

This document is important and should be read carefully. If you are in any doubt as to its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately. For any information concerning certain risk factors which should be considered by prospective investors, please refer to the section on "risk factors" commencing on page 35 of the Prospectus.



EMZOR PHARMA FUNDING SPV PLC

RC 1715106

**OFFER FOR SUBSCRIPTION OF ₦13,729,000,000 5 YEAR 10.00% SENIOR UNSECURED FIXED RATE
SERIES I BONDS DUE 2026**

UNDER THE ₦50,000,000,000 EMZOR PHARMA FUNDING SPV PLC BOND ISSUANCE PROGRAMME

ISSUE PRICE: ₦1,000 PER UNIT

PAYABLE IN FULL ON APPLICATION

Book opens: 22 December, 2020

Book closes: 12 January, 2021

Investment in this Bonds is strictly for Qualified Institutional Investors as defined under Rule 321 of the Rules and Regulations of the Securities & Exchange Commission 2013 (as amended)

This Pricing Supplement or supplemental prospectus ("Pricing Supplement") together with documents specified herein have been delivered to the Securities and Exchange Commission ("The Commission" or "SEC") for registration. This Pricing Supplement is prepared pursuant to Rules 279(3) and 323(5) of the Rules and Regulations of the Securities & Exchange Commission 2013 (as amended) and the listing requirements of the Nigerian Stock Exchange in connection with the ₦50,000,000,000.00 Bond Issuance Programme established by Emzor Pharma Funding SPV PLC ("Emzor SPV" or the "Issuer" or the "Company"), a special purpose vehicle sponsored by Emzor Pharmaceutical Industries Limited (the "Company" or the "Sponsor"). The Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated 20 January, 2021 (the "Prospectus") and any other supplements to the Prospectus which may be issued by the Issuer. Terms defined in the Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds (as defined below) only if accompanied by the Prospectus. Copies of the executed Prospectus can be obtained from the Issuer and Issuing Houses (as defined below).

The registration of the Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the Bonds or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Prospectus or this Pricing Supplement. No Bonds will be allotted or issued on the basis of the Prospectus, read together with this Pricing Supplement, later than three years after the date of the issue of the Prospectus except as may otherwise be extended by the Commission.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "**Series 1 Bonds**" or "**Bonds**"). Application will be made to the Nigerian Stock Exchange for admission of the Bonds to its platform. The Bonds now being issued will upon admission to the platform(s) qualify as security in which the Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004. Investors are advised to also note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA 2007.

Investors may confirm the clearance of the prospectus and registration of the securities with the Securities and Exchange Commission by contacting the Commission on sec@sec.gov.ng or +234(0)94621100; +234(0)94621168

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer and each of its directors declare that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge (having made all reasonable enquiry), in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus has arisen or has been noted, as the case may be, since the publication of the Prospectus. Furthermore, the information contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

LEAD ISSUING HOUSE

RENAISSANCE SECURITIES (NIGERIA) LIMITED

RC: 685973

JOINT ISSUING HOUSE

AFRINVEST (WEST AFRICA)

LIMITED

RC No. 261272

This Pricing Supplement is dated 20 January, 2021

www.emzorpharma.com; www.sec.gov.ng

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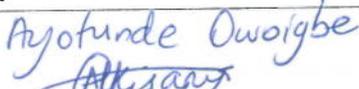
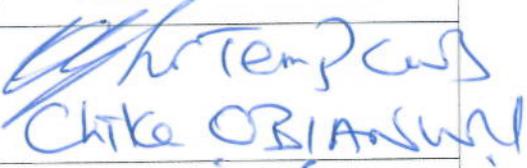
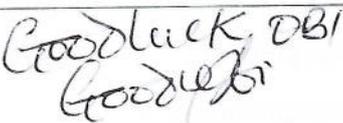
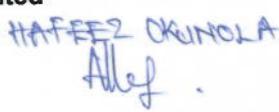
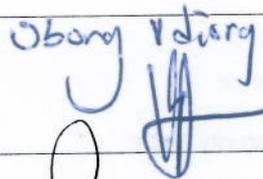
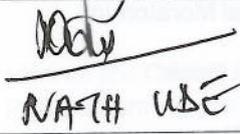
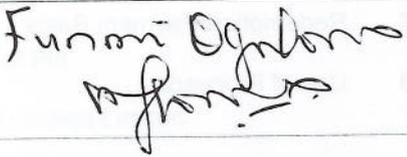
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PARTIES TO THE OFFER

Issuer	
Emzor Pharma Funding SPV PLC 2 nd Floor, ED Building 47 Marina Lagos	
Board of Directors & Company Secretary of the Issuer	
Dr. Stella C. Okoli ED Building (2 nd Floor), 47 Marina Lagos <i>Stella Okoli</i>	Mrs. Uzoma G. Ezeoke ED Building (2 nd Floor), 47 Marina Lagos <i>Uzoma Ezeoke</i>
Templars (Company Secretary) 5 th Floor, The Octagon 13A A.J Marinho Drive Victoria Island, Lagos <i>Chilce O. B. Adenuga</i>	
Sponsor	
EMZOR PHARMACEUTICAL INDUSTRIES LIMITED Plot 3C, Block A, Aswani Market Road Oshodi/Osolo Express way, Lagos	
Board of Directors of the Sponsor	
Mr. Emeka C. Okoli Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>E.C. Okoli</i>	Dr. Stella Okoli Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>Stella Okoli</i>
Mrs. Uzoma G. Ezeoke Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>Uzoma Ezeoke</i>	Mr. Ehimare Eric Idiahi Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>Ehimare Eric Idiahi</i>
Mr. Shivakumar Subramani Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>Shivakumar Subramani</i>	Dr. Shamsuddeen Usman Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>Shamsuddeen Usman</i>
Mr. Gabriel Keita Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express Way, Lagos <i>Gabriel Keita</i>	
Abdul Taiwo & Co (Company Secretary) Goodwill House, 278 Ikorodu Road, Lagos <i>Abdul Taiwo & Co.</i> <i>ALAYO OGUNBIYI</i>	
PROFESSIONAL PARTIES	
Lead Issuing House	
Renaissance Securities (Nigeria) Limited The Wings Office Complex, 6 th Floor, East Tower, 17A Ozumba Mbadiwe Road, Victoria Island, Lagos, Nigeria <i>Nicholas Okeke</i>	

Joint Issuing House	
Afrinvest (West Africa) Limited 27 Gerrard Road, Ikoyi, Lagos	 VICTOR MOKUABA
Trustee	
Stanbic IBTC Trustees Limited The Wealth House Plot 1678 Olakunle Bakare Close, Off Sanusi Fafunwa Street, Victoria Island, Lagos	 CHARLES OMOERA
Solicitors to the Transaction	
Banwo & Ighodalo 48 Awolowo Road Ikoyi, Lagos	 Ayotunde Owoigbe
Solicitors to the Issuer	
Templars 5 th Floor, The Octagon 13A A.J Marinho Drive Victoria Island, Lagos	 Chike ORIANWA
Reporting Accountants	
KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos, Nigeria	 Goodluck DBI
Rating Agency	
Global Credit Rating Co. (GCR) Limited New Africa House (17 th House) 31 Marina Lagos	 HAFAEEZ OKUNOLA
Registrars	
Africa Prudential Plc 220B, Ikorodu Road Palmgrove Lagos	 Olayinka
Receiving Bank	
Nova Merchant Bank 23 Kofo Abayomi Street Victoria-Island, Lagos	 NATH USE
Auditor	
Ernst & Young 10 th Floor, UBA House 57 Marina Lagos, Nigeria	 Funmi Ogundana

SUMMARY OF THE OFFER

The following are the final terms of the Series 1 Bonds that are the subject of this Pricing Supplement. These terms and conditions are only applicable to this Issue.

Final terms of the Series 1 Bond

- | | | |
|-----|---------------------------|---|
| 1. | Issuer: | Emzor Pharma Funding SPV PLC (“ Emzor SPV ” or the “ Issuer ” or the “ Company ”) |
| 2. | Sponsor: | Emzor Pharmaceutical Industries Limited (“ Emzor ” or the “ Company ” or the “ Sponsor ”) |
| 3. | Description of the Bond: | 5 year 10.00% senior unsecured fixed rate bonds due 2026 |
| 3. | Series Number: | 1 |
| 4. | Specified Currency: | Naira (“ ₦ ”) |
| 5. | Aggregate Nominal: | Up to ₦13,729,000,000 |
| 6. | Issue Price: | At par. ₦1,000 per unit of the Bond |
| 7. | Gross proceeds: | Up to ₦13,729,000,000 |
| 8. | Net proceeds: | ₦13,432,452,771 |
| | Denominations: | Minimum of ₦10,000,000 (i.e. 10,000 units at ₦1,000 per unit) and multiples of ₦1,000,000 thereafter |
| 10. | Issue Date: | 20, January 2021 |
| 11. | Coupon Commencement Date: | Interest will accrue from the Issue Date. The first Coupon Payment Date shall be on 20 July and the Interest shall be due and payable every 6th and 12th thereafter, in arrears, up to and including the Maturity Date |
| 12. | Tenor: | 5 (five) years |
| 13. | Maturity Date: | 20, January 2026 |
| 14. | Principal Moratorium: | Not Applicable |
| 15. | Coupon Basis: | Fixed Rate |
| 16. | Coupon: | 10.00% p.a. |
| 17. | Redemption/Payment Basis: | Bullet repayment upon maturity |
| 18. | Use of Proceeds: | As outlined in Use of Proceeds on page 9 of this Pricing Supplement |
| 19. | Status of the Bond: | The Bonds are direct, unconditional, unsubordinated and unsecured obligations of the Issuer, and shall, at all times, rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Bonds and in respect of principal and any Coupon thereon shall at all times rank equally with all other unsubordinated and unsecured obligations |

of the Issuer, present and future but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

20. Events of Default: See Events of Default set out in Condition 19 of the First Schedule of the Programme Trust Deed dated 20 January, 2021
21. Listing(s): The Nigerian Stock Exchange
22. Offer Period: As outlined in the Indicative Transaction Timeline on page 8 of this Pricing Supplement.

Provisions relating to redemption

24. Optional Early Redemption
- Applicable at a market determined price as agreed by individual bondholders and the Issuer or on such terms as shall be agreed in the relevant Series Trust Deed
- (i) Call Date: N/A
- (ii) Call Option: N/A
- (iii) Put Option: N/A
- (iv) Day Count Fraction: Actual / Actual (actual numbers of days in a month/actual number of days in the year)
25. Scheduled Amortisation: N/A
26. Redemption Amount(s): N/A
27. Scheduled Redemption Dates: N/A
28. Redemption Notice Period: N/A

General provisions applicable to the Bonds

29. Form of Bonds: Electronic registration on the Central Securities Clearing System PLC platform
- (i) Form of Bonds: Dematerialised
- (ii) Registrar: Africa Prudential Plc
30. Trustee: Stanbic IBTC Trustees Limited
31. Record Date: No Bondholder may require the transfer of a Bond to be registered during the period of fifteen (15) days ending on the due date for any payment of principal or Coupon on the Bond
32. Bond Settlement: Bond purchases will be settled by electronic funds transfers through either CBN Inter-Bank Funds Transfer System ("CIBFTS"), National

Electronic Funds Transfer (“NEFT”) or Real Time Gross Settlement (“RTGS”)

Distribution, clearing and settlement provisions

33. Method of Distribution: Book Building to Qualified Institutional Investors and High Net Worth Individuals
34. Underwriting: Not applicable
35. Clearing System: Central Securities Clearing System PLC
36. Rating:
- (i) Issuer: A- (stable outlook) by Global Credit Rating Co.
- (ii) Issue: A- (stable outlook) by Global Credit Rating Co.

An issue rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The rating relates to the ultimate payment of principal and coupon (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity)

General

37. Taxation: Details of this and other tax considerations are set out on page 34 (Taxation) of the Prospectus dated 20 January 2021. Upon expiration of the exemption period on 2 January 2022, the interest accruing to the Bondholders that are corporate entities would be subject to withholding tax. In the event that the exemption is not extended, the Issuer may be required by law to withhold tax on interest payments on such bonds.
38. Risk Factors: See Risk Factors on page 35 - 38 of the Prospectus dated 20 January 2021
39. Governing Law: The Bonds will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.
40. Summary of Claims and Litigation: See Summary of Claims and Litigation of the Sponsor in page 93 of the Prospectus dated 20 January 2021

INDICATIVE TRANSACTION TIMELINE*

Date	Activity	Responsibility
21 December 2020	Obtain the SEC's clearance of the Pricing Supplement and approval to commence Book Building	Lead Issuing House
22 December 2020	Commence Book Building	Issuing Houses and Bookrunners
12 January 2021	Conclude Book Building	Issuing Houses and Bookrunners
12 January 2021	Determination of Coupon Rate and aggregate principal amount to be issued	Issuing Houses and Bookrunners
20 January 2021	Despatch Allotment Confirmation Letters	Issuing Houses and Bookrunners
20 January 2021	File updated Issue documents with SEC	Lead Issuing House
20 January 2021	Obtain SEC clearance of documents and No Objection to convene Signing Ceremony	Successful Participants
20 January 2021	Hold Signing Ceremony	All Parties
20 January 2021	Remit net Issue proceeds to the Issuer	Receiving Bank
22 January 2021	File executed offer documents with SEC	Lead Issuing House
25 January 2021	File Allotment Proposal and draft newspaper announcement with SEC	Lead Issuing House
26 January 2021	Receive SEC's No-objection to the Allotment Proposal and draft newspaper announcement	Lead Issuing House
27 January 2021	Publish allotment announcement in at least 2 (two) national dailies	Issuing Houses and Bookrunners
27 January 2021	Credit CSCS Accounts of Allottees / dispatch certificates	Registrar
On or Before 28 February 2021	Listing of the Series I Bond	Lead Issuing House / Stockbroker
28 February 2021	Filing of Post Allotment Report / Post Offer Compliance	Lead Issuing House

***NB: These dates are indicative and are subject to change**

USE OF PROCEEDS

The Net proceeds of the bonds to be issued under the programme will be used to purchase Notes issued by Emzor Pharmaceutical Industries Limited pursuant to the Master Notes Purchase Agreement.

100% of the Net proceeds will be used to purchase the Notes within one month of completing the bond issuance.

NB: In the event of over subscription, the oversubscribed amount up to a maximum of 15% of the offer size shall be utilized for the purchase of Notes within a month of the bond issuance

Emzor Pharmaceutical Industries Limited

The net proceeds of the bonds from Emzor Pharma Funding SPV Plc will be utilised as follows:

Purpose / Activity	Amount (NGN)	%	Estimated Completion Period
<u>Refinancing of existing short-term debt and overdraft</u>	400,000,000	2.91	Immediately after Issue date
<u>Working Capital Usage</u>	<u>682,452,771</u>	<u>4.97</u>	Immediately after Issue date
1) Purchase of Sales Vehicle and delivery trucks to increase distribution capacity	150,000,000	1.09	
2) Importation of additional support raw materials for expansion of operations	532,452,771	3.88	
<u>Expansion of Existing Operations</u>			12 months
	<u>485,000,000</u>	<u>35.33</u>	
1) Oral Solid Dosage Plant – New Granulation, Compression Blistering Area	800,000,000	5.83	
2) Intravenous Fluid Plant – Production of intravenous fluid, large volume and small volume vials	3,750,000,000	27.31	
3) Purchase of newer and more efficient machinery	300,000,000	2.19	
<u>New Greenfield Development</u>	7,500,000,000	54.63	12 months
1) Plastic Packaging for Liquid Bottles, tablet bottles and packaging materials	1,000,000,000	7.28	
1) Establishment of new Active Pharmaceutical Ingredient (API Production Plant)	6,500,000,000	47.35	
<u>Transaction Expenses on the Bonds</u>	296,547,229	2.16	Immediately after Issue date
Total	13,729,000,000	100	

Refinancing of Existing short-term debt and overdraft

Bank	Borrowing	Facility (NGN)	Amount Drawn (NGN)	Tenor	Due Date
GT Bank	Short Term – Import Facility	360,000,000	71,222,552	12 months	24 Jan 2021
GT Bank	Overdraft	250,000,000	194,423,276	12 months	24 Jan 2021
Titan Trust Bank	Short Term – Import Facility	385,000,000	199,476,460	12 months	21 July 2021
Total		995,000,000	465,122,288		

COUPON PAYMENT SCHEDULE

The table below indicates the semi-annual coupon payments during the tenor of the issue. The table reflects coupon of 10.00%.

Period	Bond obligation repayment dates	Semi-annual interest payment
Interval 1	20-July-21	₦692,092,054.79
Interval 2	20-Jan-22	₦680,807,945.21
Interval 3	20-July-22	₦692,092,054.79
Interval 4	20-Jan-23	₦680,807,945.21
Interval 5	20-July-23	₦690,201,092.90
Interval 6	20-Jan-24	₦682,698,907.10
Interval 7	20-July-24	₦692,092,054.79
Interval 8	20-Jan-25	₦680,807,945.21
Interval 9	20-July-25	₦692,092,054.79
Interval 10	20-Jan-26	₦680,807,945.21



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Email: service@ey.com
www.ey.com

Enzo Pharma Funding SPV PLC
ED Building (2nd Floor)
47 Marina
Lagos

4 December 2020

Dear Sirs,

We have been appointed as auditor to Enzo Pharma Funding SPV PLC (the "Company") for the 30-day period from 30 September 2020 to 30 November 2020.

Based on inquiry of management and representations received, there were no transactions during the period.

Yours faithfully,

Funmi Ogunlowo, FCA
FRC/2013/ICAN/0000000681
For: Ernst & Young
Lagos, Nigeria.



Emzor Pharma Funding SPV PLC N50bn Bond Issuance Programme (Up to N15bn Series 1 Bonds)

Nigeria Corporate Bond Analysis – New Issuance Report

November 2020

Security class	Rating scale	Indicative rating*	Rating outlook	Expiry date
Up to N15bn Series 1 Senior Unsecured Bonds	National	A-(NG)	Stable	May 2021

Key Transaction counterparties:

Issuer: Emzor Pharma Funding SPV PLC (“Emzor SPV”)

Sponsor/Guarantor: Emzor Pharmaceutical Industries Limited (“Emzor Pharmaceutical” or “the Guarantor”)

Lead Issuing House: Renaissance Securities (Nigeria) Limited

Joint Issuing House: Afrinvest (West Africa) Limited.

Bond Trustee: Stanbic IBTC Trustees Limited.

Advised by: Udo Uduma & Bello Osagie

Solicitors to the Issuer: Templars

Solicitor to the Transaction: Banwo and Ighodalo

Reporting Accountants: KPMG Professional Services

Registrars: Africa Prudential Plc

Receiving Bank: Nova Merchant Bank

Key Transaction Documentation: Draft Shelf

Prospectus, Draft Programme Trust Deed, Draft Series 1 Trust Deed, Series 1 Pricing Supplement, Draft Deed of Covenant.

Transaction summary

Emzor Pharma Funding SPV PLC, the Issuer, has filed an application with the Securities and Exchange Commission (“SEC”) to issue bonds into the Nigerian capital market, under a N50bn Bond Issuance Programme (“the Programme” or “BIP”). The BIP is backed by a resolution of the Board of Directors (“the Board”) of the Issuer. An initial N15bn is expected to be raised in Series 1 Senior Unsecured Bond Issuance. The Series 1 Bonds shall have a legal maturity tenor of five years with expected maturity in 2025. The Bonds shall constitute direct, unconditional, senior, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

GCR has accorded an indicative rating of A-(NG) to the Series 1 Bonds, and not the Programme. The rating relates to the ultimate payment of principal and coupon (as opposed to timely, akin to an expected loss rating, which is a function of probability of default and loss severity).

Summary rating rationale

- Emzor Pharma Funding SPV PLC is a special purpose vehicle owned and sponsored by Emzor Pharmaceutical Industries Limited and incorporated in September 2020 as a funding entity, solely for the purpose of raising finance for its Sponsor.
- Emzor Pharmaceutical is a leading manufacturer in the Nigerian pharmaceutical sector. GCR accorded a long term rating of A-(NG) to the Sponsor, with a Stable outlook in November 2020. The rating was largely supported by the Sponsor’s solid competitive positioning and its relatively strong capital structure and credit risk profile.
- The Programme Trust Deed does not offer Bondholders any security over assets but does feature a negative pledge and other covenants to protect the interest of Bondholders.
- Emzor Pharmaceutical, the Issuer and the Bond Trustee shall enter into a covenant, pursuant to which Emzor Pharmaceutical, in its capacity as the Guarantor, absolutely, irrevocably and unconditionally guarantees the punctual and full payment of all debts and obligations owed by the Issuer under the Programme. Pursuant to the Deed of Covenant, Emzor Pharmaceutical undertakes that if the Issuer does not pay any of the obligations, it will immediately perform the payment obligations of the Issuer as if it were the primary obligor. In addition, GCR has received a legal opinion which confirms *inter alia* that Emzor Pharmaceutical’s Guarantee is irrevocable, unconditional and enforceable in line with its terms.
- The A-(NG) indicative rating accorded to the Series 1 Bonds is equalised to the national scale long term rating of the Sponsor, as the Guarantee offers timely and full coverage of all payments due to the Series 1 Bondholders.
- A change in the rating of the Sponsor will directly impact the rating of the Series 1 Bonds.

Summary of Transaction:

Asset class	Senior unsecured
Programme limit	N50bn
Series 1 Bond	Up to N15bn
Tenor	5 years
Maturity Date	2025
Interest rate	To be determined
Interest basis	Fixed, payable semi-annually
Principal redemption basis	Bullet repayment upon maturity
Negative pledge	Yes

Related methodologies/research:

Global Master Criteria for rating Corporate entities, updated February 2018;
Emzor Pharmaceutical Industries Limited Issuer rating reports, 2020

Glossary of terms/ratios, February 2018

GCR contacts:

Primary Analyst:
Femi Atere
Analyst
femi@gcrratings.com

Committee Chairperson
Dave King

Analyst location: Lagos, Nigeria

+23 41 904-9462

www.globalratings.com.ng

*The final rating will be accorded upon receipt of satisfactorily signed and executed final transaction documents.

Emzor Pharmaceutical Industries Limited

Nigeria Corporate Analysis

November 2020

Rating class	Rating scale	Rating	Rating Outlook	Expiry date
Long term	National	A _(NG)	Stable	November 2021
Short term	National	A2 _(NG)		

Financial data:

(USDm comparative)*

	31/12/18	31/12/19
N/USD (avg.)	305.5	305.4
N/USD (close)	306.5	306.5
Total assets	111	118
Total debt	28	29
Total capital	40	45
Cash & equiv.	26	12
Turnover	78	85
EBITDA	14	15
NPAT	6	5
Op. cash flow	(11)	(1)

Market share[‡] 32% and 25% of the analgesic and multivitamins market respectively

Market cap Not Applicable

*Central Bank of Nigeria ("CBN") exchange rate.

[‡]Management's estimate. Not available for other therapeutic classes due to lack of reliable data.

Rating history:

Initial/new rating (November 2020)

Issuer Long term: A_(NG)

Issuer Short term: A2_(NG)

Rating outlook: Stable

Related methodologies/research:

Criteria for rating Corporate entities, updated February 2018

Glossary of terms/ratios, February 2018

GCR contacts:

Primary Analyst:

Femi Atere

Credit Analyst

femi@gcratings.com

Committee Chairperson:

Dave King

Analyst location: Lagos, Nigeria

Tel: +234 1 9049 462

Website: www.gcratings.com

Summary rating rationale

- The ratings of Emzor Pharmaceutical Industries Limited ("Emzor" or "the Group") reflect its position as a leading manufacturer in the Nigerian pharmaceutical sector, and its relatively strong credit risk profile. Group operations are underpinned by extensive marketing and distribution network, as well as strong relationships with international suppliers and technical partners, which have supported solid competitive positioning.
- Emzor has recorded strong earnings progression over the review period, supported by ongoing product innovation and an expanding retail footprints. However, the supply chain disruptions occasioned by the COVID-19 crisis have affected production and targets, as evidenced by the constrained year-on-year growth in 1H FY20. While the short term revenue forecast may not be met, earnings have since recovered and prospects remain strong, underpinned by Nigeria's fast growing population and generally low penetration for medicines.
- Despite the adverse impact of the Naira devaluation and inflationary pressures, Emzor reports competitive margins, with the EBITDA margin rising consistently to 19.8% in 1H FY20, underpinned by cost containment initiatives. Input costs are expected to remain high, but successful backward integration into the production of active inputs and higher economies of scale should see the margin register above historical levels. This has helped sustain adequate interest coverage, amidst the higher charge.
- Negative operating cash flows have been driven by working capital pressures arising from growing trade receivables, inventory, and related party transactions. While GCR expects such working capital pressures to persist in view of the expanding business, management has indicated that related parties now have access credit facilities for their own operations.
- GCR considers Emzor's moderate gearing to be a rating strength, given the strong support from shareholders. In this regard, an equity injection and a convertible shareholder loan have enabled Emzor to contain net debt to EBITDA below 1.3x in recent periods, despite the working capital and expansionary spend. If the convertible shareholder loan is treated as equity, the metric would register below 0.7x. Even as Emzor gears up for additional funding through a debt issue to support its expansion drive, GCR expects this to have limited impact on credit metrics, provided strong earnings are maintained. However, a renewed working capital support for related parties may weaken Emzor's financial profile in times of material cash flow stress.
- Emzor evidences strong relationships with financial institutions, which has allowed for steady access to funding and favourable terms, amidst the challenging operating environment. Its debt maturity profile is enhanced by a sizeable long term debt and N1.7bn in unutilised committed facilities.

Factors that could trigger a rating action may include

Positive change: Bringing the capex projects to fruition on time and within budget will have a strong impact on earnings. If the robust forecasts are attained, this would lead to a substantial increase in scale and improve financial strength.

Negative change: An underperformance of earnings against a rise in debt profile, could burden Emzor with high debt service costs. Continued disruptions to the operating environment, could also negatively impact group performance.



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The Directors
 Emzor Pharmaceutical Industries Limited
 Plot 3C, Block A, Aswani Market
 Isolo, Lagos
 Nigeria

Dear Sir,

ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED FOR THE YEARS ENDED 31 DECEMBER 2015, 2016, 2017, 2018 AND 2019

Report on the Financial Statements

We have reviewed the accompanying financial statements of Emzor Pharmaceutical Industries Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2018 and 2019, and the consolidated and separate statements of profit and loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. We have also reviewed the statement of financial position of Emzor Pharmaceutical Industries Limited as at 31 December, 2015, 2016 and 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the International Financial Reporting Standards (IFRS). This Standard also requires us to comply with relevant ethical requirements.

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Partners:
 Adebisi O. Lamikoko Adegoke A. Oyelami Adetunji A. Eteibute Adetola P. Adeyemi
 Adewale K. Agbi Ayuba D. Olorin Ajobami L. Salami Ayodele A. Soyinka
 Ayodele H. Oshinwa Chibuzor N. Anjerechi Chinyere B. Nwajio Ekele A. Abangbese
 Elijah O. Odetunmbay Goodluck C. Ode Chinyere C. Amadi Isomina T. Emeze-Ejigbo
 Joseph O. Tobi Kabi O. Okunola Lawrence C. Amadi Mohammed M. Ademi
 Nwaka C. Esuma Oguntayo I. Ogunbemis Olufemi S. Ajayi Oluwole M. Ademi
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 Oluwalade O. Awotayo Oluwalade A. Odeji Temitope A. Oriti Tolulope A. Odeleke
 Victor U. Oyenlaka



A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The Accountants perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the consolidated and separate statements of financial position as at 31 December, 2018 and 2019 of Emzor Pharmaceutical Industries Limited, and its financial performance and cash flows for the years then ended, the statement of financial position of Emzor Pharmaceutical Industries Limited as at December 31, 2015, 2016 and 2017, and its financial performance and cashflows for the years then ended in accordance with the International Financial Reporting Standards.

Restriction on Distribution and Use

Without modifying our conclusion, our report was prepared for inclusion in the prospectus for the proposed issuance of ₦15 billion Series 1 Notes under a ₦50 billion bond issuance programme through the Emzor Pharma Funding SPV Plc ("SPV") and as a result, the financial information may not be suitable for another purpose. Our report is intended solely for Emzor Pharmaceutical Industries Limited and other relevant parties to the offer and should not be distributed to or used by other parties other than Emzor Pharmaceutical Industries Limited and other relevant parties to the offer.

Adetola P. Adeyemi
FRC/2012/ICAN/0000000620
For: KPMG Professional Services
Chartered Accountants
30 September 2020
Lagos, Nigeria



APPENDIX V: FINANCIAL SUMMARY

The Financial information set out in this Pricing Supplement has been extracted from the audited annual financial statements of the Sponsor and is available at the specified office(s) of the Sponsor. This section should be read and construed in conjunction with any audited interim financial statements published subsequently, for the financial years prior to the issuance under this pricing supplement.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
FOR THE YEAR ENDED 31 DECEMBER					
	2019*	2018*	2017**	2016**	2015**
<i>(All amounts in thousands of Naira unless otherwise stated)</i>	N'000	N'000	N'000	N'000	N'000
Revenue	25,964,531	23,747,127	19,269,332	14,594,809	12,953,031
Cost of sales	(16,141,056)	(14,112,807)	(11,446,767)	(8,871,215)	(8,083,098)
Gross profit	9,823,475	9,634,320	7,822,565	5,723,594	4,869,933
Administrative Expenses	(3,964,244)	(2,853,700)	(2,028,606)	(2,181,255)	(1,942,617)
Selling and Distribution Expenses	(2,343,013)	(2,895,400)	(2,905,277)	(2,762,297)	(2,465,895)
Other income	240,022	92,375	36,062	32,713	147,267
Operating profit	3,756,240	3,977,595	2,924,744	812,755	608,688
Finance income	539,116	388,293	45,681	60,905	44,037
Finance costs	(1,673,477)	(1,275,639)	(625,027)	(520,513)	(438,146)
Profit before taxation	2,621,879	3,090,249	2,345,398	353,147	214,579
Income tax expense	(1,149,884)	(1,156,807)	(805,836)	(252,044)	9,243
Profit for the year	1,471,995	1,933,442	1,539,562	101,103	223,822
Other Comprehensive income:					
Other Comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)	105	-	-	-	-
Re-measurement gains on defined benefit plans	-	-	-	412,542	(289,450)
Income tax effect	-	-	-	(123,763)	86,835
Total Comprehensive Profit for the Year, net of tax	1,472,100	1,933,442	1,539,562	389,882	21,207
Total comprehensive income attributable to:					
Equity Holders of the parent	1,472,100	1,933,442	1,539,562	389,882	21,207
Non-controlling interest	-	-	-	-	-
	1,472,100	1,933,442	1,539,562	389,882	21,207
Earnings per share					
Basic and diluted (Naira)	0.65	0.85	0.84	0.06	0.12

* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

** 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER**

<i>(All amounts in thousands of Naira unless otherwise stated)</i>	2019*	2018*	2017**	2016**	2015**
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Non-current assets					
Property, plant and equipment	12,064,289	9,341,014	6,452,859	5,953,458	5,825,075
Right-of-use assets	51,731	-	-	-	-
Intangible assets	11,500	11,500	11,500	11,500	11,500
Prepayments	14,908	5,425	7,525	-	11,029
Total non-current assets	12,142,428	9,357,939	6,471,884	5,964,958	5,847,604
Current assets					
Inventories	9,292,569	8,762,701	4,710,666	3,964,430	2,430,738
Right of return assets	54,976	10,598	-	-	-
Prepayments	599,219	396,560	59,819	60,986	80,086
Trade and other receivables	10,275,517	7,533,509	9,757,988	7,747,868	6,119,909
Cash and cash equivalents	3,763,225	8,103,629	1,073,738	276,749	366,470
Total current assets	23,985,506	24,806,997	15,602,211	12,050,033	8,997,203
Total assets	36,127,934	34,164,936	22,074,095	18,014,991	14,844,807
EQUITY					
Share capital	1,139,375	1,139,375	911,500	911,500	911,500
Share premium	5,321,138	5,321,138	-	-	-
Equity contribution	488,909	488,909	-	-	-
Retained earnings	6,521,620	5,049,520	3,216,004	1,676,442	1,286,560
Asset revaluation reserves	237,559	237,559	237,559	237,559	237,559
Shareholders' funds	13,708,601	12,236,501	4,365,063	2,825,501	2,435,619
Non-controlling interest	-	-	-	-	-
Total equity	13,708,601	12,236,501	4,365,063	2,825,501	2,435,619
LIABILITIES					
Non-current liabilities					
Convertible loan stock	3,319,284	2,791,174	-	-	-
Interest bearing loans and borrowings	2,958,237	3,827,876	1,430,610	926,905	991,584
Government grants	1,346,919	1,736,992	288,406	184,796	162,334
Employee benefit obligations	127,538	196,078	191,133	230,502	812,097
Provisions	23,221	18,233	15,069	15,069	14,831
Deferred taxation liabilities	1,314,785	897,729	369,136	400,526	485,667
Total non-current liabilities	9,089,984	9,468,082	2,294,354	1,757,798	2,466,513
Current liabilities					
Trade and other payables	9,120,374	8,520,571	12,673,840	10,474,556	7,644,965
Refund liability	79,248	16,199	-	-	-
Dividend payables	65,310	393,450	393,450	393,450	393,450
Interest bearing loans and borrowings	2,670,295	1,860,030	1,178,015	2,079,911	1,698,065
Government grants	390,073	390,073	83,630	42,254	42,727
Income tax payable	1,004,049	1,280,030	1,085,743	441,521	163,468
Total current liabilities	13,329,349	12,460,353	15,414,678	13,431,692	9,942,675
Total liabilities	22,419,333	21,928,435	17,709,032	15,189,490	12,409,188
Total equity and liabilities	36,127,934	34,164,936	22,074,095	18,014,991	14,844,807

* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

** 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER**

Share capital	Share premium	Equity contribution	Retained Earnings	Asset revaluation reserve	Non-controlling interest	Total
₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000

At 1 January 2015	911,500	-	-	1,265,353	237,559	-	2,414,412
Profit for the year	-	-	-	223,822	-	-	223,822
Other comprehensive loss	-	-	-	(202,615)	-	-	(202,615)
At 31 December 2015**	911,500	-	-	1,286,560	237,559	-	2,435,619
Profit for the year	-	-	-	101,103	-	-	101,103
Other comprehensive income	-	-	-	288,779	-	-	288,779
At 31 December 2016**	911,500	-	-	1,676,442	237,559	-	2,825,501
Profit for the year	-	-	-	1,539,562	-	-	1,539,562
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2017**	911,500	-	-	3,216,004	237,559	-	4,365,063
Effect of adoption of new accounting standards (Note 2.4)	-	-	-	(99,926)	-	-	(99,926)
As at 1 January 2018 (restated*)	911,500	-	-	3,116,078	237,559	-	4,265,137
Share premium recognised during the year	-	5,321,138	-	-	-	-	5,321,138
Additional shares issued	227,875	-	-	-	-	-	227,875
Equity contribution	-	-	488,909	-	-	-	488,909
Profit for the year	-	-	-	1,933,442	-	-	1,933,442
Other comprehensive income	-	-	-	-	-	-	-
At 31 December 2018*	1,139,375	5,321,138	488,909	5,049,520	237,559	-	12,236,501
Profit for the year	-	-	-	1,471,995	-	-	1,471,995
Other comprehensive income	-	-	-	105	-	-	105
As at 31 December 2019*	1,139,375	5,321,138	488,909	6,521,620	237,559	-	13,708,601

* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

** 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER					
<i>(All amounts in thousands of Naira unless otherwise stated)</i>	2019*	2018*	2017**	2016**	2015**
	N'000	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Profit before taxation	2,621,879	3,090,249	2,345,398	353,147	214,579
Non-cash adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	953,150	348,386	314,460	352,194	366,020
Depreciation of right-of-use assets	15,531	-	-	-	-
Employee defined benefit liability	-	-	-	(154,084)	121,635
Loss on extinguishment of government grant	-	-	-	(16,581)	13,811
Profit on disposal of property, plant and equipment	(8,773)	(1,547)	(10,051)	(9,077)	(16,007)
Government grant released to profit or loss	(390,073)	(313,462)	(39,294)	(44,018)	-
Finance cost	1,673,477	1,275,639	625,027	520,513	438,146
Interest received/Finance income	(149,043)	(74,831)	(6,387)	(306)	(44,037)
Credit loss expense	128,816	54,297	-	-	-
Impairment allowance on trade receivables	-	-	38,231	67,946	-
Effect of adoption of new standard	-	(272,391)	-	-	-
	4,844,964	4,106,340	3,267,384	1,069,734	1,094,147
Working capital adjustment					
Increase in inventories	(529,868)	(3,956,040)	(746,236)	(1,471,026)	283,117
Increase in return assets	(44,378)	(10,598)	-	-	-
Increase in trade and other receivables	(2,870,822)	(4,868,123)	(2,051,977)	(1,721,564)	(871,834)
(Increase)/decrease in prepayments	(202,659)	(335,301)	1,167	19,100	35,220
Increase in trade and other payables	599,803	3,053,492	2,199,284	2,829,591	1,859,025
Increase in refund liabilities	63,049	16,199	-	-	-
	1,860,089	(1,994,031)	2,669,622	725,835	2,399,675
Employee benefits paid	(68,540)	(17,081)	(39,369)	(14,969)	(25,650)
Income tax paid	(1,008,818)	(541,129)	(189,378)	(157,236)	(138,026)
Movement in non-current prepayments	(9,483)	3,540	(7,525)	11,029	-
Movement in decommissioning provision	4,988	3,164	-	238	2,377
Net cash flows generated from/(used) in operating activities	778,236	(2,545,537)	2,433,350	564,897	2,238,376
Cash flows from investing activities					
Purchase of property, plant and equipment	(3,678,132)	(3,215,178)	(814,556)	(545,363)	(1,188,374)
Right-of-use assets	(58,297)	-	-	-	-
Right-of-use assets upon adoption of IFRS 16	(8,965)	-	-	-	-
Proceeds from disposal of property, plant and equipment	10,591	3,035	10,746	11,197	18,948
Interest received	149,043	74,831	6,387	306	-
Net cash flows used in investing activities	(3,585,760)	(3,137,312)	(797,423)	(533,860)	(1,169,426)
Cash flows from financing activities					
Loans and borrowings received	1,335,325	5,351,174	980,000	-	-
Repayment of loans and borrowings	(699,781)	(768,489)	(634,267)	(130,378)	(33,851)
Trade and import facilities repaid	-	-	-	-	(347,209)
Interest paid on loan and overdraft	(1,145,366)	(761,835)	(530,103)	(450,593)	(438,146)
Proceeds from issue of shares	-	227,875	-	-	-
Premium on issue of shares	-	5,321,138	-	-	-
Equity contribution	-	488,909	-	-	-
Convertible loan stock received	-	2,548,000	-	-	-
Dividend paid	(328,140)	-	-	-	-
Net cash (used in)/ generated from financing activities	(735,072)	12,406,772	(184,370)	(580,971)	(819,206)
Net (decrease)/increase in cash and cash equivalents	(3,645,486)	6,723,923	1,451,557	(549,934)	249,744
Cash and cash equivalents at the beginning of the year	7,250,324	514,890	(936,667)	(386,733)	(636,477)
Cash and cash equivalents at the beginning of the year - subsidiary	-	11,511	-	-	-
Cash and cash equivalents at the end of the year	3,604,838	7,250,324	514,890	(936,667)	(386,733)

* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

** 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

APPENDIX VI: FINANCIAL SUMMARY OF MANAGEMENT ACCOUNTS

The Financial information set out in this Pricing Supplement has been extracted from the unaudited June 2020 financial statements of the Sponsor and is available at the specified office(s) of the Sponsor. This section should be read and construed in conjunction with any audited financial statements published subsequently, for the financial years prior to the issuance under this pricing supplement.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	June 2020	June 2019
<i>(All amounts in thousands of Naira unless otherwise stated)</i>	N'000	N'000
Revenue	11,083,404	10,819,690
Cost of sales	(6,961,162)	(6,935,497)
Gross profit	4,122,242	3,884,197
Administrative Expenses	(1,645,941)	(1,306,535)
Selling and Distribution Expenses	(771,756)	(1,098,899)
Other income	50,362	9,768
Operating profit	1,754,907	1,488,530
Finance income	268,556	64,017
Finance costs	(213,573)	(384,345)
Profit before taxation	1,809,890	1,168,202
Income tax expense	(546,303)	(373,825)
Profit for the year	1,263,587	794,378

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER**

(All amounts in thousands of Naira unless otherwise stated)

	June 2020	June 2019
	N'000	N'000
ASSETS		
Non-current assets		
Property, plant and equipment	11,976,002	10,368,913
Intangible assets	11,500	11,500
Investment in subsidiary	488,909	-
Total non-current assets	12,476,411	10,380,413
Current assets		
Inventories	11,855,618	11,651,461
Right of return assets	9,190	-
Prepayments	222,126	150,612
Trade and other receivables	18,482,139	14,063,253
Contract assets	127,010	
Short term investment		2,518,986
Cash and cash equivalents	1,418,439	2,725,928
Total current assets	32,114,522	31,110,241
Total assets	44,590,933	41,490,653
EQUITY		
Share capital	1,139,375	1,139,375
Share premium	5,321,138	5,321,138
Equity contribution	488,909	-
Retained earnings	7,785,207	6,014,677
Asset revaluation reserves	237,559	237,559
Shareholders' funds	14,972,188	12,712,748
Non-controlling interest	-	-
Total equity	14,972,188	12,712,748
LIABILITIES		
Non-current liabilities		
Convertible loan stock	3,034,348	2,516,043
Interest bearing loans and borrowings	2,737,784	3,923,566
Government grants	2,127,065	2,127,065
Employee benefit obligations	59,943	128,351
Provisions	15,069	15,069
Deferred taxation liabilities	1,124,011	369,136
Total non-current liabilities	9,098,220	9,088,230
Current liabilities		
Trade and other payables	17,753,634	15,425,634
Refund liability	14,276	-
Dividend payables	65,310	393,450
Interest bearing loans and borrowings	1,650,381	1,467,103
Government grants	-	372,036
Income tax payable	1,036,924	2,031,451
Total current liabilities	20,520,525	19,689,675
Total liabilities	29,618,745	28,777,905
Total equity and liabilities	44,590,933	41,490,653

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE**

Share capital	Share premium	Equity contribution	Retained Earnings	Asset revaluation reserve	Non-controlling interest	Total
₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000

At 1 January 2020	1,395,375	5,321,138	488,909	6,521,620	237,559	-	13,708,601
Profit for the period	-	-	-	1,263,587	-	-	1,263,587
At 31 June 2020	1,395,375	5,321,138	488,909	7,785,207	237,559	-	14,972,188

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE		
	2020 N'000	2019 N'000
<i>(All amounts in thousands of Naira unless otherwise stated)</i>		
Cash flows from operating activities		
Profit before taxation	1,809,890	1,168,202
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	451,148	280,356
Profit on disposal of property, plant and equipment	(3,000)	(3,150)
Finance cost	213,573	384,345
Interest received/Finance income	(268,556)	(64,017)
	2,203,055	1,765,736
Working capital adjustment		
Increase in inventories	(2,773,798)	(3,101,198)
Increase in trade and other receivables	(1,223,904)	(2,309,633)
(Increase)/decrease in prepayments	(356,264)	(249,934)
Increase in trade and other payables	561,658	1,258,027
Decrease/(Increase) in other liabilities	9,189	-
	(3,070,591)	(3,902,871)
Employee benefits paid	(59,088)	(45,701)
Income tax paid	(91,450)	(120,903)
Movement in decommissioning provision	3,164	-
Net cash flows generated from/(used) in operating activities	1,021,238	(2,303,739)
Cash flows from investing activities		
Purchase of property, plant and equipment	(341,644)	(1,321,625)
Proceeds from disposal of property, plant and equipment	2,635	3,150
Interest received	268,556	64,017
Net cash flows used in investing activities	(70,453)	(1,254,458)
Cash flows from financing activities		
Increase/(decrease) in Loans and borrowings	(1,185,796)	414,261
Trade and import facilities repaid	(112,951)	1,318,751
Interest paid on loan and overdraft	(213,573)	(384,345)
Net cash (used in)/ generated from financing activities	(1,512,320)	520,145
Net (decrease)/increase in cash and cash equivalents	(2,604,011)	3,038,051
Cash and cash equivalents at the beginning of the year	3,594,443	5,615,628
Cash and cash equivalents at the end of the year	990,432	2,577,576

APPENDIX VII: SUMMARY OF SHARE CAPITAL OF THE ISSUER

Share Capital of the Issuer

Emzor Pharma Funding SPV PLC has an authorized share capital of ₦2,000,000. The shareholders of the SPV are as follows:

- Emzor Pharmaceutical Industries Limited – 1,999,999 ordinary shares
- Emeka C. Okoli – 1 ordinary share

APPENDIX VIII: PROCEDURES FOR APPLICATION AND ALLOTMENT

1. Invitation for participation

Eligible Investors are hereby invited to place orders in respect of the Issue through the Issuing Houses and Bookrunners.

- 1.1 The book building process opens on 22 December 2020 and closes on 12 January 2020. Orders must be for a minimum of ₦10,000,000 and in integral multiples of ₦1,000,000 thereafter.
- 1.2 Orders should be entered in the space provided in the prescribed commitment form in Appendix IV attached to the Pricing Supplement/Supplemental Prospectus.
- 1.3 By completing the commitment form, each participant hereby agrees that the order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any participant.
- 1.4 Participants may place orders for the Bonds at any price within the price range subject to the minimum participation amount and the terms and conditions stated on the commitment form.
- 1.5 A corporate participant should affix its official seal in the box provided and state its incorporation (RC) Number or, in the case of a corporate foreign subscriber, its appropriate identification/incorporation number in the jurisdiction in which it is constituted.
- 1.6 Upon the completion and submission of the commitment form, the participant is deemed to have authorised the Issuer and the Issuing House to effect the necessary changes in the Pricing Supplement/Supplemental Prospectus as would be required for the purposes of filing an application for the clearance and registration of the Pricing Supplement/Supplemental Prospectus with the SEC. The commitment form shall be considered as the application form for the purposes of registration of the Pricing Supplement/Supplemental Prospectus with the SEC.
- 1.7 Participants may not submit an order on another Commitment Form after the submission of a Commitment Form. Submission of a second or more Commitment Forms will be treated as multiple applications and will be rejected. Participants shall not be entitled to withdraw/modify orders after the book building closing date.
- 1.8 The commitment form presents the participant with the opportunity to indicate up to three optional bid interest rates within the price range and to specify the participation amount applicable to each option. The bid coupon rates and the participation amounts submitted by the participant in the commitment form will be treated as optional demands from the participant and will not be aggregated.
- 1.9 After determination of the Interest Rate, the maximum participation amount specified by a participant at or below the clearing price will be considered for allocation and the rest of the order(s), irrespective of the corresponding bid interest rate(s), will become automatically invalid.
- 1.10 The Issuer in consultation with the Issuing Houses and Bookrunners reserves the right not to proceed with the Issue at any time including after the book building opening date but before the allotment date without assigning any reason thereof.

2. Payment instructions

Successful participants should ensure that payment of the participation amounts is received on the day of the Signing Ceremony, via the CBN RTGS or the Nigerian Inter-bank System Electronic Funds Transfer (“NEFT”) or into the following designated issue proceeds accounts domiciled with the Receiving Bank:

Bank Name	Account Name	Account Number
Nova Merchant Bank	Emzor Pharma Funding SPV Plc	1001014119

3. Allocation / Allotment

- 3.1 On the pricing date, the Issuing Houses and Bookrunners will analyse the demand generated at various price levels and, in consultation with the Issuer, finalise the Interest Rate and the allocations to each participant. Allocation confirmation notices will be sent to successful participants thereafter.

- 3.2 The Directors of Emzor Pharma Funding SPV PLC, Emzor Pharmaceutical Industries Limited, the Issuing Houses and Bookrunners reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue.
- 3.3 Upon clearance of the Final Pricing Supplement by the SEC, allotment of Bonds shall be effected in a dematerialised (uncertificated) form. Participants are mandatorily required to specify their CSCS Account Number, the name of their Stock-broking Firm and the Clearing House Number (CHN) in the spaces provided on the Commitment Form. Settlement of Bonds in dematerialised form shall be effected not later than 15 (fifteen) Business Days from the Allotment Date.

4. Bank account details

- 4.1 Participants are required to indicate their bank account details in the space provided on the Commitment Form for the purposes of future payments of Coupon and the Principal Amount.
- 4.2 Participants are advised to ensure that bank account details stated on the Commitment Form are correct as these bank account details shall be used by the Registrar for all payments indicated in 4.1 above in connection with the Bonds.
- 4.3 Failure to provide correct bank account details could result in delays in credit of such payments or the issuance of cheques/warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, the Issuing Houses, the Receiving Bank, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same.
- 4.4 Participants are required to specify their Bank Verification Number, CSCS Account Number(s) and CHN (for a Bond Account) in the spaces provided on the Commitment Form.

Application List
Opening Date
22 December, 2020

Application List
Closing Date
12 January, 2021



EMZOR PHARMA FUNDING SPV PLC
(RC 1715106)

OFFER FOR SUBSCRIPTION OF UP TO N15,000,000,000 5 YEAR 10.00% SENIOR UNSECURED FIXED RATE SERIES I BONDS DUE 2026

UNDER THE N50,000,000,000 EMZOR PHARMA FUNDING SPV PLC BOND ISSUANCE PROGRAMME OFFERING BY WAY OF BOOK BUILD

LEAD ISSUING HOUSE / BOOK RUNNER



RC 685973

JOINT ISSUING HOUSE / BOOK RUNNER



RC 261272

Orders must be made in accordance with the instructions set out in this Pricing Supplement. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt, please consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance.

DECLARATION

- I/We confirm that I am/we are eligible to participate in this Issue in accordance with the applicable SEC Rules and Regulations.
- I/We confirm that I/we have read the Pricing Supplement dated [●] and that my/our order is made on the terms set out therein.
- I/We hereby irrevocably undertake and confirm that my/our order for Notes equivalent to participation amount set out below at the Interest Rate to be discovered through the book building process.
- I/We authorise you to enter my/our name on the register of holders as a holder(s) of the Notes that may be allotted to me/us and to register my/our address as given below.
- I/We authorise the Issuer to amend the Pricing Supplement as may be required for purposes of filing a final version with the SEC without recourse to me/us and I/we use this commitment form as the application for the Bond Issue.
- I/We note that the Issuer and the Issuing House/Bookrunner are entitled in their absolute discretion to accept or reject this order.
- I/We agree to accept the participation amount as may be allocated to me/us subject to the terms of the Pricing Supplement

PLEASE COMPLETE ALL RELEVANT SECTIONS OF THIS FORM USING BLOCK LETTERS WHERE APPLICABLE																			
DATE (DD/MM/YYYY)							CONTROL NO. (FOR REGISTRARS' USE ONLY)												
		/			/	2	0	2	0										
PARTICIPANTS CAN INDICATE UP TO THREE (3) OPTIONAL BID MARGINS AND SPECIFY THE PARTICIPATION AMOUNT APPLICABLE TO EACH BID INTEREST RATE. THESE WILL BE TREATED AS OPTIONAL ORDERS AND WILL NOT BE AGGREGATED . PLEASE TICK <input type="checkbox"/> THE APPLICABLE BOX ON THE RIGHT.																			
<input type="checkbox"/>	PFA			<input type="checkbox"/>	Investment/Unit Trusts			<input type="checkbox"/>	Trustee/Custodian										
<input type="checkbox"/>	Fund Managers			<input type="checkbox"/>	HNI			<input type="checkbox"/>	Stockbroker										
<input type="checkbox"/>	Bank			<input type="checkbox"/>	Private Equity Fund			<input type="checkbox"/>											
<input type="checkbox"/>	Insurance Company			<input type="checkbox"/>	Staff Scheme			<input type="checkbox"/>											
PARTICIPANT DETAILS (The Participation Amount(s) and the Bid Coupon Rate(s) must be stated in the boxes below)																			
ORDER 1																			
PARTICIPATION AMOUNT (MINIMUM AMOUNT OF N10 MILLION AND IN MULTIPLES OF N1 MILLION THEREAFTER)												BID COUPON RATE							
IN FIGURES	N																		
IN WORDS																			
ORDER 2																			
PARTICIPATION AMOUNT (MINIMUM AMOUNT OF N10 MILLION AND IN MULTIPLES OF N1 MILLION THEREAFTER)												BID COUPON RATE							
IN FIGURES	N																		
IN WORDS																			
ORDER 3																			
PARTICIPATION AMOUNT (MINIMUM AMOUNT OF N10 MILLION AND IN MULTIPLES OF N5 MILLION THEREAFTER)												BID COUPON RATE							
IN FIGURES	N																		
IN WORDS																			

APPENDIX X: EXTRACT FROM THE SERIES TRUST DEED

The information in this section is a summary of the certain provisions of the series I trust deed. This summary should be read in conjunction with and is qualified in its entirety by reference to all the provisions of the series I trust deed. A copy of the series I trust deed is available for inspection at the registered office of the trustee.

2. THE BONDS

- 2.1 The Issuer shall issue and offer the Series I Bonds in an aggregate nominal amount of ₦13,729,000,000.00 (Thirteen Billion, Seven Hundred and Twenty-Nine Million Naira) and the Bonds issued hereunder shall be constituted by this Deed without further formality.
- 2.2 The Series I Bonds shall constitute a single class and shall be direct unconditional, fixed rate, unsubordinated and unsecured obligations of the Issuer.
- 2.3 The Bonds constitute an irrevocable obligation of the Issuer and the aggregate amount of the Bonds to be issued hereunder is limited to ₦13,729,000,000.00 (Thirteen Billion, Seven Hundred and Twenty-Nine Million Naira).
- 2.4 The Bonds shall be issued by way of an offer for subscription through a book building process.
- 2.5 Subject to the approval of the Relevant Exchange, the Bonds shall be listed on the Relevant Exchange and the Issuer undertakes to ensure that the Bonds are listed on the Relevant Exchange.
- 2.6 The Bonds will be issued in denominations of ₦1,000 (One Thousand Naira) each with a minimum subscription of ₦10,000,000.00 (Ten Million Naira) ("Minimum Acceptable Subscription") and multiples of ₦1,000,000.00 (One Million Naira) thereafter. Bids below the Minimum Acceptable Subscription will be disregarded unless they form part of a cumulative bid from the same investor that is greater than the minimum acceptable subscription. Final allotment to respective bidders may be less than the Minimum Acceptable Subscription if bids have to be pro-rated for any reason.
- 2.7 The tenor of the Bonds shall be for a period of 5 (five) years.
- 2.8 The Bonds shall rank pari passu among themselves and equally with all other existing subordinated and unsecured obligations of the Issuer, from time to time outstanding, except for obligations mandatorily preferred by law applying to companies generally.

3. PURPOSE

The proceeds of the Bonds will be utilised to purchase the notes issued by the Sponsor pursuant to the Master Notes Issuance Agreement between the Issuer and the Sponsor dated 20 January 2021.

4. RATE OF COUPON

Coupon shall be payable on the Bonds at a fixed rate of 10.00% per annum.

5. COVENANTS, REPRESENTATIONS AND WARRANTIES

5.1 Covenants

- 5.1.1 The covenants of the Issuer in Clause 7 (*Covenants of the Issuer*) and the covenants of the Sponsor in Clause 8 of the Programme Trust Deed of the Programme Trust Deed shall be read as part of this Trust Deed and, unless the context otherwise requires, the Programme Trust Deed and the terms and conditions specified therein shall, except to the extent revised by the terms hereof, remain in force and shall be binding on the Parties.

- 5.1.2 The Issuer and/or the Sponsor shall open a Payment Account which shall be operated in the manner set out in Condition 2.4 in the Schedule to this Trust Deed.
- 5.1.3 The Issuer and/or the Sponsor shall be responsible for the payment of the rating review/maintenance fee in the manner agreed upon by the Issuer, the Sponsor and the Rating Agency.
- 5.1.4 The Trustee hereby acknowledges and covenants that the assets attributable to the Bonds constituted under this Trust Deed shall be clearly identified, effectively segregated and ring-fenced from the assets of the Trustee or any other trust that is being administered by the Trustee. The Trustee further covenants that it shall deal with the trust assets only in accordance with the provisions of this Series Trust Deed, the ISA and the SEC Rules.
- 5.1.5 The Trustee shall in the performance of its duties under this Trust Deed:
- i. ensure a prompt payment of the Principal Amount and Coupon;
 - ii. protect/ act in the best interest of the Bondholders;
 - iii. act honestly, prudently, in good faith and exercise due care, skill, diligence and vigilance in carrying out its functions and in safeguarding the rights and interests of the Bondholders; and
 - iv. observe its fiduciary roles and obligations to the Bondholders as the beneficiaries of the trust and its discretions.

5.2 Representations and Warranties

- 5.2.1 The representations and warranties of the Issuer, the Sponsor and the Trustee in Clause 12 of the Programme Trust Deed shall be read as part of this Trust Deed unless the context otherwise requires.
- 5.2.2 In addition to clause 5.2.1 above, each of the Issuer and the Sponsor represent and warrant to the Trustee that as at the Issue Date:
- (a) it has due power and authority to own its assets and to carry on its business as it is being conducted;
 - (b) the execution and delivery of the Programme Documents, performance of all of its obligations thereunder and issuance of the Bonds have been duly authorised by all necessary corporate resolutions; and
 - (c) none of the Events of Default contained in Condition 19 of the First Schedule to the Programme Trust Deed has occurred and is continuing.

6 EVENTS OF DEFAULT

- 6.1 The provisions of Condition 19 of the First Schedule to the Programme Trust Deed (*Events of Default*) are hereby incorporated in relation to this Trust Deed.
- 6.2 Upon the occurrence of an Event of Default (as defined in the Programme Trust Deed), the Trustee may at its discretion, or shall (if requested to do so in writing by the Majority Bondholders, or directed to do so by an Extraordinary Resolution), and in each case is indemnified to its satisfaction, give notice in writing to the Issuer, (a “**Bond Acceleration Notice**”) declaring the Bonds to be immediately due and payable. When a Bond Acceleration Notice is given, all Bonds will become immediately due and payable in accordance with the terms of this Trust Deed at their principal amount outstanding together with accrued but unpaid interest without further action or formality.

- 6.3 At any time after the Bonds shall have become immediately repayable pursuant to a Bond Acceleration Notice, the Trustee may, at its discretion and shall upon the request in writing of the Majority Bondholders, or upon being so directed by an Extraordinary Resolution and without further notice institute such proceedings as it may think fit to enforce the repayment of the Bonds and/or to enforce the other obligations of the Issuer and the Sponsor under this Deed.

7 COMPLIANCE WITH THE ISA

- 7.1 The Trustee in exercise of its powers and discretions vested pursuant to these presents shall comply with the provisions of the ISA.
- 7.2 The provisions of this Trust Deed shall be subject to the relevant provisions of the ISA, SEC Rules, Trustee Investments Act and other applicable laws.

8 GOVERNING LAW AND JURISDICTION

This Trust Deed shall be governed by and construed in accordance with Nigerian law and the Courts of the Federal Republic of Nigeria shall have jurisdiction to adjudicate on any matter arising out of or in connection with this Trust Deed for the purpose of granting any interim reliefs or order that may be required pending the determination of any dispute referred to Arbitration in accordance with the Arbitration and Conciliation Act (Chapter A18) Laws of the Federation of Nigeria 2004 pursuant to Clause 40 (*Dispute Resolution*) of the Programme Trust Deed. The provisions of Clause 40 (*Dispute Resolution*) of the Programme Trust Deed will apply to any dispute that may arise in connection with the Bonds.

9 COUNTERPARTS

This Trust Deed may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, but all of which taken together, shall constitute one and the same instrument.

10 PAYMENT CURRENCY

The currency for repayment of the Bonds shall be the Nigerian Naira, and this clause shall not be amended without the prior written confirmation of the Parties.

11. OTHER MATTERS

- 11.1 The Trustee shall establish the Payment Account no later than 5 (five) Business Days after the Issue Date which shall be in the name and under the custody and administration of the Trustee for the purpose of the Series I Bonds.
- 11.2 The Trustee shall have the right to enforce any provision of the Trust Deed.
- 11.3 Without prejudice to the right of indemnity by law given to the Trustee and every attorney, manager, agent or other person appointed by it hereunder, the Trustee shall be entitled to be indemnified by the Issuer and the Sponsor in respect of all liabilities and expenses incurred by the Trustee or them in the execution or purported execution of the powers and trusts hereof or of any powers, authorities or discretions vested in it or them pursuant to this Deed; provided that the Trustee, the attorney, agent or manager or other person appointed by the Trustee has not acted negligently or in default of its powers, duty and obligations, and the Trustee may retain and pay out of any monies in its hands upon the trusts of these, the amount of any such liabilities and expenses and also the remuneration of the Trustee as hereinbefore provided.
- 11.4 The provisions of the Second Schedule to the Programme Trust Deed (*Provisions for the Meetings of*

Bondholders) is hereby incorporated into this Deed.

11.5 All monies received by the Trustee under this Deed shall be held by the Trustee (subject to the payment of any money having priority to the Bond) upon trust to apply such money for the following purposes and in the following order of priority:

11.5.1 all costs, charges, expenses and liabilities incurred and payments made in or about the execution of the trusts of this Deed including all remuneration payable to the Trustee with interest on such sums as provided in the proviso below.

11.5.2 coupons and/or any sum due or owing upon the Bonds (other than the principal sum) *pari passu* and without preference or priority; and

11.5.3 the principal sum owing upon the Bonds *pari passu* and without preference or priority.

The surplus (if any) shall be paid to the Issuer or to the person or persons entitled to such surplus.

Provided that Fees, cost, charges, expenses and interest (in respect of late payment) if any, that is charged by any, attorney, agent or other person appointed by the Trustee pursuant to this Deed shall be for the account of the Issuer.

11.6 The provisions of Clause 20 (*Trustee to Enforce*) of the Programme Trust Deed are hereby incorporated to this Trust Deed. Provided that it is hereby agreed that any Bondholder who feels dissatisfied shall be entitled personally initiate legal action to enforce his rights under the Trust Deed.

APPENDIX XI: OTHER DISCLOSURES

CONSENTS

The following have given and not withdrawn their written consents to the issue of this Pricing Supplement with their names and reports (where applicable) included in the form and context in which they appear:

Directors of the Issuer	Dr Stella C. Okoli Mrs. Uzoma Ezeoke
Company Secretary	Templars
Directors of the Issuer	Mr Emeka C. Okoli Dr. Stella C. Okoli Mrs Uzoma G. Ezeoke Mr Shivakumar Subramani Mr Ehimare Eric Idiahi Mr Gabriel Keita Dr Shamsuddeen Usman
Company Secretary	Abdulai Taiwo & Co
Issuing Houses	Renaissance Securities (Nigeria) Limited, Afrinvest West Africa Limited
Trustees	Stanbic IBTC Trustees Limited
Advised by:	Udo Udoma & Belo-Osagie
Solicitor to the Issuer	Templars
Solicitor to the Issue	Banwo & Ighodalo
Reporting Accountants	KPMG Professional Services
Rating Agency	Global Credit Ratings Co. (GCR) Limited
Registrars	First Registrars & Investor Services Limited
Receiving Banks	Nova Merchant Bank

APPENDIX XII: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents can be inspected at the offices of Emzor Pharmaceutical Industries Limited located at Plot 3C Block A, Aswani Market Road, Oshodi/Osolo Expressway, Lagos, Nigeria, during normal business hours on any weekday (except public holidays), from 8.00am to 5.00pm (West African Time):

- (a) The Certificate of Incorporation of the Issuer and the Sponsor;
- (b) The Memorandum and Articles of Association of the Issuer and the Sponsor;
- (c) The Shelf Prospectus issued in respect of the Issue;
- (d) The Supplementary Prospectus;
- (e) The audited financial statements of the Sponsor for each of the years ended 31 December – 2015, 2016, 2017, 2018 and 2019;
- (f) The Reporting Accountants' Report;
- (g) The list of outstanding claims and litigation together with the Opinion of the Solicitors to the Issue prepared therewith;
- (h) Any Series Trust Deeds;
- (i) Any Pricing Supplement;
- (j) Any Vending Agreements in relation to specific issuances under the Programme;
- (k) The material contracts opinion;
- (l) The written consents of parties referred to on page 33 of this Pricing Supplement;
- (m) The Board Resolution of the Sponsor dated 15th September, 2020 in respect of the Programme and Series 1 Bond;
- (n) The Board Resolution of the Issuer dated 30th September, 2020 authorising the Programme and the Series 1 Bond;
- (o) Letter from the SEC confirming registration of the Prospectus; and
- (p) Letter of approval from the NSE