



DataPro



BOND RATING REPORT

UAC OF NIGERIA PLC

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By Marina Water Front
Lagos, Nigeria.

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April, 2024

UAC OF NIGERIA PLC

DataPro Rating:

A⁻

Security Type: ₦5.8Billion
Series 1
Senior
Unsecured
Fixed Rate
Bonds

Maturity Profile: 2031

Rating Outlook: Stable

Currency: Naira

Rating Watch: Applicable

Date Issued: 16 Oct., 2024

Valid Till: 15 Oct., 2025

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

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**₦5,824,500,000 7-Year 21.5% Series 1 Senior Unsecured
Fixed Rate Bonds Due 2031 Under the ₦50,000,000,000
Debt Issuance Programme**

EXECUTIVE SUMMARY

	*2023 ₦'000	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000
Turnover	118,681,170	109,270,399	101,376,839	81,357,960	79,202,140
Pre-Tax-Profit/Loss	12,659,060	(4,365,316)	4,108,373	5,084,981	7,456,259
Shareholders Fund	52,310,705	45,280,211	50,838,306	60,675,504	60,541,412
Non-Current Assets	48,100,108	45,993,607	42,028,845	41,001,587	26,019,191
Total Assets	113,412,695	93,827,611	98,463,387	91,698,190	107,595,263

**Extracts from 2023 Management Account*

Rating Explanation

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 Issuer, in our opinion, has strong ability to meet its ongoing obligations.

ISSUE QUALITY

- The Issuer has the ability to continually generate Revenue by carrying out its business.
- The historical ability of the Issuer to generate Pre-Tax Profit in the last five years (2019 – 2023).
- The Governance Structure around the Bond Payment Account will limit the Issuer's interference in administering Coupon and Principal payment under the Issue.
- The Bond holders have a direct obligation owed to them by the Issuer.

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.

THE ISSUE

The Issue ("The Bond") is a ~~₦~~5,824,500,000 Series 1 Fixed Rate Bonds Under the ~~₦~~50billion Bond Issuance program undertaken by **UAC of Nigeria Plc** ("*The Issuer*"). The Issue is a seven (7) year tenured Bond due to mature in 2031. Coupon shall be paid semi-annually at a rate of 21.5% from the Bond Issuance Date.

The Bond is constituted by the Series 1 Trust Deed executed by the Issuer as well as **Stanbic IBTC Trustees Limited and ARM Trustees Ltd** (the Trustees). Additionally, the Bond is backed by the resolution of the Issuer's Board passed on December 8th, 2023. The **Securities and Exchange Commission (SEC)** is the primary regulator of all Parties to the Issue.

The **Issue** is a direct, senior, unsecured, unconditional and unsubordinated obligation of the **Issuer**. The Bonds shall rank *pari passu* among themselves and equally with all other future and existing unsubordinated, senior, and unsecured obligations of the Issuer except for obligations mandatorily preferred by law applying to companies generally.

The Bond shall be issued to Qualified Institutional and High Net Worth Investors in accordance with the provisions of the **Securities and Exchange Commission (SEC)** Rules and Regulations. The Bonds qualify as Securities in which Trustees, Insurance Companies, and Pension Fund Administrators may invest under the **Trustee Investments Act, the Insurance Act 2003, and the Pension Reform Act, 2014** respectively.

Aside the Issuer and the Trustees, other Parties to the Issue are: **Stanbic IBTC Capital Limited** (Lead Issuing House), **Rand Merchant Bank Nigeria Limited** (Joint Issuing house), **Africa Prudential Plc** (Registrar), **Udo Udoma & Belo Osagie** (Solicitors to the Issuer), **Banwo and Ighodalo** (Solicitors to the Transaction), **SIAO Partners** (Reporting Accountants) and **KPMG Professional Services** (Auditor).

REDEMPTION AND USE OF PROCEEDS

The Principal shall be redeemed in full on the Maturity Date. However, it is subject to optional early redemption. The Issuer shall be entitled to redeem the Bond in whole or part at any time after twelve (12) months from the Issue Date. A minimum notice of thirty (30) days or maximum of sixty (60) days shall be given to Bondholders by the Issuer to exercise early redemption. In effecting an Early Redemption, the Company shall be obliged to pay the Bondholders the outstanding principal and accrued interest after the expiration of redemption notice.

Coupon on the Bond shall be payable semi-annually, in arrears on the Coupon Payment Date in each year. The first Coupon Payment Date shall be the date which falls 6 (six) months after the Issue Date.

The Trustees shall establish the Payment Account not later than five (5) Business Days after the Issue Date. The Payment Account shall be in the name and under the custody and administration of the Trustees. For as long as the Issue remain outstanding, the Issuer shall ensure that the amount to meet any of its payment obligations is paid into the Payment Account at least 5 (five) Business Days before the next Coupon Payment Date or Final Maturity Date as the case may be.

The Trustees shall be responsible for the payment of the amount due in respect of the Principal Amount and Coupon. It shall also ensure that the equal amount is transferred to the Registrar for payment to the Bondholders on the next Coupon Payment Date.

The proceeds of the Series 1 Bond Issuance, which is ₦5,824,500,000 shall be applied as follows:

S/N	Description	% of Proceeds	Amount(₦)	Estimated Completion Period
1	Refinance credit obligations (principal and interest)	98.20	5,719,655,885.62	4 Months
2	Estimated cost of offer	1.80	104,844,114.38	Immediate
	Total	100	5,824,500,000.00	

Details of credit obligations to be refinanced from bond proceeds:

The net bond proceeds will be utilized to partly refinance principal and applicable interest arising from the following credit obligations:

- I. ~~₦9,497,641,000~~ Series 8 Commercial Paper issued under the UAC of Nigeria PLC ~~₦45 billion~~ Commercial Paper Programme.

Issue Date	Amount Outstanding (₦)	Tenor	Discount	Maturity Date
08 Mar 2024	₦9,497,641,000	270 days	20.75%	03 December 2024

THE ISSUER

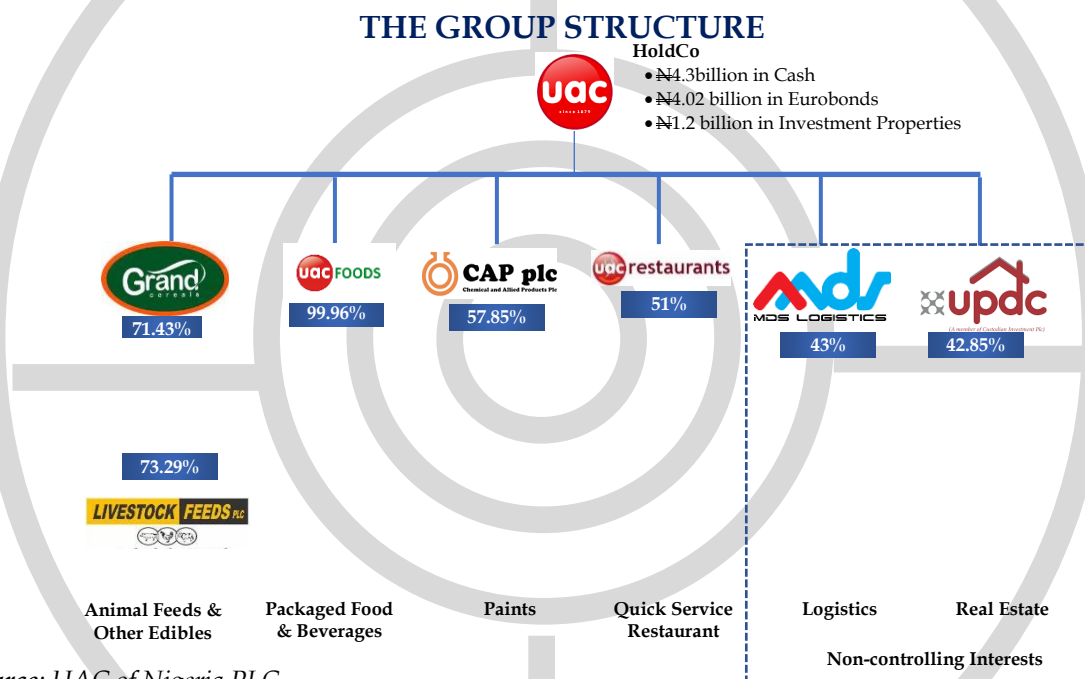
UAC of Nigeria PLC ("The Group") is a holding Company established in the year 1879 with the merger of four companies. However, it was incorporated in Nigeria on April 22, 1931.

The Group has interest across four segments including: Animal Feeds, Edible Oils, Packaged Food & Beverages, Paints as well as Quick Service Restaurants. It also owns minority interests in a Logistics Service Provider and Real Estate Development Company.

Some of the leading brands in the portfolio of the Group include: *Mr Biggs, Gala, Debonairs Pizza, Grand Cereals, SWAN Spring Water, Funtime, Supreme, Sandtex, Caplux, Dulux, Hempel, Vital Feed, BestMate and Aquamax.*

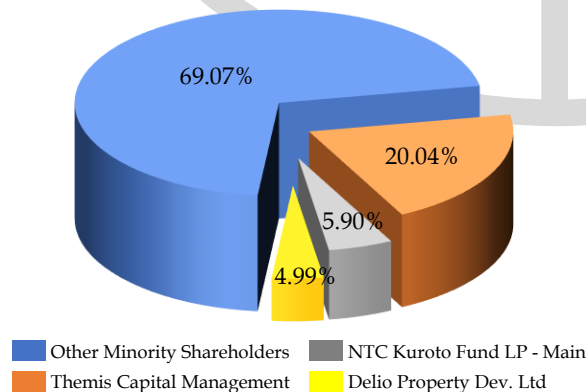
The Group has a huge domestic presence with eleven (11) manufacturing facilities, several logistics and distribution hubs across Nigeria including over 2,000 employees. It operates through 9 factories across Nigeria, 43 warehouses in 28 states, 104 paint retail stores in 32 states, 56 restaurants in 14 states and 1,123 distributors.

The Group has five Subsidiaries namely; *Grand Cereals Limited, UAC Foods Limited, Chemical and Allied Products PLC, UAC Restaurants Limited and Livestock Feeds PLC.* It also owns minority stakes in *Real Estate and Logistics Business (UPDC PLC and MDS Logistics Limited)*



Source: UAC of Nigeria PLC

ANALYSIS OF SHAREHOLDING STRUCTURE



As at December, 2023 the following entities held shareholding exceeding 1%: *Themis Capital Management Limited, Delio Property Development Limited and NTC Kuroto Fund LP – Main.*

Source: UAC of Nigeria PLC

Directors' Profile

The Board of Directors comprised of Eight (8) Members; *Mr. Daniel Agbor-Chairman; Mr. Folasope Aiyesimoju-Group Managing Director; Mrs. Funke Ijaiya-Oladipo; Mr. Debola Badejo; Mr. Bolaji Odunsi; Mr. Khalifa Biobaku; Mr. Karl Toriola and Mrs. Suzanne Iroche.*

The Directors' profile is as follows:

- 1. Name:** Mr. Daniel Agbor
Position: Chairman
Profession: Lawyer
Years of Experience: 37 years
Education:
 - University of Calabar
 - University of Benin
 - Nigerian Law School**Job Experience:**
 - Nigeria International Bank Limited
 - Gulf Bank of Nigeria Limited
 - Ajumogobia, Okeke and Oyebo
 - Udo Udoma and Belo-Osagie**Board Membership:** Since 2015
- 2. Name:** Mr. Folasope Aiyesimoju
Position: Group Managing Director
Profession: Investment Professional
Years of Experience: 21 years
Education: University of Lagos
Job Experience:
 - Standard Bank Group
 - Kohlberg Kravis Roberts
 - Themis Capital Management
 - Ocean and Oil Holdings Ltd
 - FoodPro Limited**Board Membership:** Since 2019
- 3. Name:** Mrs. Funke Ijaiya-Oladipo
Position: Group Finance Director
Profession: Finance Professional
Years of Experience: 16 years
Education:
 - University College London**Job Experience:**
 - Goldman Sachs
 - Standard Bank Group**Board Membership:** Since 2021

- 4. Name:** Mr. Debola Badejo
Position: Group Investment Director
Profession: Investment Professional
Years of Experience: 16 years
Education:
 - B.Sc. Systems Engineering, University of Virginia
 - MBA, Columbia Business School
 - MBA, London Business School**Job Experience:**
 - Themis Capital Management
 - Standard Bank, Lagos, London and Johannesburg
 - Morgan Stanley, New York**Board Membership:** Since 2023
- 5. Name:** Mr. Bolaji Odunsi
Position: Independent Non-Executive Director
Years of Experience: 26 years
Education:
 - Kings College, London**Job Experience:**
 - Stirling Square Capital Partners
 - Compass Partners
 - BC Partners
 - Ensilkda Securities, London
 - Touche Ross & Co
 - Mott, Hay & Anderson**Board Membership:** Since 2018
- 6. Name:** Mr. Khalifa Biobaku
Position: Non-Executive Director
Years of Experience: 21 years
Education:
 - Kebble College, Oxford University
 - London School of Economics**Job Experience:**
 - Blakeney Management, London
 - Davidson Kempner Partners, London
 - Morgan Stanley
 - Goldman Sachs**Board Membership:** Since 2022
- 7. Name:** Mr. Karl Toriola
Position: Independent Non-Executive Director
Years of Experience: 26 years
Education:
 - Obafemi Awolowo University
 - Swansea University
 - London Business School
 - Harvard Business School
 - IMD Business School
 - Wharton Business School
 - INSEAD**Job Experience:**
 - MTN Group

- Vmobile Nigeria
- L.M. Ericsson Nigeria Limited
- Zain Nigeria
- Econet Nigeria

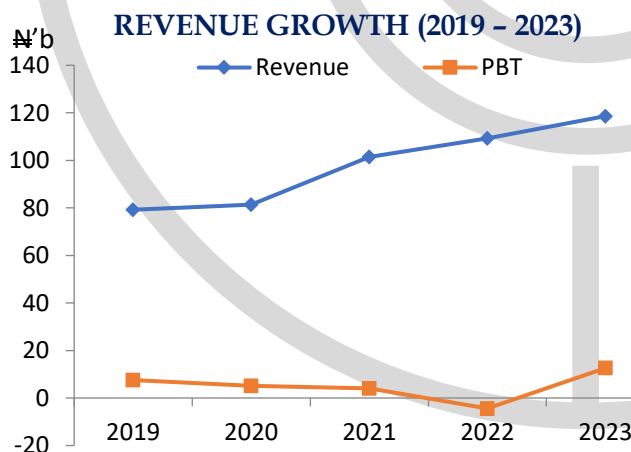
Board Membership: Since 2020

- 8. Name:** Mrs. Suzanne Iroche
Position: Independent Non-Executive Director
Years of Experience: Over 35 years
Education:
 - University of Lagos
 - Kellogg Graduate School of Management, Northwestern University Illinois Swansea University**Job Experience:**
 - International Merchant Bank
 - Chartered Bank
 - United Bank for Africa, Plc**Board Membership:** Since 2019

FINANCIAL PERFORMANCE

• EARNINGS PROFILE

We reviewed the Audited Financials of the Group covering the period 2018 to 2022. This is in addition to the Unaudited Management Accounts relating to the Group's operation for the period ended 31st, December 2023.



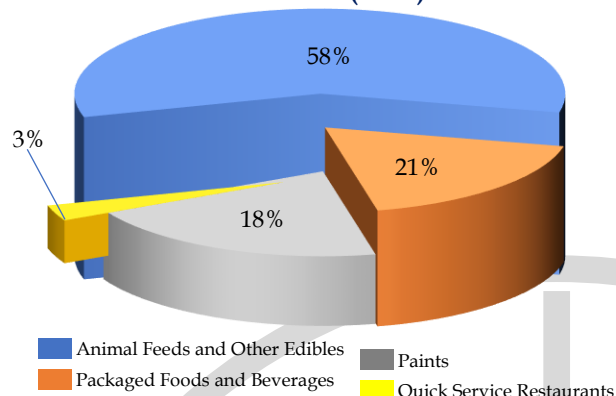
Source: UAC of Nigeria PLC

The Group's Revenue recorded a consistent growth over a five-year period ending 2022. The latest increase was 8% rising from ₦101.4b (Yr.21) to ₦109.3b in the year 2022. Furthermore, revenue escalated to ₦118b (Yr.23), indicating a 9% growth in total earnings.

The business segments which contributed to the growth were Animal feeds & Other Edibles, Paints and Quick Service

Restaurants. However, Turnover generated from Packaged food & Beverages recorded a marginal decline. The Group derived 58% of its Revenue from the Animal feeds & Other Edibles segment of its business.

COMPOSITION OF REVENUE BY BUSINESS SEGMENT (2022)



Source: UAC of Nigeria PLC

Cost of Sales in the year 2022 was ₦95b. This was 13% higher than Direct Cost incurred in 2021. Raw materials used in production accounted for 85% of Total Cost of Sales in the year 2022. Other components of Direct Cost were wages, depreciation, laboratory as well as repairs and maintenance. The significant rise in Cost of Sales depressed Gross Profit Margin from 17% (Yr.21) to 13% (Yr. 22). However, the group's financial performance rebounded notably in

2023, resulting in a surge in Gross Profit Margin to 18%.

• PROFITABILITY

Operating Expenses comprised of Selling, Distribution and Administrative expenses during the year. The increase in operating expenses was attributable to selling and

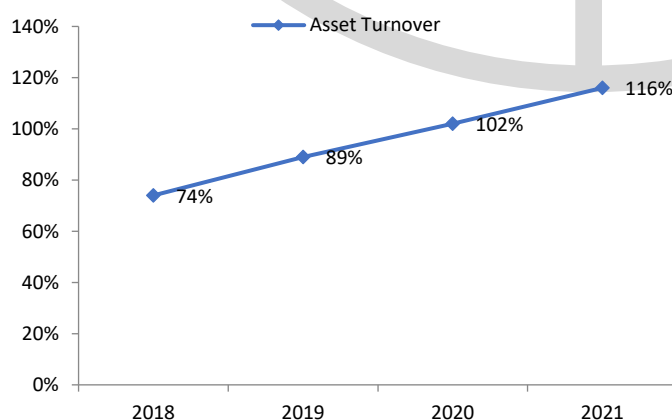
Item	2022 ₦'000	2021 ₦'000
Gross Profit	14,237,393	17,539,548
Operating Expenses	(17,312,450)	(14,937,980)
Other Income	752,087	2,336,242
Net Finance Income	(2,084,834)	(10,107)
*Profit Before Tax	(4,365,316)	4,108,373

Source: UAC of Nigeria PLC

distribution which increased from ₦6.3b (Yr. 21) to ₦8.5b (Yr.22). However, Administrative Expenses only grew marginally from ₦8.5b (Yr. 21) to ₦8.8b (Yr.22).

The Group also earned additional income from Dividend and its other operations in the year. Dividend income received dropped from ₦260.1m (Yr. 21) to ₦9.2m (Yr.22). Other operating income include Profit from sale of Properties & Scraps, Government Grant, Management Fee and Extra Trading Income. Overall, Income from these sources dropped from ₦2.1b (Yr. 21) to ₦742.8m (Yr.22).

PROFITABILITY RATIOS



Source: UAC of Nigeria PLC

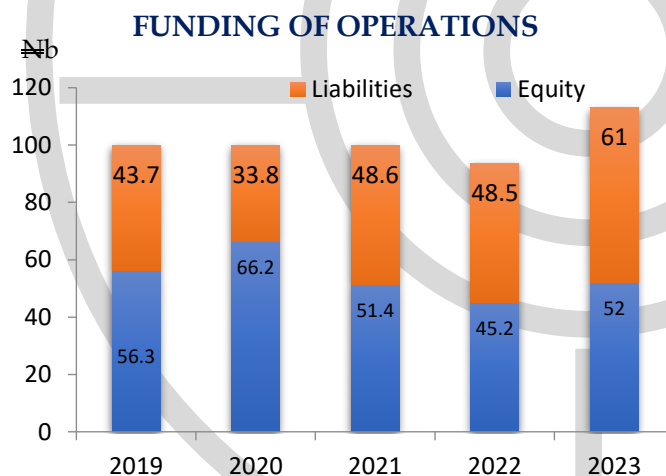
During the year 2022, the Group recorded significant increase in its Finance Cost. This included interest expense on Bank Loans, Commercial Paper, Lease Liability and Eurobonds. Finance Income was also earned largely from Bank Placements and other sources including Eurobonds. Therefore, Net Finance Cost surged from ₦10.1m (Yr. 21) to ₦2.1b (Yr.22).

The Group Profitability was impacted by its performance in the Animal feed business which had ~~N~~6.9b deterioration in Operating Profit, recording an Operating Loss of ~~N~~4.4b and offsetting contribution from other segments. This is in addition to increased Finance Cost, Power and Distribution Expenses and unrealized Fair Value Loss on Investment Property. Consequently, the Group's performance deteriorated from a Pre-Tax Profit of ~~N~~4.1b in 2021 to a Net Loss of ~~N~~4.4b in 2022. Notably, pre-tax profit for the period ended December 2023, surged to N12.6b, indicating a significant recovery in performance.

• CAPITALISATION

ITEM	2022	%
Current Asset	47,292,154	50
Non-Current Asset	45,993,607	49
Non-current assets held for sale	541,850	1
Total Asset	93,827,611	100

Source: UAC of Nigeria PLC



Source: UAC of Nigeria PLC

As at 31st December 2022, the Group's Total Assets declined by 5% to ~~N~~93.8b. This was due to reduction in inventory value from ~~N~~36.2b (Yr.21) to ~~N~~24.4b (Yr. 22). Additional investment of ~~N~~5.9b made during the year 2022 enhanced the value of Property, Plants and Equipment (PPE) to ~~N~~25b during the year end. Total assets surged to ~~N~~113b in the year 2023, primarily due to a significant increase in current assets held during 2023. This growth amounted to 37%, reaching N64b (Yr.23), attributable to profit retention rising from ~~N~~25b (Yr.22) to ~~N~~32b (Yr.23).

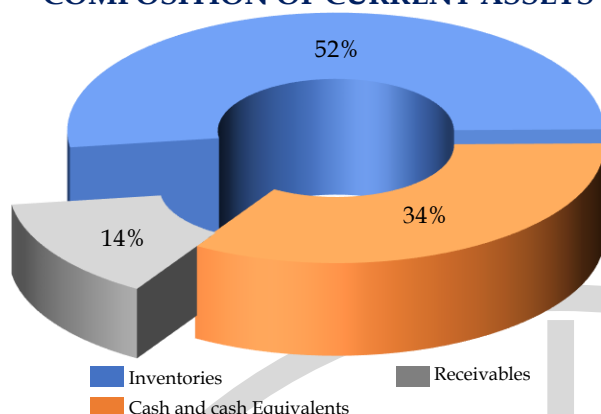
Consequently, funding of operation by Equity was 48% (Yr. 22). This was lower than 51% recorded in the previous year but higher than 46% recorded in the year 2023.

Equity was down by 11% in the year. It declined from ~~N~~50.8b (Yr.21) to ~~N~~45.3b (Yr. 22). This was attributable to the decline in Retained Earnings on account of the Loss incurred in the year 2022. Notably, the group's shareholders' fund saw a substantial increase of 15% to N52b in the year 2023.

• ASSET UTILITY

The Group's Non-Current Assets was ~~N~~45.9b (Yr. 22). This represented a 9% increase compared with the prior year. The growth in the value of Property, Plants& Equipment (PPE) and Intangible Asset was responsible for the increase.

COMPOSITION OF CURRENT ASSETS



Source: UAC of Nigeria PLC

Other Non-Current Assets utilized by the Group included Investment Property, Right of Use Assets, Equity and Debt Instruments as well as Investment in Associates, Trade and Other Receivables. Additions to PPE saw its value increased to ₦25b (Yr. 22). The Group upgraded its core IT infrastructure to Enterprise Resource Planning (ERP) system in 2022.

One of the Subsidiaries, **UAC Foods Limited** commissioned its Krones line worth ₦2.8b. The latest investment is expected to increase its bottled water (SWAN) factory capacity by 300%.

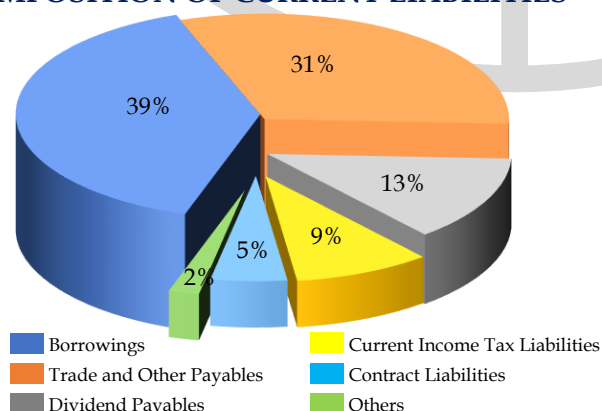
Current Assets value dipped during the year on account of decline in Inventories from ₦36.2b (Yr. 21) to ₦24.4 (Yr. 22). Similarly, Receivables reduced to ₦6.7b (Yr. 22). However, Cash and Short-Term Deposits recorded significant increase from ₦11.4b (Yr. 21) to ₦16.2b (Yr. 22). Included in the Cash Balance was ₦4.95b representing Unclaimed Dividends received from the Registrars. Overall, Total Assets declined by 5% from ₦98.9b (Yr. 21) to ₦93.8b (Yr. 22).

The ability of The Group to effectively generate Revenue using Assets increased from 102% (Yr. 21) to 116% (Yr. 22). Despite the growth in revenue and total asset recorded in the year 2023, Asset to turnover ratio dropped to 105%.

• LIQUIDITY

Short Term Liabilities comprised majorly of Borrowings, Payables and other Creditors & Accruals which accounted for 88% of Total Liability. This class of Liabilities was ₦42.6b and ₦42.7b for the years 2021 and 2022 respectively.

COMPOSITION OF CURRENT LIABILITIES



Source: UAC of Nigeria PLC

Total Borrowings decreased from ₦19.9b (Yr. 21) to ₦19b (Yr. 21). Loans due within one year accounted for 87% of Total Loan and was responsible for the decrease recorded in the year.

The Group recorded a net Operating Cash Flow of ₦16.6b in the year 2022. It was also able to sustain a

good liquidity profile as its Current Assets provided a cover of 111% for its short-term obligations as at the year-end 2022. Notably the company sustained robust liquidity profile of 121% in 2023. However, funds generated from operating activities declined from ₦16.6b (Yr.22) to ₦116m (Yr.23).

CORPORATE GOVERNANCE & RISK MANAGEMENT

The affairs of the Group are directed by its Eight-Member Board of Directors comprising of three (3) Executives and 5 (five) Non-executives which includes three (3) Independent Directors and the Chairman.

The oversight function of the Board is carried out by various Committees including the Statutory Audit Committee, Risk Management Committee, Governance and Remuneration Committee,

The Group's corporate organogram is as highlighted:



Source: UAC of Nigeria PLC

The Group recognizes that it has Market, Credit and Liquidity Risks. In line with details contained in its annual report, it has in place measures to deal with its various risks.

REGULATORY ENVIRONMENT

The operations of *UAC of Nigeria PLC* is regulated in accordance with the provisions of the *Companies and Allied Matters Act (CAP 20) Laws of the Federation of Nigeria, Investment and Securities Act No. 29, 2007* and the *SEC Code of Corporate Governance for Public Companies (2011)*.

RISK FACTORS

In the course of our review, we observed the following significant risks.

• LIQUIDITY RISK

This is the risk that the Group will be unable to pay its obligations as and when due.

Based on our review, the Group recorded a Current Liquidity Ratio of 111% as at the year-end 2022. Borrowings are typically short-term in nature.

• MARKET RISK

This is the risk that changes in market prices, such as Foreign Exchange and Interest Rates will affect the company's income or the value of its holdings of financial instruments.

The Group is exposed to Foreign Exchange risks arising from the importation of some of its required raw materials for operation. The Group also incurred Interest Bearing Borrowings. Therefore, adverse movement in Interest and Foreign Exchange Rate could impair profitability.

• CREDIT RISK

This is the risk arising from the inability of counterparties to honor their obligations as and when due.

The Group's exposure to credit risk was through its Cash, Trade Receivables and Investment Asset. The inability of the primary obligors to honor their obligations may affect the capacity of The Group to generate income.

POLITICAL ENVIRONMENT

Nigeria is a multi-ethnic and culturally diverse federation of 36 autonomous States and the Federal Capital Territory. The ruling All Progressive Congress (APC) which controls the Executive Arm of Government also holds majority seats at both the Senate and Houses of Representative.

The Presidential Election in Nigeria was held on the 25th of February, 2023. The three major contenders were the candidates of the *All Progressive Congress (APC)*, *People's Democratic Party (PDP)* and the *Labour Party (LP)*. Gubernatorial Elections alongside that of State House of Assemblies were conducted in March 2023.

The candidate of the *APC*, Bola Ahmed Tinubu who scored 8,794,726 votes was declared the winner and was sworn in on the 29th of May, 2023. The Supreme Court has also affirmed his victory. This has concluded the electoral process enabling the winner of the election to focus on the business of governance.

Attention has now shifted to the new administration regarding how it will address the myriad of challenges confronting the country. Some of which include political

restructuring, diversification of economy, youth unemployment, subsidy management, brain drain, securities and rising public debts

ECONOMIC ENVIRONMENT

Nigeria stands as the leading economy in Africa with a population exceeding 200 million people. Despite its potential, the nation encountered economic challenges exacerbated by the COVID-19 pandemic, witnessing a decline in Gross Domestic Product (GDP) growth to 2.74% in 2023 from 3.10% in 2022, marking the slowest growth since the 2020 recession.

The manufacturing sector experienced a notable decline, with growth dropping to 1.40% in 2023 compared to 2.45% in 2022. However, the Non-Oil sector played a significant role, contributing 95.30% to Nigeria's GDP in Q4 2023. Key contributors included Financial Institutions, Telecommunication, Agriculture, Trade, Construction, and Manufacturing (especially Food, Beverage, and Tobacco). Annual non-oil sector growth in 2023 stood at 3.04%, while the oil sector witnessed a growth of -2.22%.

Despite the resilience of the Non-Oil sector, challenges persist, including inflation, government policy changes, insufficient funding, volatility in the FX market, and increased finance and material costs. In order to achieve a Unified Foreign Exchange regime, the CBN has collapsed the multiple exchange rate windows. This is in addition to allowing the free float of the Naira against the US dollars. As of November 22, 2024, the naira traded at ₦1,675/\$1 in the official market and averaged ₦1,748/\$1 in the parallel market.

The Monetary Policy Committee (MPC) of the CBN at its meeting in March 2024, raised the Monetary Policy Rate (MPR) by 200bps to 24.75%. This marks a significant departure from the previous rate of 22.75% in February, 2024. This was done to manage inflation which has been on a steady rise. Headline Inflation rose to 31.70% in February, 2024.

The manufacturing sector has borne the brunt of these challenges, facing diminished purchasing power due to naira devaluation. Operators within the Food Processing Sector are particularly affected, grappling with passing production costs to consumers while retaining loyalty.

Despite the current economic challenges, the Nigerian manufacturing sector holds potential for recovery. Adaptation to changing market dynamics, innovation in cost management, and strategic consumer engagement will be pivotal for survival and growth.

ISSUE QUALITY

- The Issuer has the ability to continually generate Revenue by carrying out its business.
- The historical ability of the Issuer to generate Pre-Tax Profit in the last five years (2019 – 2023).
- The Governance Structure around the Bond Issuance Programme will limit the Issuer's interference in administering Coupon and Principal payment under the Issue.
- The Bond holders have a direct obligation to them by the Issuer.

CONCLUSION

We have reviewed the documents relating to the *Issue*. The payment of obligations under the Issue is dependent on the Issuer's cashflow. However, attention was paid to the Governance embedded into the management of the Payment Account.

Consequently, we assigned a Rating of "A-"

Signed:**Name:**
Oladele Adeoye**Designation:**

Chief Rating Officer

Date:

16th October, 2024

For and on behalf of:

DataPro Limited

Ground Floor, Foresight House

By Marina Water Front

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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our **short-term** ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long -term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	(<i>Superior</i>) Assigned to issuers which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	(<i>Excellent</i>) Assigned to issuers which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	(<i>Very Good</i>) Assigned to issuers which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	(<i>Fair</i>) Assigned to issuers which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have an ability to meet their current obligations, but their

financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator Meaning Explanation

BB	Moderate Risk	(Marginal) Assigned to issuers which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	(Weak) Assigned to issuers which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These issuers, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	(Poor) Assigned to issuers, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These issuers, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	(Very Poor) Assigned to issuers, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.