

This Programme Memorandum has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Papers (together the “**CBN Guidelines**”) and the FMDQ Commercial Paper Registration and Quotation Rules in force as at the date hereof. The document is important and should be read carefully. If you are in any doubt about its content or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor, or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Executive Management of Emzor Pharmaceutical Industries Limited who jointly and individually accepts full responsibility for the accuracy of all information given.



Emzor Pharmaceutical Industries Limited

₦10,000,000,000

Commercial Paper Programme

Emzor Pharmaceutical Industries Limited (“**Emzor**” or “**the Issuer**”), a private limited liability company incorporated in Nigeria, has established this ₦10,000,000,000 (Ten Billion Naira) Commercial Paper Programme (the “**CP Programme**”), under which Emzor may from time to time issue Commercial Paper notes (“**CP Notes**” or “**Notes**”), denominated in NGN (“Naira”) as may be agreed between the Issuer and each relevant Dealer and or the Arranger (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 or 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 CP Notes from time to time outstanding under the CP Programme shall not exceed ₦10,000,000,000 (Ten Billion Naira) 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.

The CP Notes will be issued in dematerialised form and may be registered, quoted and traded on the FMDQ Securities Exchange Limited (“**FMDQ Exchange**”) in accordance with the rules, guidelines and such other regulation as may be prescribed by the Central Bank of Nigeria (“**CBN**”) and FMDQ Exchange from time to time, or any other recognized trading platform as approved by the CBN, and securities will settle via the CSD 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.

Sole Arranger/Dealer/Issuing & Placing Agent



RENAISSANCE SECURITIES (NIGERIA) LIMITED

Collecting And Paying Agent



ZENITH BANK PLC

TABLE OF CONTENTS

DEFINITIONS	3
IMPORTANT NOTICE	5
INCORPORATION BY REFERENCE	6
SUMMARY OF THE PROGRAMME	7
USE OF PROCEEDS AND SOURCES OF REPAYMENT	10
REGULATION ON THE ISSUANCE, REGISTRATION & QUOTATION OF CP	11
TERMS AND CONDITIONS	13
RISK FACTORS	21
SETTLEMENT, CLEARING AND TRANSFER OF NOTES	23
PROFORMA APPLICABLE PRICING SUPPLEMENT	26
DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED	29
AUDITORS' COMFORT LETTER	33
HISTORICAL FINANCIAL INFORMATION	35
EXTRACT OF ISSUER'S RATING REPORT	38
LEGAL OPINION ON CLAIMS AND LITIGATION	40
STATUTORY AND GENERAL INFORMATION	48
PARTIES TO THE TRANSACTION	49

DEFINITIONS

Terms	Conditions
"Agency Agreements"	The Issuing and Placing Agency Agreement and the Collecting and Paying Agency Agreement dated on or about the date of this Programme Memorandum executed by the Issuer, the Collecting and Paying Agent and the Issuing and Placing Agent (as applicable)
"Board" or "Directors"	Board of Directors of Emzor
"Business Day"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which commercial banks are open for general business in Lagos, Nigeria
"CBN"	Central Bank of Nigeria
"CBN Guidelines"	CBN's Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers, issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Paper, as amended or supplemented from time to time
"Collecting and Paying Agent" or "CPA"	Zenith Bank or any successor collecting and paying agent appointed in accordance with the Collecting and Paying Agency Agreement
"Commercial Paper", "CP", "CP Notes" or "Notes"	Quoted Commercial Paper Notes to be issued by the Issuer under the CP Programme in form of short-term zero-coupon notes
"Conditions" or "Terms and Conditions"	Terms and conditions, in accordance with which the Notes will be issued, set out in the section of this Programme Memorandum headed "Terms and Conditions of the Notes"
"CP Programme" or "Programme"	The CP Programme described in this Programme Memorandum, pursuant to which the Issuer may issue several separate Series or Tranches 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 ₦10,000,000,000
"CSD"	Means 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
"Day Count"	The method of calculating the discount/interest in respect of a Note as specified in the Applicable Pricing Supplement
"Dealers"	Renaissance Securities (Nigeria) Limited and any other additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer
"Default Date"	The date on which the written notice of the Event of Default is served to the Issuer
"Eligible Investors"	This means an investor that is not a Qualified Institutional Investor as defined by the FMDQ Exchange Rules, that has executed a declaration attesting to his/her/its eligibility in the manner prescribed in the FMDQ Exchange Rules
"Face Value"	The par value of the Notes
"Emzor", "Issuer"	Emzor Pharmaceutical Industries Limited
"FGN"	Federal Government of Nigeria
"FMDQ Exchange" or "FMDQ Securities Exchange Limited"	A securities exchange and self-regulatory organisation licensed by the SEC, Nigeria to provide an efficient platform for the registration, listing, quotation, trading and reporting of securities and financial products inter alia

DEFINITIONS

"FMDQ Exchange Rules"	The FMDQ Commercial Paper Quotation Rules dated October 2023 (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 the FMDQ Exchange from time to time
"Holder" or "Noteholder"	The holder of a Note as recorded in the Register kept by the CSD in accordance with the Terms and Conditions
"Implied Yield"	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement
"Issue Date"	The date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement
"Issue Price"	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
"Issue Rate"	The Discount Rate at Issuance
"Issuing and Placing Agent" or "IPA" or "Arranger"	Renaissance Securities (Nigeria) Limited or any successor issuing and placing agent appointed in accordance with the Issuing and Placing Agency Agreement
"LFN"	Laws of the Federation of Nigeria
"Material Adverse Change"	Means a material adverse effect on the ability of the Issuer to perform and comply with its obligation(s) under the CP programme
"Naira", "NGN" or "₦"	The Nigerian Naira
"Pricing Supplement" or "Applicable Pricing Supplement"	The Pricing Supplement applicable to a Series or Tranche of Notes issued under the CP Programme
"Principal Amount"	The nominal amount of each Note, as specified in the Applicable Pricing Supplement
"Programme Memorandum"	This information memorandum dated [●] which sets out the aggregate size and broad terms and conditions of the CP Programme
"Qualified Institutional Investors"	include banks, fund/asset managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms, Issuing Houses and any other category of investors as may be determined by the Exchange from time to time.
"Redemption Date"	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due
"Register"	A register or such registers as shall be maintained by the CSD in which are recorded details of Note holders
"Relevant Date"	The payment date of any obligation due on the Notes
"Relevant Last Date"	The date stipulated by the CSD and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered
"Series"	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
"The NGX"	The Nigerian Exchange Limited
"Tranche"	Notes which are identical in all respects

IMPORTANT NOTICE

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 ₦10,000,000,000 (Ten 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 additional 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 any material fact that is 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 and the Applicable Pricing Supplement 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 after 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.

The Arranger, Dealer, CPA and the IPA are under no obligation to seek recovery or initiate any action against the Issuer.

FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, 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 DOCUMENT.

INCORPORATION BY REFERENCE

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 financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme.

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 supplement to the Programme Memorandum upon any subsequent issue of Notes, where there has been: -

- a) a material change in the condition (financial or otherwise) of the Issuer which is not 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 Memorandum materially inaccurate or misleading.

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

The audited financial statements and documents incorporated by reference shall be available on demand. Requests for such documents shall be directed to the Issuer or the Arranger 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 and the applicable Pricing Supplement. The information below is a summary of the key features and summarized terms and conditions of the proposed CP Programme:

1.	Issuer	Emzor Pharmaceutical Industries Limited
2.	Programme	Emzor Commercial Paper Programme
3.	Programme Size	₦10,000,000,000 (Ten Billion Naira)
4.	Arranger	Renaissance Securities (Nigeria) Limited
5.	Dealer	Renaissance Securities (Nigeria) Limited and any other additional Dealer appointed pursuant to the Dealer Agreement from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer pursuant to the Dealer Agreement
6.	Issuing and Placing Agent	Renaissance Securities (Nigeria) Limited
7.	Collecting and Paying Agent	Zenith Bank Plc
8.	Solicitors	Templars
9.	Auditors	KPMG Professional services
10.	Registrars/Custodian	The CSD stated in the applicable Pricing Supplement
11.	Default Date	The date on which the written notice of the Event of Default is served to the Issuer
12.	Default Rate	Interest rate equivalent to the daily overnight Nigerian Inter-bank Offered Rate (NIBOR) + 5% per annum or the Issue Rate + 5% per annum (whichever is higher)
13.	Issuance in Series	The Notes will be issued in Series or Tranches, 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 or Tranche will be specified in the Applicable Pricing Supplement
14.	Use of Proceeds	The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's working capital requirements and for general corporate purposes
15.	Sources of Repayment	The proceeds of the Notes issued under the Programme and the interest thereon would be repaid from the operational cash flows of the Issuer
16.	Method of Issue	The Notes may be offered and sold by way of a fixed price offer for subscription or through a book building process and/or any other methods as described in the Applicable Pricing Supplement, within Nigeria or otherwise, in each case as specified in the Applicable Pricing Supplement

SUMMARY OF THE PROGRAMME

17.	Tenor	As specified in the Applicable Pricing Supplement, subject to a minimum tenor of 15 (Fifteen) days and a maximum of 270 (Two Hundred and Seventy) days, including roll-over from the date of issue. The maturity period of such outstanding CPs shall also be subject to the validity of the Programme
18.	Interest Payments	Notes shall be issued at a discount and in the form of zero-coupon notes. Thus, the Notes will not bear interest, other than default interest in the case of late payment
19.	Issue Price	The Notes shall be issued at a discount. The effective rate of interest will be calculated based on such Day Count Fraction specified in the Applicable Pricing Supplement
20.	Issue Rate	The Discount Rate at Issuance
21.	Issue Size	As specified in the Applicable Pricing Supplement, subject to the minimum level of subscription
22.	Currency of Issue	Nigerian Naira
23.	Minimum Level of Subscription	N5,000,000 (Five Million Naira) and multiples of N1,000 (One Thousand Naira) thereafter
24.	Issuer Rating	<p>The Issuer has been assigned a rating of “A2” from Global Credit Rating Co and “A” from DataPro. Pursuant to the CBN Guidelines and FMDQ Exchange Rules, either the issuer of a CP or the specific issue itself shall be rated by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN</p> <p>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</p>
25.	Redemption	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and the FMDQ Exchange Rules
26.	Payment at Maturity	At maturity, payment will be made to investors only if the Issuer has made the funds available to the CPA
27.	Settlement Procedures	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”)
28.	Registration & Quotation	<p>In compliance with the CBN circular issued in July 2016, an application has been made to FMDQ Exchange for the Registration of the Programme.</p> <p>The Issuer shall have any Series or Tranche of Notes issued under this Programme quoted on the FMDQ Exchange Platform or any other recognized trading platform. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the to the quotation or listing of any Series or Tranche of Notes quoted or listed on the relevant trading platform</p>
29.	Sponsor(s) to the Registration & Quotation	Renaissance Securities (Nigeria) Limited
30.	Status of Notes	Each Note constitutes a senior unsecured obligation of the Issuer and, the Notes shall rank pari passu among themselves, and save for certain debts/payment mandatorily preferred by law, with other present and future senior unsecured obligations of the Issuer outstanding from time to time

SUMMARY OF THE PROGRAMME

31.	Taxation	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
32.	Governing Law	The Notes issued under the Programme and all related contractual documentation will be governed by, and construed in accordance with Nigerian law

USE OF PROCEEDS AND SOURCES OF REPAYMENT

Use Of Proceeds

The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's working capital requirements and used for general corporate purposes.

Sources Of Repayment

The proceeds of the Notes issued under the Programme and the interest thereon would be repaid from the operational cash flows of the Issuer.

Background

In July 2009, the CBN suspended the use of Commercial Papers and Bankers Acceptances as off-balance-sheet instruments by Nigerian banks and discount houses, citing concerns over abuse of their use as financing instruments. The ban was subsequently lifted on 16 November 2009. On 18 November 2009, the CBN issued the CBN Guidelines to facilitate the effective and efficient functioning of the Nigerian money market and provide a regulatory framework for the issuance of CPs and BAs in Nigeria. An updated guideline was subsequently issued on 11 September 2019. The CBN also issued a circular on mandatory registration and listing of commercial papers on 12 July 2016.

Regulatory Framework

Issuance, registration, quotation of and investment in CPs in Nigeria is subject to the provisions of the CBN Guidelines and the FMDQ Exchange Rules as highlighted below:

Qualification

A CP qualifies as a financing vehicle if:

- i the issuer has 3 years' audited financial statements, the most current not exceeding 18 months from the last financial year end; and
- ii the issuer has an approved credit line with a Nigerian bank acting as an issuing and paying agent, where the bank guarantees the issue.

Size and Tenor

CPs shall be issued at the primary market for a minimum value of ₦100,000,000 and multiples of ₦1,000 thereafter or as otherwise determined.

Furthermore, they shall be issued for maturities of between 15 (Fifteen) days and 270 (Two Hundred and Seventy), including rollover, from the date of issue. The maturity period of such outstanding CPs shall also be subject to the validity of the Programme. The interest or discount element on maturing CPs may not be capitalised and rolled over.

Rating

Either the issuer of CP or the specific issue shall have an investment grade rating (minimum of BBB- or similar rating) by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN. An indicative rating should have been obtained prior to the submission of declarations and information to the FMDQ Exchange.

Investors in Commercial Papers

CPs may be issued to and held by individuals, deposit money banks, other corporate bodies registered or incorporated in Nigeria and unincorporated bodies, non-resident Nigerians and foreign institutional investors.

Clean CPs (i.e., CPs not backed by a guarantee, or such other credit enhancement shall only be sold to Qualified Institutional Investors (QII), and Eligible Investors (i.e., means an investor that is not a QII as defined by the FMDQ Exchange Rules, that has executed a declaration attesting to his/her/its eligibility in the manner prescribed in the FMDQ Exchange Rules).

Forms of Maintaining CPs

Issuers and investors in CPs may issue or hold CPs in dematerialized or physical form. Issuers and investors in CPs are encouraged to issue or hold CPs in dematerialised form.

Calculation and Paying Agent.

Only a deposit money bank (licenced by the CBN) that is a registered member of the FMDQ may act as a CPA for the issuance of CP.

General Requirements

- i. CPs are only redeemable at maturity and as such cannot be pre-liquidated.
- ii. Investors may rediscount the paper with the Issuer before maturity at new market terms if the Issuer is willing to purchase the risk.
- iii. Any proposed issue of CPs shall be completed within the period of two (2) weeks from the date of opening of the issue for subscription.
- iv. All CPs issued in Nigeria shall be registered with a depository, which shall serve as the custodian of all issues and central depository for all dematerialised instruments.

Compliance with the CBN Guidelines

The Issuer has complied with all applicable provisions as stated in the CBN Guidelines. A legal opinion confirming adherence to the CBN Guidelines is incorporated on pages 49 - 57 of this Programme Memorandum.

Compliance with Securities Regulations

There is no obligation for the Issuer to register the Notes with the SEC. This is by virtue of Rule 8 of the SEC Rules, which exempts short-term securities (including notes) with maturity dates not exceeding 9 months from the date of issuance from registration with the SEC.

Mandatory Registration and Quotation

The CBN circular on CPs, effective 12 July 2016, require CPs to be registered and quoted on authorised securities exchanges. Accordingly, banks are prohibited from transacting in CPs (that are not quoted or intended for quotation on an authorised securities exchange), in any capacity whatsoever, including but not limited to as Issuer, Guarantor, Issuing, Placing, Paying and Collecting Agent ("IPPCA"), Collecting and Paying Agent ("CPA"); etc.

The CBN having approved the quotation rules of the FMDQ Exchange, has cleared it for the quotation of CPs in Nigeria.

TERMS AND CONDITIONS

The following is the text of the terms and conditions of the Notes which, subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are contained in the Applicable Pricing Supplement (the “Final Terms”), will govern the Notes to be issued under the Programme.

The provisions of these Terms and Conditions of the Notes (the “Conditions”) which are applicable to the Notes issued under the renewed Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Any provision of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions.

DEFINITIONS

In these Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

“**Agency Agreements**” means the Issuing and Placing Agency Agreement, and the Collecting and Paying Agency Agreement, both dated on or about the date of this Programme Memorandum executed by the Issuer, the Issuing and Placing Agent and the Collecting and Paying Agent (as applicable);

“**Agents**” means the Collecting and Paying Agent and the Issuing and Placing Agent;

“**Applicable Pricing Supplement**” or “**Pricing Supplement**” means the Pricing Supplement applicable to a Series or Tranche of Notes issued under the CP Programme;

“**Business Day**” means any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which commercial banks are open for general business in Lagos, Nigeria;

“**CBN Guidelines**” means the CBN Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on 11 September 2019 and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Paper, as amended or supplemented from time to time;

“**Collecting and Paying Agent**” or “**CPA**” means Zenith Bank Plc or any successor collecting and paying agent appointed in accordance with the Agency Agreement;

“**Collecting and Paying Agency Agreement**” or “**CPA Agreement**” means the Collecting and Paying Agency Agreement between the Issuer and the Collecting and Paying Agent;

“**CSD**” means 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;

“**CSD Rules**” means the rules and operating procedures for the time being, of the CSD;

“**Default Rate**” means the interest rate equivalent to the daily overnight NIBOR + 5% per annum or the Issue Rate +5% per annum (whichever is higher);

“**Event of Default**” means an event of default by the Issuer as set out in Condition 6;

“**Face Value**” means the par value of the Notes;

“**Force Majeure**” 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, pandemic, epidemics, riot, war, embargo, legislation, acts of terrorism, acts of God and industrial unrest;

“**FMDQ Exchange**” means FMDQ Securities Exchange Limited, a securities exchange and self-regulatory organisation licensed by the Securities and Exchange Commission, Nigeria to provide an efficient platform for the registration, listing, quotation, trading and reporting of securities and financial products inter alia;

“**FMDQ Exchange Rules**” means the FMDQ Commercial Paper Registration and Quotation Rules dated October 2023, as may be amended or supplemented 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 the FMDQ Exchange from time to time;

TERMS AND CONDITIONS

“Issue Date” means the date upon which the relevant Series/Tranche of the Notes is issued as specified in the Applicable Pricing Supplement;

“Issue Price” means the price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement;

“Issue Rate” means the discount rate at Issuance;

“Issuer” means Emzor Pharmaceutical Industries Limited, a private limited liability company incorporated under the laws of the Federal Republic of Nigeria with RC No 61894 and having its registered office at Plot 3C, Block A, Ilupeju Extension Scheme II, Aswani Market Road, Oshodi – Apapa Expressway, Isolo, Lagos, Nigeria;

“Issuing and Placing Agent” or **“IPA”** or **“Arranger”** means Renaissance Securities (Nigeria) Limited or any successor issuing and placing agent appointed in accordance with the Issuing and Placing Agency Agreement;

“Issuing and Placing Agency Agreement” or **“IPA Agreement”** means the Issuing and Placing Agency Agreement between the Issuer and the Issuing and Placing Agent;

“Naira”, “NGN” or **“₦”** means the Nigerian Naira, the official currency of the Federal Republic of Nigeria;

“NIBOR” means the Nigerian Inter-Bank Offered Rate;

“Noteholder” means the holder of a Note as recorded in the Register kept by the CSD in accordance with the Terms and Conditions;

“Notes” means the Quoted Commercial Paper Notes to be issued by the Issuer under the CP Programme in form of short-term zero-coupon notes and held in a de-materialised form by the Noteholders through the CSD;

“Principal Amount” means the nominal amount of each Note, as specified in the Applicable Pricing Supplement;

“Programme” means the ₦10,000,000,000 (Ten Billion Naira) commercial paper programme established by the Issuer which allows for the multiple issuances of Notes from time to time under a standardized documentation framework;

“Programme Memorandum” means the information memorandum dated [●] which sets out the aggregate size and broad terms and conditions of the CP Programme;

“Redemption Amount” means the amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note at the Redemption Date;

“Redemption Date” means the date as specified in each Applicable Pricing Supplement on which the Principal Amount is due. [This shall also mean **“Maturity Date”** as referred to in the applicable Transaction Document];

“Register” means the register to be maintained by the CSD in respect of the Notes and the Noteholders;

“Relevant Currency” means 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;

“Relevant Last Day” means the date specified in the Applicable Pricing Supplement after which transfer of the Notes will not be registered;

“Series” means 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;

“Specified Office” means the office of Agents as specified under the Agency Agreements and shall include such other office or offices as may be specified from time to time thereunder;

“Tranche” means Notes which are identical in all respects; and

“Transaction Documents” means the Agency Agreements, the Programme Memorandum, any Applicable Pricing Supplement, the Deed of Covenant, and any other document relating to the issue of the Notes, as approved by the FMDQ Exchange

1. Issuance of the Notes

The Issuer may from time to time, subject to these Terms and Conditions, issue Notes in one or more Series on a continuous basis under the Programme in an aggregate principal amount not exceeding ₦10,000,000,000.00 (Ten Billion Naira). Any Series of Notes issued under the Programme shall be constituted by, be subject to and benefit from the Deed of Covenant

2. Form, Denomination and Title**2.1 Form and Denomination**

- 2.1.1 Unless otherwise specified in any Applicable Pricing Supplement, the Notes shall be registered electronically, serially numbered and denominated in a minimum amount of N100,000,000 (One Hundred Million Naira) and multiples of N1,000 (One Thousand Naira) thereafter; and will be sold at the Issue Rate; and shall have a maturity not exceeding 270 days including the roll over from the Issue Date
- 2.1.2 The Notes issued under this programme will be denominated in Naira.
- 2.1.3 Notes issued will be in the form of zero-coupon notes and will not pay interest prior to final maturity.
- 2.1.4 The Notes shall be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSD

2.2 Title

- 2.2.1 Title to the Notes will pass upon credit to the CSD account of the Noteholders.
- 2.2.2 Transfer of title to Notes shall be effected in accordance with the rules governing transfer of title in securities held by the CSD.
- 2.2.3 The Issuer may deem and treat the registered holder of any Note as indicated in the records of CSD and the Register as the absolute owner thereof for all purposes, including but not limited to the payment of outstanding obligation in respect of the Notes.

3. Status of the Notes

The Notes shall constitute a direct, unconditional, unsubordinated, and unsecured obligation of the Issuer and the Notes rank pari passu among themselves and, save for certain debts preferred by law, pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.

4. Redemption

The Notes are only redeemable at maturity and will be redeemed at the face value specified in the Applicable Pricing Supplement.

5. Payments

The face value of the Notes will be paid to the Noteholders whose names are reflected in the Register as at the relevant last date. The registered Noteholder shall be the only person entitled to receive payments in respect of a Note and the Issuer will be discharged by payment to, or to the order of, the registered Noteholder in respect of each amount so paid.

5.1 Method of Payments

- 5.1.1 Payment of any outstanding obligation in respect of the Notes will be made by electronic funds transfer, in Naira.
- 5.1.2 All monies payable in respect of the Notes shall be paid to or to the order of the Noteholders by the Collecting and Paying Agent. Noteholders shall not be required to present and/or surrender any documents of title to the Collecting and Paying Agent.
- 5.1.3 In the case of joint Noteholders, payment by electronic transfers will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes to such joint Noteholders.
- 5.1.4 Neither the Issuer nor its agents shall be responsible for any loss in transmission of funds paid in respect of each Note where the Issuer or its agents have provided evidence that the funds have been transferred in respect of the Notes.
- 5.1.5 If the or the Collecting and Paying Agent is prevented or restricted directly or indirectly from making any payment by electronic funds transfer (whether by reason of Force Majeure or any other cause or contingency beyond the control of the Issuer), the Issuer or the Collecting and Paying Agent shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such payments by cheque shall be sent by post to the address of the Noteholder as set out in the Register.

TERMS AND CONDITIONS

- 5.1.6 Cheques may be posted by registered mail, provided that neither the Issuer nor the Agent shall be responsible for any loss in transmission and the postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this condition.

5.2 Payment Day

Any payment in respect of the Notes shall be made on a Business Day. Where the day on or by which a payment of any amount in respect of the Notes is due to be made is not a Business Day, that payment shall be made 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.

5.3 Closed Periods

No Noteholder may require the transfer of the Notes (i) during the period of 5 (five) Business Days ending on the due date for redemption in respect of that Note; or (ii) following the issuance of a default notice to the Issuer pursuant to the conditions stated in the Conditions of Default (Action upon Event of Default).

6. Event Default

6.1. Event of Default

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

- 6.1.1 Non-payment default by the Issuer in the payment of the Redemption Amount to the Noteholders in respect of the Notes on the Redemption Date; or
- 6.1.2 In line with Rule 15.2 of the FMDQ Exchange Rules, part payment of the CP value to Noteholders shall constitute a default; or
- 6.1.3 In line with Rule 15.8 of the FMDQ Exchange Rules, in respect of any Tranche or Series, if the Collecting and Paying Agent fails to notify the FMDQ (on behalf of the Issuer) that the Notes have been liquidated and funds have been transferred by the Collecting and Paying Agent to all Noteholders by 5:00pm on the Redemption Date; or
- 6.1.4 If the Issuer fails to perform or observe any of its other obligations under the Notes (except its payment obligations) and such failure has continued for a period of 5 (five) Business Days following the service on the Issuer of a written notice requiring that breach to be remedied; or
- 6.1.5 Should any representation or warranty made in connection with any documentation supplied by the Issuer be materially incorrect; or
- 6.1.6 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, or is placed under provisional or final judicial management, or enters into a scheme of arrangement or compromise with its creditors in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders; or
- 6.1.7 Should the members of the Issuer pass a resolution for the winding up of the Issuer; or
- 6.1.8 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 appealed, discharged or stayed within 60 (Sixty) days of service by the relevant officer of the court of such attachment, execution or other legal process.
- 6.1.9 If any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation, or nationalisation of all or a material part of the assets of the Issuer

6.2. Action upon Event of Default

Upon the occurrence of an Event of Default and where such Event of Default 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.

Where an Event of Default occurs prior to the Redemption Date, the amount payable to the Noteholder shall be the face value of the Note discounted at the Issue Price from the Redemption Date to the Default Date. Provided that the amount payable shall bear interest at the Default Rate from the Default Date to the date of payment thereof.

TERMS AND CONDITIONS

Where an Event of Default occurs on the Redemption Date, the amount payable to the Noteholder shall be the face value of the Note. Provided that the amount payable shall bear interest at the Default Rate from the Redemption Date to the date of payment thereof.

In addition, each Noteholder shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

7. Register

- 7.1.1 The Register shall be maintained by the CSD. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate principal amount of the Notes issued to such Noteholder and the date of issue.
- 7.1.2 The records of the relevant CSD and/or statements issued by the CSD as to the aggregate number of Notes standing to the CSD account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer and the Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes.
- 7.1.3 The Register shall be open for inspection during the normal business hours of the CSD to any Noteholder or any person authorised in writing by the Noteholder.
- 7.1.4 The CSD shall alter the Register in respect of any change of name, address, or bank account number of any of the registered Noteholders of which it is notified in accordance with these Terms and Conditions.

8. Notices

8.1 Notices to the Noteholders

- 8.1.1 All notices to the Noteholders will be valid if mailed to them at their respective addresses of record or electronically mailed to them via their respective email addresses in the relevant Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of the CBN, the FMDQ Exchange, the CSD or such other regulatory authority as may be applicable to the Notes.
- 8.1.2 The Parties agree that the Collecting and Paying Agent's obligation under Condition 10.1.1, shall be limited to providing administrative support to relay notices issued to Noteholders pursuant to the CBN Guidelines, the FMDQ Exchange, CSD Rules or such other regulatory authority as may be applicable to the Notes. The Collecting and Paying Agent shall not be obliged to review or check the adequacy, accuracy, or completeness of any document/notice it relays or sends to the Noteholders pursuant to this Condition 8 where the Collecting and Paying Agent receives such document/notice from the Issuer and is not involved in the preparation of such document/notice. For the avoidance of doubt, the duties of the Collecting and Paying Agent is solely mechanical and administrative in nature. The Collecting and Paying Agent is not obliged to review or check the adequacy, accuracy, or completeness of any document it receives directly from the Issuer for delivery, publication or notification to the Noteholders. Provided that where such document/notice is prepared by the Collecting and Paying Agent, the Collecting and Paying Agent shall be obliged to confirm the adequacy, accuracy and completeness of such document/notice.
- 8.1.3 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.

8.2 Notices from the Noteholders

- 8.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same with the Collecting and Paying Agent.
- 8.2.2 Any change of name or address on the part of the Noteholder shall forthwith be notified to the Issuer and subsequently, the Register shall be altered accordingly following notifications to the CSD.

9. Modification

- 9.1 The Issuing and Placing Agent and the Issuer may agree without the consent of the Noteholders, to any modification of the Terms and Conditions, which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with the mandatory provisions of any law in Nigeria and which is not prejudicial to the interest of the Noteholders. Notice of such modification shall be published in at least 1 (one) daily newspaper of general circulation in Nigeria and shall be deemed to have been given and received on the date of first publication.

- 9.2 Save as provided in condition 9.1 above, no amendment of the Terms and Conditions may be effected unless;
- i. such amendment is in writing and signed by or on behalf of the Issuer;
 - ii. The Exchange is notified of such amendment and
 - iii. such amendment:
 - if it affects the rights, under the Terms and Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than 75% of the outstanding principal amount of all the Notes; or
 - if it affects only the rights, under the Terms and Conditions, of a particular group (or groups) of Noteholders, is signed by or on behalf of the Noteholders in that group (or groups) holding not less than 75% of the outstanding principal amount of all the Notes held by that group.
- 9.3 Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 8 as practicable thereafter.

10. Meeting Of Noteholders

- 10.1 The Issuer may at any time convene a meeting of all Noteholders upon at least 21 (Twenty-One) days prior written notice to such Noteholders. The notice is required to be given in terms of Condition 8. Such Notice shall specify the date, place, and time of the meeting to be held, which place shall be in Nigeria.
- 10.2 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 10.3 Noteholders holding not less than 10% in principal amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 (Ten) Business Days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.
- 10.4 A Noteholder may by an instrument in writing ("**Form of Proxy**") signed by the holder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person ("**Proxy**") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 10.5 Any Noteholder, which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative ("**Representative**") in connection with any meeting or proposed meeting of the Noteholders.
- 10.6 Any Proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the Holder of the Notes to which the appointment relates and the Holder of the Notes shall be deemed for such purposes not to be the Holder.
- 10.7 The chairman of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 10. Should the Noteholders requisition a meeting, and the Issuer fail to call such a meeting within 10 (Ten) Business Days of the requisition, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by a simple majority of Noteholders present in person or proxy.
- 10.8 The chairman of the meeting shall be the sole judge of the validity of every vote tendered at such meeting, and the chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
- 10.9 At any meeting of Noteholders, two or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than 60% (sixty percent) of the principal amount of outstanding Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.
- 10.10 If within 30 (thirty) minutes after the time appointed for any such meeting, a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than 14 (fourteen) days nor more than 21 (twenty-one) days thereafter, and at the same time and place unless as otherwise prescribed by the chairman. At such adjourned meeting, one or more Noteholders present or represented by proxy holding in aggregate not less than 60% (sixty percent) of the Principal Amount of outstanding Notes shall form a quorum and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present.

TERMS AND CONDITIONS

- 10.11 A resolution shall be deemed an Extraordinary Resolution if the same shall be passed by a majority consisting of not less than 75% (seventy-five percent) of the persons present and voting at the meeting upon a show of hands, or if a poll is demanded, by Noteholders holding not less than 75% (seventy-five percent) in value of the Notes held by the Noteholders present or represented by proxies at the meeting.
- 10.12 A meeting of the Noteholders shall inter alia have the following powers exercisable by Extraordinary Resolution:
- 10.12.1 to sanction the release of the Issuer from all or any part of the Principal Amount and any other sums owing upon the Notes;
 - 10.12.2 to sanction any modification or compromise or any agreements in respect of any rights of the Noteholders against the Issuer;
 - 10.12.3 to assent to any modification of the provisions of the Terms and Conditions;
 - 10.12.4 to request any outstanding Notes to have become immediately due and payable on the occurrence and/or subsistence of any Event of Default;
 - 10.12.5 to give any sanction, direction or request which under any of the provisions of these presents is required to be given by Extraordinary Resolution;
- 10.13 A resolution passed at a meeting of the Noteholders duly convened and held in accordance with this Condition 10 shall be binding upon all the Noteholders whether present or not present at such meeting, and each of the Noteholders shall be bound to give effect thereto accordingly, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution.
- 10.14 A resolution in writing duly signed by 75% (seventy-five percent) of the Noteholders holding in aggregate not less than 75% (seventy-five percent) of the Principal Amount of outstanding Notes, shall be as effective for all purposes as a resolution duly passed at a meeting of the Noteholders, provided that the resolution was sent to all the Noteholders entitled to receive notice of a meeting of Noteholders. Such resolution may be contained in one document or in several documents of identical form signed by all the Noteholders entitled to receive notice of a meeting.

11. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to issue further Notes under the Programme.

12. Governing Law

The provisions of the Programme Memorandum and the Notes are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

TAX CONSIDERATIONS

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, however, in the case of a late payment, interest will accrue on the redemption monies to be paid to the Note holders. The discount on the Notes, and/or any accrued interest on the redemption monies to be paid to Noteholders may be taxed in accordance with applicable Nigerian tax laws. Specifically, any such discount or accrued interest on the redemption monies may be subject to withholding tax at the rate of 10% in the case of corporate noteholders¹ (or 5% in the case of individual noteholders) in accordance with the provisions of the Nigerian Companies Income Tax Act, Personal Income Tax Act and Withholding Tax Regulations.

The foregoing 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 tax position should seek professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Notes, bearing in mind his/her 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.

¹ Any accrued interest on redemption monies may, in the case of corporate noteholders, attract a reduced withholding tax rate of 7.5% to the extent that such noteholders are tax-resident in a double tax treaty jurisdiction with Nigeria, and such treaty provides for a reduced withholding tax rate of 7.5%.

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 Commercial paper. The risks in the following section are provided as general information only. Before making any investment decision, prospective investors should carefully read this CP Programme in its entirety, including the risk factors set out below. Investors should also seek professional advice before making investment decisions in respect of the commercial paper.

Further to the above, the Issuer and Sponsor disclaim any responsibility for advising prospective investors of such risks as they exist at the date of this CP Programme or as such risks may change from time to time. Prospective Investors should consult their own financial and legal advisers about the risks associated with an investment in the commercial paper.

An investment in the Commercial paper involves certain risks, most of which may or may not occur and neither the Issuer, the Sponsor nor any of the Issuing Houses are in a position to express a view on the likelihood of any such contingency occurring. Accordingly, prospective investors should carefully consider, amongst other things, the following risk factors together with all of the other information included in this CP Programme and any Applicable Pricing Supplement before purchasing the commercial paper.

General Fixed Income Related Risks

There may not be an active two-way quote trading market for the CPs when issued, and thus the liquidity of the CPs may be limited. Therefore, Investors may not be able to sell their CPs in a transparent and efficient system. Although applications will be made for Notes issued under the Programme to be admitted and traded on the FMDQ Exchange platform, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes.

Macroeconomic Risks

Nigeria's heavy reliance on oil revenues exposes it to global price fluctuations even as its diversification efforts have been largely muted. The nation grapples with high unemployment rates, high inflation, FX supply challenges and fiscal constraints, thus impeding both domestic prosperity and foreign investment. Beyond these internal challenges, environmental factors like desertification and floods, along with demographic pressures from rapid population growth, add layers of complexity.

Also, the discontinuation of GlaxoSmithKline's (GSK) operations in Nigeria underscores the complex operational landscape and challenges within the country's business environment. The decision is a response to a combination of challenges in the market, including foreign exchange complexities, security concerns and high operational costs.

Operating Environment Risks

The pharmaceutical industry in Nigeria grapples with complex demand and supply dynamics driven by population growth, urbanization, and healthcare awareness. High demand, particularly for generic drugs, is fueled by a large population and rising chronic diseases, but limited access to essential medicines persists due to affordability challenges and inadequate healthcare infrastructure. The supply side faces hurdles with over 70% reliance on imports, emphasizing vulnerability to currency fluctuations and global disruptions. Local manufacturing, while growing, focuses primarily on generics, hindered by regulatory challenges, infrastructure gaps, and limited access to finance. Government initiatives aim to boost local production and attract foreign investment, while e-commerce platforms gain traction.

Yet, logistics challenges, encompassing infrastructure deficiencies and regulatory bottlenecks, pose obstacles to efficient drug distribution, affecting both pricing and accessibility. Addressing these issues requires strategic infrastructure development, streamlined regulations, heightened security measures, and financial support.

The Nigerian pharmaceutical industry and the regulatory environment is subject to the policies and changes as directed by the National Agency for Food and Drug Administration and Control (NAFDAC). The industry is further regulated by the National Agency for Food and Drug Administration Act Cap N1 LFN 2004 necessitating compliance with Good Manufacturing Practices amid challenges such as bureaucratic procedures, regulatory changes, huge tax burden levied on these companies and capacity constraints. While opportunities arise from a concentrated push for local production and alignment with international standards, regulatory agencies play a pivotal role in ensuring standards, consumer

RISK FACTORS

protection, and investor confidence. To succeed as a pharma company in Nigeria, pharma companies should brace up to some of the challenges which may be regulatory in nature (product registration/ import process) or non-regulatory (double taxation, infrastructure and logistics challenge), market challenge, etc.

The Company faces competition from the importation of generic low-cost drug producers from the Asian markets. The signing of the Africa Continental Free Trade Area (AfCFTA) agreement also presents opportunities and risks across the West African Region with increased competition.

RISKS RELATING TO THE ISSUER

The ultimate obligor for the indebtedness arising from the issuance of this CP is Emzor. The Company is exposed to commercial and market risks in its course of doing business, the most significant of which are credit risk, foreign exchange risk, operational risk, and liquidity risk.

Credit Risk

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit quality of each customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Foreign Exchange Risk

This is the risk of losing earning and capital which may arise from the change in price of one currency against another. The company undertakes transactions for the purchase of equipment and raw materials which are dominated in foreign currencies. Unfavourable movement in exchange rates may affect the company's foreign currency transactions, the cost of the company's foreign currency liabilities and consequently have a negative impact on its financial condition.

Operational Risk

According to the Pharmaceutical Manufacturers' Group of the Manufacturers Association of Nigeria (PMG-MAN), there are over 130 pharmaceutical manufacturing companies in Nigeria with less than ten (10) of them quoted on the Nigerian Stock Exchange (NSE).

Apart from frequent outbreaks of diseases, dependence on imported medicines and the exodus of medical professionals, the influx of fake and substandard drugs has become a deluge, causing illnesses, disabilities and deaths in Nigeria and other West African countries. About 17% of the drugs used in Nigeria is sub-standard and counterfeit.

With 70% percent of drugs imported, the local pharmaceutical manufacturing industry is currently able to meet 25%-30% of local demand with about 17% of drugs in circulation being fake competing for the market share of genuine local manufacturers.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Words used in this section shall bear the same meanings as used in the section headed "Definitions", 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 CSD, 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 CSD. 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 (as defined below) who will follow the electronic settlement procedures prescribed by the CSD.

Authorised Participants

The CSD will maintain a central securities account for Issuing & Placing Agent, Collecting & Paying Agent and Dealing Members ("Authorised Participants") and each beneficial owner of the Notes is required to have a sub- account under the Authorised Participants. Note holders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants. For purposes of Notes issued under this Programme, the Authorised Participants are FCMB Capital Markets Limited, First City Monument Bank Limited and any other Issuing and Placing Agent appointed by the Issuer.

Registration

- i. The Authorized Participant is required to register with the CSD before dealing in CPs.
- ii. Note holders are required to route their account opening applications and transactions through the Authorized Participant, who would then notify the CSD to create a relevant sub-account for the Noteholder.
- iii. The CSD will assign a unique identification number ("Trade Member Code") to the Authorized Participant and also open the account(s) requested by the Authorized Participant.
- iv. The CSD will furnish the Authorized Participant with the following information:
 - a) Trade Member code;
 - b) Account Number(s), including sub-accounts for clients; and
 - c) CP Symbol and ISIN Codes (the CSD 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).

Lodgement

- i. The Authorized Participant will electronically lodge CPs with the CSD and advise the CSD after lodgement to transfer the CPs to the sub-accounts, individual accounts, or custodians accounts of the beneficial owners of the Notes.
- ii. The CSD shall process same within 24 hours of receipt.

Redemption

- i. No transactions or trades may be effected for any CP five (5) working days prior to its maturity date as the Register closes two (2) working days before maturity date.
- ii. The Authorized Participant must notify the CSD to expunge (knock-off) matured CPs not later than 3.00pm on the maturity/redemption date of the CP.
- iii. The CSD shall expunge matured CPs on the maturity date of the CPs.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

- iv. Maturity must be on a business day, however, where this falls on a public holiday, the ensuing working day shall be the maturity date of the CP.
- v. The CPA shall ensure that funds have been transferred to all CP holders by 3:00PM on the maturity date of the CP

Roll-Over

- i. Every roll-over of a CP shall be treated or classified as a fresh/ separate CP and shall be registered with the CSD who in turn shall furnish Issuing and Placing Agent and the Collecting and Paying Agent with the new CP Symbol and ISIN Codes, subject to the receipt of CP rollover fees.
- ii. The new codes shall replace the existing CP Symbol and ISIN Codes in the system.
- iii. All CPs, including rollovers, shall not exceed 270 days (tenor) from the date of issue
- iv. The CSD shall expunge the existing CP unique identifier from the system and replace it with new codes
- v. Where the Issuer is desirous to rollover, the IPA shall be informed no later than three business days before the maturity date of the CP and shall furnish the IPA with the relevant updated document for the re-evaluation of the CP
- vi. The IPA upon receipt of notification shall notify the Exchange by providing the relevant documentation that all investors have been duly informed not later than 3:00 pm, one business day prior to the maturity date of the CP. Upon receipt, the Exchange shall confirm approval

Default

- i. The Exchange shall be notified immediately it is identified that a default is imminent or there is a strong possibility of default. The Sponsor shall provide reasons for the default or imminent default.
- ii. The Exchange shall make public the default status to the market. In this event, the CP holdings must remain with the CSD until the CPA pays off the CP holders and notifies the CSD with evidence.
- iii. The CPA shall pay off the Note holders and notify the CSD with the evidence.
- iv. The CPA shall notify FMDQ Exchange in writing that the CP has been liquidated and that funds have been transferred to all CP holders by 5:00 PM on the Maturity Date, failing which the Issuer shall be deemed to be in default
- v. Thereafter, the CSD shall notify the public and expunge the CP from the depository accordingly.

Secondary Market Trading (OTC) Guidelines

- i. Standard settlement cycle is T + 2.
- ii. The Authorized Participant shall submit Dealing Members' confirmed CP trade details on trade day in the specified format via the CSD's authorized platform, based on the following settlement timelines:
 - a) Same Day Settlement - 12.30pm
 - b) T+1 or T+2 Settlements - 3.00pm
- iii. The CSD shall deliver securities and send confirmation of transfers via the CSD's authorized platform by 2pm on settlement day to the FMDQ Exchange and Nigeria Inter-Bank Settlement System (NIBSS) simultaneously. Authorized participants 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 Exchange and the CSD simultaneously.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

- v. Transactions for standard settlement (T + 2) shall stop five (5) working days before maturity date, therefore the last applicable settlement shall be before close of business (3) working days before maturity date.

Reporting

- i. The CSD will effect the transfer of CPs on the settlement date as advised by the buyer and seller (the "Transaction Parties") and also keep records of consideration for each transaction.
- ii. The CSD will advise the Dealers of their position, successful and failed transactions on each settlement day.
- iii. The Authorized Participant and Note holders can ascertain their CP balances after each day's trade via the CSD website (<https://www.fmdqgroup.com/fmdqdepository/www.cscsnigeriaplc.com>).

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 CSD and may be transferred only in accordance with rules and operating procedures of the CSD.

Cash Settlement

The Transaction Parties will be responsible for effecting the payment transfers either via Real Time Gross Settlement ("RTGS"), NIBSS Electronic Funds Transfer ("NEFT") or any other transfer mode agreed by the Transaction Parties and recognised by the CBN.



**Emzor Pharmaceutical Industries Limited
Issue of Series I Commercial Papers
Notes Under its ₦10,000,000,000
Commercial Paper Programme**

The Pricing Supplement must be read in conjunction with the Programme Memorandum, originally dated [●] prepared by Renaissance Securities (Nigeria) Limited on behalf of Emzor Pharmaceutical Industries Limited in connection with its ₦10,000,000,000 (Ten Billion Naira) Commercial Paper Programme, as amended and/ or supplemented from time to time ("the Programme Memorandum").

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

This document constitutes the 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 Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

This document has been prepared in accordance with the Central Bank of Nigeria's Guidelines on the Issuance and Treatment of Bankers' Acceptance and Commercial Papers issued on 11 September 2019 and the FMDQ Exchange Rules. The document is not required to be registered with the Nigerian Exchange Limited ("NGX") or the Securities and Exchange Commission ("SEC"). This document is important and should be read carefully. If any recipient is in any doubt about its contents or actions to be taken, such recipient should consult his/her Banker, Stockbroker, Accountant, Solicitor, or any other professional adviser for guidance immediately.

Sole Arranger/Dealer/ Issuing & Placing Agent



RENAISSANCE SECURITIES (NIGERIA) LIMITED

Collecting And Paying Agent



ZENITH BANK PLC

This Pricing Supplement Is Dated [●]

PROFORMA APPLICABLE PRICING SUPPLEMENT

Issuer	Emzor Pharmaceutical Industries Limited
Arranger & Dealer	Renaissance Securities (Nigeria) Limited
Collecting and Paying Agent	Zenith Bank Plc
Custodian	FMDQ Depository Limited
Programme Size	₦10,000,000,000
Series Number	[•]
Issued and Outstanding at the date of this Pricing Supplement	[•]
Face Value	[•]
Discounted Value	[•]
Nominal Amount Per Note	[•]
Tenor	[•]
Issue Date	[•]
Maturity Date	[•]
Final Redemption	[•]
Minimum Subscription Amount	[•]
Specified Currency	Nigerian Naira (N)
Status of Notes	Each Note constitutes a senior unsecured obligation of the Issuer and the Notes rank pari passu 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
Form of Notes	Dematerialised
Use of Proceeds	The net proceeds from each issue of Notes under the Programme will be used solely to support the Issuer's working capital requirements and for general corporate purposes
Quotation	Notes may be quoted on the FMDQ Securities Exchange or any other recognized Exchange
Taxation	Please refer to the 'Tax Considerations' section in the Programme Memorandum
Method of Offer	Fixed Price Offer
Implied Yield	[•]
Discount Rate	[•]
Any Other Formula or basis For Determining Amount(S) Payable	$PV = FV * (1 - (DR * t / \text{Actual number of days in a year}))$
Day Count Fraction	Actual/Actual
Business Day Convention	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria
Redemption/Payment Basis	Redemption at par
Issuer's Early Redemption	Not Applicable
Issuer's Optional Redemption	Not Applicable
Other Terms Applicable on Redemption	Not Applicable
Offer Opens	[•]
Offer Closes	[•]
Allotment Date	[•]
Notification of Allotment	All applicants will be notified through an email and/or telephone of their allotment by no later than [•]
Payment Date	[•]
Details of Bank Account(s) to which payments are to be made in respect of the Notes	[•]
Settlement Procedures and Settlement Instructions	Purchases will be settled via direct debit, electronic funds transfer (NIBBS, NEFT, RTGS, etc.)
Issuer Rating	A2 (GCR) and A1 (DataPro)
Delivery Date	[•]

PROFORMA APPLICABLE PRICING SUPPLEMENT

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 2022 audited accounts.

Responsibility

The Issuer and its Board of Directors accept responsibility for the information contained in this 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 _____ on this _____ day of _____ 20[•]

For and on behalf of:

Emzor Pharmaceutical Industries Limited

Name:

Capacity: Director

Who warrants his/her authority hereto

Name:

Capacity: Director

Who warrants his/her authority hereto

DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

Introduction

Emzor is a private indigenous pharmaceutical manufacturing group founded in 1984 by Dr. Stella C. Okoli, OON. The company manufactures high-quality pharmaceutical products and medical consumables. Its holding company, Emzor Chemists Limited opened for retail business in January 1977 in Yaba, Lagos.

The rapid growth of the retail business encouraged Emzor Chemists Limited to venture into the importation and wholesale of assorted Pharmaceutical. The idea to manufacture locally came later and this was predicated on the need to develop local capability, create jobs and provide high quality pharmaceutical products and services to the Nigerian people at prices that are not only affordable but represent value.

Emzor started pilot production in 1985. By 1988, it had become an established pharmaceutical manufacturing company especially with the introduction of Emzor Paracetamol which is today a leading brand of analgesic not only in Nigeria but across Sub-Saharan Africa.

The company's factory is located in the Isolo industrial area of Lagos with facilities to make a wide variety of high-quality pharmaceutical products that meet international standards at affordable and competitive prices. All Emzor products meet the highest international standards and are duly registered with the NAFDAC.

The then secretary of Health to the Interim National Government Dr. Christopher Okojie officially commissioned the company's factory in July 1993. The company has since attracted foreign missions, scholars, and students of pharmacy, microbiology and chemistry. In April 1999, Prof. Debo Adeyemi, the Honorable Minister of Health, commissioned the factory extension.

From the modest beginning with four (4) products in 1987, the company now manufactures in its own factory a wide range of products in the analgesic, anti-malaria, vitamin/haematinics/multivitamin supplement, anti-helmintic, antibiotics and therapeutic categories. The company has in its stable more than 120 different products.

Today, Emzor has become a household name in Nigeria and a leader in the pharmaceutical market that is known for quality products at prices that offer real value across West Africa. Emzor's commitment is to produce and deliver flawless products on time and every time.

Our Vision

To be the leading healthcare company in Africa through the provision of world-class products and services.

Our Mission

We have an unwavering commitment to provide our customers with healthcare products and services of consistently high quality, made readily available at prices which create value for all stakeholders. We continuously develop and reward people of integrity who subscribe to hard work and creativity as a means of achieving individual and corporate excellence

Wellocracy

We envision a world where Unlimited Wellness is made available to all and affordable by all.

Recognition

Emzor has been recognized by numerous professional organizations' certifications and by industry publications. Others have applauded its commitment to quality and its stellar business performance. The company is proud of the contributions made toward breathing health into the lives of people in Africa and around the world.

NAFDAC Certification

All Emzor's products are registered by the appropriate regulatory authority in Nigeria (National Agency For Food and Drug Administration and Control).

Board Composition

As at 31 December 2023, the Board comprised 7 (seven) Directors: 3 (three) non-executives and 4 (four) executive directors.

DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

All the Directors have varied experience and backgrounds and are well equipped to handle the responsibilities of the Board.

Profile Of Directors

Mr. Emeka C. Okoli - *Chairman of the Board*

Born in London and raised in Nigeria during his early years, he attended St Saviours School and Kings College Lagos, Emeka returned to England to continue his secondary school education at Kings College School Rochester where he attained his GCSE's and A Levels before proceeding to university. Emeka earned a B.Eng. in Aeronautical Engineering from Loughborough University and an MSc in Information Technology from University College London and an MSc in Mathematical trading and finance from Cass Business School, City University London while working at Merrill Lynch. Emeka ran his own Financial Risk consultancy firm, working with asset managers and investment banks like HSBC and Deutsche Bank in London. Prior to that, he was Head of Investment Risk for BMO Global Asset Management (EMEA) in London, (formerly F&C Asset Management); Vice President market risk at Merrill Lynch in London and a Senior Analyst at Sema Group Telecoms in London & Paris. His main area of focus at Emzor is in the long term strategic financial planning and in other long-term projects that focus on the growth and diversification of the Emzor Group.

Dr. Stella C. Okoli - *Managing Director*

Dr Stella started her career at Middlesex Hospital London, Boots Chemist London, and Park Davis Nigeria. Driven by passion to bring world-class pharmaceutical products and services to the Nigerian consumers, she established Emzor Chemists Limited in 1977 and subsequently incorporated Emzor in 1988. She holds a bachelor's degree in pharmacy from the University of Bradford and a Masters degree in biopharmaceutics from University of London, Chelsea College. She has attended various management and leadership programs / trainings at Harvard and Lagos Business Schools respectively, INSEAD, France and the Singapore Institute of Management. In recognition of her enormous contributions to business and economic development, she was honored as a Member of the Order of Niger (MON).

Mrs. Uzoma Ezeoke - *Executive Director*

Uzoma has over 20 years' experience in the pharmacy profession working with various organisations such as Boots the Chemist United Kingdom, Rite Aid Corporation and Merck Merdo in the United States of America. She co-founded Emerald Lake Incorporated, a community pharmacy and medical equipment services company in Las Vegas, Nevada. Although her current role focuses more on the commercial and management aspects of the healthcare industry, her passion remains community practice where she has experienced the life-changing impact of good healthcare interventions delivered by committed and competent professionals. Mrs Uzoma Ezeoke is the Executive Director Finance, Human Resources & General Duties. She holds a bachelor's degree in pharmacy from Nottingham University, England. She is also an alumna of the Lagos Business School.

Mr. Shivakumar Subramani - *Executive Director*

A seasoned finance professional with more than 20 years of experience in Asian, Middle East and African markets. He holds a bachelor's degree in chemistry from Bangalore University. He has attended various management courses on strategy and finance from the prestigious Indian School of Business. He has undergone training in healthcare management in Austria and Leadership training from the South African Institute. He has worked in different business verticals from IT sector to manufacturing and service industry and with proven business acumen in managing finance operations and contributing higher rate of organic growth for the organization. His main focus is on the financial management and controls of the Sponsor, along with delivering value to the stakeholders.

Mr. Wale Odusanya - *Non-Executive Director*

Mr. Odusanya is an Investment Management Executive boasting extensive experience in private equity and investment banking. Currently serving as the Vice President of Investments at Verod Capital Management Limited, a prominent private equity fund manager with a robust portfolio exceeding \$300M in assets under management. Before taking on his current role, Mr. Odusanya held the position of Head of Financial Advisory at Stanbic IBTC Capital Limited, where he dedicated over a decade to actively contributing to groundbreaking deals in the Nigerian market. His proficiency spans the entire spectrum of deal processes, including origination, structuring, execution, and negotiation of mergers, acquisitions, divestitures, and corporate restructurings. Mr. Odusanya holds distinguished professional qualifications as a Chartered Accountant, Chartered Stockbroker, and a Charter holder of the CFA Institute. Additionally, he is a respected member of the Institute of Directors, further underscoring his commitment to excellence in the field of investment management.

Mr. Gabriel Kieta - *Non-Executive Director*

Mr. Gabriel Kieta graduated from Montpellier University France in 1991 with B. Pharm (Hons). He obtained his European MBA from Esden Madrid in 1992 and thereafter served in the French army in Germany for one year. He

DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

began his career in 1994 with Ubipharm group SA (Rouen-France) a leading group in the pharmaceutical distribution sector in French speaking Africa and French Indies with over seven companies in the group in 14 countries and 3 departments where he rose to be in charge of the Group sourcing and external growth operations upstream in the supply chain and also in charge of Ubipharm business partnership with international pharmaceutical companies and groups all over the world until 2012. He is currently the Director & Chairman of Odypharm LDT & Odypharm India Lifescience Ltd and Odypharm Life science Hong Kong Ltd. He is also on the Board of BDA Pharma Ltd (India), Abacus Pharma (Uganda), Ilapharm Group, YGIE Investment & Services Ltd amongst others.

Dr. Shamsuddeen Usman - Non-Executive Director

Dr Shamsuddeen Usman (CON) possesses over 35 years' experience in management consulting, economic advisory, strategic planning and business strategy, corporate finance advisory and financial modeling, managerial finance and due diligence, strategy and leadership development, banking, risk and project management. He graduated from Ahmadu Bello University, Zaria in 1973 with Bsc. Economics. He also has a Masters degree and Ph.D in Economics from the University of London. He was Nigeria's Hon. Minister of Finance from 2007 to 2009 and Hon. Minister of National Planning from 2009 to 2013. He is a fellow of the Nigerian Economic Society and the Chartered Institute of Bankers. He began his career as a planning officer with Kano State Ministry of Economic Planning in 1974, a position he vacated in 1976. He has also occupied positions such as: Managing Director, Nal Merchant Bank; 1995 – 1999 and Deputy Governor, Central Bank of Nigeria; 1999 – 2007. He is the Chairman/Chief Executive Officer of Susman & Associates Limited and is currently involved in designing a short – medium term strategic plan for the states in North Eastern Nigeria, designing and implementing a comprehensive performance monitoring and evaluation system for Lagos State Government. He sits on the Board of a number of companies.

Description of Shareholding

As at 31 December 2019, the Company's authorised share capital was ₦1,250,000,000, comprised of 2,500,000,000 ordinary shares of 50 kobo each. As at 31 December 2019, the Company's issued and fully paid up share capital was ₦1,139,375,000 comprised of 2,278,750,000 ordinary shares of 50 kobo each.

Major Shareholders

The following table lists the shareholders of the Company as indicated in its share register as at 31 December 2023. All the shareholders of the Company have the same voting rights and right to receive notice of, and to attend, meetings.

Shareholding Structure

The shareholding structure of Emzor as at 31 December, 2023 is as follows:

	Number of shares held	%
Mrs Stella C. Okoli	2,000,000,000	80.0
Oreon EPI Limited	500,000,000	20.0
	2,500,000,000	100.0

Key Products

Emzor is active in the production of pharmaceutical products across various market segments. These include Analgesics, Anti-Malaria's, Antibiotics, Anti-histamines, Antitussives (cough suppressants), Cardiovasculars, Gastrointestinals, Haematinics, Vitamins, Supplements and Nutritional Oils.

The Company has a wide range of products in each of these segments, with some of the products enjoying a market leading position in their respective segment. Below is a brief description of the Company's most notable products:

Emcap: Emcap is an acetaminophen used for fast relief from headaches, backaches, joint and muscular pain. Emcap is produced in 100 tablets, 1000 tablets and 60ml suspension bottles for children.

Emprofen; Emprofen is an analgesic and antipyretic used to treat fever, pain and inflammation caused by many conditions such as headache, rheumatoid arthritis, and osteoarthritis. Emprofen is produced in 200mb soft gel, 400mg soft gel and a 100mg suspension.

Emzor Paracetamol: Emzor paracetamol is one of the country's most known pain relievers and one of the company's most known brand product. Paracetamol is used for fast relief from pains, feverish conditions, teething pains, cold symptoms, headache, muscular and general body aches. Emzor paracetamol is produced in 1000 tablets, 96 tablets and 15ml drops.

DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

Maldox: Maladox is an anti-malaria used to prevent p.falciparum malaria infection for patients in which chloroquine resistance is suspected. The combination is indicated for travellers to endemic areas where chloroquine-resistant p.falciparum malaria is prevalent. Maladox is produced in 3 tablets and a 15ml suspension.

Lokmal: Lokmal is an anti-malaria used for treatment of malaria caused by all forms of plasmodium including multi-drug resistant strains of f.falciparum. The drug combines the use of artmethether and lumefantrine. Lokmal is produced in 6 tablets, 24 tablets, 60 ml suspension and 6 dispersible tablets.

Emzifix: Emzifix is an antibiotic in the cephalosporin class of drugs. Emzifix is used to treat a number of bacteria infections such strep throat, pneumonia, urinary tract infections, gonorrhoea and lyme disease. Emzifix is produced in 200mg tablets, 400mg tablets and 5ml suspension.

Chlorpheniramine: Chlorpheniramine is an antihistamine that reduces the effects of natura chemical histamine in the body. Histamine can produce symptoms of sneezing, itching, watery eyes caused by allergies, cold and flu. Chlorpheniramine is produced in 100 tablets, 1000 tablets and 60ml syrup.

Emzolyn: Emzolyn is a palatable syrup used for the relief of dry cough and other symptoms that accompany coughs and cold such as runny nose, catarrh, nasal congestion and blocked up sinuses. Emzolyn is manufactured in 100ml syrup bottles.

Zoretic: Zoretic is used in the treatment of high blood pressure, heart failure or extra fluid in the body (oedema). The drug combines the use of amiloride hydrochloride and hydrochlorothiazide.

Zolat: Zolat (albendazole) is a broad spectrum anthelmintic used for the treatment of single or mixed infections of pinworm, threadworm, hookworms and tapeworms. Zolat is produced in 400 mg tablet, 1000mg tablet, chewable tablets and 20ml suspension.

Emzoron: Emzoron is used for the treatment of iron deficiency anaemia, megaloblastic anaemia, anaemia due to pregnancy and repeated haemorrhage B-complex vitamin deficiency. Emzoron is produced 30 capsules, 120 capsules, 250 capsules and 200ml tonic.

Omega 3 Fish Oil: Omega-3 fatty acids assist in the maintenance of cell membranes and the maintenance of healthy cholesterol levels in healthy people as well as the regulation of blood pressure.

Envite: Envite multivitamin tablets contain numerous vitamins and minerals in balanced rational proportions, which help in replenishing nutrients and prevent the occurrence of vitamin deficiencies. Envite is produced in 100 tablets, 1,000 tablets, 15ml drops and 100ml syrup.



KPMG Professional Services

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PMG 40014, Folorunso
Lagos

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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL INFORMATION

To the Shareholders of Emzor Pharmaceutical Industries Limited

Opinion

The summary financial information, included in the ₦10,000,000,000 Domestic Commercial Paper Issuance Programme which comprise:

- the consolidated statement of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022;
- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated statement of cash flows;

are derived from the audited consolidated financial statements of Emzor Pharmaceutical Industries Limited for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 (the "audited consolidated financial statements") respectively.

In our opinion, the accompanying summary financial information are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the Companies and Allied Matters Act (CAMA), 2020.

Summary Financial Information

The summary financial information do not contain all the disclosures required by the IFRS Standards as issued by the International Accounting Standards Board, 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 reading the audited consolidated financial statements and the auditor's report thereon. The summary financial information and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 in our reports dated 29 December 2021, 22 December 2022 and 05 April 2024 respectively.



Directors' Responsibility for the Summary Financial Information

The Directors are responsible for the preparation of the summary financial information in accordance with the Companies 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 financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Signed:

A handwritten signature in blue ink, appearing to read 'Dunni Okegbemila', with a stylized flourish at the end.

Dunni Okegbemila, FCA
FRC/2012/ICAN/00000000411
For: KPMG Professional Services
Chartered Accountants
12 April 2024
Lagos, Nigeria

HISTORICAL FINANCIAL INFORMATION

The financial information set out on pages 34 to 36 of this Programme Memorandum has been extracted from the audited consolidated annual financial statements of the Issuer and is available at the specified office of the Issuer. This section should be read and construed in conjunction with the audited consolidated financial statements for the years ended 31 December 2020, 2021 and 2022 and with any audited interim financial statements published subsequently, for the financial years prior to each issue of Notes under this Programme. The Group's consolidated annual financial statements have been prepared in compliance with the IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Consolidated Statement of Financial Position

In thousands of naira	2020	2021	2022
Non-current assets			
Property, plant and equipment	13,224,680	15,537,601	25,815,899
Right-of-use assets	1,509,508	1,117,457	1,177,196
Intangible assets	11,500	11,500	11,500
Investment in subsidiaries	-	-	-
Long term loan receivables	-	3,101,852	-
	14,745,668	19,768,410	27,004,595
Current assets			
Inventories	7,698,411	10,649,722	9,186,143
Right of return assets	54,975	39,404	35,208
Prepayments and advances	6,231,208	13,717,712	8,102,320
Trade and other receivables	8,130,816	8,657,440	7,420,968
Deposit for forwards	-	-	543,137
Loan receivables	-	-	3,310,123
Cash and cash equivalents	2,350,107	2,924,742	1,220,389
	24,465,517	35,989,020	29,818,288
Total assets	39,211,205	55,757,430	56,822,883
Equity			
Share capital	1,139,375	1,250,000	1,250,000
Share premium	5,321,138	5,321,138	5,321,138
Equity contribution	488,909	488,909	488,909
Retained earnings	7,052,604	7,660,247	4,310,070
Asset revaluation reserve	237,559	-	-
Deposit for shares	-	-	6,455,400
Total equity	14,239,585	14,720,294	17,825,517
Non-current liabilities			
Convertible loan stock	4,343,351	-	-
Loans and borrowings	3,981,797	16,676,989	15,688,935
Deferred income	719,429	374,020	140,238
Lease liabilities	1,356,421	938,642	480,435
Employee benefits	254,528	255,441	232,643
Provisions	43,374	46,156	61,684
Deferred tax liabilities	1,797,728	1,952,436	1,517,915
	12,496,628	20,243,684	18,121,850
Current liabilities			
Current tax liabilities	1,109,734	1,058,798	1,061,929
Convertible loan stock	-	5,471,959	-
Loans and borrowings	3,798,375	4,702,571	6,800,418
Deferred income	591,737	347,043	233,782
Lease liabilities	334,380	417,779	848,362
Trade and other payables	6,561,518	8,737,083	11,854,481
Refund liabilities	79,248	58,219	76,544
	12,474,992	20,793,452	20,875,516
Total liabilities	24,971,620	41,037,136	38,997,366
Total equity and liabilities	39,211,205	55,757,430	56,822,883

Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of naira	2020	2021	2022
Revenue	28,376,498	35,080,591	37,556,144
Cost of sales	(17,825,648)	(23,172,558)	(29,123,412)
Gross profit	10,550,850	11,908,033	8,432,732
Other income	193,786	224,163	22,539
Selling and distribution expenses	(2,002,229)	(2,576,597)	(3,331,470)
Administrative expenses	(4,623,209)	(4,930,725)	(5,935,730)
Impairment reversal/(loss) on trade and other receivables	129,711	(390,002)	(474,404)
Operating profit/(loss)	4,248,909	4,234,872	(1,286,333)
Finance income	1,583,750	980,418	806,853
Finance costs	(3,264,501)	(3,884,492)	(2,571,032)
Net finance costs	(1,680,751)	(2,904,074)	(1,764,179)
Profit/(loss) before minimum taxation	2,568,158	1,330,798	(3,050,512)
Minimum tax	-	-	(188,866)
Profit/(loss) before taxation	2,568,158	1,330,798	(3,239,378)
Income tax (charge)/credit	(932,184)	(960,714)	299,376
Profit/(loss) for the year	1,635,974	370,084	(2,940,002)
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	
Total comprehensive income/(loss) for year, net of tax	1,635,974	370,084	(2,940,002)
Total comprehensive profit/(loss) attributable to:			
Equity holders of the parent	1,635,974	370,084	(2,940,002)
Non - controlling interest		-	
Basic/diluted earnings per share (Naira)	0.72	0.15	(1)

Consolidated Statement of Cashflows

In thousands of naira	2020	2021	2022
Cash flows from operating activities			
Profit for the year	1,635,974	370,084	(2,940,002)
Adjustments for:			
Depreciation of property, plant and equipment	1,022,334	1,490,907	1,662,888
Depreciation on right-of-use-assets	357,892	396,971	436,715
Employee defined benefit liability	82,627	24,913	23,781
Interest on borrowings	911,465	2,265,003	888,688
Interest on convertible loan stock	661,160	840,594	468,623
Realised exchange loss on convertible loan stock	-	-	514,818
Profit on disposal of property, plant and equipment	(9,441)	(4,007)	(4,057)
Government grant released to profit or loss	(507,086)	(590,103)	(347,043)
Modification gain on loan	(109,125)	-	(138,257)
Interest expense on lease liability	283,291	255,595	257,024
Unrealised Foreign exchange loss	1,061,149	-	691,750
Unwinding cost	11,214	2,782	15,528
Interest on bank overdraft	86,015	41,132	45,730
Bank interest income	(269,297)	(37)	(1,284)
Unrealised Foreign exchange gain	(698,242)	(9,602)	-
Credit loss (reversal)/ provision	(129,711)	390,002	474,404
Write off of property, plant and equipment	407,330	-	-
Inventory write off	94,210	102,014	425,226
Decommissioning provision recognised in current year	8,939	-	-
Minimum tax	-	-	188,866
Income tax charge/(credit)	932,184	960,714	(299,376)
	5,832,882	6,536,962	2,364,022
Changes in:			
Decrease/(increase) in Inventories	2,399,211	(3,053,325)	1,038,353
Decrease in return asset	1	15,571	4,196
Decrease/(increase) in trade and other receivables	2,274,411	(218,832)	218,931
(Increase)/decrease in prepayments and advances	(1,915,167)	(7,486,504)	5,615,392
(Decrease)/increase in trade and other payables	(3,346,247)	1,944,929	2,412,258
(Decrease)/increase in refund liability	-	(21,029)	18,325
Increase in long term loan receivables	-	(3,101,852)	(208,271)
Increase in import finance facilities	484,155	837,846	1,178,959
	5,729,246	(4,546,234)	12,642,165
Employee benefits paid	(81,328)	(24,000)	(46,579)
Income tax paid	(202,209)	(856,942)	(320,880)
Net cash flows generated from/ (used in) operating activities	5,445,709	(5,427,176)	12,274,706
Cash flows from investing activities			
Purchase of property, plant and equipment	(2,500,197)	(3,804,658)	(10,658,968)
Addition to right-of-use-assets	(351,439)	(4,920)	(496,454)
Proceeds from disposal of property, plant and equipment	22,587	4,837	4,057
Interest received	269,297	37	1,284
Net cash flows used in investing activities	(2,559,752)	(3,804,704)	(11,150,081)
Cash flows from financing activities			
Term loan received	2,269,864	13,932,453	500,000
Repayment of loans and borrowings	(1,381,191)	(1,658,968)	(1,881,191)
Interest paid on loan	(312,070)	(1,022,221)	(1,639,632)
Interest paid on overdraft	(86,015)	(41,132)	(45,730)
Lease liabilities addition	104,225	-	481,343
Lease paid	(361,196)	(589,975)	(765,991)
Dividend paid	(325,438)	(41,430)	(20,520)
Net cash flows (used in)/ generated from financing activities	(91,821)	10,578,727	(3,371,721)
Net increase/(decrease) in cash and cash equivalents	2,794,136	1,346,847	(2,247,096)
Cash and cash equivalents at the beginning of the year	3,604,838	1,515,672	2,845,032
Effect of movement in exchange rate on cash held	-	(17,487)	191,154
Cash and cash equivalents at the end of the year	1,515,672	2,845,032	789,090



CREDIT RATING ANNOUNCEMENT

GCR affirms Emzor Pharmaceutical Industries Limited's Issuer ratings of A_(NG)/A2_(NG); Outlook Stable.

Rating action

Lagos, 01 December 2023 – GCR Ratings (GCR) has affirmed Emzor Pharmaceutical Industries Limited's (Emzor or the group) national scale long-term and short-term Issuer ratings of A_(NG) and A2_(NG) respectively. Concurrently, GCR has affirmed the national scale long-term Issue rating of A_(NG) accorded to Emzor Pharma Funding SPV Plc's N13.729Bn Series 1 Senior unsecured Bonds. The Outlook on the ratings is Stable.

Rated Entity / Issue	Rating class	Rating scale	Rating	Outlook
Emzor Pharmaceutical Industries Limited	Long-term Issuer	National	A _(NG)	Stable
	Short-term Issuer		A2 _(NG)	
NGN13.729Bn Series 1 Senior Unsecured Bonds	Long-term Issue	National	A _(NG)	Stable

Rating rationale

The ratings affirmation reflects Emzor's strong market positioning as a leading pharmaceutical manufacturer in Nigeria, as well as strong access to capital which has supported an improved liquidity profile. These strengths are however offset by elevated debt and high working capital pressures, amid somewhat weaker earnings.

Emzor's competitive position is underpinned by its well-established brands and a robust product portfolio of over 200 products under 16 therapeutic categories. Its business profile is further enhanced by a wide network of distributors, strong relationships with international suppliers and global technical partners that assures stability of supply and access to modern processes and innovations. Emzor is developing Nigeria's first active pharmaceutical ingredients (APIs) manufacturing plant for anti-malarial drugs, which is expected to be completed by Q1 2024. This pioneer project should further entrench the group's competitive edge in the local industry, bolster geographical diversification into other West African countries and reduce reliance on imported APIs once the plant becomes operational. Additionally, there are ongoing investments in various drug formulations which would drive growth over the medium term.

The earnings profile is positive to the ratings. Emzor has maintained good growth trajectory with a 13.3% CAGR over the five-year period to financial year 2022. However, following a strong growth of 24.2% in 2021, revenue growth slowed to 11% to register at NGN39.18n (\$46.7M) in 2022 as sales volumes were negatively impacted by macroeconomic challenges. In H1 2023, revenue growth was largely flat, due to the nationwide cash crunch and elections. Similarly, EBITDA margin narrowed to 11.1% in 2022 (2021: 18.5%) and further declined to 10.4% in H1 2023, attributable to imported input inflation and higher operating costs. For full year 2023, GCR expects 11% revenue growth on the back of inflation-induced price increases and the seasonally higher traded volumes in the second half of the year, while an acceleration in revenue growth forecast to 20% in 2024 is premised on the introduction of new products currently in the pipeline. Although the EBITDA margin is estimated to remain fairly low at 10.5% in 2023, it should improve to around 12% in 2024, largely driven by price increases and cost savings from the backward integration initiatives.

EMZOR PHARMACEUTICAL INDUSTRIES LTD

Long-Term Rating:

A

Short Term Rating: A1

Previous Rating: A

Rating Outlook: Stable

Trend: UP

Currency: Naira

Date Issued: 24 July, 2023

Valid Till: 21 July, 2024

Reference:

Abiodun Adeseyoju, FCA.

Abimbola Adeseyoju

Oladele Adeoye

This report is provided by DataPro subject to the terms & conditions stipulated in our Terms of Engagement

EXECUTIVE SUMMARY

	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Turnover	35,920,919	32,437,044	25,900,549	23,364,651	21,903,167
Pre Tax Profit	683,288	1,372,470	1,865,914	1,417,336	2,650,623
Equity	13,980,943	13,516,307	12,958,260	12,066,277	11,902,326
Prop. Plant & Equip	27,206,444	15,447,441	13,153	14,155,617	9,322,893
Total Asset	56,644,420	52,939,034	37,767,544	44,327,523	39,708,595
Long-term Debt	20,824,609	20,394,601	12,486,545	10,691,784	9,583,175

Rating Explanation

The Short-Term Rating of A1 indicates *Good Credit Quality* and adequate capacity for timely payment of financial commitments.

The Long-Term Rating of A indicates *Low Risk*. It shows very good Financial Strength, Operating Performance and Business Profile when compared to the standard established by *DataPro*. This Company, in our opinion, has the ability to meet its ongoing obligations.

RATING SYNOPSIS

The Rating took into consideration all relevant qualitative and quantitative factors to arrive at the assigned risk indicator.

The qualitative information used were based on industry and market intelligence including public information. The quantitative information was obtained from the Company's Audited and Management Accounts.

The risk factors were assessed using the Company's Capitalization, Earnings Profile, Liquidity, Corporate Governance, Regulatory Compliance and Sustainability of its current healthy profile in the medium to long term period.

Overall, the following were observed:

Positive Rating Factors:

- Stable Management
- Diversified Earning Profile
- Strong Brand Presence

Negative Rating Factors:

- Low Asset Utility
- Declining Profitability

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

LEGAL OPINION ON THE NOTES

[.] April 2024

To: The parties set out in Schedule 1 hereto (the “**Addressees**”).

Dear Sirs,

NIGERIAN LEGAL OPINION ON THE ₦10,000,000,000.00 (TEN BILLION NAIRA) COMMERCIAL PAPER PROGRAMME BY EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

1. INTRODUCTION

1.1 We have acted as legal counsel in connection with:

- (a) The establishment of the ₦10,000,000,000 (Ten Billion Naira) commercial paper programme (the “**Programme**”) under which the Issuer may from time to time, issue commercial paper notes (the “**Notes**”) in separate series or tranches (the “**Transaction**”);
- (b) the negotiation and preparation of the following (together the “**Transaction Documents**”):
 - (i) the issuing and placing agency agreement dated [.] 2024 and entered into between the Issuer and Renaissance (Securities) Nigeria Limited (the “**IPA**”);
 - (ii) the collecting and paying agency agreement dated [.] 2024 and entered into between the Issuer and Zenith Bank Plc (the “**CPA**”);
 - (iii) the deed of covenant dated [.] 2024 and entered into as a deed poll by the Issuer in favour of the Noteholders (the “**Deed of Covenant**”);
 - (iv) the programme memorandum in connection with the Transaction dated [.] 2024 (the “**Programme Memorandum**”); and
 - (v) a pricing supplement in connection with the Transaction dated [.] 2024 (the “**Pricing Supplement**”).

1.2 This opinion (the “**Opinion**”) is rendered pursuant to paragraph 4 of Schedule 3 of the IPA and paragraph [.] of Schedule [.] of the CPA.

1.3 All capitalised terms used in this Opinion shall have the meanings ascribed to them in the Programme Memorandum, unless otherwise defined herein or the context otherwise requires. For the purposes of this Opinion, the following terms shall have the specific meanings given to them below:

“**FIRS**” means the Federal Inland Revenue Service;

“**High Court**” means the Federal High Court, the High Court of a state in Nigeria or the High Court of the Federal Capital Territory, Abuja;

“**Nigerian Court**” means any superior court of record in Nigeria, including the Supreme Court of Nigeria, the Court of Appeal, the Federal High Court, the National Industrial Court, the High Court of each of the states in Nigeria and the High Court of the Federal Capital Territory, Abuja;

“**Nigerian Law**” means as at the date of this Opinion, final decisions of the Nigerian Courts and any applicable statutes, laws or binding regulations made or imposed by any governmental authority in Nigeria and any treaty or international convention which Nigeria has given statutory force; and

LEGAL OPINION ON THE NOTES

“**Opinion Documents**” means the documents listed in paragraph 2 of Schedule 2 (*Documents and Enquiries*) of this Opinion.

2. DOCUMENTS

- 2.1 For the purposes of this Opinion, we have examined, reviewed and relied only on the Opinion Documents.
- 2.2 We have also reviewed such matters of law as we have considered appropriate for the purpose of rendering this Opinion.
- 2.3 We have completed only the searches and enquiries referred to in Schedule 2 (*Documents and Enquiries*) of this Opinion.

3. EXTENT OF REVIEW AND EXAMINATION

- 3.1 We have not carried out or assisted in the investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion of any person expressed to be a party to the Transaction Documents or any other person disclosed in the Transaction Documents or in determining whether any material fact has been omitted therefrom.
- 3.2 For the purpose of providing this Opinion, we have examined several drafts and the executed copies of the Opinion Documents but based this Opinion only on the executed copies of the Opinion Documents and conducted a corporate search on the Issuer to ascertain whether or not it has been declared insolvent.
- 3.3 We have not examined any document or agreement cross-referenced in any of the Transaction Documents save for any other transaction document and such other documents that we have considered necessary for the purpose of giving this Opinion.

4. APPLICABLE LAW

This Opinion is governed by Nigerian Law. We express no opinion on the laws of any other jurisdiction.

5. ASSUMPTIONS

For the purposes of this Opinion, we have, without independent verification or further enquiry, assumed the following:

5.1 Original and genuine documentation

- (a) All signatures, stamps and seals are genuine, all original documents are authentic, and all copy documents provided to us by email are complete and conform to the originals and continue to remain in full force and effect.
- (b) Any certificate referred to in Schedule 2 (*Documents and Enquiries*) is correct in all respects.

5.2 Status of the transaction parties

- (a) The resolution of the board of directors of the Issuer referred to in Schedule 2 (*Documents and Enquiries*):
 - (i) was duly passed at properly convened meetings, of duly appointed directors (in the case of the resolutions of the board of directors) of the Issuer; and
 - (ii) have not been amended or rescinded and are in full force and effect.
- (b) The directors of the Issuer acted in good faith and in the interests of the Issuer in approving the transactions contemplated under the Transaction Document.
- (c) The lack of bad faith and absence of fraud, coercion, duress or undue influence on the part of any party to the Transaction Documents, their respective directors, employees, agents and advisers.

5.3 Searches and Enquiries

There has been no alteration in the status or condition of the Issuer as disclosed by the search referred to in paragraph 1 of Schedule 2 (*Documents and Enquiries*) to this Opinion.

5.4 Other Documents

There is no agreement, instrument or other arrangement between any of the parties to the Transaction Documents which modifies or supersedes the Transaction Documents.

6. OPINION

Based on the assumptions stated above, and subject to the qualifications in Paragraph 7 (*Qualifications*) below, we are, as of the date hereof, of the following opinion:

6.1 Corporate Existence

The Issuer (i) is a private limited liability company duly incorporated and validly existing under the laws of the Federal Republic of Nigeria; and (ii) has the capacity to own, occupy and possess its properties, to carry on its business and activities as described in the Transaction Documents and to sue or be sued in its own name.

6.2 Capacity and Due Authorisation

The Issuer has the capacity, corporate power and authorisation to enter into, and perform the obligations contained in the Transaction Documents to which it is a party and has taken all necessary corporate authorisation to authorise the execution of the Transaction Documents, and the performance of its obligations thereunder including the issuance of the Notes.

6.3 Insolvency

To the best of our knowledge, no order has been made, or other steps taken, to liquidate or wind up the Issuer or to terminate its existence or to appoint a receiver, liquidator or similar insolvency officer in respect of their business or assets or otherwise to place any of their business or assets outside the control of their respective directors.²

6.4 Proper Form and Enforceability

- (a) The obligations expressed to be assumed by the Issuer in the Transaction Documents to which it is party constitute legal, valid, binding and enforceable obligations in Nigeria.
- (b) Each Transaction Document is in the proper legal form for its enforcement against the Issuer in the Nigerian Courts in the most expeditious manner available under Nigerian Law.
- (c) The Noteholders are empowered to enforce the Deed of Covenant against the Issuer.
- (d) The issuance of the Notes in dematerialized form is legal and valid under Nigerian law.

6.5 Non-conflict

Neither the execution by the Issuer of the Transaction Documents to which it is a party, nor the performance of the obligations of the Issuer under the Transaction Documents:

² We say to the best of our knowledge, because winding-up petitions (including other analogous steps) may be filed and heard before any division of the Federal High Court (or constitute the subject of appeals at higher court in the hierarchy of Nigerian Courts) and there is currently no systematic way of undertaking a comprehensive search of court records to allow for a definitive conclusion regarding the existence or non-existence of petitions of the nature under reference. Public notice of such events only occurs when an order arising from any such petition is published in the newspapers or filed at the CAC. However, based on our search carried out at the CAC on the Issuer, no order or resolution for any suspension of payments, receivership, winding-up or similar insolvency proceedings has been registered in relation to the Issuer, nor has there been registered any notice of the appointment of a receiver, liquidator or similar insolvency representative over any part of the assets, business or undertaking of the Issuer.

LEGAL OPINION ON THE NOTES

- (a) will conflict with (i) its constitutional documents; or (ii) any Nigerian Law or any published decision or judgment of any governmental instrumentality of Nigeria or any similarly published arbitral award, in each case binding on the Issuer or its properties; or
- (b) will violate, contravene or result in a breach of any existing treaty, agreement or other instrument disclosed to us to which the Issuer is a party, or which is binding on the Issuer in order to assume its obligations under the Transaction Documents.

The Notes will be issued, and the Transaction Documents have been executed and delivered in compliance with the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on September 11, 2019, and the Commercial Paper Registration and Quotation Rules of the FMDQ Securities Exchange Limited of October 2023.

6.6 Further Acts

Save for: (a) the registration of the Notes with FMDQ Depository Limited (or such other registered Central Securities Depository recognised by the Nigerian Securities and Exchange Commission) who shall serve as the custodian and registrar of the Notes; (b) the registration of the Notes on the FMDQ Securities Exchange Limited for quotation, and (c) as provided in paragraph 6.7 (*Stamp Taxes*); it is not necessary that the Transaction Documents be filed, recorded, registered, notarised or enrolled with any court or other governmental or regulatory authority, or that any consent, approval or authorisation be obtained from any such governmental or regulatory authority, or that any other acts, conditions or things be done, fulfilled or performed by the Issuer to ensure the legality, validity, enforceability or admissibility in evidence of the Transaction Documents or to enable the Issuer lawfully to enter into, exercise its rights or perform its obligations under the Transaction Documents to which it is a party³.

6.7 Stamp taxes

- (a) Under the Stamp Duties Act,⁴ any instrument executed in Nigeria, or relating, wheresoever executed, to any property situate or any matter or thing done or to be done in Nigeria is required to be stamped and an appropriate stamp duty paid in respect of the said instrument. Thus, the Transaction Documents will be liable to stamp duty; and are required to be stamped within forty (40) days from the date they are first executed or if such Transaction Document is subject to *ad valorem* rate, or within thirty (30) days after they are first executed or have been received in Nigeria (including electronic documents), if executed outside Nigeria.
- (b) The Transaction Documents will be assessed and stamped at the prevailing stamp duties rate as of the time of stamping.
- (c) The Notes will be issued in a dematerialised form and as book entries in the register of the CSD. Historically, the Notes did not attract stamp duty, as it was not in certificated form. However, the Finance Act, 2019 has amended the definition of stamp to include an “electronic stamp” or an “electronic acknowledgment for denoting any duty or fee”.
- (d) Save for the payment of the aforementioned stamp duty which is assessed and payable in respect of the Transaction Documents (other than the Programme Memorandum and/or Pricing Supplement) and the Notes (where so assessed as noted in paragraph 6.7(c) above), to the Commissioner for Stamp Duties, no other stamp duty is payable, and no filing or registration is required in Nigeria in connection with the execution, delivery, performance, enforcement of any of the Notes or the Transaction Documents.
- (e) The Transaction Documents will not be admissible in evidence in any civil proceedings for the enforcement of rights thereunder in a Nigerian Court or arbitration if appropriate stamp duty is not paid thereon.

³ Section 313(1)(h) of the ISA provides that the Securities and Exchange Commission (“SEC”) may, from time to time, make rules and regulations for the purpose of giving effect to the ISA and may, in particular, make rules and regulations, among other things, prescribing that the provisions of the ISA shall not apply or shall apply with such modifications, if any, as may be specified in the regulations to any person or any securities or to any transaction. Rule 8 of the Rules and Regulation of the SEC, 2013 (as amended) (the “SEC Rules”) provides that the provisions of the ISA and the SEC Rules requiring registration shall not apply to, among other things, any note, bill of exchange or banker's acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which has a maturity, at the time of issuance, not exceeding nine (9) months exclusive of days of grace, or the maturity of which is likewise limited. This means that commercial papers which have a maturity of two hundred and seventy (270) days or less (such as the Notes) are not required to be registered with the SEC.

⁴ Cap S8 Laws of the Federation of Nigeria 2004, as amended by the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021.

6.8 Withholding Tax

Interest payments on debt obligations are subject to withholding tax pursuant to the Companies Income Tax Act⁵ and the Personal Income Tax Act⁶. As the Notes will not bear any interest (save for default interest in respect of late payments), all payments by the Issuer to Noteholders under the Transaction Documents may be made free and clear of and without withholding or deduction for or on account of, any income tax imposed, levied, collected, withheld or assessed by any Federal, State or Local government in Nigeria.

6.9 Pari Passu Ranking

The Notes established pursuant to the Transaction Documents when issued, will rank at least *pari passu* with all present and future unsecured and unsubordinated obligations of the Issuer, except for any such obligation which is mandatorily preferred under Nigerian Law.

6.10 Immunity

The Issuer is not entitled to claim in relation to itself or its assets any form of immunity from the service of processes, legal suits or proceedings and from the execution of judgments against it or its assets in any suit, action or proceedings arising out of the Transaction Documents.

6.11 No Adverse Consequences

- (a) Under the laws of Nigeria, the Noteholders will not be deemed to be resident, domiciled or carrying on business in or subject to, companies' taxation in Nigeria by reason only of holding Notes.
- (b) It is not necessary under the laws of Nigeria that the Noteholders be authorised or qualified to carry on business in Nigeria for the execution, delivery, performance or enforcement of their rights under the Notes.
- (c) The due performance by any party of any of its rights, duties, obligations or representations under the Transaction Documents (including the Notes), subject to complying with applicable Nigerian securities law, the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on September 11, 2019, and the Commercial Paper Registration and Quotation Rules of the FMDQ Securities Exchange Limited of October 2023, will not violate any existing applicable law or regulation in the Federal Republic of Nigeria (subject to the requirements of such party's constitutional documents (other than the Issuer)).

6.12 Choice of Law

The choice of Nigerian Law as the governing law of the relevant Transaction Documents is a valid choice of law and a Nigerian court or arbitral tribunal will apply same to give effect to the provisions of the relevant Transaction Documents.

6.13 Dispute Resolution

The submission to arbitration by the parties under the relevant Transaction Documents is permitted under the laws of Nigeria and an arbitral award rendered by a recognised arbitral tribunal would be enforced by the courts of Nigeria as a legal, valid and binding submission to arbitration subject to the provisions of the Arbitration and Mediation Act 2023.

7 GENERAL QUALIFICATIONS

7.1 This Opinion is subject to the following qualifications:

- (a) In the case of such laws that have been subject to judicial interpretation or court action, we have relied on them as construed and enforced by duly constituted Nigerian Courts. With respect to the laws that have not been subject to judicial interpretation or been the subject of court action, we have relied on those laws on the basis of our belief of how they would be so interpreted and enforced by the courts aforesaid.

⁵ Cap, C21, Laws of the Federation of Nigeria, 2004, as amended by the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021.

⁶ Cap, P8, Laws of the Federation of Nigeria, 2004, as amended by the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021.

LEGAL OPINION ON THE NOTES

- (b) This Opinion is expressed as of the date hereof and we assume no obligation to update or supplement any opinion contained herein to reflect any fact or circumstance that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.
- (c) We express no opinion as to any agreement, instrument or other document other than as specified in this Opinion.
- (d) Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which the Nigerian Courts will enforce. It does not mean that the obligation or document will necessarily be enforced in all circumstances as the validity, enforceability and/or binding nature of such obligations or documents under Nigerian Law will be subject to, amongst other things, the laws of bankruptcy, insolvency, receivership, reorganisation, liquidation, moratorium, including the Companies and Allied Matters Act⁷, the Bankruptcy Act,⁸ and other Nigerian Laws affecting the rights of creditors generally. In particular, equitable remedies such as injunctions and specific performance are discretionary and are not generally available in circumstances where damages are considered by the Nigerian Courts to be an adequate remedy.
- (e) The enforcement of the rights of the parties under the Transaction Documents may with the passage of time become statute-barred under Nigerian Law or may be or become subject to the defence of set-off or to counterclaim.
- (f) The enforcement of obligations may be limited by the provisions of Nigerian Law, which may hold an agreement to have been frustrated by a supervening event such as illegality, dissolution or incapacity of a corporation and similar events.
- (g) The law relating to misrepresentation and fraud may mean that an agreement, or part of it, is rescinded and, therefore, unenforceable.
- (h) Where an obligation is to be performed in a jurisdiction outside Nigeria, that obligation may not be enforceable in Nigeria to the extent that its performance would be illegal or contrary to public policy under the laws of the jurisdiction in which it is to be performed; and the Nigerian Courts take account of the law of that jurisdiction.
- (i) Nigerian Courts may refuse to treat as final, conclusive and/or binding any notification, calculation, certificate or determination which is stated in a Transaction Document to be final, conclusive and/or binding if it is shown to have an unreasonable or arbitrary basis, or not to have been reached in good faith, despite a provision to the contrary.

8 BENEFIT OF OPINION

- (i) This Opinion is issued to and is, other than as referred to below, solely for the benefit of the Addressees and may not, without our prior written consent, be transmitted or disclosed to or used or relied upon by any other person or for any other purpose except in connection with the validity and enforceability of the Transaction Documents.
- (ii) This Opinion may, however be disclosed by the Addressees (i) to the extent required by law, regulation (including the rules of any applicable securities exchange) or any governmental or competent regulatory authority or in connection with legal proceedings relating to the issuance of the Notes or any of the Transaction Documents; ii) to any person seeking to invest in the first series of the Notes; iii) to professional advisors in connection with the Transaction; iv) to any additional agents appointed under the IPA and CPA; and v) to the affiliates, officers, employees, auditors, regulators and professional advisers of the IPA and CPA.

Yours faithfully,
for: **TEMPLARS**

CHIKE OBIANWU
Deputy Managing Partner

⁷ Companies and Allied Matters Act, 2020.

⁸ Cap B2, Laws of the Federation of Nigeria, 2004.

SCHEDULE 1: THE ADDRESSEES

1. **Emzor Pharmaceutical Industries Limited**

Plot 3C, Block A, Ilupeju Extension Scheme II, Aswani Market Road, Oshodi-Isolo Expressway, Isolo, Lagos.

2. **Renaissance Securities (Nigeria) Limited**

Wings Office Complex, 6th Floor, East Tower, 17A Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria.

3. **Zenith Bank Plc**

Plot 84, Ajoye Adeogun Street, Victoria Island, Lagos.

4. **KPMG Professional Services**

KPMG Tower, Bishop Aboyade Cole Street, Victoria Island, Lagos.

5. **Global Credit Rating Co. (GCR) Limited**

New Africa House (17th House), 31 Marina, Lagos.

6. **DataPro Limited**

Ground Floor, Foresight House, 163/165 Broad Street, Lagos Island, Lagos.

SCHEDULE 2: DOCUMENTS AND ENQUIRIES

1. Searches and enquiries

An online search was conducted on the corporate records of the Issuer at the CAC on 17 January 2024.

2. Opinion Documents

- (a) The resolution of the board of directors of the Issuer dated [.] 2024 authorising the establishment of the Programme; the entry into the Transaction Documents and their execution by the authorised signatories contained therein.
- (b) The Transaction Documents.
- (c) A copy of the certificate of incorporation of the Issuer dated 4th April 1984.
- (d) A copy of the memorandum and articles of association of the Issuer dated 18th December 2018.

STATUTORY AND GENERAL INFORMATION

Authorisation

This CP Programme and Notes issued hereunder were approved by the resolution of the Board of Directors of Emzor dated 9th February 2024.

Auditors

KPMG Professional Services ("KPMG") acted as auditors of the annual financial statements of the Issuer for the financial years ended 31st December 2020, 31st December 2021 and 31st December 2022, and was responsible for the audit, and issued unqualified reports.

Going Concern

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

Litigation

The Issuer is involved in five (5) litigation matters as of 16 January 2024. The total value of monetary claims against the Issuer in the cases instituted against the Issuer amounts to ₦137,918,185.45 (One Hundred and Thirty-Seven Million, Nine Hundred and Eighteen Thousand, One Hundred and Eighty-five Naira and Forty-Five Kobo). This amount does not include interest and costs which can only be ascertained after final resolution of the cases. Ultimately, the Issuer's actual liability in these cases, including final awards for costs, will be as determined by the courts upon conclusion of the relevant suits.

The Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the result of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is the Issuer aware of any such proceedings being threatened or pending.

Material Contracts

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

- i. An Issuing and Placing Agency Agreement dated on or about the date hereof executed by the Issuer and the Issuing and Placing Agent;
- ii. A Collecting and Paying Agency Agreement dated on or about the date hereof executed by the Issuer and the Collecting and Paying Agent;
- iii. A Dealer Agreement dated on about the date hereof between the Issuer and the Arranger & Dealer; and
- iv. A Deed of Covenant dated on about the date hereof executed by the Issuer as a deed poll in favour of the Noteholders.

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

Emzor Pharmaceutical industries Limited
Plot 3C, Block A, Ilupeju Extension Scheme II,
Aswani Market Road, Oshodi – Apapa Expressway, Isolo
Lagos



PROFESSIONAL PARTIES

Lead Issuing House

Renaissance Securities (Nigeria) Limited
The Wings Office Complex, 6th Floor, East Tower
17A Ozumba Mbadiwe Road
Victoria Island
Lagos



Solicitors to the Transaction

Templars

13a A.J Marinho Drive
Victoria Island, Lagos



Chike Obianwu
Deputy Managing Partner

Auditors to the Issuer

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street,
Victoria Island
Lagos



Rating Agencies

Global Credit Rating Co. (GCR) Limited

New Africa House (17th House)
31 Marina
Lagos

DataPro Limited

Ground Floor, Foresight House
163/165 Broad Street
Lagos Island, Lagos

Collecting & Paying Agent

Zenith Bank Plc

Plot 84, Ajose Adeogun Street,
Victoria Island, Lagos

