ARADEL HOLDINGS PLC

... Business Acquisition to boost Future Performance

June 26, 2026. *Earnings Note*

Highlights

- Declared a total dividend of ₦33.00 per share for FY 2025.
- Reports profit after tax of ₦757.34 billion, representing a 192.3% year-on-year increase from ₦259.07 billion in FY 2024.
- Total assets expanded significantly from ₦1.75 trillion to ₦9.89 trillion, driven by the major acquisition and business combination of ND Western and Renaissance Energy.
- Shareholders' funds increased by 53.3% from ₦1.40 trillion to ₦2.15 trillion.
- Revenue rose by 20.4% YoY to ₦699.43 billion.

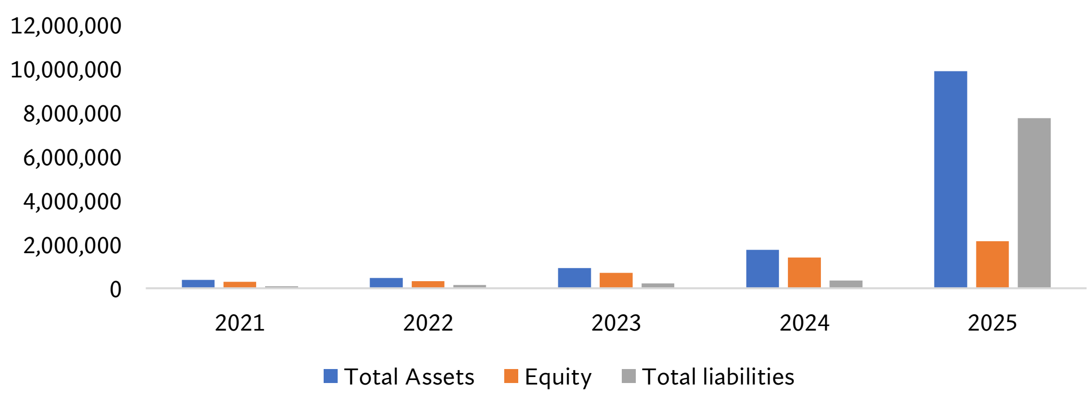
Statement of Financial Position

Following the acquisition of ND Western by Aradel Holdings Plc (The Group), The Group's balance sheet expanded substantially, with total assets increasing by 466% YoY from ₦1.75 trillion in FY 2024 to ₦9.89 trillion in FY 2025. The significant increase reflects the consolidation of the financial statements of Aradel Holdings Plc, ND Western Limited, and Renaissance Energy Limited, with Renaissance Energy accounting for the largest share of the combined asset base.

Shareholders' funds grew by 53% YoY to ₦2.15 trillion, compared to ₦1.40 trillion in FY 2024. The increase was primarily supported by the Group's strong earnings performance, as PAT grew from ₦259.07 billion to ₦757.34 billion. In addition, non-controlling interests increased significantly from ₦8.66 billion to ₦657.98 billion, reflecting the impact of the ND Western acquisition on the Group's ownership structure.

Furthermore, The Group's total liabilities grew from N345 73 billion in FY 2024 to N7.75 trillion in FY 2025, majorly due to the consolidation following the recent business acquisition. However, a notable addition to the balance sheet was the recognition of ₦1.42 trillion in contingent consideration, arising from the acquisitions of ND Western Limited and Renaissance Africa Energy Company Limited. This amount forms part of the provisional purchase price allocation and represents management's estimate of the fair value of future payments that may become payable under the acquisition agreements, subject to the fulfillment of specified conditions.

Statement of Financial Position (N millions)

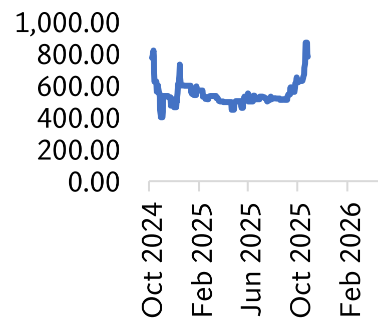


Source: Company Accounts, WSTC Research

Fair Value Estimate: N1,930.59

Stock Data	
Current price (N)	1,417.50
Shares Outstanding (mn)	16,108
Market Cap (N'mn)	22,832,799
52-week high (N)	2,024.00
52-week low (N)	500.00
Trailing EPS (N)	174.31
Forward EPS (N)	127.23
Forward PE (X)	12.38
Justified PE Multiple (X)	15.17

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	9.29x	3.26x	12.38x
P/BV	1.71x	1.15x	3.69X
PBT Margin	55%	119%	23%
PAT Margin	45%	108%	19%
RoE	21%	20%	24%
Dividend Yield	5%	2%	3%

Analysts

Desmond Gabriel
d.gabriel@wstc.com.ng

Timehin Sesby-Banjoh
t.sesby@wstc.com.ng

Habeeb Oladehinde
h.oladehinde@wstc.com.ng

Sylvia Ogwuru
s.ogwuru@wstc.com.ng

Statement of Financial Performance

The Group recorded revenue growth of 20.4% YoY, with revenue increasing from ₦581.15 billion in FY 2024 to ₦699.43 billion in FY 2025. Growth was recorded across all operating segments. Crude oil remained the largest contributor, accounting for approximately 63% of total revenue, with revenue increasing from ₦373.66 billion to ₦440.09 billion. Gas revenue grew by 72.4% from ₦28.18 billion to ₦48.57 billion, while refined products revenue increased by 17.5% from ₦179.31 billion to ₦210.76 billion.

From a geographical perspective, the Group continued to derive a significant portion of its revenue from export markets (58.8% for FY 2025). Revenue generated within Nigeria increased from ₦207.49 billion to ₦259.34 billion, while revenue from international markets rose from ₦373.66 billion to ₦440.09 billion.

Despite the strong revenue performance, production costs increased considerably. Cost of sales rose from ₦224.63 billion to ₦391.22 billion, causing the cost-of-sales margin to increase from 38.7% to 55.9%. The increase was driven by higher operational and maintenance expenses, which rose from ₦24.43 billion to ₦42.26 billion, royalties and statutory charges, which increased from ₦58.41 billion to ₦102.03 billion, and direct staff costs, which grew from ₦30.68 billion to ₦56.89 billion. In addition, a ₦40.19 billion stock adjustment relating to inventory movements contributed to the increase in production costs, which could imply that they sold more than what was produced in the year.

Consequently, gross profit declined by 13.6% from ₦356.52 billion in FY 2024 to ₦308.21 billion in FY 2025, while gross profit margin contracted from 61.4% to 44.1%.

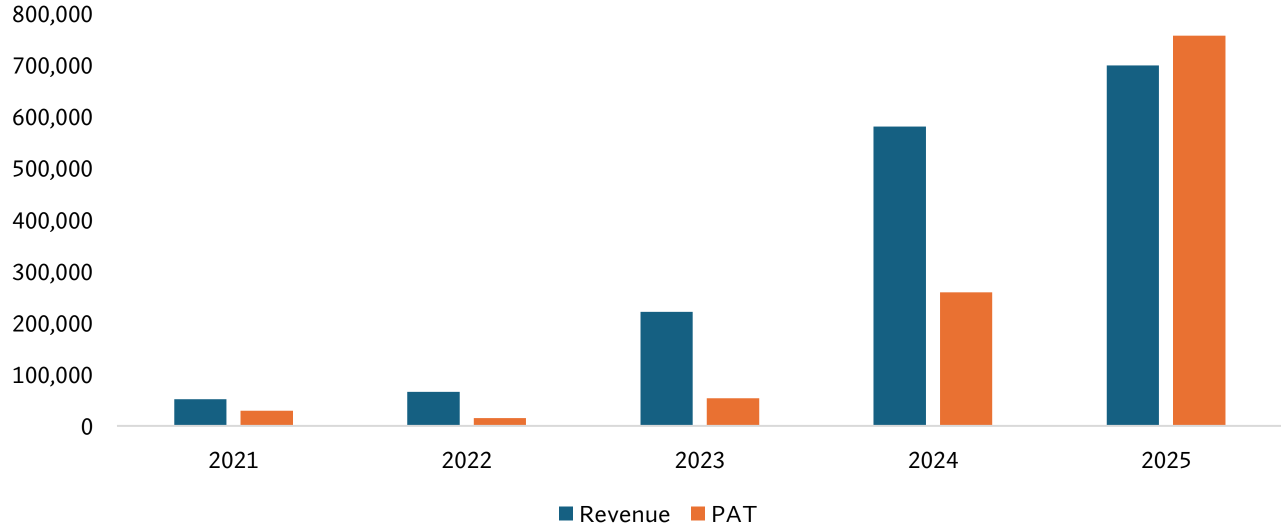
Nevertheless, operating profit increased significantly from ₦291.40 billion to ₦733.58 billion, resulting in an operating margin of approximately 105%. The exceptional performance was largely driven by non-recurring gains arising from the ND Western acquisition, including a gain on bargain purchase of ₦217.10 billion and a translation gain on business combination of ₦393.19 billion. Excluding these one-off gains, underlying operating performance would have been materially lower (removal of non-recurring gains leaves operating profit for FY 2025 at ₦122.58 billion).

Meanwhile, general and administrative expenses increased by 65.6%, from ₦56.23 billion to ₦93.13 billion, driven primarily by higher personnel costs as well as increased permit, licence, and subscription expenses.

Net finance costs rose from ₦6.25 billion to ₦8.09 billion, as finance costs grew faster than finance income. Finance costs increased from ₦22.21 billion to ₦26.52 billion, largely due to higher interest expenses on bank borrowings, while finance income rose from ₦15.96 billion to ₦18.43 billion. The increase in finance costs reflects the Group's additional debt obligations, including over ₦500 billion in borrowings during the year.

However, The Group's share of profit from its investment in ND Western increased significantly from ₦31.62 billion to ₦109.52 billion, providing additional support to earnings. Overall, profit before tax rose by 163.6% from ₦316.77 billion to ₦835.01 billion. Although tax expense increased from ₦57.70 billion to ₦77.67 billion, profit after tax still climbed by 192.3% to ₦757.34 billion.

Statement of Financial Performance (N millions)



Source: Company Accounts, WSTC Research

Outlook

The acquisition of ND Western and the consolidation of Renaissance Energy have fundamentally transformed Aradel Holdings into one of Nigeria's largest indigenous integrated energy groups.

While the enlarged asset base and production capacity positions the Group for stronger long-term earnings, investors should note that a significant portion of FY 2025 profitability was driven by one-off acquisition-related gains.

Looking ahead, attention will likely shift to the Group's ability to extract operational synergies from its acquisitions, which will improve production efficiency, manage its additional liabilities, and convert its expanded reserve base into sustainable cash flows.

The performance of crude oil prices, production volumes, and regulatory developments within Nigeria's oil and gas sector will remain key determinants of future earnings growth.

The New Aradel Holdings can be seen as a new beginning with the same proven leadership. It is a good opportunity for an enterprising investor to add to their portfolio and partake in the long term growth of the new company and frontier energy driver for the Nigerian economy.

FY 2025 Financial Performance

Income Statement (N'mn)	FY 2025	FY 2024	(%)
Revenue	**699,431**	**581,151**	**20%**
Cost of sales	-391,220	-224,633	74%
Gross profit	**308,210**	**356,519**	**-14%**
Other income/(loss)	-89,656	-9,017	894%
Gain on bargain purchase	217,100	0	-100%
Translation gain on business combination	393,188	0	-100%
Dividend income	4,158	145	2768%
General and administrative expenses	-93,132	-56,231	66%
Operating profit	**739,868**	**291,416**	**154%**
Finance Income	18,433	15,959	16%
Finance Costs	-26,522	-22,207	19%
Net finance costs	**-8,089**	**-6,248**	**29%**
Impairment writeback/(loss) on financial assets and contract assets	-6,287	-13	47455%
Share of profit of an associate	109,518	31,617	246%
Profit before taxation	**835,010**	**316,772**	**164%**
Tax expense	-77,667	-57,700	35%
Profit after taxation	**757,343**	**259,072**	**192%**

Balance Sheet (N'mn)	FY 2025	FY 2024	(%)
Assets			
PP & E	5,127,750	676,637	658%
Inventories	82,898	46,902	77%
Trade and other receivables	1,730,680	68,753	2417%
Investment in associate	0	489,968	-100%
Cash and Bank balances	1,528,352	422,206	262%
Others	1,426,459	45,368	3044%
Total Assets	**9,896,139**	**1,749,836**	**466%**
Liabilities			
Loans & borrowings	2,035,289	96,399	2011%
Payables	2,397,511	120,852	1884%
Decommissioning liabilities	1,455,693	36,940	3841%
Others	3,315,063	128,474	2480%
Total Liabilities	**7,747,863**	**345,726**	**2141%**
Net Assets	**2,148,276**	**1,404,110**	**53%**

Source: Company Accounts, WSTC Research

Financial Projections

Income Statement (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Revenue	581,151	699,431	2,876,591	3,451,910	4,073,253	4,806,439	5,527,405	6,356,516
EBIT	291,403	733,581	1,049,806	1,268,908	1,595,582	1,887,358	2,220,313	2,584,007
Profit before tax	316,772	835,010	675,313	962,427	1,290,672	1,588,138	1,948,008	2,347,610
Net profit	259,072	757,343	552,804	787,832	1,056,530	1,300,032	1,594,618	1,921,728
EPS (N)	59.63	174.31	127.23	181.33	243.17	299.21	367.01	442.30
DPS(N)	30.00	33.00	56.77	90.66	121.58	149.61	183.51	243.27

Balance Sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Current assets	538,691	3,391,796	3,238,037	3,830,828	4,577,363	5,466,192	6,300,711	7,332,854
Non-current assets	1,211,145	6,504,343	6,369,597	6,404,117	6,444,849	6,492,913	6,531,605	6,537,962
Total assets	1,749,836	9,896,139	9,607,634	10,234,944	11,022,212	11,959,105	12,832,316	13,870,816
Current liabilities	214,489	4,577,752	4,121,526	4,092,613	4,141,325	4,253,498	4,206,140	4,189,313
Non-current liabilities	131,237	3,170,111	2,989,386	3,104,450	3,180,392	3,233,344	3,209,312	3,140,219
Shareholders' equity	1,404,110	2,148,276	2,496,722	3,037,881	3,700,495	4,472,262	5,416,864	6,541,284
Book value per share (N)	323.17	494.44	574.64	699.19	851.70	1,029.33	1,246.73	1,505.53

Ratio analysis (%)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Operating margin	50%	105%	36%	37%	39%	39%	40%	41%
ROE	21%	20%	24%	28%	31%	32%	32%	32%
ROA	16%	6%	6%	8%	10%	11%	13%	14%
Dividend payout ratio	49%	40%	45%	50%	50%	50%	50%	55%

Source: Company Accounts, WSTC Research

Disclaimer & Disclosures

The value of any investment is subject to fluctuations, i.e. may rise and fall. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of an investment to increase or decrease. Hence investors may not get back the full value of their original investment.

Investment Recommendation
WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated fair value is ≥20% above current market price.
- Hold Rating: estimated change in price is between -10% and 19% of current market price.
- Sell Rating: estimated change in price is ≤ -10% of current market price.

This document is not an offer to buy or sell any security. This document does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The appropriateness of a particular investment will depend on an investor's circumstances and objectives. The investments and shares referred to in this document may not be suitable for all investors.

This document is based on information WSTC Securities Limited (WSTC Securities) received from publicly available reports and industry sources. WSTC Securities may not have verified all of this information with third parties. Neither WSTC Securities nor its shareholders, directors, employees or advisors can guarantee the accuracy, reasonableness or completeness of the information received from any sources consulted for this publication; and neither WSTC Securities nor its shareholders, directors, employees or advisers accept any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is not to be relied upon and should not be a substitute for the exercise of independent judgment.

This document includes certain statements, estimates and projections concerning the anticipated future performance of securities listed on the Nigerian Exchange and as to the market for these shares. Such statements, estimates and projections are based on information that we consider reliable and may reflect various assumptions made concerning anticipated economic developments, which have not been independently verified and may or may not prove correct. No representation or warranty is made as to the accuracy of such statements, estimates and projections or as to their appropriateness for the purpose intended and it should not be relied upon as such. Opinions expressed are current opinions as of the date appearing on this material only and may change without notice. Other third parties may have issued other reports that are inconsistent with and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

Additional information on recommended securities/instruments is available on request.

WSTC Securities Limited is a Trading License Holder of the Nigerian Exchange Limited (NGX) and is registered with the Securities & Exchange Commission (SEC) as a Broker/Dealer to conduct Securities Brokerage & Dealing in Nigeria. Therefore, we may deal in any securities listed on the NGX.

WSTC Securities Limited has its registered office at 2, Maitama Sule Street, South-West Ikoyi, Lagos, Nigeria.

Email: research@wstc.com.ng
Website: www.wstc.com.ng