

OUTLIERS PROFESSIONALS LTD

# NIGERIA

## ECONOMIC OUTLOOK

# 2026

*Stability, Consolidation & Strategic Opportunity*

June 2026 | Confidential & Proprietary  
*Leading Minds. Lasting Outcomes.*

FLAGSHIP ANNUAL ECONOMIC  
OUTLOOK | PUBLICATION EDITION

- > Macroeconomic Analysis
- > Inflation & FX Outlook
- > Interest Rate Cycle
- > Fiscal Policy
- > Sector Intelligence
- > Risk Assessment
- > Strategic Opportunities
- > CFO Dashboard
- > Board Readiness
- > 90-Day Action Plan

# Contents at a Glance

**01 Executive Summary & Key Indicators**

Slides 3-8

**02 Macroeconomic Environment**

Slides 9-12

**03 Inflation Outlook**

Slides 13-15

**04 Exchange Rate Outlook**

Slides 16-18

**05 Interest Rate Outlook**

Slides 19-21

**06 Fiscal Policy & Public Finance**

Slides 22-24

**07 Sector Analysis**

Slides 25-31

**08 Risk Assessment**

Slides 32-34

**09 Strategic Opportunities**

Slides 35-37

**10 Accounting & Compliance**

Slides 38-40

**11 Regulatory Outlook 2026**

Slides 41-43

**12 CFO Dashboard 2026**

Slides 44-47

**13 Board Readiness Checklist**

Slides 48-50

**14 Executive Action Matrix**

Slides 51-54

**15 Outliers Strategic Summary**

Slides 55-60

# Nigeria 2026: The Reform Dividend Is Real

*Stability, Consolidation & Strategic Opportunity*

## **GDP GROWTH**

3.89% in Q1 2026, accelerating. Full-year forecast: 4.2%–4.6%. Broad-based, driven by services (57.7% of GDP), agriculture, and manufacturing.

## **EXCHANGE RATE**

Naira stable in ₦1,410–₦1,519/USD range. External reserves at ~\$45.5bn — a decade high. FX reform is holding.

## **FISCAL POLICY**

2026 budget deficit at 3.01% of GDP — improving. Nigeria Tax Act 2025 enacted. Debt service consumes ~27% of expenditure.

## **INFLATION**

Moderated from 33.2% peak (2024) to 15.69% (April 2026). Disinflation trend intact. CBN base case: 13%–15% by December 2026.

## **MONETARY POLICY**

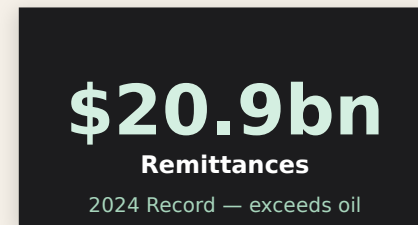
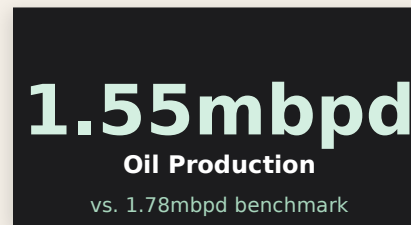
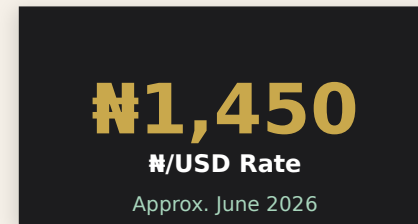
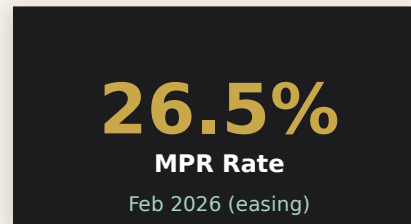
CBN cut MPR to 26.5% in February 2026 — first easing cycle in years. Rate-cut trajectory continues through 2026–2027.

## **STRATEGIC THEME**

This is an early-cycle environment. Businesses that invest ahead of full recovery will capture disproportionate long-term value.

# Key Economic Indicators at a Glance

2024 Actual | 2025 Estimated | 2026 Forecast



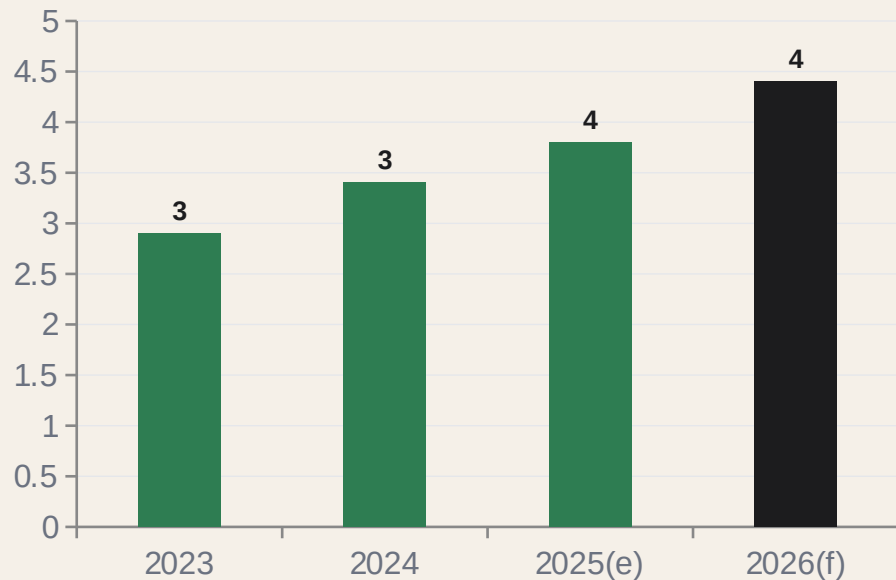
## Outliers Strategic Observation

Nigeria in 2026 is not the economy of 2023 or 2024. Inflation halved. Reserves decade-high. Monetary easing begun. Non-oil GDP is 96% of output. The risk premium applied to Nigeria still overcompensates investors with a 3–5 year analytical horizon — this is the entry window. The question is not whether Nigeria will grow. The evidence strongly suggests it will. The question is whether your organisation is positioned to capture that growth.

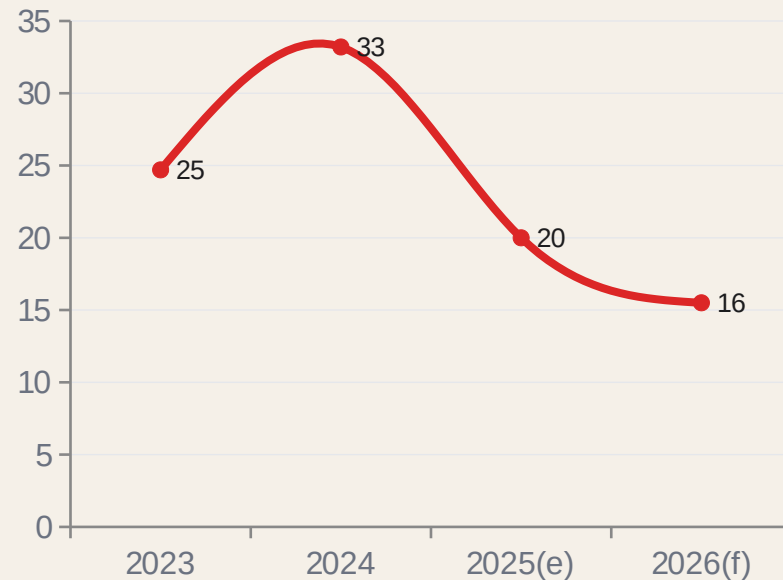
# GDP Growth & Inflation Trajectory 2023–2026

*Non-oil economic diversification driving sustained expansion*

Real GDP Growth (%)



Inflation (%), Year Average



# Six Strategic Themes Defining Nigeria 2026

## Reform Consolidation

Stability is real but fragile. Policy discipline through the 2027 election cycle is the #1 macro risk and the #1 opportunity.

## Digital Economy Leadership

Services (57.7% of GDP) and telecoms (+12.24% Q1) are the growth engines. Fintech is structurally transforming financial services.

## Monetary Easing Window

The CBN rate-cut cycle has begun at 26.5% MPR. A multi-year easing trajectory opens a capital allocation window not seen since 2020.

## Non-Oil Revenue Imperative

Nigeria Tax Act 2025 targets the structural tax-GDP gap. NRS enforcement is intensifying. Compliance is now a competitive variable.

## Early-Cycle Investment

FX stability + falling rates + improving fundamentals = textbook early-cycle conditions. Valuations still reflect excessive macro pessimism.

## Election-Cycle Risk

2027 general elections are already shaping 2026 spending decisions. Fiscal discipline through H2 2026 is the critical institutional test.

# Three-Scenario Framework 2026

Base Case 55% | Upside 20% | Downside 25%

## UPSIDE

Probability: 20%

GDP Growth

**4.5%-5.0%**

Inflation (yr-end)

**10%-13%**

₦/USD Range

**₦1,300-₦1,400**

MPR (yr-end)

**23.5%-25%**

Key Driver: Strong harvest, oil >\$85/bbl, major inflows, election discipline

## BASE CASE

Probability: 55%

GDP Growth

**4.2%-4.6%**

Inflation (yr-end)

**13%-15%**

₦/USD Range

**₦1,410-₦1,519**

MPR (yr-end)

**24.5%-26.5%**

Key Driver: FX stability, moderate portfolio flows, continued disinflation

## DOWNSIDE

Probability: 25%

GDP Growth

**2.0%-3.5%**

Inflation (yr-end)

**18%-22%**

₦/USD Range

**₦1,600-₦1,750**

MPR (yr-end)

**26.5%-28%**

Key Driver: Oil <\$65/bbl, election spending, food supply disruption, risk-off

# How to Use This Report

*Different sections are designed for different readers*



## Board of Directors

- Strategic Themes (Slide 6)
- Risk Heat Map (Slide 33)
- Board Readiness Checklist (Slides 48-50)
- Outliers Strategic Summary (Slide 55)



## CEO

- Sector Analysis (Slides 25-31)
- Strategic Opportunities (Slides 35-37)
- CEO Perspective (Slide 52)
- 90-Day Actions (Slides 51-54)



## CFO / Finance Director

- Inflation / FX / Rate Outlooks (13-21)
- Accounting & Compliance (38-40)
- CFO Dashboard (Slides 44-47)
- Action Matrix (Slides 51-54)



## Investors

- Sector Attractiveness Matrix (Slide 30)
- Opportunity Ranking (Slide 36)
- Fixed Income Outlook (Slide 20)
- Risk Heat Map (Slide 33)

SECTION 02

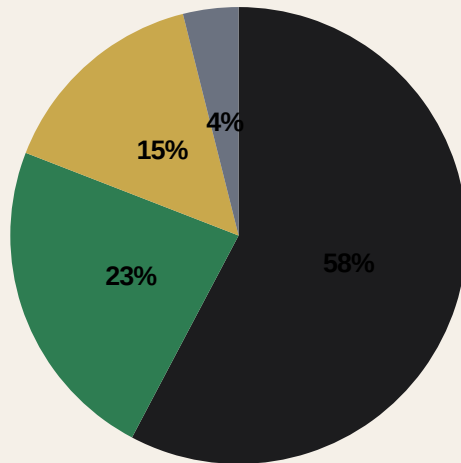
# Macroeconomic Environment

*Understanding the reform dividend and what comes next*

# GDP Composition & Sector Performance Q1 2026

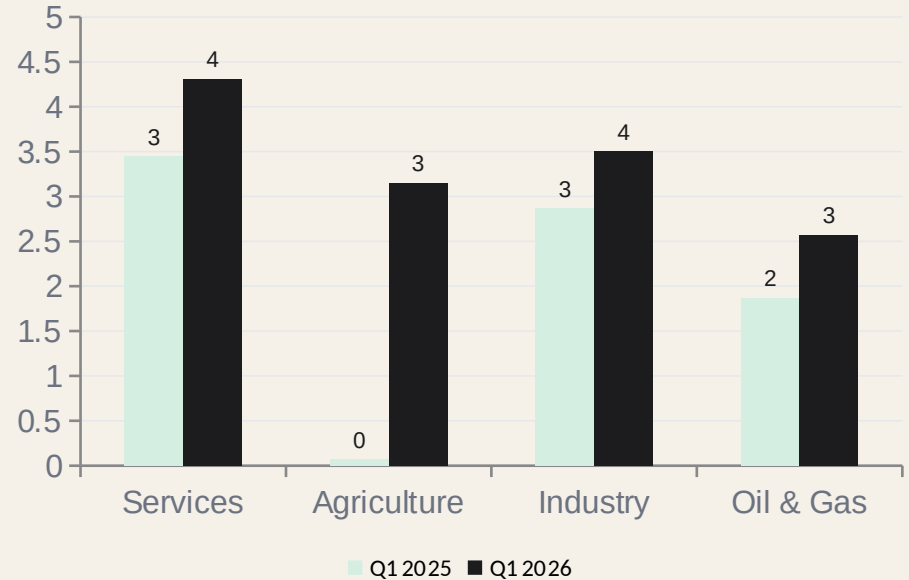
*Services dominant — oil now only 3.92% of real GDP*

GDP Composition — Q1 2026



Services
  Agriculture  
 Industry (non-oil)
  Oil & Gas

YoY Growth by Sector (%)



# The Reform Architecture: What Changed and Why It Matters

May 2023

## Fuel Subsidy Removal

Redirected ₦4-6 trillion/year. Short-term inflationary. Long-term fiscal space improvement.

Jun 2023

## FX Unification

Multiple-rate system dismantled. Naira depreciated sharply before stabilising. Ended arbitrage premium.

2024-25

## CBN Tightening Cycle

MPR rose from 18.75% to 27.5% (+900bps). Inflation brought from 33% toward 15%.

2025

## Bank Recapitalisation

New minimum capital thresholds. Wave of equity raises and mergers. Systemic resilience improved.

2025

## Nigeria Tax Act 2025

Most comprehensive tax overhaul in decades. CIT, VAT, WHT, TP consolidated. NRS enforcement expanding.

Feb 2026

## MPR Cut to 26.5%

First cut in years. Easing cycle confirmed. Rate-cut trajectory through 2026-2027 now base case.

# What the Macro Environment Means for Your Business

## SMEs

- Working capital cycles more predictable as FX stabilises
- Cash flow planning: maintain 60-90 day expense reserve
- Explore development finance windows — rates better than commercial
- Review pricing strategies as consumer purchasing power recovers

## Large Corporates

- Update 3-5 year strategic plans for the post-reform environment
- Revisit capex decisions delayed during 2023-2024 shock
- Naira inputs increasingly competitive — accelerate domestic sourcing
- Treasury: formalise multi-scenario planning (base / upside / downside)

## Financial Institutions

- Asset quality improvement as inflation falls and incomes recover
- Calibrate loan growth to sector-specific risk: services > oil & gas
- Wholesale funding: capture current yield window before easing compresses margins
- Investment banking / fee income grows strategically as NIM compresses

## Investors

- Early-cycle signal: reward-to-risk improving but not fully priced
- Non-oil sectors: structurally more resilient than narrative suggests
- Fixed income: front-load duration before easing compresses yields
- Equity re-rating likely as rates fall and fundamentals improve

## SECTION 03

# Inflation Outlook

*From 33% crisis peak to 15%: the disinflation story and its limits*

**15.69%**

**Headline CPI**

April 2026

**16.06%**

**Food Inflation**

March 2026

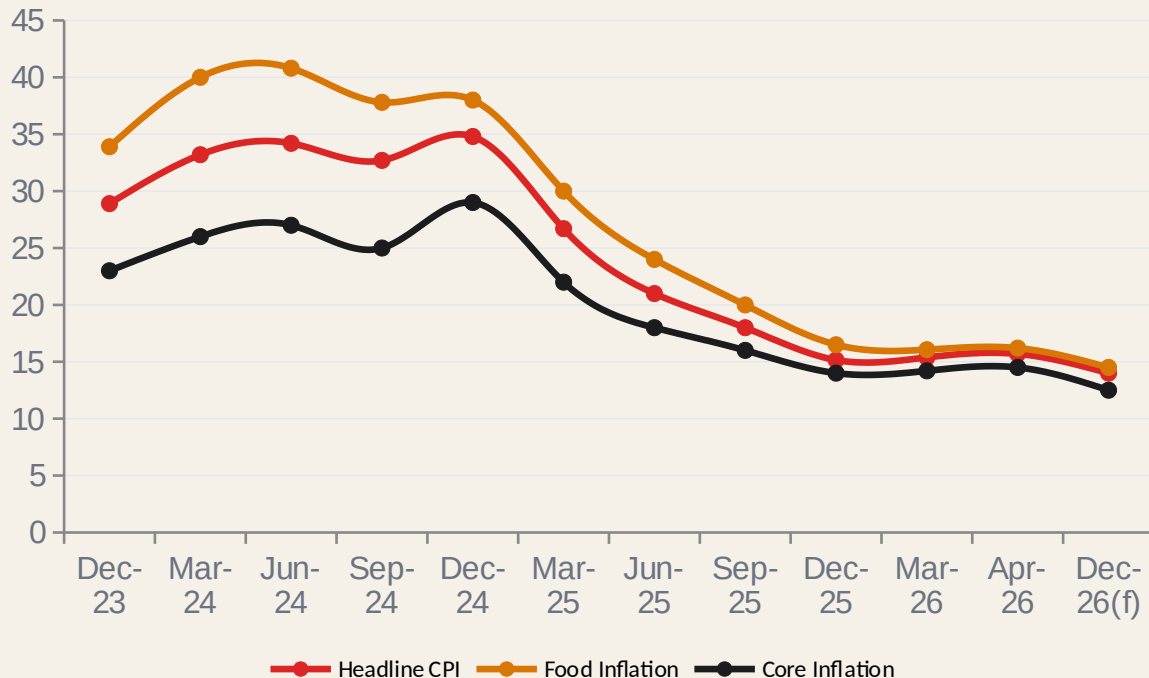
**13%-15%**

**Target by Dec**

Base Case

# Inflation Trend 2023-2026

*Disinflation progressing; food inflation the persistent structural challenge*



## Outliers View

Actual input cost inflation for businesses with high import or energy exposure typically runs 3-5pp above headline CPI. Cross-reference NBS data with your own cost indices before locking in 2026/2027 budget assumptions.

## CPI Rebasing Note

NBS rebased CPI in Jan 2026 to 2021-22 basket weights. This contributed to the apparent Dec 2025 moderation. Underlying dynamics may be slightly less benign than headlines suggest.

## Food Inflation Watch

At 16.06%, food CPI remains the dominant stress point. Climate, insecurity, and infrastructure failures are supply-side drivers — outside the CBN's direct control.

# Inflation: Business & Financial Implications

## SMEs — Pricing & Cost Management

- Build inflation assumptions into all pricing models and supplier contracts
- Add price escalation clauses in medium-term agreements
- Review cost structures quarterly — identify productivity substitutes for price increases
- Working capital requirements remain elevated while input costs lead output prices
- Maintain conservative stock-ordering cycles to avoid inventory holding losses

## Large Corporates — Finance Function

- Stress-test budgets against 18%–22% downside scenario
- Separate inflation-driven revenue growth from real volume growth in management accounts
- Run Price-Volume-Mix analysis monthly to inform investor communications
- Domestic sourcing reduces dollar cost exposure — accelerate where quality permits
- Real return on capital calculation must adjust for inflation — nominal metrics mislead

## Financial Institutions — Credit Risk

- Update IFRS 9 ECL models with current macro scenarios
- Include downside 22% inflation case in forward-looking ECL assumptions
- Consumer and SME books most exposed to purchasing-power squeeze
- Update early warning indicator frameworks for loan classification

## Investors — Asset Allocation

- Seek companies with demonstrated pricing power (pass-through without volume loss)
- Real assets provide robust inflation hedging: infra, real estate, agri land
- Fixed-income: monitor trajectory closely — re-acceleration to 20% reverses easing narrative
- Consumer-facing companies: differentiate those with and without pricing power

## SECTION 04

# Exchange Rate Outlook

*Stability hard-won — not guaranteed. FX strategy is now non-negotiable.*

**₦1,410-**

**₦1,519**

**Current Range (₦/USD)**

Broadly stable

**\$45.5bn**

**External Reserves**

~7 months import cover

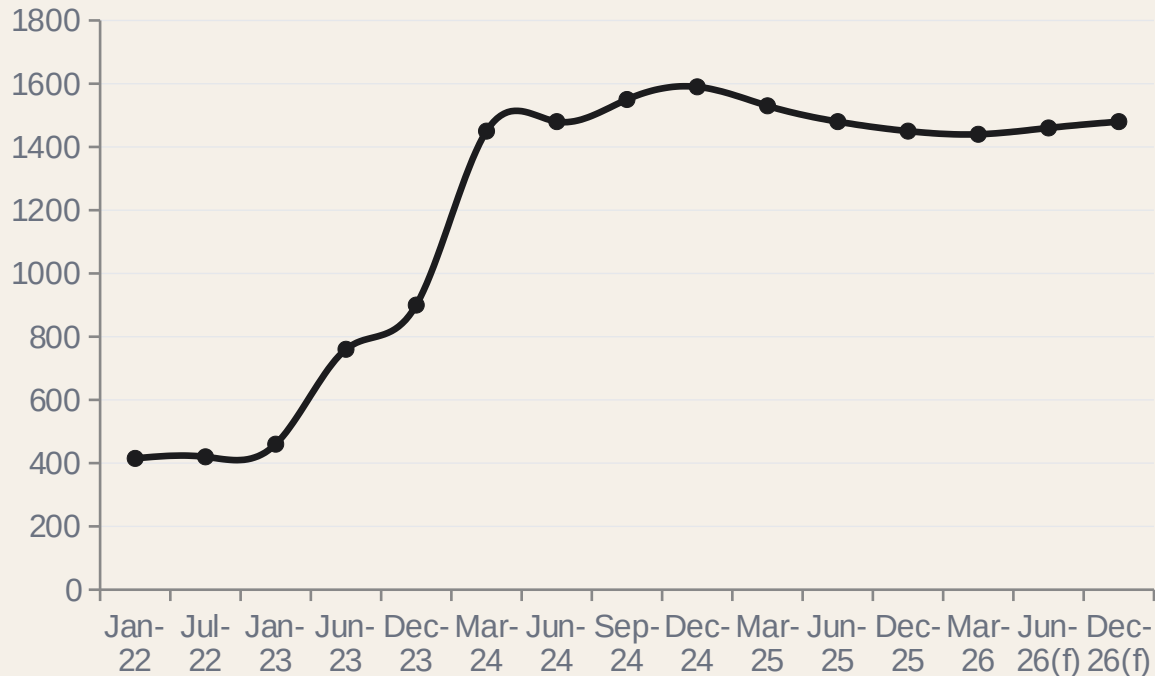
**\$20.9bn**

**Remittances 2024**

Largest FX inflow source

# ₦/USD Exchange Rate Trajectory & Forecast

From ₦460 pre-reform to stabilisation at ₦1,410-₦1,519



## H2 2026 Scenarios

Appreciation Scenario (20%)

**₦1,300-1,400**

Base Case (55%)

**₦1,410-1,519**

Depreciation Scenario (25%)

**₦1,600-1,750**

### Outliers Recommendation

All boards should have a Board-approved Treasury Policy that explicitly defines FX risk tolerance, approved hedging instruments, and FX reporting requirements. This is a non-negotiable minimum governance standard.

# FX Risk Management: What Every Organisation Must Do Now

## SMEs

- Join cooperative FX pooling arrangements where available
- Maintain FX contingency buffer of 10-15% above standard working capital
- Seek longer-term supplier agreements to lock in FX costs
- Explore domestic substitutes for all major imported input categories

## Large Corporates

- Formalise Treasury Policy — Board-approved FX risk appetite statement
- Stress-test dollar-denominated debt at ₦1,750/USD for DSCR compliance
- Review repatriation timing for multinationals — align with reserve strength windows
- Build natural hedges: dollar revenue streams to offset dollar cost exposure

## Financial Institutions

- Stress-test FX open positions vs CBN Net Open Position limits
- Review IAS 21 / IFRS 9 intersection on FX-indexed loan books
- Update trade finance country and counterparty risk assessments
- Enhance monitoring of unhedged-dollar-debt naira-revenue borrowers

## Investors

- Dollar-denominated Nigeria assets provide natural FX hedges
- Size naira positions with explicit liquidity risk recognition
- Establish rebalancing triggers for FX threshold breaches
- Evaluate FX forward cover where instruments are available

## SECTION 05

# Interest Rate Outlook

*The easing cycle has begun — the rate-cut window is open*

**26.50%**

**Current MPR**

Feb 2026 — Easing

**-100bps**

**Total Cuts So Far**

Sep 2025 + Feb 2026

**24.5%–**

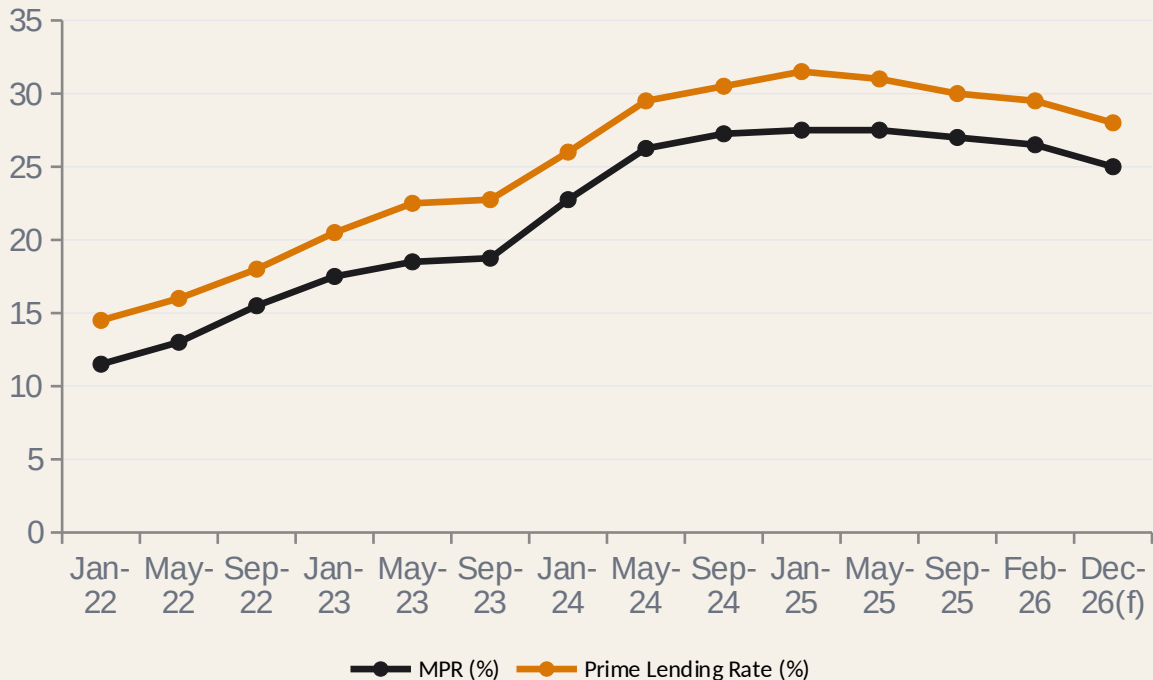
**26.5%**

**Year-End Target**

Base case Dec 2026

# MPR Tightening & Easing Cycle 2022-2026

*From 18.75% to 27.5% and back — the fastest tightening cycle in CBN history*



## Outliers Insight

The rate-cut cycle creates a dual fixed-income opportunity: capital appreciation on existing bonds as yields fall, and a narrowing window to lock in high real yields on new investments. Entities with FGN bond access should consider extending duration in the near term.

## Credit Market Reality

Despite 100bps of cuts, SME lending rates remain 30%-36%. The CRR at 45% constrains credit creation. Private-sector credit at only 12.2% of GDP — one of the lowest globally for an economy of Nigeria's scale.

*Note: Dec-26 values are Outliers base-case forecast*

# Cost of Capital Reference Rates — Q2 2026

*CFO reference: current levels and year-end 2026 trajectory*

Instrument	Current Rate	Dec 2026(f)	Direction
CBN MPR	26.50%	24.5%–26.5%	↓ Easing
Prime Lending Rate	28%–30%	26%–28%	↓ Easing
SME Lending Rate	30%–36%	28%–34%	↓ Gradual
Commercial Paper (90-day)	22%–24%	19%–22%	↓ Easing
FGN Bond (5-year)	18%–20%	15%–18%	↓ Buy Duration
FGN Bond (10-year)	19%–21%	16%–19%	↓ Buy Duration
91-day T-Bill	22%–24%	18%–22%	↓ Compressing
Eurobond / USD Borrowing	8%–11% (USD)	7%–10% (USD)	→ Stable
Development Finance (DFI)	10%–18% (NGN)	Stable	→ Best value

## CFO Duration Strategy

The most powerful CFO action in the current environment is duration arbitrage: lock in high real yields before the easing cycle compresses them further. Each 100bps rate reduction on a ₦5bn loan portfolio saves ₦50m/year in interest expense — before tax.

## Key Rate Watch Trigger

If MPR falls below 24%, the cost-benefit of variable vs fixed-rate borrowing shifts materially. Treasury teams should model this threshold and have pre-approved strategies ready for both scenarios.

## SECTION 06

# Fiscal Policy & Public Finance

*The revenue imperative: Nigeria Tax Act 2025 as the structural solution*

**#12.14tr**

**2026 Deficit**

3.01% of GDP

**~27%**

**Debt Service Share**

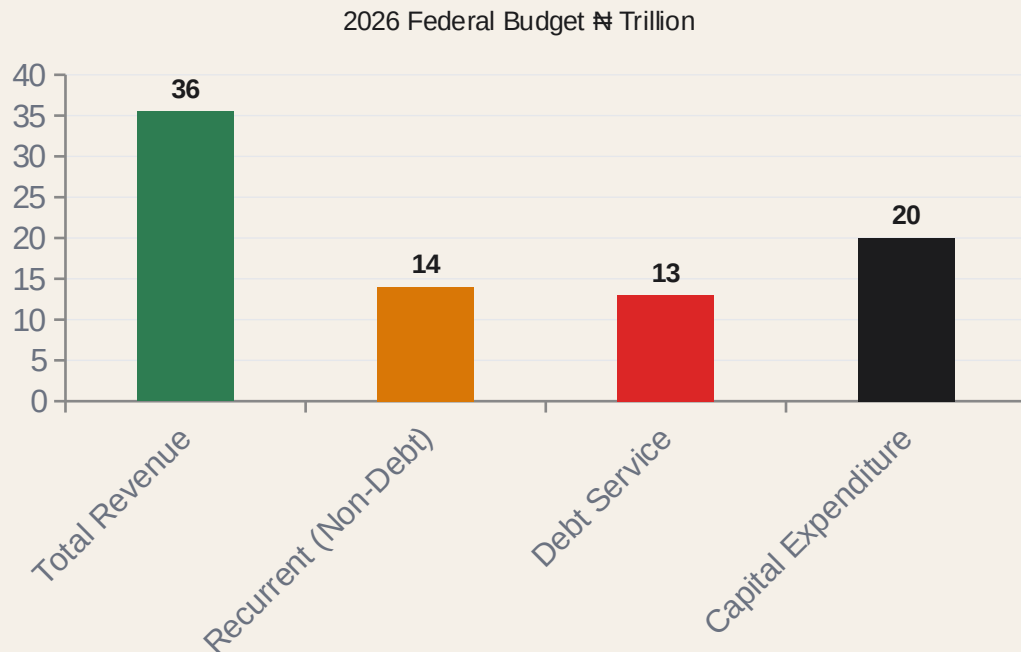
Of total expenditure

**~6%**

**Tax / GDP Ratio**

vs ECOWAS target 20%

# 2026 Federal Budget: Revenue, Expenditure & the Debt Service Burden



## The Debt Service Crisis

For every ₦100 of government revenue, >₦70 goes to debt service before one naira reaches education, health, infrastructure, or salaries. This is the structural brake on Nigeria's development trajectory.

## Nigeria Tax Act 2025

Effective implementation could raise tax-to-GDP from 6% toward 10% within five years — a transformation that would fundamentally alter the fiscal outlook. Implementation, not legislation, is the critical variable.

## ⚠ Election Cycle Risk

Pre-election fiscal expansion is Nigeria's most consistent macro pattern. If deficit widens above 4% of GDP, inflation re-acceleration risk rises sharply.

# Nigeria Tax Act 2025: What Every Business Must Know

## Corporate Income Tax

- Revised CIT rate schedules and consolidated provisions
- Updated capital allowance rules and carry-forward provisions
- New rules on digital services and cross-border transactions
- Deferred tax positions require recalculation under new rates

## Value Added Tax

- Expanded VAT base with new essential goods exemptions
- Clarified digital services VAT for non-resident providers
- Revised input tax credit entitlements and supply chain impact
- New filing and remittance compliance requirements

## Transfer Pricing

- Elevated enforcement — all MNEs are priority targets
- Intercompany pricing must reflect post-devaluation economics
- Current TP documentation is the minimum requirement
- Pre-empt audits: commission benchmarking study now

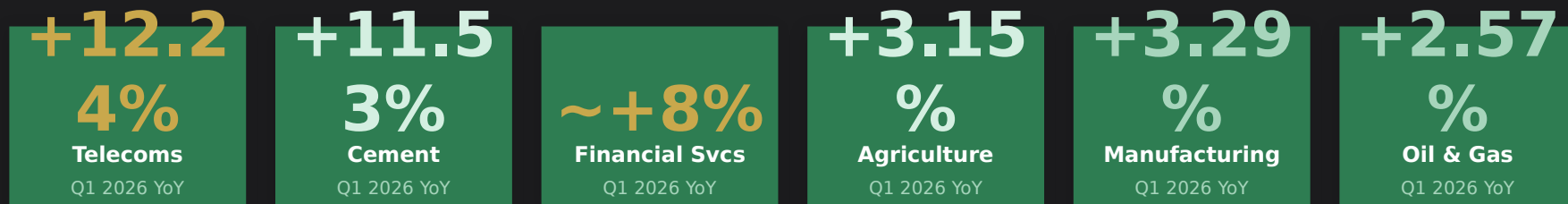
## WHT & Tax Risk

- Revised WHT rates and expanded transaction coverage
- TaxPro-Max data-matching dramatically raises detection risk
- VDP available now — cost-benefit strongly favours disclosure
- NRS enforcement: transfers, WHT, VAT, CIT are all active

## SECTION 07

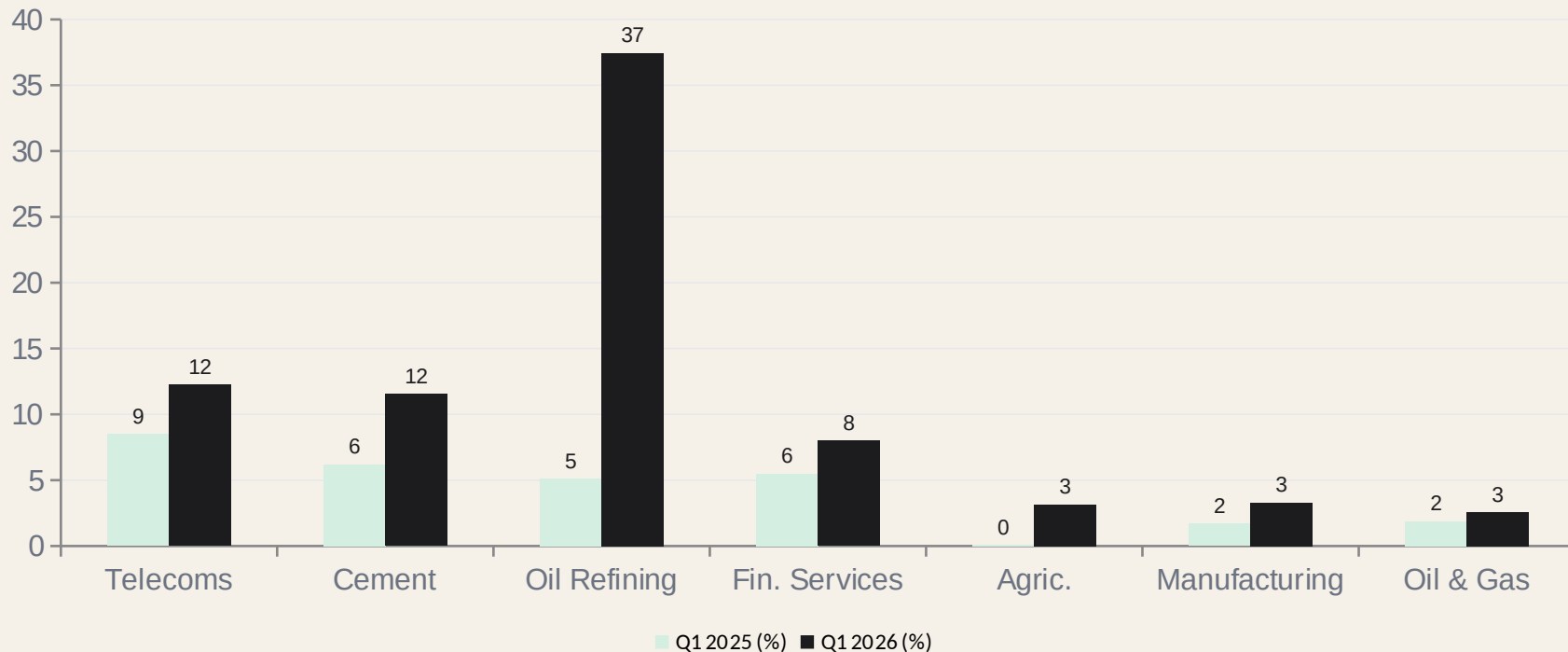
# Sector Analysis

*Where growth is — and where it is going*



# Sector Growth Rates: Q1 2025 vs Q1 2026 Year-on-Year

*Broad-based acceleration across all major sectors*



# Oil & Gas and Agriculture: The Twin Anchors

## Oil & Gas

- 3.92% of real GDP (Q1 2026) — growing 2.57% YoY
- Production: 1.55 mbpd vs 1.78 mbpd budget benchmark
- Dangote Refinery ramp-up: potential to save \$7–10bn/year in import costs
- PIA framework attracting renewed upstream investment interest
- Production gap is the most persistent fiscal risk: every 0.1 mbpd shortfall  $\approx$  ₦300–400bn revenue loss

## Agriculture

- Q1 2026 growth: 3.15% — up from 0.07% in Q1 2025. A dramatic recovery
- Employs 36% of labour force but receives only 5% of banking system credit
- Export crop competitiveness at historic high due to naira depreciation
- Post-harvest losses at 40–50% for perishables — cold chain investment gap
- Agritech: mobile credit, satellite monitoring, digital market linkage — high-potential
- Government fertiliser initiatives and wet-season farming programme contributing

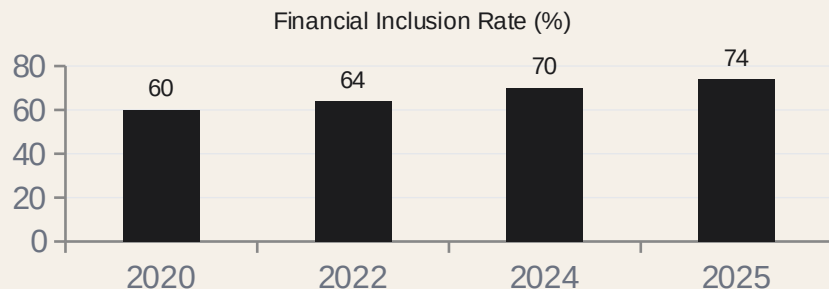
# Financial Services, Fintech & Telecoms: The Growth Engines

## Financial Services & Fintech

- Bank recapitalisation reshaping competitive landscape — capital raises and mergers in progress
- Financial inclusion: 60% (2020) → 74% (2025) — driven by mobile money and USSD banking
- Opay, Palmpay, Flutterwave, Paystack, Moniepoint — processing trillions of naira monthly
- Cross-border payment corridors connecting 20mn+ diaspora to domestic businesses
- CBN regulatory sandbox providing structured pathways for fintech innovation
- B2B financial services for SMEs: one of the highest-conviction near-term opportunities

## Telecoms & ICT

- +12.24% YoY growth Q1 2026 — the standout performer
- 220mn+ active mobile subscriptions; growing 4G penetration; 5G in Lagos, Abuja, PH
- Internet penetration ~48% — significant headroom for data revenue growth
- 50% tariff increase (early 2025) partially restored operator margins
- Network investment capacity improving: MTN, Airtel, Glo all expanding
- AI, cloud services, OTT platforms layering on top of telecoms infrastructure



## Outliers Strategic Observation

The structural separation between Nigeria's GDP growth engine (services, telecoms, fintech) and its FX/fiscal engine (oil) is the defining macro paradox of 2026. Businesses that understand this bifurcation — and invest accordingly — avoid the trap of using oil price movements as a proxy for the entire economy. Nigeria's non-oil economy is fundamentally more resilient than a decade ago.

# Manufacturing & Real Estate: Recovery and Opportunity

## Manufacturing

- Q1 2026: +3.29% vs +1.69% Q1 2025 — meaningful acceleration
- Cement: +11.53% (infrastructure spend, housing demand)
- Oil refining: +37.46% (Dangote Refinery ramp-up from low base)
- Chemicals & pharma: +6.15% — import substitution gains
- Recovery is conditional on FX stability and energy supply improvement
- Self-generation costs: 35%–45% of manufacturing opex — electricity reform critical
- Domestic sourcing economics improved significantly post-naira depreciation

## Real Estate & Construction

- Urbanisation at ~4.5% per annum — one of the fastest globally
- Housing deficit: 28 million units — structural multi-decade demand
- Lagos, Abuja, PH, Kano: sustained demand across price segments
- Mid-market opportunity: ₦15–50mn homes in secondary cities
- Purpose-built student accommodation — undersupplied across all universities
- REITs and infrastructure trusts creating new capital access channels
- Material cost pressures easing as inflation moderates and FX stabilises

**28 million**

**Housing Deficit**

Units — structural demand

**4.5% p.a.**

**Urbanisation Rate**

Among fastest globally

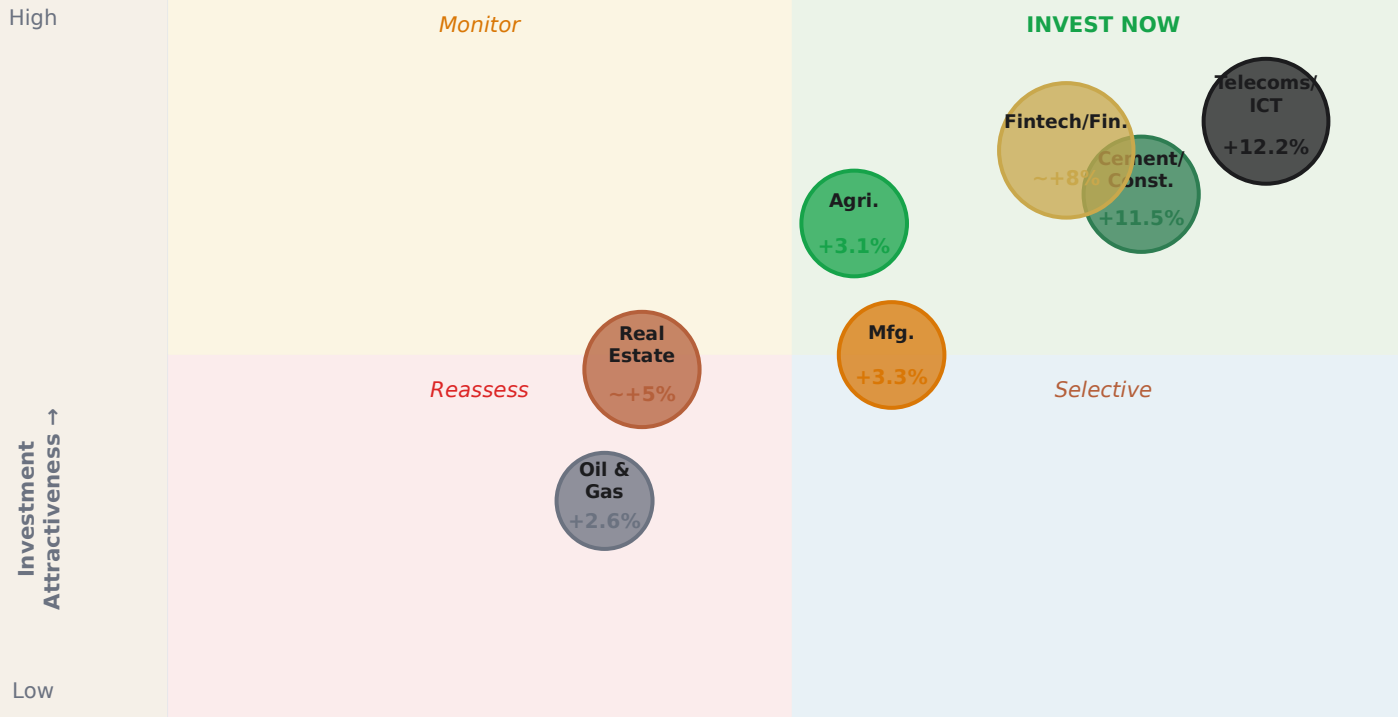
**₦72.41tr**

**Real Estate Earnings**

Projected 2026

# Sector Attractiveness Matrix 2026

Growth rate vs investment attractiveness — bubble size = GDP contribution



## Outliers Rating

Top 3 conviction picks:

1. Telecoms/ICT
2. Fintech/Banking
3. Agri-processing

## Avoid/Selective

Oil & Gas upstream: long cycle, geopolitical risk. Conventional retail: purchasing power headwinds.

← Low Growth Rate High →

# Sector Intelligence Summary 2026

Sector	Q1 2026	Full-Year(f)	Rating	Key Catalyst
Telecoms & ICT	+12.24%	10%-13%	★★★★★	5G, data demand, OTT growth
Cement & Construction	+11.53%	8%-12%	★★★★★	Infrastructure spend, urbanisation
Financial Services / Fintech	~+8%	7%-10%	★★★★★	Recapitalisation, digital banking
Agri. & Agri-processing	+3.15%	3%-5%	★★★★	Credit access, export competitiveness
Manufacturing (broad)	+3.29%	3%-5%	★★★	FX stability, energy cost reduction
Real Estate & Construction	~+5%	5%-8%	★★★★	28mn unit deficit, urbanisation
Oil & Gas Upstream	+2.57%	2%-4%	★★	PIA investment, production stability
Oil Refining (Dangote)	+37.46%	Ramp-up phase	★★★★	FX savings, import substitution

SECTION 08

# Risk Assessment

*Six threats that could disrupt the consolidation narrative*

**High**

**Election-Cycle Risk**

Most probable threat

**High**

**Food Inflation**

Structural supply-side

**Medium-**

**High**

**Oil Price Shock**

Fiscal + FX combined

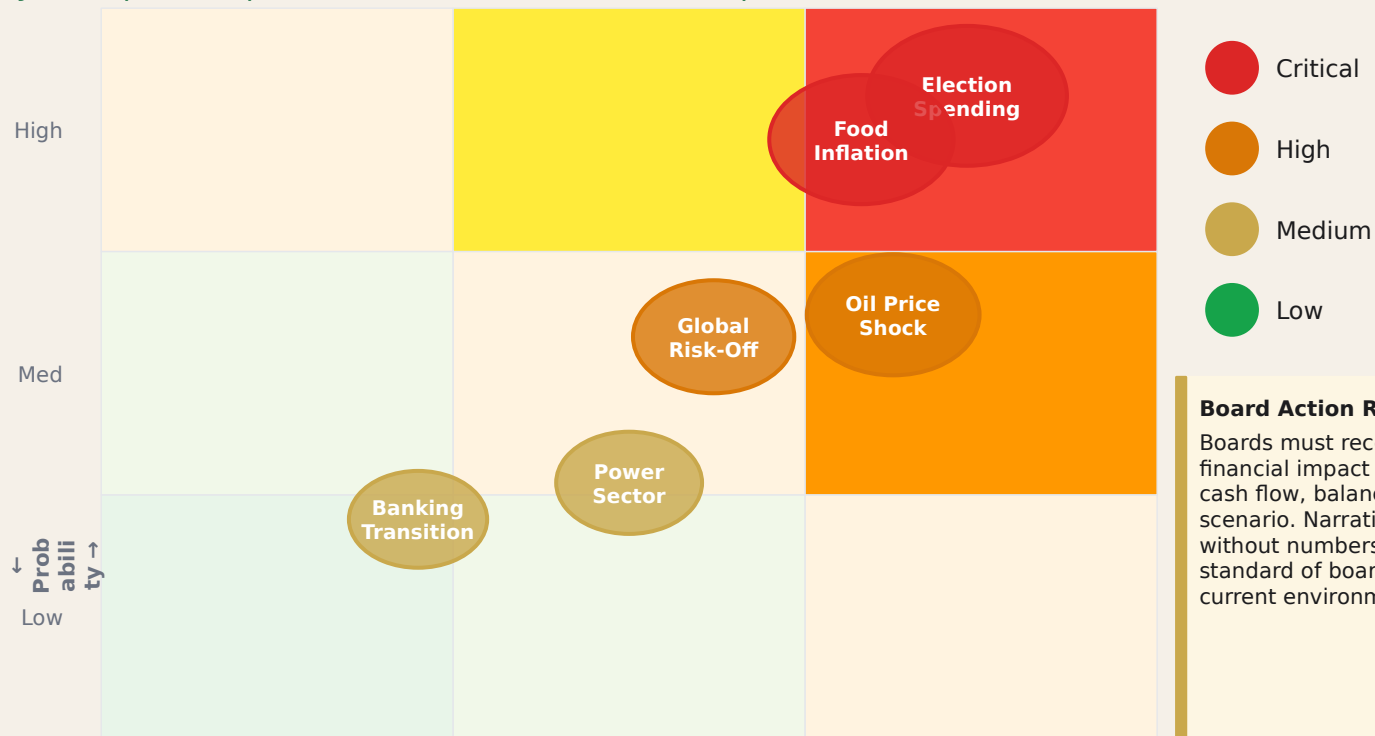
**Medium**

**Global Risk-Off**

Portfolio outflows

# Risk Heat Map 2026

Probability vs Impact — quantified financial threat landscape



## Board Action Required

Boards must receive quantified financial impact of each risk — P&L, cash flow, balance sheet — under each scenario. Narrative risk descriptions without numbers fail the minimum standard of board oversight in the current environment.

# Risk Register & Mitigation Framework 2026

Risk	Prob.	Impact	Rating	Primary Mitigant
Election-cycle fiscal expansion	45%	High	CRITICAL	CBN sterilisation, MTEF discipline, fiscal rules enforcement
Food inflation persistence	40%	High	HIGH	Agricultural investment, import flexibility, security improvement
Oil price shock (<\$65/bbl)	30%	High	MED-HIGH	NWSF savings buffer, production cost diversification
Global risk-off / FX pressure	30%	Medium	MEDIUM	Reserve adequacy (\$45.5bn), CBN FX intervention
Power sector deterioration	35%	Medium	MEDIUM	NERC reforms, private investment in off-grid/mini-grid
Banking transition disruption	15%	Medium	LOW-MED	CBN phased oversight, merger supervision framework

SECTION 09

# Strategic Opportunities

*Where to position capital and capability in 2026-2027*



Fintech



Agri-processing



Housing



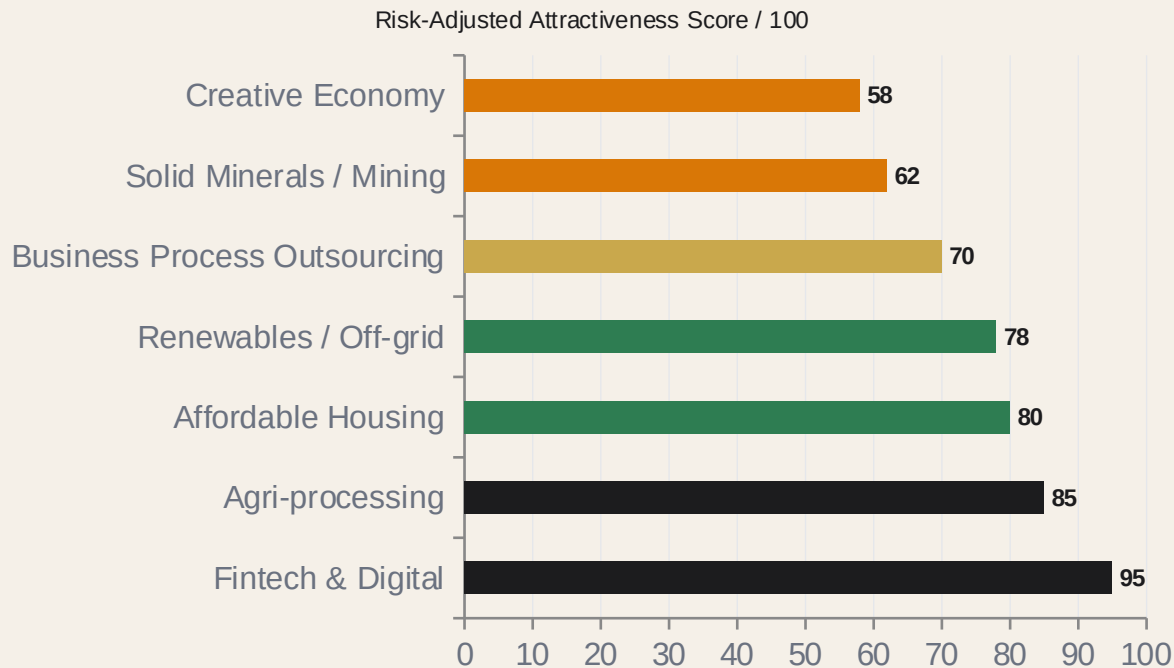
Renewables



Exports

# Investment Opportunity Ranking 2026

*Risk-adjusted attractiveness score (0-100) by sector*



## Near-Term (1-3 yrs)

Fintech / Digital: Very High  
BPO / Services: Moderate-High  
Creative Economy: Moderate

## Medium-Term (2-5 yrs)

Agri-processing: High  
Affordable Housing: High  
Renewable Energy: High

## Long-Term (5+ yrs)

Solid Minerals / Mining: Moderate-High  
Patient capital, JV structures

# Top 5 Opportunity Profiles

## *Strategic rationale and entry considerations*



### **Fintech & Digital Payments**

220mn mobile subs. 26% unbanked. Diaspora corridors worth \$20.9bn. Cross-border, B2B SME finance, embedded insurance all at early stage. Entry: Equity / strategic partnership.



### **Agriculture & Agri-processing**

₦104.6tr in 2026 earnings. Naira competitiveness boosts export returns. Post-harvest infrastructure gap = commercial opportunity. Agritech at inflection point. Entry: Equity / JV / trade finance.



### **Affordable Housing**

28mn unit deficit. 4.5% urbanisation. Mid-market (₦15-50mn) and student housing most actionable. REITs and PPP frameworks expanding. Entry: Equity / bonds / PPP.



### **Renewable Energy / Off-grid**

85mn without reliable power. Solar + storage economics compelling vs diesel. Energy Transition Plan = \$10-15bn investment target. Carbon finance available. Entry: Project finance / equity.



### **Non-Oil Exports / Solid Minerals**

Naira at historic competitive high. Cocoa, sesame, cashew, lithium, tin all growing. AfCFTA market access expanding. Creative economy (Nollywood / Afrobeats) = global commercial trajectory. Entry: Trade / concession / JV.

## SECTION 10

# Accounting, Reporting & Compliance

*Navigating the IFRS, tax, and regulatory technical landscape in 2026*

# IFRS Technical Implications in the 2026 Environment

*Five standards requiring active management by every finance team*

## IAS 21 — Foreign Curren

**HIGH**

Naira's ₦460→₦1,450 depreciation creates material translation losses on USD-denominated liabilities. Functional currency reassessments required. Translation losses typically non-deductible — deferred tax implications.

## IFRS 9 — Expected Credit Losses

**HIGH**

ECL models must incorporate forward-looking macro scenarios from this report. Falling rates → lower PD/LGD but food inflation → SME stress. Revalidate models at every reporting date. Document all assumptions.

## IAS 36 — Asset Impairme

**MEDIUM-HIGH**

Discount rates for Nigerian-NGN cash flows: 25%–35% range depending on sector. Goodwill and investment carrying values must be supportable at current rates. Assets not impaired in 2023–24 require reassessment.

## IAS 1 — Going Concern

**HIGH**

Directors must test: FX debt service at ₦1,750/USD, covenant compliance at stressed rates, refinancing access on commercial terms. Document explicitly. The audit test is more rigorous than in prior years.

## IFRS 13 — Fair Value

**MEDIUM**

Investment properties, financial instruments, and biological assets must reflect current rate environment. Level 3 FVs require robust methodology documentation. Expect heightened FRC and auditor scrutiny.

# Tax Compliance Priorities: Nigeria Tax Act 2025 Action Map

## Priority 1: NTA 2025 Impact Assessment

- Commission full review covering CIT, VAT, WHT, transfer pricing, and deferred tax
- Identify areas where current compliance processes do not meet new requirements
- Quantify financial impact: effective tax rate, cash flow, and deferred tax balance changes
- Submit to Audit Committee and Board within 90 days

## Priority 2: Transfer Pricing

- Update TP documentation for all material intercompany transactions
- Re-benchmark pricing — pre-devaluation benchmarks no longer reflect economic reality
- Focus: management fees, royalties, intercompany loans, shared services
- File contemporaneous documentation before NRS audit notice arrives

## Priority 3: Voluntary Disclosure

- Assess all unresolved tax positions and undisclosed liabilities urgently
- VDP penalty relief is significant — the window before enhanced enforcement closes is narrowing
- TaxPro-Max integration with CBN, CAC, telecoms data makes historical non-compliance detectable
- Engage specialist advisers before NRS identifies the gap via data-matching

## Priority 4: VAT & WHT Compliance

- Review VAT supply chains under revised NTA 2025 base and exemptions
- Reconcile all WHT deducted vs remitted for prior 3 years — clear any arrears proactively
- Confirm digital services VAT compliance if platform revenue involves non-resident supply
- Build quarterly self-review process into the compliance calendar

## SECTION 11

# Regulatory Outlook 2026

*Seven regulators. Simultaneous agendas. Converging enforcement.*

NRS

CAC

FRC

SEC

NDPC

PenCom

CBN

# Regulatory Risk & Compliance Priority Matrix 2026

Regulator	Key 2026 Development	Priority Action	Risk
NRS (NRS)	NTA 2025 implementation; TaxPro-Max expansion; TP/VAT audits	Full NTA impact assessment; TP documentation; VDP review	<b>HIGH</b>
CAC	Beneficial ownership register; CRP 2.0 digitalisation; annual returns	File outstanding returns; complete UBO disclosure accurately	<b>MED-HIGH</b>
FRC	IAS 21 / IFRS 9 / IAS 36 disclosure quality enforcement; audit quality	Upgrade IFRS disclosures; review auditor rotation schedule	<b>HIGH</b>
SEC	ESG disclosure requirements; virtual assets; M&A rule update	Assess ESG reporting readiness; review M&A transaction framework	<b>MEDIUM</b>
NDPC	Nigeria Data Protection Act enforcement; DPO; 72-hr breach rule	Appoint DPO; complete DPIA; build breach notification protocol	<b>MED-HIGH</b>
PenCom	Unremitted contributions penalty: 2%/month; trustee oversight	3-year reconciliation; clear arrears proactively before audit	<b>HIGH</b>
CBN	Bank recapitalisation; Open Banking; AML/CFT (post-FATF greylist)	Capital adequacy compliance; open banking API readiness (banks)	<b>HIGH (banks)</b>

# Emerging Risk: Nigeria Data Protection Act Enforcement

*NDPC moves from framework to active enforcement in 2026*

## Who Is Affected

- All organisations processing personal data of Nigerian residents
- Applies regardless of where the organisation is incorporated
- Financial services: highest exposure — vast personal data repositories
- Telecoms / digital platforms: subscriber and behavioural data at scale
- HR / payroll service providers: employee personal data volumes
- Healthcare: sensitive personal data with special protection requirements
- Any organisation using CRM, cloud-based HR, digital marketing tools

## Key Compliance Requirements

- Appoint a Data Protection Officer (DPO) — mandatory for high-volume processors
- Complete Data Protection Impact Assessments (DPIAs) for high-risk activities
- Implement appropriate technical and organisational security measures
- Establish breach notification procedure: 72-hour window to NDPC
- Data mapping: document what data is held, where, and why
- Review data-sharing agreements with NRS — NDPA compliance required

## Outliers Recommendation — Integrated Compliance Response

The convergence of NTA 2025, NDPC enforcement, FRC oversight, PenCom scrutiny, and CAC digitalisation creates a compliance management challenge that is disproportionately burdensome for organisations without dedicated compliance functions. We recommend boards establish an integrated Regulatory Compliance Committee — cross-functional (finance, legal, IT, operations) — with a formal compliance calendar, dedicated budget, and quarterly reporting to the Audit Committee. The cost of a structured compliance programme is a fraction of the potential penalty and reputational exposure of reactive compliance.

SECTION 12

# CFO Dashboard 2026

*Key metrics, decision triggers, and the three questions every CFO must ask*

**DESIGNED FOR: CFOs · Finance Directors · Treasurers · Audit Committees**

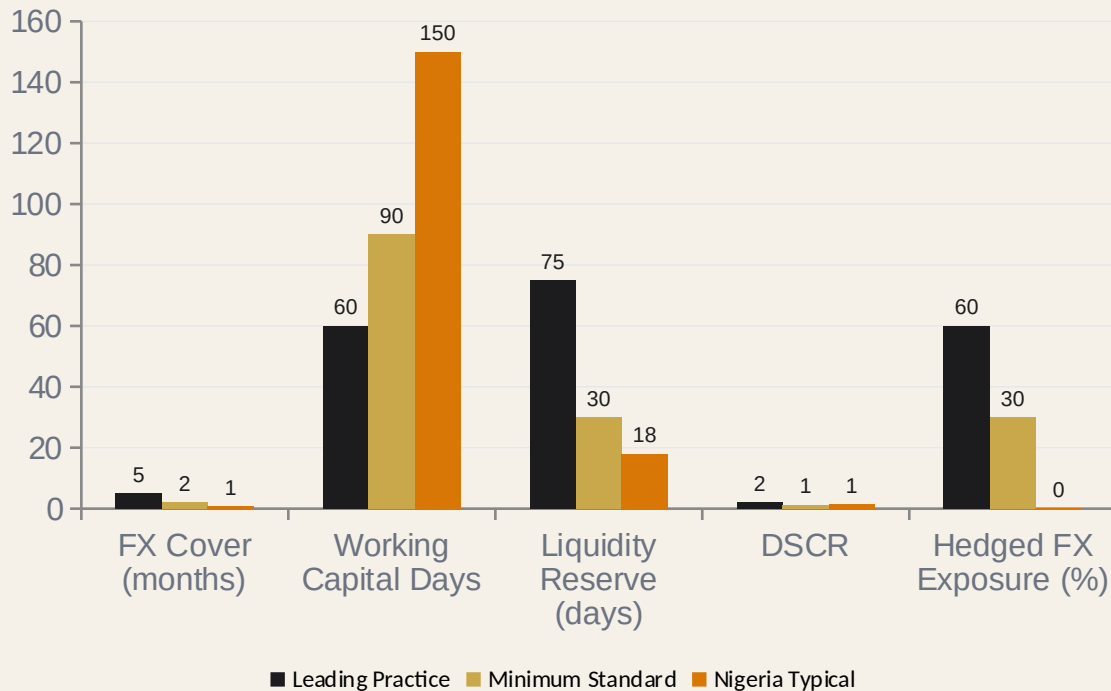
# CFO Macro Monitoring Dashboard

*Watch levels and action triggers for 2026 — review monthly*

Indicator	Current (Q2 2026)	Base Case Year-End	Watch Level	Action Trigger
Headline Inflation	15.69%	13%–15%	> 17%	Reforecast cost base; activate pricing review immediately
MPR (CBN)	26.50%	24.5%–26.5%	Rises > 27%	Review floating-rate debt exposure; defer discretionary capex
₦/USD Exchange Rate	~₦1,450	₦1,410–₦1,519	Weakens past ₦1,600	Activate FX contingency plan; accelerate USD collections
Brent Crude (\$/bbl)	~\$74	\$70–\$80	< \$65/bbl	Stress-test revenue base; activate cost-reduction protocol
External Reserves (USD bn)	~\$45.5	\$45–\$50	Falls < \$35bn	Increase FX forward cover; reduce import payment exposure
Prime Lending Rate	28%–32%	26%–30%	Rises > 32%	Pause variable-rate borrowings; explore alternative financing
91-Day T-Bill Yield	~22%–24%	19%–22%	Falls < 18%	Extend duration in liquidity portfolio before further yield decline

# Treasury Performance Benchmarks

*Leading practice vs minimum standard vs Nigerian reality*



## The Biggest Gap

Hedged FX Exposure: 0% is the Nigerian reality vs 60% leading practice. This is the single highest-risk treasury gap. Even a partial hedging programme — 20-30% of material FX exposures — materially reduces tail risk.

## Liquidity Priority

Liquidity reserve at 18 days (Nigeria typical) vs 30-day minimum standard. At least 60-90 days is recommended in the current macro environment given the six active risk scenarios.

## Working Capital

150 days cash conversion cycle vs 60-day leading practice. Cash trapped in inventory and receivables is the highest-cost, most overlooked balance sheet problem.

# The Three Questions Every CFO Must Ask Before Any Major Decision

## 01

### What is the FX impact?

#### What is the FX impact?

- How does this change our naira/dollar exposure?
- Does it add dollar costs without dollar revenues?
- What is the P&L impact at ₦1,600/USD and ₦1,750/USD?
- Has the Board-approved FX risk appetite been reviewed?

## 02

### What is the interest rate scenario?

#### What is the interest rate scenario?

- Are we locking in funding at peak rates that could be cheaper in 12 months?
- Does the return on this investment hold at 5% higher cost of capital?
- Are we deferring in a way that risks re-acceleration risk from election-cycle?
- Has the CFO modelled impact under both +200bps and -200bps scenarios?

## 03

### What is the regulatory exposure?

#### What is the regulatory exposure?

- Does this create NTA 2025, NDPA, or CBN regulatory exposure?
- Has the compliance team reviewed and signed off?
- Can we defend this position with adequate documentation under NRS audit?
- Is the Board / Audit Committee aware of this regulatory dimension?

## SECTION 13

# Board Readiness Checklist 2026

*32 governance items every Nigerian board must address in 2026*

DESIGNED FOR: Non-Executive Directors · Audit Committee · Risk Committee · Company Secretaries

# Board Readiness Checklist: Financial & Risk Governance (Items 1-16)

Financial Reporting & Risk Governance (1-8)			Regulatory & Compliance (9-16)		
1	Three-scenario financial model (base, upside, downside) reviewed and Board-approved for 2026	Critical	9	Enterprise Risk Register updated (within last quarter) with quantified macro risk impacts	Critical
2	Audit Committee confirmed IFRS assessments current: IAS 21, IFRS 9, IAS 36, IFRS 13	Critical	10	Quantified financial impact of each material risk presented to and reviewed by Board	High
3	Board briefed on NTA 2025 implications for effective tax rate and compliance posture	Critical	11	Business continuity and crisis management plans current, tested, and Board-approved	High
4	Management accounts explicitly separate inflation-adjusted from nominal performance	High	12	Cyber security risk formally assessed; Board-level cyber risk policy in place	High
5	Going-concern assessment conducted — USD debt service tested at ₦1,750/USD	Critical	13	Board receives leading-indicator risk dashboards — not only lagging financial results	MED-HI
6	External auditor briefed on significant accounting estimates in current macro environment	High	14	Audit Committee reviewed NTA 2025 compliance status and all tax risk exposures	Critical
7	Budget forecast accuracy tracked and reported to Board with substantive variance explanations	High	15	CAC annual return filed; beneficial ownership register accurate and complete	High
8	Board approved Risk Appetite Statement covering FX, interest rate, liquidity, regulatory, reputational risk	Critical	16	Pension contribution remittances current; 3-year reconciliation completed	High

# Board Readiness Checklist: Treasury, Strategy & Value Creation (Items 17-32)

Treasury, Capital Structure & Compliance (17-24)			Strategy & Value Creation (25-32)		
17	Board-approved Treasury Policy covers FX risk, approved instruments, counterparty limits, reporting	Critical	25	3-5 year strategic plan updated to reflect post-reform macro and sector trajectories	Critical
18	All banking covenants stress-tested at ₦1,750/USD and +200bps interest rate assumptions	Critical	26	At least one Board meeting dedicated to digital transformation strategic review	High
19	Liquidity reserves $\geq$ 30 days of operating expenses maintained	High	27	ESG framework or roadmap reviewed and approved at Board level	MED-HI
20	Material USD-denominated liabilities reviewed for hedging adequacy	High	28	Talent and succession strategy reviewed — particularly for finance, tech, operations roles	High
21	Capital expenditure pipeline re-evaluated at current hurdle rates and rate-cut trajectory	High	29	Board composition review confirms skills aligned with 2026-2028 strategic priorities	MED-HI
22	Dividend / retained earnings policy reviewed against 2026/2027 investment opportunities	MED-HI	30	M&A, partnership, and investment pipeline reviewed; capital allocation priorities Board-approved	High
23	Data Protection Officer (DPO) appointed; DPIA completed for high-risk activities	High	31	FRC corporate governance code compliance: composition, committees, remuneration disclosed	High
24	Regulatory compliance calendar presented to Audit Committee for H2 2026	MED-HI	32	Legal register reviewed within last 12 months; material regulatory changes identified and actioned	MED-HI

## SECTION 14

# Executive Action Matrix

*36 prioritised actions across 90 days, 180 days, and 365 days*

**36**

Total Actions

**10**

Critical

**21**

High Priority

**5**

Medium-High

# 90-Day Priority Actions (By September 2026)

*Complete before Q3 close — critical window for regulatory and financial positioning*

1	Commission Nigeria Tax Act 2025 impact assessment: CIT, VAT, WHT, transfer pricing CFO / Tax Director	CRIT.	2	Prepare Board FX exposure analysis — all USD assets, liabilities, revenues, costs with scenario sensitivity CFO / Treasurer	CRIT.
3	Update enterprise risk register with quantified impact of six macroeconomic risk scenarios CFO / CRO	CRIT.	4	Review all banking covenants at ₦1,750/USD and +200bps interest rate assumptions CFO	CRIT.
5	Confirm IFRS assessments current for IAS 21, IFRS 9, IAS 36, IAS 1 — document estimates CFO / Finance Director	CRIT.	6	Confirm CAC annual return filed; beneficial ownership register complete and accurate Company Secretary	HIGH
7	Complete 3-year pension contribution reconciliation vs PFA records — clear shortfalls proactively HR Director / CFO	HIGH	8	Appoint Data Protection Officer (DPO); initiate DPIA for highest-risk data processing activities CCO / Legal	HIGH
9	Review customer pricing agreements — identify contracts without adequate inflation escalation clauses CEO / Sales Director	HIGH	10	Assess on-site renewable energy economics for facilities with diesel costs >₦5mn/month COO / CFO	HIGH
11	Review existing loan facilities for interest rate provisions; identify refinancing opportunities CFO / Treasurer	HIGH	12	Confirm Board-approved Treasury Policy is current — covers FX risk, instruments, reporting CFO / Board	CRIT.

# 180-Day Priority Actions (By December 2026)

## Year-end completion targets — strategic and financial consolidation

13	Implement 3-scenario budgeting for 2027 annual cycle — base, upside, downside with pre-approved management responses CFO / CEO	CRIT.	14	Complete transfer pricing benchmarking study for all material intercompany transactions CFO / Tax Director	HIGH
15	Execute refinancing of high-rate facilities (>28%) where lower-rate alternatives now available CFO / Treasurer	HIGH	16	Formalise Board Risk Appetite Statement covering all six risk dimensions Board / CFO	CRIT.
17	Complete domestic sourcing assessment for all major imported input categories COO / Procurement	HIGH	18	Update 3–5 year strategic plan to reflect post-reform macro environment and sector trajectories CEO / Strategy Director	CRIT.
19	Develop technology investment roadmap with explicit ROI targets and 24-month milestones CEO / CTO	HIGH	20	Launch formal ESG disclosure framework or publish Board-approved ESG roadmap CEO / CFO / Board	MED
21	Complete IAS 21 / IFRS 9 mid-year model revalidation for interim financial statements CFO / Finance Director	HIGH	22	Restructure management accounts to separate inflation-adjusted from nominal performance CFO	HIGH
23	Present capital allocation review to Board — investment pipeline, hurdle rates, dividend policy CFO / CEO / Board	HIGH	24	Finalise NDPC compliance: data mapping, retention policy, breach notification, staff training CCO / Legal / IT	HIGH

# 365-Day Strategic Actions (By June 2027) & Summary Scorecard

25

Complete first full-year financials under NTA 2025 with robust transition disclosures

26

Execute at least one strategic investment from top-5 opportunity categories in Section 9

27

Implement continuous quarterly tax compliance monitoring programme

28

Complete Board composition review — skills aligned to 2026-2028 strategic priorities

29

Develop ECOWAS / AfCFTA market entry or export expansion strategy for one product line

30

Commission independent business valuation using current macro assumptions

31

Deliver annual governance review: board effectiveness, remuneration, FRC Code compliance

32

Execute talent strategy update — compensation vs current inflation; succession pipeline defined

33

Produce annual ESG report — ahead of SEC mandatory disclosure requirements

34

Present post-reform strategic review to Board: achieved, changed, adjusted for 2027-28

35

Evaluate capital market transaction economics in improved rate environment

36

Full-cycle risk framework review: compare actual 2026 risks vs register; update accordingly

## Action Matrix Scorecard

### 90-Day

12 Actions | 5 Critical | 7 High

### 180-Day

12 Actions | 3 Critical | 7 High

### 365-Day

12 Actions | 2 Critical | 7 High

### TOTAL

36 Actions | 10 Critical | 21 High

## SECTION 15

# Outliers Professionals Strategic Advisory Summary

*The full report distilled to one section — the most cited pages in the publication*

Top 10 Actions · Top 10 Risks · Top 10 Opportunities · Executive Conclusion

# Top 10 Actions for Business Leaders in 2026

**01** Build a formal FX risk management framework with Board-approved risk appetite and hedging protocols

**03** Commission a Nigeria Tax Act 2025 impact assessment immediately — compliance windows are narrowing as NRS enforcement intensifies

**05** Invest in digital infrastructure — data analytics, AI-assisted operations, digital customer channels — ahead of the competitive curve

**07** Update IFRS financial reporting assessments for IAS 21, IFRS 9, IAS 36, and IFRS 13 to reflect current macro conditions

**09** Formalise a Board-level risk appetite statement covering FX, interest rate, liquidity, regulatory, and reputational risk

**02** Adopt three-scenario budgeting as a permanent feature of financial planning — single-point budgets are structurally inadequate

**04** Front-load fixed-income investments to capture high real yields before the rate-cut cycle compresses them

**06** Evaluate on-site renewable energy as a structural cost-reduction investment, not a CSR initiative

**08** Review and rationalise working capital — cash conversion cycle improvement is the highest-return, lowest-risk investment available

**10** Invest in talent — finance, data, technology, and operations — before the labour market tightens as the economy accelerates

# Top 10 Risks to Monitor in 2026

**01** Election-cycle fiscal expansion reigniting inflation above 18%-20% and reversing the rate-cut cycle

**03** Food price re-acceleration from adverse weather during April-September planting season

**05** NRS / NRS enforcement actions: transfer pricing, WHT, VAT under NTA 2025

**07** Banking sector transition risks during the recapitalisation completion phase

**09** Data protection enforcement under the NDPA — an emerging risk for all digital businesses

**02** Brent crude declining below \$65/bbl, triggering simultaneous fiscal and FX stress

**04** Global risk-off episode reducing portfolio flows into Nigeria and pressuring the naira

**06** Power sector deterioration increasing self-generation costs and compressing manufacturing margins

**08** Interest rate volatility if global developed-market central banks diverge from expected easing paths

**10** Sector concentration: businesses or portfolios >60% exposed to a single sector face elevated vulnerability

# Top 10 Opportunities to Capture in 2026

**01** Duration extension in FGN and high-grade corporate bonds — capture capital appreciation ahead of the full rate-cut cycle

**03** Agri-processing and non-oil export development — naira competitiveness is at a historic high for export-oriented producers

**05** Renewable energy investment — off-grid solar and gas-to-power economics are compelling at current diesel prices

**07** M&A and strategic acquisitions — Nigerian business valuations still reflect excessive macro risk premium

**09** ECOWAS / AfCFTA export development — naira competitiveness makes Nigerian goods increasingly attractive regionally

**02** Fintech and digital payment infrastructure — 26% of Nigeria's 220mn population remain financially underserved

**04** Affordable housing in secondary cities — demographic demand is structural and the supply gap is 28 million units

**06** Business refinancing and capital structure optimisation — the rate-cut cycle creates an 18-month window to reduce funding costs

**08** Digital transformation investment — the productivity premium from digital operations is large and self-reinforcing

**10** Regulatory compliance as competitive advantage — compliant businesses gain better credit access and investor positioning

# Executive Conclusion: Outliers Final Assessment

Nigeria in 2026 is not the economy of 2023 or 2024. The reform dividend is real: inflation halved from its peak. The naira is stable. Reserves are at a decade high. Monetary easing has begun. The non-oil economy is 96% of GDP.

The risks are also real: the election cycle looms, food inflation remains stubborn, oil production under-delivers against targets, and the global environment is volatile. The margin for policy error is narrow.

But for businesses, investors, and leaders who engage with this complexity analytically — who plan across scenarios, invest ahead of cycles, manage risk explicitly, and comply proactively — Nigeria in 2026 offers a risk-return profile that is more compelling than it has been in years.

The question is not whether Nigeria will grow. The evidence strongly suggests it will. The question is whether your organisation is positioned to capture that growth — or whether it will watch it from the sidelines.

*Outliers Professionals Ltd stands ready to support your strategic response — across accounting advisory, tax, regulatory compliance, financial reporting, data analytics, and management consulting.*

OUTLIERS PROFESSIONALS LTD

# Leading Minds. Lasting Outcomes.

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## Our Advisory Services

- > Accounting Advisory
- > Tax Advisory
- > Regulatory Compliance
- > Financial Reporting
- > Transfer Pricing
- > Data Analytics
- > Business Intelligence
- > Management Consulting

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SECTION 19

# Capital Markets Outlook 2026

*NGX Equities · FGN Bonds · Treasury Bills · Eurobonds*

**#20**  
**trillion**

**Pension AUM**

Under-allocated to equities

**8%-11%**

**Sovereign Eurobond**

Current USD yield range

**19%-21%**

**FGN Bond 10yr**

Bull market in progress

**22%-24%**

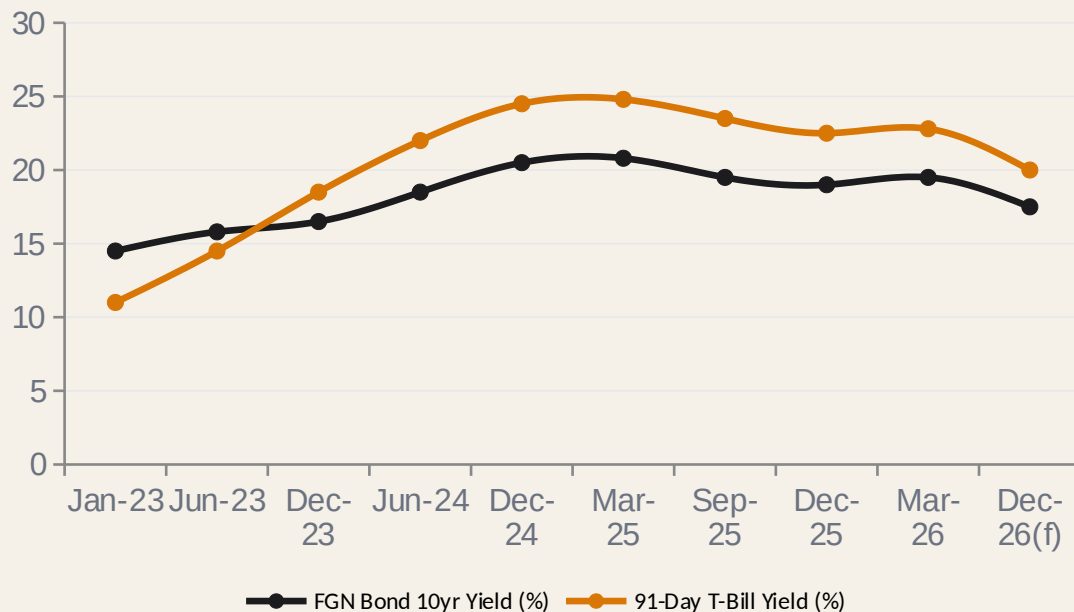
**T-Bill 91-day**

Compressing — act now

# NGX Equities & Fixed Income: The Investment Case for 2026

*Early-cycle conditions favour both equities and long-duration bonds*

Bond & T-Bill Yield Trajectory



Instrument	Current	Dec-26(f)	Thesis
2-Year FGN Bond	~19%-21%	<b>16%-18%</b>	Capital preservation
5-Year FGN Bond	~18%-20%	<b>15%-17%</b>	Best risk-adj. opportunity
10-Year FGN Bond	~19%-21%	<b>16%-18%</b>	Max appreciation potential
91-Day T-Bill	~22%-24%	<b>18%-22%</b>	Compressing — extend now

## Outliers View — Capital Markets

The NGX has, in prior post-crisis cycles, delivered 40%–80% returns in the 24 months following the first CBN rate cut. Structural conditions are present in 2026. Primary risk: election-cycle disruption in H2 2026.

## SECTION 20

# Labour Market & Talent Outlook 2026

*Human capital as a strategic competitive variable — the Japa effect and talent scarcity*

**~30%**

**Unemployment Rate**

2026 estimate

**~43%**

**Youth Unemployment**

Ages 15-24

**5 million**

**New labour entrants**

Per year — growing fast

**Very High**

**Tech Talent Scarcity**

Global competition

# Talent Strategy: The Japa Effect & Compensation Reality

*Nigeria's most capable professionals face global competition for their skills*

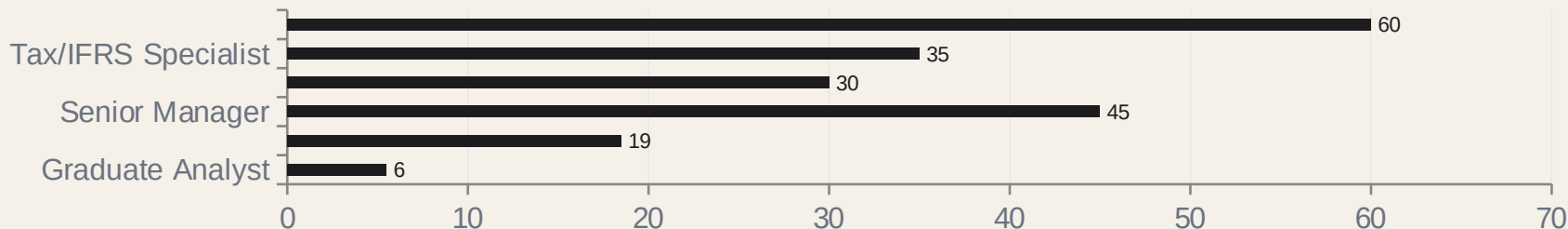
## The Japa Effect — What It Means for Business

- Hundreds of thousands of skilled Nigerians emigrated to UK, Canada, USA since 2020
- Healthcare, technology, and finance sectors most severely impacted
- Naira depreciation dramatically widened the compensation gap vs international alternatives
- Remote work enables Nigerian professionals to earn GBP/USD while staying in Nigeria
- Return diaspora trend emerging as economic confidence improves — a potential positive
- Retention strategy must address: compensation, development, culture — in that order

## Highest-Demand Roles by Sector

- Fintech / Financial Services: Engineers, data scientists, risk analysts — Very High scarcity
- Telecoms / ICT: 5G specialists, cloud architects, cybersecurity — Very High scarcity
- Professional Services: Tax specialists (NTA 2025), IFRS accountants — High surge demand
- Energy / Renewables: Solar engineers, project finance specialists — Very High (new sector)
- Agriculture / Agritech: Precision farming specialists, cold-chain logistics — High scarcity
- Manufacturing: Process engineers, quality managers, supply chain — Moderate-High

2026 Compensation Benchmarks (₦ million p.a.) — Indicative Midpoints



SECTION 21

# ESG & Sustainability Outlook 2026

*IFRS S1 · IFRS S2 · SEC Nigeria ESG Framework · From Compliance to Competitive Advantage*

DESIGNED FOR: Listed Companies · Investors · Development Finance · Export-Oriented Businesses

# IFRS S1 & S2: What Nigerian Organisations Need to Know Now

## IFRS S1 — General Sustainability Disclosures

<b>Scope:</b>	All material sustainability-related risks and opportunities affecting cash flows, finance access, or cost of capital
<b>Governance:</b>	Board and management oversight of sustainability — must be demonstrable, documented, and board-approved
<b>Strategy:</b>	How sustainability risks and opportunities affect business model, strategy, and financial planning
<b>Risk Management:</b>	How the entity identifies, assesses, and manages sustainability-related risks — integrated with ERM
<b>Metrics &amp; Targets:</b>	Quantitative performance indicators linked to sustainability strategy — not qualitative narratives only
<b>Key Action:</b>	Conduct double-materiality assessment immediately — this is the foundation of all S1 compliance work

## IFRS S2 — Climate-Related Disclosures

<b>Physical Risk:</b>	Flooding, drought, heat affecting agriculture, real estate, infrastructure — HIGH Nigerian exposure
<b>Transition Risk:</b>	Policy, technology, market changes from Energy Transition Plan and carbon pricing trajectory
<b>Scope 1 &amp; 2:</b>	Direct emissions + purchased electricity — generator-heavy operations have very high Scope 2 emissions
<b>Scope 3:</b>	Value chain emissions — most complex; supply chain and customer use categories often material
<b>Scenarios:</b>	Climate scenario analysis required — minimum 1.5°C and 4°C physical risk pathways
<b>Readiness:</b>	Most Nigerian organisations are at Very Low readiness — begin data collection immediately

# ESG Implementation Roadmap for Nigerian Organisations

*A three-phase approach from governance to strategic integration*

## 1

### Phase 1 — 2026: Governance Foundation

- Assign board-level ESG ownership and establish ESG sub-committee
- Conduct double-materiality assessment (IFRS S1 requirement)
- Establish baseline data collection for 8–10 priority KPIs
- Begin Scope 1 & 2 GHG emissions measurement (IFRS S2)
- Review SEC Nigeria ESG framework and assess gap vs current practice
- Publish brief ESG Statement in 2026 Annual Report (voluntary)

## 2

### Phase 2 — 2027: Reporting & Disclosure

- Publish first formal Sustainability Report aligned with IFRS S1
- Complete Scope 1, 2, and priority Scope 3 emissions inventory
- Integrate sustainability disclosures into Annual Report
- Submit SEC ESG disclosure (ahead of mandatory deadline)
- Conduct climate scenario analysis for IFRS S2 physical risk
- Engage development finance partners using ESG data

## 3

### Phase 3 — 2028+: Strategic Integration

- Embed sustainability targets into 5-year business plan and capital allocation
- Link executive remuneration to ESG performance metrics
- Pursue ESG-linked financing (sustainability-linked bonds/loans)
- Achieve third-party assurance on sustainability disclosures
- Apply for ESG ratings from recognised rating agencies
- Serve as an industry benchmark for Nigerian ESG practice

# 15 Outliers Proprietary Views — Key Insights Summary

*Our most cited analytical positions from the full report*

**01**

Non-oil economy grew ~4.3% in Q1 2026 — breadth of recovery matters more than the headline

**02**

Consumer demand recovery is 2-3 year arc, not a H2 2026 bounce — mass-market businesses take note

**03**

Food inflation above 15% proves CBN tightening cannot solve supply-side price pressures

**04**

The naira's ₦1,410-1,519 range is genuine equilibrium, not a managed peg — price structural volatility

**05**

The 45% CRR is the most underappreciated constraint on Nigeria's recovery — phased reduction to 38% is the key lever

**06**

Nigeria's tax-GDP ratio of 6% is the root cause of fiscal stress — NTA 2025 is the structural solution

**07**

Fintech success risks complacency on unit economics and compliance — governance built in beats retrofitted

**08**

Energy poverty is the #1 manufacturing competitiveness barrier — solar payback is under 5 years now

**09**

Election-cycle fiscal risk: the most probable and most impactful 2026-2027 threat per our framework

**10**

Agricultural credit at 5% of banking system is a profound capital allocation inefficiency — commodity exchange is the solution

**11**

Going concern directors must stress-test at ₦1,750/USD — failure to do so is a fiduciary lapse

**12**

Housing deficit bullish signal is nuanced: mid-market and affordable are the structural opportunity, not luxury

**13**

Power sector economics make commercial solar a

6 |

**14**

SEC ESG mandatory timeline is 18-24 months

**15**

NGX post-crisis cycles: 40%-80% returns in 24

SECTION 22

# How Outliers Can Help

*Your strategic advisory partner for Nigeria 2026 and beyond*

## Accounting / Management

### Tax Advisory

NTA 2025 compliance, TP, VDP

### Accounting / IFRS

IAS 21, IFRS 9, S1/S2

### Regulatory

NDPC, PenCom, CAC, FRC

# Our Advisory Services — Aligned to This Report's Priorities

## Tax Advisory & NTA 2025

- NTA 2025 impact assessment: CIT, VAT, WHT, transfer pricing
- TP documentation and benchmarking studies
- VDP advisory and NRS audit support
- Tax due diligence for M&A transactions

## Accounting Advisory & IFRS

- IFRS S1/S2 materiality assessment & disclosure
- IAS 21, IFRS 9, IAS 36, IFRS 13 technical support
- Going concern documentation and audit readiness
- Business valuation and purchase price allocation

## Regulatory Compliance

- NDPA compliance: DPO, DPIA, breach notification
- PenCom pension reconciliation and compliance
- CAC beneficial ownership and annual returns
- FRC governance code compliance reviews

## ESG & Sustainability

- IFRS S1/S2 readiness assessment and disclosure
- GHG emissions baseline (Scope 1, 2, 3)
- SEC Nigeria ESG framework readiness
- ESG due diligence for investment transactions

## CFO & Finance Advisory

- Three-scenario financial modelling support
- Treasury policy and FX risk framework design
- Working capital optimisation
- Management accounts redesign and KPI frameworks

## Business Intelligence & Strategy

- Strategic planning and 3-5 year business plan
- Capital markets advisory (bonds, NGX listings)
- Labour market and compensation benchmarking
- Market entry and sector feasibility studies

# About Outliers Professionals Ltd

*Leading Minds. Lasting Outcomes.*

*Our Mission: To deliver world-class professional advisory services with a deep understanding of the Nigerian business environment — enabling our clients to make better decisions, manage risk with confidence, and create lasting value.*

## Who We Are

A leading Nigerian professional advisory firm combining international technical standards with authentic local market intelligence. Our team brings together chartered accountants, tax professionals, regulatory specialists, economists, and data scientists trained at professional services firms, investment banks, and leading consultancies.

## Our Approach

Three principles: Intellectual Rigour (global best practice, calibrated to Nigerian realities), Practical Relevance (recommendations designed to be implemented, not filed), and Genuine Partnership (we invest in understanding your specific context, industry, and objectives).

## Our Thought Leadership

The Nigeria Economic Outlook is part of Outliers' flagship thought leadership programme. We publish quarterly economic briefings, sector intelligence, regulatory updates, and executive workshops — because better-informed decisions lead to better outcomes for our clients and for Nigeria.

**Practice Areas: Accounting Advisory & IFRS · Tax Advisory · Regulatory Compliance · ESG & Sustainability · CFO Advisory · Business Intelligence · Capital Markets Advisory · Labour Market Intelligence**

# Meet the Authors and Contributors

## *The Outliers Professionals Research & Advisory Team*

### **Macroeconomics Team**

*Economists with macroeconomic research, monetary policy and forecasting experience*

Coverage: Sections 2-6 (Macro, Inflation, FX, Rates, Fiscal)

### **IFRS & Financial Reporting**

*ICAN/ACCA qualified, professionally qualified, with extensive IFRS implementation experience*

Coverage: Section 11 IFRS: IAS 21, IFRS 9, IAS 36, IFRS 13

### **ESG & Sustainability**

*ESG advisory, sustainability reporting and climate risk experience*

Coverage: Section 21 ESG: IFRS S1/S2, SEC ESG, GHG reporting

### **Labour Market Intelligence**

*Human capital advisory, talent strategy and compensation benchmarking experience*

Coverage: Section 20 Labour Market & Talent Outlook

### **Tax & Regulatory Advisory**

*Tax advisory, regulatory compliance and NRS engagement experience*

Coverage: NTA 2025, NRS enforcement, Regulatory Outlook

### **Sector Intelligence Team**

*Industry specialists with capital markets, investment banking and sector analysis experience*

Coverage: Section 7 Sectors, Capital Markets (Section 19)

### **CFO & Strategy Advisory**

*Corporate finance, financial planning and management consulting experience*

Coverage: Sections 16-18: CFO Dashboard, Board Checklist, Matrix

### **Research & Data Analytics**

*Data analytics, econometric modelling and business intelligence experience*

Coverage: Appendix E: Data Sources & Methodology

# Data Sources & Analytical Methodology

## Primary sources, forecasting approach, and data quality standards

Source	Data Provided	Reference
National Bureau of Statistics (NBS)	GDP, CPI, labour market, trade	<a href="http://nigerianstat.gov.ng">nigerianstat.gov.ng</a>
Central Bank of Nigeria (CBN)	MPR, FX rates, credit data, reserves	<a href="http://cbn.gov.ng">cbn.gov.ng</a>
Debt Management Office (DMO)	Bond yields, public debt profile	<a href="http://dmo.gov.ng">dmo.gov.ng</a>
FMDQ Securities Exchange	T-Bill yields, bond prices, CP data	<a href="http://fmdqotc.com">fmdqotc.com</a>
Nigerian Exchange Group (NGX)	Equity prices, market capitalisation	<a href="http://ngxgroup.com">ngxgroup.com</a>
Federal Ministry of Finance	Budget data, fiscal statements, MTEF	<a href="http://finance.gov.ng">finance.gov.ng</a>
IMF / World Bank / UNCTAD	International comparisons, FDI data	<a href="http://imf.org">imf.org</a> / <a href="http://worldbank.org">worldbank.org</a>
PwC / KPMG / Deloitte Nigeria	Industry benchmarks, peer analysis	Various

### Forecasting Methodology

GDP: structural demand + supply decomposition. Inflation: factor model (MPR path, FX pass-through, food supply, base effects). FX: balance of payments framework. Scenarios: structured expert elicitation with  $\pm 10$ pp probability confidence intervals.

### Data Quality Standards

All primary data cross-verified against  $\geq 2$  independent sources. NBS is primary source for macro statistics; CBN for monetary and external sector data. CPI rebasing (Jan 2026) accounted for throughout.

### Key Limitation

Nigeria's statistical quality, while improving, has coverage gaps in informal economy, agriculture, and sub-national fiscal data. Estimates in these areas carry higher uncertainty.

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## Nature of This Publication

This Report has been prepared by Outliers Professionals Ltd for informational, educational, and strategic advisory purposes only. It does not constitute financial advice, investment advice, legal advice, tax advice, or any other form of regulated professional advice. Current as at June 2026.

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Nothing in this Report constitutes a recommendation to buy, sell, or hold any security, financial instrument, currency, commodity, or other investment product. Persons seeking investment advice should consult a licensed and regulated investment adviser.

## Forward-Looking Statements

This Report contains projections and scenarios. Actual outcomes may differ materially due to commodity price changes, political developments, natural disasters, regulatory changes, or unanticipated macroeconomic shocks. No warranty is given regarding accuracy of any projection.

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## SECTION 23

# Nigeria vs Key African Economies

*Benchmarking Nigeria's recovery against the continental peer group*

Nigeria

South Africa

Kenya

Egypt

Ghana

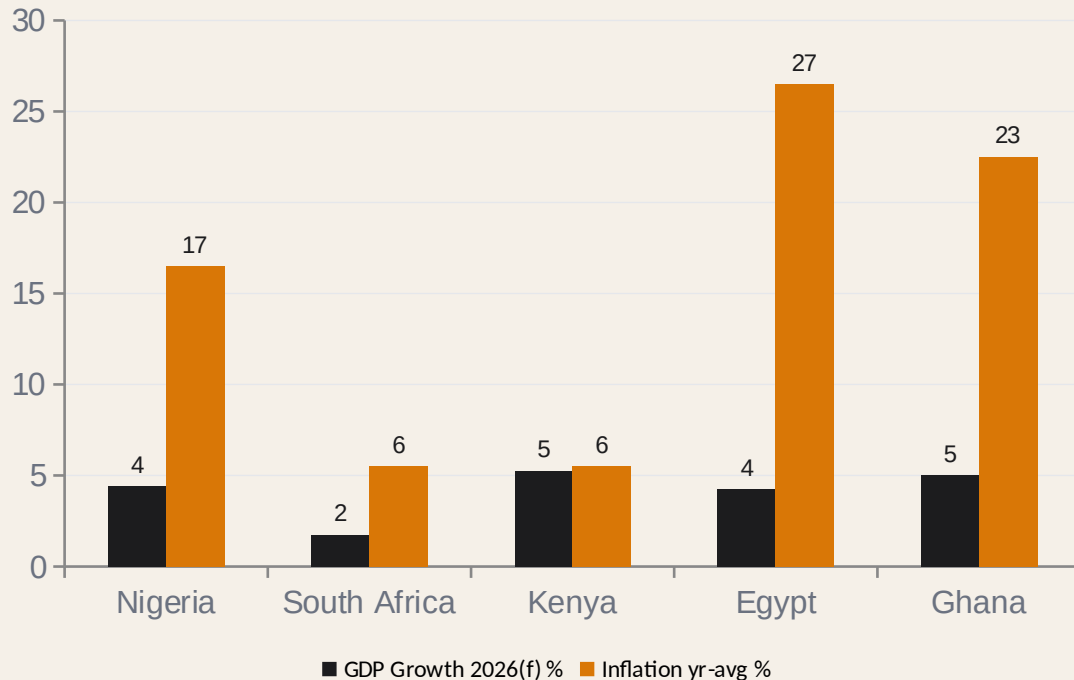
# Macroeconomic Comparison: Nigeria and African Peers 2026

*Five largest commercially significant African economies benchmarked*

Indicator	Nigeria	South Africa	Kenya	Egypt	Ghana
GDP Growth 2026(f)	<b>4.2%-4.6%</b>	1.5%-2.0%	5.0%-5.5%	4.0%-4.5%	4.5%-5.5%
Inflation (yr-avg)	<b>15%-18%</b>	5%-6%	5%-6%	25%-28%	20%-25%
Policy Rate	26.5% (MPR)	8.25%	12.75%	27.25%	27.0%
FX Stability 2026	<b>Broadly stable</b>	Moderate volatility	Moderate stable	Controlled float	Recovering
Reserves (mo. imports)	~7 months	~4 months	~4.5 months	~4 months	~3 months
Public Debt (% GDP)	~34.7%	~73%	~72%	~95%	~75%
Fiscal Deficit (% GDP)	~3.0%	~4.5%	~4.0%	~7.5%	~3.5%
Reform Momentum	<b>HIGH</b>	Moderate	Moderate	High (IMF)	High

# African Peer GDP Growth & Inflation 2026

*Nigeria: competitive growth, highest real yield, largest market*



## Outliers Strategic Interpretation

Nigeria's 2026 position: competitive growth (4.2%–4.6%), highest real yield, largest consumer market (220m), and strongest reform momentum — all undervalued by international investors applying the outdated 'Nigeria = oil' analytical lens. The investment thesis is early-cycle re-rating, not oil price dependency.

## Investment Attractiveness by Use Case

Highest real yield: Nigeria. Deepest equity market: South Africa. Best fintech ecosystem: Nigeria or Kenya. Largest consumer market: Nigeria. Best reform momentum: Nigeria or Egypt.

SECTION 24

# Sector Advisory Solutions Matrix

*Risk · Opportunity · Strategic Response · Outliers Advisory Service — by Sector*

# Sector Challenges, Opportunities & Outliers Solutions

*Financial Services · Telecoms · Manufacturing*

## Financial Services & Fintech

<p><b>⚠ Risk</b></p> <p>IFRS 9 ECL model inadequacy; recapitalisation transition disruption; CBN/NRS/NDPC compliance exposure</p>	<p><b>➕ Opportunity</b></p> <p>26% unbanked addressable; cross-border payments; B2B SME finance; embedded insurance/pension</p>	<p><b>→ Response</b></p> <p>Commission IFRS 9 revalidation with macro scenarios. Build CBN Open Banking compliance architecture. Digital product roadmap for mass-market SME segments.</p>	<p><b>★ Services</b></p> <p>Accounting (IFRS 9) · Regulatory Compliance · NRS Tax Advisory · Management Consulting</p>
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## Telecoms & ICT

<p><b>⚠ Risk</b></p> <p>USD network capex vs naira revenues; talent loss to global USD employers; regulatory pricing friction</p>	<p><b>➕ Opportunity</b></p> <p>5G enterprise data revenue; cloud/AI/IoT platform services; USSD financial services for unbanked</p>	<p><b>→ Response</b></p> <p>FX stress-test all capex proposals. Develop equity-linked talent retention programme. Engage NCC proactively on sustainable tariff framework.</p>	<p><b>★ Services</b></p> <p>CFO Advisory (capex FX) · NRS Tax · Labour Market Intelligence · Management Consulting</p>
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## Manufacturing

<p><b>⚠ Risk</b></p> <p>FX volatility on imports; self-generation energy costs (35%–45% of opex); 30%–36% lending rates; NRS transfer pricing exposure</p>	<p><b>➕ Opportunity</b></p> <p>Import substitution economics; sub-5-year solar payback; domestic sourcing partnerships with agriculture</p>	<p><b>→ Response</b></p> <p>Domestic sourcing feasibility for top-5 inputs. Renewable energy economics evaluation. NRS TP documentation review under NTA 2025.</p>	<p><b>★ Services</b></p> <p>Business Intelligence · CFO Advisory · NRS Tax (TP, NTA 2025) · Management Consulting (energy)</p>
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# Sector Challenges, Opportunities & Outliers Solutions

*Agriculture · Real Estate · Energy*

## Agriculture & Agri-processing

<p><b>⚠ Risk</b></p> <p>Food supply insecurity; formal credit at only 5% of banking system; post-harvest losses 40%-50%</p>	<p><b>➕ Opportunity</b></p> <p>Export crops at historic FX competitiveness; agritech at inflection; warehouse receipt financing emerging</p>	<p><b>→ Response</b></p> <p>ECOWAS/AfCFTA export strategy. Agritech platform partnership. Cold-chain investment business case.</p>	<p><b>★ Services</b></p> <p>Management Consulting (export) · CFO Advisory (project finance) · NRS Tax (pioneer/incentives) · Business Intelligence</p>
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## Real Estate & Construction

<p><b>⚠ Risk</b></p> <p>Elevated build costs; mortgage market inadequacy at 30%-36% rates; luxury segment approaching supply balance</p>	<p><b>➕ Opportunity</b></p> <p>28m-unit mid-market deficit; student accommodation; affordable rental REIT structures; PPP infrastructure</p>	<p><b>→ Response</b></p> <p>Focus pipeline on ₦15-50m mid-market residential. Evaluate REIT structuring for institutional capital. Commission on-site solar for construction-phase energy.</p>	<p><b>★ Services</b></p> <p>CFO Advisory (project finance) · NRS Tax (REIT, stamp duty) · Accounting (IFRS 13, IAS 36) · Management Consulting</p>
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## Energy (Oil, Gas & Renewables)

<p><b>⚠ Risk</b></p> <p>Production below benchmark (1.55 vs 1.78 mbpd); pipeline vandalism; off-taker creditworthiness for renewables</p>	<p><b>➕ Opportunity</b></p> <p>Dangote Refinery saves \$7-10bn FX; PIA deepwater investment; off-grid solar at sub-5-year payback; ETP \$10-15bn requirement</p>	<p><b>→ Response</b></p> <p>PIA compliance and deepwater partnership structuring. Off-grid project financing with carbon finance and DFI concessional stacking. Gas-to-power captive investment as FX hedge.</p>	<p><b>★ Services</b></p> <p>NRS Tax (PIA regime, JV TP) · CFO Advisory (project finance, DFI) · ESG Advisory (GHG, IFRS S2) · Management Consulting</p>
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# 10 Additional Outliers Views: Independent Strategic Thinking

*Insights not found in consensus analysis*

## 01 Why Nigeria's 2026 recovery differs from all previous ones

First recovery driven by non-oil services, digital economy, and genuine CBN independence — not oil prices. More durable; changes the investment thesis materially.

## 03 Why ESG delay creates higher compliance costs

The cost of voluntary ESG preparation is a fraction of reactive compliance. The mandatory SEC window is 18–24 months. Early movers save money; late movers pay crisis premiums.

## 05 Why NTA 2025 is a competitive differentiator, not just compliance

Pioneer status, capital allowances, loss carry-forward — the NTA 2025 contains strategic tax incentives that permanently reduce ETR for well-structured businesses.

## 07 Why board governance is the highest-leverage investment in 2026

Governance failure — not competition or macro — is the #1 source of value destruction in Nigerian companies. The cost of fixing governance is trivial vs the cost of enforcement.

## 09 Why the Japa crisis is a talent opportunity for forward-thinking employers

The diaspora return pool is larger than assumed. Formal diaspora recruitment programmes — relocation support, competitive pay, career pathways — access world-class skills at a fraction of organic build cost.

## 02 Why CFOs should focus on working capital, not cost-cutting

Nigerian companies carry 30%–40% excess working capital. Releasing it costs nothing and impairs nothing. One-time cost savings impair future capacity.

## 04 Why domestic sourcing may beat FX hedging

Permanently reducing FX exposure through domestic inputs is more durable than hedging: no premium, no counterparty risk, no roll dates. Conduct the audit first.

## 06 Why the CBN rate-cut cycle is a once-in-a-decade fixed income trade

Total return on FGN 5-year bonds in 2026: potentially 28%–30% (capital gain + coupon). One of the most attractive fixed-income returns available globally. Window is closing.

## 08 Why Nigeria's fintech sector will consolidate — and what it means

60%–70% of current fintechs will merge or exit within 5 years. Choose partners with proven unit economics and strong regulatory relationships — cheapest option today may not exist tomorrow.

## 10 Why 2026 is Nigeria's most significant inflection point since 1999

Structural reform + digital economy scale + monetary easing + improving institutions — a convergence not seen before. Organisations that recognise this will look back in 2030 and identify 2026 as the decisive year.

# Lead Author & Contributors

*The Outliers Professionals Research & Advisory Team*

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Chartered accountant and business advisory professional with experience spanning investment banking, corporate finance, taxation, financial reporting, regulatory compliance, business intelligence, and management consulting. He leads the firm's economic intelligence, financial reporting, tax advisory, and business analytics initiatives.

#### Macroeconomics

*Economic research, forecasting and financial services experience*

#### Tax & Regulatory

*Tax advisory, regulatory compliance and NRS engagement experience*

#### IFRS & Reporting

*IFRS implementation, financial reporting and accounting advisory experience*

#### Sector Intelligence

*Capital markets, investment banking and sector analysis experience*

#### ESG & Sustainability

*ESG advisory, sustainability reporting and climate risk experience*

#### CFO & Strategy

*Corporate finance, financial planning and management consulting experience*

# Key Numbers Every Executive Should Remember

*Outliers base-case figures — June 2026*

## GDP Growth Forecast

Broad-based; services-led

## Inflation Year-End(f)

Down from 33.2% peak

## MPR Year-End(f)

Easing cycle underway

## #1,410-1,519

## #/USD Rate Range

Downside: #1,600-1,750

## \$45.5bn

## External Reserves

~7 months import cover

## ~3.01%

## Fiscal Deficit/GDP

Debt service: >70% of revenue

## FGN Bond 5yr

### Top Fixed Income Opp.

28%-30% total return possible

## Telecoms/Fintech

### Top Sector

+12.24% Q1 2026 growth

## Election spending

### Highest Risk

45% probability / HIGH impact

## 3-Scenario Budgeting

### Most Imp. CFO Action

Single-point budgets are inadequate

## Risk Appetite Statement

### Most Imp. Board Action

Quantified FX/rate/regulatory exposure

## NTA 2025 Assessment

### Most Imp. Tax Action

Commission immediately — NRS enforcing

# What Success and Failure Look Like in 2027

*The divergent paths from Nigeria's 2026 inflection point*

## SUCCESS SCENARIO (Probability: ~55%)

- ✓ Inflation below 12% by Dec 2026; MPR reaches 22%-23% by mid-2027
- ✓ Oil production recovers to 1.7 mbpd; Dangote Refinery reaches 80% + utilisation
- ✓ NGX All-Share Index delivers 40%-60% total return through 2026-2027
- ✓ NTA 2025 raises tax-to-GDP to 8.5%-9%; debt service ratio falls below 60%
- ✓ Bank recapitalisation completes without systemic disruption

## FAILURE SCENARIO (Probability: ~25%)

- ✗ Election spending injects ₦3-5tr excess liquidity; inflation rebounds above 20%
- ✗ CBN forced to raise MPR 200-300bps; fixed-income losses, FPI outflows
- ✗ Brent below \$65/bbl; naira depreciates toward ₦1,700-₦1,900; deficit widens to 5%-6% GDP
- ✗ NTA 2025 implementation patchy; large corporates arbitrage; SMEs penalised
- ✗ Banking recapitalisation mergers produce asset quality deterioration; credit contraction

### Why 2026 Is Nigeria's Strategic Inflection Point

The convergence of structural reform completion, digital economy at scale, monetary easing commencement, and improving institutional quality creates a macroeconomic configuration Nigeria has never fully experienced before. Organisations that recognise this inflection point — and act with analytical rigour and strategic discipline — will look back in 2029-2030 and identify 2026 as the year the most consequential decisions were made.

# What Businesses Should Be Doing Right Now

*Six immediate strategic priorities for the 2026 inflection point*

## 01 Act on the Rate-Cut Cycle

Duration extension in FGN bonds offers a once-in-a-decade return profile. Total return 28%–30% possible. Window is closing as market prices in easing.

## 02 Formalise Your FX Risk Framework

Naira stability is real but the ₦1,600–₦1,750 downside scenario has 25% probability. Board-approved Treasury Policy is a governance minimum.

## 03 Commission the NTA 2025 Assessment

The window before NRS enforcement intensifies is finite. TaxPro-Max data integration means prior non-compliance will be detected.

## 04 Build Your ESG Foundation in 2026

Voluntary cost is a fraction of mandatory compliance cost. SEC timeline is 18–24 months. Start the materiality assessment now.

## 05 Invest in Talent Now

The labour market for specialised professionals will tighten further as the economy accelerates. Compensation review is urgent — not 2027.

## 06 Update Your Board's Governance

Governance failure — not competition — is the #1 source of value destruction in Nigerian companies. Risk appetite statement is the priority.