

PRESS RELEASE

Regulated Information

Aradel Holdings Plc (formerly known as Niger Delta Exploration & Production Plc) Reports Revenue of ₦66.1 billion, up 28.2% y-o-y; proposes a dividend of ₦35 per share.

Lagos, Nigeria - 21 June 2023 - Aradel Holdings Plc ("Aradel", "Aradel Holdings", "The Group", or the "Company"), Nigeria's first integrated indigenous energy Company, announces its audited results for the year ended 31 December 2022.

Financial Highlights

	2022		2021	
	₦ 'million	\$ 'million	₦ 'million	\$ 'million
Revenue	66,109.48	156.14	51,567.66	128.74
Gross Profit	42,304.91	99.92	15,588.87	38.89
Operating Profit	29,265.63	68.83	12,022.74	29.68
Operating Profit Margin	44.3%	44.1%	23.3%	23.1%
EBITDA ¹	41,187.99	97.00	31,348.17	77.89
EBITDA Margin	62.3%	62.1%	60.8%	60.5%
Operating Cashflow	32,508.20	73.76	34,641.57	83.74
Profit Before Tax	33,262.99	78.27	20,180.26	50.13
Profit After Tax	15,140.43	35.47	29,403.02	73.14
Capital Expenditure	10,064.57	22.44	18,966.88	45.93
Free Cashflow	22,443.63	51.32	15,674.70	37.81
Earnings per Share	₦69.69	\$0.16	₦135.35	\$0.34
Total Assets	473,381.54	1,055.33	377,433.17	913.85
Total Equity	326,765.63	728.09	291,234.19	704.74
Return on Assets	3.2%	3.4%	7.8%	8.0%
Return on Equity	4.6%	4.9%	10.1%	10.4%

¹ Adjustment for Depreciation, Depletion and Amortisation charges

Operational Highlights

	2022	2021
Average Daily Crude Oil Production (bopd) ²	3,945.00	8,761.00
Average Daily Gas Production (mmscf/d) ³	17.83	25.73
Annual Refined Products (million litres)	152.70	74.90
Unit operating cost (\$/bbl)	22.00	20.00

Health, Safety and Environment Highlights

	2022	2021
Total Recordable Case Frequency (TRCF)	0.06	0.07
Serious or Disabling Injuries (LTI's) ⁴	0	0
Fatality	0	0
Intermediate Injuries (MTC, RWDC) ⁵	6	5
Minor Injuries (FAC) ⁶	17	21
Fire	1	5
Road Traffic Accident	3	6
Unsafe Acts & Conditions	1,143	1,498
Man Hours (Million Man Hrs)	16.1	14.3
Oil Spill BBL ⁷	0	0

Strategic Update

- In March 2022, the Company commissioned front-end studies in anticipation of further development of the Ogbele Field. This culminated in a four-well drilling campaign that began in September 2022 and is expected to be completed in Q4, 2023.
- The Company is in the final stages of an upstream asset acquisition (and subsequent development) which is expected to be completed in 2023.
- Ms. Patricia Simon-Hart was appointed to the Board of the Company as an Independent Non-Executive Director, effective from the 4th of November 2022. Her appointment is in continuation of the Company's ongoing, forward-looking preparations for the new challenges of growth and transformation as the emerging leading African energy Company.
- On the 19th of April 2023, as part of the Company's rebranding, shareholders approved the change of name from Niger Delta Exploration & Production Plc to Aradel Holdings Plc.
- The Board recommends a final dividend of ₦35 per share, to be approved at the Annual General Meeting proposed to be held on the 29th of August 2023.

Operational Update

- The Company closed the year without any significant safety-related issues, recording a total of **16.14 million** manhours with zero time lost due to incidents (LTI).
- Crude Oil Business
 - Total production for the year of **1.44mmbbls** and **6.51bcf** for oil and gas respectively.
 - Total volumes exported by the Company in 2022 was **395.00kbbls**.

² Excludes production from 41.67% equity interest in ND Western (OML 34)

³ Excludes production from 41.67% equity interest in ND Western (OML 34)

⁴ LTI's - Loss Time Injury

⁵ MTC - Medical Treatment Case; RWDC - Restricted Work Day Case

⁶ FAC - First Aid Case

⁷ BBL - Barrel of crude oil

- The Company completed the strategy for the Alternative Crude Evacuation (ACE) project and commenced operations. The objective is to unlock additional value realisation avenues beyond the traditional Trans-Niger Pipeline (TNP) and the refinery business.
- Gas Business
 - Gas delivery volumes of **(6.51bcf)** were 30.7% lower than 2021 **(9.39bcf)**. This was due to deferrals arising from a deliberate decision to shut in production because of heavy crude oil losses in the TNP.
- Refinery Business
 - This was the focal point for realising value in 2022.
 - Refined delivery volumes rose **105.0%** to **152.84mmlitres** relative to **74.53mmlitres** in 2021. This was driven by debottlenecking the refinery production from upstream oil production and actively pursuing its monetisation strategies.
 - Capacity utilisation improved to **24.0%** from **12.5%** in 2021; underscoring further upside potential as well as additional opportunities that exist to further optimise the refinery business.
- In June 2022, the Company formally commenced its digital transformation journey through the implementation SAP S4 Hana, and the integration of other digital tools across its entire operations.

The Chief Executive Officer/Managing Director, Mr Adegbite Falade, comments:

“The year 2022 was very tough for the oil and gas industry in Nigeria. Notwithstanding, because of our strong, resilient, and integrated business model, coupled with a focus on capital discipline and operating performance, the business recorded notable improvements. We increased revenue, EBITDA, and profit before tax year-on-year and achieved significant diversification of the revenue mix, underscored by very strong growth in the refinery business.”

The four-well drilling campaign we commenced in Q3, 2022 is progressing well, and the benefits of the drilling and completion activities will become apparent over the course of 2023. We also completed a debottlenecking exercise that resulted in improved throughput from our refinery, as evidenced by the strong growth of our midstream operations. Additionally, our Alternative Crude Evacuation project became operational in the fourth quarter of 2022, and it is already creating an additional avenue for value creation to supplement evacuation through the Trans-Niger Pipeline. Each of these projects has the potential to deliver material returns on capital and further strengthen our production and cashflow generation.

To underscore our performance during the year, your Company is proposing to pay a dividend of ₦35 per share, a 75% increase over the ₦20 per share paid in 2021. This payment will be subject to the shareholders’ approval at the Annual General Meeting tentatively slated to hold on the 29th of August 2023.

In 2023, we expect further growth in our operations and associated revenue across our various business segments. ”

Financial Review

Revenue

The Company recorded gross revenues of ₦66.1 billion in 2022, a 28% increase over the result achieved in 2021 (₦51.6 billion). The refinery business accounted for 71% of 2022 revenues, with ₦47.2 billion realised in 2022 relative to ₦10.7 billion in 2021. The main value drivers were:

- the 63% increase in refined volumes sold from 55.7 million litres to 90.6 million litres. This was due to the completion of the debottlenecking project in Q2 2022 with a resulting improvement in refining capacity utilisation from 12.5% in 2021 to 24% in 2022 as the refinery served as an outlet to monetise our constrained crude oil production.
- the appreciable increase in average realised prices from our refined product sales to ₦535/litre from ₦185/litre due to the global demand for refined products in H2 2022.

2022 crude oil revenue of ₦13.6 billion was 62% lower than the ₦35.5 billion achieved in 2021 because of curtailed production in H1 2022 to minimise exposure to the increased losses encountered on the TNP. The Company piloted its ACE operations in December 2022 to provide a layer of redundancy for our crude evacuation that ensures improved crude transportation. Total volumes lifted in 2022 were 0.40Mbbbls at a realised price of US\$81.8/bbl (compared to 1.30Mbbbls at US\$68.6/bbl in 2021). The improvement in realised oil prices is attributable to constrained supply from the conflict in Ukraine, as well as increased demand from China after the lifting of its COVID restrictions.

Our gas business delivered 6.51bcf in 2022, which was 31% lower than the 2021 volumes (9.39bcf). The curtailment of crude production also impacted our ability to deliver volumes above the prior year as a result of the non-production of associated gas. Nonetheless, our gas revenues remained relatively stable with 2022 gas sales of ₦5.2 billion (2021: ₦5.3 billion), recording a decline of 2%. This was because of improved realised pricing on our export-denominated sales in 2022 of \$1.9/mscf (2021: \$1.3/mscf).

Gross Profit

The Group recorded gross profit growth of 171% to ₦42.3 billion (2021: ₦15.6 billion) and is mainly driven by the high realised product prices.

Direct operating costs, (which are the cost of sales less DD&A, statutory payments (royalties) and stock adjustments on inventory closing balances), declined 9% to ₦12.4 billion in 2022 (2021: ₦13.7 billion). Key cost elements included barging costs incurred in the set-up and running of the pilot ACE programme which resulted in a 69% increase in crude handling charges to ₦5.7 billion, (2021: ₦3.4 billion).

Operating Profit

Operating profit rose 143% in 2022 to ₦29.3 billion (2021: ₦12.0 billion). General and administrative expenses increased to ₦13.1 billion in 2022 from ₦8.6 billion in 2021, mainly due to increases in staff remuneration, realised exchange rate losses and the write-off of the fair value of commodity price hedges entered in 2022.

Taxes

The Company incurred total tax expense of ₦18.1 billion (2021: Tax credit of ₦9.2 billion) which includes a write-back of a deferred tax asset of ₦14.0 billion. The write-back is to recognise the change in tax rates (effective from the conversion date of 15th February 2023) resulting from the Petroleum Industry Act (PIA), which are now a 15% Hydrocarbon Tax and a Company Income Tax rate (currently 30%) as against the 85% tax rate in the old Petroleum Profit Tax Act.

Net Results

Overall, the Company recorded Profit After Tax of ₦15.1 billion (2021: ₦29.4 billion), and Total Comprehensive Income for the year of ₦40.2 billion (2021: ₦52.4 billion). This resulted in basic earnings per share of ₦69.69/share (2021: ₦135.35/share).

Cash Flows from Operating Activities

The Company generated cash flows from operations of ₦35.1 billion in 2022, and net cash flows from operating activities of ₦32.5 billion. These represent an immaterial change and a decrease of 6.5% respectively from the 2021 cash generated from operations of ₦35.1 billion, and net cash flows from operations of ₦34.6 billion, respectively.

Cash Flows from Investing Activities

Net cash flows expended on investing activities was ₦9.7 billion and is comprised mainly of ₦4.3 billion incurred on the 4-well drilling campaign, ₦2.0 billion on fixed works for the ACE, in addition to ₦0.9 billion on remediation work for Well-8.

Other Financing Updates

- To ensure adequate capital for the 2022-2023 drilling campaign, the Company obtained a **US\$120 million** Field Development Facility (FDF) in March 2022, of which **US\$84 million** was drawn down in August 2022. The FDF is to supplement the Company's available cash to fund the Ogbele Field Development campaign that commenced in September 2022.
- The Company successfully closed a **₦10 billion** bond issue in December 2022, part of a **₦20 billion** bond series. The proceeds from the issue will be used to fund critical NGN-denominated projects. The bond issue was 3.18% oversubscribed, and proceeds were received by the Company in January 2023.
- Our 2023 oil hedges were for 3.5kbopd at US\$2.20/bbl (premium put price of US\$55/bbl) which run till August 2023.

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CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	THE GROUP		THE COMPANY	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	₦'000	₦'000	₦'000	₦'000
Revenue	66,109,481	51,567,661	-	-
Cost of sales	(23,804,575)	(35,978,790)	-	-
Gross profit	42,304,906	15,588,871	-	-
Other income	82,016	5,074,037	256,033	1,608,726
General and Admin Expenses	(13,121,294)	(8,640,172)	(644,503)	(712,922)
Operating profit	29,265,628	12,022,736	(388,470)	895,804
Finance income	1,953,258	1,663,427	1,460,043	1,555,109
Finance costs	(3,453,389)	(3,281,761)	-	-
Net Finance (cost)/Income	(1,500,131)	(1,618,334)	1,460,043	1,555,109
Share of profit of an associate	5,497,494	9,775,862	-	-
Profit before taxation	33,262,991	20,180,264	1,071,573	2,450,913
Tax credit / (expense)	(18,122,560)	9,222,753	(272,194)	(308,760)
Profit after taxation	15,140,431	29,403,017	799,379	2,142,153
Profit/(Loss) attributable to:				
Equity holders of the parent	14,339,039	29,464,030	799,379	2,142,153
Non-controlling interest	801,392	(61,013)	-	-
	15,140,431	29,403,017	799,379	2,142,153
Other comprehensive income:				
<i>Other comprehensive income item that may be reclassified to profit or loss in subsequent years (net of tax):</i>				
Foreign currency translation difference	14,974,041	12,739,690	1,093,345	2,248,700
<i>Other comprehensive income item that will not be reclassified to profit or loss in subsequent years (net of tax):</i>				
Share of other comprehensive income of associate accounted for using the equity method	10,371,743	9,104,823	-	-
Net gain / (loss) on equity instruments at fair value through other comprehensive income	(328,368)	1,175,906	(328,368)	1,175,906
Other comprehensive income for the year, net of tax	25,017,416	23,020,419	764,977	3,424,606
Total comprehensive income for the year	40,157,847	52,423,436	1,564,356	5,566,759
Total comprehensive income attributable to:				
Equity holders of the parent	39,678,117	52,280,009	1,564,356	5,566,759
Non-controlling interest	479,730	143,427	-	-
Basic earnings per share	₦69.69	₦135.35	₦3.68	₦9.86

**CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 31
 DECEMBER 2022**

	THE GROUP		THE COMPANY	
	31-Dec-22 N'000	31-Dec-21 N'000	31-Dec-22 N'000	31-Dec-21 N'000
Profit before taxation	33,262,991	20,180,264	1,071,573	2,450,913
Adjustments:				
Interest expense	3,453,389	3,281,761	-	-
Interest income	(1,953,258)	(1,663,427)	(1,460,043)	(1,555,109)
Dividend received	(53,064)	(48,625)	(53,064)	(48,625)
Exchange gain	1,070,661	(3,176,208)	(200,976)	(27,206)
Share of profit from associate	(5,497,494)	(9,775,862)	-	-
Loss on Financial Asset at FV through PorL	900,965	-	-	-
Depreciation of property, plant and equipment	11,564,379	19,048,616	-	1,784
Amortisation of intangible assets	357,984	276,817	-	15,959
Allowance for expected credit loss/Impairment allowance	11,842	28,200	-	-
Provision no longer required	-	(1,839,412)	-	-
Gain on disposal of property, plant and equipment	(4,280)	(7,723)	-	-
Stock adjustment	(3,271,782)	(1,010,910)	-	-
Asset write-off	1,277,470	47,081	1,106,573	-
Settlement gain on employee liabilities	-	-	-	-
Operating cash flows before movement in working capital	41,119,803	25,340,572	464,063	837,716
Movement in working capital:				
Decrease/(Increase) in trade and other receivables	(14,008,303)	3,497,166	2,726,405	(2,272,700)
Decrease/(Increase) in prepayments	105,695	86,797	(6,071)	13,117
(Decrease)/Increase in inventory	(1,145,028)	(522,777)	-	-
Increase in trade and other payables	9,069,157	6,655,473	1,264,043	2,335,248
Cash generated by operating activities	35,141,324	35,057,231	4,448,440	913,381
Employee benefits paid	-	-	-	-
Tax paid (note 24)	(2,633,125)	(415,661)	(326,441)	(112,818)
Net cash flows from operating activities	32,508,199	34,641,570	4,121,999	800,563
Investing activities				
Interest received	1,953,258	1,663,427	1,460,043	1,555,109
Dividend received	53,064	1,579,481	53,064	48,625
Purchase of property, plant and equipment	(10,064,567)	(18,966,875)	(499,236)	(1,469,831)
Purchase of intangible assets	-	-	-	-
Proceeds from disposal of assets	4,280	7,723	-	-
Purchase of investment	(358,858)	-	(281,562)	-
Purchase/Sale from disposal of financial assets	(1,253,027)	411,976	-	-
Net cash (used in) / from investing activities	(9,665,850)	(15,304,268)	732,309	133,903
Financing activities				
Dividend paid	(4,344,844)	(1,520,696)	(4,344,844)	(1,520,696)
Interest paid	(3,362,059)	(2,435,457)	-	-
Repayment of borrowing	(6,255,030)	(12,065,916)	-	-
Additional borrowing	37,678,200	4,129,900	-	-
Net cash flows used in financing activities	23,716,267	(11,892,169)	(4,344,844)	(1,520,696)
Decrease in cash and cash equivalents	46,558,616	7,445,133	509,464	(586,230)
Cash and cash equivalents - Beginning of year	12,808,210	5,107,783	2,484,561	3,070,791
Exchange rate effects on cash and cash equivalents	1,342,206	255,294	-	-
Cash and cash equivalents - End of year	60,709,032	12,808,210	2,994,025	2,484,561

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	THE GROUP		THE COMPANY	
	31-Dec-22 N'000	31-Dec-21 N'000	31-Dec-22 N'000	31-Dec-21 N'000
Assets				
Non-current assets				
Property, plant, and equipment	223,695,294	195,808,634	3,928,799	4,176,704
Intangible assets	467,553	779,671	-	-
Deferred tax assets	12,759,803	25,416,645	-	-
Financial assets	2,204,353	2,180,659	1,852,291	2,180,659
Investment in associate	132,532,480	116,663,243	7,810,062	7,810,062
Investment in subsidiaries	-	-	15,734,227	15,452,665
Total non-current assets	371,659,483	340,848,852	29,325,379	29,620,090
Current assets				
Inventories	9,370,788	4,953,978	-	-
Trade and other receivables	31,542,918	18,617,118	23,347,880	25,873,309
Prepayments	99,316	205,011	34,501	28,430
Cash and Cash equivalents	60,709,032	12,808,210	2,994,025	2,484,561
Total current assets	101,722,054	36,584,317	26,376,406	28,386,300
Total assets	473,381,537	377,433,169	55,701,785	58,006,390
Equity and liabilities				
Shareholders' equity				
Share capital	2,172,422	2,172,422	2,172,422	2,172,422
Share premium	22,819,670	22,819,670	22,819,670	22,819,670
Translation reserve	129,499,711	103,743,694	8,794,966	7,701,621
Fair value reserve of financial assets at FVOCI	266,922	595,290	266,922	595,290
Retained earnings	170,402,941	160,420,021	17,806,357	21,351,822
Non-controlling interests	1,603,967	1,483,095	-	-
Total shareholders' equity	326,765,633	291,234,192	51,860,337	54,640,825
Non-current liabilities				
Borrowings	36,022,680	13,544,304	-	-
Decommissioning liabilities	64,489,699	45,148,655	-	-
Total non-current liabilities	100,512,379	58,692,959	-	-
Current liabilities				
Trade and other payables	23,868,227	17,134,990	3,553,086	3,047,439
Taxation	4,509,948	2,705,082	288,362	318,126
Borrowings	17,725,350	7,665,946	-	-
Total current liabilities	46,103,525	27,506,018	3,841,448	3,365,565
Total liabilities	146,615,904	86,198,977	3,841,448	3,365,565
Total equity & liabilities	473,381,537	377,433,169	55,701,785	58,006,390

About Aradel Holdings Plc

Aradel Holdings Plc is the first fully, integrated energy Company in Nigeria with interests in multiple oil and gas assets, and real estate investment. The Company's business spans the upstream, midstream, and downstream, value chain of the oil and gas industry as well as the power and renewables sector. The integrated business of the Company enables it to efficiently manage resources, optimise operations and deliver value to its stakeholders. The Company boasts of 4 prolific assets which underpin its operations in exploration, production, and refining. The Company recognises the evolution in the global energy landscape and is actively participating in the energy transition agenda in Nigeria.

The Company was incorporated on March 25, 1992, originally as the Midas Drilling Fund, and changed its name to Niger Delta Exploration and Production Plc in November 1996. It assumed its current name in May 2023.

Forward looking statements

Certain statements in this document may constitute forward-looking information or forward-looking statements under applicable Nigerian securities law (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.