SAVEST FINANCIAL

ARADEL HOLDINGS PLC
FY 2025

Earnings Report Update

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Company Overview

Aradel Holdings Plc is an integrated energy company focused on the exploration, production, refining, and distribution of oil and gas products within Nigeria and selected international markets. Its core operations are anchored by the Ogbele Marginal Field in Rivers State, which serves as its principal producing asset. The company maintains a vertically aligned energy value chain, supporting upstream output and downstream product delivery efficiency.

CEO's Commentary

Chief Executive Officer, Mr. Adegbite Falade, stated that Aradel delivered a resilient 2025 performance driven by asset quality, disciplined execution, and portfolio diversification. He highlighted landmark acquisitions that significantly increased the company's equity interests in ND Western and Renaissance Africa Energy, strengthening its upstream position. Looking ahead, management intends to consolidate the expanded portfolio, improve operational efficiency, boost production, and deepen revenue diversification to sustain long-term shareholder value.

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Revenue/Profitability Summary			
Million NGN(₦), except EPS	**FY 2025**	**Q4 2025**	**YOY**
Revenue	697,301.25	158,491.42	19.99%
Gross profit	280,024.32	45,299.39	-21.46%
Operating profit	272,031.16	104,500.83	-6.65%
Finance income	18,589.49	3,229.21	16.48%
Profit before taxation	463,714.27	163,029.86	46.39%
Profit after taxation	401,220.55	156,095.62	54.87%
Earnings per share	91.59	35.69	54.32%

Cost/Expenses Summary			
Million NGN(₦)	**FY 2025**	**Q4 2025**	**YOY**
Cost of sales	417,276.93	113,192.03	85.76%
General and administrative expenses	92,030.97	10,809.97	63.67%
Finance costs	23,868.43	2,476.98	7.48%
Tax expense	62,493.72	6,934.23	8.31%

Cash Flow Summary			
Million NGN(₦)	**FY 2025**	**Q4 2025**	**YOY**
Net cash from operations	209,669.99	4,263.50	32.77%
Net cash used in investing	-605,850.59	-458,148.84	-370.57%
Net cash used in financing	219,704.14	274,167.31	293.08%
Closing cash balance	1,474,282.75	1,074,766.30	-258.01%

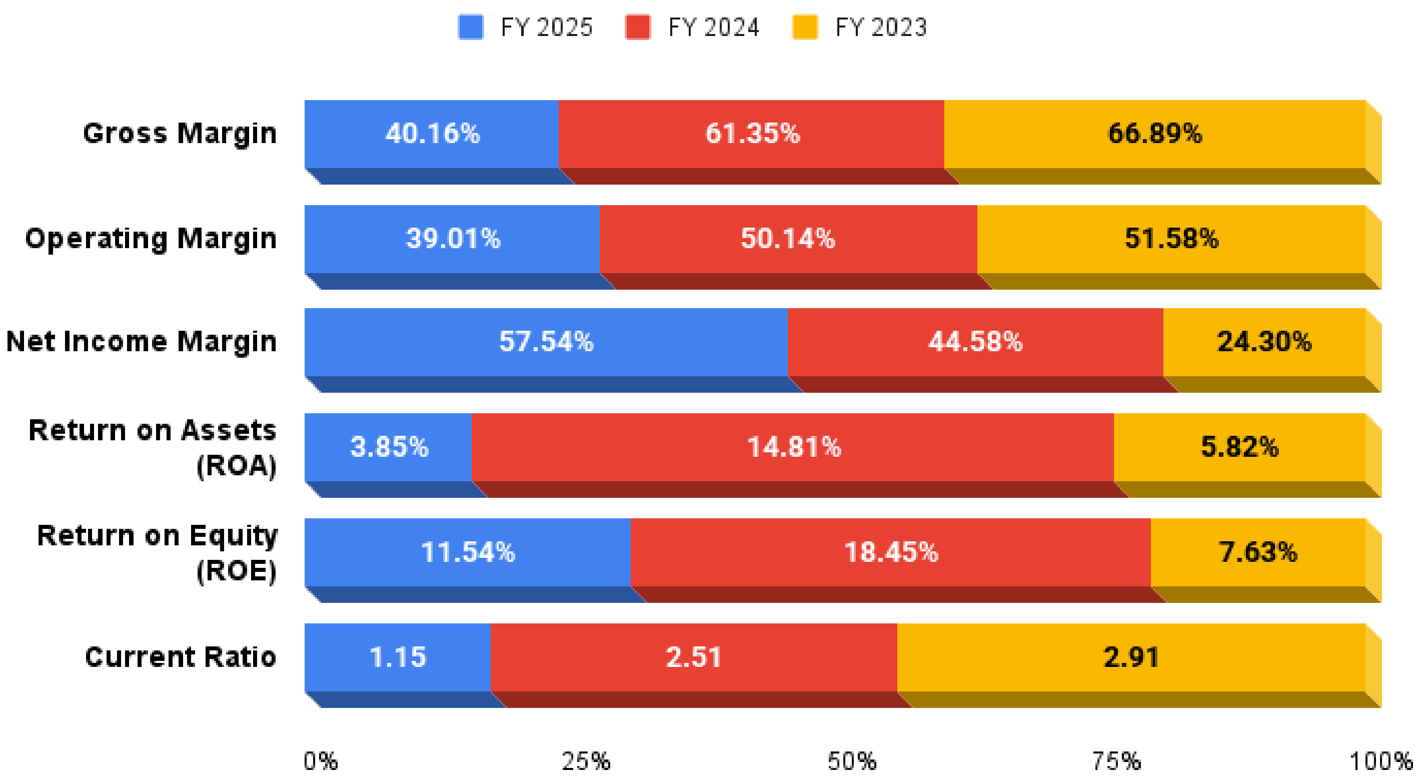
Geographic Performance				
Million NGN(₦)	**FY 2025**	**Q4 2025**	**% Revenue**	**YOY**
Within Nigeria	257,207.46	59,845.42	36.89%	23.96%
Outside Nigeria	440,093.79	98,646.01	63.11%	17.78%

Key Items of Financial Position Summary			
Million NGN(₦)	**31st Dec, 2025**	**QOQ**	**YOY**
Non-current assets	6,283,406.11	344.77%	418.80%
Current assets	4,134,866.78	658.28%	667.58%
Total assets	10,418,272.89	432.08%	495.39%
Non-current liabilities	3,345,592.44	1652.06%	2449.28%
Current liabilities	3,594,516.52	1238.22%	1575.85%
Total liabilities	6,940,108.96	1410.18%	1907.40%
Total equity	3,478,163.93	132.11%	147.71%

Segment Performance by Revenue

Million NGN(₦)	FY 2025	Q4 2025	% Revenue	YOY
Crude Oil	440,093.79	98,646.01	63.11%	17.78%
Gas	46,440.89	12,175.74	6.66%	64.82%
Refined Products	210,766.58	47,669.67	30.23%	17.54%

Margin and Efficiency Analysis



Performance Highlights

- Aradel Holdings Plc delivered strong revenue expansion in FY2025, with topline growth of approximately 20% year-on-year, primarily driven by higher crude oil export volumes, improved refinery throughput, and significant gas production increases. The performance reflected a volume-led growth profile rather than pricing strength, as realized commodity prices moderated during the year.

- Segmentally, crude oil remained the dominant revenue contributor, accounting for over sixty percent of total sales, with revenue rising by about 18% year-on-year. Growth was supported by a 3% increase in production volumes and improved evacuation reliability across dual pipeline systems.

- The gas business recorded the fastest expansion, with revenue increasing by roughly 65% year-on-year, underpinned by a 59% surge in production volumes and the commissioning of new gas wells. Average daily gas output rose materially, positioning the company as a stronger participant in Nigeria's domestic gas supply chain and energy-transition agenda.

- Downstream operations also strengthened, as refined product revenues advanced about 18%, supported by a 26% rise in sales volumes and improved refinery utilization. Capacity utilization expanded from approximately 40% to 49%, reflecting better uptime, process optimization, and incremental throughput efficiency.

- Operational profitability showed mixed dynamics. Operating profit declined by around 7% year-on-year, primarily due to elevated cost pressures including stock adjustment expenses, one-off royalty provisions, and a substantial rise in staff costs linked to a long-term incentive plan. While revenue scale improved, margin compression emerged as cost growth outpaced topline expansion, highlighting the sensitivity of earnings to statutory and incentive-linked expenditures.

- Gross profitability moderated, with gross profit declining by approximately 21% and gross margin compressing from the prior year's elevated base. Key drivers included higher depreciation charges, increased operating and maintenance expenses, and statutory royalty obligations. The margin contraction reflects cost-intensive expansion and asset capitalization rather than structural revenue weakness, indicating that earnings pressure was largely expense-driven.

- Net finance costs improved marginally, declining by roughly 15%, supported by stronger interest income from cash investments despite additional borrowings undertaken to finance acquisitions. Enhanced treasury management and higher yields on interest-bearing deposits partly cushioned the effect of increased leverage, resulting in a more favorable net finance position relative to the prior year.

- Earnings from associates surged materially, with share of profit increasing by over 500% year-on-year, reflecting stronger contributions from ND Western Limited and Renaissance Africa Energy Company.

Concerns Raised

- Cost intensity remains a key risk factor, as operating and maintenance expenses, depreciation, and staff-related incentive costs grew substantially faster than revenue. Sustained cost escalation without proportional revenue scaling could continue to pressure operating margins.

- Cash flow dynamics weakened, with operating cash flow declining by roughly one-third year-on-year, primarily due to elevated tax settlements and outstanding receivables from crude and gas sales. Delays in receivable collections heighten working-capital risk and may constrain short-term liquidity despite strong accounting profitability.

- Investment outflows increased sharply, with net cash used in investing activities rising by over 300%, reflecting heavy capital expenditure and acquisition-driven cash commitments. While strategically aligned with long-term expansion, sustained high capital intensity could moderate free cash generation and elevate funding requirements if commodity cycles weaken.

- Balance-sheet expansion, driven by consolidation of newly acquired entities, significantly increased asset size and leverage exposure. Enlarged asset base introduces integration risk, higher depreciation burdens, and potential sensitivity to commodity price volatility, necessitating disciplined capital allocation and operational execution to preserve return on invested capital.

OUR INSIGHT

"Aradel Holdings delivered volume-driven revenue growth supported by stronger crude exports, rapid gas expansion, and improving downstream utilization, while profitability was aided by associate earnings and acquisition gains despite margin compression. Long-term investment prospects remain constructive given portfolio diversification, upstream scale, and gas-led structural demand. However, investors should closely monitor cost inflation, cash-flow softness, capital-expenditure intensity, leverage expansion, and exposure to commodity price volatility, as these factors will determine sustainability of returns and balance-sheet resilience."

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