

Aradel Holdings Plc's

€10.318 billion Five-Year 17% Fixed Rate Senior Unsecured Bond Due 2028 under the €20 billion Debt Issuance Programme

2025 Final Issuer and Issue Rating Report



Research, Credit Ratings, Credit Risk Management

ARADEL HOLDINGS PLC'S

₦10.318 billion Five-Year 17% Fixed Rate Senior Unsecured Bond Due 2028 under the ₦20 billion Debt Issuance Programme

Issue Rating

Aa

High quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner.

Outlook: Stable

Issue Date: 28 August 2025

Expiry Date: 30 June 2026

Issuer Rating: Aa

Outlook: Stable

Expiry Date: 30 June 2026

Previous Rating: Aa-

Industry: Oil & Gas

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RATING RATIONALE

Agusto & Co hereby upgrades the rating assigned to Aradel Holdings PLC's ("Aradel Holdings", "Aradel", "the Company" or "the Issuer") ₦10.318 billion Five-Year 17% Fixed Rate Senior Unsecured Bond Due 2028 ("Series 1 Bond", "the Bond" or "the Issue") to "Aa". The rating upgrade reflects sustained improvement in the Company's earnings and cash flows driven by higher hydrocarbon production volumes, improved refinery output, greater efficiency in crude evacuation and favourable exchange translation. The rating also considers Aradel's integrated operating structure and ongoing growth initiatives, including drilling campaigns, refinery upgrades, gas commercialisation efforts, installation of a dedicated export pipeline and acquisition of strategic oil and gas assets, which are expected to enhance operational efficiency and strengthen future earnings. However, the rating is constrained by the Issuer's exposure to industry-wide risks such as crude theft, pipeline vandalism, security-related disruptions, regulatory uncertainties and crude oil price volatility.

Aradel Holdings PLC (formerly Niger Delta Exploration & Production PLC) is an integrated indigenous energy company with operations across the upstream, midstream and downstream segments of the Nigerian Oil & Gas Industry. The Company operates through four subsidiaries and an associate company. Aradel's flagship upstream asset is the Ogebe Field (Petroleum Mining Lease 14), a fully integrated oil and gas hub with crude processing, gas handling and modular refining infrastructure. The Company also holds significant interests in Oil Mining Lease (OML) 34, OML 53 and Oil Prospecting License (OPL) 227. In August 2024, the Company acquired a 100% interest in the Olo and Olo West Marginal Fields (Olo Fields) from TotalEnergies EP Nigeria Limited and the Nigerian National Petroleum Company Limited (NNPCL), with drilling activities expected to commence in the third quarter of 2025 (Q3'2025). Through Renaissance Africa Energy Holdings Limited (a special purpose vehicle), Aradel acquired a 33.3% effective interest in Shell Petroleum Development Company of Nigeria Limited (SPDC) in March 2025, further expanding its portfolio of producing assets. As part of its geographical diversification strategy, the Issuer also holds a minority stake (6.01%) in Chappal Energies Mauritius Limited, an energy company focused on deep-value and brownfield upstream investments in Africa.

On 13 January 2023, Aradel Holdings PLC raised ₦10.318 billion Series 1 Bond under the ₦20 billion Debt Issuance Programme. The Series 1 Bond has a 17% fixed coupon rate payable on 13 January and July every year for five years, while the principal amount is being amortised bi-annually (starting from 13 July 2025) after the expiration of the 24-month moratorium. The Series 1 Bond proceeds are being used to upgrade the ancillary infrastructure needed to support the Issuer's expanding downstream

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operations, as well as to meet its working capital requirements. The Bond obligations are being met from the Issuer's operating cash flows.

In the financial year ended 31 December 2024 (FYE 2024), Aradel Holdings PLC recorded a 162.8% year-on-year revenue growth to ₦581.2 billion, driven by higher production and sales volumes across crude oil, gas and refined products, alongside favourable foreign exchange translation. Aradel's Average daily output rose to 13,751 barrels of crude oil (bbls/d) and 32.4 million standard cubic feet of gas (MMscf/d) in 2024, from 9.7 kbbls/d and 26.5 MMscf/d, respectively in 2023, on account of increased development drilling and re-entry activities. The completion of two additional wells at the Ogebele Field and optimisation of its evacuation paths (the Trans Niger Pipeline and alternative crude evacuation route via inland waterways) boosted crude export volumes, which accounted for 64% of total revenue in 2024. However, the Company's gross and operating profit margins declined to 61.3% and 51.7% respectively (FYE 2023: 66.9% and 55.2%) due to higher production-related costs (mainly crude handling and barging costs and royalties), increased depreciation from newly capitalised assets and staff expenses. Nonetheless, Aradel's pre-tax profit margin improved to 54.5% in FYE 2024 (2023: 50.7%), supported by strong topline growth and higher net other income, which mainly comprised interest income on non-equity investments and share of profit from an associate (ND Western Limited). We consider Aradel's earnings from ND Western Limited sustainable, underpinned by the associate's stable gas-based income and potential upside from its stake in Renaissance Africa Energy Holdings Limited. In FYE 2024, the Issuer's return on assets (ROA) and return on equity (ROE) ratios also rose to 19.4% and 22.7% respectively (2023: 13.4% and 16%), which compared favourably with Seplat Energy Plc's 7.1% and 19.8%, respectively.

Bouyed by the sustained improvement in earnings, the Issuer's operating cash flow (OCF) more than doubled to ₦339.1 billion in FYE 2024 (2023: ₦145.5 billion). The OCF in FYE 2024, which constituted 58.6% of revenue, was more than sufficient to cover returns to providers of finance totalling ₦93.9 billion, which consisted of dividend payments (76%) and interest expense (24%). Overall, Aradel reported interest coverage and total debt service (measured as operating cash flow divided by total interest-bearing debt) ratios of 15.3x and 3.5x in FYE 2024, which we consider good.

In the six months ended 30 June 2025 (H1'2025), Aradel's revenue rose by 37% to ₦368.1 billion over the same period in 2024, reflecting continued volume sales growth across crude, gas and refined products. However, the Company's pre-tax profit margin declined to 52% in H1'2025 (H1'2024: 60.5%), owing primarily to lower realised crude prices of \$73.6 per barrel (H1'2024: \$87.5 per barrel) amid rising cost pressures. Nonetheless, the Issuer's annualised ROA and ROE remained steady at 22.4% and 26.5%, respectively.

As at 18 July 2025, Aradel Holdings PLC had paid ₦6.1 billion to the Series 1 Bondholders, comprising five coupon payments and one principal repayment. The next payment is due on 13 January 2026. Given the Company's substantial hydrocarbon reserves (52.3 million barrels of crude oil and 367.6 billion standard cubic feet of gas as at FYE 2024), increased production from new upstream assets, ongoing refinery expansion (including planned Premium Motor Spirit output in H1'2026) and gas commercialisation initiatives (such as proposed Liquefied Petroleum Gas production in 2026), we expect the Issuer's OCF to remain adequate to meet debt service obligations. Barring a sharp decline in crude

oil prices or sustained operational disruptions, we anticipate continued timely repayment of coupon and principal obligations in line with the amortisation schedule. Based on its strong earnings and cash flow forecasts, as well as good debt service coverage ratio, we hereby attach a **stable** outlook to Aradel Holdings PLC's ₦10.318 Billion Five-Year 17% Fixed Rate Senior Unsecured Bond Due 2028.

Figure 1: Strengths, Weakness, Opportunities and Challenges



PROFILE OF THE ISSUER

Aradel Holdings PLC ("Aradel Holdings", "Aradel", "the Company" or "the Issuer") is an integrated indigenous energy company with operations spanning the entire value chain (upstream, midstream and downstream) of Nigeria's Oil & Gas Industry. The Company was incorporated in 1992 as Midas Drilling Fund and rebranded as Niger Delta Exploration and Production PLC in 1996. In August 2023, the Issuer adopted its current name, Aradel Holdings PLC, to reflect its broader strategic focus. As part of its growth strategy, Aradel listed its shares on the Nigerian Exchange (NGX) on 14 October 2024 via a Listing by Introduction. The listing, which followed its exit from the National Association of Securities Dealers Over-the-Counter (OTC) Exchange, was aimed at improving market visibility and broadening its investor base.

Aradel's flagship upstream asset is the Ogbale Field, which was formerly part of Oil Mining Lease (OML) 54 and is now within Petroleum Mining Lease (PML) 14. The Ogbale Field was acquired in 2000 through a Marginal Field Farm-Out Agreement with the NNPC/Chevron Joint Venture. Aradel commenced field development in 2004 and achieved first oil on 28 August 2005. The Ogbale Field comprises 16 oil and gas wells and has developed into a fully integrated oil and gas hub with a 20,000 barrels per day (bbls/d) crude processing facility, a 100 million standard cubic feet per day (MMscf/d) gas processing plant and an 11,000 bbls/d three-train modular refinery. The Field also hosts ancillary facilities, including crude oil and product storage tanks, an underground evacuation pipeline for oil and gas delivery to the point of sale and a truck-loading gantry for the domestic offtake of refined petroleum products.

In 2012, Aradel, along with three other partners (Petrolin Trading Limited, First Exploration and Production Development OML 34 Limited and Walter-Smith Exploration and Production Limited), acquired the 45% interest of Shell/Total/Agip JV in OML 34 through a special purpose vehicle (ND Western Limited). The Company holds an 18.8% effective interest in OML 34 through its 41.67% stake in ND Western Limited. OML 34 hosts three gas plants and extensive distribution infrastructure that supplies the domestic market and the West African Gas Pipeline (WAGP), which serves neighbouring countries including Benin, Togo and Ghana. In addition, Aradel holds a 100% interest in Petroleum Prospecting License (PPL) 247, where it achieved first oil in May 2024 following a successful well re-entry, as well as a participating interest in Oil Prospecting License (OPL) 227, an offshore block in the Niger Delta region.

On 22 August 2024, the Company, through its subsidiary Aradel Energy Limited, acquired a 100% interest in the Olo and Olo West Marginal Fields (Olo Fields) from TotalEnergies EP Nigeria Limited and the Nigerian National Petroleum Company Limited (NNPCL). Drilling operations at the Olo Fields are scheduled to commence in the third quarter of 2025.

On 13 March 2025, Aradel Holdings PLC, through a special purpose vehicle (Renaissance Africa Energy Holdings Limited), acquired Shell Petroleum Development Company of Nigeria Limited's (SPDC) assets and operations in Nigeria, including several mature oil and gas fields and related infrastructure. Renaissance Africa Energy Company Limited (Renaissance) is a consortium comprising Aradel Holdings PLC and three other Nigerian oil and gas companies: ND Western Limited, First Exploration and Petroleum Development Company Limited and Walter-Smith Exploration and Production Limited. The Issuer holds a 33.3% effective interest in Renaissance, comprising a 12.5% direct stake and a 20.8% indirect stake via ND Western Limited. In line with its asset diversification strategy, Aradel finalised the acquisition of a 6.01% equity stake in Chappal Energies Mauritius Limited (Chappal Energies) in May 2025. Chappal Energies is an energy company focused on deep-value and brownfield upstream investments across Africa, with interests in Nigeria's offshore assets OML 127 and OML 128.

As at 31 December 2024, the Company's crude oil and gas reserves stood at 52.3 million barrels (MMbbls) and 367.6 billion standard cubic feet (Bscf), respectively (2023: 48.6 MMbbls and 410.8 Bscf). In 2024, Aradel's average daily production

stood at 13,751 barrels of crude oil (bbls/d) and 32.4 million standard cubic feet of gas (MMscf/d), up from 9.7 kbbls/d and 26.5 MMscf/d, respectively in 2023, driven by increased development drilling and re-entry activities. During the same year, the modular refinery produced approximately 264.9 million litres (mmltrs) of Automotive Gas Oil (AGO), Heavy Fuel Oil (HFO), Naphtha, Dual Purpose Kerosene (DPK) and Marine Diesel Oil (MDO), slightly lower than the 267.7 mmltrs recorded in 2023. The decline in refined product volumes was primarily due to scheduled tank recertification and maintenance activities.

As at 31 December 2024, approximately 97% of the gas produced by Aradel was sold to Renaissance (formerly SPDC) and Powergas Global Investments Nigeria Limited (PGINL) under long-term offtake agreements, while 2% was used internally. The Company holds the ISO 14001:2015 certification, underscoring its commitment to environmental management and sustainability. Aradel Holdings also complies with the ISO 9001:2015 Quality Management System (QMS) requirements, demonstrating its ability to deliver products that meet both local and international quality and safety standards. Aradel's crude oil is sold primarily through an offtake agreement with Shell Western Trading and Supply Limited, with evacuation historically dependent on the Trans Niger Pipeline (TNP). However, due to persistent pipeline vandalism and crude theft, the Company has developed an alternative crude evacuation (ACE) route via inland waterways to mitigate disruptions.

The Issuer's crude oil and gas sales are priced in United States Dollars (USD), while its refined petroleum products (except for Naphtha and HFO) are priced in Naira. Thus, the Company's earnings are less susceptible to foreign exchange risks. In a bid to further diversify its product portfolio, Aradel Holdings plans to commence the production of Premium Motor Spirit (PMS) and Liquefied Petroleum Gas (LPG) at its Ogebele refinery in 2026, subject to the completion of ongoing plant modifications and storage infrastructure.

OWNERSHIP, MANAGEMENT & STAFF

As at 31 December 2024, the Company's issued and paid-up share capital stood at ₦2.17 billion, comprising 4,344,844,360 ordinary shares at 50 kobo each. Capital Alliance Private Equity IV Limited was the largest shareholder with a 15.93% equity stake, while Petrolin Ocean Limited (8.31%) and Adeola Afolabi Tajudeen (5.52%) were the other two significant shareholders. The remaining 70.24% stake in the Company is held collectively by various individuals and institutional investors, with none of the shareholders controlling up to 5% equity stake as at FYE 2024. In our view, Aradel has a diverse shareholder base.

Aradel Holdings Plc operates through four subsidiaries and maintains strategic equity interests in affiliated entities. The Company's subsidiaries include Aradel Energy Limited, which oversees its upstream exploration and production activities; Aradel Gas Limited, responsible for gas processing and commercialisation; Aradel Refineries Limited, which operates its modular refining assets; and Aradel Investments Limited, which manages its non-oil and gas investments. In addition, Aradel holds a 41.67% equity interest in ND Western Limited (associate company), the operator of Oil Mining Lease (OML) 34, and a 33.3% equity stake in Renaissance Africa Energy Company Limited, a consortium that recently acquired Shell Petroleum Development Company of Nigeria Limited. As part of its regional diversification strategy, Aradel Holdings PLC maintains a 49% equity stake in Nile Petroleum Corporation Limited (NILEPET), the national oil and gas company of South Sudan.

Aradel's nine-member Board of Directors ("the Board") comprises four non-executive directors, three independent non-executive directors and two executive directors. The Board is chaired by Mr. Osten Olorunsola, with Mr. Adegbite Falade serving as Managing Director and Chief Executive Officer. Notable changes to the Board's composition include the

resignation of Mr. Thierry Georger (non-executive director), effective 31 December 2024 and the appointment of Mr. Olorunsola as Chairman, effective 9 July 2025, following the resignation of Mr. Ladi Jadesimi. In addition, Ms. Kerin Jayne Gunter and Mr. Olusola Adeeyo were appointed as non-executive directors, while Mr. Mahmud Tukur and Mr. George Osahon were appointed as independent non-executive directors.

Table 1: Members of the Board

Name	Designation
Mr. Osten Olorunsola	Chairman
Mr. Adegbite Falade	Chief Executive Officer/Managing Director
Mr. Adegbola Adesina	Chief Financial Officer/Finance Director
Ms. Titi Omisore	Company Secretary and Group Legal Adviser
Ms. Kerin Jayne Gunter	Non-Executive Director
Mr. Afolabi Oladele	Non-Executive Director
Mr. Gbenga Adetoro	Non-Executive Director
Mr. Olusola Adeeyo	Non-Executive Director
Mrs. Patricia Simon-Hart	Independent Non-Executive Director
Mr. George Osahon	Independent Non-Executive Director
Mr. Mahmud Tukur	Independent Non-Executive Director

Source: Aradel Holding PLC

The Board operates through four committees: the Audit and Finance Committee; the Governance, Remuneration and Nomination Committee; the Corporate Responsibility and Risk Management Committee; and the Corporate Strategy Committee. We recognise that the composition of these committees complies with the principles of good corporate governance as enshrined in the Nigerian Code of Corporate Governance. Aradel's Board convened nine times in 2024, with a 99% attendance rate. Overall, we believe that the directors possess relevant experience in board oversight and governance to provide effective leadership for the Company.

MANAGEMENT TEAM

Aradel Holdings PLC's management team consists of the Managing Director/Chief Executive Officer, the Chief Finance Officer and nine senior management personnel covering various segments of the business. We consider the management team to be adequately qualified and experienced. In FYE 2024, Aradel's average contribution per employee (profit before tax adjusted for staff costs) stood at ₦1.4 billion, which was sufficient to cover the average cost per employee 7.2 times and higher than our benchmark of 3 times. In our opinion, Aradel Holding Plc's staff productivity level is very good.

Table 2: Members of the Management Team

Name	Designation
Mr. Adegbite Falade	MD/CEO
Mr. Adegbola Adesina	Chief Financial Officer
Ms. Titi Omisore	Company Secretary and Group Legal Adviser
Dr. Ebenezer Ageh	Chief Technical Officer
Mr. Temitayo Ogunbanjo	General Manager, Refinery
Mr. Femi Olaniyan	General Manager, Engineering & Projects
Mr. Olanrewaju Daramola	General Manager, Commercial
Mrs. Rita I. Olanrewaju	General Manager, Human Resources and Corporate Services
Mr. Anthony Aduba	General Manager, Wells
Mr. Sola Olugbemiga	General Manager, Petroleum Engineering and Subsurface
Mr. Tunde Odeyemi	General Manager, sub-Saharan Opportunities

Source: Aradel's 2024 Annual Report

REVIEW OF THE ISSUER'S FINANCIAL CONDITION

Robust profitability despite intense cost pressures and oil price volatility

Aradel Holdings PLC's revenue rose by 162.8% to ₦581.2 billion in FYE 2024, underpinned by increased production and sales volumes of crude oil, gas and refined petroleum products, as well as favourable foreign exchange translation effects following the significant naira depreciation during the year. Income from crude oil exports, which constituted circa 64% of total revenue, grew by 245% to ₦373.7 billion, supported by the completion of additional wells¹ and optimisation of the alternative crude evacuation (ACE) route, which reduced crude oil losses. The refinery business contributed 31%, reflecting improved capacity utilisation (which rose to 48% in 2024 from 42% in the prior year) and favourable domestic pricing, while the remaining 5% represented revenue from gas sales². With planned drilling at the Olo and Olo West Marginal Fields in Q3'2025 and the expected commencement of PMS production in H1'2026, we expect a further rise in Aradel's production output and total revenue in the near term.

Due to higher crude handling and barging costs, increased statutory charges (mainly royalties), elevated depreciation from newly capitalised assets (particularly from well completions and infrastructure upgrades) and higher staff expenses, the Issuer's gross profit and operating margins moderated to 61.3% and 51.7% respectively in FYE 2024 (2023: 66.9% and 55.2%). In FYE 2024, Aradel's other income, arising mainly from interest income and share of profit from an associate (ND Western Limited) stood at ₦47.7 billion, while other expenses representing realised exchange losses amounted to ₦9 billion. Consequently, the Company posted a net other income of ₦38.7 billion in FYE 2024, which represented 6.7% of the total revenue. Given ND Western Limited's interest in Renaissance, which is expected to enhance earnings as production ramps up from the recently acquired Shell onshore assets, coupled with the significant gas reserves in OML 34 and rising demand for gas as a transition fuel, we expect Aradel's share of profit from the associate to be sustained.

The Company's interest expense on loans rose to ₦22.2 billion in FYE 2024 (2023: ₦11.7 billion) to reflect the adverse impact of local currency depreciation on its foreign currency-denominated loans. Nonetheless, Aradel's interest expense to revenue ratio moderated to 3.8% in FYE 2024 (2023: 5.3%) as revenue grew at a faster pace, demonstrating efficiency in the use of debt. Overall, the Issuer's pre-tax profit margin improved to 54.5% in FYE 2024 (2023: 50.7%), while its return on assets (ROA) and return on equity (ROE) ratios in the same year increased to 19.4% and 22.7% respectively (2023: 13.4% and 16%). We note that Aradel's ROA and ROE ratios in FYE 2024 compared favourably with Seplat Energy Plc's 7.1% and 19.8%, respectively.

In the six months ended 30 June 2025 (H1'2025), Aradel recorded revenue of ₦368.1 billion, a 37% increase over the same period in 2024. The growth was driven by increased crude oil and refined product sales volumes, improved crude evacuation through the TNP and ACE system and higher gas prices and output. Nonetheless, the Issuer's gross profit and operating profit margins declined to 44.3% and 29.9% in H1'2025, respectively (H1'2024: 60.7% and 53.2%) owing to the elevated crude handling charges and royalties from the increased production, as well as higher depreciation charges following the completion of Well 16 at the Ogbele Field. In addition, the decline in the realised export crude oil price per barrel to \$73.6 in H1'2025 (H1'2024: \$87.5) moderated earnings growth.

Despite higher other incomes from interest on bank deposits and the share of profit from associates, Aradel still posted a

¹ This relates to the completion of Wells 14 and 15, adding 6,950bbls/day of crude oil and 7.6mmscf/day in associated gas at the Ogbele Field

² Total gas volume improved to 12.3bcf in FYE 2024 (2023: 9.7bcf). This was due to the contribution from the new gas strings (Ogb-12 L/S) in Ogbele and associated gas production at Omerelu Field unlocking additional natural gas reserves for the Company.

lower pre-tax profit margin of 52% in H1'2025 (H1'2024: 60.5%) to reflect the impact of the rising business costs on its bottom line. Nonetheless, we recognise that the Company's annualised ROA and ROE ratios of 22.4% and 26.5% respectively, remained in line with our expectations.

Despite lingering geopolitical tensions in Europe and the Middle East, Brent crude prices remain below price expectations (averaging \$68 per barrel as at 5 August 2025), reflecting a widening supply-demand imbalance mainly driven by the accelerated reversal of OPEC+ production cuts and stronger non-OPEC+ output beyond normal demand. Agosto & Co. believes that sustained weakness in crude prices could dampen the Issuer's income from upstream operations. Nonetheless, we expect Aradel's strengthened upstream asset base (following the acquisition of the Olo and Olo West Marginal Fields) and the ongoing expansion of its refinery capacity to support improved production levels and revenue in the near term. We also anticipate increased earnings from refined product sales and gas commercialisation, driven by population growth, rising industrial activity and the ongoing transition to cleaner fuels, which should help moderate the impact of softer oil prices on the Issuer's overall profitability.

In our view, Aradel Holdings PLC's overall profitability is good.

Strong operating cash flow underpinned by improved hydrocarbon and refined products sales

Aradel Holdings PLC's operating cash flow (OCF) rose to ₦339.1 billion in FYE 2024 (2023: ₦145.5 billion), driven by higher sales volumes of crude oil, gas and refined products. The OCF in FYE 2024 was more than sufficient to cover returns to providers of finance totalling ₦93.9 billion, comprising dividend payments (76%) and interest expense (24%). The Company's OCF also represented 58.6% of total revenue in FYE 2024, underscoring its strong cash-generating capacity from core operations. Furthermore, Aradel Holdings PLC posted interest coverage and total debt service (measured as operating cash flow divided by total interest-bearing debt) ratios of 15.3x and 3.5x in FYE 2024, which we consider good.

In the six months ended 30 June 2025 (unaudited), the Issuer reported OCF of ₦179.7 billion (H1 2024: ₦169.6 billion), supported by sustained volume sales growth across crude, gas and refined products, as well as a reduction in trade receivables. Although we expect the Company's future earnings to fluctuate in line with global demand and prices of crude oil and gas, we anticipate that Aradel's cash flows will remain strong and adequate to meet maturing debt obligations. This expectation is supported by the Issuer's substantial hydrocarbon reserves and expanding production levels.

In our view, the Issuer's overall cash flow position is good.

Adequate working capital supported by profit accretion and robust internal financing

As at 31 December 2024, Aradel's trading assets rose by 56% to ₦126.9 billion, driven mainly by increased inventories of crude oil, refined products and input materials, as well as higher trade receivables resulting from timing differences in invoice settlements. As at the same date, the Company's spontaneous financing (interest-free liabilities) stood at ₦258 billion (2023: ₦162.6 billion), primarily due to increases in trade payables, deferred tax liabilities and current tax liabilities. Aradel's spontaneous financing was more than sufficient to finance its trading assets, leaving a short-term financing surplus of ₦131.1 billion as at the 2024 year-end.

As at FYE 2024, the Issuer's long-term assets increased to ₦1.2 trillion (2023: ₦658.9 billion) following higher equity investments in associate and additions to oil and gas assets in tandem with its ongoing capacity expansion. As at the same

date, the Company's long-term funds rose to ₦1.4 trillion (2023: ₦743.2 billion), comprising 97% equity and 3% long-term borrowings. The growth in Aradel's long-term funds reflected increased profit accretion and a higher translation reserve (which includes share of other comprehensive income from an associate and gains on foreign currency translation). The Company's long-term funds were sufficient to cover its long-term assets, leaving a working capital of ₦225.3 billion. Therefore, Aradel posted an overall working capital surplus of ₦356.3 billion as at FYE 2024.

Despite the sustained investments in oil and gas assets, the Issuer reported an overall working capital surplus of ₦243.2 billion in the six months ended 30 June 2024 (unaudited), underpinned by continued profit accretion. Considering Aradel's strong internal funding sources (robust equity base and intercompany advances from associates), which reduce reliance on external borrowings, we expect its overall working capital to remain adequate for ongoing operational needs.

Low leverage profile upheld by a strong equity base and substantial liquid assets

As at 31 December 2024, Aradel's total liabilities stood at ₦354.4 billion (2023: ₦224.5 billion), comprising 73% non-interest-bearing and 27% interest-bearing obligations. This increase was largely driven by higher trade payables, deferred tax and current tax liabilities, as well as advances received from an associate (ND Western Limited) to part-finance the acquisition of Shell Petroleum Development Company of Nigeria Limited. The Issuer's non-interest-bearing liabilities as at FYE 2024 primarily comprised deferred tax liabilities (21%), royalty and other statutory payables (15%), decommissioning provisions for oil and gas facilities (14%), trade payables (14%) and current tax liabilities (14%).

As at FYE 2024, Aradel's interest-bearing liabilities mainly comprised the outstanding balances on the foreign currency-denominated term loans obtained from a commercial bank and the Bank of Industry (56%), advances from a related party (32%) and the ₦10.318 billion Series 1 Bond (12%) obtained to fund expansion initiatives and support its working capital. The Issuer's foreign-currency revenues, together with its crude oil hedges that offset exchange rate swings and price volatility, leave its currency-risk exposure minimal.

Aradel's total assets rose by 89.5% to ₦1.7 trillion primarily on the back of the substantial equity investments in associate and the acquisition of new oil and gas assets during the year. The Company's total assets were funded by equity (80%) and total liabilities (20%), depicting a strong equity cushion.

As at 31 December 2024, the Issuer's net debt (total liabilities less cash and equivalents) to total assets and interest-bearing debt (net of cash) to equity ratios stood at less than 1%, underpinned by its significant cash and liquid assets, which adequately covered outstanding liabilities. Aradel also maintained low leverage ratios as at 30 June 2024 (unaudited), evidenced by its net debt to total assets ratio of 1.9% and interest-bearing debt to equity ratio of less than 1%.

Given the Company's steady profit retention and strong earnings forecast (supported by increasing production volumes, expanding refinery capacity and sustained demand for its products), we expect its low leverage profile to be sustained.

In our view, Aradel Holdings PLC's overall leverage profile is low.

BOND STRUCTURE AND USE OF PROCEEDS

On 13 January 2023, Aradel Holdings PLC (formerly Niger Delta Exploration & Production PLC) issued a ₦10.318 billion Series 1 Bond as part of its ₦20 billion Debt Issuance Programme. The Series 1 Bond attracts a fixed coupon rate of 17% payable on 13 January and July every year for five years, while the Bond principal is being amortised every six months (starting from 13 July 2025) after the expiration of the 24-month moratorium, with final maturity on 13 January 2028. The Series 1 Bond obligations, including coupon and principal repayments, are being serviced from the Issuer's operating cash flows.

The net bond proceeds (after deducting the cost of bond issuance) were utilised as follows:

Table 3: Update on the Utilization of Series 1 Bond Proceeds

Description	Amount (₦' mns)	Status
Construction of a 180-man bed campsite and renovation of the Lagos Head Office Campus	3,500	Ongoing
Working capital requirements	2,512	Ongoing
Construction of a 4.5-kilometer dual carriage road linking the Ogbele Field to the East-West Road and the installation of solar-powered streetlights	2,500	Ongoing
Construction of a trailer park and other ancillary support facilities (repair workshop, accommodation, cafeteria and installation of generators)	1,650	Completed
Total	10,162	

Source: Series 1 Bond Pricing Supplement

Management disclosed that the construction of the new truck bay has been completed, while remedial work on the access road to the Ogbele refinery, as well as the renovation of the head office and the development of a campsite, are ongoing, with completion expected by December 2026. We anticipate that these projects will enhance the Issuer's operational efficiency, particularly in the local distribution of refined petroleum products.

Based on the Joint Trustees' Report dated 18 July 2025, Aradel Holdings PLC had paid ₦6.1 billion to the Series 1 Bondholders, representing five coupon payments and one principal repayment. The next semi-annual coupon and principal payments are due on 13 January 2026. While we note the volatility in oil prices, we expect Aradel's expanding crude oil production and refining capacities to translate to improved earnings and operating cash flows. Consequently, we expect the Issuer to continue to meet maturing obligations on the Series 1 Bond as and when due.

OUTLOOK ON BOND REPAYMENT

Despite periodic surges driven by regional conflicts (particularly in the Middle East), global crude prices have consistently undercut expectations, with Brent averaging about \$68 per barrel as at 5 August 2025. The lower-than-anticipated global crude price is largely on account of a widening supply-demand imbalance following the accelerated reversal of OPEC+ production cuts and increased non-OPEC+ output. In Nigeria, the oil and gas industry continues to face significant macroeconomic and operational headwinds, including high inflation, elevated interest rates, crude theft, security-related disruptions and regulatory uncertainties.

Notwithstanding these constraints, Aradel Holdings PLC has sustained strong financial performance, underpinned by higher production and sales volumes across its crude oil, gas and refined product segments. In addition, the Company's improved crude evacuation system (leveraging both the Trans Niger Pipeline and Alternative Crude Evacuation routes) has reduced crude losses and supported topline growth. In FYE 2024, Aradel's revenue grew by 162.8% to ₦581.2 billion, while operating cash flow more than doubled to ₦339.1 billion, reflecting robust earnings-generating capacity from core operations. This momentum was sustained in H1'2025 (unaudited) despite subdued crude prices, with revenue of ₦368.1 billion (H1'2024: ₦268.3 billion) and OCF of ₦179.7 billion (H1'2024: ₦169.5 billion).

Going forward, Aradel is focused on scaling production, improving refining capacity and accelerating gas commercialisation. The Company aims to raise its crude oil production to over 15,000 barrels per day in 2025 through intensified drilling and development activities at its Ogbele, Olo and Omerelu Fields. In addition, Aradel is installing a dedicated export system, which includes a 4-kilometre pipeline, to optimise its ACE route, with completion expected in H2'2025. Furthermore, the Issuer intends to increase its refined product output to over 350 million litres in 2025 by enhancing refinery capacity utilisation to 60% (from 48% in 2024), with the planned commissioning of its PMS train in H1'2026. In the gas segment, the Company plans to raise production to 50 million standard cubic feet per day (from 32.4 MMscf/d in 2024), leveraging the significant reserves in OML 34 and sustaining investments in gas infrastructure. If successfully implemented, we expect these initiatives to translate to an improvement in earnings and cash flows in the near to medium term.

Since the inception of the Series 1 Bond in January 2023, Aradel Holdings PLC has consistently met payment obligations from its operating cash flows. Barring any unforeseen operational disruptions, we expect Aradel Holdings to continue to meet coupon and principal obligations to the Series 1 Bondholders, premised on its expanding operations, increasing production and refining capacity and substantial hydrocarbon reserves, all of which should sustain its strong earnings profile and cash flow generation.

Based on the above, we attach a **stable** outlook to Aradel Holdings PLC's ₦10.318 billion Five-Year 17% Fixed Rate Senior Unsecured Bond Due 2028.

ISSUER'S FINANCIAL SUMMARY

STATEMENT OF COMPREHENSIVE INCOME	31-Dec-22		31-Dec-23		31-Dec-24		30-Jun-2025 (Unaudited)	
	₦'billion		₦'billion		₦'billion		₦'billion	
TURNOVER	66.1	100.0%	221.1	100.0%	581.2	100.0%	368.1	100.0%
OPERATING PROFIT	30.3	45.8%	122.0	55.2%	300.3	51.7%	110.0	29.9%
INTEREST EXPENSE	(3.5)	-5.2%	(11.7)	-5.3%	(22.2)	-3.8%	(11.1)	-3.0%
PROFIT BEFORE TAXATION	33.3	50.3%	112.2	50.7%	316.8	54.5%	191.3	52.0%
TAX (EXPENSE) BENEFIT	(18.1)	-27.4%	(58.4)	-26.4%	(57.7)	-9.9%	(44.9)	-12.2%
DIVIDEND	(4.3)	-6.6%	(14.1)	-6.4%	(71.7)	-12.3%	(95.6)	-26.0%
PROFIT RETAINED FOR THE YEAR	10.0	15.1%	38.6	17.5%	186.2	32.0%	48.9	13.3%
OTHER APPROPRIATIONS/ ADJUSTMENTS	(0.0)		0.0		0.0		0.0	
PROFIT RETAINED B/FWD	160.4		170.4		209.0		395.2	
PROFIT RETAINED C/FWD	170.4		209.0		395.2		444.2	

STATEMENT OF FINANCIAL POSITION	31-Dec-22		31-Dec-23		31-Dec-24		30-Jun-2025 (Unaudited)	
	₦'billion		₦'billion		₦'billion		₦'billion	
ASSETS								
CASH & EQUIVALENTS	55.5	11.7%	183.0	19.8%	411.8	23.5%	342.0	18.9%
TOTAL TRADING ASSETS	46.6	9.8%	81.5	8.8%	126.9	7.3%	96.3	5.3%
TOTAL LONG-TERM ASSETS	371.3	78.4%	658.9	71.4%	1,211.1	69.2%	1,372.4	75.8%
TOTAL ASSETS	473.4	100.0%	923.4	100.0%	1,749.8	100.0%	1,810.7	100.0%
<i>Growth</i>	<i>25.4%</i>		<i>95.1%</i>		<i>89.5%</i>		<i>3.5%</i>	
LIABILITIES & EQUITY								
TOTAL INTEREST-BEARING LIABILITIES	53.7	11.4%	62.0	6.7%	96.4	5.5%	138.9	7.7%
TOTAL NON-INTEREST-BEARING LIABILITIES	94.5	20.0%	162.6	17.6%	258.0	14.7%	229.9	12.7%
TOTAL LIABILITIES	148.2	31.3%	224.5	24.3%	354.4	20.3%	368.8	20.4%
SHAREHOLDERS' EQUITY	325.2	68.7%	698.9	75.7%	1,395.5	79.7%	1,441.9	79.6%
TOTAL LIABILITIES & EQUITY	473.4	100.0%	923.4	100.0%	1,749.8	100.0%	1,810.7	100.0%

CASH FLOW STATEMENT	31-Dec-22		31-Dec-23		31-Dec-24		30-Jun-2025 (Unaudited)	
	₦'billion		₦'billion		₦'billion		₦'billion	
OPERATING ACTIVITIES								
POTENTIAL OPERATING CASH FLOW		24.7		112.3		289.0		177.1
WORKING CAPITAL CHANGES:								
CASH FROM (USED BY) SPONTANEOUS FINANCING		28.0		68.1		95.4		(28.1)
CASH FROM (USED BY) TRADING ASSETS		(18.1)		(34.9)		(45.4)		30.6
CASH FROM (USED IN) OPERATING ACTIVITIES		34.6		145.5		339.1		179.7
RETURNS TO PROVIDERS OF FINANCING								
INTEREST PAID		(3.5)		(11.7)		(22.2)		(11.1)
DIVIDEND PAID		(4.3)		(14.1)		(71.7)		(95.6)
OCF AFTER PAYMENTS TO PROVIDERS OF FINANCING		26.8		119.6		245.2		73.0
CASH FROM (USED IN) NON-RECURRING ACTIVITIES		0.7		176.3		344.8		35.8
CASH FROM (USED IN) INVESTING ACTIVITIES		(12.6)		(176.7)		(395.6)		(221.1)
CASH FROM (USED IN) FINANCING ACTIVITIES		32.5		8.2		34.4		42.5
CHANGE IN CASH INC/(DEC)		47.4		127.5		228.8		(69.8)
OPENING CASH & MARKETABLE SECURITIES		8.1		55.5		183.0		411.8
CLOSING CASH & MARKETABLE SECURITIES		55.5		183.0		411.8		342.0

Aradel Holdings PLC's (formerly NDEP PLC) #10.318 Billion Five-Year 17% Fixed Rate Senior Unsecured Bond Due 2028

KEY RATIOS	31-Dec-22	31-Dec-23	31-Dec-24	30-Jun-2025 (Unaudited)
PROFITABILITY				
SALES GROWTH	28.2%	234.5%	162.8%	37.2%
OPERATING PROFIT MARGIN	45.8%	55.2%	51.7%	29.9%
RETURN ON ASSETS (PRE-INTEREST PRE-TAX)	7.8%	13.4%	19.4%	22.4%*
RETURN ON EQUITY (PRE-TAX)	10.2%	16.0%	22.7%	26.5%*
CASH FLOW				
OCF AS % OF RETURNS TO PROVIDER OF FINANCING	443.4%	743.3%	386.9%	178.9%
OCF AS % OF SALES	52.3%	65.8%	58.3%	48.8%
WORKING CAPITAL				
WORKING CAPITAL NEED (DAYS)	-	-	-	-
OVERALL WORKING CAPITAL DEFICIENCY (DAYS)	-	-	-	-
LEVERAGE				
NET INTEREST BEARING DEBT AS % OF AVERAGE TOTAL ASSETS (EXCLUDING CASH & REVALUATION SURPLUS)	23.6%	7.2%	0.0%	1.9%
INTEREST EXPENSE TO SALES	5.2%	5.3%	3.8%	3.0%
OTHER ADDITIONAL INFORMATION				
STAFF COSTS (R' MILLION)	8,434.2	11,606.7	51,127.4	18,118.3
CAPITAL EXPENDITURE (R' MILLION)	10,064.6	48,768.0	136,547.9	48,004.7
DEPRECIATION AND AMORTISATION (R' MILLION)	11,564.4	14,903.9	79,634.4	57,455.1
EBITDA (R' MILLION)	48,638.7	139,174.0	354,265.6	217,681.0
AUDITORS	DELOITTE	DELOITTE	DELOITTE	UNAUDITED
OPINION	CLEAN	CLEAN	CLEAN	N/A

*Annualised Growth Rate

RATING DEFINITIONS

Aaa	Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner.
Aa	High quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner.
A	Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner.
Bbb	Satisfactory quality with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner.
Bb	Below average quality with moderate to high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
B	Weak quality with high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner.
C	Very weak capacity to pay returns and principal. Debt instrument with very high credit risk.
D	In default.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

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