



## Arдова Plc

1AP/Conoil Road, Ijora, Lagos, Nigeria

NGX TICKER: ARDOVA; Bloomberg: ARDOVA NL; Reuters: ARDOVA LG

## NEWS RELEASE

### Arдова Plc Reports Third-Quarter 2022 Financial Results

#### News Summary

- Third-quarter revenue of ₦182.6 billion, up 34.2% year on year (YoY). Achieved revenue growth across all business segments.
- Achieved all-time record revenue in LPG and cylinder business (₦1.5 billion, +7,812.6% YoY) and record third quarter revenue in the lubricants business (₦23.2 billion, +25.9% YoY).
- Total assets of ₦139.9 billion, up 10.3% YoY. Property plant and equipment of ₦53.6 billion, up 43.7% YoY.
- Ongoing redevelopment of the Apapa Terminal, upgrade of the LOBP, and construction of 20,000mt LPG plant.
- Arдова held a successful AGM in September 2022.

#### **Lagos, 28 October 2022 – Arдова Plc today reported third-quarter 2022 financial results.**

*“Q3 shone an even greater spotlight on the global demand for energy, where Arдова has the unique breadth and scale to lead in Nigeria. Our focus on execution continued as we recorded significant progress on our 20,000mt LPG storage commitments,” said Olumide Adeosun, Arдова CEO. “As a Company with a rich and long history, we are transitioning to deliver the energy for a brave new world, and I see the enormous opportunity ahead - I am proud of the progress we are making towards that opportunity.”*

*“We recorded strong growth in revenue (+34.2% YoY) but our bottom-line results were below the standards we have set for the Company and our shareholders. We must and will do better. The continued rise in input cost, intermittent fuel scarcity, new industry entrants, less trucks for haulage and distribution, and finance cost were the largest drivers. We are being responsive to the changing business conditions, working closely with our customers while remaining laser-focused on our strategy and long-term opportunities. We are embracing this challenging environment to accelerate our transformation.”*

*“We are taking necessary actions to manage through the current environment, including accelerating the deployment of our ‘five to drive strategy’, while reiterating our prior commitment to sustainably grow margins as we invest in infrastructure supportive of our growth agenda,” said Moshood Olajide, Arдова CFO.*

#### Q3 2022 Financial Highlights

	Q3 2022	Q3 2021	vs. Q3 2021
Revenue (₦Bn)	₦182.6	₦136.1	Up 34.2%
Gross Margin	5.3%	7.5%	Down 2.1 ppt
Operating Margin	(0.6)%	2.2%	Down 2.8 ppt
Profit/loss after tax (₦Bn)	₦(4.3)	₦1.2	Down 450.1%
Earnings (loss) Per Share (₦)	₦(3.3)	₦0.95	Down 450.1%
Current Ratio (x)	1.00	1.43	Down 0.43x

In the third quarter, the Company generated ₦9.2 billion in cash from operations.

### Business Segment Summary

Third quarter revenue was strong although volume declined for our white products except ATK. Revenue growth benefitted from upward industry price adjustments on the white products. The decline was largely due to factors including general scarcity of fuel, wider allocation of products due to new industry entrants, and less haulage and transport trucks due to increase in diesel price. As a result, we are enabling Axles and Cartage, a subsidiary of Ardova, to increase its fleet size by more than 40% in 2023.

The ongoing redevelopment of the Apapa Terminal to store more white products led to the reorganization of some aspects of Ardova's operations, to sustain service delivery to our customers.

<b>Key Business Segment Revenue and Trends</b>	<b>Q3 2022</b>	<b>vs. Q3 2021</b>
Fuel (₦Bn)	₦157.0	Up 33.9%
Lubricants and Grease (₦Bn)	₦25.2	Up 25.9%
LPG and Cylinder (₦Bn)	₦1.5	Up 7,812.6%
Haulage and Transportation Services (₦Mn)	₦774.1	Up 83.1%
Solar Systems (₦Mn)	₦13.2	Up 80.4%

### Business Highlights

- Ardova made significant progress on the redevelopment of the Apapa Terminal with 450,000 man-hours and zero loss/injury as at September 2022. The redevelopment of the terminal and facilities is about 45% completed, and on track with expected completion of Q1 2023.
- We have made plans for toll blending while we prepare to upgrade the LOBP, to ensure business continuity.
- In the third quarter, Ardova trained 17 employees on ISO 9001:2015 (internal auditors' training), 20 employees on firefighting (for fire marshals) by Federal Fire Service to fortify our existing emergency preparedness and response, and 27 new LPG delivery officers.
- Ardova conducted an emergency drill simulation at the Ijora and Aviation terminals in the third quarter to assess our level of preparedness in case of emergency. Response time improved by more than 80% Q/Q.
- Ardova is exploring EV opportunities to complement efforts in renewables solutions with POC planned for Q4 2022. This will contribute to the growth of our cleaner energy portfolio and altogether, could account for up to 25% of total revenue in the medium term.
- Ardova made some progress on its plans to use solar power in 200 of its retail stations nationwide under a power-as-a-service model as part of its decarbonisation program, with deployment set to commence in Q4 2022.

### Business Outlook

A collaborative approach to the global energy dynamics is important and key stakeholders must align on solutions that provide the best balance of our reality and future goals. While we are making the necessary adjustments internally to position ourselves for the energy transition, we are mindful of the growing demand for energy, increased competition, and economic headwinds within the context of downstream investments.

We will continue to invest in storage and distribution infrastructure over the medium term as a way to sustain our margins going forward in a transitioning marketplace. The progress made with the LPG storage project is encouraging

and we are on course to deliver the project by first quarter of 2023. Our aim is to push revenue from LPG higher and expand our efforts in the renewables business segment for a more tangible contribution to our margins.

#### About Ardova Plc

Ardova Plc (NGX: ARDOVA) is a leading Nigerian integrated energy company with an extensive network of over 695 retail outlets in Nigeria and storage facilities in Apapa, Lagos, and Onne, Rivers State. Ardova procures and distributes petrol (PMS), diesel (AGO), aviation turbine kerosene (ATK), and liquefied petroleum gas (LPG). We also manufacture and distribute a wide range of quality lubricants from our oil blending plant in Apapa, Lagos. These lubricants include: Super V, Visco 2000 and Diesel Motor Oil. Ardova is also the sole authorized distributor of Shell branded engine oils and lubricant in Nigeria. We also operate four aviation terminals in Lagos, Abuja, Port Harcourt and Kano.

Inspired by climate change impact and the energy need for a brave new world, we continuously work to advance the efficient delivery of energy solutions to help address our customers' greatest challenges. By combining our rich history of successful execution, integrity, customer service excellence, and technology, we push the boundaries of innovation to transform business and society for the better. To learn more about what we are doing at Ardova, visit [www.ardovapl.com](http://www.ardovapl.com).

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#### Disclaimer

This announcement contains or will contain forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend" "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward- looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Ardova Plc cautions readers that several factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking statements.

For additional information with respect to certain of these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.

Ardova Plc  
Unaudited Consolidated Statements of Profit or Loss

	Group				Company			
	30-Sep-22 N'000	30-Sep-21 N'000	Jul-Sept 2022 N'000	Jul-Sep-2021 N'000	Sep-22 N'000	Sep-21 N'000	Jul-Sep-2022 N'000	Jul-Sep-2021 N'000
Revenue	182,590,080	136,102,892	55,940,326	50,146,444	143,543,075	135,675,742	42,351,469	49,719,294
Cost of sales	(172,842,916)	(125,934,200)	(53,833,526)	(47,025,481)	(134,368,675)	(126,393,060)	(40,532,855)	(47,484,341)
<b>Gross profit</b>	<b>9,747,164</b>	<b>10,168,692</b>	<b>2,106,800</b>	<b>3,120,963</b>	<b>9,174,400</b>	<b>9,282,682</b>	<b>1,818,614</b>	<b>2,234,953</b>
Other income	1,756,128	195,305	195,588	(230,866)	339,720	130,518	295,209	(295,653)
Distribution expenses	(4,487,096)	(1,985,005)	(1,347,675)	(716,878)	(2,139,549)	(1,976,256)	(693,523)	(708,129)
Administrative expenses	(8,138,267)	(5,412,550)	(3,077,798)	(1,920,122)	(5,870,924)	(4,599,264)	(2,203,950)	(1,402,075)
<b>Operating profit/(loss)</b>	<b>(1,122,071)</b>	<b>2,966,442</b>	<b>(2,123,085)</b>	<b>253,097</b>	<b>1,503,647</b>	<b>2,837,680</b>	<b>(783,650)</b>	<b>(170,904)</b>
Finance income	62,934	40,917	27,147	19,068	61,842	40,917	27,147	19,068
Finance cost	(3,282,528)	(873,066)	(1,097,616)	(384,035)	(2,595,893)	(622,624)	(729,829)	(274,272)
Net finance cost	(3,219,594)	(832,149)	(1,070,469)	(364,967)	(2,534,051)	(581,707)	(702,682)	(255,204)
Acquisition-related cost		(193,297)				(193,297)		
<b>Profit before income tax</b>	<b>(4,341,665)</b>	<b>1,940,996</b>	<b>(3,193,554)</b>	<b>(111,870)</b>	<b>(1,030,404)</b>	<b>2,062,676</b>	<b>(1,486,332)</b>	<b>(426,108)</b>
Income tax expense	-	(700,987)	-	(429,379)	-	(700,987)	-	(60,940)
<b>Profit/(loss) after tax</b>	<b>(4,341,665)</b>	<b>1,240,009</b>	<b>(3,193,554)</b>	<b>(541,249)</b>	<b>(1,030,404)</b>	<b>1,361,689</b>	<b>(1,486,332)</b>	<b>(487,048)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(4,341,665)</b>	<b>1,240,009</b>	<b>(3,193,554)</b>	<b>(541,249)</b>	<b>(1,030,404)</b>	<b>1,361,689</b>	<b>(1,486,332)</b>	<b>(487,048)</b>
<b>(Loss)/earnings per share</b>								
Basic/diluted in (N)	(3.33)	0.95	(2.45)	(0.41)	(0.79)	1.04	(1.14)	(0.37)

Ardova Plc  
Unaudited Consolidated Statements of Financial Position

AS AT 30 SEPTEMBER 2022	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	53,589,860	37,287,277	21,233,955	14,244,856
Right of use assets	5,197,638	5,605,791	1,250,793	1,232,720
Investment property	1,637,491	1,484,743	1,637,491	1,484,743
Intangible assets	772,139	847,794	91,302	116,526
Deposit for Asset	199,686	199,686	-	-
Loan receivables	-	-	20,049,680	18,587,658
Investment in Subsidiaries	-	-	3,597,206	3,597,206
Deferred tax assets	779,414	779,414	610,473	610,473
<b>Total non-current assets</b>	<b>62,176,228</b>	<b>46,204,705</b>	<b>48,470,899</b>	<b>39,874,181</b>
<b>Current assets</b>				
Inventories	24,876,630	21,792,478	18,347,328	18,547,956
Trade and other receivables	47,066,702	38,940,691	44,428,676	39,555,792
Restricted cash	3,713,503	707,909	3,387,216	566,247
Cash and cash equivalents	2,071,424	19,233,930	3,886,771	3,683,215
<b>Total current assets</b>	<b>77,728,259</b>	<b>80,675,008</b>	<b>70,049,991</b>	<b>62,353,210</b>
<b>Total assets</b>	<b>139,904,487</b>	<b>126,879,712</b>	<b>118,520,890</b>	<b>102,227,391</b>
<b>Equity</b>				
Share capital	655,314	655,314	655,314	655,314
Share premium	8,071,943	8,071,943	8,071,943	8,071,943
Other reserves	(5,041)	(5,041)	(5,041)	(5,041)
Retained earnings	2,248,535	6,590,200	11,153,600	12,184,004
<b>Total equity attributable to equity holders of the Company</b>	<b>10,970,752</b>	<b>15,312,417</b>	<b>19,875,816</b>	<b>20,906,220</b>
Treasury stock	(1,388,574)	(1,388,574)	(1,388,574)	(1,388,574)
Non controlling interests	3,180,038	3,180,038	-	-
<b>Total equity</b>	<b>12,762,216</b>	<b>17,103,881</b>	<b>18,487,242</b>	<b>19,517,646</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,050,397	1,050,397	1,050,397	1,050,397
Loans and borrowings	48,118,695	52,150,445	27,914,543	24,784,587
<b>Total non-current liabilities</b>	<b>49,169,092</b>	<b>53,200,842</b>	<b>28,964,940</b>	<b>25,834,984</b>
<b>Current liabilities</b>				
Trade and other payables	66,230,996	47,856,007	59,294,540	48,882,497
Interest payable	-	660,664	-	467,255
Derivative financial instrument	-	420,269	-	-
Current income tax liabilities	334,039	1,229,745	332,905	1,116,692
Bank overdraft	11,408,145	6,408,305	11,441,264	6,408,317
<b>Total current liabilities</b>	<b>77,973,180</b>	<b>56,574,990</b>	<b>71,068,708</b>	<b>56,874,761</b>
<b>Total liabilities</b>	<b>127,142,272</b>	<b>109,775,832</b>	<b>100,033,648</b>	<b>82,709,745</b>
<b>Total equity and liabilities</b>	<b>139,904,487</b>	<b>126,879,713</b>	<b>118,520,890</b>	<b>102,227,391</b>

Ardova Plc  
Supplemental Operating Segment Results

	30-Sep-22 ₦'000	30-Sep-21 ₦'000
<b>Revenue</b>		
Fuels	157,012,285	117,255,214
Lubricants and greases	23,159,618	18,398,673
Solar system	13,151	7,290
LPG and cylinder	1,495,252	18,897
Haulage and transportation	909,774	1,497,524
<b>Total revenue</b>	<b>182,590,081</b>	<b>137,177,598</b>
<b>Operating profit (loss)</b>		
Fuels	(88,688)	1,204,852
Lubricants and greases	1,116,430	1,637,381
Solar system	53	(630)
LPG and cylinder	96,256	409
Haulage and transportation	(2,246,121)	124,430
<b>Total operating income (loss)</b>	<b>(1,122,070)</b>	<b>2,966,442</b>
<b>Profit/loss after tax</b>		
Fuels	(2,857,271)	127,194
Lubricants and greases	708,059	1,239,192
Solar system	(179)	(685)
LPG and cylinder	69,890	320
Haulage and transportation	(2,262,163)	(126,012)
<b>Total profit/loss after tax</b>	<b>(4,341,665)</b>	<b>1,240,009</b>

We derive a substantial majority of our revenue from fuels (white products), which are considered quality and safe for consumption.

Revenue from our business segments is primarily related to the following product lines:

- Fuels includes the sale and distribution of petroleum products (white products) and ATK in retail outlets and to industrial customers.
- Lubricants and greases include the manufacturing and marketing lubricants and greases which are also available at our retail stations.
- Solar system includes the marketing of solar home systems which are available at our retail stations.
- LPG includes marketing liquefied petroleum gas and cylinders which are available at our retail stations.
- Haulage and transportation include haulage and transportation of our products and other third-party products, fleet management, and logistics advisory.