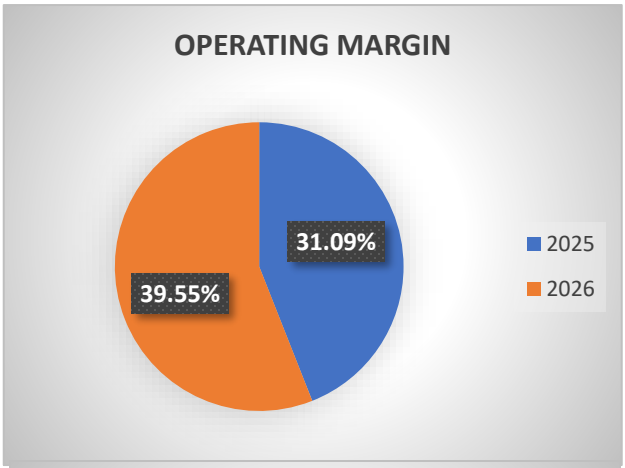
FINANCIAL PERFORMANCE

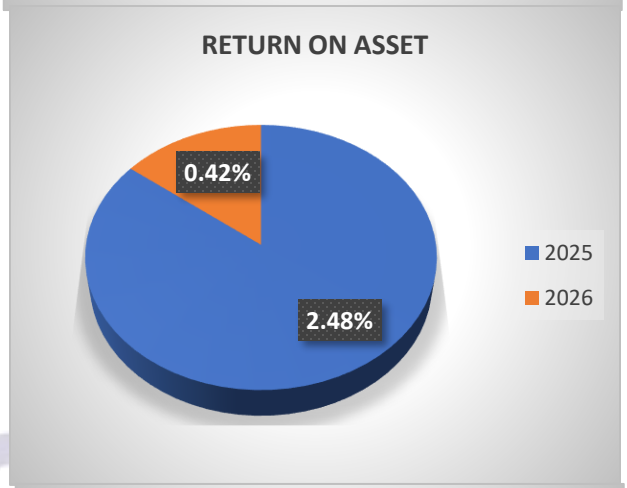
Aradel Holdings' Q3 2026 (nine-month) results show a dramatic top-line surge but significant one-off charges at the bottom line. Revenue jumped to ₦3.95 trillion with EBITDA ₦2.10 trillion at a 53% margin, driven by much higher oil & gas production after fully consolidating the acquired assets. Operating cash flow was very strong (₦2,458.9 billion) and the company moved from net debt to net cash ₦532.3 billion by end-Sept. However, finance costs spiked (₦797.3 billion, vs ₦6.0bn) reflecting borrowings from ND Western/Renaissance and earnout charges, so pre-tax profit was ₦764.7 bn (+154%) but IFRS net income fell to ₦43.3 bn after a ₦529.1 bn one-off earnout charge. Earnings per share were ₦32.57 (vs ₦55.90) and management declared an interim dividend of ₦7.00/share.

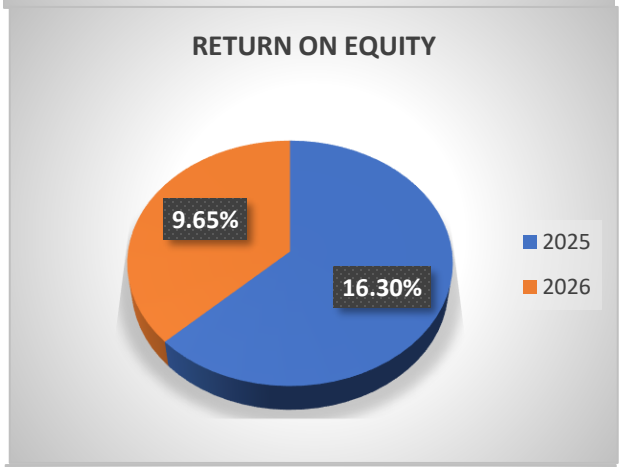
Year-on-year, the enlarged portfolio drove output 502% higher, crude ~58 kbopd and gas ~504 mmscf/d while refinery output rebounded in Q2/Q3 (68.0m liters in Q3 vs 58.7m in Q1). Unit lifting cost improved to US$7.9/boe. Quarter-over-quarter trends were positive: Q3 production sustained Q2's recovery, and operating margin expanded (EBITDA margin 53% vs 49% prior). Management noted the enlarged asset base' benefits: diversification into gas (including OML 34/Renaissance), and increased export revenues at stronger oil (US$97.5) and gas (US$2.64) prices. Importantly, full-year production guidance was raised to 140–150 kboepd (from 110–140), reflecting confidence that third-quarter output was above prior targets.

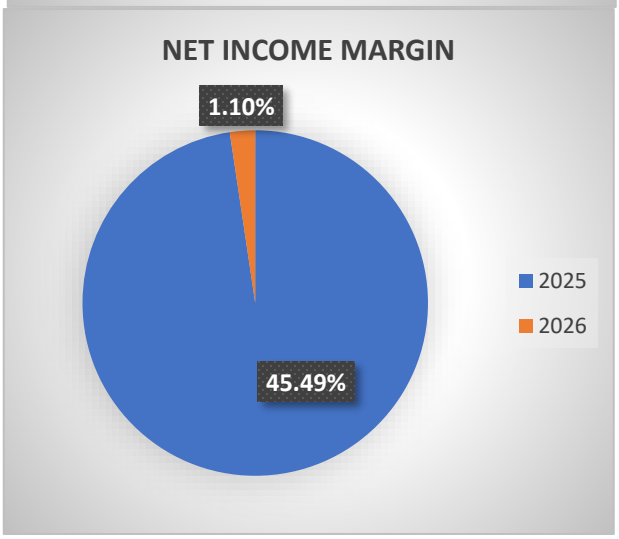
Operationally, no new "product launches" applied, but major milestones include the Omerelu Field first oil (2024) and ongoing integration of acquisitions. R&D/pipeline isn't a stated focus; rather, project developments (e.g. completing refinery upgrades, expanding gas networks) are key. A forthcoming catalyst is expected TNP pipeline maintenance completion (which held up output in H1). A 3,000 bpd new refinery train is mechanically ready, with commissioning expected by FY2027, which should improve refined product yields. On the risk side, the large contingent liability (earnout) – currently ~₦1.32 trillion – has materially weighed on earnings; management is "engaging the vendor" to rebalance the earnout terms. Other industry risks (tax/regulatory changes, pipeline outages, commodity swings) remain, though CEO Falade emphasized steady operations and new gas demand as tailwinds.

Aradel's competitive position is strong as Nigeria's leading indigenous E&P, now with 2P reserves . Valuation looks attractive: at the current market cap (~₦7.6 trn) the company trades at only ~3.6× EV/EBITDA and ~28.7× forward P/E, low by global oil standards.









ARADEL Q3 2026

STATEMENT OF PROFIT OR LOSS

Nine months ended 30 September 2026 and 30 September 2025 | ₦'000, except EPS

Line item	9M 2026	9M 2025	% CHANGE
Revenue	3,949,677,532	538,809,827	633.0%
Cost of sales	(2,286,268,708)	(304,084,899)	651.9%
Gross profit	1,663,408,824	234,724,928	608.7%
Dividend income	4,351,531	253,490	1616.6%
Other income	253,093,369	13,772,907	1737.6%
General and administrative expenses	(358,799,665)	(81,220,997)	341.8%
Operating profit	1,562,054,059	167,530,328	832.4%
Finance income	43,779,230	15,360,274	185.0%
Finance costs	(841,124,925)	(21,391,449)	3832.1%
Net finance costs	(797,345,695)	(6,031,175)	13120.4%
Share of profit of an associate	-	139,185,265	
Profit before taxation	764,708,364	300,684,418	154.3%
Tax expense	(721,405,370)	(55,559,487)	1198.4%
Profit after taxation	43,302,994	245,124,931	-82.3%
Profit attributable to equity holders of the parent	141,502,925	242,863,373	-41.7%
Profit attributable to non-controlling interests	(98,199,931)	2,261,558	-4442.1%
Total profit after taxation	43,302,994	245,124,931	-82.3%
Other comprehensive income			
Foreign currency translation difference	(139,221,851)	(30,192,796)	361.1%
Share of other comprehensive income of associate	-	(28,398,681)	
Net gain on equity instruments at FVOCI	10,341,851	5,265,635	96.4%
Other comprehensive income for the period	(128,880,000)	(53,325,842)	141.7%
Total comprehensive income	(85,577,007)	191,799,089	-144.6%
Total comprehensive income attributable to equity holders	52,685,780	188,982,984	-72.1%
Total comprehensive income attributable to NCI	(138,262,787)	2,816,105	-5009.7%
Basic and diluted earnings per share (₦)	32.57	55.90	-41.7%

Key Ratio	Q3 2026	Q3 2025
Operating Margin	39.55%	31.09%
Net Profit Margin	1.10%	45.49%
Asset Turnover	0.38X	0.05X

Financial Statistics

Share price ***₦1296***

Target Price ***₦***

52 Wk H ***₦2024***

52 Wk L ***₦648.1***

Shares Outs. ***4,344***

Market Cap (bn) **5,629,824**

Return on Assets ***0.42%***

Return on Equity ***9.65%***

Corporate Actions

Dividend ***₦7***

Bonus ***NIL***

Qualification Date ***27TH NOVEMBER***

Closure Date ***30TH NOVEMBER***

Payment Date ***7TH DECEMBER***

ARADEL HOLDINGS PLC – GROUP STATEMENT OF FINANCIAL POSITION

As at 30 September 2026 and 31 December 2025 | ₦'000

Line item	30 Sep 2026	31 Dec 2025
ASSETS		
Non-current assets		
Property, plant and equipment	4,851,759,452	5,127,749,808
Intangible assets	48,188,309	26,536,679
Deferred tax assets	1,137,573,909	891,456,140
Financial assets	39,583,881	25,423,318
Other receivables	-	397,705,000
Right-of-use assets	29,529,921	35,472,004
Total non-current assets	**6,106,635,472**	**6,504,342,949**
Current assets		
Inventories	83,198,725	82,898,380
Trade and other receivables	2,492,234,417	1,730,680,210
Security deposit	3,495,848	3,746,796
Prepayments	30,519,353	44,653,107
Financial assets	3,685,468	1,466,184
Cash and cash equivalents	1,997,867,050	1,504,676,469
Restricted cash	41,501,575	23,675,274
Total current assets	**4,652,502,436**	**3,391,796,420**
TOTAL ASSETS	**10,759,137,908**	**9,896,139,369**
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	2,172,422	2,172,422
Share premium	22,819,670	22,819,670
Translation reserve	372,483,397	471,642,392
Fair value reserve of financial assets at FVOCI	(6,509,315)	(16,851,166)
Retained earnings	1,052,085,390	1,010,513,887
Total equity attributable to equity holders	**1,443,051,565**	**1,490,297,205**
Non-controlling interests	509,314,825	657,978,838
Total shareholders' equity	**1,952,366,390**	**2,148,276,043**
Non-current liabilities		
Borrowings	1,390,751,797	1,564,486,233
Pensions and similar obligations	42,440,610	36,706,362
Deferred tax liabilities	45,783,019	57,924,367

Environmental and legal provisions	49,365,781	55,300,674
Decommissioning liabilities	1,339,909,765	1,455,693,250
Total non-current liabilities	**2,868,250,973**	**3,170,110,886**
Current liabilities		
Trade, share-based payment and other payables	3,870,742,675	2,397,511,399
Contract liabilities	1,674,905	870,039
Taxation	606,976,655	288,521,135
Lease liability	24,530,250	31,882,319
Borrowings	116,281,926	438,920,481
Contingent consideration	1,318,314,135	1,420,047,067
Total current liabilities	**5,938,520,546**	**4,577,752,440**
Total liabilities	**8,806,771,519**	**7,747,863,326**
TOTAL EQUITY AND LIABILITIES	**10,759,137,908**	**9,896,139,369**

DISCLAIMER
This report is prepared for informational purposes only and should not be construed as financial or investment advice. The analysis, financial ratios, and target price estimates are based on available data and assumptions that may differ from actual results. Valmon Securities makes no guarantee as to the accuracy or completeness of the information and accepts no liability for losses arising from reliance on this report. Investors should conduct independent research and consider their risk tolerance before making investment decisions.