

RATING ANNOUNCEMENT

GCR affirms Valency Agro Nigeria Limited's long and short-term issuer rating of BBB⁺_(NG) / A2_(NG) on the credit strengths of its parent company, Outlook Stable.

Rating action

Lagos, 31 October 2025 – GCR Ratings (GCR) has affirmed Valency Agro Nigeria Limited's national scale long-term and short-term issuer ratings of BBB⁺_(NG) and A2_(NG) respectively accorded on the credit strengths of its parent company. The Outlook on the rating is Stable.

Rated entity	Rating class	Rating scale	Rating	Outlook
Valency Agro Nigeria Limited	Long-term issuer	National	BBB ⁺ _(NG)	Stable
	Short-term issuer	National	A2 _(NG)	--

Rating rationale

The affirmation of Valency Agro Nigeria Limited (Valency Agro or the company) reflects the creditworthiness of the broader Valency International Pte Limited (Valency International or the group). This is because Valency International has provided an irrevocable and unconditional full guarantee on the present and future obligations of Valency Agro. While the ratings have been assigned to Valency Agro, its creditworthiness is supported by the financial and corporate strengths of the parent company. Valency Agro is a wholly owned subsidiary of Valency International, accounting for 26% to group revenue. The company remains a core part of the group's key agricultural commodities business, with strong operational integration across the value chain and management. The group has sustained solid earnings and cash flow generation over the cycle underpinned by its diversified product offering and wide geographical footprint. However, these strengths are offset by weak leverage and liquidity metrics, stemming from rising working capital pressure and increased debt levels. Given the full guarantee, the analytical discussion below therefore focuses primarily on Valency International.

The competitive position remains a key rating strength. Valency International is a global food and agriculture company with operations spanning over 40 countries across Africa, Asia, and Europe. The Group has evolved into a fully integrated agricultural company with strong value-chain capabilities across sourcing, processing, logistics, and branded distribution. Valency's extensive local and international relationships, supported by direct farm-gate sourcing and efficient risk management, underpin its robust supply chain and product availability across markets. The Group continues to deepen its processing footprint through major agro-industrial investments in key markets, including the newly commissioned cashew processing facility in Ivory Coast and expanded Ibadan Industrial Park in Nigeria. These assets enhance scale, operational efficiency, and value addition while reducing reliance on trading margins. The group's partnership-driven growth is reinforced by strategic capital inflows, from (Development Finance Institutions), which have strengthened governance and financial flexibility. Its growing Champion FMCG brand and diversification into multi-seed processing further broaden revenue streams and support earnings stability. Overall, Valency's diversified product portfolio, geographic spread, and expanding processing capacity provide strong competitive advantages, positioning it for sustained volume growth, improved margins, and enhanced market resilience over the outlook period.

The earnings profile is a positive rating factor, supported by sustained revenue growth over the review period. Valency International has recorded a strong five-year compound annual growth rate (CAGR) of 13.8% to FY2025 (year ended 31

March 2025), Revenue rose by 22.6% to USD976.2 million in the financial year ended 31 March 2025 (2024: USD796 million), reflecting increased sourcing volumes hinged on the newly commissioned processing plants and higher average selling prices. Growth momentum extended into June 2026 (Q1 2026), with an annualised growth of 30.1%, supported by incremental output from enhanced capacity and improved throughput efficiency. EBITDA margins remained relatively stable at 6.2% in 2025 (2024: 6.3%), as the positive impact of higher value-added agro-processing and product diversification offset rising input costs. Over the next 12 to 24 months, revenue is projected to grow by around 20% annually, supported by broader market penetration, increased capacity utilization, and continued export diversification. In addition, we expect EBITDA margin to register above the historical level on the back of scale efficiencies, enhanced product mix towards premium-value segments, and greater cost optimization across operations.

Leverage and capital structure remain a major ratings constraint, due to the sustained high debt level amid rising working capital pressures. Gross debt rose to USD269.3 million in June 2026 (2025: USD239.6 million) up from USD186.3 million in March 2024 attributable to elevated working capital requirements and additional loans drawn to fund the group's ongoing expansion across key operating markets. Although, the improvement in earnings is balanced against the rising debt, the leverage metrics remained relatively stable however still weak. As such, net debt to EBITDA remained above 3x in 2025 and Q1 2026 (2024: 3.5x), while EBITDA coverage of interest maintained low around 2x due to escalated finance charges from high debt utilisation amid the high interest environment. Furthermore, operating cash flow (OCF) coverage of debt reverted to negative positions in 2025 and Q1 2026 (2024: 9.2%) because of higher working capital absorption tied to inventory buildup and extended receivable cycles. Looking ahead, debt levels are projected to exceed USD300 million by 2026 as the group continues to scale operations and strengthen its value chain presence. However, we expect the overall leverage metrics to improve steadily on the back of the ongoing collection initiatives to ease working capital pressure as well as the anticipated improvement in earnings and cash flow generation from the expanded operations.

Liquidity is also negative to the ratings, constrained by the sustained high refinancing risk due to large short-term debt utilisation. The group's estimated liquidity sources versus uses coverage is estimated at 1.3x over the 12-month period to March 2026 and barely 1x over the 24-month period to 31 March 2027. This is largely supported by a sizable, revolving committed facilities of over USD100 million and a significant portion of the inventory holding as of March 2025 against the estimated high short-term redemption of USD185 million as of March 2025. We expect the anticipated capital spending of USD38 million to be cautiously executed supported by the available cash holding. Nevertheless, the liquidity remains constrained by weak operating cash flows owing to the high debtors' book, operation driven enlarged inventory holding and high interest payments.

Outlook statement

The Stable Outlook reflects GCR's view that Valency International Pte will maintain its strong competitive position, supported by steady earnings growth and healthy cash flow generation over the outlook period. While debt levels are expected to remain elevated due to ongoing working capital demands from business expansion, the group's existing revolving credit facilities should provide adequate liquidity support in the near term.

Rating triggers

An upward rating movement could follow the successful completion of ongoing expansion projects that translate to stronger and more sustainable revenue growth and cash flow generation, supported by improved operational efficiency across key markets. In addition, an improvement in working capital management that free up cash for operations and limits recourse to debt utilisation thus supporting material improvement in leverage and liquidity metrics could upgrade the ratings.

Conversely, a rating downgrade could follow 1) earnings underperformance below expectations which exerts further pressure on leverage metrics, 2) a continued sharp rise in working capital utilization, which intensifies cash flow pressures. 3) an unexpected increase in debt levels without a commensurate improvement in earnings, further deteriorating leverage metrics, or 4) a reduction in available committed facilities or liquidity sources, which heightens refinancing risk and limits the group's financial flexibility.

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Corporate Entities, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, October 2025
GCR Nigeria Corporate Sector Risk Scores, September 2025

Ratings history

Valency Agro Nigeria Limited					
Rating class	Review	Rating scale	Rating	Outlook	Date
Long-term issuer	Initial	National	BBB+(NG)	Stable	October 2022
Short-term issuer	Initial	National	A2(NG)		
Long-term issuer	Last	National	BBB+(NG)	Stable	October 2024
Short-term issuer	Last	National	A2(NG)		

Risk score summary

Rating Components & Factors	Score
Operating environment	9.25
Country risk score	6.25
Sector risk score	3.00
Business profile	1.00
Competitive position	1.00
Sustainability	0.00
Financial profile	(3.25)
Earnings profile	0.50
Leverage & capital structure	(3.25)
Liquidity	(0.50)
Comparative profile	0.00
External support	0.00
Peer comparison	0.00
Total Risk Score	7.00

Glossary

Capital	The sum of money that is invested to generate proceeds.
Cash	Funds that can be readily spent or used to meet current obligations.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Credit	A contractual agreement in which a borrower receives something of value now, and agrees to repay the lender at some date in the future, generally with interest. The term also refers to the borrowing capacity of an individual or company
Credit Rating	See GCR Rating Scales, Symbols and Definitions.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than typically 90 days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.
Interest Cover	Interest cover is a measure of a company's interest payments relative to its profits. It is calculated by dividing a company's operating profit by its interest payments for a given period.
Issuer	The party indebted or the person making repayments for its borrowings.
Leverage	With regard to corporate analysis, leverage (or gearing) refers to the extent to which a company is funded by debt.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Long Term Rating	See GCR Rating Scales, Symbols and Definitions.
Margin	A term whose meaning depends on the context. In the widest sense, it means the difference between two values.
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Maturity	The length of time between the issue of a bond or other security and the date on which it becomes payable in full.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Short Term Rating	See GCR Rating Scales, Symbols and Definitions.
Short Term	Current; ordinarily less than one year.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The rating above was solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- 2025 audited annual financial statements, and prior four years' annual financial statements.
- Three-month unaudited management accounts to June 2026
- Debt profile as of June 2026
- Industry comparative data and regulatory framework
- Information specific to the rated entity and/or industry

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