SAVEST FINANCIAL

ARADEL HOLDINGS PLC
Q2 2026

Earnings Report Update

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Company Overview

Aradel Holdings Plc is an integrated Nigerian energy company engaged in the exploration, development, and production of crude oil, natural gas, and petroleum products. Its core operations span upstream oil and gas production, gas processing, and petroleum product development, serving Nigeria's growing energy market.

The company's flagship asset is the Ogbele Marginal Field in Rivers State, supporting its integrated energy operations and production activities. Aradel also maintains investments in non-oil and gas assets, providing diversification beyond its core energy business.

Outlook

"Aradel enters the second half of 2026 with a materially larger production platform following the Renaissance consolidation. Management's near-term focus is expected to remain on integrating acquired assets, increasing crude oil and gas production, expanding refining activities and improving operational efficiency. While elevated finance costs and commodity price volatility remain key risks, sustained production growth and stronger contributions from gas and downstream operations should continue to support earnings and cash flow generation."

Revenue by Segment

Million NGN	Q2 2026	Q2 2025	YOY
Crude oil	1,453,115.49	90,636.52	1503.23%
Gas	239,921.65	14,428.49	1562.83%
Refined products	69,897.63	63,144.52	10.69%
Within Nigeria	309,819.28	77,573.01	299.39%
Outside Nigeria	1,453,115.49	90,636.52	1503.23%

Source: *Company's Financial Statement*

Financial Summary

Million NGN except NI per share	Q2 2026	Q2 2025	YOY
Total revenues	1,762,934.77	168,209.53	948.06%
Gross Profit	1,183,455.98	77,812.00	1420.92%
Operating profit	677,793.87	55,057.00	1131.08%
Profit / (loss) before taxation	468,873.19	124,138.12	277.70%
Profit / (loss) after taxation	70,753.30	112,197.25	-36.94%
Earnings per share	20.13	25.49	-21.03%

Source: *Company's Financial Statement*

Financial Summary

Million NGN except EPS	6M 2026	6M 2025	YOY
Net cash from operation	975,613.04	140,779.39	593.01%
Net cash from investing	(280,503.73)	(97,075.68)	-188.95%
Net cash from financing	(462,577.72)	(112,158.84)	-312.43%
Net change in cash	232,531.59	(68,455.13)	439.68%
Closing cash balance	1,717,602.96	342,038.02	402.17%
Total assets	10,875,453.38	9,896,139.37	9.90%
Total liabilities	8,707,415.98	7,747,863.33	12.38%
Total stockholders' equity	2,168,037.40	2,148,276.04	0.92%

Source: *Company's Financial Statement*

Q2 2026 represented the first full reporting quarter reflecting the consolidated earnings contribution from Renaissance Africa Energy following Aradel's majority interest through ND Western. This significantly expanded the Group's production base and strengthened its upstream portfolio. The enlarged business also accelerated revenue diversification across crude oil, gas and refined products, reinforcing Aradel's integrated energy strategy and materially increasing its operating scale.

Performance Highlights

- Aradel Holdings recorded substantial top-line expansion in Q2 2026 as revenue increased 948.2% year-on-year. Performance was primarily driven by the first full-quarter consolidation of Renaissance Africa Energy following the ND Western acquisition, alongside stronger crude oil production, higher gas output and increased refined product sales. Revenue growth was further supported by improved realised hydrocarbon prices and the continued expansion of the Group's integrated upstream, gas and refining portfolio.

- Cost of sales increased 541.8%, reflecting the enlarged asset base, higher production volumes and the inclusion of Renaissance operations. General and administrative expenses also rose 173.9% as the Group scaled operations following the acquisition. Finance costs expanded significantly due to higher borrowings associated with recent transactions, while the Group reported a ₦422.0 billion other operating loss, largely reflecting non-cash fair value and foreign exchange-related adjustments. Despite these cost pressures, operating profit increased at a faster pace than operating expenses, supported by stronger production and revenue generation.

- Revenue expansion translated into stronger operating profitability despite higher financing costs and non-operating losses. Gross profit increased 625.6%, while operating profit rose 471.5%, demonstrating improved operating leverage from the enlarged production base. Profit before tax advanced 145.3%, although the higher tax charge partly moderated bottom-line growth, resulting in profit after tax increasing 36.8% year-on-year. The results indicate that underlying operating earnings remained resilient despite a materially higher finance and tax burden.

- Cash generation strengthened considerably during the quarter. Net cash generated from operating activities increased to ₦975.6 billion from ₦140.8 billion in Q2 2025, supported by significantly higher operating earnings and stronger working capital inflows. Investment activity remained elevated as capital expenditure increased substantially to support production expansion and infrastructure development, while financing cash outflows reflected debt repayments, lease obligations and distributions to minority shareholders. Cash and cash equivalents consequently increased to ₦1.72 trillion, reinforcing liquidity.

- The balance sheet expanded in line with the enlarged Group structure. Total assets increased 9.9% from year-end 2025, driven by higher trade receivables, cash balances and deferred tax assets. Total equity increased modestly as retained earnings offset adverse foreign currency translation movements, while total liabilities rose 12.4%, reflecting higher contingent consideration, trade payables and long-term borrowings associated with recent acquisitions. At the same time, current borrowings declined significantly, indicating a shift toward longer-term funding.

Concerns Raised

Although operating performance strengthened materially, finance costs increased sharply following acquisition-related borrowings. Sustaining earnings growth will therefore depend on the Group's ability to generate sufficient operating cash flows to support debt servicing while preserving profitability.

The quarter also reflected substantial non-operating losses, largely from foreign exchange and fair value adjustments. Continued exchange-rate volatility and valuation movements could introduce earnings volatility, particularly given the Group's expanding asset base and financing structure.

Investors should also monitor the successful integration of Renaissance assets, production optimisation and capital allocation. Delivering operational synergies, maintaining production efficiency and converting higher output into sustainable cash generation will be critical to supporting future returns.

OUR INSIGHT

Aradel's Q2 2026 results demonstrate the earnings impact of its expanded asset base, with significantly higher production, operating profit and cash generation following the Renaissance consolidation. The Group's increasingly diversified portfolio across crude oil, gas and refining strengthens its earnings profile and reduces reliance on a single revenue stream.

The long-term investment case remains favourable, supported by increased production capacity, strong operating cash generation and a broader integrated energy platform. Key watchpoints include successful integration of Renaissance assets, production execution, finance cost management, commodity price movements, foreign exchange exposure and the Group's ability to sustain higher returns on its expanded asset base.

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