facts or circumstances that may come to our attention or any changes in law that may occur or become effective after the date of this opinion.

#### 5. Addressee

- 5.1 This legal opinion is addressed exclusively to FBNQuest Merchant Bank Limited on the understanding that no other person may use or rely on its contents, or any views expressed in it without our prior written consent. Accordingly, we do not accept any responsibility or bear any duty of care or other liability to any person other than the Addressee in respect of this opinion.
- 5.2 The opinion may be included in the Programme Memorandum and may be disclosed in connection with any actual or potential dispute or claim to which the Addressee is a party in relation to the Transaction on the understanding that any disclosure is made solely for information purposes and not for the purposes of reliance. Accordingly, we do not accept any responsibility or bear any duty of care or other liability in that regard.

Yours faithfully,



Genevieve Henshaw

## GENERAL INFORMATION

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### ○ **Authorisation**

This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of Flour Mills of Nigeria PLC dated 06 September 2022.

### ○ **Auditors**

KPMG Professional Service acted as auditors of the annual financial statements of the Issuer for the financial year ended 31 March, 2022, and was responsible for the audit, and issued unqualified reports.

### ○ **Going Concern**

The Issuer is at the date hereof a going concern, and can be reasonably expected to meet all of its obligations as and when they fall due.

### ○ **Litigation**

To be provided by the Solicitors

### ○ **Material Contracts**

The following agreements have been entered into and are considered material to this Programme:

- i. the Deed of Covenant dated 10 February 2023 executed by the Issuer as a deed poll in favour of the Noteholders;
- ii. the Dealer Agreement dated 10 February 2023 executed by the Arrangers and the Issuer; and
- iii. the Issuing, Placing, Paying and Collecting Agency Agreement dated 10 February 2023 executed by the Issuer and the Issuing, Placing, Paying and Collecting Agent.

Other material contracts in respect of any issuance of Notes under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series or Tranche.

### ○ **Ultimate Borrower**

The Issuer is the borrower in respect of the Notes.

## PARTIES TO THE TRANSACTION

## ISSUER

**Flour Mills of Nigeria PLC**

1, Golden Penny Place  
Wharf Road, Apapa  
Lagos Nigeria

**LEAD ARRANGER AND DEALER**  
**ISSUING, COLLECTING AND PAYING AGENT**

**FBNQuest Merchant Bank Limited**

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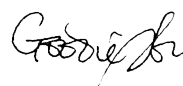
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**Goodluck Obi,**  
Partner & Head of  
Audit, KPMG in Nigeria


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