RATING ANNOUNCEMENT

GCR upgrades Aradel Holdings Plc's long-term issuer rating to $AA_{(NG)}$, on enhanced market share and financial position post-acquisition of ND Western Limited; Outlook Positive.

Rating action

Lagos, 28 September 2026 – GCR Ratings (GCR) has upgraded Aradel Holdings Plc's national scale long-term issuer rating to $AA_{(NG)}$ from $AA-_{(NG)}$ previously and affirmed the short-term issuer rating at $A1+_{(NG)}$. Concurrently, GCR has upgraded the national scale long-term issue rating accorded to Aradel Holdings Plc's NGN10.318Bn Series 1 Senior Unsecured Bonds to $AA_{(NG)}$ from $AA-_{(NG)}$ previously. The outlook on all the ratings is Positive.

Rated entity/issue	Rating class	Rating scale	Rating	Outlook
Aradel Holdings Plc	Long-term issuer	National	$AA_{(NG)}$	Positive
	Short-term issuer	National	$A1+_{(NG)}$	
Aradel Holdings Plc's NGN10.318Bn Series 1 Bonds	Long-term issue	National	$AA_{(NG)}$	Positive

Rating rationale

The upgrade of Aradel Holdings Plc's (Aradel Holdings or the group) rating reflects its enlarged and stronger business profile following the successful acquisition of a majority equity interest in ND Western Limited (ND Western). This expansion has bolstered earnings and cashflow generating capacity and supports conservative leverage metrics despite elevated debt levels.

In December 2025, Aradel Holdings increased its equity interest in ND Western from 41.7% to 81.7%, resulting in a corresponding increase in its effective interest in Renaissance Africa Energy Limited (Renaissance) from 33.3% to 53.3%. The analytical approach remains on a stand-alone basis, reflecting the group's position as the ultimate parent company of the enlarged group. That said, we believe that there are some execution risks regarding the integration of newly consolidated subsidiaries, alignment of operating strategies and management oversight.

Aradel Holdings' competitive position has strengthened significantly, supported by its enlarged and integrated business operations across the Nigeria's oil and gas value chain following the acquisition of an increased equity interest in ND Western. On the production side, the number of producing fields increased to 52 in 2025 from two in 2024, while proved and probable reserves rose to 594.3 million barrels of oil equivalent (mmboe) from 116.8 mmboe; and contingent reserves reached 1,502.2 mmboe (2024: 98.2 mmboe). Gas processing capacity also expanded significantly to 3,600 million standard cubic feet per day (mmscf/d) from 700 mmscf/d, driven by the addition of seven processing plants from Renaissance. The downstream segment continues to provide stable earnings, although revenue contribution has dropped to 5% in H1 2026 (2025: 30%). Management has indicated plans to improve the refinery's utilisation rate above 50% and commence the sale of refined PMS production in 2027 in addition to the existing product mix. Aradel Holdings is also

exploring growth opportunities in the renewable energy sector, although the execution and benefits of these plans are expected to materialise only over the long-term.

Revenue grew significantly to USD1.8 billion in H1 2026 from USD461 million in 2025, reflecting the growing earnings contribution from ND Western and Renaissance, following the substantial increase in production volumes alongside a supportive commodity price environment. Oil and gas production rose markedly to 139,500 barrels of oil equivalent per day (boepd) as of June 2026 (2025: 22,400 boepd). In contrast, refined product output moderated by to 126.2 million litres (H1 2025: 161.4 million litres) due to feedstock constraints and unplanned refinery downtime. Nevertheless, the resulting reduction in refining income had no material effect on consolidated earnings, as it was fully offset by stronger upstream output and profitability. The EBITDA margin improved to 64% in H1 2026 (2025: 42%), exceeding the five-year standalone average margin of 57%. Looking ahead, we expect earnings generation to remain strong, supported by sustained production scale and favourable global crude oil pricing environment. Together with continued cost discipline, this should support EBITDA margins above 50% over the outlook period.

The group's leverage metrics remain strong despite the increase in the consolidated debt position. Gross debt increased to USD1.4 billion in financial year 2025 (H1 2026: USD1.3 billion) from only USD63 million in 2024, primarily due to assumed financial liabilities from ND Western and Renaissance. As at June 2026, the group maintained a net ungeared position supported by the corresponding rise in earnings and cash flow. Barring any aggressive new borrowings, we expect net debt to EBITDA to remain below 1x over the rating horizon. In addition, we expect operating cash flow (OCF) coverage of debt to remain sound above 60% (H1 2026: 99%). The metric was pressured to 7.8% in 2025, as earnings and cash flow from the acquired businesses were not fully reflected in the prior periods due to timing mismatch between consolidation and earnings recognition. The earnings contribution from these businesses has commenced from the start of the 2026 financial year. Conversely, EBITDA interest coverage compressed to 6.1x in H1 2026 from 37x in 2025 occasioned by the elevated finance costs associated with the rise in debt. Nevertheless, we expect the metrics to improve gradually given expected stronger earnings generation coupled with management's indicated commitment to a conservative debt funding strategy. The overall capital structure of the enlarged group remains sound, underpinned by a well-spread maturity profile and demonstrated access to both international and domestic funding sources, including the Nigerian debt capital market.

Liquidity remains a rating strength, underpinned by the group's substantial cash holdings of USD1.3 billion as 30 June 2026 and GCR-projected cumulative operating cash flow of USD1.3 billion through 2027. These sources are sufficient to cover projected debt maturities of USD693 million, estimated capital expenditure of USD883 million, and expected dividend payments. Overall, the sources-to-uses ratio is projected at 1.5x over the 18-month period to December 2027. We expect future capital requirements and expansion initiatives to remain prudent and contingent on availability of cash.

The NGN10.32 billion Series 1 Bonds are direct, unconditional, senior, unsubordinated and unsecured obligations of Aradel Holdings (the issuer), ranking pari passu with all other senior unsecured creditors of the issuer. We have reviewed the Trustee's report dated 7 September 2026, regarding the bond performance and noted that Aradel Holdings has complied with the transaction terms and conditions in respect of the payment

obligations on the bonds. Being senior unsecured debt, the bonds bear the same probability of default as the issuer and would reflect similar recovery prospects to senior unsecured creditors in the event of a default. As such, the long-term rating for the Series 1 Bonds has been equalised with Aradel Holdings' long term senior unsecured corporate rating.

Outlook statement

The Positive Outlook indicates potential for an upgrade if Aradel Holdings demonstrates successful integration of the acquired upstream assets, evidenced by the effective alignment of operating strategies and sustained production performance. This, however, would need to be accompanied by sustained strong growth in earnings and operating cash flow, translating into stronger leverage and liquidity metrics commensurate with a higher rating level over the rating horizon.

Rating triggers

Positive rating action could be driven by sustained production levels above 100,000 boepd amid a favourable crude oil price environment. This is expected to support strong earnings and cashflow generation while reducing recourse to debt funding for capex and operational requirements. Conversely, negative rating action could result from weaker production levels or adverse exogenous factors that impair earnings and cash flow. Materially higher recourse to debt that results in weaker leverage and liquidity metrics, would also be negatively viewed. Additionally, any breach of the terms of the trust deeds in respect of the group's NGN10.318Bn Series I Bonds would exert downward pressure on the rating.

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Corporate Entities, May 2024
GCR Rating Scales, Symbols & Definitions, May 2023
GCR Nigeria Corporate Sector Risk Scores, June 2026
GCR Country Risk Scores, August 2026

Ratings history

Aradel Holdings Plc and issue					
Rating class	Review	Rating scale	Rating	Outlook	Date
Long-term issuer	Initial	National	A+(NG)	Stable	September 2022
Short-term issuer	Initial	National	A1(NG)		
Aradel Holdings Plc's NGN10.318Bn Series 1 Bonds	Initial	National	A+(NG)	Stable	May 2023
Long-term issuer	Last	National	AA-(NG)	Stable	September 2025
Short-term issuer	Last	National	A1+(NG)		
Aradel Holdings Plc's NGN10.318Bn Series 1 Bonds	Last	National	AA-(NG)	Stable	September 2025

Risk score summary

Rating Components & Factors	Score
Operating environment	**5.75**
Country risk score	3.75
Sector risk score	2.00
Business profile	**0.50**
Competitive position	0.50
Sustainability	0.00
Financial profile	**3.50**
Earnings profile	0.50
Leverage and capital structure	2.00
Liquidity	1.00
Comparative profile	**0.00**
External support	0.00
Peer comparison	0.00
Total Risk Score	**9.75**

Glossary

Bond	A long term debt instrument issued by either a company, institution or the government to raise funds.
Capital	The sum of money that is invested to generate proceeds.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than typically 90 days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Equity	Equity is the holding or stake that shareholders have in a company. Equity capital is raised by the issue of new shares or by retaining profit.
Financial Year	The year used for accounting purposes by a company or government. It can be a calendar year or it can cover a different period, often starting in April, July or October. It can also be referred to as the fiscal year.
Forecast	A calculation or estimate of future financial events.
Income	Money received, especially on a regular basis, for work or through investments.
Interest Cover	Interest cover is a measure of a company's interest payments relative to its profits. It is calculated by dividing a company's operating profit by its interest payments for a given period.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.

Salient points of accorded ratings

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity.

The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- 2025 audited annual financial statement, and prior four years annual financial statements;
- Six-month management account to 30 June 2026;
- Internal and/or external management reports;
- Industry comparative data and regulatory framework and a breakdown of facilities available and related counterparties; and
- Information specific to the rated entity and/or industry was also received.
- Trustees' report and transaction account bank statement dated 7 September 2026.

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