

31st July 2024

Aradel Holdings Plc Reports Revenues of ₦268.3 billion as at H1 2024, up 260.2%

Lagos, Nigeria – 31 July 2024 – Aradel Holdings Plc (“Aradel”, “Aradel Holdings”, “the Company” or “the Group”), Nigeria’s leading integrated indigenous energy Company, announces its unaudited half year results for the period ended 30 June 2024.

The Chief Executive Officer of Aradel Holdings Plc, Mr Adegbite Falade, comments:

“The Company’s performance in the first half of 2024 consolidated on the improved operational and financial performance from 2023. We achieved increased diversification of our revenue streams on significantly improved hydrocarbons production, and material increases in the output from our refinery operations. Wells 14 and 15 have now been drilled – and results have been favourable – concluding our Phase 1, 4-well turnkey drilling campaign. To accommodate the expected incremental volumes, we also expanded the throughput capacity of our Alternative Crude Evacuation (“ACE”) operations. These activities, among others, put us in a position to maintain the output and efficiency levels for the second half of the year.

Omerelu field appraisal was completed, and first oil was achieved via re-entry of well 2ST in May 2024. Extended Well Testing is ongoing, in accordance with regulatory approvals.”

Group Financial Highlights

	30 June 2024	30 June 2023	Variance
	₦'billion	₦'billion	%
Revenue	268.3	74.5	260.2
Gross Profit	162.8	49.8	227.0
Operating Profit	150.3	29.8	403.9

Operating Profit Margin	56.0%	40.0%	1600bps
EBITDA	189.7	40.4	369.4
EBITDA Margin	70.7%	54.3%	1640bps
Operating Cashflow	165.4	49.7	232.6
Profit Before Tax	162.3	27.9	482.2
Profit After Tax	104.4	13.1	694.6
Capital Expenditure	49.2	14.1	248.2
Free Cashflow	116.2	35.6	226.5
Earnings per Share	480.7	60.5	694.6
	30 June 2024	31 December 2023	Variance
	₦'billion	₦'billion	%
Total Assets	1,591.6	923.4	72.4
Total Equity	1,205.4	704.6	71.1

Operational Highlights

- Production and Refining:
 - Crude oil production of 12,957 bbls/day up 51.7% (H1 2023: 8,544 bbls/day)
 - Gas production of 40.4 MMscfd (7,132 boepd) up by 75.4% (H1 2023: 23.0 MMscfd (4,067 boepd))
 - Refined petroleum products sold 122.2 mmltres up by 114.4% (H1 2023: 57.0 mmltres)
- Average realised oil price per barrel of \$87.5 (H1 2023: \$74.7)
- Average realised gas price per mscf of \$1.5 (H1 2023: \$1.8)
- Underlying cash operating cost (boe) of \$20 (H1 2023: \$20)

Financial Review

Foreign exchange dynamics, from the floating of the naira in 2023, played a major role in the financial performance of the Company. Average exchange rate in H1 2024 was

₦1,345:US\$1, and ₦482: US\$1 in H1 2023.

Revenue increased by 260.2% to ₦268.3 billion (H1 2023: ₦74.5 billion). This was driven by:

- 332.2% increase in export crude oil revenue (63.8% of total revenue) to ₦171.1 billion (H1 2023 ₦39.6 billion; 53.2% of total), attributed to increased production levels, significant impact of improved utilization of the Trans Niger Pipeline (TNP) on which there has been reduced crude losses, and additional value from the ACE route with resultant higher crude oil lifting of 1.5Mbbbls in H1 2024 vs 1.1Mbbbls in H1 2023.
- Gas revenue recorded a 321.8% increase to ₦15.5 billion (5.8% of total), due to higher production volumes (H1 2023: ₦3.7 billion; 4.9% of total revenue).
- 161.6% increase in refined products' revenue (30.4% of total) to ₦81.7 billion (H1 2023: ₦31.2 billion; 41.9% of total revenue) due to increased production and sales volumes of 122.2 mmltres, up by 114.4% (H1 2023: 57.0 mmltres).

Cost of sales (COS) [1] increased by 327.0% to ₦105.5 billion (H1 2023: ₦24.7 billion). This was primarily driven by:

- Crude Handling Charges (34.4% of COS) which increased by 376.9% to ₦36.3 billion (H1 2023: ₦7.6 billion) arising from the higher activity levels across the Trans Niger Pipeline (TNP) and ACE operations.
- Depreciation (36.2% of COS) increased by 278.7% to ₦38.2 billion (H1 2023: ₦10.1 billion) due to higher hydrocarbon production and addition of newly completed well costs.
- Royalties (21.8% of COS) increased by 499.7% to ₦22.9 billion (H1 2023: ₦3.8 billion). This is attributable to higher production levels during the period.

General and Administrative (G&A) expenses increased by 201.0% to ₦20.1 billion (H1 2023: ₦6.7 billion). The major drivers of this growth include:

- Hedging expenses (10.1% of G&A expenses) increased by 139.2% to ₦2.0 billion due to fair value loss on crude oil hedge (H1 2023: ₦0.9 billion).
- Other expenses [2] (7.0% of G&A expenses) increased by 186.6% to ₦1.4 billion (H1 2023: ₦0.5 billion).
- Staff costs (31.7% of G&A expenses) increased by 346.9% to ₦6.3 billion (H1 2023: ₦1.4 billion) mainly due to staff additions, and employee remuneration adjustments.
- Professional Fees (10.0% of G&A expenses) increased to ₦2.0 billion, up 144.5% (H1 2023: ₦0.8 billion) primarily due to Naira devaluation.

Operating profit of ₦150.3 billion (H1 2023: ₦29.8 billion). H1 2024 recorded net other income of ₦7.5 billion relative to a net loss of ₦13.3 billion in H1 2023. This was due to an exchange gain of ₦6.9 billion (H1 2023: exchange loss of ₦13.4 billion) arising from CBN's

floating of the Naira.

Finance cost increased by 35.2% to ₦7.4 billion (H1 2023: ₦5.5 billion) driven primarily by naira devaluation which offset the decrease in the interest expense in US Dollar terms from the ongoing settlement of our loan obligations. **Finance Income** increased by 242.1% to ₦5.9 billion (H1 2023: ₦1.7 billion) resulting from amounts earned on invested cash and cash equivalents as well as Naira devaluation.

Profit before tax of ₦162.3 billion, up by 482.2% (H1 2023: ₦27.9 billion), with an **Income tax expense** estimate of ₦57.8 billion (Cash Tax ₦33.2 billion and Deferred tax ₦24.6 billion)

Profit after tax increased by 694.6% to ₦104.4 billion (H1 2023: ₦13.1 billion)

Year-to-date growth in **total assets** of 72.4% to ₦1.5 trillion (FY 2023: ₦923.4 billion) driven by:

- Increase in Property, plant and equipment by 65.2% to ₦633. billion (FY 2023: ₦383.4 billion). This was impacted mainly by increased capital expenditure and higher FX rates.
- Increase in the value of assets of ND Western, the Company's associate, to ₦456. billion, up 68.9% year-to-date (FY 2023: ₦270.2 billion) due to share of profit and other comprehensive income for the period.

Total liabilities rose by 76.6% to ₦386.3 billion (FY 2023: ₦218.8 billion). This increase is attributable to higher tax liability estimates for the period and the Naira devaluation which caused a significant increase in translation differences.

Total equity increased by 71.1% to ₦1.2 trillion (FY 2023: ₦704.6 billion) primarily due to the retention of total comprehensive income over the period.

Cash flows from operating activities

The Company generated cash flows from operations of ₦169.5 billion as at H1 2024, an increase of 236.7% (H1 2023: ₦50.3 billion), and net cash flows from operating activities of ₦165.4 billion was up 232.6% (H1 2023: ₦49.7 billion). This growth was buoyed by receipts of US\$51 million from December 2023 crude oil sales, as well as steady improvement in crude oil and refinery product sales (and cash receipts).

Cash flows from investing activities

Net cash flows used in investing activities was ₦45.7 billion, up 209.4% (H1 2023: ₦14.7 billion). This increase is mainly driven by capital expenditure of ₦49.2 billion year-to-date (H1 2023: ₦14.1 billion) due to the ongoing 4-well drilling campaign, and the attendant foreign exchange effects.

Cash flows from financing activities

Net cash flows used in financing activities was N56.2 billion, up 306.6% (H1 2023: N13.8 billion), due to payment of a final dividend of N170 per share amounting to N36.9 billion for the year ended 31 December 2023 in H1 2024.

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Consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2024

In thousands of naira	30-Jun-2024	30-Jun-2023
Revenue	268,314,455	74,494,347
Cost of Sales	(105,467,968)	(24,700,510)
Gross Profit	162,846,487	49,793,837
Other Income/(loss)	7,525,645	(13,290,116)
General and administrative expenses	(20,102,848)	(6,679,762)
Operating Profit	150,269,284	29,823,959
Finance Income	5,981,114	1,748,141
Finance Costs	(7,426,549)	(5,493,126)
Net Finance (cost)/income	(1,445,435)	(3,744,985)
Share of profit of an associate	13,455,090	1,794,894
Profit before taxation	162,278,939	27,873,868

Tax expense	(57,852,645)	(14,731,719)
Profit after taxation	104,426,294	13,142,149
Profit/(Loss) attributable to:		
Equity holders of the parent	104,130,462	12,357,486
Non-controlling interest	295,832	784,663
	104,426,294	13,142,149
Other comprehensive income:		
Other comprehensive income item that may be reclassified to profit or loss in subsequent years (net of tax):		
Foreign currency translation difference	259,976,983	146,502,210
Share of other comprehensive income of associate accounted for using the equity method	172,754,152	96,164,929
Net gain on equity instruments at fair value through other comprehensive income	495,800	692,572.00
Other comprehensive income for the period, net of tax	433,226,935	243,359,711
Total comprehensive income for the period	537,653,229	256,501,860
Total comprehensive income attributable to:		
Equity holders of the parent	535,234,705	253,214,684
Non-controlling interest	2,418,524	3,287,176
Basic earnings per share	¥480.69	¥60.5

Consolidated statement of financial position as of 30 June 2024

In thousands of naira	30-Jun-2024	31-Dec-2023
Non-current assets		
Property, plant, and equipment	633,556,499	383,427,621
Intangible assets	1,279,560	1,211,772
Financial assets	4,554,390	4,051,382
Investment in associate	456,442,538	270,233,296
Total non-current assets	1,095,832,987	658,924,071
Inventories	22,394,618	15,973,244
Trade and other receivables	51,483,776	53,523,077
Prepayments	469,178	82,606
Financial assets	1,029,287	312,802
Cash and Bank	420,432,992	194,618,761
Total current assets	495,809,851	264,510,490
Total assets	1,591,642,838	923,434,561
Equities and Liabilities		
Shareholders' equity		
Share capital	2,172,422	2,172,422
Share premium	22,819,670	22,819,670
Translation reserve	892,957,466	462,349,023
Fair value reserve of financial assets at FVOCI	3,024,587	2,528,787
Retained earnings	276,228,523	209,029,238
Non-controlling interest	8,163,965	5,745,441
Total shareholders' equity	1,205,366,633	704,644,581
Non-current liabilities		
Borrowings	52,959,420	44,350,154

Deferred tax liabilities	56,942,051	18,386,481
Decommissioning liabilities	108,571,820	65,161,229
Total non-current liabilities	218,473,291	127,897,864
Current liabilities		
Trade and other payables	84,053,675	57,076,608
Contract liabilities	718,805	1,771,922
Taxation	55,449,670	14,421,838
Borrowings	27,580,764	17,621,748
Total Current liabilities	167,802,914	90,892,116
Total liabilities	386,276,205	218,789,980
Total equity & liabilities	1,591,642,838	923,434,561

Consolidated statement of cash flows for the period ended 30 June 2024

In Thousands of Naira	30-Jun-2024	30-Jun-2023
Profit before taxation	162,278,939	27,873,868
Adjustments:		
Interest expense	7,426,549	5,493,126
Interest income	(5,981,114)	(1,748,141)
Dividend income	(137,110)	(78,081.00)
Exchange (gain)/loss	(6,863,230)	13,368,679
Share of profit from associate	(13,455,090)	(1,794,894)
Hedge cost in PorL	2,033,446	850,213
Depreciation of property, plant and equipment	39,458,735	10,592,956
Stock adjustment	(6,893,915)	(1,472,931)

Operating cash flows before movement in working capital	177,867,210	53,084,795
Movement in working capital:		
Decrease in trade and other receivables	2,039,301	16,020,052
(Increase)/Decrease in prepayments	(386,572)	44,682
Decrease/(Increase) in inventory	472,541	(536,184)
(Increase) in restricted cash	(8,059,446)	(5,325,768)
Decrease in trade and other payables	(1,368,392)	(12,938,227)
Decrease in contract liabilities	(1,053,117)	–
Cash generated by operating activities	169,511,525	50,349,350
Tax paid	(4,085,494)	(615,488)
Net cash flows from operating activities	165,426,031	49,733,862
Investing activities		
Interest received	5,981,114	1,748,141
Dividend received	137,110	78,081
Purchase of property, plant and equipment	(49,211,670)	(14,135,083)
Proceeds from purchase of financial assets	(2,618,408)	(2,463,675)
Net cash (used in) / from investing activities	(45,711,854)	(14,772,536)
Financing activities		
Dividend paid	(36,931,177)	–
Interest paid	(4,680,090)	(1,995,879)
Repayment of borrowing	(14,570,294)	(29,842,756)
Additional borrowings	–	7,703,800
Issue of Bond	–	10,318,000

Net cash flows used in financing activities	(56,181,561)	(13,816,835)
Increase in cash and cash equivalents	63,532,616	21,144,491
Cash and cash equivalents – Beginning of year	183,008,535	55,520,654
Exchange rate effects on cash and cash equivalents	154,222,169	39,570,560
Cash and cash equivalents – End of period	400,763,320	116,235,705

Consolidated statement of profit or loss and other comprehensive income (US Dollars) for the period ended 30 June 2024

In Thousands of Dollars	30-Jun-2024	30-Jun-2023
Revenue	206,212	154,559
Cost of sales	(79,903)	(51,248)
Gross profit	126,309	103,311
Other loss	(14,215)	(27,574)
General and administrative expenses	(15,496)	(13,859)
Operating profit	96,598	61,878
Finance income	4,838	3,627
Finance costs	(5,808)	(11,397)
Net Finance (cost)/income	(970)	(7,770)
Share of profit of an associate	10,002	3,724
Profit before taxation	105,630	57,832
Tax expense	(43,006)	(30,565)
Profit after taxation	62,624	27,267
Profit/(Loss) attributable to:		

Equity holders of the parent	62,652	25,639
Non-controlling interest	(28)	1,628
	62,624	27,267
Other comprehensive income:		
Net gain/loss on equity instruments at fair value through other comprehensive income	231	899
Other comprehensive income for the period, net of tax	231	899
Total comprehensive income for the period	62,855	28,166
Total comprehensive income attributable to:		
Equity holders of the parent	62,883	26,538
Non-controlling interest	(28)	1,628
Basic earnings per share	\$0.29	\$0.13

Consolidated statement of financial position as of 30 June 2024 (US Dollars)

In Thousands of Dollars	30-Jun-2024	31-Dec-2023
Non-current assets		
Property, plant, and equipment	430,937	426,318
Intangible assets	872	1348
Financial assets	3,255	4,505
Investment in associate	310,465	300,463
Total non-current assets	745,529	732,634
Inventories	15,232	17,759
Trade and other receivables	35,019	59,511
Prepayments	279	92
Financial assets	700	348

Cash and Bank	285,973	216,402
Total current assets	337,203	294,112
Total assets	1,082,732	1,026,746
Equities and Liabilities		
Shareholders' equity		
Share capital	19,316	19,316
Share premium	78,955	78,955
Fair value reserve of financial assets at FVOCI	2772	2541
Retained earnings	712,866	676,571
Non-controlling interest	5,553	5,581
Total shareholders' equity	819,462	782,964
Non-current liabilities		
Borrowings	36,587	49,830
Deferred tax liabilities	38,731	20,442
Decommissioning liabilities	73,849	72,451
Total non-current liabilities	149,167	142,723
Current liabilities		
Trade and other payables	57,138	63,461
Contract liabilities	489	1,970
Taxation	37,716	16,035
Borrowings	18,760	19,593
Total Current liabilities	114,103	101,059
Total liabilities	263,270	243,782
Total equity & liabilities	1,082,732	1,026,746

Consolidated statement of cash flows for the period ended 30 June 2024 (US Dollars)

In Thousands of Dollars	30-Jun-2024	30-Jun-2023
Profit before taxation	105,630	57,832
Adjustments:		
Interest expense	5,808	11,397
Interest income	(4,838)	(3,627)
Dividend Received	(98)	(162)
Exchange loss	14,651	27,737
Share of profit from associate	(10,002)	(3,724)
Hedge cost in PorL	1,429	1,764
Depreciation of property, plant and equipment	29,333	21,978
Stock adjustment	(5,175)	(3,056)
Operating cash flows before movement in working capital	136,738	110,139
Movement in working capital:		
Decrease in trade and other receivables	24,492	20,795
(Increase)/Decrease in prepayments	(187)	58
Decrease/(Increase) in inventory	7,702	(696)
Increase in restricted cash	(470)	–
Decrease in trade and other payables	(23,667)	(25,028)
Decrease in contract liabilities	(1,481)	–
Cash generated by operating activities	143,127	105,268

Tax paid	(3,037)	(1,277)
Net cash flows from operating activities	140,090	103,991
Investing activities		
Interest received	4,838	3,627
Dividend Received	98	162
Purchase of property, plant and equipment	(33,477)	(32,731)
Proceeds from (purchase)/disposal of financial assets	(1,781)	(3,198)
Net cash used in investing activities	(30,322)	(32,140)
Financing activities		
Dividend paid	(26,357)	–
Interest paid	(3,479)	(4,141)
Repayment of borrowing	(10,831)	(61,917)
Additional Borrowings	–	10,000
Issue of Bond	–	13,393
Net cash flows used in financing activities	(40,667)	(42,665)
Increase in cash and cash equivalents	69,101	29,186
Cash and cash equivalents – Beginning of year	203,493	135,343
Cash and cash equivalents – End of quarter	272,594	164,529

Definition of ratios

Operating profit margin is operating profit divided by total revenue.

EBITDA margin corresponds to EBITDA divided by total revenue.

Profit before tax corresponds to EBIT minus net finance (cost)/income and plus share of profit of associates and joint venture using the equity method.

Effective tax is income tax expense dividend by profit before income tax.

Profit before tax margin corresponds to Profit before Tax as a % of Revenue.

Return on equity corresponds to net profit reported to total equity.

Return on assets corresponds to net profit reported to total assets.

Return on ratio the return on total asset ratio indicates how well a company's investment generate revenue.

Leverage refers to the amount of debt used to finance assets.

Glossary of terms

mmbbls – million barrels of oil

bscf – Billions of standard cubic feet of gas.

boepd – Barrels of Oil Equivalent Per Day

mscf – one thousand standard cubic feet

boe – Barrel of oil equivalent

bbl/d – barrels per day

Notes to editors

Aradel Holdings Plc ("Aradel Holdings" or "the Company") is Nigeria's foremost integrated independent energy company, delivering critical energy solutions in a sustainable and responsible way. Aradel Holdings was incorporated on March 25, 1992 (as the Midas Drilling Fund), changed its name to Niger Delta Exploration and Production Plc in November 1996, and assumed its current name in May 2023.

The Company operates through its subsidiaries and an affiliate company:

- Aradel Energy (100%) is a wholly owned subsidiary of Aradel Holdings, as well as the Operator of the Ogbele Joint Venture.
- Aradel Gas Limited (100%), a wholly owned subsidiary established to pursue investment opportunities in the gas sector.
- Aradel Investments Limited (100%), also a wholly owned subsidiary established to pursue NDEP's property interests.
- Aradel Refineries Ltd (95%), an independent operating midstream entity, underscoring NDEP's commitment to attaining Energy Independence in Nigeria.
- ND Western Limited (41.67%) is a consortium of four companies: Niger Delta Petroleum Resources Ltd., Petrolin Group, First Exploration & Petroleum Development Company Ltd., and Waltersmith Petroman Oil Ltd.

For further information please refer to our website, aradel.com/

Forward looking statements

Certain statements in this document may constitute forward-looking information or forward-looking statements under applicable Nigerian Securities laws (collectively “forward-looking statements”). Forward-looking statements are statements that relate to future events, including the Company’s future performance, opportunities, or business prospects. Any statements that express or involve discussions with respect to expectations, forecasts, assumptions, objectives, beliefs, projections, plans, guidance, predictions, future events or performance (often, but not always, identified by words such as “believes”, “seeks”, “anticipates”, “expects”, “continues”, “may”, “projects”, “estimates”, “forecasts”, “pending”, “intends”, “plans”, “could”, “might”, “should”, “will”, “would have” or similar words suggesting future outcomes) are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements. Undue reliance should not be placed on these forward-looking statements because the Company cannot assure that the forward-looking statements will prove to be correct. As forward-looking information address future conditions and events, they could involve risks and uncertainties including, but are not limited to, risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.