NASCON ALLIED INDUSTRIES PLC

... Strong Financial Performance underpinned by Stable Macroeconomic Environment

March 26, 2026

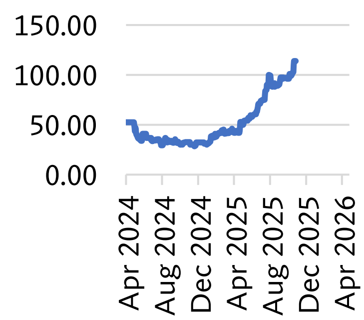
Earnings Note

Fair Value Estimate: N161.52

Total Return: +6.82

Stock Data	
Current price (N)	151.00
Shares Outstanding (mn)	2,649
Market Cap (N'mn)	400,065
52-week high (N)	13.10
52-week low (N)	9.50
Trailing EPS (N)	12.41
Forward EPS (N)	18.77
Forward PE (X)	8.04
Justified PE Multiple (X)	8.59

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	6.10x	5.96x	8.05x
P/BV	2.16x	2.81x	3.86x
PBT Margin	20%	32%	38%
PAT Margin	13%	22%	26%
RoE	44%	59%	57%
Dividend Yield	6%	8%	6%

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Highlights

- Declared a total dividend of ₦6, a 200% year-on-year increase from ₦2 in FY 2024.
- Revenue grew by 27% from ₦120.39 billion to ₦152.69 billion.
- Profit after tax increased from ₦15.58 billion to ₦33.53 billion, an 115% year-over-year increase.
- Net Assets grew by ₦28.12 billion to close at ₦71.18 billion.
- Total assets jumped by 72% to ₦135.27 billion (FY 2024: ₦78.50 billion)

Statement of Financial Position

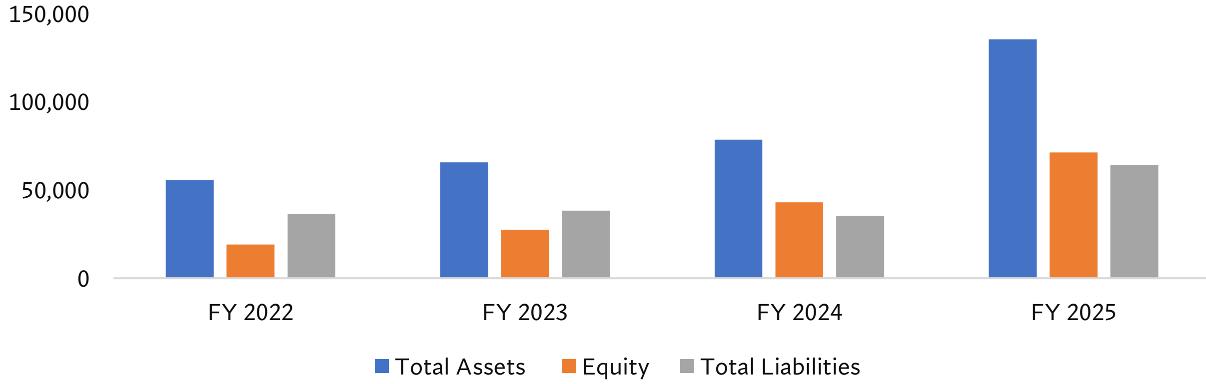
NASCON Allied Industries Plc delivered a strong balance sheet performance in FY 2025, with total assets expanding by 72% year-on-year from ₦78.50 billion to ₦135.27 billion. This growth was largely driven by strategic investments aimed at strengthening the Group's operating capacity and distribution efficiency. Notably, the Group invested in its logistics network through the acquisition of CNG-powered trucks to reduce distribution costs, while also incurring capital expenditure on the renovation of its administrative building. As a result, property, plant and equipment rose sharply by 171% year-on-year from ₦12.34 billion to ₦33.50 billion.

In addition, trade and other receivables increased significantly by 132% year-on-year from ₦17.22 billion to ₦40.02 billion. This rise was primarily driven by an increase in credit sales to related parties, with a substantial portion linked to Dangote Sugar Refinery Plc. While this may reflect stronger commercial activity within the Group's related-party ecosystem, the sharp buildup in receivables will require close monitoring from a working capital management perspective.

On the equity side, the Group's net assets increased from ₦43.06 billion in FY 2024 to ₦71.18 billion in FY 2025, supported by stronger retained earnings and reflecting the Group's improved financial performance during the year. However, this was accompanied by a notable increase in liabilities, with total liabilities rising by 81% year-on-year from ₦35.48 billion to ₦64.09 billion. The increase was largely attributable to a sharp rise in trade payables, which grew from ₦12.74 billion to ₦33.69 billion, suggesting that the Group relied more heavily on supplier credit to finance inventory purchases and support business expansion.

Notably, the Group's net operating cycle improved from 51 days in FY 2024 to 39 days in FY 2025, indicating more efficient working capital management. While this reduction is a positive development, sustained discipline will be important going forward, particularly as the Group has historically recorded a negative operating cycle in prior years. A failure to maintain or improve current efficiency levels could expose the business to working capital pressure if receivables and payables are not carefully managed.

Statement of Financial Position (N millions)



Source: Company Accounts, WSTC Research

Statement of Financial Performance

NASCON Allied Industries Plc delivered a solid topline performance in FY 2025, with revenue rising by 27% year-on-year from ₦120.39 billion to ₦152.69 billion, supported by stronger demand for salt and seasoning products as well as improved production stability during the year. The Salt segment remained the dominant revenue driver, contributing 92% of total revenue and expanding by 25% year-on-year from ₦112.97 billion to ₦141.17 billion. Meanwhile, the Seasoning segment recorded stronger relative growth, increasing by 55% year-on-year from ₦7.42 billion to ₦11.52 billion, and accounted for 8% of total revenue.

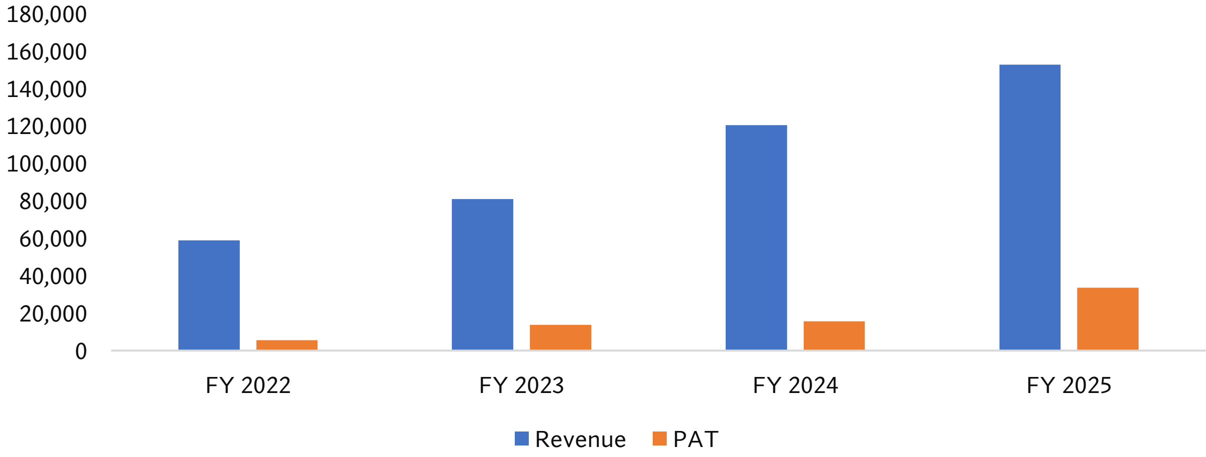
On the cost side, cost of sales increased by 21% year-on-year from ₦64.86 billion to ₦78.74 billion, representing a notable moderation from the 78% increase recorded in FY 2024, when operations were heavily pressured by a high inflation environment. As a result, the Group recorded a modest improvement in profitability at the gross level, with gross margin increasing from 46% to 48%. In absolute terms, gross profit grew from ₦55.53 billion to ₦73.95 billion, reflecting improved cost absorption and better operating efficiency.

At the operating level, the Group's operating margin expanded materially from 21% to 29%, supported primarily by lower marketing and distribution expenses, which declined from ₦23.68 billion to ₦20.71 billion. This reduction was largely attributable to the Group's investment in CNG-powered trucks, which helped reduce exposure to the volatility of diesel prices and improved distribution cost efficiency.

Below the operating line, the Group also benefited from an improvement in its financing profile. Profit before tax rose by 104% year-on-year from ₦23.65 billion to ₦48.24 billion, supported by stronger operating performance and lower financing costs. Specifically, finance costs declined from ₦1.18 billion to ₦659.07 million, reflecting a significant reduction in interest-bearing debt. In addition, finance income increased sharply from ₦1.79 billion to ₦6.01 billion, driven by higher interest income earned on short-term fixed deposits.

Overall, these factors culminated in a strong bottom-line performance, with the Group reporting a 115% year-on-year increase in profit after tax, from ₦15.58 billion in FY 2024 to ₦33.53 billion in FY 2025. Taken together, the FY 2025 result highlights NASCON Allied Industries Plc's ability to translate revenue growth, cost discipline, and improved financing efficiency into significantly stronger earnings delivery.

Statement of Financial Performance (N millions)



Source: Company Accounts, WSTC Research

Cash Flow Statement

NASCON Allied Industries Plc recorded a significant improvement in its cash flow profile in FY 2025, with net cash generated from operating activities surging from ₦4.17 billion in FY 2024 to ₦43.91 billion, representing a 954% year-on-year increase. This strong operating cash flow performance was largely driven by the Group's substantial improvement in bottom-line earnings, as well as a favourable working capital movement, which increased by 201% during the year. Together, these factors point to stronger cash conversion and improved operating efficiency.

On the investing side, net cash used in investing activities increased sharply from ₦562.31 million to ₦17.87 billion, reflecting a 3,078% year-on-year increase. This was primarily driven by a substantial rise in capital expenditure, as the Group's investment in property, plant and equipment grew from ₦2.30 billion to ₦23.72 billion. The increase was largely attributable to strategic spending on CNG-powered trucks and the renovation of buildings, highlighting management's focus on improving operational efficiency and supporting long-term business expansion.

Meanwhile, net cash used in financing activities more than doubled from ₦4.22 billion to ₦9.21 billion in FY 2025. This increase was largely due to the payment of dividends declared in FY 2024 amounting to ₦5.41 billion, compared with the prior year when no final dividend was declared in FY 2023, resulting in no comparable dividend-related financing outflow in FY 2024.

Overall, the Group closed the year with a stronger liquidity position, as cash and cash equivalents increased by 69% year-on-year from ₦24.70 billion to ₦41.63 billion in FY 2025. Taken together, the cash flow performance reflects a business that generated significantly stronger internal cash flows, deployed capital aggressively toward operational upgrades, and maintained sufficient liquidity to support both investment and shareholder returns.

Outlook

Looking ahead, NASCON Allied Industries Plc appears well-positioned to sustain its growth trajectory, supported by resilient demand for its core salt and seasoning products, improved production stability, and ongoing investments aimed at strengthening operational efficiency. The Group's FY 2025 performance reflects a business that has not only expanded revenue but also improved profitability through a better cost structure and more disciplined execution. As such, we expect revenue growth to remain positive in the near term, particularly as the Group continues to deepen market penetration and optimise its distribution footprint.

Overall, NASCON Allied Industries Plc enters the next financial period from a stronger operational and financial position, underpinned by revenue growth, margin expansion, stronger cash generation, and strategic investment in efficiency-enhancing assets. The Group's FY 2025 performance suggests that it is better positioned to deliver sustainable earnings growth and reinforce shareholder value in the periods ahead.

FY 2025 Financial Performance

Income Statement (N'mn)	FY 2025	FY 2024	(%)
Revenue	**152,687**	**120,387**	**27%**
Cost of sales	(78,739)	(64,860)	21%
Gross profit	**73,948**	**55,527**	**33%**
Other income	(25)	266	-110%
Operating income	**73,923**	**55,793**	**32%**
Selling and distribution expense	(20,707)	(23,678)	-13%
Admin expense	(8,962)	(6,928)	29%
Operating expense	**(29,668)**	**(30,607)**	**-3%**
Operating profit	**44,254**	**25,187**	**76%**
Non-operating profit/(loss)	**3,989**	**(1,536)**	**-360%**
Other gain/(loss)	64	(87)	-173%
Interest income	6,006	1,794	235%
Interest expense	(659)	(1,181)	-44%
FX gains/(losses)	(1,422)	(2,062)	-31%
Profit before tax	**48,243**	**23,651**	**104%**
Income tax	(14,714)	(8,067)	82%
Profit after tax	**33,529**	**15,584**	**115%**
Balance Sheet (N'mn)	**FY 2025**	**FY 2024**	**(%)**
Assets			
PP & E	33,498	12,340	171%
Inventory	15,689	18,261	-14%
Receivables	40,019	17,223	132%
Cash	41,632	24,700	69%
Others	4,427	5,978	-26%
Total Assets	**135,266**	**78,502**	**72%**
Liabilities			
Loans & Borrowings	3,789	6,763	-44%
Payables	33,688	12,744	164%
Others	26,608	15,940	67%
Total Liabilities	**64,086**	**35,447**	**81%**
Net Assets	**71,180**	**43,055**	**65%**

Source: Company Accounts, WSTC Research

Financial Projections

Income statement (NGN mn)	FY 2024	FY 2025	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Revenue	120,387	152,687	192,356	232,416	275,077	317,095	355,444	390,988
EBITDA	27,680	47,303	66,747	84,948	102,466	121,765	139,334	156,004
EBIT	25,100	44,579	64,054	82,159	99,716	118,911	136,313	152,681
Profit before taxation (PBT)	23,651	48,243	72,980	92,352	111,760	131,835	150,712	168,730
Net profit (PAT)	15,584	33,529	50,722	64,185	77,673	91,626	104,746	117,268
EPS (₦)	5.77	12.41	18.77	23.75	28.74	33.91	38.76	43.39
DPS (₦)	2.00	6.00	8.45	14.25	18.68	23.73	29.07	34.71

Balance sheet (NGN mn)	FY 2024	FY 2025	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Current assets	62,421	98,293	118,189	159,823	198,580	240,191	279,505	317,586
Non-current assets	16,081	36,973	51,592	51,824	52,787	54,214	55,813	57,964
Total assets	78,502	135,266	169,781	211,647	251,367	294,405	335,318	375,550
Current liabilities	26,337	56,277	56,819	57,422	58,293	60,448	61,196	62,932
Non-current liabilities	9,110	7,809	7,275	7,178	6,865	6,609	6,167	5,953
Long-term debt	39	39	39	39	39	39	39	39
Shareholders' equity	43,055	71,180	105,687	147,047	186,210	227,348	267,955	306,665
Book value per share (₦)	16.25	26.34	39.11	54.41	68.90	84.13	99.15	113.48

Cash flow statement (NGN mn)	FY 2024	FY 2025	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash from operating activities	4,165	43,906	43,642	53,993	67,763	83,165	93,770	106,670
Cash from investing activities	-562	-17,871	-8,140	7,368	8,525	8,812	9,926	10,699
Cash from financing activities	-4,217	-9,207	-16,999	-23,142	-39,046	-50,934	-64,751	-78,932
Net increase/ (decrease) in cash	-615	16,828	18,503	38,218	37,242	41,044	38,946	38,438

Ratio analysis (%)	FY 2024	FY 2025	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
EBITDA margin	23%	31%	35%	37%	37%	38%	39%	40%
Operating margin	21%	29%	33%	35%	36%	38%	38%	39%
RoE	44%	59%	57%	51%	47%	44%	42%	41%
RoA	22%	31%	33%	34%	34%	34%	33%	33%
Dividend payout ratio	35%	48%	45%	60%	65%	70%	75%	80%

Source: Company Accounts, WSTC Research

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