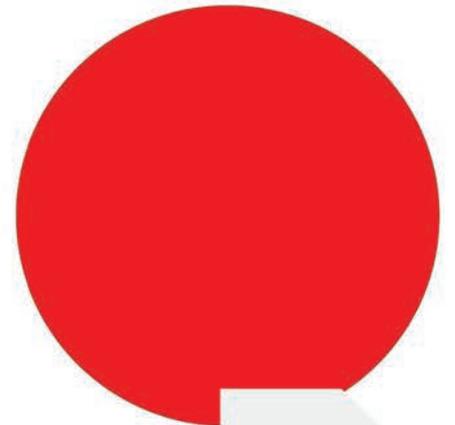


SUSTAINING MOMENTUM



2024

ANNUAL REPORT & ACCOUNTS

COMPANY OVERVIEW

ABOUT US

Aradel Holdings Plc (formerly known as Niger Delta Exploration & Production Plc) or (“The Company” or “The Group”) is a prominent integrated indigenous energy company in Nigeria established in 1992 as Midas Drilling Fund, changed its name to Niger Delta Exploration & Production Plc (NDEP) in 1996 and assumed its current name in 2023. Aradel Holdings was established to provide all Nigerians with access to the oil and gas sector, founded with the vision of creating a truly indigenous public oil company.

Aradel Holdings acquired beneficial interests in the Ogbele Marginal Field (“Ogbele”) within Oil Mining Lease (“OML”) 54, marking a significant milestone as the pioneer of the first negotiated Marginal Field Farm-out Agreement. Building on this foundation, Aradel Holdings has evolved into a fully integrated energy group with diverse interests across multiple oil and gas assets, and its business spans across exploration, production, refining, and distribution of oil and gas products.

Aradel Holdings Plc, through its upstream subsidiary, Aradel Energy (formerly Niger Delta Petroleum Resources “NDPR”), has made significant investments in infrastructure to unlock the full potential of the Ogbele asset. To support this objective, Aradel Energy developed the Ogbele Gas Processing Plant, enabling the Company to harness and commercialise its gas resources from Ogbele Field while contributing to domestic gas supply. Demonstrating its commitment to environmental sustainability, The Group has successfully eliminated routine gas flaring at its Ogbele Facility since 2012, when its 100mmscf/d Gas Processing Plant was commissioned.

Through its 11,000bbl/d Refinery, Aradel Holdings has expanded domestic refining capacity to meet local demand for refined products. The refinery currently supplies Automotive Gas Oil (AGO), Marine Diesel Oil (MDO), Heavy Fuel Oil (HFO), Dual Purpose Kerosene (DPK) and Naphtha, with plans to introduce Liquefied Petroleum Gas (LPG) and Premium Motor Spirit (PMS) in the near future. The Group upholds a strong Community Relations policy, recognising its host communities as valued partners in its core operations. The Company has achieved over 19 years of uninterrupted production while maintaining an excellent Health, Safety, and Environment (HSE) Record.

On October 14, 2024, Aradel Holdings Plc crossed a significant milestone by becoming a publicly traded company on the Nigerian Exchange Limited (NGX) through a Listing by Introduction. This listing enabled Aradel Holdings to begin to broaden its investor base while enhancing its reputation as a profitable and well-managed indigenous energy company.

Aradel Holdings Plc is poised to lead Nigeria’s energy transition by investing in cleaner energy solutions, including natural gas, renewable energy, and carbon reduction initiatives. With a strong foundation built on decades of operational excellence, Aradel continues to prioritize innovation, environmental stewardship, and sustainable development.

Today, Aradel stands as a testament to the potential of indigenous companies to drive economic growth and energy security in Nigeria. Its journey from Midas Drilling Fund to NDEP, and now to Aradel, is a story of resilience, vision, and unwavering commitment to excellence.

Aradel Holdings Plc is a public Company, with over a thousand shareholders and has consistently paid dividends for 18 years.

COMPANY OVERVIEW CONT'D.

OUR ASSETS

OML 54 (Ogbele Field)

Overview

Located in Rivers State, Ogbele is Aradel Holdings' flagship upstream asset. The Company acquired the Ogbele Marginal Field, situated within the old OML 54, in 2000 from the NNPC/ Chevron JV. It was the first ever Marginal Oil Field Farm-Out Agreement to be negotiated in Nigeria, between a multinational/ NNPC JV and a Nigerian Independent Company. The Ogbele field is the only non-JV gas supplier to the Bonny Nigerian Liquefied Natural Gas (NLNG).

In addition to the Discovery Well, 15 producing oil and gas wells have been drilled within the Ogbele Field, with more planned for the immediate future.

Production

Oil production commenced in November 2005 and since then, the field has developed into a fully integrated oil and gas producing asset, comprising a crude oil processing facility with a 20,000bbl/d capacity flow station, a 100mmscf/d capacity gas processing plant and a modular refinery, whose increased expansion to 11,000bbl/d from 6,000bbl/d has been certified.

Figure 1: OML 54 Production:

Product	2024	2023	Change%
Crude Oil (kbbbls/d)	12.9	9.7	33.0
Gas (mmscf/d)	32.3	26.5	21.9

OML 34

Overview

In 2012, the Company, along with three other partners (Petrolin Trading Limited, First Exploration and Production Development OML 34 Limited, and Walter-Smith Exploration and Production Limited), through a special purpose vehicle (ND Western Limited), completed the acquisition of the 45% interests of the Shell/Total/ Agip JV in OML 34.

OML 34 is in the Western Niger Delta and covers an area of about 950 square kilometres. The producing fields within the assets are Utorogu, Ughelli East, and Ughelli West, with a total flow station processing capacity of 100mbp/d.

Due to its high gas reserves, OML 34 is of strategic importance for domestic gas supply. The asset also supplies gas into the West African Gas Pipeline (WAGP) to neighbouring countries of Benin, Togo and Ghana.

Production

OML 34 has three gas processing plants: two in Utorogu Field (NAG-1 and NAG-2) with 360 and 150mmscf/d capacity respectively, and the third in Ughelli East Field with 90mmscf/d capacity.

Figure 2: Equity Interest in OML 34 Production

Product	2024	2023	Change%
Crude Oil (kbbbls/d)	2.7	2.3	17.4
Gas (mmscf/d)	45.0	49.6	(9.3)

*18.8% Equity through Aradel's 41.67% holding in ND Western Limited

COMPANY OVERVIEW CONT'D.

OML 53 (Omerelu Field)

Overview

The Company acquired a 100% stake and operatorship of the Omerelu Field in 2014 from the NNPC/Chevron JV. The Omerelu Field is located in OML 53 about 42km North-West of Port Harcourt in Rivers State, Nigeria.

Production

On Friday, 31st May 2024, upon the successful re-entry of Well 2ST in the Omerelu Field, the Company attained first oil.

Figure 3: OML 53 Production

Product	2024	2023	Change%
Crude Oil (kbbbls/d)	1.4	-	-
Gas (mmscf/d)	2.5	-	-

OPL 227

Overview

OPL 227 is located 40km offshore Niger Delta and covers an area of 974 square kilometres. The field is bounded to the North by OML 109 and the Ogedeh/Akepo Marginal fields (OML 90), to the East by OPL 282, to the West by OML 79, and to the South by OML 88.

As part of its mandate to fast track the development of the asset, the Company is leading the review of prior work with a view to embarking on further exploration activities.

The License for OPL 227 was renewed for 3 years in march 2021.

Ogbele Refinery

Overview

In 2010, the Company commissioned a 1,000 bbl/d mini-refinery to primarily serve its own and other local demand for refined products. Located within the premises of the Ogbele Field, and operated through Aradel Refineries Limited (formerly, ND Refineries Limited), our refinery business has now grown to a three-train 11,000 bbl/d capacity facility that produces Automotive Gas Oil, Dual Purpose Kerosene, Marine Diesel Oil, Heavy Fuel Oil and Naphta. The Refinery continues to play a major role in shaping the diversification strategy of the Group.

Table 1: Ogbele Refinery Production

Product(mmltr)	2024	2023	Change%
Automotive Gas Oil (AGO)	50.93	52.02	-2.10
heavy Fuel Oil (HFO)	47.99	25.24	90.13
Naphta	97.55	103.38	-5.64
Dual Purpose Kerosene (DPK)	58.91	74.29	-20.70
Marine Diesel Oil (MDO)	9.48	12.80	-25.94
	264.86	267.73	-1.07

Renaissance Africa Energy Holdings

On March 13, 2025, the Company, through Renaissance Africa Energy Holdings (Renaissance), completed the acquisition of the entire (100%) equity holding in the Shell Petroleum Development Company of Nigeria (SPDC).

Renaissance is a consortium consisting of Aradel Holdings Plc and three other Nigerian independent oil and gas companies: ND Western Limited, FIRST Exploration and Petroleum Development Company Limited and the Waltersmith Group, each with considerable operations experience in the Niger Delta, and Petrolin, an international energy company with global trading experience and a pan African outlook.

Aradel's equity stake in Renaissance is 33.3% (12.5% direct stake and 20.8% through ND Western).

FINANCIAL PERFORMANCE HIGHLIGHTS

	2024		2023	
	₦ 'million	\$'million	₦ 'million	\$'million
Revenue	581,151.38	392.75	221,142.38	342.34
Gross Profit	356,518.82	240.95	142,332.04	208.68
Operating Profit	291,402.99	196.95	114,056.34	138.62
Operating Profit Margin	50.14%	50.14%	51.58%	40.49%
EBITDA	372,040.22	251.44	129,342.61	179.35
EBITDA Margin	64.02%	64.02%	58.49%	52.39%
Operating Cashflow	311,884.84	222.36	139,000.34	206.65
Profit Before Tax	316,772.49	214.09	112,163.65	134.08
Profit After Tax	259,072.45	175.10	53,737.70	69.12
Capital Expenditure	136,770.50	87.51	48,861.49	51.61
Free Cashflow	175,114.34	134.86	90,138.85	155.04
Earnings per Share	₦59.35	\$0.04	₦12.14	\$0.02
Total Assets	1,749,835.62	1,139.72	923,434.56	1,026.75
Total Equity	1,404,109.96	913.98	704,644.58	782.96

OPERATIONAL PERFORMANCE HIGHLIGHTS

	2024	2023
Average Annual Crude Oil Production (bopd)	13,751	9,737
Average Annual Gas Production (mmscf/d)	32.4	26.5
Average Annual Refinery Production (million litres)	264.9	267.8

CORPORATE GOVERNANCE REPORT

1. Introduction

At Aradel Holdings Plc, we uphold the highest standards of corporate governance, recognising its crucial role in promoting transparency, accountability, integrity, performance, and leadership to enhance best practices. We are dedicated to adhering to the Code of Corporate Governance for Public Companies in Nigeria and ensure full disclosure and transparency to all stakeholders.

This report summarises Aradel Holdings Plc' compliance with corporate governance rules.

2. Board Evaluation

2.1. Background

The Nigerian Code of Corporate Governance (NCCG) 2018 requires the Board of Directors of companies to carry out formal and rigorous annual evaluation of the Board, its Committees, the Chairman and individual Director's performance as well as an annual corporate governance evaluation to ascertain the extent of application of the codes of corporate governance. The NCCG further provides that evaluation should be facilitated at least once in three years by an independent external consultant.

2.2. 2024 Board Evaluation and Governance Appraisal Exercise

In line with the NCCG requirement and on the recommendation of the Board Governance, Remuneration & Nomination (GRN) Committee, the Board of Directors at the fourth quarter 2023 meeting held on 31st January 2024, approved the engagement of KPMG Advisory Services (KPMG) to carry out the Board Evaluation and Governance Appraisal of the Company for the period spanning 1 January to 31 December 2024. The exercise was concluded and a report submitted to the Board at its 2nd quarter meeting held on 30th July 2024. Major findings in the report relating to restructuring of the Board, particularly with respect to increase in number of independent Non-Executive Directors, gender, age and geographical diversity of the Board members, tenure of Directors on the Board and putting in place some identified corporate governance policies have been substantially implemented.

3. Board Composition

3.1. Overview

In accordance with the principles of the NCCG, the Board consists of an Independent Non-Executive Director, Non-Executive Directors and Executive Directors. Collectively, they bring diverse expertise ranging from the oil and gas sector to financial matters, etc. As high-standing individuals, they maintain the independence required to make objective decisions that serves the best interest of the Company without being swayed by personal considerations. They contribute immensely to the growth, development, and decision-making process of the Company. The Directors' extensive experience is evident in their proven track record of managing successful and transparent businesses.

In accordance with the provisions of the NCCG, the Board currently has a female Independent Non-Executive Director in the person of Patricia Simon-Hart, and a female Non-Executive Director in person of Kerin Jayne Gunter reinforcing its commitment to gender and cultural diversity as well as its independence. More female directors will be appointed into the Board in line with the Company's Board Succession Policy approved during the year under review.

3.2. Board Characteristics

Aradel Holdings Plc is led by an effective Board that provides entrepreneurial and strategic leadership as well as promote a culture of ethics, proper governance and responsible corporate citizenship. As a link between stakeholders and the Company, the Board is charged with

exercising oversight and control to ensure that management acts in the best interest of the shareholders and other stakeholders while sustaining the prosperity of the Company.

3.3. Roles and Responsibilities of the Board

(a) Primary Responsibilities of the Board

The Board of Directors of Aradel Holdings Plc is primarily concerned with strategic development and monitoring of the performance of Executive Management in achieving the Company's annual targets and objectives, as summarised below:

- provide the general direction of the Company and establish the overall policy guidelines for the achievement of the Company's vision with respect to finance, personnel and assets
- consider and approve long and short-term strategies for the business of the Company as presented by Executive Management and monitor the implementation of same by Executive Management.
- consider and approve the annual budget of the Company as presented by Executive Management
- assist and co-operate with Executive Management as necessary to achieve all corporate objectives
- render reports to the shareholders through the Annual General Meetings and any Extraordinary General Meetings that may be held, and ensure the integrity of annual reports & accounts, as well as all material information provided to regulators and other stakeholders
- determine matters specifically reserved for the Board to decide on, and matters delegated to Board Committees and Executive Management

(b) Responsibilities Relating to Executive Management

- take responsibility for the appointment and removal of members of Executive Management
- set corporate goals and targets for the Executive Management team and evaluate their performance in meeting the set goals and targets
- establish and implement a succession plan, appointment process training mechanism and remuneration structure for Executive Management

(c) Responsibilities Relating to the Company Secretary

- appointment of the Company Secretary through a rigorous selection process similar to that of new Directors
- removal of the Company Secretary, subject to the provisions of applicable laws
- approval of the performance evaluation of the Company Secretary with respect to functional responsibilities and overall performance

3.4. Business Code of Conduct and Conflict of Interest

The Board has an approved Charter that sets out the Directors' responsibilities with regard to conduct and conflicts of interest. Additionally, all stakeholders which comprise directors, senior management, agents, vendors, contractors and employees are mandated to reconfirm their compliance the business code of conduct and disclose any likely conflict of interest at the beginning of the year and as the need arises.

The Company's Code of Conduct requires the directors, management team, agents, vendors, contractors and employees to exhibit honesty, loyalty, integrity and professionalism in their dealings by observing the following principles:

- i. avoidance of situations which may give rise to conflict of interests and disclosure where it already exists
- ii. avoidance of circumstances where any benefits may be gained at the expense of the shareholders, or which otherwise competes or may be perceived as in any way conflicting with the best interests of the Company or its business

CORPORATE GOVERNANCE REPORT CONT'D.

- iii. provision of written confirmation that they understand the Company's policies and are willing to adhere to them
- iv. compliance with all applicable laws, policies and regulations
- v. proper use of the Company's assets for legitimate business purposes and not in any way to enrich themselves at the expense of the Company
- vi. maintain the confidentiality of both the Company's business and the information of its shareholders

In addition to the steps taken to avoid conflicts of interest, each Director is required to declare his/her interest in dealings with the Company and other companies where he/she is a board member in accordance with the provisions of the NCCG.

3.5. Diversity Targets

On diversity targets, the Board is working assiduously to ensure an environment that enables cultural, gender, age, and ethnic diversity. Furthermore, on gender equality, the Company is working to make the Board of Directors more gender-balanced by increasing the number of women performing senior roles as well as creating programmes that prepare women to assume senior roles within the organisation.

3.6. Appointment Process for Directors

In accordance with the Board Charter, the Board approves the criteria for appointing Directors. The criteria takes into consideration integrity, competence and possession of requisite skills, knowledge of the business, and experience. A formal due diligence exercise is carried out on any proposed Director by the Governance, Remuneration and Nomination Committee via an external consultant before recommendation is made to the Board for consideration.

3.7. Training Process

The Board of Directors have a significant role to play in achieving the Company's key business objectives. Consequently, continuous training and further development are of great importance to ensure that the members remain knowledgeable in developments concerning the Company's core business and the business environment in general. The Board ensures that members strictly comply with the Company's Training Policy for Directors as may be amended from time to time.

In addition, the Company through the Secretariat, carries out induction/training for newly appointed Directors. Prior to the commencement of the induction, Aradel Holdings Plc' company information is provided to the Directors. The induction is typically held within three months of a Director's appointment. The induction familiarizes the Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business operations of the Company through various programmes, including visiting the Ogbele integrated facility and any other areas of operation of the Company as the Board in conjunction with Management may approve.

3.8. Members of the Board as of 31 December 2024

1. Ladi Jadesimi - Chairman
2. Adegbite Falade - Chief Executive Officer/Managing Director
3. Adegbola Adesina - Chief Financial Officer/Finance Director
4. Ede Osayande - Non-Executive Director
5. Osten Olorunsola - Non-Executive Director
6. Thierry Georger - Non-Executive Director (Resigned on 31/12/24)
7. Afolabi Oladele - Non-Executive Director
8. Gbenga Adetoro - Non-Executive Director
9. Patricia Simon-Hart - Independent Non-Executive Director
10. Kerin Jayne Gunter - Non-Executive Director (Appointed 2/1/2025)

The cumulative years of service of each Director is provided below:

No.	Name of Director	Cumulative Years of Service
1	Ladi Jadesimi	14 Years
2	Adegbite Falade	4 Years
3	Adegbola Adesina	4 Years
4	Ede Osayande	11 Years
5	Osten Olorunsola	11 Years
6	Afolabi Oladele	9 Years
7	Gbenga Adetoro	6 Years
8	Patricia Simon-Hart	2 Years
9	Kerin Jayne Gunter	Less than 1 Year

The cumulative years of service of the external auditors is four years.

The Directors presenting themselves for re-election at the 2024 Annual General Meeting are Ladi Jadesimi, Ede Osayande and Patricia Simon-Hart who are retiring by rotation.

3.9. Directors Remuneration

The Non-Executive Directors were paid directors' fees and sitting allowances for the year ended 31 December 2024.

Item	Chairman	Other Directors
Directors' Fees	US\$55,000/annum	US\$32,400/annum
Sitting Allowance	US\$2,100/meeting	US\$1,100/meeting

At the meeting of the Board of Directors held on 30th October 2024 the Board approved the upward adjustment of the Non-Executive Directors remuneration based on an industry survey conducted by KPMG Advisory Services. The updated remuneration will be presented to the shareholders for approval at the next annual general meeting.

4. Board Committees

The Board consists of four Committees, namely:

- i. Board Audit & Finance Committee (BAFC)
- ii. Governance Remuneration & Nomination Committee (GRNC)
- iii. Corporate Responsibility & Risk Management Committee (CRRMC)
- iv. Corporate Strategy Committee (CSC)

The Board Committees have Board-approved Charters which set out their responsibilities and terms of reference. All the Charters were reviewed during the year in line with the NCCG.

As part of the risk mitigation strategy of the Company, the Board set up a Joint Board Committee (JBC) comprising members of the Corporate Strategy Committee, Board Audit & Finance Committee and Corporate Responsibility & Risk Management Committee. The JBC was saddled with the responsibility of reviewing business proposals that will require investment decisions and thereafter make recommendations to the Board for consideration.

CORPORATE GOVERNANCE REPORT CONT'D.

4.1. Committee Membership for the Year ended 31 December 2024

In accordance with the NCCG, the Chairman is not a member of any of the Board Committees. The membership of the respective Board Committees is shown in the table below:

Name	Board Committees				
	Statutory Audit (SAC)	Corporate Strategy (CSC)	Finance & Audit (FAC)	Governance, Remuneration & Nomination (GRNC)	Corporate Responsibility & Risk Management (CRRMC)
Adebite Falade		√			√
Adegbola Adesina					
Ede Osayande	√		√	√	
Thierry Georger			√		√
Osten Olorunsola		√		√	√
Afolabi Oladele	√	√		√	
Gbenga Adetoro			√		√
Patricia Simon-Hart		√		√	

4.2. Attendance at Meetings for the Year Ended 31 December 2024

The Directors diligently attended the Board and Committees Meetings during the year under review and below is a table showing their respective attendance:

Name	Board	SAC	CSC	BAFC	GRNC	CRRMC	JBC
Adebite Falade	9/9		3/4			4/4	1/2
Adegbola Adesina	9/9						
Ladi Jadesinmi	9/9						
Ede Osayande	8/9	4/5		4/4	6/6		2/2
Thierry Georger	9/9			4/4		4/4	2/2
Osten Olorunsola	9/9		4/4		6/6	4/4	2/2
Afolabi Oladele	9/9	5/5	4/4		6/6		2/2
Gbenga Adetoro	8/9			4/4		3/4	2/2
Patricia Simon-Hart	9/9		4/4		6/6		2/2

4.3. Attendance of Shareholder Representatives at the Statutory Audit Committee Meetings for the Year ended 31 December 2024

The Shareholder Representatives on the Statutory Audit Committee were extremely diligent in their attendance at meetings in the year under reference. The attendance of the Shareholder Representatives at Statutory Audit Committee meetings is shown in the table below:

Name	Femi Akinsanya	Eddie Efekoha	Gbola Akinola
Attendance	5/5	5/5	5/5

4.4. Notes

- Nine meetings of the Board of Directors were held in the 2024 financial year.
- Six meetings of the Board Governance, Remuneration and Nomination Committee were held during the year.
- Four meetings of the Board Audit & Finance Committee were held in 2024.
- Four meetings of the Board Corporate Responsibility & Risk Management Committee were held in the 2024 financial year.
- Four meetings of the Board Corporate Strategy Committee were held during the period.
- Five meetings of the Statutory Audit Committee were held in 2024 financial year.
- Two Joint Board Committee working session held in 2024.

CORPORATE GOVERNANCE REPORT CONT'D.

4.4. Board Focus Areas 2024

During the year under review the Board focused on the following activities during the quarterly and ad hoc meetings

- Review of Health, Safety, Environment and Security
- Assessment of operational and financial performance
- Assessment of Alternative Crude Evacuation Operations performance
- Turnkey Drilling Project and Lite Workover drilling campaign at Ogbele and Omerelu Re-entry
- Review of ongoing Digital Transformation Project from SAP to S/4 Hana
- Conversion of Ogbele, Omerelu and OML 34 Licenses to PMLs and PPL in line with PIA requirements and extension of OPL 227 License for 3 years
- Acquisition of interest in Olo and Olo West fields
- Stakeholders engagement - post-receipt of Ministerial consent for acquisition of SPDC's interest by Renaissance
- Human Capital Development and establishment of Graduate Trainees Program
- Review of 2024 Corporate Scorecard
- Evaluation of risks associated with the operations of the Company's business.
- Review of Internal processes, corporate governance and regulatory compliance matters
- Listing of the Company on the main board of the Nigerian Stock Exchange.
- Conducted 2023 Board Appraisal and Governance Evaluation
- Reviewed all the Company's Policies, Board and Committee Charters and putting in place some corporate governance policies.

4.5. Board Focus Areas 2025

The Board's focus for 2025 is, amongst others

- Oversight functions on the Company's strategies, risks, finance, governance and compliance, to ensure the Company continues on the current growth trajectory.
- Asset development and optimisation – Turnkey Drilling Campaign Phase 2, Ogbele Lite Workover campaign, Olo field Re-entry, Omerelu and Olo West and Omerelu Exploratory and Appraisal Drilling Campaign (AEDC)
- Oversight of Transition Programme following regulatory approval of Renaissance Africa Energy Limited's acquisition of equity interest Shell Petroleum Development Company (SPDC).
- Complete the implementation of the Board succession of the Company's Directors in line with the NCCG, Companies and Allied Matters Act 2020 (as amended) and NGX Rules

5. Governance, Remuneration And Nomination Committee

5.1. Introduction of the Chairman of the Committee

The GRN Committee is currently chaired by Mr Afolabi Oladele, an accounting practitioner with over 47 years of experience in the oil and gas industry, as well as private equity practice. Mr Oladele was unanimously appointed Chairman of the Committee at the meeting held on 12 May 2020. The Company has witnessed significant improvements on corporate governance and compliance matters under his Chairmanship.

5.2. Committee's Roles and Responsibilities

This Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to ensuring compliance with the appropriate corporate governance measures provided by the NCCG; reviewing the Company's corporate governance policies & practices; assessment and response to appropriate risks in connection with the governance structure and processes; assisting the Board in defining and assessing the qualifications for Board of Directors membership and outsourcing the recruitment of such individuals. The Committee also reviews and makes recommendations to the Board on remuneration strategies for the Group including the Board, senior management, and staff.

5.3. Members of the Governance, Remuneration and Nomination Committee as of 31 December 2024

Afolabi Oladele	-	Chairman
Ede Osayande	-	Member
Osten Olorunsola	-	Member
Patricia Simon-Hart	-	Member

6. Board Audit & Finance Committee

6.1. Introduction of the Chairman of the Committee

THE BAFC is chaired by Ede Osayande a fellow of the Institute of Chartered Accountants of Nigeria with over 33 years of successful experience in consulting, strategy, fiscal, risk assets management, investment banking, advisory and operational leadership in Banking & Finance. Since the inauguration of the Committee by the Board on 26 June 2018, the Committee has provided effective leadership and oversight over the Company's internal processes and financial management.

6.2. Committee Role and Responsibilities

The Committee acts on behalf of the Board on matters relating to financial management. It reviews the budget, financial reports and audited accounts and is responsible for providing useful advice and recommendations to the Board for the benefit of the Company's management team as and when required. The Committee also keeps under review, internal financial controls, compliance with laws and regulations, processes for the safeguarding of Company assets and the adequacy of the internal audit unit plans and audit reports.

6.3. Members of the Board Audit & Finance Committee as of 31 December 2024

Ede Osayande	-	Chairman
Thierry Georger	-	Member (Resigned on 31st December 2024)
Gbenga Adetoro	-	Member

7. Corporate Strategy Committee

7.1. Introduction of the Chairman of the Committee

The Committee is headed by Osten Olorunsola, an oil and gas practitioner with over four decades of experience-based knowledge, skills, and expertise in petroleum resource management, notably in policy formulation, implementation, crafting legislation, regulation of opportunity realisation, field development, and commercial operations. Since he became the Chairman of the Committee on 21 October 2019, the Committee has made significance contributions to the overall corporate strategies of the Company.

7.2. Committee Role and Responsibilities

This Committee was specifically set up by the Board and its major role is to research and advise the Board on the long-term productivity and/or development strategies, significant asset investment decisions, determining financial and operational priorities and significant technical decisions of the Company. The Committee also assists the Board in performing its guidance and oversight functions efficiently and effectively.

7.3. Members of the Corporate Strategy Committee as of 31 December 2024

Osten Olorunsola	-	Chairman
Afolabi Oladele	-	Member
Adebite Falade	-	Member
Patricia Simon-Hart	-	Member

CORPORATE GOVERNANCE REPORT CONT'D.

8. Corporate Responsibility and Risk Management Committee

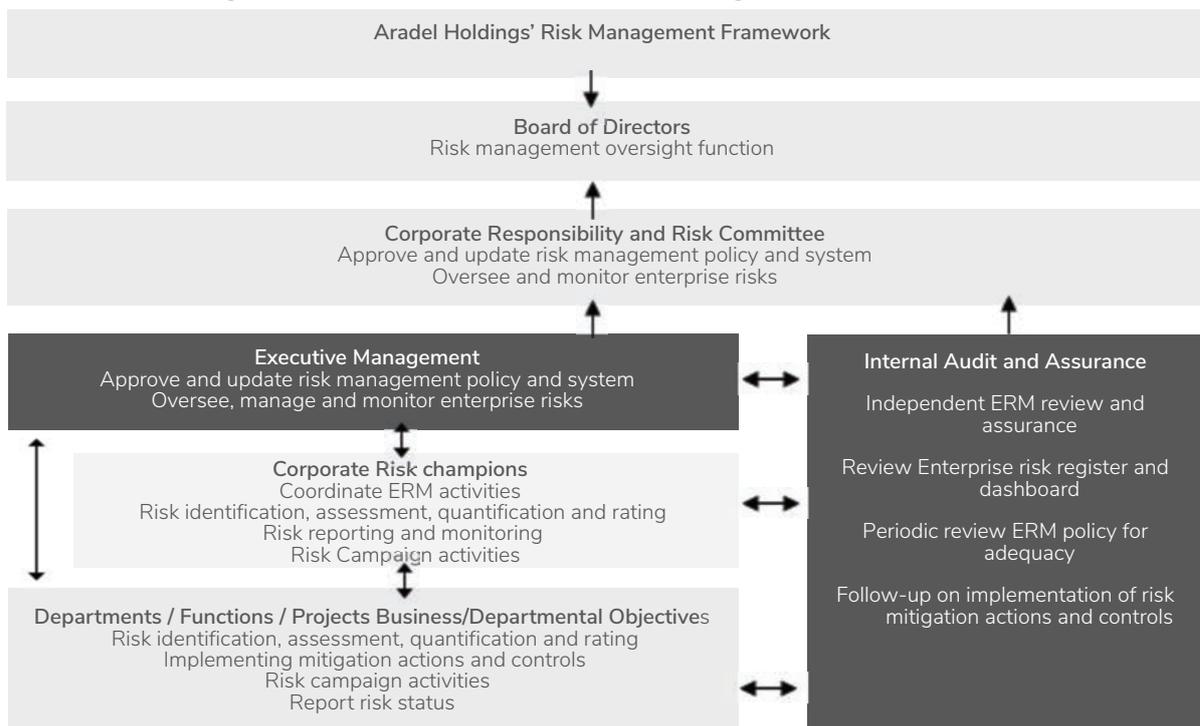
8.1. Introduction from the Chairman of the Committee

The Committee was constituted by the Board on 26 June 2018 in line with the requirement of the NCCG. Augustine Olorunsola was appointed as Chairman at the Committee's meeting held on 17 July 2019. Under the leadership of Olorunsola, the Committee has effectively managed the risks associated with the Company's operations as evidenced in its operational and financial performance.

8.2. Committee Role and Responsibilities

The Corporate Responsibility & Risk Management Committee has a risk management oversight function and concerns itself with the proactive identification, assessment and management of risks and compliance. It is also tasked with providing periodic review of the risk management framework and policies that guide the operations of the Company.

Figure 16: The table below summarises our Risk Management Framework:



8.3. Members of the Corporate Responsibility and Risk Management Committee as of 31 December 2024

Osten Olorunsola	-	Chairman
Adegbite Falade	-	Member
Thierry Georger	-	Member (Resigned on 31st December 2024)
Gbenga Adetoro	-	Member

9. Statutory Audit Committee

9.1. Introduction from the Chairman of the Committee

The Statutory Audit Committee is chaired by Olufemi Akinsanya, a representative of the Company's Shareholders. Akinsanya is a first-degree Economics graduate of the University of Lagos and a Master of Business Administration (MBA) degree holder from Ahmadu Bello University, Zaria, where he graduated at the top of his class in 1979. He is a Chartered Accountant with over 39 years of work experience. He was appointed Chairman of the Committee on 18 January 2018 in line with the guidelines of the Federal Reporting Council of Nigeria and the Company has witness tremendous growth under his leadership.

9.2. Committee Role and Responsibilities

The Statutory Audit Committee was established pursuant to the provision of the Companies and Allied Matters Act 2020 and Part C of the NCCG. It is responsible for ensuring the accounting and reporting policies and processes of the Company align with legal and ethical requirements as well as the exercise of oversight functions with respect to audit matters and making recommendations to the Board. The Committee also reviews

the effectiveness of the Company's system of accounting and internal control.

It comprises knowledgeable and committed members (shareholder representatives and Board representatives) who have shown integrity and a thorough understanding of standard practice.

9.3. Members of the Statutory Audit Committee as of December 2024

Femi Akinsanya	Shareholder Representative (Chairman)
Eddie Efekoha	Shareholder Representative
Gbola Akinola, SAN	Shareholder Representative
Afolabi Oladele	Board Representative
Ede Osayande	Board Representative

10. Communication to Shareholders and Protection of Minority Rights

The Company recognises the significance of ensuring and maintaining accountability and transparency to its shareholders. All general meetings are convened by the Board and conducted in accordance with the provisions of the CAMA. The Board also ensures that adequate and timely information is provided via the Company's website, The NGX portal and through the Company's Registrars.

During our Annual General Meetings, we encourage shareholders to engage members of our Board and Executive Management on the Company's business activities, financial performance, and other related matters.

CORPORATE GOVERNANCE REPORT CONT'D.

11. Human Resource Policy and Internal Management Structure

The Company has formal systems for the management of people with respect to employee compensation, benefits, work ethics and defining work structure. In 2024 the Company reviewed employees' compensation to mitigate inflationary effect resulting from the prevailing economic realities.

Our policies demonstrate our passion to improving diversity, work ethics, health and safety, training and development to align with international standards, in addition to remaining industry leaders. They also reflect our commitment in relation to regulation and corporate governance of our employees.

Our human resource strategy is focused on assuring an organisation that attracts and retains the right quality of people towards achieving the operational and corporate governance requirement needed for sustained business success.

At Aradel Holdings, our people are our greatest asset, and we ensure their proper maintenance by putting structures in place to keep them on.

12. Clawback Cases/Fines & Penalties

There were no cases of clawback. The Group was fined approximately US\$2,185,865 in respect of a technical gas flare in the year 2024. The Company will continue to comply with all applicable laws and regulations to avoid fines and penalties.

13. Related Party Relations and Transaction

The disclosure on the nature of any related party relationships as well as information about the transactions, outstanding balances, and commitments necessary for an understanding of the potential effect of the relationship on the financial statements is provided in the notes under the financial report.

14. Quality Control

The Company continuously ensures that it maintains high level of quality and standards in all its business dealings within the organisation and adherence to required processes.

Dated this 26th day of March 2025

By Order of the Board



Titilola Omisore
Company Secretary
FRC/2013/NBA/00000003574

Whistleblowing Report

Aradel Holdings and its subsidiaries are committed to upholding the highest standards of honesty, integrity, and accountability.

The Board of Directors approved a Whistleblowing Policy as part of extending sound corporate governance practices. This is also a key element in fraud risk management. The Whistleblowing Policy is updated as required.

An important aspect of accountability and transparency is a mechanism to enable employees as well as other stakeholders of the Company to voice concerns in a responsible and effective manner. The Board of Directors at Aradel Holdings approved the engagement of KPMG Advisory Services (KPMG) to provide an external reporting channel through which employees and external stakeholders of the Company can voice concerns to ensure transparency and confidentiality, and where found to be credible, KPMG will participate in the investigation of such reports.

Aradel Holdings encourages its stakeholders to direct their complaints to the KPMG contact details below:

Hotlines: 0800-123-KPMG
0800-123-5764
0800-123-5276

Email: kpmgethicsline@ng.kpmg.com

Website: <https://apps.ng.kpmg.com/ethics>

In 2024, an anonymous whistleblower complained of bullying and tribal discrimination by a colleague. This complaint was treated in line with the company's whistleblowing management procedure with KPMG. The matter was discussed at the various board committee meetings with general steers for the MD/CEO to reiterate to all staff the company's zero-tolerance for bullying and unwavering commitment to diversity as a key component of Aradel's core values.

REPORT OF THE DIRECTORS

The Directors present their report on the affairs of Aradel Holdings Plc (The Company) and its subsidiaries (together referred to as "The Group") for the year ended 31 December 2024.

1. Principal Activities

The Group is engaged in the exploration, development and production of oil, natural gas and petroleum products.

2. State of Affairs

In the opinion of the Directors, the state of affairs of the Group is satisfactory and there has been no material change after the reporting year.

3. Results for the Year

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Revenue	581,151,376	221,142,379	-	-
Profit before taxation	316,772,492	112,163,651	166,965,434	40,835,545
Taxation	(57,700,045)	(58,425,952)	-	-
Profit after taxation	259,072,447	53,737,699	166,965,434	40,835,545

4. *Dividend

The Directors recommend a final dividend of ₦22 per share (2023: ₦8.5 per share) which amounts to ₦95,586,575,920 for the year ended 31 December 2024 (2023: ₦36,931,177,060). In 2024, an interim dividend of ₦8 per share (2023: ₦1.5) was declared and paid amounting to ₦34,758,754,880 (2023: ₦6,517,266,540). This brings the total dividend for 2024 to ₦30 per share (2023: ₦10 per share) amounting to ₦130,345,330,800 (2023: ₦43,448,443,600). All dividends are subject to deduction of withholding tax at the rate applicable at the time of payment. The final dividend will be presented for ratification to the shareholders at the next Annual General Meeting.

*On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (N0.50) each from Ten Naira (N10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (N0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (N10.00) each. The prior year dividend per share has been normalised for comparison.

5. Property, Plant and Equipment

Information relating to Property, plant and equipment is given in Note 13 to the consolidated and separate financial statements. In the opinion of the Directors, the market value of the Group and Company's Property, Plant and Equipment is not less than the value shown in the consolidated and separate financial statements.

6. Charitable Contributions

The Group made charitable contributions amounting to ₦282million (\$190,385) during the year ended 31 December 2024 (2023: ₦182million (\$248,770)). Contributions were made towards Nigerian Oil & Gas Energy Week Conference (₦60 million/\$37,606); PNC Forum (₦30 million/\$18,473); C.O.P.E (₦23.3 million/\$15,597); Acme Multitech OTC Sponsorship (₦12.9 million/\$10,000); Youth Program (₦7.5 million/\$5,353); Ex-Gratia (₦11.2 million/\$7,969) and others (₦137.5 million/\$95,387). The Company made no donations to any political party, political association or for any political purpose during the year (2023: Nil).

7. Directors

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Ladi Jadesimi	Chairman	
Adebite Falade	Managing Director / Chief Executive Officer	
Adebola Adesina	Chief Financial Officer / Finance Director	
Afolabi Oladele	Non-Executive Director	
Thierry Geoger (French)	Non-Executive Director	(Resigned on 31/12/2024)
Osten Olorunsola	Non-Executive Director	
Ede Osayande	Non-Executive Director	
Gbenga Adetoro	Non-Executive Director	
Patricia Simon-Hart	Independent Non-Executive Director	
Kerin Jayne Gunter	Non-Executive Director	(Appointed 2/1/2025)

REPORT OF THE DIRECTORS CONT'D.

8. Directors' Interests in Shares

Directors' interests in the share capital of the Company as at 31 December 2024 were as follows:

Name of Director	Number of Shares	
	2024	2023
Adegbite Falade	11,271,560	294,484
Adebola Adesina	2,795,050	6,000
Ladi Jadesimi	Nil	Nil
Ede Osayande	22,197,900	1,083,163
Afolabi Oladele	803,175	40,087
Osten Olorunsola	Nil	Nil
Gbenga Adetoro	Nil	Nil
Thierry Georger	Nil	Nil
Patricia Simon-Hart	Nil	Nil

Also, the following Directors have beneficial interests in the shares held by the corporate bodies listed against their names:

Name of director	Name Shares are Held	Number of Shares	
		2024	2023
Ladi Jadesimi	Badagry Creek Fze	229,034,760	11,016,141

9. Directors' Interests in Contracts

None of the Directors has notified the Group/Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts with which the Group/Company are involved as at 31 December 2024 (2023:Nil).

10. Shareholding Analysis

Aradel Holdings Plc - Range analysis as at 31 December 2024

Range	Number of Shareholder	% No. of Shareholders	Number of Holdings	% Holding
1-1000	3,566	43.35	984,932	0.02
1001-5000	2,151	26.15	5,154,226	0.12
5001-10000	521	6.33	3,962,392	0.09
10001-50000	798	9.70	19,867,944	0.46
50001-100000	244	2.97	17,273,063	0.40
100001-500000	427	5.19	97,772,129	2.25
500001-1000000	164	1.99	122,854,015	2.83
1000001-5000000	243	2.95	544,314,375	12.53
5000001-10000000	55	0.67	374,705,194	8.62
10000001-50000000	45	0.55	967,156,590	22.26
50000001-100000000	8	0.10	544,184,392	12.52
100000001-500000000	4	0.05	954,657,101	21.97
500000001-1000000000	1	0.01	691,958,007	15.93
TOTAL	8,227	100	4,344,844,360	100

REPORT OF THE DIRECTORS CONT'D.

On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (N0.50) each from Ten Naira (N10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (N0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (N10.00) each.

Committee Membership during the year ended 31 December 2024

Name Of Director	Statutory Audit	Corporate Strategy	Board Audit & Finance	Governance, Remuneration & Nomination	Corporate Responsibility & Risk Management
Adebite Falade	-	P	-	-	P
Adebola Adesina	-	-	-	-	-
Ede Osayande	P	-	P	P	-
Thierry Georger	-	-	P	-	P
Osten Olorunsola	-	P	-	P	P
Afolabi Oladele	P	P	-	P	-
Gbenga Adetoro	-	-	P	-	P
Patricia Simon-Hart	-	P	-	P	-

Attendance at meetings during the year ended 31 December 2024

	Board	Statutory Audit	Corporate Strategy	Board Audit & Finance	Governance, Remuneration & Nomination	Corporate Responsibility & Risk Management	Joint Board Committee
Executive Directors							
Adebite Falade	9/9	-	3/4	-	-	4/4	1/2
Adebola Adesina	9/9	-	-	-	-	-	-
Non-Executive Directors							
Ladi Jadesimi	9/9	-	-	-	-	-	-
Ede Osayande	9/9	4/5	-	4/4	6/6	-	2/2
Thierry Georger	9/9	-	-	4/4	-	4/4	2/2
Osten Olorunsola	9/9	-	4/4	-	6/6	4/4	2/2
Afolabi Oladele	9/9	5/5	4/4	-	6/6	-	2/2
Gbenga Adetoro	8/9	-	-	4/4	-	3/4	2/2
Patricia Simon-Hart	9/9	-	4/4	-	6/6	-	2/2

Shareholders' Representative on the Company Statutory Audit Committee during the year ended 31 December 2024

Names	Membership	Attendance
Olufemi Akinsanya	P	5/5
Gbola Akinola	P	5/5
Eddie Efekoha	P	5/5

Notes

Nine meetings of the Board of Directors were held in the 2024 financial year.

Six meetings of the Board Governance, Remuneration and Nomination Committee were held during the year.

Four meetings of the Board Audit & Finance Committee were held in 2024.

Four meetings of the Board Corporate Responsibility & Risk Management Committee were held in the 2024 financial year.

Four meetings of the Board Corporate Strategy Committee were held during the period.

Five meetings of the Statutory Audit Committee were held in 2024 financial year.

Two Joint Board Committee working session held in 2024.

"P" represents Present

REPORT OF THE DIRECTORS CONT'D.

11. Employment of Disabled Persons

The Company has a policy of fair consideration of job application by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. Presently no disabled person is in the employment of the Company (2023:Nil).

12. Health, Safety and Welfare at Work of Employees

One of the Company's primary business objectives is that its operations shall not cause accidents, damage or losses. The Company is committed to protecting people, the environment and physical assets. The Company established adequate health and safety measures within its premises and its areas of operations and in the operation of all its vehicles. The Company aims to provide as far as possible medical care for all members of its staff and immediate members of their nuclear families.

13. Employees' Training and Involvement

The Directors maintain regular communication and consultation with the employees and staff representatives on matters affecting employees and the Company.

The Group organises various in-house, local and international training courses and also sends staff abroad for training when the training capacity is not available locally.

14. Protection of the Environment

The Group is committed to protecting the environment within and around its operational areas. In this regard, it has established a framework for complying with all statutory environmental requirements, applying best industry practice and operating in a manner that assumes no harm to the environment.

15. Appointment of External Auditors

Messrs Deloitte & Touche have expressed their willingness to continue in office as the auditors of the Company in accordance with section 401 (2) of the Companies and Allied Matters Act, 2020. They have consistently demonstrated their independence and objectivity in carrying out their audit function and we remain deeply appreciative of their service. A resolution will be proposed at the Annual General Meeting of the Directors to determine their remuneration.

By Order of the Board



Titilola Omisore,
FRC/2013/NBA/00000003574
Company Secretary
26 March 2025

CORPORATE INFORMATION

Directors	Ladi Jadesimi Adebite Falade Adebola Adesina Afolabi Oladele Thierry Georger Osten Olorunsola Ede Osayande Gbenga Adetoro Patricia Simon-Hart	Chairman Chief Executive Officer /Managing Director Chief Financial Officer / Finance Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Independent Non-Executive Director
Company Secretary	Titilola Omisore	
Registration Number	191616	
Tax Identification Number	00092337-0001	
Registered Office	15 Babatunde Jose Road Victoria Island, Lagos Nigeria.	
Auditor	Deloitte & Touche Civic Towers, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.	
Principal Bankers	Guaranty Trust Bank Limited Plot 635 Akin Adesola Street Victoria Island, Lagos. Access Bank Plc Plot7, Block 2 Oniru Private Estate Victoria Island, Lagos. Polaris Bank Limited 3 Akin Adesola Street Victoria Island, Lagos. Bank of Industry Limited 23, Marina Street, Lagos Island, Lagos. First City Monument Bank Limited 11B Adeola Odeku Street Victoria Island Lagos.	FBNQuest Merchant Bank Limited 10 Keffi Street, Ikoyi, Lagos FSDH Merchant Bank Limited 5th Floor UAC House, 1/5 Odunlami Street, Lagos Standard Chartered Bank Nigeria Limited 142 Ahmadu Bello Way Victoria Island, Lagos
Principal Solicitors	Aluko & Oyeboode No 1 Muritala Mohammed Drive (Formerly Bank Road) Ikoyi, Lagos. Akindelano Legal Practitioners 21 Military Road Onikan, Lagos. Bloomfield Law Practice 15 Agodogba Avenue Parkview, Ikoyi, Lagos,Nigeria.	

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of Aradel Holdings Plc ("The Company") and its subsidiaries (together referred to as "The Group") accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and the Company as at 31 December 2024, the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Providing additional disclosures when compliance with the specific requirements in IFRS Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Group and Company's financial position and financial performance;

Going Concern:

The Directors have made an assessment of the Group and the Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain as a going concern in the foreseeable future.

The financial statements of the Group and the Company for the year ended 31 December 2024 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf by:



Adegbola Adesina
Chief Financial Officer/Finance Director
FRC/2021/001/00000024579



Adebite Falade
Chief Executive Officer/Managing Director
FRC/2021/003/00000025055



Ladi Jadesimi
Chairman
FRC/2014/IODN/00000006637

CERTIFICATION OF FINANCIAL STATEMENTS

In accordance with section 405 of the Companies and Allied Matters Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the consolidated and separate financial statements have been reviewed, and based on our knowledge, the:

- (i) Audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made; and
- (ii) Audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the periods covered by the audited financial statements;

We state that Executive Management and Board of Directors:

- (i) Are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Group is made known to the officer by other officers of the Group, particularly during the period in which the audited financial statement report is being prepared;
- (ii) Have evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of its audited financial statements; and
- (iii) Certify that the Group's internal controls are effective as of that date;

We have disclosed:

- (i) All significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise and report financial data, and have identified for the Group's auditors any material weaknesses in internal controls; and
- (ii) Whether or not, there is any fraud that involves Executive Management or other employees who have a significant role in the Group's internal control; and
- (iii) As indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The consolidated and separate audited financial statements of the Group and Company for the year ended 31 December 2024 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf by:



Adegbola Adesina
Chief Financial Officer/Finance Director
FRC/2021/001/00000024579



Adegbite Falade
Chief Executive Officer
FRC/2021/003/00000025055

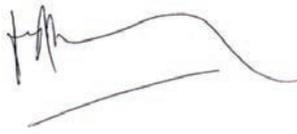
REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF ARADEL HOLDINGS PLC.

In accordance with the Statutory requirement of provisions of section 404(7) of Companies and Allied Matters Act, 2020, we the members of the Audit Committee of Aradel Holdings Plc, having carried out our statutory functions under the Act hereby confirm that the accounting and reporting policies of the Group and Company are in accordance with legal requirements and agreed ethical practices.

In our opinion:

- (i) The accounting and reporting policies of Aradel Holdings Plc as contained in the Company's audited financial statement for the year ended 31 December 2024 are in accordance with the relevant financial reporting framework and agreed ethical practices.
- (ii) The scope and planning of the audit for the year ended 31 December 2024 were adequate.
- (iii) The External Auditor's findings on management matters and management's responses thereto were satisfactory.
- (iv) We have kept under review the effectiveness of the company's system of accounting and internal controls.

In our opinion, the scope and planning of the audit for the year ended 31 December 2024 together with the consolidated and separate audited financial statements were satisfactory. The External Auditors had discharged their duties conscientiously and satisfactorily. We were satisfied with Executive Management's responses to the Auditor's findings.



Olufemi Akinsanya, ACA,
FRC/2013/CISN/00000002760
Chairman
Audit Committee
27 March 2025

Members of the Audit Committee

- | | |
|----------------------|-------------------------------------|
| 1. Olufemi Akinsanya | Chairman/Shareholder Representative |
| 2. Eddie Efekoha | Shareholder Representative |
| 3. Afolabi Oladele | Board Representative |
| 4. Gbola Akinola | Shareholder Representative |
| 5. Ede Osayande | Board Representative |

MANAGEMENT REPORT ON ARADEL HOLDINGS PLC'S INTERNAL CONTROL OVER FINANCIAL REPORTING AS AT 31 DECEMBER 2024

In compliance with the provisions of Section 1.1 of Securities and Exchange Commission's Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Control over Financial Reporting of Aradel Holdings Plc for the year ended 31 December 2024:

- i. Aradel Holdings Plc's management is responsible for establishing and maintaining a system of Internal Control over Financial Reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- ii. Aradel Holdings Plc's management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;
- iii. Aradel Holdings Plc's management has assessed that the entity's ICFR as of the end of 31 December 2024 is effective.
- iv. Aradel Holdings Plc's external auditors - Deloitte & Touche - that audited the financial statements has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

We have reviewed the financial statements of Aradel Holdings Plc for the year ended 31 December 2024;

- a) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
- b) We also certify that we:
 1. are responsible for establishing and maintaining internal controls;
 2. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 3. have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 4. have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- c) We have disclosed, based on our most recent evaluation of internal control system, to the company's auditors, the audit committee and the company's Board of Directors:
 1. All significant deficiencies and weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
- d) We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and weaknesses.
- e) Meanwhile, based upon management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as at December 31, 2024.



Adegbite Falade
Chief Executive Officer
FRC/2021/003/00000025055
26 March 2025



Adegbola Adesina
Chief Financial Officer
FRC/2021/001/00000024579
26 March 2025

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007 I hereby make the following statements regarding the Internal Controls of Aradel Holdings Plc for the year ended 31 December 2024.

I, Adegbite Falade, certify that:

I have reviewed this management assessment on Internal Control over Financial Reporting of Aradel Holdings Plc;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in the report;

The company's other certifying officer and I:

- a) are responsible for establishing and maintaining internal controls;
- b) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- c) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- d) have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - i. All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - ii. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
- f) The company's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Adegbite Falade
Chief Executive Officer
FRC/2021/003/00000025055
26 March 2025

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007 I hereby make the following statements regarding the Internal Controls of Aradel Holdings Plc for the year ended 31 December 2024.

I, Adegbola Adesina, certify that:

I have reviewed this management assessment on Internal Control over Financial Reporting of Aradel Holdings Plc;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in the report;

The company's other certifying officer and I:

- a) are responsible for establishing and maintaining internal controls;
- b) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- c) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- d) have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - i. All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - ii. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
- f) The company's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Adegbola Adesina
Chief Financial Officer/Finance Director
FRC/2021/001/00000024579
26 March 2025

Assurance Report of Independent Auditor

To the Shareholders of Aradel Holdings Plc

Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Aradel Holdings Plc** ("the Company") and its subsidiaries ("the Group") as of 31 December, 2024, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the SEC Guidance on Management report on Internal Control over Financial Reporting. Aradel Holdings Plc's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the Company and Group and our report dated 28 March 2025 expressed unmodified opinion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Company and Group did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the SEC Guidance on Management Report on Internal Control Over Financial Reporting.

Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and the group;
- II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and group; and
- III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations

Our procedures included the examination of historical evidence of the design and implementation of the Company and Group's system of internal control over financial reporting for the year ended 31 December 2024. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





Directors' and Management's Responsibilities

The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting.

Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards as issued by the International Accounting Standards and the ICFR framework.

Section 7(2f) of the Financial Reporting Act 2011 (As amended) further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility and Approach

Our responsibility is to express a limited assurance opinion on the company's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the Company and Group did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Company and Group established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

Abraham Udenani, FCA - FRC/2013/PRO/ICAN/004/0000000853

Deloitte & Touche (FRC/2022/COY/091021)

Lagos

Date: 28 March 2025



Independent Auditors' Report

To the Shareholders of Aradel Holdings Plc

Report on the Audit of Consolidated and Separate Financial statements

Opinion

We have audited the consolidated and separate financial statements of **Aradel Holdings Plc** and its subsidiaries (the Company and Group set out on pages 28 to 77 which comprise the consolidated and separate statements of financial position as at 31 December 2024, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Aradel Holdings Plc** and its subsidiaries as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board, the requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Company and Group in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate financial statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current year. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="175 309 542 336">Impairment of Oil and Gas Assets</p> <p data-bbox="175 347 710 660">The Group has a material balance of Oil and Gas Assets which are a significant element of its operations. The assets which are domiciled in the books of Aradel Energy Limited (a subsidiary), principally represent the cost of exploration, development and other production assets for the development of oil and gas reserves. The reserve is a major Cash Generating Unit of Aradel Energy Limited and its primary source of revenue and cash flows.</p> <p data-bbox="175 694 710 1041">Considering the significance of the assets, and the economic importance to the Company, there is a high likelihood that the carrying amount of the Oil and Gas assets is higher than the recoverable amount of oil and gas reserve. Based on the level of judgement, subjectivity, estimation uncertainty and complexity in the method, data and assumptions used by management to determine the value in use of the reserves, we have considered impairment of Oil and Gas assets as a key audit matter.</p> <p data-bbox="175 1075 710 1232">The carrying amount of Oil and Gas Assets was NGN318.12 billion (USD207.20 million) as recorded in the books of Aradel Energy Limited as at 31 December 2024 and consolidated in these financial statements.</p> <p data-bbox="175 1265 710 1321">Refer to Notes 2(h), 2.1(iii) and 28 for the related accounting policies, estimates and disclosures.</p>	<p data-bbox="750 347 1420 380">We performed the following audit procedures, amongst others:</p> <ul data-bbox="790 414 1500 1176" style="list-style-type: none"> <li data-bbox="790 414 1500 515">• Obtained an understanding of management's process and controls in place for determining the oil and gas reserves and related estimates. <li data-bbox="790 548 1500 683">• Performed a review of the related accounting estimates for biases that could result in material misstatements, including a retrospective review of management's judgements and assumptions. <li data-bbox="790 716 1500 784">• Performed a review on the future cash flow model provided by the management. <li data-bbox="790 817 1500 952">• Involved our valuation specialists to review the model provided by the management and evaluate the appropriateness and reasonableness of the assumptions as well as the methodology adopted. <li data-bbox="790 985 1500 1075">• Recomputed the recoverable amount of the reserves and compared with the carrying amount of oil and gas assets to check for any impairment loss. <li data-bbox="790 1108 1500 1176">• Assessed the sufficiency and appropriateness of the related disclosures in the financial statements. <p data-bbox="782 1209 1500 1299">Based on the procedures performed, we found the judgements and assumptions made by the management to be reasonable and no impairment loss was noted on the oil and gas assets.</p>

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Aradel Holdings Plc Consolidated and Separate Financial Statements for the year ended 31 December 2024" which includes the Report of the Directors, Report of the Audit Committee, Statement of Directors' Responsibilities, Certification of financial statements, other National Disclosures and Supplementary information as required by the Financial Reporting Council of Nigeria which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or the Company or to cease operations or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated and separate financial statements of the current year and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory requirements

In accordance with the fifth schedule of the Companies and Allied Matters Act 2020, we expressly state that:

- (i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.
- (iii) The Group and company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In accordance with the requirements of the Financial Reporting Council of Nigeria (Amendment) Act 2023, we performed a limited assurance engagement and reported on the management's assessment of the Group's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Controls over Financial Reporting (this Guidance), and we have issued a report with no exception in our report dated 28 March 2025. That report is included on pages 22 to 23 of the consolidated and separate financial statements.

Abraham Udenani, FCA - FRC/2013/PRO/ICAN/004/00000000853

**For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
28 March 2025**



CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024	Notes	THE GROUP		THE COMPANY	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
₹ '000					
Revenue	4	581,151,376	221,142,379	-	-
Cost of sales	5	(224,632,552)	(78,810,337)	-	-
Gross profit		356,518,824	142,332,042	-	-
Dividend income		144,965	74,370	173,464,869	40,074,370
Other (loss)/ income	6	(9,016,847)	(8,048,888)	(3,210,132)	187,775
Impairment (loss)/writeback on financial assets and contract assets	8	(13,221)	64,201	-	-
General and administrative expenses	7	(56,230,731)	(20,365,389)	(3,660,877)	(1,077,796)
Operating profit		291,402,990	114,056,336	166,593,860	39,184,349
Finance income	9	15,958,982	6,609,865	2,250,451	3,450,101
Finance costs	9	(22,206,795)	(11,724,050)	(1,878,877)	(1,798,905)
Net Finance (cost)/income		(6,247,813)	(5,114,185)	371,574	1,651,196
Share of profit of an associate	16	31,617,315	3,221,500	-	-
Profit before taxation		316,772,492	112,163,651	166,965,434	40,835,545
Tax expense	27	(57,700,045)	(58,425,952)	-	-
Profit/(loss) after taxation		259,072,447	53,737,699	166,965,434	40,835,545
Profit attributable to:					
Equity holders of the parent		257,871,046	52,747,040	166,965,434	40,835,545
Non-controlling interest		1,201,401	990,659	-	-
		259,072,447	53,737,699	166,965,434	40,835,545
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		314,942,894	201,520,811	103,361,087	8,471,221
Share of other comprehensive income of associate accounted for using the equity method	16	192,112,764	134,479,316	-	-
<i>Other comprehensive income item that will not be reclassified to profit or loss in subsequent years (net of tax):</i>					
Net gain on equity instruments at fair value through other comprehensive income	15	5,244,638	2,261,865	5,244,638	2,261,865
Other comprehensive income for the year, net of tax		512,300,296	338,261,992	108,605,725	10,733,086
Total comprehensive income for the year		771,372,743	391,999,691	275,571,159	51,568,631
Total comprehensive income attributable to:					
Equity holders of the parent		768,241,533	387,858,217	275,571,159	51,568,631
Non-controlling interest		3,131,210	4,141,474	-	-
Basic & diluted earnings per share	12	₹59.35	₹12.14	₹38.43	₹9.40

The accompanying notes and material accounting policies form an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023	Notes	THE GROUP		THE COMPANY	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
₦ '000					
Assets					
Non-current assets					
Property, plant and equipment	13a	676,637,344	383,427,621	-	-
Intangible assets	14	1,251,000	1,211,772	-	-
Financial assets	15	43,288,424	4,051,382	18,152,335	4,051,382
Investment in associate	16	489,968,207	270,233,296	7,810,062	7,810,062
Investment in subsidiaries	28	-	-	15,734,227	15,734,227
Total non-current assets		1,211,144,975	658,924,071	41,696,624	27,595,671
Current assets					
Inventories	18	46,902,252	15,973,244	-	-
Trade and other receivables	19	68,753,253	53,523,077	190,490,377	62,242,194
Prepayments	20	332,982	82,606	8,470	3,765
Financial assets	15	496,045	312,802	-	-
Cash and Cash equivalents	21	411,801,252	183,008,535	74,355,599	17,679,835
Restricted cash	21	10,404,864	11,610,226	-	5,620,288
Total current assets		538,690,648	264,510,490	264,854,446	85,546,082
Total assets		1,749,835,623	923,434,561	306,551,070	113,141,753
Equity and liabilities					
Shareholders' equity					
Share capital	22	2,172,422	2,172,422	2,172,422	2,172,422
Share premium	22	22,819,670	22,819,670	22,819,670	22,819,670
Translation reserve	31	967,474,872	462,349,023	120,627,274	17,266,187
Fair value reserve of financial assets at FVOCI	32	7,773,425	2,528,787	7,773,425	2,528,787
Retained earnings		395,210,352	209,029,238	139,796,660	44,521,158
Total equity attributable to equity holders of the company		1,395,450,741	698,899,140	293,189,451	89,308,224
Non-controlling interests	33	8,659,222	5,745,441	-	-
Total shareholders' equity		1,404,109,963	704,644,581	293,189,451	89,308,224
Non-current liabilities					
Borrowings	23	40,945,047	44,350,154	11,138,777	11,131,874
Deferred tax liabilities	17	53,351,684	18,386,481	-	-
Decommissioning liabilities	24	36,940,108	65,161,229	-	-
Total non-current liabilities		131,236,839	127,897,864	11,138,777	11,131,874
Current liabilities					
Trade, share based payments and other payables	26	120,852,179	57,076,608	2,222,842	12,123,460
Contract liabilities	25	2,780,114	1,771,922	-	-
Taxation	27	35,402,305	14,421,838	-	578,195
Borrowings	23	55,454,223	17,621,748	-	-
Total current liabilities		214,448,821	90,892,116	2,222,842	12,701,655
Total liabilities		345,725,660	218,789,980	13,361,619	23,833,529
Total equity & liabilities		1,749,835,623	923,434,561	306,551,070	113,141,753

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by:


 Adegbola Adesina
 Chief Financial Officer
 FRC/2021/001/00000024579


 Adegbite Falade
 Chief Executive Officer
 FRC/2021/003/00000025055


 Ladi Jadesimi
 Chairman
 FRC/2014/OIDN/00000006637

The accompanying notes and material accounting policies form an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

THE GROUP

₹ '000	Share capital	Share premium	Translation reserve	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity attributable to equity holders of the company	Non - controlling interests	Total equity
Balance at 1 January 2023	2,172,422	22,819,670	129,499,711	266,922	170,402,942	325,161,667	1,603,967	326,765,634
Profit for the year	-	-	-	-	52,747,040	52,747,040	990,659	53,737,699
Foreign currency translation difference	-	-	198,369,996	-	-	198,369,996	3,150,815	201,520,811
Net gain on equity instruments at fair value through other comprehensive income	-	-	-	2,261,865	-	2,261,865	-	2,261,865
Share of other comprehensive income of associate accounted for using the equity method	-	-	134,479,316	-	-	134,479,316	-	134,479,316
Total comprehensive income for the year	-	-	332,849,312	2,261,865	52,747,040	387,858,217	4,141,474	391,999,691
Dividends to equity holders of the company	-	-	-	-	(14,120,744)	(14,120,744)	-	(14,120,744)
Total contributions by and distributions to owners of the company, recognised directly in equity	-	-	-	-	(14,120,744)	(14,120,744)	-	(14,120,744)
Balance at 31 December 2023	2,172,422	22,819,670	462,349,023	2,528,787	209,029,238	698,899,140	5,745,441	704,644,581
Balance at 1 January 2024	2,172,422	22,819,670	462,349,023	2,528,787	209,029,238	698,899,140	5,745,441	704,644,581
Profit for the year	-	-	-	-	257,871,047	257,871,046	1,201,401	259,072,447
Foreign currency translation difference	-	-	313,013,085	-	-	313,013,085	1,929,809	314,942,894
Net gain on equity instruments at fair value through other comprehensive income	-	-	-	5,244,638	-	5,244,638	-	5,244,638
Share of other comprehensive income of associate accounted for using the equity method	-	-	192,112,764	-	-	192,112,764	-	192,112,764
Total comprehensive income for the year	-	-	505,125,849	5,244,638	257,871,046	768,241,533	3,131,210	771,372,743
Dividends to equity holders of the company	-	-	-	-	(71,689,932)	(71,689,932)	-	(71,689,932)
Distribution to NCI holders	-	-	-	-	-	-	(217,429)	(217,429)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-	(71,689,932)	(71,689,932)	(217,429)	(71,907,361)
Balance at 31 December 2024	2,172,422	22,819,670	967,474,872	7,773,425	395,210,352	1,395,450,741	8,659,222	1,404,109,963

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

THE COMPANY

₹ '000	Share capital	Share premium	Translation reserve	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity
Balance at 1 January 2023	2,172,422	22,819,670	8,794,966	266,922	17,806,357	51,860,337
Profit for the year	-	-	-	-	40,835,545	40,835,545
Foreign currency translation difference	-	-	8,471,221	-	-	8,471,221
Net gain on equity instruments at fair value through other comprehensive income	-	-	-	2,261,865	-	2,261,865
Total comprehensive income for the year	-	-	8,471,221	2,261,865	40,835,545	51,568,631
Dividends to equity holders of the company	-	-	-	-	(14,120,744)	(14,120,744)
Total contributions by and distributions to owners of the company, recognised directly in equity	-	-	-	-	(14,120,744)	(14,120,744)
Balance at 31 December 2023	2,172,422	22,819,670	17,266,187	2,528,787	44,521,158	89,308,224
Balance at 1 January 2024	2,172,422	22,819,670	17,266,187	2,528,787	44,521,158	89,308,224
Profit for the year	-	-	-	-	166,965,434	166,965,434
Foreign currency translation difference	-	-	103,361,087	-	-	103,361,087
Net gain on equity instruments at fair value through other comprehensive income	-	-	-	5,244,638	-	5,244,638
Total comprehensive income for the year	-	-	103,361,087	5,244,638	166,965,434	275,571,159
Dividends to equity holders of the company	-	-	-	-	(71,689,932)	(71,689,932)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-	(71,689,932)	(71,689,932)
Balance at 31 December 2024	2,172,422	22,819,670	120,627,274	7,773,425	139,796,660	293,189,451

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024		THE GROUP		THE COMPANY	
₹ '000	Notes	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Profit before taxation		316,772,492	112,163,651	166,965,434	40,835,545
Adjustments:					
Interest expense	9	22,206,795	11,724,050	1,878,877	1,798,905
Interest income	9	(15,958,982)	(6,609,865)	(2,250,451)	(3,450,101)
Dividend received		(144,965)	(74,370)	(3,745,541)	(74,370)
Exchange (gain) / loss	6	(9,350,159)	8,385,795	(4,678,109)	89,260
Share of profit from associate	16	(31,617,315)	(3,221,500)	-	-
Loss on Financial Asset at FV through PorL	15.1	5,053,017	1,076,754	-	-
Hedge cost written off	15.1	(2,379,673)	1,161,067	-	-
Depreciation of property, plant and equipment	11	79,634,399	14,903,855	-	-
Amortisation of intangible assets	11	1,002,829	382,414	-	-
Allowance for impairment loss / (reversal)	8	13,221	(64,201)	-	-
Provision no longer required	5	(45,296,575)	-	-	-
Bad debt written off	7	3,421,599	-	-	-
Stock adjustment	5	(26,708,739)	1,053,072	-	-
Asset write-off	13b	-	1,434,889	-	-
Operating cash flows before movement in working capital		296,647,944	142,315,611	158,170,210	39,199,239
Movement in working capital:					
(Increase)/Decrease in trade and other receivables		(18,664,996)	(17,937,956)	(128,248,183)	(30,725,915)
(Increase)/Decrease in prepayments		(250,376)	16,710	(4,705)	30,736
Increase in inventory		(4,220,269)	(7,655,528)	-	-
Decrease/(Increase) in restricted cash		1,205,362	(6,421,848)	5,620,288	(3,238,039)
Increase in trade and other payables		63,335,677	33,398,567	73,266,042	6,535,909
Increase in contract liabilities		1,008,192	1,771,922	-	-
Cash generated by operating activities		339,061,534	145,487,478	108,803,652	11,801,930
Tax paid	27	(27,176,699)	(6,487,142)	(964,181)	-
Net cash flows from operating activities		311,884,835	139,000,336	107,839,471	11,801,930
Investing activities					
Interest received	9	15,911,387	6,609,865	2,202,856	3,450,101
Dividend received		4,140,133	74,370	3,745,541	74,370
Purchase of property, plant and equipment	13b&c	(136,547,874)	(48,767,953)	-	(321,982)
Purchase of intangible assets	14	(222,621)	(93,537)	-	-
Purchase of financial assets	15.1	(12,030,597)	(2,875,350)	(8,439,654)	-
Net cash (used in) / from investing activities		(128,749,572)	(45,052,605)	(2,491,257)	3,202,489

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS CONT'D.

FOR THE YEAR ENDED 31 DECEMBER 2024	Notes	THE GROUP		THE COMPANY	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
₱ '000					
Financing activities					
Dividend paid to holders of the parent		(71,689,932)	(14,120,744)	(71,689,932)	(14,120,744)
Dividend paid to NCI holders		(217,429)	-	-	-
Interest paid	23	(9,444,797)	(5,453,185)	(1,734,185)	(985,031)
Repayment of borrowing	23	(32,439,025)	(49,420,631)	-	-
Additional borrowing	23	-	8,993,900	-	-
Issue of bond	23	-	10,318,000	-	10,318,000
Net cash flows used in financing activities		(113,791,183)	(49,682,660)	(73,424,117)	(4,787,775)
Decrease in cash and cash equivalents		69,344,080	44,265,071	31,924,097	10,216,644
Cash and cash equivalents - Beginning of year		183,008,535	55,520,654	17,679,835	611,776
Exchange rate effects on cash and cash equivalents		159,448,637	83,222,810	24,751,667	6,851,415
Cash and cash equivalents - End of year	21	411,801,252	183,008,535	74,355,599	17,679,835

The accompanying notes and material accounting policies form an integral part of these financial statements

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Aradel Holdings Plc ("the Company") was incorporated on 25 March 1992. The Company is domiciled in Nigeria. The consolidated financial statements of the Company as at and for the year ended 31 December 2024 comprise the Group and the Company and the Group's interest in associates.

The Group is engaged in the exploration for, and development and production of oil and natural gas.

The Head Office of the Company is located at:
15 Babatunde Jose Road,
Victoria Island,
Lagos,
Nigeria.

1.2. COMPOSITION OF FINANCIAL STATEMENTS

The consolidated financial statements are drawn up in United States Dollar and Nigerian Naira in accordance with IFRS Accounting Standards.

The financial statements comprise:

- Consolidated and separate statement of profit and loss and other comprehensive income
- Consolidated and separate statement of financial position
- Consolidated and separate statement of changes in equity
- Consolidated and separate statement of cash flows
- Notes to the consolidated and separate financial statements

The Directors also provided the following additional statements in compliance with Companies and Allied matters Act:

- Consolidated and separate five-year financial summary
- Consolidated and separate value added statement
- Supplementary information - A summary of the financial statements have been presented in United States Dollar

1.3. FINANCIAL PERIOD

These consolidated financial statements cover the period from 1 January 2024 to 31 December 2024 with comparative figures for the financial year from 1 January 2023 to 31 December 2023.

1.4. BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council of Nigeria Act, 2011.

Statement of compliance

The consolidated financial statements of Aradel Holdings Plc, and all of its subsidiaries ("The Group") have been prepared in compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and IFRS Interpretations Committee (IFRIC) interpretations applicable to companies reporting under IFRS.

Basis of measurement

The consolidated and separate financial statements are prepared under the historical cost convention, except for certain financial instruments which are measured at amortised cost or at fair value. The functional currency is Dollar and presentation currency is Naira.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The preparation of the consolidated and separate financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and underlying assumptions are continually evaluated and are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

ADOPTION OF NEW AND REVISED IFRS STANDARDS

(a) New standards, interpretations and amendments to existing standards adopted by the Group

The Group has considered the following standards and amendments for the first time in its reporting period commencing 1 January 2024:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The group has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The amendments contain specific transition provisions for the first annual reporting period in which the group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

The amendments have no significant impact on the Group's consolidated and the separate financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

The group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments have no significant impact on the Group's consolidated and the separate financial statements.

Amendments to IAS 1 Presentation of Financial Statements — Non-current Liabilities with Covenants

The group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period.

However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments have no significant impact on the Group's consolidated and the separate financial statements.

Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The group has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The amendments have no significant impact on the Group's consolidated and the separate financial statements.

(b) New and revised IFRS Accounting Standards in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- a spot exchange rate for a purpose other than that for which an entity assesses exchangeability
- the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective as set out above.

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the entity is required to disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Group anticipates that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Group does not anticipate that IFRS 19 will be applied for purposes of the consolidated financial statements of the group.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has power or control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the entity's return. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. In the separate financial statement, investment in subsidiaries is measured at cost less accumulated impairments. Investment in subsidiary is impaired when its recoverable amount is lower than its carrying value. The Group considers all facts and circumstances, including the size of the Group's voting rights relative to the size and dispersion of other vote holders in the determination of control.

Step acquisition

If the acquirer increases an existing equity interest so as to achieve control of the acquiree, the previously held equity interest is remeasured at acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Contingent consideration

Among the items recognised will be the acquisition-date fair value of contingent consideration. Changes to contingent consideration resulting from events after the acquisition date are recognised in profit or loss.

Non Controlling Interest (NCI)

The acquirer can elect to measure the components of NCI in the acquiree

- that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in liquidation either at fair value, or
- at the NCI's proportionate share of the net assets.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, the amount of any controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss statement.

Inter-company transactions, amounts, balances and income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from transactions that are recognised in assets are also eliminated. Accounting policies and amounts of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Disposal of subsidiaries

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Investment in Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in the associate's net assets after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group and Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) and other comprehensive income of associates in the statement of profit or loss and other comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

In the separate financial statements of the Company, Investment in associates are measured at cost less impairment. Investment in associate is impaired when its recoverable amount is lower than its carrying value.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

(iv) Foreign currency translation

These consolidated and separate financial statements are presented in Nigerian Naira. The Group's functional currency is United State Dollars. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(v) Transactions and balances in Group entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss as unrealised gain / (losses) within other income / (loss) income.

All other foreign exchange gains and losses are presented in the profit or loss statement within 'other (losses)/gains – net'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through OCI, are included in other comprehensive income.

(vi) Consolidation of Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position items presented, are translated at the closing rate at the reporting date;
- income and expenses for each profit or loss statement are translated at average exchange rate (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the dates of the transactions);
- all resulting exchange differences are recognised in other comprehensive income.

(d) Interests in joint arrangements

IFRS defines joint control as the contractually agreed sharing of control over an economic activity, and this exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the "venturers").

A joint operation (JO) involves joint control and often joint ownership by the Group and other venturers of assets contributed to, or acquired for the purpose of, the joint venture, without the formation of a corporation, partnership or other entity.

A joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular asset, liability, revenue and expense. The acquisition of an interest in a joint operation in which the activity constitutes a business should be accounted for using the principles of IFRS 3.

When joint control ceases to exist, The Group determines which entity controls the investment and accounts for the investment in accordance to IFRS 10. Where control ceases entirely, the investment is accounted for in line with IAS 39 or IAS 28.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(e) Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the "successful efforts method of accounting". Costs incurred prior to obtaining legal rights to explore are expensed immediately to the statement of profit or loss.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned, the carrying value of the licence and property acquisition costs is written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

(iii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Geological and geophysical costs are recognised in profit or loss as incurred.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and Management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to profit or loss.

When proved reserves of oil and natural gas are identified and development is sanctioned by Management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. No amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

(iv) Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

(f) Property, plant and equipment (including Oil and gas properties).

(i) Initial recognition

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, excluding land.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets (where applicable), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

(ii) Depreciation/amortisation

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved plus probable (2P) reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment (excluding land) are generally depreciated on a straight-line basis over their estimated useful lives. Property, plant and equipment held under lease are depreciated over the shorter of lease term and estimated useful life.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in "other income" in profit or loss when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively if necessary.

Useful lives

The useful lives of the assets are estimated as follows:

Asset	Useful life
Buildings	25 years
Plant and machinery	4 - 50 years
Office equipment	4 years
Furniture and Fittings	4 years
Motor vehicles	4 years
Gas Plant	40 years

Project equipment and civil works are depreciated using the unit of production method.

Assets under Construction (AUC) are not depreciated. Ongoing projects, drilling campaigns, and facilities projects are aggregated under AUC and settled in the relevant class of property, plant and equipment when the project is completed and the asset is available for use.

(iii) Disposal

The proceeds on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised cost.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

(iv) Major maintenance, inspection and repairs

Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

(g) Intangible assets

Intangible assets include software and licence

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight line basis over their useful lives) and accumulated impairment losses, if any. Software and Licenses are amortised over 4 years.

Internally generated intangible assets (especially for research), excluding capitalised development costs, are not capitalised. Instead the related expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(h) Impairment of non-financial assets (excluding goodwill and indefinite life intangibles)

The Group assesses at each reporting date whether there is an indication that an asset (or cash-generating unit (CGU)) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Group estimates the asset's or CGU's recoverable amount. Recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets, in which case, the asset is tested as part of a larger CGU to it belongs.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of The Group's CGUs to which the individual assets are allocated. These budgets and forecasts generally cover the period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flow after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets/CGUs excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, The Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's / CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset / CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase and is recognised through other comprehensive income.

(i) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and The Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which The Group has applied the practical expedient, The Group initially measures a financial asset at its fair value plus – in the case of a financial asset not at fair value through profit or loss – transaction costs. Trade receivables that do not contain a significant financing component or for which The Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that The Group commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to The Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, and corporate bonds.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, The Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes unquoted equity securities which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on unquoted equity securities are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from The Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement: and either (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, The Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, The Group also recognises an associated liability.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that The Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that The Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, The Group applies a simplified approach in calculating ECLs. Therefore, The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

The Group considers a financial asset in default when contractual payments are 45 days past due. However, in certain cases, The Group may also consider a financial asset to be in default when internal or external information indicates that The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows based on the available information. The decision to write-off is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable.

(j) Financial liabilities, excluding derivative financial instruments, and equity instruments

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, trade and other payables.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

Amortised Cost

This is the category most relevant to the Group. After initial recognition, trade and other payables, and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(iii) Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(k) Derivative financial instruments

The Group uses derivative financial instruments such as put option to hedge against its oil price risk. The Group entered an economic crude oil hedge contract to insure the Group's revenue against adverse oil price movement. At the inception of the hedge relationship, the Group initially recognised the hedge at fair value on the date the contract is entered and subsequently remeasured to their fair value at the end of each reporting period. Any gains or losses arising from changes in the fair value of the hedge are recognised within operating profit in profit or loss for the period.

The company has elected not to account for the derivative under hedge accounting.

(l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(m) Cash and Cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, but exclude any restricted cash which is not available for use by the Group and not under the control of the Group, therefore is not considered highly liquid.

(n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

- a) In the principal market for the asset or liability OR
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of producing and refining crude oil is accounted for on a weighted average basis. Inventory include crude, refined products and spares/consumables.

Net realisable value of crude oil and refined products is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil and refined products is the purchase cost, cost of refining, including the appropriate proportion of depreciation, depletion and amortisation and overheads based on normal capacity.

(p) Provisions

(i) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain, and it is then measured at the lower of the related provision or fair value of the reimbursement. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

(ii) Decommissioning liability

The Group recognises a decommissioning liability when it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed as incurred.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment, in line with IFRIC 1.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, shall not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, The Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance cost.

The Group recognises neither the deferred tax asset regarding the temporary difference on the decommissioning liability and the corresponding deferred tax liability regarding the temporary difference on a decommissioning asset.

(q) Income taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where The Group and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised, using the temporary difference approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

(iii) Royalties, resource rent tax and revenue-based taxes

In addition to corporate income taxes, The Group's financial statements also include and recognize as taxes on income, other types of taxes on net income which are calculated based on oil and gas production.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is based on taxable income – rather than based on quantity produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred income tax is provided on the same basis as described above for other forms of income tax.

Obligations arising from royalty arrangements and other types of taxes, that do not satisfy these criteria, are recognised as current provisions and included in cost of sales. The revenue taxes payable by Aradel Holdings Plc do not meet the criteria for IAS 12 and are thus recognised as part of cost of sales.

(iv) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(r) Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Group has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in another section.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Sale of crude oil

Revenue from the sale of oil and petroleum products is recognized when control of the product has been transferred to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of crude oil, the entity considers the existence of significant financing components and consideration payable to the customer (if any).

Significant financing component

Using the practical expedient in IFRS 15, the entity does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Sale of Gas

The Group provides gas processing, marketing and transportation services. The Group recognises revenue from gas sale when control of the product has been transferred to the buyer. This generally occurs when the gas have been delivered at the buyer's delivery point for gas.

Sale of Refined Products

Revenue from the sale of refined products is recognized when control of the product has been transferred to the customer/distributor. This generally occurs when the product is lifted by the customer/distributor. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of diesel, the entity considers the existence of significant financing components and consideration payable to the customer (if any). There are no credit terms for the sale of refined products as the Group receives upfront payment (downpayment) for the refined products before they are lifted by the customer/distributor.

Consideration payable to a customer

Consideration payable to a customer includes penalties that the Group expects to pay to its customer if it does not deliver the Adjusted Annual Contract Quantity or delivers off-specification gas. The consideration payable to a customer is accounted for as a reduction of the transaction unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

The Group recognise the reduction of revenue when (or as) the following events occur:

- the entity recognises revenue for the transfer of the related goods or services to the customer; and
- the entity pays or promises to pay the consideration (even if the payment is conditional on a future event). That promise might be implied by the entity's customary business practices.

(s) Cost of sales

Cost of sales includes the cost of crude oil, gas inventory, refined products inventory (depreciation and amortization), costs related to transportation, operational and maintenance cost, royalty and other statutory cost, and inventory write downs.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Finance income and costs

Finance income

Finance income is recorded in the statement of profit or loss as it accrues, utilizing the effective interest rate (EIR). This rate precisely discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, if applicable, to the amortized cost of the financial instrument. The calculation of finance income considers all contractual terms of the financial instrument, along with any fees or incremental costs directly related to the instrument and forming an integral part of the effective interest rate (EIR), excluding future credit losses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Finance cost

Finance costs includes borrowing costs, interest expense calculated using the effective interest rate method, finance charges in respect of lease liabilities, the unwinding of the effect of discounting provisions, and the amortisation of discounts and premiums on debt instruments that are liabilities.

(v) Employee benefits

i. Retirement benefit liabilities

The Group currently has only defined contribution plans. Its defined benefits plan was discontinued in 2016. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis in accordance with the Pension Reform Act 2014.

The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

ii. Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

iii. Share based payment

The Group operates a cash-settled share-based payment. The payout of the cash-settled share based payment is determined by reference to the group's share value or overall performance, a liability is recognized for the services acquired, initially measured at the fair value of this liability. At each reporting date until the compensation is paid, an amount representing the current value of this liability shall be accrued in the accrued liability account. This accrual in each year reflects the value of the participating employees' services received during that period.

(w) Share capital

Any consideration received, net of directly attributable transaction costs, is accounted for in equity. The issued share capital is initially translated at the prevailing exchange rate on the transaction date and is not retranslated thereafter.

(x) Earnings per share (EPS) and Dividend distribution

Basic EPS is calculated on the Group's profit or loss after taxation attributable to the parent entity and on the basis of weighted average of issued and fully paid Ordinary Shares at the end of the year.

Diluted EPS is calculated by dividing the profit or loss after taxation attributable to the parent entity by the weighted average number of Ordinary Shares outstanding during the year plus the weighted average number of Ordinary Shares that would be issued on conversion of all the dilutive potential Ordinary Shares (after adjusting for outstanding share awards arising from the share-based payment scheme) into Ordinary Shares.

Dividend payment or payable is recognised when the Group becomes liable to make payment of dividend, which is generally when share holders approve the dividend at the annual general meeting. Proposed dividends on ordinary shares are not recognised as liability.

(y) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.1 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, the Group has identified the following areas where significant judgments, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

i. Hydrocarbon reserve and resource estimates

Oil and gas production properties are depreciated on units of production (UOP) basis at a rate calculated by reference to total proved and probable (2P)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

reserves determined in accordance with Society of Petroleum Engineers rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future oil prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is produced during the operation of a field, estimates of recoverable reserves may change. Such changes may impact The Group's reported financial position and results which include:

- The carrying value of exploration and evaluation assets, oil and gas properties, property, and plant and equipment may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
- Provisions for decommissioning may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

ii. Units of production depletion of oil and gas assets

Oil and gas properties are depreciated using the units of production (UOP) method over total proved and probable (2P) hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes.

During the year, a significant estimate was made to the reserve numbers based on updated geological assessments, revised production forecasts, and changes in economic assumptions. These revisions have affected the calculation of the UOP depreciation rate.

Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions. Or
- Unforeseen operational issues

Changes are accounted for prospectively.

iii. Recoverability of oil and gas assets

The Group assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) every reporting period to determine whether any indication of impairment exists.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (see Hydrocarbon reserves and resource estimates above) and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for oil and gas assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its CGUs as being its operations with respect to Energy business, which is the lowest level for which cash inflows are largely independent of those of other assets.

During the year, the Group performed an annual impairment assessment of its oil and gas assets to determine whether there are indications of impairment. The recoverable amount of each cash-generating unit (CGU) was determined as the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). In estimating the recoverable amount, the Group considers forecasts of annual net cash flows over the life of proved plus probable (2P) reserves. These forecasts incorporate production rates, oil and gas price assumptions, future costs, and other relevant inputs based on the year-end Competent Persons Report (CPR).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

iv. Decommissioning costs

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents Management's best estimate of the present value of the future decommissioning costs required. See note 24.

3. SEGMENT REPORTING

Business segments are based on the Group's internal organisation and management reporting structure. The Group's operations cover four (4) segments-Crude Oil, Gas, Refinery & Investment Properties. Some intersegment transactions were prevalent amongst the reporting segments during the reporting period under consideration, hence the eliminations necessary to achieve proper consolidation. Management remains committed to continuous value creation and accretion of the reserves. The reporting segments of the Group derive their revenues within and outside Nigeria & goods are transferred at a point in time. The segment reports are also in line with the Group's accounting policies. The reportable segments exclude the post-acquisition carrying amount of the investment in associate.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

3.1. SEGMENT PROFIT/(LOSS) DISCLOSURE

₦ '000	Crude Oil	Gas	Refined Products	Investment Properties	Total Reportable Segment	Eliminations	Consolidation
31 December 2024							
Revenue	482,711,460	79,487,859	187,663,551	118,374	749,981,244	(168,829,868)	581,151,376
Operating costs (excluding depreciation and amortisation)	(190,824,570)	(34,714,045)	(146,975,424)	(35,660)	(372,549,699)	172,323,644	(200,226,055)
Depreciation and amortisation	(70,677,272)	(3,883,553)	(5,968,009)	(108,394)	(80,637,228)	-	(80,637,228)
Dividend income	173,464,869	-	-	-	173,464,869	(173,319,904)	144,965
Other income (loss)	4,086,689	-	(9,198,178)	1,296	(5,110,193)	(3,906,654)	(9,016,847)
Impairment (loss)/writeback on financial assets and contract assets	(10,118)	(3,103)	-	-	(13,221)	-	(13,221)
Operating profit	398,751,058	40,887,158	25,521,940	(24,384)	465,135,772	(173,732,782)	291,402,990
Net Finance income/(costs)	(9,121,143)	(37,686)	2,911,016	-	(6,247,813)	-	(6,247,813)
Share of profit from associate	-	-	-	-	-	31,617,315	31,617,315
Profit before taxation	389,629,915	40,849,472	28,432,956	(24,384)	458,887,959	(142,115,467)	316,772,492
Tax expense	(41,996,143)	(11,365,152)	(4,221,422)	(117,328)	(57,700,045)	-	(57,700,045)
Profit after taxation	347,633,772	29,484,320	24,211,534	(141,712)	401,187,914	(142,115,467)	259,072,447
31 December 2023							
Revenue	170,297,963	25,986,066	102,496,615	51,674	298,832,318	(77,689,939)	221,142,379
Operating costs (excluding depreciation and amortisation)	(75,018,577)	(17,950,360)	(66,071,318)	(88,127)	(159,128,382)	75,238,925	(83,889,457)
Depreciation and amortisation	(11,795,722)	(1,122,001)	(2,353,775)	(14,771)	(15,286,269)	-	(15,286,269)
Dividend income	40,074,370	-	-	-	40,074,370	(40,000,000)	74,370
Other (loss)/ income	(2,479,329)	33,527,584	(3,639,123)	101,996	27,511,128	(35,560,016)	(8,048,888)
Impairment (loss)/writeback on financial assets and contract assets	56,481	7,720	-	-	64,201	-	64,201
Operating profit	121,135,186	40,449,009	30,432,399	50,772	192,067,366	(40,000,000)	114,056,336
Net Finance costs	(2,078,062)	(744,411)	(690,507)	-	(3,512,980)	(1,601,205)	(5,114,185)
Share of profit from associate	-	-	-	-	-	3,221,500	3,221,500
Profit before taxation	119,057,124	39,704,598	29,741,892	50,772	188,554,386	(38,379,705)	112,163,651
Tax expense	(45,183,732)	(3,465,181)	(9,777,388)	349	(58,425,952)	-	(58,425,952)
Profit after taxation	73,873,392	36,239,417	19,964,504	51,121	130,128,434	(38,379,705)	53,737,699

3.2. SEGMENT ASSETS AND LIABILITIES

The assets and Liabilities are disclosed based on the operations of the reporting segments

₦ '000	Crude Oil	Gas	Refined Products	Investment Properties	Total Reportable Segment	Eliminations	Consolidation
31 December 2024							
Total Asset	992,466,709	237,486,654	348,857,560	13,429,110	1,592,240,033	157,595,590	1,749,835,623
Total Liabilities	466,000,812	38,234,486	146,561,820	2,227,642	653,024,760	(307,299,100)	345,725,660
31 December 2023							
Total Assets	500,237,106	147,864,373	207,589,506	7,737,033	863,428,018	60,006,543	923,434,561
Total Liabilities	275,808,893	35,750,290	88,252,728	54,377	399,866,289	(181,076,309)	218,789,980

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

4. REVENUE FROM CONTRACT WITH CUSTOMERS

3.1. Disaggregated revenue information

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude Oil	373,662,426	108,434,522	-	-
Gas	28,177,388	10,211,242	-	-
Refined Products	179,311,562	102,496,615	-	-
Total revenue	581,151,376	221,142,379	-	-
Geographical markets				
Within Nigeria	207,488,950	112,707,857	-	-
Outside Nigeria	373,662,426	108,434,522	-	-
Total revenue from contracts with customers	581,151,376	221,142,379	-	-
Timing of revenue recognition				
Goods transferred at a point in time	581,151,376	221,142,379	-	-
Goods transferred over time	-	-	-	-
Total revenue from contracts with customers	581,151,376	221,142,379	-	-

Performance obligations

Information about the Group's performance obligations are summarised below:

Sale of Crude Oil

The performance obligation is satisfied at a point in time when the product is physically transferred into a vessel, pipe or other delivery mechanism and is generally due within 30 to 45 days from the date of issue of the Bill of Lading.

Sale of Gas

The performance obligation is satisfied at a point in time when the gas have been delivered at the buyer's delivery point for gas and is generally due within 30 to 90 days from the date of issue of invoice.

Sale of Refined Products

The performance obligation is satisfied at a point in time, when the product is lifted by the customer/distributor and payment is made in advance.

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Contract balances				
Trade receivables (Note 19)	67,100,029	51,470,892	-	-
Contract Liabilities (Note 25)	2,780,114	1,771,922	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract liabilities are considerations received from customers by the Group for which the related goods or services to the customers have not transferred.

Performance obligation for crude oil, refined products and gas are fulfilled once delivery of the products occurs and payments are generally due on crude oil and gas between 30 to 90 days. Payments on refined products are due between 0 to 30 days.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

5. COST OF SALES

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude oil handling charges	95,296,232	28,700,243	-	-
Crude oil - Third party	9,620,580	-	-	-
Depreciation and amortisation (Note 11)	78,210,993	14,640,476	-	-
Exploration costs	-	124,035	-	-
Operational and Maintenance expenses	24,426,994	9,624,760	-	-
Provision no longer required	(45,296,575)	-	-	-
Royalties & other statutory expenses	58,406,613	17,703,723	-	-
Staff costs (Note 10)	30,676,454	6,964,028	-	-
Stock adjustment	(26,708,739)	1,053,072	-	-
Total	224,632,552	78,810,337	-	-

Operational and maintenance expenses includes field expenses, insurance expense, consultancy fees, community development expenses, repairs and maintenance, and materials & supplies.

Royalties and other statutory expenses includes Royalties due to FGN, NDDC Levy and other statutory expense.

Provision no longer required relate to writeback of ARO provision following the revision of oil & gas assets estimates. See more in note 24

Stock adjustment relates to the net movement in the value of inventory in the tank in the year.

6. OTHER (LOSS)/ INCOME

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude handling	1,033,123	-	-	-
Fee income	687,535	336,907	672,635	-
Miscellaneous	8,878,080	-	-	-
Provision no longer required	45,296,575	-	-	-
Realized Exchange loss	(28,965,744)	(8,385,795)	(8,560,876)	-
Unrealized exchange gain	9,350,159	-	4,678,109	-
Total	(9,016,847)	(8,048,888)	(3,210,132)	187,775

Crude handling income relates to income earned from the transportation of 3rd party crude to Bonny terminal.

Fee income relates to income from non trading activities.

Miscellaneous represents one-off transaction fees

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

7. GENERAL AND ADMINISTRATIVE EXPENSES

₺ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Auditor's remuneration (Note 7.1)	298,303	115,000	67,384	58,769
Bad Debt (Note 7.2)	3,421,599	-	-	-
Bank charges	1,442,863	330,104	718,032	36,244
Depreciation and amortisation (Note 11)	2,426,235	645,793	-	-
Directors' fees	1,392,530	431,104	1,375,078	426,888
Donations	281,710	181,766	70,576	20,570
Fuel, utilities and travel expenses	2,934,520	1,944,260	40,585	31,594
Hedging (Note 7.3)	2,673,344	2,237,821	-	-
Permits, licenses and subscription	8,609,133	3,602,132	438,750	8,623
Professional fees (Note 7.4)	5,483,283	1,974,549	629,981	149,506
Repairs and maintenance	2,516,254	1,155,439	-	5,493
Staff costs (Note 10)	20,450,969	4,642,685	110,506	178,650
Other expenses (Note 7.5)	4,299,988	3,104,736	209,985	161,459
Total	56,230,731	20,365,389	3,660,877	1,077,796

7.1. Deloitte & Touche offered audit and assurance (related to the Internal control over Financial reporting -ICFR) services in the year 2024 and 2023. For 2024, the Group paid Audit Fee ₺266.3 million and ICFR ₺32.0 million and for the Company, Audit Fee ₺58.6 million and ICFR ₺8.8 million. The external auditor did not perform any non-audit or non-assurance services in the financial year.

7.2. Bad debt relates to write-off of long standing trade and other receivables that are deemed unrecoverable.

7.3. Hedging consists of hedge cost written off and FV Loss through profit or loss

7.4. Professional fees consist of cleaning service, advisory services, security service, legal fees and registrar management fee.

7.5. Other expenses consist of trainings, printing and stationery, catering and other related administrative costs incurred during the year.

8. CREDIT LOSS EXPENSE

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

₺ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Impairment (loss)/write back on financial assets and contract assets	(13,221)	64,201	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

9. FINANCE COST AND INCOME

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Interest expense:				
Bank borrowings	15,876,526	4,937,086	-	108,001
Irredeemable Participating Investment Notes (IPIN) Interest	2,485,574	1,562,604	-	-
Provisions: unwinding of discount (Note 24)	1,965,818	3,533,456	-	-
Coupon on Bonds	1,878,877	1,690,904	1,878,877	1,690,904
Finance costs	22,206,795	11,724,050	1,878,877	1,798,905
Total finance cost	22,206,795	11,724,050	1,878,877	1,798,905
Finance income:				
Interest income	15,958,982	6,609,865	2,250,451	3,450,101
Finance income	15,958,982	6,609,865	2,250,451	3,450,101
Net (finance costs)/finance income	(6,247,813)	(5,114,185)	371,574	1,651,196

10. STAFF COSTS

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Included in cost of sales:				
Salaries and other staff costs	30,676,454	6,964,028	-	-
Included in general and administrative expenses:				
Salaries and other staff costs	20,450,969	4,642,685	110,506	178,650
Total	51,127,423	11,606,713	110,506	178,650
Salaries and other staff costs include the following:				
Salaries	13,063,022	6,972,819	-	-
Defined Contribution expenses	1,433,845	932,395	-	-
Share based payment (Note 10.2)	23,822,848	-	-	-
Other allowances (Note 10.1)	12,807,708	3,701,499	110,506	178,650
	51,127,423	11,606,713	110,506	178,650

10.1 Other allowances include staff bonus, medical allowances, outstation allowances, casual wages, ITF & NSITF charges.

10.2 Share based payment

Aradel Plc issued a cash-settled share-based incentive scheme that requires the Group to pay a cash value that is dependent on the excess value on the company's baseline enterprise value (share value) to its Senior/Executive management employees. In accordance with the terms of the plan, as approved by shareholders at the 2024 Annual General Meeting (AGM), Senior/Executive Management employees, subject to at least 3 months of service, excluding those in notice period have been granted a cash-settled shared based payment plan and the value of the potential payment is determined using a performance-based formula. The vesting period is 3 years, from 2024 – 2026, with employees earning full value if they remain with the organisation during the scheme.

Each eligible employee is entitled to an immediate cash payment equivalent to 40% of their compensation, and the balance is held in trust by a 3rd party trustee and will be released upon fulfilment of vesting conditions.

As at the reporting date, ₦14.3 billion representing the 60% cash held in trust is expected to be transferred to the trustee and a part payment of ₦2.0 billion has been made to the beneficiaries out of the 40% cash-based compensation. The Group recognised total expenses of ₦23.8 billion related to the cash-settled share-based payment transactions in 2024 and 2023 (Nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

11. DEPRECIATION AND AMORTISATION

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Included in cost of sales:				
Depreciation of oil and gas properties (Note 13b)	78,210,993	14,640,476		
Included in general and administrative expenses:				
Depreciation of other property, plant and equipment (Note 13c)	1,423,406	263,379	-	-
Amortisation of intangible assets (Note 14)	1,002,829	382,414	-	-
Total in general and administrative expenses	2,426,235	645,793	-	-
Total	80,637,228	15,286,269	-	-

12. EARNINGS PER SHARE

Basic - GROUP

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued and fully paid as at the end of the year.

N '000	THE GROUP	
	31-Dec-24	31-Dec-23
Profit attributable to equity holders of the Group	257,871,046	52,747,040
Total	257,871,046	52,747,040
	Number	Number
Weighted average number of ordinary shares in issue	4,344,844,360	4,344,844,360
Basic earnings per share(N) - Restated	₦59.35	₦12.14

There are no potential diluted shares in the current and prior year, hence, basic & diluted EPS are same.

On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (₦0.50) each from Ten Naira (₦10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (₦0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (₦10.00) each.

Basic - THE COMPANY

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued and fully paid as at the end of the year.

N '000	THE COMPANY	
	31-Dec-24	31-Dec-23
Profit attributable to equity holders of the company	166,965,434	40,835,545
	Number	Number
Weighted average number of ordinary shares in issue	4,344,844,360	4,344,844,360
Basic earnings per share (N) - Restated	₦38.43	₦9.40

There are no potential diluted shares in the current and prior year, hence, the basic and diluted EPS are the same.

On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (N0.50) each from Ten Naira (N10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (N0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (N10.00) each.

13. PROPERTY, PLANT AND EQUIPMENT

13a.	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
N '000				
Oil and gas properties (13b)	662,974,997	375,967,697	-	-
Other property, plant and equipment (13c&13d)	13,662,347	7,459,924	-	-
Total	676,637,344	383,427,621	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

13b. OIL AND GAS PROPERTIES (THE GROUP)

₦ '000	PROJECT EQUIPMENT	CIVIL WORKS	GAS PIPELINE	GAS PLANT FACILITIES	ASSETS UNDER DEVELOPMENT	TOTAL
Cost:						
Balance at 1 January 2023	281,902,316	5,463,688	11,009,927	34,442,381	21,708,055	354,526,367
Translation difference	283,340,940	5,492,187	11,066,125	34,617,957	18,884,111	353,401,320
Reclassifications	32,435,601	231,143	1,716,036	-	(35,326,240)	(943,460)
Additions	6,606,919	379,543	714,116	260,823	37,792,368	45,753,769
Write-offs	-	-	-	-	(1,434,889)	(1,434,889)
Changes in decommissioning assets (Note 24)	(69,275,515)	-	-	-	-	(69,275,515)
Transfer	-	-	-	-	(3,978,002)	(3,978,002)
Balance at 31 December 2023	535,010,261	11,566,561	24,506,204	69,321,161	37,645,403	678,049,590
Balance at 1 January 2024	535,010,261	11,566,561	24,506,204	69,321,161	37,645,403	678,049,590
Translation difference	378,288,589	8,178,057	17,328,374	49,014,933	26,618,824	479,428,777
Reclassifications	94,305,496	3,030,722	-	-	(97,336,218)	-
Additions	31,928,515	1,002,564	156,603	3,079,852	95,552,176	131,719,710
Changes in decommissioning assets (Note 24)	(29,396,772)	-	-	-	-	(29,396,772)
Balance at 31 December 2024	1,010,136,089	23,777,904	41,991,181	121,415,946	62,480,185	1,259,801,305
Depreciation:						
Balance at 1 January 2023	117,608,992	3,785,953	3,248,037	8,542,439	-	133,185,421
Translation difference	136,266,666	4,136,124	3,836,497	10,016,709	-	154,255,996
Depreciation for the year	13,787,697	81,359	403,025	368,395	-	14,640,476
Balance at 31 December 2023	267,663,355	8,003,436	7,487,559	18,927,543	-	302,081,893
Balance at 1 January 2024	267,663,355	8,003,436	7,487,559	18,927,543	-	302,081,893
Translation difference	191,977,574	5,705,158	5,352,434	13,498,256	-	216,533,422
Depreciation for the year	72,370,868	1,228,271	1,548,400	3,063,454	-	78,210,993
Balance at 31 December 2024	532,011,797	14,936,865	14,388,393	35,489,253	-	596,826,308
Net book value:						
At 31 December 2024	478,124,292	8,841,039	27,602,788	85,926,693	62,480,185	662,974,997
At 31 December 2023	267,346,906	3,563,125	17,018,645	50,393,618	37,645,403	375,967,697
At 1 January 2023	164,293,324	1,677,735	7,761,890	25,899,942	21,708,055	221,340,946

There were no impairments of Property, Plant, and Equipment during the year. See Note 23 for assets pledged as collateral for borrowings. The capital commitments in respect of PPE expenditures amounts to ₦45.3 billion (2023: ₦29.3 billion).

The current year reclassification relates to settlement of completed drilling projects from asset under development to project equipment and civil works, while the prior year reclassification relates to settlement of completed drilling projects from asset under development to project equipment, civil works, gas pipeline and intangible assets. The prior year reclassification is nil.

The prior year transfer relates to movement of some assets from asset under development to other receivables (note 19). Subsequent reconciliation with the counter party on the Asset under development yielded a recoverable balance which has now been reclassified to other receivables.

Prior year write off is included in Operational and maintenance expenses (note 5).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

13c. OTHER PROPERTY, PLANT AND EQUIPMENT (THE GROUP)

₹ '000	PLANT AND MACHINERY	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	BUILDING	LAND	TOTAL
Cost:							
Balance at 1 January 2023	754,964	148,061	2,883,314	2,115,866	976,751	569,000	7,447,956
Translation difference	759,014	149,140	2,898,864	2,126,668	-	2,486,241	8,419,927
Additions	348,064	6,296	211,357	-	2,448,467	-	3,014,184
Balance at 31 December 2023	1,862,042	303,497	5,993,535	4,242,534	3,425,218	3,055,241	18,882,067
Balance at 1 January 2024	1,862,042	303,497	5,993,535	4,242,534	3,425,218	3,055,241	18,882,067
Translation difference	1,315,777	213,987	4,237,608	2,999,784	-	2,160,264	10,927,420
Additions	92,119	23,030	1,232,862	1,050,159	2,429,994	-	4,828,164
Balance at 31 December 2024	3,269,938	540,514	11,464,005	8,292,477	5,855,212	5,215,505	34,637,651
Depreciation:							
Balance at 1 January 2023	463,006	107,577	2,564,704	1,818,330	139,991	-	5,093,608
Translation difference	546,730	125,751	2,850,409	1,981,310	560,956	-	6,065,156
Depreciation for the year	58,288	15,158	60,905	114,257	14,771	-	263,379
Balance at 31 December 2023	1,068,024	248,486	5,476,018	3,913,897	715,718	-	11,422,143
Balance at 1 January 2024	1,068,024	248,486	5,476,018	3,913,897	715,718	-	11,422,143
Translation difference	763,215	178,000	3,892,926	2,785,476	510,138	-	8,129,755
Depreciation for the year	214,070	61,265	558,791	480,886	108,394	-	1,423,406
Balance at 31 December 2024	2,045,309	487,751	9,927,735	7,180,259	1,334,250	-	20,975,304
Net book value:							
At 31 December 2024	1,224,629	52,763	1,536,270	1,112,218	4,520,962	5,215,505	13,662,347
At 31 December 2023	794,018	55,011	517,517	328,637	2,709,500	3,055,241	7,459,924
At 1 January 2023	291,958	40,484	318,610	297,536	836,760	569,000	2,354,348

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

13d. OTHER PROPERTY, PLANT AND EQUIPMENT (THE COMPANY)

₺ '000	PLANT AND MACHINERY	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER DEVELOPMENT	TOTAL
Cost:						
Balance at 1 January 2023	20,409	57,962	110,812	37,763	3,928,799	4,155,745
Translation difference	20,513	58,257	111,379	37,957	3,948,958	4,177,064
Additions	-	-	-	-	321,982	321,982
Transfer	-	-	-	-	(8,199,739)	(8,199,739)
Balance at 31 December 2023	40,922	116,219	222,191	75,720	-	455,052
Balance at 1 January 2024	40,922	116,219	222,191	75,720	-	455,052
Translation difference	28,935	82,175	157,104	53,539	-	321,753
Balance at 31 December 2024	69,857	198,394	379,295	129,259	-	776,805
Depreciation:						
Balance at 1 January 2023	20,409	57,962	110,812	37,763	-	226,946
Translation difference	20,513	58,257	111,379	37,957	-	228,106
Balance at 31 December 2023	40,922	116,219	222,191	75,720	-	455,052
Balance at 1 January 2024	40,922	116,219	222,191	75,720	-	455,052
Translation difference	28,935	82,175	157,104	53,539	-	321,753
Balance at 31 December 2024	69,857	198,394	379,295	129,259	-	776,805
Net book value:						
At 31 December 2024	-	-	-	-	-	-
At 31 December 2023	-	-	-	-	-	-
At 1 January 2023	-	-	-	-	3,928,799	3,928,799

The prior year transfer relates to intercompany movement (from Aradel Holdings Plc to Aradel Energy Limited).

14. INTANGIBLE ASSETS

₺ '000	THE GROUP			THE COMPANY	
	LICENSE	SOFTWARE	TOTAL	SOFTWARE	TOTAL
Cost:					
Balance at 1 January 2023	1,121,374	510,700	1,632,074	314,509	314,509
Translation difference	1,127,101	513,130	1,640,231	316,115	316,115
Reclassification	-	943,460	943,460	-	-
Additions	-	93,537	93,537	-	-
Balance at 31 December 2023	2,248,475	2,060,827	4,309,302	630,624	630,624
Balance at 1 January 2024	2,248,475	2,060,827	4,309,302	630,624	630,624
Translation difference	1,589,825	1,457,487	3,047,312	445,895	445,895
Additions	-	222,621	222,621	-	-
Balance at 31 December 2024	3,838,300	3,740,935	7,579,235	1,076,519	1,076,519

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

14. INTANGIBLE ASSETS CONT'D.

₹ '000	THE GROUP			THE COMPANY	
	LICENSE	SOFTWARE	TOTAL	SOFTWARE	TOTAL
Amortisation:					
Balance at 1 January 2023	699,623	464,898	1,164,521	314,509	314,509
Translation difference	976,875	573,720	1,550,595	316,115	316,115
Amortisation charge for the year	312,953	69,461	382,414	-	-
Balance at 31 December 2023	1,989,451	1,108,079	3,097,530	630,624	630,624
Balance at 1 January 2024	1,989,451	1,108,079	3,097,530	630,624	630,624
Translation difference	1,351,687	876,189	2,227,876	445,895	445,895
Amortisation charge for the year	497,162	505,667	1,002,829	-	-
Balance at 31 December 2024	3,838,300	2,489,935	6,328,235	1,076,519	1,076,519
Net book value:					
At 31 December 2024	-	1,251,000	1,251,000	-	-
At 31 December 2023	259,024	952,748	1,211,772	-	-
At 1 January 2023	421,751	45,802	467,553	-	-

Intangible assets consist of computer software and licenses used by the Group for recording transactions and reporting purposes. The Group's software has a finite life and is amortised on a straight line basis over the life of the software licenses.

The current year reclassification relates to movement of some assets from asset under development to intangible asset

15. FINANCIAL ASSETS

Financial assets include the following: ₹ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Fair value through OCI				
Listed securities:				
Consolidated Hallmark Insurance Plc	9,502,827	4,045,087	9,502,827	4,045,087
Unlisted securities:				
PetroData Management Services Ltd	57,295	5,396	57,295	5,396
Dharmattan Gas and Power Ltd	562	899	562	899
Ever Oil & Gas Depot (Harbourview)	1,050,159	-	1,050,159	-
Fair value through Profit or Loss				
Hedge	496,045	312,802	-	-
At Amortised Cost				
Corporate Bond	4,648,949	-	4,648,949	-
Deposit for shares - Guaranty Trust Holding Company Plc	2,892,543	-	2,892,543	-
Deposit for shares - Renaissance	25,136,089	-	-	-
Total	43,784,469	4,364,184	18,152,335	4,051,382
Current	496,045	312,802	-	-
Non-current	43,288,424	4,051,382	18,152,335	4,051,382
Total	43,784,469	4,364,184	18,152,335	4,051,382

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

15.1. Changes in Financial Asset ₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Balance at 1 January	4,364,184	2,204,353	4,051,382	1,852,291
Crude Oil Hedge	2,735,940	2,875,350	-	-
FV Loss through PorL	(5,053,017)	(1,076,754)	-	-
Hedge Cost Written off	2,379,673	(1,161,067)	-	-
Corporate Bond	4,605,960	-	4,605,960	-
Deposit for shares - Renaissance	25,136,089	-	-	-
Deposit for shares - Guaranty Trust Bank Plc	2,783,535	-	2,783,535	-
Ever Oil & Gas Depot (Harbourview)	1,050,159	-	1,050,159	-
Net gain on equity instruments at fair value through other comprehensive income	5,244,638	2,261,865	5,244,638	2,261,865
Bond Amortization	47,595	-	47,595	-
Foreign Exchange	489,713	(739,563)	369,066	(62,774)
Total	43,784,469	4,364,184	18,152,335	4,051,382

The Group has designated its equity investments as FVOCI on the basis that these are not held for trading. Instead, they are held for medium to long term strategic purposes. In 2024, the Group received ₦130.9 million (31 Dec 2023: ₦74.4 million) from Consolidated Hallmark Insurance Plc; No dividends (31 Dec 2023: Nil) from Dharmattan Gas and Power Ltd; ₦13.9 million (31 Dec 2023: bonus and right issue of 988,789 shares) from PetroData Management Services Ltd which was recorded in the income statement as other income.

The Group did not dispose of or derecognise any FVOCI equity instruments in 2024 (2023: Nil). Further disclosures on fair value are made in note 32.

In 2024, the Group entered an economic crude oil hedge contract with an average strike price of \$55/bbl for 1,080,000 barrels at an average premium price of \$1.65. The tenor of the hedge is from September 2024 to August 2025.

A fair value reserve gain of financial assets at FVOCI of ₦5.7 billion (2023: ₦2.2 billion) was recorded in the Group and Company respectively.

New Investments

Corporate Bond : Aradel invested in a Federal Government Bond in Q3 2024. The bond tenor is 5yrs and the coupon rate is 9.75%, payable semi-annually.

Deposit for Shares - Renaissance : This represents a part payment for the investment in Renaissance Africa Energy Company Limited, the acquirer of Shell's 100% equity interest in the Shell Petroleum Development Company (SPDC) Limited. The completion of this transaction is subject to meeting conditions precedent and approvals of the Federal Government of Nigeria. When completed, Aradel Group is expected to hold total equity stake of 33.3% (12.5% direct stake and 20.8% through ND Western).

Deposit for shares - Guaranty Trust Holding Company Plc : This represents payment for a stake in GTCO Plc, made in Q3 2024. The shares are expected to be allotted following the completion of the capital verification exercise by the Central Bank of Nigeria and Securities & Exchange Commission in 2025.

Ever Oil & Gas Depot (Harbourview) : Aradel made an investment of ₦1.1 billion to acquire a 50% equity stake in Ever Oil & Gas Depot, a tankfarm located in Port Harcourt, Rivers State, Nigeria. The total value paid for a new investments acquired during the year amounted to ₦12.0 billion.

16. INVESTMENT IN ASSOCIATE - ND WESTERN LIMITED

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 January	270,233,296	132,532,480	7,810,062	7,810,062
Share of profit	31,617,315	3,221,500	-	-
Share of other comprehensive income (net of tax) that may be reclassified to profit or loss in subsequent periods	192,112,764	134,479,316	-	-
Dividend received	(3,995,168)	-	-	-
Carrying amount	489,968,207	270,233,296	7,810,062	7,810,062

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The summarised financial statements of ND Western Limited are presented below;

₦ '000	THE GROUP	
	31-Dec-24	31-Dec-23
Summarised statement of financial position		
Current assets	487,186,207	206,308,915
Non current assets	1,366,803,277	716,748,864
Current liabilities	(184,832,569)	(137,308,167)
Non-current liabilities	(494,353,081)	(137,194,890)
Net assets	1,174,803,834	648,554,722
Group's share of net assets	489,505,514	270,233,297
Summarised profit or loss statement and other comprehensive income		
Revenue	530,056,888	166,236,730
Other income/(loss)	(36,558,454)	20,463,992
Operating and Admin expenses	(258,217,477)	(164,336,315)
Net finance costs	(49,853,379)	(7,749,866)
Profit before taxation	185,427,578	14,614,541
Income tax	(109,546,629)	(6,883,002)
Profit after taxation	75,880,949	7,731,539
Other comprehensive income	461,066,945	322,747,777
Total comprehensive income	536,947,894	330,479,316
Proportion of Group's ownership	41.667%	41.667%
Group's share of profit for the year	31,617,315	3,221,500
Group's share of other comprehensive income	192,112,764	134,479,316

The principal place of business of ND Western is Nigeria and it is accounted for using the equity method. Dividend received from the associate in the year 2024: ₦4.0Bn (2023: Nil). 41.667% is the holding of the Group in ND Western. Dividend received is net of withholding tax.

Share of other comprehensive income represents the exchange difference arising from the translation of ND Western Limited results and financial position into the presentation currency.

As at 31 December 2024, ND Western reported a capital commitment balance of ₦331.6Bn (2023: ₦97.13Bn).

17. DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred Tax Liabilities	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
₦ '000				
Accelerated depreciation and amortisation	52,467,066	15,383,043	-	-
Decommissioning liabilities	884,618	3,003,438	-	-
Total	53,351,684	18,386,481	-	-
Deferred taxation				
At start of year	18,386,481	(12,759,803)	-	-
Income statement credit	21,168,302	44,003,555	-	-
Translation difference	13,796,901	(12,857,271)	-	-
Net deferred tax liabilities/(assets) at end of year	53,351,684	18,386,481	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The analysis of deferred tax assets and deferred tax liabilities is as follows contd.:

Deferred Tax Liabilities ₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Reflected in the statement of financial position as:				
Deferred tax liabilities	53,351,684	18,386,481	-	-
Net deferred tax liabilities	53,351,684	18,386,481	-	-

Deferred taxes are recoverable in more than one year.

The company has unrecognised deferred tax asset of ₦7.3 billion (2023: ₦1.2 billion) because it is not probable that future taxable profit will be available.

18. INVENTORIES

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude Oil	22,024,124	3,196,572	-	-
Refined products	5,815,021	5,093,707	-	-
Materials	19,063,107	7,682,965	-	-
Total	46,902,252	15,973,244	-	-

There were no write-downs of inventory during the year and all inventory balances are current in nature. Inventory balances will be turned over within 12 months after the financial year. The inventory charged to Cost of sales during the year amounted to ₦5.4 billion (2023: ₦1.4 billion).

The net movement in the value of inventory in the tank through out the year is reflective in stock adjustments (note 5).

19. TRADE AND OTHER RECEIVABLES

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Trade receivables	67,100,029	51,470,892	-	-
Other receivables	1,733,940	2,091,432	953,799	2,471,272
Related party receivables (Note 35)	-	-	189,536,578	59,770,922
	68,833,969	53,562,324	190,490,377	62,242,194
Allowance for expected credit losses	(80,716)	(39,247)	-	-
	68,753,253	53,523,077	190,490,377	62,242,194

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
As at 1 January	39,247	89,337	-	-
Impairment charge/(write back) on financial assets	13,221	(64,201)	-	-
Translation difference	28,248	14,111	-	-
As at 31 December	80,716	39,247	-	-

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Other receivables relates principally to receivables from South Sudan. They settled a total of ₦1.8 billion in 2024.

The charge of allowance for expected credit losses on trade and related party receivables is ₦13.2 million (Group) and Nil for Company (31 Dec 2023: Reversal ₦64.2m - Group & Nil for Company). The charge of expected credit losses arose from reassessment.

The Company had no expected credit loss provision as majority of the related party receivables relates to dividend. This is payable to the parent entity by its subsidiaries.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

20. PREPAYMENTS

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Prepaid rent	958	16,883	-	-
Prepaid expenses	3,496	18,294	-	-
Prepaid insurance	328,528	47,429	8,470	3,765
Total	332,982	82,606	8,470	3,765

21. CASH AND CASH EQUIVALENTS

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Cash and bank balances	213,295,416	80,763,842	58,685,446	17,679,835
Short term deposits	198,505,836	102,244,693	15,670,153	-
Cash and cash equivalents for statement of cashflow purposes	411,801,252	183,008,535	74,355,599	17,679,835
Restricted cash	10,404,864	11,610,226	-	5,620,288
Total cash and cash equivalents	422,206,116	194,618,761	74,355,599	23,300,123

Cash and cash equivalents comprise balances with less than three months to maturity, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities less than three months.

Restricted cash relates to cash used as collateral for the BOI and GT Bank loans. The Group/Company cannot withdraw or physically access the cash due to restrictions placed on the accounts by the banks.

22. SHARE CAPITAL AND PREMIUM

Share capital and premium – THE GROUP	N '000			
	Number of shares	Ordinary shares	Share premium	Total
Issue of Shares				
Balance at 1 January 2023	217,242,218	2,172,422	22,819,670	24,992,092
Balance at 31 December 2023	217,242,218	2,172,422	22,819,670	24,992,092
Balance at 31 December 2024	4,344,844,360	2,172,422	22,819,670	24,992,092
Share capital and premium – THE COMPANY	N '000			
Balance at 1 January 2023	217,242,218	2,172,422	22,819,670	24,992,092
Balance at 31 December 2023	217,242,218	2,172,422	22,819,670	24,992,092
Balance at 31 December 2024	4,344,844,360	2,172,422	22,819,670	24,992,092

Share premium represents the excess of the market value of the total issued share capital over the nominal value

	Number of shares	Amount(N' '000)
Authorised Share capital	4,344,844,360	2,172,422
Issued and fully paid-up	4,344,844,360	2,172,422

On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (N0.50) each from Ten Naira (N10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (N0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (N10.00) each.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

23. BORROWINGS

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
GTB	49,120,544	39,273,624	-	-
BOI loan	4,706,593	11,459,657	-	-
Bond	11,138,777	11,131,874	11,138,777	11,131,874
Loan from related party	31,326,609	-	-	-
Petre IPINs	106,747	106,747	-	-
Total	96,399,270	61,971,902	11,138,777	11,131,874
Current	55,454,223	17,621,748	-	-
Non-current	40,945,047	44,350,154	11,138,777	11,131,874
Total	96,399,270	61,971,902	11,138,777	11,131,874

Participating Investment Notes (Petre IPINs)

On 9th May 2003, by a Share Purchase Agreement ("SPA"), Aradel Holdings acquired all the shares of Aradel Energy Limited of which the net consideration was paid to the then existing shareholders by issuing ordinary shares in Aradel Holdings of a total value of US\$ 2,113,738 at an agreed price of US\$ 0.30 per share and the issue of Irredeemable Participating Investment Notes of \$ 1.00 each to a value of US\$ 2,113,738 at an agreed price of \$1.00 per note. They are entitled to cashflow distributions.

Guaranty Trust Bank Plc (GTB)

GT Bank loans comprise 2 facilities: out of a US\$120million facility, a drawn amount of US\$84million and US\$10million which were secured in 2022 and 2023 respectively. The loans are repayable every quarter, starting from January 2023 (for the earliest facility) to August 2027 (for the most recent facility). The loans are secured by: all assets debenture on fixed and floating assets in the Ogbelle Field; floating charge on the crude oil produced from the acreage operated by in OML 54, assignment and domiciliation of crude oil sales proceeds to GTB; charge over collection accounts and a corporate guarantee of Aradel Holdings Plc. for the full facility amount and interest thereon. Interest is payable at 11% per annum (Effective Interest Rate: 13.68% and 11.15%). The outstanding amount on the loan is US\$31.9million.

Bank of Industry Ltd (BOI)

BOI loan also represents an additional \$10million facility from the Bank of Industry, obtained in February 2021. It is repayable monthly, over 5 years. It is secured by a Bank Guarantee from First City Monument Bank (FCMB). Interest is payable at 8% per annum (Effective Interest Rate: 6.81%). The outstanding amount on the loan US\$3.0million.

N10B Series I Bond

Aradel Holdings Plc secured a ₦10 billion Bond Issue in December 2022, part of a ₦20 billion bond series. The proceeds from this issuance are being deployed to finance essential NGN-denominated projects. The Bond Issue witnessed a 3.18% oversubscription, and proceeds were received by the Company in January 2023. The Bond is repayable bi-annually, starting from July 2025 to January 2028. A 2-years moratorium was granted on principal payments which will lapse in January 2025. Interest is payable at 17% per annum (Effective Interest Rate: 16.99%). The outstanding amount on the bond is ₦10.3billion.

Loan from related party

The Loan from related party represents advances from ND Western Limited an Associate. The loans partly funded the investment deposit in respect of the Shell Petroleum Development Company acquisition through the Renaissance SPV. This is a short term facility, payable at an interest rate of 15%.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

THE GROUP	31-Dec-24					
	₦ '000	Carrying amount	Gross Nominal outflow	Next 12 months	1-2 years	3-5 years
GTB	49,120,544	58,055,055	22,871,662	35,183,393	-	-
BOI loan	4,706,593	4,893,065	4,530,729	362,336	-	-
N10B Series 1 Bond	11,138,777	14,266,193	3,471,359	8,927,886	1,866,949	-
Loans from related party	31,326,609	31,326,669	31,326,669	-	-	-
Petre IPINs	106,747	977,999	977,999	-	-	-
Total	96,399,270	109,518,982	63,178,418	44,473,614	1,866,949	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

THE GROUP	31-Dec-23					
₦ '000	Carrying amount	Gross Nominal outflow	Next 12 months	1-2 years	3-5 years	Over 5 years
GTB	39,273,624	48,598,539	14,589,005	25,630,816	8,378,717	-
BOI loan	11,459,657	12,112,985	7,720,364	4,392,621	-	-
N10B Series 1 Bond	11,131,874	16,022,633	1,756,509	8,227,620	6,038,504	-
Loans from related party	-	-	-	-	-	-
Petre IPINs	106,747	572,911	572,911	-	-	-
Total	61,971,902	77,307,067	24,638,789	38,251,057	14,417,222	-

THE COMPANY	31-Dec-24					
₦ '000	Carrying amount	Gross Nominal outflow	Next 12 months	1-2 years	3-5 years	Over 5 years
N10B Series 1 Bond	11,138,777	14,266,193	3,471,359	8,927,886	1,866,949	-
	11,138,777	14,266,193	3,471,359	8,927,886	1,866,949	-
31-Dec-23						
N10B Series 1 Bond	11,131,874	16,022,633	1,756,509	8,227,620	6,038,504	-
	11,131,874	16,022,633	1,756,509	8,227,620	6,038,504	-

The carrying amounts and fair value of the borrowings are as follows:

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Carrying amount:				
Borrowings	96,399,270	61,971,902	11,138,777	11,131,874
Total	96,399,270	61,971,902	11,138,777	11,131,874
Fair value:				
Borrowings	109,518,982	76,937,064	14,266,193	16,226,525
Total	109,518,982	76,937,064	14,266,193	16,226,525

The fair values are based on cashflows discounted using a rate based on the current borrowing rate of 11% for GTB, 9% and 8% for BOI. They are classified as level 2 fair values in the fair value hierarchy.

Changes in liabilities arising from financing activities	THE GROUP		THE COMPANY	
₦ '000	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 January	61,971,902	61,971,902	11,131,874	-
Additional borrowing	-	8,993,900	-	-
Loan from related party	24,281,086	-	-	-
Bond	-	10,318,000	-	10,318,000
Repayment of borrowings	(32,439,025)	(49,420,631)	-	-
Repayment of interest	(9,444,797)	(5,453,185)	(1,734,185)	(985,031)
Foreign exchange movement	31,789,127	27,371,322	(137,789)	-
Accrued interest	20,742,589	6,365,224	1,862,601	1,800,097
Remeasurements	(501,612)	1,825,370	16,276	(1,192)
At 31 December	96,399,270	61,971,902	11,138,777	11,131,874

Remeasurements are non-cashflow and relate to the effects of carrying borrowings at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

24. DECOMMISSIONING LIABILITIES

₦ '000	THE GROUP		THE COMPANY	
Balance at 1 January 2023		64,489,699		-
Charged/(credited) to profit or loss:				
Changes in estimated flows		(69,275,515)		-
Translation difference		66,413,589		-
Unwinding of discount due to passage of time		3,533,456		-
Balance at 31 December 2023		65,161,229		-
Balance at 1 January 2024		65,161,229		-
Charged/(credited) to profit or loss:				
Provision no longer required		(45,238,257)		-
Changes in estimated flows		(29,396,772)		-
Translation difference		44,448,090		-
Unwinding of discount due to passage of time		1,965,818		-
Balance at 31 December 2024		36,940,108		-

The Group makes full provision for the future cost of decommissioning oil & gas production facilities, refining facilities and pipelines on a discounted basis. The decommissioning provision represents the present value of decommissioning costs relating to these assets, which are expected to be incurred up to 2057. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made which Management believes are a reasonable basis upon which to estimate the future liability.

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the assets cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. Changes in estimate arise from the changes to the measurement inputs, which are inflation, discount rate, asset lifespan and cost estimates. The discount rate used in the calculation of the provision as at 31 December 2024 are; Oil 4.58% (31 December 2023 : 3.88%), Gas 4.78% (31 December 2023 : 4.03%), refining facilities 4.78% (31 December 2023 : 4.03%) . The inflation rate used in the calculation of the provision as at 31 December 2024 is 2.95% (31 December 2023: 4.14%), based on the US Dollar economic variables. Cost estimates were revised in 2024 to an activity based costing approach; in 2023, 10% of the cost of Oil and Gas assets was used. A reduction in decommissioning provisions is first adjusted against the asset (up to the present value of the liability). Any excess unabsorbed in PPE is released to P or L as provision no longer required.

25. CONTRACT LIABILITIES

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Down payments received	2,780,114	1,771,922	-	-
	2,780,114	1,771,922	-	-

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. This will exist when an entity has received consideration but has not transferred the related goods or services to the customer. The Group has recognised a liability in relation to contracts with refined products customers for the delivery of refined products which these customers are yet to receive but which cash consideration have been received by the Group as at the end of the reporting period.

For the purchase of refined products, the terms of payments relating to the contract with customers is advance payments. The refinery operates a 7-days sales cycle which includes product evacuation

26. TRADE, SHARE BASED PAYMENT AND OTHER PAYABLES

₦ '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Amounts due to related parties (Note 35)	-	-	588,028	11,353,877
Royalty payable & Other Statutory payable	38,852,103	27,719,265	-	-
Sundry creditors	22,032,869	9,048,996	1,086,986	287,893
Staff payable	22,378,697	-	-	-
Trade payables	37,040,682	19,826,657	-	-
Unclaimed dividend	547,828	481,690	547,828	481,690
	120,852,179	57,076,608	2,222,842	12,123,460

- Trade payables are non-interest bearing and are normally settled on 30-day terms .
- Sundry creditors include IPIN note due, host community payable, accruals, VAT and WHT payable.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

- Staff payable represents the balance for a cash-settled based payments that require the entity to pay a cash value that is dependent on the excess value on the entity's baseline enterprise value (share value) to its Senior/Executive management employees. See note 10.2 for more details

- The Directors consider that the carrying amount of trade payables approximates to their fair value.

27. TAXATION

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Hydrocarbon tax	10,465,777	4,952,827	-	-
Income tax expense	26,182,938	3,198,787	-	-
Minimum tax	938,117	1,271,737	-	-
Education tax	8,031,703	4,998,048	-	-
Under/(over) provision of prior year taxes	(9,086,792)	998	-	-
Total current tax	36,531,743	14,422,397	-	-
Deferred taxation				
Origination of temporary differences	21,168,302	44,003,555	-	-
Total deferred tax	21,168,302	44,003,555	-	-
Income tax expense	57,700,045	58,425,952	-	-

The Company did not incur corporate tax or minimum tax for the current and prior year, as it had no revenue. Its other income primarily comprises of franked investment income, which has been subjected to withholding tax (WHT) as a final tax.

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 January	14,421,838	4,509,948	578,195	288,362
Tax paid	(27,176,699)	(6,487,142)	(964,181)	-
Prior period under/(over) provision	(9,086,792)	998	-	-
Income tax charge for the year	45,618,535	14,421,399	-	-
Foreign exchange difference	11,625,423	1,976,635	385,986	289,833
At 31 December	35,402,305	14,421,838	-	578,195

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Profit before income tax	316,772,492	112,163,651	166,965,434	40,835,545
Income tax using the weighted average domestic corporation tax rate	104,534,922	45,987,097	50,089,630	12,250,664
Non-taxable income	(36,048,957)	(3,295,870)	(50,089,630)	(12,250,664)
Disallowed expenses	7,896,346	15,170,680	-	-
Tax incentives	(18,565,294)	(5,706,738)	-	-
Minimum tax	938,117	1,271,737	-	-
Education tax	8,031,703	4,998,048	-	-
(Over)/under provision in prior years	(9,086,792)	998	-	-
Total income tax expense in income statement	57,700,045	58,425,952	-	-
Effective tax rate	18%	52%	0%	0%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

28. SUBSIDIARIES

Aradel Holdings Plc ('the parent') controls the following subsidiaries:

	Effective Ownership interest	₦ '000	
		31-Dec-24	31-Dec-23
Aradel Energy Limited	100%	50,000	50,000
Aradel Investments Limited	100%	1,243,205	1,243,205
Aradel Refineries Limited	95.04%	14,431,022	14,431,022
Aradel Gas Limited	100%	10,000	10,000
		15,734,227	15,734,227

Summarised statement of profit or loss

₦'000	Aradel Energy Limited		Aradel Gas Limited		Aradel Refineries Limited		Aradel Investments Limited	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Revenue	482,711,460	170,297,963	79,487,859	25,986,066	187,663,551	102,496,615	118,374	51,674
Cost of sales	(202,719,818)	(69,510,998)	(37,095,887)	(18,698,816)	(148,820,675)	(66,279,737)	(144,054)	(102,898)
	279,991,642	100,786,965	42,391,972	7,287,250	38,842,876	36,216,878	(25,680)	(51,224)
Other income or Loss	7,296,821	(2,667,104)	-	33,527,584	(9,198,178)	(3,639,123)	1,296	101,996
Impairment (Charge)/ writeback on financial assets and contract assets	(10,118)	56,481	(3,103)	7,720	-	-	-	-
General and Admin expenses	(55,121,147)	(16,225,505)	(1,501,708)	(373,545)	(4,122,759)	(2,145,356)	-	-
Net Finance income/ (costs)	(9,492,717)	(3,729,258)	(37,686)	(744,408)	2,911,016	(690,507)	-	-
Profit / (Loss) before taxation	222,664,481	78,221,579	40,849,475	39,704,601	28,432,955	29,741,892	(24,384)	50,772
Tax (expense)/credit	(41,996,143)	(45,183,732)	(11,365,152)	(3,465,181)	(4,221,422)	(9,777,388)	(117,328)	349
Profit/(loss) after taxation	180,668,338	33,037,847	29,484,323	36,239,420	24,211,533	19,964,504	(141,712)	51,121
Other comprehensive income	65,456,119	60,486,809	75,409,922	29,274,600	63,129,231	63,532,961	3,660,524	5,916,233
Total comprehensive income	246,124,457	93,524,656	104,894,245	65,514,020	87,340,764	83,497,465	3,518,812	5,967,354

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Summarised statement of financial position:

R'000	Aradel Energy Limited		Aradel Gas Limited		Aradel Refineries Limited		Aradel Investments Limited	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Assets								
*Property plant & equipment	321,327,338	160,467,459	112,227,688	71,482,047	233,216,703	145,637,721	-	-
Intangible assets	1,251,000	1,211,772	-	-	-	-	-	-
Deferred tax assets	6,652,660	7,071,495	-	-	-	-	255,680	214,794
Investment property	-	-	-	-	-	-	9,865,614	5,840,395
Financial assets	25,632,134	312,802	-	-	-	-	-	-
Investment in Aradel Refineries	1,640,071	1,640,071	-	-	-	-	-	-
Inventories	27,237,242	5,193,311	4,569,858	2,733,575	15,095,152	8,046,358	-	-
Trade and other receivables	57,515,874	81,005,910	114,536,714	72,850,830	3,182,391	13,498,402	3,307,816	1,681,844
Prepayments	324,512	78,841	-	-	-	-	-	-
Cash and cash equivalents	244,334,808	130,113,692	6,152,394	797,921	97,363,314	40,407,025	-	-
Total assets	685,915,639	387,095,353	237,486,654	147,864,373	348,857,560	207,589,506	13,429,110	7,737,033
Liabilities								
Borrowings	85,260,493	44,710,992	-	-	-	6,129,036	-	-
Deferred tax liabilities	-	-	32,480,228	13,370,743	27,779,796	12,302,027	-	-
Decommissioning liabilities	21,987,889	39,778,877	863,651	9,660,988	14,088,568	15,721,364	-	-
Contract liabilities	-	-	-	-	2,780,114	1,771,922	-	-
Trade and other payables	314,075,520	158,336,970	2,698,203	12,171,355	100,029,484	48,180,724	2,216,890	54,119
Taxation	31,315,291	9,148,525	2,192,404	547,205	1,883,858	4,147,655	10,752	258
Total liabilities	452,639,193	251,975,364	38,234,486	35,750,290	146,561,820	88,252,728	2,227,642	54,377
Equity								
Deposit for shares	-	-	-	-	-	-	1,223,205	1,223,205
Share capital	50,000	50,000	10,000	10,000	10,000	10,000	20,000	20,000
Share premium	-	-	-	-	16,765,000	16,765,000	-	-
Translation reserve	163,842,691	98,386,572	119,896,125	44,486,202	127,724,734	64,595,503	9,576,757	5,916,233
Retained earnings	69,383,755	36,683,417	79,346,043	67,617,881	57,796,006	37,966,275	381,506	523,218
Total equity	233,276,446	135,119,989	199,252,168	112,114,083	202,295,740	119,336,778	11,201,468	7,682,656
Total liabilities and equity	685,915,639	387,095,353	237,486,654	147,864,373	348,857,560	207,589,506	13,429,110	7,737,033
*Property plant & equipment consist of								
Oil and gas properties	318,117,243	158,817,152	112,227,688	71,482,042	232,500,918	145,592,845	-	-
Non oil and gas asset property	3,210,095	1,650,307	-	-	715,785	44,876	9,865,614	5,840,395
	321,327,338	160,467,459	112,227,688	71,482,047	233,216,703	145,637,721	9,865,614	5,840,395
Summarised statement of cash flows								
Net cash flows from/(used in) operating activities	401,304,657	198,375,434	25,868,148	10,201,615	55,803,655	21,909,472	53,493	75,654
Net cash (used in) / from investing activities	(142,576,557)	(42,316,582)	(3,079,715)	(260,518)	(295,554)	287,365	(53,493)	(75,654)
Net cash flows (used in)/ generated from financing activities	(153,303,110)	(62,233,178)	(17,756,160)	(10,000,000)	(15,157,211)	(7,099,834)	-	-
Net (decrease)/increase in cash and cash equivalents	105,424,990	93,825,674	5,032,273	(58,903)	40,350,890	15,097,003	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

29. COMMITMENTS

As at 31 December 2024, the capital commitments in respect of PPE expenditures amounts to ₦45.3 billion (2023: ₦29.3 billion).

30. CONTINGENCIES

The Group has contingent liabilities in respect of legal suits against Aradel Energy Limited as the operator of the Ogbelè oil field. The possible liabilities from these cases amount to ₦2,042 billion (2023: ₦1,196 billion). These have not been incorporated in these financial statements. The directors on the advice of the Group's solicitors are of the opinion that the Group will not suffer any loss from these claims.

31. TRANSLATION RESERVE

Included in translation reserve are share of other comprehensive income of an associate and foreign currency translation reserve.

32. FAIR VALUE RESERVE

This represents the fair value changes in financial assets measured at fair value through other comprehensive income.

33. NON-CONTROLLING INTEREST

Non-Controlling Interests represent the 4.9621% ownership stake in Aradel Refineries Limited held outside the Group. The investment was received as part of the fund-raising efforts for Train 2 & 3 of the refinery.

Name of subsidiary	Principal place of business and place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interest		Total Comprehensive Income allocated to non-controlling interests for the year		Non-controlling interest	
		31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
₦ '000							
Aradel Refineries Limited	Nigeria	(%) 4.9621	(%) 4.9621	3,131,210	4,141,474	8,659,222	5,745,441

34. DIVIDEND PAID AND PROPOSED

₦'000	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
Cash dividends on ordinary shares declared and paid				
Final dividend for 2023: 8.5 Naira per share (2022: 1.75 Naira per share)	36,931,177	7,603,478	36,931,177	7,603,478
Interim dividends on ordinary shares declared and paid				
Interim dividend for 2024: 8 Naira per share (2023: 1.5 Naira per share)	34,758,755	6,517,267	34,758,755	6,517,267
Proposed dividends on ordinary shares				
Final dividend for 2024: 22 Naira per share (2023: 8.5 Naira per share)	95,586,576	36,931,177	95,586,576	36,931,177

*On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (N0.50) each from Ten Naira (N10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (N0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (N10.00) each. The prior year dividend per share has been normalised for comparison.

35. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Aradel Holdings Plc and the subsidiaries listed in the following table:

	Country of incorporation	% effective equity interest	
		2024	2023
Aradel Energy Limited	Nigeria	100	100
Aradel Gas Limited	Nigeria	100	100
Aradel Investments Limited	Nigeria	100	100
Aradel Refineries Limited	Nigeria	95.04	95.04

Other related parties include ND western Limited, an associate company in which the Group has a 41.667% ownership interest.

The ultimate parent of the Group is Aradel Holdings Plc.

Balances and transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The following transactions were carried out with related parties:

THE GROUP

(a) SALES OF GOODS AND SERVICES		
₺'000	2024	2023
Goods		
– ND Western Limited (Associate)	Nil	Nil
Rendering of services:		
– Ultimate parent (legal and administration services)	Nil	Nil
Total	Nil	Nil
(b) PURCHASE OF GOODS AND SERVICES		
Rendering of services:		
ND Western Limited (Borrowings)	24,281,086	Nil
Total	Nil	Nil

Goods and services are bought from associates and an entity controlled by key Management personnel on normal commercial terms and conditions.

(c) KEY MANAGEMENT

Key management includes: Directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit. The compensation paid or payable to key Management for employee services is shown below:

₺'000	2024	2023
Salaries and other short-term employee benefits	6,449,632	1,544,114
Post-employment benefits	-	-
Total	6,449,632	1,544,114

(d) YEAR-END BALANCES ARISING FROM SALES/PURCHASES OF GOODS/SERVICES

₺'000	2024	2023
Payables to related parties		
ND Western Limited	24,281,086	-

The payable relates to Aradel's share of the cost of funding initial deposit by ND Western as part of the overall funding carried by ND Western for the investment in Renaissance.

THE COMPANY

(a) PURCHASE OF GOODS AND SERVICES		
₺'000	2024	2023
Purchase of services:		
– Entity under common control (Aradel Investments Limited)	5,919	2,584
Total	5,919	2,584
(b) Year-end balances arising from sales/purchases of goods/services. (₺'000)		
Receivables		
Aradel Energy Limited	154,818,387	48,980,591
Aradel Gas Limited	20,293,860	10,790,331
Aradel Refineries Limited	14,424,331	-
Total	189,536,578	59,770,922
Payables		
Aradel Investments Limited	(588,028)	(48,785)
Aradel Refineries Limited	-	(11,305,092)
Total	(588,028)	(11,353,877)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the Group's senior management, under policies approved by the Board of Directors. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group's functional units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices - such as currency exchange rates and interest rates will affect the Group's income or the value of its financial instruments. The aim of managing market risk is to manage exposures within acceptable parameters, while optimising return.

(i) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to cash and cash equivalents that are denominated in currencies other than the US Dollar. The Group enjoys a natural hedge in its Dollar functional currency.

Exposure to currency risk

In managing currency risk, the Group aims to reduce the impact of short-term fluctuations on earnings. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Group and Company monitor the movement in the currency rates on an ongoing basis. In the prior year, the Company and Group's exposure to currency risk was considered immaterial. The Company's main exposure to currency risks as at 31 December 2024 arose from foreign currency denominated balances as follows:

N'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Financial asset				
Cash and cash equivalents	37,248,399	27,916,986	14,596,287	9,617,624
Trade and other receivables	11,939,850	5,868,484	76,750	4,449,458
Financial assets	12,453,227	4,053,222	10,610,843	4,053,222
Financial Liabilities				
Borrowings	(11,138,777)	(11,139,136)	(11,138,777)	(11,139,136)
Trade and other payables	(12,856,152)	(2,921,887)	(3,252,821)	(192,500)
Contract liabilities	(1,897,275)	(1,677,199)	-	-
Net exposure	35,749,272	22,100,470	10,892,282	6,788,668

Sensitivity analysis

A reasonably possible loss of strength of the Naira, as indicated below, against the USD at 31 December would have increased/(decreased) profit by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

PROFIT OR LOSS 20 PERCENT STRENGTHENING N'000	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
31 December	310,886,936	64,485,239	200,358,521	49,002,654

A weakening of the Naira against the above currency at 31 December would have had the equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

The following significant exchange rate was applied during the year: N'000	YEAR END SPOT RATE	
	2024	2023
	1,535.32	899.39

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments in financial assets (Consolidated Hallmark Investment) held by the Group. However, the Group is also exposed to commodity price risk in form of crude oil inventory. Oil prices are determined by market forces which are beyond the control of the Group. Management is currently examining different strategies for managing this risk as market realities unfold. The sensitivity of the Group's earnings and equity to a change in the price of barrel of oil equivalent in the form of crude oil inventory and equity prices at year end is shown below:

N'000	Change in year-end price		2024	2023
Barrels of oil equivalents	10%		24,226,536	3,516,229
	-10%		(24,226,536)	(3,516,229)
Refined Products	10%		6,396,523	5,603,078
	-10%		(6,396,523)	(5,603,078)
Equity prices	10%		10,453,110	404,509
	-10%		(10,453,110)	(404,509)

Crude Hedge

In 2024, the Group entered an economic crude oil hedge contract with an average strike price of ₦485,442.6/bbl (\$55/bbl) for 1,129,770 barrels at an average premium price of ₦4,344.96 (\$2.83) was agreed at the contract dates.

These contracts, which commenced on September 2024, are expected to reduce the volatility attributable to price fluctuations of oil. The Group paid a premium in the current year for 1,129,770 barrels. An unrealized fair value loss of ₦2.7 billion, have been recognized in 2024. The termination date is 31 August 2025. Hedging the price volatility of forecast oil sales is in accordance with the risk management strategy of the Group.

The maturity of the crude oil hedge contracts the Group holds is shown in the table below:

As at 31 December 2024	Within 12 Months	Total	Fair value
			N'000
Crude oil hedges Volume (bbl.)	810,000	810,000	496,045
	Change in year-end price		Effect on profit before tax 2023
Increase/decrease in market inputs	10%		49,605
	-10%		(49,605)

(iii) Cash flow and interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to this risk as it does not have a floating interest rate instrument.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), and deposits with banks and financial institutions.

Exposure to credit risk

N'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Trade and other receivables	68,753,253	53,523,077	190,490,377	62,242,194
Cash and cash equivalents*	422,206,116	194,618,761	74,355,599	23,300,123
Total	490,959,369	248,141,838	264,845,976	85,542,317

*includes cash in hand and restricted cash.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The Group evaluates the concentration of risk with respect to trade receivables as medium as customers consists of large and reputable oil and gas companies. The Group's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's Finance department in accordance with the Group's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Group's Finance Director periodically and may be updated throughout the year subject to approval of the Finance Director. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

i. Trade receivables

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade and other receivables using a provision matrix:

31 December 2024			
	Gross (N'000)	Expected Credit Loss (N'000)	ECL rate
Current	65,178,298	55,446	0.09%
<30 days	1,902,409	10,583	0.56%
31-60 days	19,376	1,739	8.98%
61-90 days	-	-	0%
>90 days	1,733,886	12,946	0.75%
Total	68,833,969	80,715	
31 December 2023			
Current	51,471,822	29,868	0.06%
<30 days	-	-	0%
30-60 days	-	-	0%
61-90 days	-	-	0%
>90 days	2,090,502	9,379	0.45%
Total	53,562,324	39,247	

By Geographical Location and Customer Type:

31 December 2024			
Within Nigeria (Local Customers)	Gross (N'000)	Expected Credit Loss (N'000)	ECL rate
Current	19,649,919	8,602	0.04%
<30 days	1,902,409	10,583	0.56%
31-60 days	19,376	1,739	8.98%
61-90 days	-	-	0%
>90 days	-	-	0%
Total	21,571,704	20,924	
Outside Nigeria (Foreign Customers)			
Current	45,528,379	46,844	0.10%
<30 days	-	-	0%
30-60 days	-	-	0%
61-90 days	-	-	0%
>90 days	1,733,886	12,946	0.75%
Total	47,262,265	59,790	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Movement in the allowance for impairment in respect of trade receivables during the year was as follows:	2024	2023
₺'000		
Balance as at 1 January	39,247	89,337
Writeback for expected credit losses	13,221	(64,201)
Translation difference	28,246	14,111
Balance as at 31 December	80,715	39,247

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and preference shares. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in funding its business activities and meeting obligations associated with financial liabilities. The Management monitors and manages liquidity but ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate management for the company short, medium and long-term funding and liquidity management requirements. The table below disclose the maturity profile of the company's financial liabilities and those financial assets used for managing liquidity risk.

GROUP		2024				
₺'000	Carrying amount	Contractual cash flows	Less than a year	Between 1 and 2 years	Between 2 and 5 years	
Trade payable	37,040,682	37,040,682	37,040,682	-	-	
Borrowings	96,399,270	109,518,982	63,178,418	44,473,614	1,866,949	
		2023				
Trade payable	19,826,657	19,826,657	19,826,657	-	-	
Borrowings	61,971,902	77,307,067	24,638,789	38,251,057	14,417,222	
COMPANY		2024				
₺'000	Carrying amount	Contractual cash flows	Less than a year	Between 1 and 2 years	Between 2 and 5 years	
Trade payable	-	-	-	-	-	
Borrowings	11,138,777	14,266,193	3,471,359	8,927,886	1,866,949	
		2023				
Trade payable	-	-	-	-	-	
Borrowings	11,131,874	16,022,633	1,756,509	8,227,620	6,038,504	

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

d) Fair Value

The fair values of financial assets and liabilities have been included at the amount at which the instruments can be exchanged, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair values;

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term nature of these instruments.

- Long-term borrowings are evaluated by the Group based on parameters such as interest rates, specific country factors, and risk characteristics of the projects financed. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 11%, 8%, 17%, 15% (2023: 11%, 6%/ 9%) for GTB, BOI, Bond and loan from related party.

- Fair value of unlisted equities is based on the dividend discount model.

- Fair value of corporate bonds is based on price quotations at the reporting date.

The following table discloses the fair value measurement hierarchy of the Group's assets and liabilities.

₦'000	Date of valuation	Total	Level 1 (quoted market price)	Level 2 (observable market inputs)	Level 3 (unobservable market inputs)
Assets for which fair values are disclosed;					
Hedge	2024	496,045	-	496,045	-
Assets measured at fair value					
Listed equity securities	2024	9,502,827	9,502,827	-	-
Assets measured at fair value					
Unlisted equity securities	2024	1,108,016	-	-	1,108,016
Liabilities for which fair values are disclosed;					
Borrowings	2024	96,900,882	-	96,900,882	-
Assets for which fair values are disclosed;					
Hedge	2023	312,802	-	312,802	-
Assets measured at fair value					
Listed equity securities	2023	4,045,087	4,045,087	-	-
Assets measured at fair value					
Unlisted equity securities	2023	6,295	-	-	6,295
Liabilities for which fair values are disclosed;					
Borrowings	2023	60,146,532	-	60,146,532	-

There were no transfers between Level 1 and Level 2 during 2024

The following table discloses the fair value measurement hierarchy of the Company's assets and liabilities.

₦'000	Date of valuation	Total	Level 1 (quoted market price)	Level 2 (observable market inputs)	Level 3 (unobservable market inputs)
Assets measured at fair value;					
Unlisted equity securities	2024	57,857	-	-	57,857
Liabilities for which fair values are disclosed;					
Borrowings	2024	11,122,501	-	11,122,501	-
Assets measured at fair value;					
Unlisted equity securities	2023	6,295	-	-	6,295
Liabilities for which fair values are disclosed;					
Borrowings	2023	11,133,066	-	11,133,066	-

There were no transfers between Level 1 and Level 2 during 2024

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis are shown below for Group and Company:

31 December 2024				
₦'000	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of the input to fair value
AFS financial assets in unquoted equity share	Dividend discount model (DDM)	Long-term growth rate for cash flows for subsequent years	11.9%	6% increase /(decrease) in the growth rate would result in an increase/(decrease) in fair value by ₦22.3m
		Cost of equity capital	34%/24%	2% increase/ (decrease) in the cost of equity capital would result in a decrease/(increase) in fair value by ₦4.3m
		Discount for lack of market-ability	10%	This is not applicable in this financial year
31 December 2023				
AFS financial assets in unquoted equity shares	Dividend discount model (DDM)	Long-term growth rate for cash flows for subsequent years	-20%	6% increase /(decrease) in the growth rate would result in an increase/(decrease) in fair value by ₦1.6m
		Cost of equity capital	17%/20%	2% increase/ (decrease) in the cost of equity capital would result in a decrease/(increase) in fair value by ₦0.4m
		Discount for lack of market-ability	10%	This is not applicable in this financial year

Capital Management Disclosures

The Group and the Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the oil and gas industry, where the company operates;
- To safeguard the ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy are strictly observed when managing economic capital.

The gearing ratio is computed below:

₦'000	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
Total interest-bearing debt	96,399,270	61,971,902	11,138,777	11,131,874
Total Equity	1,404,109,963	704,644,581	293,189,451	89,308,224
Capital Gearing (Debt to Equity)	7%	9%	4%	12%
Total Assets	1,749,835,623	923,434,561	306,551,070	113,141,753
Total Equity	1,404,109,963	704,644,581	293,189,451	89,308,224
Capital Gearing (Total Equity to Total Assets)	80%	76%	96%	79%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

37. STAFF INFORMATION

(a). The average number of full time persons employed by the Company during the year was as follows:

Number	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
Management	11	9	-	-
Operations	167	172	-	-
Finance	14	15	-	-
Administration	77	60	-	-
Total	269	256	-	-
Less than 10,000,000	2	5	-	-
10,000,001 – 20,000,000	21	42	-	-
Above 20,000,000	246	209	-	-
Total	269	256	-	-

38. DIRECTORS REMUNERATION

The remuneration paid to the Directors (executive and non-executive) of the Company was:

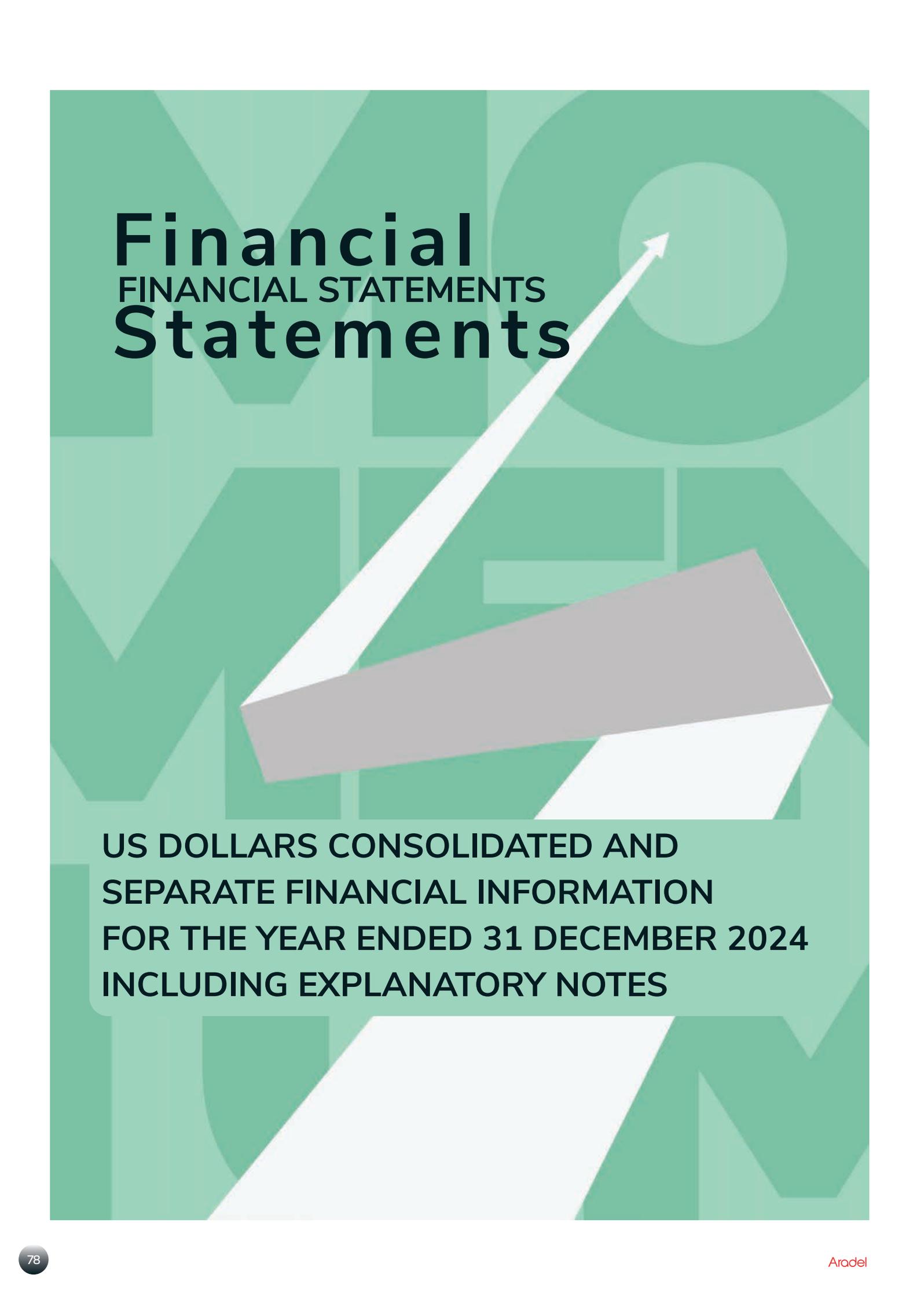
N'000	THE GROUP		THE COMPANY	
	2024	2023	2024	2023
Emoluments (including salaries, bonuses, fees and sitting allowance)	6,294,435	1,358,591	1,375,078	426,888
Fees and other emoluments disclosed above include amounts paid to:				
The Chairman	162,543	92,593	162,543	92,593
The highest paid Director	2,435,596	569,623	162,543	92,593

39. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 2024 Financial year, Renaissance Africa Energy Holdings completed the acquisition of the entire (100%) equity holding in the Shell Petroleum Development Company of Nigeria (SPDC), following the signing of a sale and purchase agreement with Shell in January 2024, and the subsequent receipt of all regulatory approvals required for the transaction and fulfilment of all subsequent conditions on 10th March 2025.

Renaissance is a consortium consisting of Aradel Holdings Plc and three (3) other Nigerian independent oil and gas companies: ND Western Limited, FIRST Exploration and Petroleum Development Company Limited and the Waltersmith Group, each with considerable operations experience in the Niger Delta, and Petrolin, an international energy company with global trading experience and a pan African outlook.

Aradel holds a total equity stake of 33.3% (12.5% direct stake and 20.8% through ND Western's 50% equity stake in Renaissance).



Financial

FINANCIAL STATEMENTS

Statements

**US DOLLARS CONSOLIDATED AND
SEPARATE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024
INCLUDING EXPLANATORY NOTES**

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (USD)

FOR THE YEAR ENDED 31 DECEMBER 2024		THE GROUP		THE COMPANY	
\$'000	Notes	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Revenue	4	392,754	342,336	-	-
Cost of sales	5	(151,806)	(133,659)	-	-
Gross profit		240,948	208,677	-	-
Dividend income		98	168	117,231	52,200
Other loss	6	(6,092)	(35,835)	(2,168)	(167)
Impairment (loss) / writeback on financial assets and contract assets	8	(9)	224	-	-
General and administrative expenses	7	(37,999)	(34,618)	(2,473)	(1,769)
Operating profit		196,946	138,616	112,590	50,264
Finance income	9	10,786	12,708	1,521	8,069
Finance costs	9	(15,009)	(22,236)	(1,270)	(3,001)
Net Finance (cost)/income		(4,223)	(9,528)	251	5,068
Share of profit of an associate	16	21,368	4,994	-	-
Profit before taxation		214,091	134,082	112,841	55,332
Tax expenses	27	(38,994)	(64,960)	-	-
Profit after taxation		175,097	69,122	112,841	55,332
Profit attributable to:					
Equity holders of the parent		174,285	68,262	112,841	55,332
Non-controlling interest		812	860	-	-
		175,097	69,122	112,841	55,332
Net gain on equity instruments at fair value through other comprehensive income	15	3,465	3,419	3,465	3,419
Other comprehensive income for the year, net of tax		3,465	3,419	3,465	3,419
Total comprehensive income for the year		178,562	72,541	116,306	58,751
Total comprehensive income attributable to:					
Equity holders of the parent		177,750	71,681	116,306	58,751
Non-controlling interest		812	860	-	-
Basic earnings per share	12	\$0.040	\$0.016	\$0.026	\$0.01

The accompanying notes and material accounting policies form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION (USD)

AS AT 31 DECEMBER 2024		THE GROUP		THE COMPANY	
\$'000	Notes	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Assets					
Non-current assets					
Property, plant and equipment	13a	440,715	426,318	-	-
Intangible assets	14	815	1,348	-	-
Financial assets	15	28,196	4,505	11,824	4,505
Investment in associate	16	319,131	300,463	50,000	50,000
Investment in subsidiaries	28	-	-	51,355	51,355
Total non-current assets		788,857	732,634	113,179	105,860
Current assets					
Inventories	18	30,547	17,759	-	-
Trade and other receivables	19	44,780	59,511	124,071	100,710
Prepayments	20	218	92	6	4
Financial assets	15	323	348	-	-
Cash and Cash equivalents	21	268,217	203,493	48,429	19,658
Restricted cash	21	6,777	12,909	-	6,249
Total current assets		350,862	294,112	172,506	126,621
Total assets		1,139,719	1,026,746	285,685	232,481
Equity and liabilities					
Shareholders' equity					
Share capital	22	19,316	19,316	19,316	19,316
Share premium	22	78,955	78,955	78,955	78,955
Fair value reserve of financial assets at FVOCI	31	6,006	2,541	6,006	2,541
Retained earnings		803,446	676,571	172,703	107,272
Total equity attributable to equity holders of the company		907,723	777,383	276,980	208,084
Non-controlling interest	32	6,258	5,581	-	-
Total shareholders' equity		913,981	782,964	276,980	208,084
Non-current liabilities					
Borrowings	23	27,237	49,830	7,255	12,377
Deferred tax liabilities	17	34,749	20,442	-	-
Decommissioning liabilities	24	24,060	72,451	-	-
Total non-current liabilities		86,046	142,723	7,255	12,377
Current liabilities					
Trade, share based payments and other payables	26	78,703	63,461	1,450	11,377
Contract liabilities	25	1,811	1,970	-	-
Taxation	27	23,059	16,035	-	643
Borrowings	23	36,119	19,593	-	-
Total current liabilities		139,692	101,059	1,450	12,020
Total liabilities		225,738	243,782	8,705	24,397
Total equity & liabilities		1,139,719	1,026,746	285,685	232,481

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2025 and signed on its behalf by:



Adegbola Adesina
Chief Financial Officer
FRC/2021/001/00000024579



Adegbite Falade
Chief Executive Officer
FRC/2021/003/00000025055



Ladi Jadesimi
Chairman
FRC/2014/OIDN/00000006637

The accompanying notes and material accounting policies form an integral part of these financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY (USD)

THE GROUP

\$'000	Share capital	Share premium	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity attributable to equity holders of the company	Non - controlling interests	Total equity
Balance at 1 January 2023	19,316	78,955	(878)	625,976	723,369	4,721	728,090
Profit for the year	-	-	-	68,262	68,262	860	69,122
Net gain on equity instruments at fair value through other comprehensive income	-	-	3,419	-	3,419	-	3,419
Total comprehensive income for the year	-	-	3,419	68,262	71,681	860	72,541
Dividends to equity holders of the company	-	-	-	(17,667)	(17,667)	-	(17,667)
Total contributions by and distributions to owners of the company, recognised directly in equity	-	-	-	(17,667)	(17,667)	-	(17,667)
Balance at 31 December 2023	19,316	78,955	2,541	676,571	777,383	5,581	782,964
Balance at January 2024	19,316	78,955	2,541	676,571	777,383	5,581	782,964
Profit for the year	-	-	-	174,285	174,285	812	175,097
Net gain on equity instruments at fair value through other comprehensive income	-	-	3,465	-	3,465	-	3,465
Total comprehensive income for the year	-	-	3,465	174,285	177,750	812	178,562
Dividends to equity holders of the company	-	-	-	(47,410)	(47,410)	-	(47,410)
Distribution to NCI holders	-	-	-	-	-	(135)	(135)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	(47,410)	(47,410)	(135)	(47,545)
Balance at 31 December 2024	19,316	78,955	6,006	803,446	907,723	6,258	913,981

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY (USD)

THE COMPANY

\$'000	Share capital	Share premium	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity
Balance at 1 January 2023	19,316	78,955	(878)	69,607	167,000
Profit for the year	-	-	-	55,332	55,332
Net gain on equity instruments at fair value through other comprehensive income	-	-	3,419	-	3,419
Total comprehensive income for the year	-	-	3,419	55,332	58,751
Dividends to equity holders of the company	-	-	-	(17,667)	(17,667)
Total contributions by and distributions to owners of the company, recognised directly in equity	-	-	-	(17,667)	(17,667)
Balance at 31 December 2023	19,316	78,955	2,541	107,272	208,084
Balance at January 2024	19,316	78,955	2,541	107,272	208,084
Profit for the year	-	-	-	112,841	112,841
Net gain on equity instruments at fair value through other comprehensive income	-	-	3,465	-	3,465
Total comprehensive income for the year	-	-	3,465	112,841	116,306
Dividends to equity holders of the company	-	-	-	(47,410)	(47,410)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	(47,410)	(47,410)
Balance at 31 December 2024	19,316	78,955	6,006	172,703	276,980

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS (USD)

FOR THE YEAR ENDED 31 DECEMBER 2024		THE GROUP		THE COMPANY	
\$'000	Notes	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Profit before taxation		214,091	134,082	112,841	55,332
Adjustments:					
Interest expense	9	15,009	22,236	1,270	3,001
Interest income	9	(10,786)	(12,708)	(1,521)	(8,069)
Dividend received		(98)	(168)	(5,231)	(168)
Exchange (gain) / loss	6	(6,320)	36,417	(3,162)	533
Share of profit from associate	16	(21,368)	(4,994)	-	-
Loss on Financial Asset at FV through PorL	15.1	3,415	1,915	-	-
Hedge Cost Written off	15.1	(1,608)	1,719	-	-
Depreciation of property, plant and equipment	11	53,818	39,881	-	-
Amortisation of intangible assets	11	678	848	-	-
Allowance for Impairment loss/ (reversal)	8	9	(224)	-	-
Provision no longer required	5	(30,612)	-	-	-
Bad debt wrtten off	7	2,312	-	-	-
Stock adjustment	5	(18,055)	6,241	-	-
Asset write-off	13b	-	4,858	-	-
Operating cash flows before movement in working capital		200,485	230,103	104,197	50,629
Movement in working capital:					
Decrease/(Increase) in trade and other receivables		12,410	15,428	(23,361)	(36,642)
(Increase)/Decrease in prepayments		(126)	130	(2)	73
Decrease/(Increase) in inventories		5,267	(3,109)	-	-
Decrease / (Increase) in restricted cash		6,132	(1,342)	6,249	(938)
Increase / (Decrease) in trade and other payables		16,055	(26,481)	(10,326)	5,583
(Decrease)/Increase in contract liabilities		(159)	1,970	-	-
Cash generated by operating activities		240,064	216,699	76,757	18,705
Tax paid	27	(17,701)	(10,054)	(628)	-
Net cash flows from / (used in) operating activities		222,363	206,645	76,129	18,705
Investing activities					
Interest received	9	10,755	12,708	1,490	8,069
Dividend received		2,798	168	5,231	168
Purchase of property, plant and equipment	13b&c	(87,360)	(51,501)	-	(358)
Purchase of intangible assets	14	(145)	(104)	-	-
Purchase of financial assets	15.1	(7,836)	(3,197)	(5,497)	-
Net cash (used in) / provided by investing activities		(81,788)	(41,926)	1,224	7,879

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS (USD)

FOR THE YEAR ENDED 31 DECEMBER 2024 (CONT'D)		THE GROUP		THE COMPANY	
\$'000	Notes	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Financing activities					
Dividend paid to holders of the parent		(47,410)	(17,667)	(47,410)	(17,667)
Dividend paid to NCI holders		(135)	-	-	-
Interest paid	23	(6,383)	(12,295)	(1,172)	(2,096)
Repayment of borrowing	23	(21,923)	(76,512)	-	-
Additional borrowing	23	-	10,000	-	-
Issue of bond	23	-	11,472	-	11,472
Net cash flows used in from financing activities		(75,851)	(85,002)	(48,582)	(8,291)
Increase in cash and cash equivalents		64,724	79,717	28,771	18,293
Cash and cash equivalents - Beginning of year		203,493	123,776	19,658	1,365
Cash and cash equivalents - End of year	21	268,217	203,493	48,429	19,658

The accompanying notes and material accounting policies form an integral part of these financial statements

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3. SEGMENT REPORTING

Business segments are based on the Group's internal organisation and management reporting structure. The Group's operations cover 4 segments- Crude Oil, Gas, Refinery & Investment Properties. Some intersegment transactions were prevalent amongst the reporting segments during the reporting period under consideration, hence the eliminations necessary to achieve proper consolidation. Management remains committed to continuous value creation and accretion of the reserves. The reporting segments of the Group derive their revenues within and outside Nigeria & goods are transferred at a point in time. The segment reports are also in line with the Group's accounting policies. The reportable segments exclude the post acquisition carrying amount of the investment in associate.

3.1. SEGMENT REPORTING/(LOSS) DISCLOSURE

\$'000	Crude Oil	Gas	Refined Products	Investment Properties	Total Reportable Segment	Eliminations	Consolidation
31 December 2024							
Revenue	326,226	53,720	126,826	80	506,852	(114,098)	392,754
Operating costs (excluding depreciation and amortisation)	(128,962)	(23,460)	(99,328)	(24)	(251,774)	116,465	(135,309)
Depreciation and amortisation	(47,764)	(2,625)	(4,034)	(73)	(54,496)	-	(54,496)
Dividend income	117,231	-	-	-	117,231	(117,133)	98
Other income / (loss)	2,763	-	(6,210)	1	(3,446)	(2,646)	(6,092)
Impairment (loss)/writeback on financial assets and contract assets	(7)	(2)	-	-	(9)	-	(9)
Operating profit	269,487	27,633	17,254	(16)	314,358	(117,412)	196,946
Finance income	7,889	-	2,897	-	10,786	-	10,786
Finance costs	(14,053)	(26)	(930)	-	(15,009)	-	(15,009)
Share of profit from associate	-	-	-	-	-	21,368	21,368
Profit before taxation	263,323	27,607	19,221	(16)	310,135	(96,044)	214,091
Tax expense	(28,381)	(7,681)	(2,853)	(79)	(38,994)	-	(38,994)
Profit after taxation	234,942	19,926	16,368	(95)	271,141	(96,044)	175,097
31 December 2023							
Revenue	250,199	37,643	156,993	80	444,915	(102,579)	342,336
Operating costs (excluding depreciation and amortisation)	(110,204)	(23,993)	(96,909)	(137)	(231,243)	103,695	(127,548)
Depreciation and amortisation	(31,986)	(3,619)	(5,051)	(73)	(40,729)	-	(40,729)
Dividend income	52,200	-	-	-	52,200	(52,032)	168
Other (loss)/income	(11,599)	(915)	(25,635)	3,430	(34,719)	(1,116)	(35,835)
Impairment (loss)/writeback on financial assets and contract assets	189	35	-	-	224	-	224
Operating profit	148,799	9,151	29,398	3,300	190,648	(52,032)	138,616
Finance income	10,347	-	2,361	-	12,708	-	12,708
Finance costs	(13,704)	(1,201)	(3,549)	-	(18,454)	(3,782)	(22,236)
Share of profit from associate	-	-	-	-	-	4,994	4,994
Profit before taxation	145,442	7,950	28,210	3,300	184,902	(50,820)	134,082
Tax expense	(50,235)	(3,853)	(10,871)	(1)	(64,960)	-	(64,960)
Profit after taxation	95,207	4,097	17,339	3,299	119,942	(50,820)	69,122

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

3.2. SEGMENT ASSETS AND LIABILITIES

The assets and liabilities are disclosed based on the operations of the reporting segments

\$'000	Crude Oil	Gas	Refined Products	Investment Properties	Total Reportable Segment	Eliminations	Consolidation
30 December 2024							
Total Asset	451,063	154,669	227,224	8,747	841,703	298,016	1,139,719
Total Liabilities	295,376	25,179	95,457	1,451	417,463	(191,725)	225,738
31 December 2023							
Total Asset	441,933	164,405	228,384	7,389	842,111	184,635	1,026,746
Total Liabilities	308,348	428,412	110,141	6	846,907	(603,125)	243,782

4. REVENUE

3.1 Disaggregated revenue information

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Segments				
Crude Oil	252,529	170,017	-	-
Gas	19,043	15,326	-	-
Refined Products	121,182	156,993	-	-
Total revenue	392,754	342,336	-	-
Geographical markets				
Within Nigeria	140,225	172,319	-	-
Outside Nigeria	252,529	170,017	-	-
Total revenue from contracts with customers	392,754	342,336	-	-
Timing of revenue recognition				
Goods transferred at a point in time	392,754	342,336	-	-
Goods transferred over time	-	-	-	-
Total revenue from contracts with customers	392,754	342,336	-	-

Performance obligations

Information about the Group's performance obligations are summarised below:

Sale of Crude Oil

The performance obligation is satisfied at a point in time when the product is physically transferred into a vessel, pipe or other delivery mechanism and is generally due within 30 to 45 days from the date of issue of invoice.

Sale of Gas

The performance obligation is satisfied at a point in time when the gas have been delivered at the buyer's delivery point for gas and is generally due within 30 to 90 days from the date of issue of invoice.

Sale of Refined Products

The performance obligation is satisfied at a point in time, when the product is lifted by the customer/distributor and payment is made in advance.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Contract balances				
Trade receivables (Note 19)	43,704	39,280	-	-
Contract Liabilities (Note 25)	1,811	1,970	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract liabilities are considerations received from customers by the Group for which the related goods or services to the customers have not transferred.

Performance obligation for crude oil, refined products and gas are fulfilled once delivery of the products occurs and payments are generally due on crude oil and gas between 30 to 90 days. Payments on refined products are due between 0 to 30 days.

5. COST OF SALES

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude oil handling charges	64,404	39,880	-	-
Crude oil purchase- Third party	6,502	-	-	-
Depreciation and amortisation (Note 11)	52,856	38,948	-	-
Operational and maintenance expenses	16,508	13,397	-	-
Provision no longer required	(30,612)	-	-	-
Royalties and other statutory expenses	39,472	24,482	-	-
Staff costs (Note 10)	20,731	10,711	-	-
Stock Adjustments	(18,055)	6,241	-	-
Total	151,806	133,659	-	-

Operational and maintenance expenses include field expenses, insurance expense, consultancy fees, field community costs, repairs and maintenance, and materials & supplies.

Provision no longer required relates to write back of ARO provision following the revision of oil & gas assets estimates. See more in note 24

Royalties and other statutory expenses includes Royalties due to FGN, NDDC Levy and other statutory expense.

Stock adjustment relates to the net movement in the value of inventory in the tank in the year.

6. OTHER (LOSS)/ INCOME

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude handling income	698	-	-	-
Fee income	465	582	455	366
Miscellaneous	6,000	-	-	-
Realized exchange loss	(19,575)	(36,417)	(5,785)	(533)
Unrealized exchange gain	6,320	-	3,162	-
Total	(6,092)	(35,835)	(2,168)	(167)

Crude handling income relates to income earned from the transportation of 3rd party crude to Bonny terminal

Fee income relates to income from non trading activities.

Miscellaneous represents one-off transaction fees

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

7. GENERAL AND ADMINISTRATIVE EXPENSES

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Auditor's remuneration (Note 7.1)	202	178	46	91
Bank charges	974	556	485	53
Bad Debt (Note 7.2)	2,312	-	-	-
Depreciation and amortisation (Note 11)	1,640	1,781	-	-
Directors' fees	941	658	929	651
Donations	190	246	48	30
Fuel, utilities and travelling	1,984	2,702	28	65
Hedging (Note 7.3)	1,807	3,634	-	-
Permits, licenses and subscriptions	5,818	5,283	296	10
Professional fees (Note 7.4)	3,705	3,252	426	289
Repairs and maintenance	1,702	1,844	-	8
Staff costs (Note 10)	13,820	7,141	74	352
Other expenses (Note 7.5)	2,904	7,343	141	220
Total	37,999	34,618	2,473	1,769

7.1. Deloitte & Touche offered audit and assurance (related to the Internal control over Financial reporting -ICFR) services in the year 2024 and 2023. For 2024, the Group paid Audit Fee \$180,000 and ICFR \$21,600 and for the Company, Audit Fee \$39,600 and ICFR \$5,940. The external auditor did not perform any non audit or non-assurance services in the financial year.

7.2. Bad debt relates to write-off of long standing trade and other receivables that are deemed unrecoverable.

7.3. Hedging consists of hedge cost written off and FV Loss through profit or loss

7.4. Professional fees consist of cleaning service, advisory services, security service, legal fees and registrar management fee.

7.5. Other expenses consist of training fees, printing and stationery, catering and other related administrative costs incurred during the year.

8. CREDIT LOSS EXPENSE

The table below shows the ECL charges on financial instruments for the year recorded in the profit or loss:

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Impairment (loss)/write back on financial assets and contract assets (note 19)	(9)	224	-	-
	(9)	224	-	-

9. FINANCE COST AND INCOME

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Interest expense:				
Bank borrowings	10,730	12,037	-	242
Irredeemable Participating Investment Notes (IPIN) Interest	1,680	1,737	-	-
Provisions: unwinding of discount (Note 24)	1,329	5,703	-	-
Coupon on Bonds	1,270	2,759	1,270	2,759
Finance costs	15,009	22,236	1,270	3,001
Finance income:				
Interest income	10,786	12,708	1,521	8,069
Finance income	10,786	12,708	1,521	8,069
Net finance (costs) /income	(4,223)	(9,528)	251	5,068

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

10. STAFF COST

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Included in cost of sales:				
Salaries and other staff costs	20,731	10,711	-	-
Included in general admin expenses:				
Salaries and other staff costs	13,820	7,141	74	352
Total	34,551	17,852	74	352
Salaries and other staff costs include the following:				
Salaries	9,114	11,866	-	-
Defined Contribution expenses	1,414	1,502	-	-
Share based payment (Note 10.2)	16,100	-	-	-
Other allowances (Note 10.1)	7,923	4,484	74	352
	34,551	17,852	74	352

10.1. Other allowances include staff bonus, medical allowances, outstation allowances, casual wages and ITF & NSITF charges.

10.2. Share based payment

Aradel Plc issued a cash-settled share-based incentive scheme that requires the Group to pay a cash value that is dependent on the excess value on the company's baseline enterprise value (share value) to its Senior/Executive management employees. In accordance with the terms of the plan, as approved by shareholders at the 2024 Annual General Meeting (AGM), Senior/Executive Management employees, subject to at least 3 months of service, excluding those in notice period have been granted a cash-settled share based payment plan and the value of the potential payment is determined using a performance-based formula. The vesting period is 3 years, from 2024 – 2026, with employees earning full value if they remain with the organisation during the scheme.

Each eligible employee is entitled to an immediate cash payment equivalent to 40% of their compensation, and the balance is held in trust by a 3rd party trustee and will be released upon fulfilment of vesting conditions.

As at the reporting date, \$9.7 million representing the 60% cash held in trust is expected to be transferred to the trustee and a part payment of \$1.35 million has been made to the beneficiaries out of the 40% cash-based compensation. The Group recognised total expenses of \$ 16.1 million related to the cash-settled share-based payment transactions in 2024 and 2023 (Nil).

11. DEPRECIATION AND AMORTISATION

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Included in cost of sales:				
Depreciation of oil and gas properties (Note 13b)	52,856	38,948	-	-
Included in general admin expenses:				
Depreciation of other property, plant and equipment (Note 13c)	962	933	-	-
Amortisation of intangible assets (Note 14)	678	848	-	-
Total in general admin expenses	1,640	1,781	-	-
Total	54,496	40,729	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

12. EARNINGS PER SHARE

Basic - THE GROUP

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued and fully paid as at the end of the year.

\$'000	THE GROUP	
	31-Dec-24	31-Dec-23
Profit attributable to equity holders of the parent	174,285	68,262
Weighted average number of ordinary shares in issue	4,344,844,360	4,344,844,360
Basic earnings per share (\$)	\$0.040	\$0.016

There are no potential diluted shares in the current and prior year, hence, the basic and diluted EPS are the same.

On September 30th 2024, the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (₦0.50) each from Ten Naira (₦10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (₦0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (₦10.00) each.

Basic - THE COMPANY

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares issued and fully paid as at the end of the year.

\$'000	THE COMPANY	
	31-Dec-24	31-Dec-23
Profit attributable to equity holders of the company	112,841	55,332
Weighted average number of ordinary shares in issue	4,344,844,360	4,344,844,360
Basic earnings per share (\$)	\$0.0260	\$0.0127

There are no potential diluted shares in the current and prior year, hence, the basic and diluted EPS are the same.

On September 30th 2024, the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (₦0.50) each from Ten Naira (₦10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (₦0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (₦10.00) each.

13. PROPERTY, PLANT AND EQUIPMENT

13a	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
\$'000				
Oil and gas properties (13b)	431,815	418,025	-	-
Other property, plant and equipment (13c & 13d)	8,900	8,293	-	-
Total	440,715	426,318	-	-

13b. OIL AND GAS PROPERTIES (THE GROUP)

\$'000	PROJECT EQUIPMENT	CIVIL WORKS	GAS PIPELINE	GAS PLANT FACILITIES	ASSETS UNDER DEVELOPMENT	TOTAL
Cost:						
Balance at 1 January 2023	628,474	12,181	24,546	76,786	48,396	790,383
Reclassifications	36,064	257	1,908	-	(39,278)	(1,049)
Additions	7,346	422	794	290	42,020	50,872
Write-offs	-	-	-	-	(4,858)	(4,858)
Changes in decommissioning assets (Note 24)	(77,025)	-	-	-	-	(77,025)
Transfer	-	-	-	-	(4,423)	(4,423)
Balance at 31 December 2023	594,859	12,860	27,248	77,076	41,857	753,900
Balance at 1 January 2024	594,859	12,860	27,248	77,076	41,857	753,900
Reclassifications	61,424	1,974	-	-	(63,398)	-
Additions	20,796	653	102	2,006	62,236	85,793
Changes in decommissioning assets (Note 24)	(19,147)	-	-	-	-	(19,147)
Balance at 31 December 2024	657,932	15,487	27,350	79,082	40,695	820,546

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

13b. OIL AND GAS PROPERTIES (THE GROUP) CONT.D

\$'000	PROJECT EQUIPMENT	CIVIL WORKS	GAS PIPELINE	GAS PLANT FACILITIES	ASSETS UNDER DEVELOPMENT	TOTAL
Depreciation:						
Balance at 1 January 2023	262,198	8,440	7,241	19,045	-	296,924
Translation difference	1	1	1	-	-	3
Depreciation for the year	35,406	458	1,084	2,000	-	38,948
Balance at 31 December 2023	297,605	8,899	8,326	21,045	-	335,875
Balance at 1 January 2024	297,605	8,899	8,326	21,045	-	335,875
Depreciation for the year	48,910	830	1,046	2,070	-	52,856
Balance at 31 December 2024	346,515	9,729	9,372	23,115	-	388,731
Net book value:						
At 31 December 2024	311,417	5,758	17,978	55,967	40,695	431,815
At 31 December 2023	297,254	3,961	18,922	56,031	41,857	418,025
At 1 January 2023	366,276	3,741	17,305	57,741	48,396	493,462

There are no impairments in Property, Plant, and Equipment during the year. See Note 22 for assets pledged as collateral for borrowings. The capital commitments in respect of PPE expenditures amounts to \$29.5 million (2023: \$32.5 million).

The current year reclassification relates to settlement of completed drilling projects from asset under development to project equipment and civil works while the prior year reclassification relates to settlement of completed drilling projects from asset under development to project equipment, civil works, gas pipeline and intangible assets. The prior year reclassification is Nil.

The prior year transfer relates to movement of some assets from asset under development to other receivables (note 19). Subsequent reconciliation with the counter party on the Asset under development yielded a recoverable balance which has now been reclassified to other receivables.

The prior year write off is included in Operational and maintenance expenses (note 5).

13c. OTHER PROPERTY, PLANT AND EQUIPMENT (THE GROUP)

\$'000	PLANT AND MACHINERY	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	BUILDING	LAND	TOTAL
Cost:							
Balance at 1 January 2023	1,684	330	6,428	4,718	2,178	1,269	16,607
Translation difference	-	-	-	-	1,630	2,128	3,758
Additions	387	7	235	-	-	-	629
Balance at 31 December 2023	2,071	337	6,663	4,718	3,808	3,397	20,994
Balance at 1 January 2024	2,071	337	6,663	4,718	3,808	3,397	20,994
Translation difference	-	-	-	-	1	-	1
Additions	60	15	803	684	5	-	1,567
Balance at 31 December 2024	2,131	352	7,466	5,402	3,814	3,397	22,562
Depreciation:							
Balance at 1 January 2023	1,033	240	5,718	4,055	312	-	11,358
Translation difference	-	-	-	(1)	411	-	410
Depreciation for the year	155	36	371	298	73	-	933
Balance at 31 December 2023	1,188	276	6,089	4,352	796	-	12,701
Balance at 1 January 2024	1,188	276	6,089	4,352	796	-	12,701
Translation difference	-	-	(1)	-	-	-	(1)
Depreciation for the year	145	41	378	325	73	-	962
Balance at 31 December 2024	1,333	317	6,466	4,677	869	-	13,662
Net book value:							
At 31 December 2024	798	35	1,000	725	2,945	3,397	8,900
At 31 December 2023	883	61	574	366	3,012	3,397	8,293
At 1 January 2023	651	90	710	663	1,866	1,269	5,249

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

13d. OTHER PROPERTY, PLANT AND EQUIPMENT (THE COMPANY)

\$'000	PLANT AND MACHINERY	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER DEVELOPMENT	TOTAL
Cost:						
Balance at 1 January 2023	46	129	247	84	8,759	9,265
Additions	-	-	-	-	358	358
Transfer	-	-	-	-	(9,117)	(9,117)
Balance at 31 December 2023	46	129	247	84	-	506
Balance at 1 January 2024	46	129	247	84	-	506
Balance at 31 December 2024	46	129	247	84	-	506
Depreciation:						
Balance at 1 January 2023	46	129	247	84	-	506
Balance at 31 December 2023	46	129	247	84	-	506
Balance at 1 January 2024	46	129	247	84	-	506
Balance at 31 December 2024	46	129	247	84	-	506
Net book value:						
At 31 December 2024	-	-	-	-	-	-
At 31 December 2023	-	-	-	-	-	-
At 1 January 2023	-	-	-	-	8,759	8,759

The prior year transfer relates to intercompany movement (from Aradel Holdings Plc to Aradel Energy Limited).

14. INTANGIBLE ASSETS

\$'000	THE GROUP			THE COMPANY	
	LICENSE	SOFTWARE	TOTAL	SOFTWARE	TOTAL
Cost:					
Balance at 1 January 2023	2,500	1,139	3,639	701	701
Transfer (note 13b)	-	1,049	1,049	-	-
Additions	-	104	104	-	-
Balance at 31 December 2023	2,500	2,292	4,792	701	701
Balance at 1 January 2024	2,500	2,292	4,792	701	701
Additions	-	145	145	-	-
Balance at 31 December 2024	2,500	2,437	4,937	701	701
Amortisation:					
Balance at 1 January 2023	1,470	1,126	2,596	701	701
Amortisation charge for the year	694	154	848	-	-
Balance at 31 December 2023	2,164	1,280	3,444	701	701
Balance at 1 January 2024	2,164	1,280	3,444	701	701
Amortisation charge for the year	336	342	678	-	-
Balance at 31 December 2024	2,500	1,622	4,122	701	701
Net book value:					
At 31 December 2024	-	815	815	-	-
At 31 December 2023	336	1,012	1,348	-	-
At 1 January 2023	1,030	13	1,043	-	-

Intangible assets consist of computer software and licenses used by the Group for recording transactions and reporting purposes. The Group's software has a finite life and is amortised on a straight line basis over the life of the software licenses.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

15. FINANCIAL ASSETS

Financial assets include the following:	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
\$'000				
Fair value through OCI				
<i>Listed securities:</i>				
Consolidated Hallmark Insurance Plc	6,189	4,498	6,189	4,498
<i>Unlisted securities:</i>				
PetroData Management Services Ltd	38	6	38	6
Dharmattan Gas and Power Ltd	1	1	1	1
Ever Oil & Gas Depot (Harbourview)	684	-	684	-
Fair value through Profit or Loss				
Hedge	323	348	-	-
Amortized Cost				
Corporate Bond	3,028	-	3,028	-
Deposit for shares - Guaranty Trust Bank Plc	1,884	-	1,884	-
Deposit for shares - Renaissance	16,372	-	-	-
Total	28,519	4,853	11,824	4,505
Current	323	348	-	-
Non-current	28,196	4,505	11,824	4,505
Total	28,519	4,853	11,824	4,505

15.1 CHANGES IN FINANCIAL ASSETS

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 January	4,853	4,914	4,505	4,129
Crude Oil Hedge	1,782	3,197	-	-
FV Loss through PorL	(3,415)	(1,915)	-	-
Hedge Cost Written off	1,608	(1,719)	-	-
Corporate Bond	3,000	-	3,000	-
Deposit for shares - Guaranty Trust Holding Company Plc	1,813	-	1,813	-
Ever Oil & Gas Depot (Harbourview)	684	-	684	-
Deposit for shares - Renaissance	16,372	-	-	-
FX Loss on Financial Assets	(1,675)	(3,043)	(1,675)	(3,043)
Net gain on equity instruments at fair value through other comprehensive income	3,465	3,419	3,465	3,419
Bond Amortization	31	-	31	-
Current Value	28,518	4,853	11,823	4,505

The Group has designated its equity investments as FVOCI on the basis that these are not held for trading. Instead, they are held for medium to long term strategic purposes. In 2024, the Group received \$83,768 (2023: \$115,138) from Consolidate Hallmark Insurance Plc; No dividends (2023: Nil) from Dharmattan Gas and Power Ltd; \$8,894 (31 Dec 2023: bonus and right issue of 988,789 shares) from PetroData Management Services Ltd which was recorded in the income statement as other income.

In 2024, the Group entered an economic crude oil hedge contract with an average strike price of \$55/bbl for 1,080,000 barrels at an average premium price of \$1.65. The tenor of the hedge is from September 2024 to August 2025.

A fair value reserve gain of financial assets at FVOCI of \$3.5 million (2023: \$3.4 million) was recorded in the Group and Company respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

New Investments

Corporate Bond : Aradel invested in a Federal Government Bond in Q3 2024. The bond tenor is 5yrs and the coupon rate is 9.75%, payable semi-annually.

Deposit for Shares - Renaissance : This represents a part payment for the investment in Renaissance Africa Energy Company Limited, the acquirer of Shell's 100% equity interest in the Shell Petroleum Development Company (SPDC) Limited. The completion of this transaction is subject to meeting conditions precedent and approvals of the Federal Government of Nigeria. When completed, Aradel Group is expected to hold total equity stake of 33.3% (12.5% direct stake and 20.8% through ND Western).

Deposit for shares - Guaranty Trust Holding Company Plc : This represents payment for a stake in GTCO Plc, made in Q3 2024. The shares are expected to be allotted following the completion of the capital verification exercise by the Central Bank of Nigeria and Securities & Exchange Commission in 2025. The deposit is not expected to be reversed as cash.

Ever Oil & Gas Depot (Harbourview) : Aradel made an investment of \$0.68 million to acquire a 50% equity stake in Ever Oil & Gas Depot, a tankfarm located in Port Harcourt, Rivers State, Nigeria.

The total value paid for new investments acquired during the year amounted to \$7.8 million.

16. INVESTMENT IN ASSOCIATE - ND WESTERN LIMITED

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 January	300,463	295,469	50,000	50,000
Share of profit	21,368	4,994	-	-
Dividend received	(2,700)	-	-	-
Carrying amount	319,131	300,463	50,000	50,000

The summarised financial statements of ND Western Limited are presented below;

\$'000	THE GROUP	
	31-Dec-24	31-Dec-23
Summarised statement of financial position		
Current assets	317,319	229,386
Non current asset	890,240	796,926
Current liabilities	(120,387)	(152,667)
Non-current liabilities	(321,987)	(152,542)
Net assets	765,185	721,103
Group's share of net assets	318,830	300,463
Summarised profit or loss statement and other comprehensive income		
Revenue	358,224	257,661
Other income	(24,707)	31,718
Operating and Admin expenses	(174,509)	(254,713)
Net finance costs	(33,692)	(12,013)
Profit before taxation	125,316	22,653
Income tax	(74,034)	(10,668)
Profit after taxation	51,282	11,985
Other comprehensive income	-	-
Total comprehensive income	51,282	11,985
Proportion of Group's ownership	41.667%	41.667%
Group's share of profit for the year	21,368	4,994
Group's share of other comprehensive income	-	-

The principal place of business of ND Western Ltd is Nigeria and it is accounted for using the equity method. Dividend received from the associate in the year 2024: \$2,700,022 (2023: Nil). 41.667% is the holding of the Group in ND Western. Dividend received is net of withholding tax.

As at 31 December 2024, ND Western Ltd reported a capital commitment balance of \$216m (2023: \$108m).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

17. DEFERRED TAXATION

The analysis of deferred tax assets and deferred tax liabilities is as follows:

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Deferred tax liabilities				
Accelerated depreciation and amortisation	34,151	15,594	-	-
Decommissioning liabilities	598	4,848	-	-
Total	34,749	20,442	-	-
Deferred taxation				
At start of year	20,442	(28,447)	-	-
Income statement charge	14,306	48,926	-	-
Translation difference	1	(37)	-	-
Net deferred tax liabilities/(assets) at end of year	34,749	20,442	-	-
Reflected in the statement of financial position as:				
Deferred tax liabilities	34,749	20,442	-	-
Net deferred tax liabilities	34,749	20,442	-	-

Deferred taxes are payable in more than one year.

The company has unrecognised deferred tax asset of \$4.3m (2023: \$1.3m).

18. INVENTORIES

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Crude Oil	14,345	3,554	-	-
Refined products	3,786	5,663	-	-
Materials	12,416	8,542	-	-
Total	30,547	17,759	-	-

There were no write-downs of inventory during the year and all inventory balances are current in nature. Inventory balances will be turned over within 12 months after the financial year. The inventory charged to Cost of sales during the year amounted to \$2.5m (2023: \$2.5m).

The net movement in the value of inventory in the tank through out the year is reflective in stock adjustments (note 5).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

19. TRADE AND OTHER RECEIVABLES

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Trade receivables	43,704	57,230	-	-
Other receivables	1,129	2,325	620	2,743
Related party receivables (note 29)	-	-	123,451	97,967
	44,833	59,555	124,071	100,710
Allowance for expected credit losses	(53)	(44)	-	-
	44,780	59,511	124,071	100,710

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
As at 1 January	44	211	-	-
Impairment charge/(write back) on financial assets	9	(224)	-	-
Translation difference	-	57	-	-
As at 31 December	53	44	-	-

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

Other receivables relates principally to receivable from South Sudan. They settled a total of \$1.2 million in 2024.

The charge of allowance for expected credit losses on trade and related party receivables is \$9,000 (Group) and Nil for Company (31 Dec 2023: Reversal \$224,000 - Group & Nil for Company).The charge of expected credit losses arose from reassessment.

20. PREPAYMENTS

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Prepaid rent	1	19	-	-
Prepaid expenses	2	20	-	-
Prepaid insurance	215	53	6	4
Total	218	92	6	4

21. CASH AND CASH EQUIVALENTS

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Cash and bank balances	138,924	89,810	38,223	19,658
Short term deposits	129,293	113,683	10,206	-
Cash and cash equivalents for statement of cashflow purposes	268,217	203,493	48,429	19,658
Restricted cash	6,777	12,909	-	6,249
Total cash and cash equivalent	274,994	216,402	48,429	25,907

Cash and cash equivalents comprise balances with less than three months to maturity, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities less than three months.

Restricted cash relates to cash used as collateral for the BOI and GT Bank loans. The Group / Company cannot withdraw or physically access the cash due to restrictions placed on the accounts by the banks.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

22. SHARE CAPITAL AND PREMIUM

Share capital and premium – THE GROUP		\$'000		
	Number of shares	Ordinary shares	Share premium	Total
Issue of Shares				
Balance at 1 January 2023	217,242,218	19,316	78,955	98,271
Balance at 31 December 2023	217,242,218	19,316	78,955	98,271
Balance at 31 December 2024	4,344,844,360	19,316	78,955	98,271

Share capital and premium – THE COMPANY		\$'000		
	Number of shares	Ordinary shares	Share premium	Total
Issue of Shares				
Balance at 31 December 2023	217,242,218	19,316	78,955	98,271
Balance at 1 January 2024	217,242,218	19,316	78,955	98,271
Balance at 31 December 2024	4,344,844,360	19,316	78,955	98,271

Share premium represents the excess of the market value of the total issued share capital over the nominal value

	Number of Shares	Amount (\$'000)
Authorised Share capital	4,344,844,360	19,316
Issued and fully paid-up	4,344,844,360	19,316

On September 30th, 2024 the Company redenominated the nominal value of all the existing ordinary shares to Fifty kobo (N0.50) each from Ten Naira (N10.00) each and sub-divided the outstanding ordinary shares to 4,344,844,360 (Four Billion, Three Hundred and Forty Four Million, Eight Hundred and Forty Four Thousand, Three Hundred and Sixty) ordinary shares of Fifty Kobo (N0.50) each from 217,242,218 (Two Hundred and Seventeen Million, Two Hundred and Forty Two Thousand, Two Hundred and Eighteen) ordinary shares of Ten Naira (N10.00) each. The prior year earnings per share and interim dividend were restated for comparability.

23. BORROWINGS

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
GTB	31,994	43,667	-	-
BOI loan	3,066	12,742	-	-
N10B Series 1 Bond	7,255	12,377	7,255	12,377
Loans from related party	20,404	-	-	-
Petre IPINs	637	637	-	-
Total	63,356	69,423	7,255	12,377
Current	36,119	19,593	-	-
Non-current	27,237	49,830	7,255	12,377
Total	63,356	69,423	7,255	12,377

Participating Investment Notes (Petre IPINs)

On 9th May 2003, by a Share Purchase Agreement ("SPA"), Aradel Holdings Plc acquired all the shares of Aradel Energy Limited of which the net consideration was paid to the then existing shareholders by issuing ordinary shares in Aradel Holdings of a total value of US\$ 2,113,738 at an agreed price of of US\$ 0.30 per share and the issue of Irredeemable Participating Investment Notes of \$ 1.00 each to a value of US\$ 2,113,738 at an agreed price of \$1.00 per note. They are entitled to cashflow distributions.

Guaranty Trust Bank Plc (GTB)

GT Bank loans comprise 2 facilities: out of a US\$120million facility, a drawn amount of US\$84million and 10million which were secured in 2022 and 2023 respectively. The loans are repayable every quarter, starting from January 2023 (for the earliest facility) to August 2027 (for the most recent facility). The loans are secured by: all assets debenture on fixed and floating assets in the Ogbelle Field; floating charge on the crude oil produced from the acreage operated by in OML 54, assignment and domiciliation of crude oil sales proceeds to GTB; charge over collection accounts and a corporate guarantee of Aradel Holdings Plc. for the full facility amount and interest thereon. Interest is payable at 11% per annum (Effective Interest Rate: 13.68% and 11.15%). The outstanding amount on the loan is US\$31million.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

Bank of Industry (BOI)

BOI loan also represents an additional \$10million facility from the Bank of Industry, obtained in February 2021. It is repayable monthly, over 5 years. It is secured by a Bank Guarantee from First City Monument Bank (FCMB). Interest is payable at 8% per annum (Effective Interest Rate: 6.81%) . The outstanding amount on the loan US\$3.1million.

N10B Series I Bond

Aradel Holdings Plc secured a ₦10 billion Bond Issue in December 2022, part of a ₦20 billion bond series. The proceeds from this issuance are being deployed to finance essential NGN-denominated projects. The Bond Issue witnessed a 3.18% oversubscription, and proceeds were received by the Company in January 2023. The Bond is repayable bi-annually, starting from July 2025 to January 2028. A 2-year moratorium was granted on principal payments which will lapse in January 2025. Interest is payable at 17% per annum (Effective Interest Rate: 16.99%). The outstanding amount on the bond is ₦10.3billion.

Loan from related party

The Loan from related party represents advances from ND Western Limited, an Associate. The loans partly funded the investment deposit in respect of the Shell Petroleum Development Company acquisition through the Renaissance SPV. The funding was directly provided to the Renaissance SPV in a carry arrangement, hence, no cash was received by Aradel. This is a short term facility, payable at an interest rate of 15%.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

THE GROUP	31-Dec-24					
\$'000	Carrying amount	Gross Nominal outflow	Next 12 months	1-2 years	3-5 years	Over 5 years
GTB	31,994	37,813	14,897	22,916	-	-
BOI loan	3,066	3,187	2,951	236	-	-
N10B Series 1 Bond	7,255	9,292	2,261	5,815	1,216	-
Loans from related party	20,404	20,404	20,404	-	-	-
Petre IPINs	637	637	637	-	-	-
Total	63,356	71,333	41,150	28,967	1,216	-

THE GROUP	31-Dec-23					
\$'000	Carrying amount	Gross Nominal outflow	Next 12 months	1-2 years	3-5 years	Over 5 years
GTB	43,667	54,035	16,221	28,498	9,316	-
BOI loan	12,742	13,468	8,584	4,884	-	-
N10B Series 1 Bond	12,377	17,815	1,953	9,148	6,714	-
Petre IPINs	637	637	637	-	-	-
Total	69,423	85,955	27,395	42,530	16,030	-

THE COMPANY	31-Dec-24					
\$'000	Carrying amount	Gross Nominal outflow	Next 12 months	1-2 years	3-5 years	Over 5 years
N10B Series 1 Bond	7,255	9,292	2,261	5,815	1,216	-
	7,255	9,292	2,261	5,815	1,216	-
31-Dec-23						
N10B Series 1 Bond	12,377	17,815	1,953	9,148	6,714	-
	12,377	17,815	1,953	9,148	6,714	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The carrying amounts and fair value of the borrowings are as follows:

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Carrying amount:				
Borrowings	63,356	69,423	7,255	12,377
Total	63,356	69,423	7,255	12,377
Fair value:				
Borrowings	63,695	69,819	7,244	12,378
Total	63,695	69,819	7,244	12,378

The fair values are based on cash flows discounted using a rate based on the current borrowing rate of 11% for GTB, 9% and 8% for BOI. They are classified as level 2 fair values in the fair value hierarchy.

Changes in liabilities arising from financing activities

N '000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 January	69,423	120,225	12,377	-
Additional borrowing	-	10,000	-	-
N10B Series 1 Bond	-	11,472	-	11,472
Loans from related party	15,815	-	-	-
Repayment of principal	(21,923)	(76,512)	-	-
Repayment of interest	(6,383)	(12,295)	(1,172)	(2,096)
Foreign exchange movement	(7,256)	-	(5,219)	-
Accrued interest	14,019	13,707	1,258	3,002
Remeasurements	(339)	2,826	11	(1)
At 31 December	63,356	69,423	7,255	12,377

Remeasurements are non-cashflow and relate to the effects of carrying borrowings at amortised cost using the effective interest rate method.

24. DECOMMISSIONING LIABILITIES

\$'000	THE GROUP	THE COMPANY
Balance at 1 January 2023	143,773	-
Charged/(credited) to profit or loss:	-	-
Changes in estimated flows	(77,025)	-
Exchange difference	-	-
Unwinding of discount due to passage of time	5,703	-
Balance at 31 December 2023	72,451	-
Balance at 1 January 2024	72,451	-
Charged/(credited) to profit or loss:	-	-
Provision no longer required	(30,573)	-
Changes in estimated flows	(19,147)	-
Exchange difference	-	-
Unwinding of discount due to passage of time	1,329	-
Balance at 31 December 2024	24,060	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

The Group makes full provision for the future cost of decommissioning oil & gas production facilities, refining facilities and pipelines on a discounted basis. The decommissioning provision represents the present value of decommissioning costs relating to these assets, which are expected to be incurred up to 2057. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made which Management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the assets cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. Changes in estimate arise from the changes to the measurement inputs, which are inflation, discount rate, asset lifespan and cost estimates. The discount rate used in the calculation of the provision as at 31 December 2024 are; Oil 4.58% (31 December 2023 : 3.88%), Gas 4.78% (31 December 2023 : 4.03%), refining facilities 4.78% (31 December 2023 : 4.03%) . The inflation rate used in the calculation of the provision as at 31 December 2024 is 2.95% (31 December 2023: 4.14%), based on the US Dollar economic variables. Cost estimates were revised in 2024 to an activity based costing approach; in 2023, 10% of the cost of Oil and Gas assets was used. A reduction in decommissioning provisions is first adjusted against the asset (up to the present value of the liability). Any excess unabsorbed in PPE is released to P or L as provision no longer required.

25. CONTRACT LIABILITIES

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Down payments received	1,811	1,970	-	-
	1,811	1,970	-	-

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. This will exist when an entity has received consideration but has not transferred the related goods or services to the customer. The Group has recognised a liability in relation to contracts with refined products customers for the delivery of refined products which these customers are yet to receive but which cash consideration have been received by the Group as at the end of the reporting period.

For the purchase of refined products, the terms of payments relating to the contract with customers is advance payments. The refinery operates a 7-day sales cycle which includes product evacuation.

26. TRADE, SHARE BASED PAYMENTS AND OTHER PAYABLES

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Amounts due to related parties	-	-	383	10,522
Royalty payable & Other Statutory payables	25,306	30,822	-	-
Sundry creditors	14,338	10,059	710	319
Staff Payable	14,576	-	-	11,377
Trade payables	24,126	22,044	-	-
Unclaimed dividend	357	536	357	536
	78,703	63,461	1,450	

- Trade payables are non-interest bearing and are normally settled on 30-day terms .
- Sundry creditors include IPIN note due, host community payable, accruals, VAT and WHT payable.
- Staff payable represents the balance for a cash-settled share based incentive scheme that requires the Group to pay a cash value that is dependent on the excess value on the entity's baseline enterprise value (share value) to its Senior/Executive management employees. See note 10.2 for more details
- The Directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

27. TAXATION

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Hydrocarbon tax	7,073	5,507	-	-
Income tax expense	17,695	3,556	-	-
Minimum Tax	634	1,414	-	-
Education tax	5,428	5,557	-	-
Under/(Over) provision of prior year taxes	(6,142)	-	-	-
Total current tax	24,688	16,034	-	-
Deferred taxation				
Origination of temporary differences	14,306	48,926	-	-
Total deferred tax	14,306	48,926	-	-
Income tax expense	38,994	64,960	-	-

The Company did not incur corporate tax or minimum tax for the current and prior year, as it has no revenue. Its other income primarily comprises of franked investment income, which has been subjected to withholding tax (WHT) as a final tax.

The movement in the current and petroleum income tax liability is as follows:

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
At 1 Jan	16,035	10,055	643	643
Tax paid	(17,701)	(10,054)	(628)	-
Prior period under/(over) provision	(6,142)	-	-	-
Income tax charge for the year	30,830	16,034	-	-
Foreign Exchange	37	-	(15)	-
At 31 December	23,059	16,035	-	643

Reconciliation of effective tax rate

\$'000	THE GROUP		THE COMPANY	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
Profit before income tax	214,091	134,082	112,841	55,332
Income tax using the weighted average domestic corporation tax rate	70,650	54,974	33,852	16,600
Non-taxable income	(24,363)	(5,162)	(33,852)	(16,600)
Disallowed expenses	5,334	17,066	-	-
Tax incentives	(12,547)	(8,889)	-	-
Minimum tax	634	1,414	-	-
Education tax	5,428	5,557	-	-
(Over)/Under provision in prior years	(6,142)	-	-	-
Total income tax expense in income statement	38,994	64,960	-	-
Effective tax rate	18%	48%	0%	0%

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS CONT'D.

28. SUBSIDIARIES

Aradel Holdings Plc ('the parent') controls the following subsidiaries:

\$'000	Ownership interest	31-Dec-24	31-Dec-23
Aradel Energy Limited	100%	300	300
Aradel Investments Limited	100%	4,097	4,097
Aradel Refineries Limited	95.04%	46,894	46,894
Aradel Gas Limited	100%	64	64
		51,355	51,355

29. RELATED PARTY DISCLOSURES

Year-end balances arising from sales/purchases of goods/services - THE GROUP

\$'000	31-Dec-24	31-Dec-23
Payables to related parties		
ND Western Limited	20,404	-

Year-end balances arising from sales/purchases of goods/services - THE COMPANY

\$'000	31-Dec-24	31-Dec-23
Receivables from related parties		
Aradel Energy Limited	100,838	83,116
Aradel Gas Limited	13,218	14,851
Aradel Refineries Limited	9,395	-
Total	123,451	97,967
Payables to related parties		
Aradel Investments Limited	(383)	(380)
Total	(383)	(380)

30. COMMITMENTS

As at 31 December 2024, the capital commitments in respect of PPE expenditures amounts to \$29.5 million (2023: \$32.5 million).

31. FAIR VALUE RESERVE

This represents the fair value changes in financial assets measured at fair value through other comprehensive income.

32. NON-CONTROLLING INTEREST

Non-Controlling Interests represent the 4.9621% ownership stake in Aradel Refineries Limited held outside the Group. The investment was received as part of the fund-raising efforts for Train 2 & 3 of the refinery.



Aradel Holdings Plc.

15 Babatunde Jose Street
Victoria Island
Lagos, Nigeria
www.aradel.com

