Company Registration No. 13947643 (England and Wales)

AZULE ENERGY
a bp and Eni company

Azule Energy Holdings Limited

Annual Report and Financial Statements for the Year Ended 31 December 2024

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AZULE ENERGY HOLDINGS LIMITED

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AZULE ENERGY HOLDINGS LIMITED

Company Information

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The Directors present their Strategic Report of Azule Energy Holdings Limited ("the Company") and its subsidiaries ("Azule” or ‘the Group") for the year ended 31 December 2024.

Principal activity, review of business and future developments
The principal activity of the Company during the year was that of a holding company. The main activities of the subsidiary undertakings during the year and therefore the Group, were that of being engaged in the exploration, production, and selling of hydrocarbons produced in Angola.

Background
On 1 March 2022, Eni International B.V. (EIBV) and BP Exploration Operating Company Limited (BPEOC) agreed to combine and develop their upstream, LNG, and renewable energy interests located in (or related to) Angola into a new joint venture. On 1 August 2022, the Angolan businesses from EIBV and BPEOC were sold to the Company. All financial, operational, and other aspects pertinent to the Group are deemed to be effective from 1 August 2022. The Company (Registration No. 13947643) was incorporated in the United Kingdom on 1 March 2022 as Angola JV Limited. This company acts as the holding Company for the joint venture between EIBV and BPEOC. On 22 August 2022, the Company name was changed to Azule Energy Holdings Limited.

Business Model
Azule is an international energy group focused on exploration and production activities in Sub-Saharan Africa, particularly in Angola. It is the largest independent oil and gas exploration and production company in Angola (by production) and one of the largest in Sub-Saharan Africa (by production), with a mission to deliver safe, responsible, and cost-efficient oil and gas production, as well as support Angola to further develop its energy sector and its energy transition agenda. Azule has a vast exploration and production acreage and is a key operator in Angola with licenses covering approximately 51,000 square kilometres in Sub-Saharan Africa, of which the Group operates approximately 40,000 square kilometres.

With a diverse and high-value portfolio of operated and non-operated assets predominantly in Angola, the Group’s focus is to maximize value in a safe and sustainable manner. Through its vision of sustainability, innovation, and growth, and by continually investing in the oil and gas sector, decarbonization technologies and renewable energy supply, the Group aims to create more resilient and reliable energy systems for Angola and the wider region. The Group leverages expertise in exploration and fast-track project development while implementing and complying with policies and internal procedures with the goal of operating in a manner that is environmentally responsible, socially just and consistent with its shareholders’ commitment towards operating on a net zero emissions basis.

Angola is the third-largest reserves holder in sub-Saharan Africa. According to the U.S. International Trade Administration, Angola has untapped oil and gas resources estimated at 9.0 billion barrels of proven crude oil reserves and 11.0 trillion ft^3 of proven natural gas reserves. The Group’s strategy is centred on pursuing existing growth opportunities encompassed under three key pillars: organic production growth, exploration opportunities and lower carbon opportunities. There is a focus on actively growing production through major development projects that are expected to come online between the second half of 2025 and early 2026, as well as brownfield development and tiebacks.

The Group is focused on maintaining its position as a leading oil and gas producer in Africa by pursuing an extensive program of exploration drilling that balances near-facility opportunities, with very short development times, and more significant opportunities across three frontier areas and also in new stratigraphic and gas plays. The Group also seeks opportunities to increase its participation in the gas industry, in support of Angola’s transition to gas, including its operatorship of Angola’s first non-associated gas project, NGC. The strategy is underpinned by continued focus on maintaining a robust financial and leverage profile and the Group’s commitment to responsible operations, ESG and decarbonization, including through its zero routine flaring policy, which aims to reduce total flaring by up to 75.0% by 2030.

The Angolan government has taken steps towards improving conditions for foreign investors in the industry including the development of fiscal incentives, such as the Qualified Marginal Fields regime, and the establishment of the National Agency for Petroleum, Gas and Biofuels (ANPG), the independent body in charge of supervision, regulation and promotion of activities in Angola’s oil foreign investors and gas sector.

The government continues to develop further incentives for the industry, including improved terms for incremental production in mature blocks and projects in undeveloped areas.

The Group's shareholders, Eni and bp, have had a presence in Angola starting from the 1980s and 1970s, respectively, and have formed strong relationships with the government and regulators which are further improved by the Group's position as a key operator in the country. Azule is also a shareholder in two operating companies associated with ALNG (Angola Gas Pipeline Company and Angola LNG Operating Company) that are incorporated in Angola.

Since commencement of operations in August 2022, the Group has achieved several key milestones, such as:

- In August 2022, NGC, Angola's first non-associated gas development project and for which Azule is the operator, reached JV 'Final Investment Decision' status within Azule with respect to the development of the Quiluma and Maboqueiro fields.
- In November 2022, the Agogo Integrated West Hub development ("Agogo") project, consisting of full field development of the Agogo and Ndungu oil fields, located in Block 15/06, through the addition of a new production hub, including the deployment of a new, state-of-the-art FPSO, for the production and processing of oil and gas from such fields, reached Final Investment Decision status.
- In August 2023, Azule entered into a production sharing agreement with ANPG and its consortium partners for Block 31/21, a block that occupies approximately 4,500 km2 in the deep waters of the Lower Congo basin, with 12 discoveries and remaining exploration potential.
- In October 2023, the Group started construction of the NGC facilities, the construction of two offshore wellhead platforms in the Quiluma and Maboqueiro fields, and the construction of an onshore processing plant connected to the ALNG facility. The project is expected to be completed in early 2026 though potentially the project could start up in late 2025.
- In December 2023, the Group entered into risk service contracts with ANPG and its consortium partners for Block 18/15, Block 46 and Block 47 in Angola's Lower Congo basin. Azule is the operator of the three blocks.
- In December 2023, the Group entered into a production sharing agreement with the governments of Angola and the DRC and its consortium partners for Block 14/23, located in the ZIC established between the Angola and DRC maritime area. Cabinda Gulf Oil Company Limited ("CABGOC", or "Chevron") is the operator of this block.
- In May 2024, Azule entered into a strategic farm-in agreement with respect to Block 2914A (PEL85), in offshore Namibia, representing its first acquisition outside of Angola.
- During the year the Group sold its interest in Block 3/05 and Block 3/05A to independent oil and gas company Afentra and Cabinda North to Acrep Exploração Petrolífera, S.A
- In October 2024, Angola's Ministry of Mineral Resources, Petroleum and Gas and the Ministry of Hydrocarbons of the DRC entered into an agreement for the co-development of the offshore area in Block 14/23 in the ZIC.
- Subsequent to year end, on 16 January 2025, Azule Energy Finance Plc, a financing vehicle of Azule Energy Holdings Limited, issued unsecured notes in an aggregate principal amount of U.S.$ 1,200 million. The Notes have a term of 5 years and a coupon of 8.125% per annum. The gross proceeds from the offering will be used for general corporate purposes and to pay costs, fees and expenses related to the offering transaction, which was settled on 23 January 2025.

Portfolio

The Group holds stakes in 17 licenses in Angola, one in Namibia and a participation in Angola LNG Limited. Azule is the operator for 11 licenses (including NGC), two of which are exclusively in production stage (Block 18 and Block 31), one of which is in production, exploration and development (Block 15/06), one of which in exploration and development stage (NGC) and seven of which are in the exploration phase. The Group continually seeks to optimize its portfolio, not only through strategic acquisitions, but also through non-strategic divestments.

Macro-economic environment

The global economy in 2024 continued to face significant challenges, marked by persistent inflationary pressures, geopolitical tensions, and shifting energy markets. Despite these headwinds, the global oil and gas industry demonstrated resilience, driven by steady demand for hydrocarbons and ongoing efforts to balance energy security with the transition to lower-carbon energy sources.

Oil Prices and Market Volatility:
Prices for crude oil are based on global supply and demand, as well as a number of other factors, including government regulation, global production levels, and in particular, the ability and willingness of the members of the Organization of the Petroleum Exporting Countries (OPEC), and other oil producing nations (OPEC+), to set and maintain specified levels of production and prices, social and political conditions and the weather. The prevailing price of crude oil and gas significantly affects operations, revenues and cashflow generation and also affects the levels of reserves and therefore depreciation. Substantially all of Azule's reserves are constrained by a commercial materiality threshold and therefore are impacted by changes in oil and gas prices. A decrease in oil and gas prices could lead to reduction in the economic life of a field, which will decrease the reserves. Since COVID-19 pandemic oil prices have bounced back strongly. Brent crude prices averaged $80 per barrel in 2024, reflecting a balance between OPEC+ production cuts and resilient global demand. However, prices remained volatile due to geopolitical risks, particularly in the Middle East and Eastern Europe. The extension of OPEC and production cuts through mid-2024 helped stabilize prices but concerns over global economic growth and demand uncertainty persisted. According to the U.S. Energy Information Administration (EIA), global oil demand reached 102.5 mb/d in 2024, driven by emerging markets.

LNG Market Dynamics:
The LNG market experienced significant shifts in 2024, with European demand remaining strong due to the ongoing transition away from Russian gas. However, prices declined compared to the record highs of 2022, averaging $12/mmbtu, as global supply stabilized. Azule Energy's LNG operations in Angola benefited from increased feed gas supply and robust plant reliability, although lower prices impacted revenues. Global LNG trade reached 400 million tonnes (MT) in 2024, a 5% increase from 2023.

Global Economic Growth:
According to the International Monetary Fund (IMF), global GDP growth in 2024 was projected at 3.1%, slightly lower than the 3.4% growth recorded in 2023. Advanced economies, particularly the Eurozone and the United States, experienced slower growth due to tighter monetary policies aimed at curbing inflation. Emerging markets, particularly in Africa and Asia, showed more robust growth, with Sub-Saharan Africa projected to grow at 3.8%, driven by increasing energy demand and infrastructure investments.

Inflation and Interest Rates:
Inflationary pressures persisted in 2024, albeit at a slower pace compared to 2023. The U.S. Consumer Price Index (CPI) averaged 3.5% in 2024, down from 6.5% in 2023, while the Eurozone inflation rate stabilized at 2.8%. Central banks in major economies maintained elevated interest rates, with the U.S. Federal Reserve holding rates at 5.25%-5.50% and the European Central Bank at 4.25%. These higher rates impacted borrowing costs and investment decisions across industries, but the oil and gas sector remained relatively insulated due to strong cash flows and disciplined capital allocation.

Geopolitical Tensions:
The ongoing conflict in Ukraine, coupled with tensions in the Middle East, continued to influence global energy markets. These geopolitical risks contributed to volatility in oil and gas prices, with Brent crude prices fluctuating between $75 and $95 per barrel throughout the year. The Red Sea shipping disruptions and Houthi attacks on vessels further exacerbated supply chain challenges, particularly for LNG and crude oil exports. According to the International Energy Agency (IEA), global oil supply disruptions reached 1.5 million barrels per day (mb/d) in Q1 2024 due to geopolitical risks.

Energy Transition:
The global energy transition gained momentum in 2024, with global investments in renewable energy reaching $650 billion, a 15% increase from 2023. The industry faced growing scrutiny from investors and regulators regarding emissions reduction and climate-related risks. However, oil and gas remained critical to meeting global energy demand. According to the IEA, global oil demand grew by 1.2 mb/d in 2024, driven by emerging markets, while natural gas demand increased by 2%.

Angola country overview:
The country's oil and gas sector remained a cornerstone of its economy, despite ongoing challenges related to economic diversification and infrastructure development. The Angolan government continued its efforts to diversify the economy, focusing on agriculture, mining, and renewable energy. However, the oil and gas sector remained the primary driver of economic growth, accounting for over 90% of export revenues and approximately 50% of GDP. The non-oil sector grew by 3.5% in 2024, supported by government initiatives to promote agriculture and mining.

Macro-economic environment (continued)

The government launched several initiatives to promote renewable energy, including solar and hydropower projects. Azule Energy actively supported these efforts through its investments in low-carbon technologies and partnerships with local stakeholders. Angola's renewable energy capacity reached1.2 GW in 2024, with plans to double this capacity by 2030.

Regulatory Environment:
In 2024, the Angolan government introduced new regulations aimed at attracting foreign investment and enhancing transparency in the oil and gas sector. These included streamlined licensing processes and incentives for new developments, life extension and incremental production projects. The government also reaffirmed its commitment to reducing corruption and improving governance, which positively impacted investor confidence. According to the World Bank's Ease of Doing Business Index, Angola improved its ranking by 10 places in 2024, reflecting these reforms.

Social and Economic Challenges:
Despite progress, Angola faced ongoing challenges, including unemployment rates of 30% and inflation averaging 12% in 2024. The government's social initiatives aimed at poverty reduction, healthcare, and education remained critical to ensuring long-term stability and growth. According to the United Nations Development Programme (UNDP), Angola's Human Development Index (HDI) improved slightly to 0.60 in 2024, reflecting modest gains in healthcare and education.

Production Performance, thousand barrels of oil equivalent per day

	Asset	2024	2023
Operated	**Total**	**66.7**	**74.3**
	Block15/06-Ngoma	19.4	18.8
	Block15/06-Olombendo	14.9	14.8
	Block18-GTP	17.3	22.8
	Block31-PSVM	15.1	17.9
Operated by Others (OBO)	**Total**	**145.7**	**137.4**
	ALNG	36.0	35.8
	Block0	15.8	16.5
	Block14	7.8	8.2
	Block15	52.1	38.7
	Block17	33.0	36.2
	Block3/05	1.0	2.0
Total		**212.4**	**211.7**

Azule's 2024 net equity production was slightly higher than 2023 levels, driven mainly by the OBO blocks- in particular Block 15 where there was strong performance from new infill wells. Within the operated portfolio, improved year on year production in block 15/06 driven by infill wells and optimised maintenance was more than offset by operational challenges in blocks 18 and 31.

The Group made significant progress in advancing project development and implementing strategies to maintain asset integrity, enhance production and foster a reliable operational environment. Water injection is a key factor and part of operations strategy to maintain and optimize operated production. The group has a programme in 2025 and beyond to increase water injection and support production and system reliability across all operated blocks.

The following projects in 2025 are expected to add production:

Operated
- Block 15/06: the start-up of the Agogo FPSO, in September, whose ramp-up will be complete in 2026 with Ndungu full field well start up.
- Block 18: the execution of a four well infill drilling programme (Greater Plutonio Phase 5 Project) with the startup of two wells in 2025 and two wells in 2026.

Production Performance, thousand barrels of oil equivalent per day (continued)

OBO

- Block 0: start up of Sanha Lean Gas project, infill drilling and wellwork.
- Block 15: life extension project, wellwork/infill drilling.
- Block 17: life extension, start up of CLOV Phase 3 infill wells, debottlenecking and wellwork.

Major Projects

New Gas Consortium Quiluma e Moboquerio (NGC)
The NGC project is Angola's first non-associated upstream natural gas project, focused on the development of the Quiluma and Maboqueiro gas fields. NGC is a collaborative effort involving several stakeholders: Azule Energy (37.4%), Cabinda Gulf Oil Company Limited (Chevron, 31%), Sonangol Pesquisa e Produção S.A. (19.8%) and TotalEnergies EP Angola Development Gaz (11.8%).The total investment for the project is estimated at $2.2 billion. NGC encompasses two offshore wellhead platforms in the Quiluma and Maboqueiro gas fields. The project further includes an onshore processing plant which will be connected to the Angola LNG facility. Angola LNG will then market the gas as LNG with condensates sold by directly by NGC owners. Azule is aiming to achieve a production of about 350 million standard cubic feet of gas per day. The projected start of gas production is early 2026 though potentially the project could start up in late 2025. The NGC project underpins the Group's support to develop Angola's full energy potential by diversifying the production mix into more gas. NGC is deeply aligned with the country's objectives to increase gas production. Angola's gas sector is expanding and the government recently published a Gas Master Plan detailing it's ambition for the sector.

Agogo Integrated West Hub Project
The project comprises 36 new wells including 21 new production wells and 15 injection wells, one converted floating production storage and offloading (FPSO) vessel with a production capacity of 120,000 barrels per day (bpd), 230MMSCF/day of Gas Injection and 120,000 bpd of water injection. It will also entail approximately 100km of rigid flowlines, 100km of flexible flowlines and 100km of Umbilicals. This Project represents an important contribution towards sustaining Angola's oil production. The Agogo Integrated West Hub aims to produce hydrocarbons from Agogo and Ndungu Fields via both the existing Ngoma FPSO and the new Agogo FPSO that will be operational from September, reaching a peak of production of 175,000 bpd, thus fully exploiting the utilization and synergies with the existing infrastructures of the western area of the block 15/06, in order to optimize the project schedule and associated cost. Drilling is currently in progress for Agogo and Ndungu fields. Pilot holes have been drilled to further de-risk resources and the AGO-OP06PH well was deepened to reach the Upper and Lower Oligocene targets by identifying a gas and oil level, respectively.

PAJ
Pre-FID studies are underway for a new major project in Block 31, which will involve the development of three areas, Palas, Astraea and Juno ("PAJ"), potentially in synergy with other discovered resources in the surrounding area.

Exploration

The Group has an extensive exploration program with many activities scheduled for 2025 and the coming years. This diverse and robust portfolio reinforces its dedication to discovering new resources and ensuring long-term growth. The exploration strategy encompasses a combination of infrastructure-led exploration near existing facilities, aimed at maximizing the value of current producing assets, frontier exploration in areas such as the Namibia basin and ultra-deep-water blocks, and the exploration of gas opportunities to support gas development, which is essential for energy transition in Angola.

Block 2914A (PEL85), Offshore Namibia
In 2024 Azule announced a farm-in agreement with Rhino Resources Namibia for a significant stake in an offshore Namibia oil block. The deal, on completion, granted Azule a 42.5% interest in Block 2914A (PEL 85), situated in the prolific Orange basin offshore Namibia, which has been the site of several major oil discoveries since 2022.

The contractor group now consists of Rhino Resources Namibia, Ltd. (Operator, 42,5%) Azule Energy Exploration Angola (KB) Ltd. (42,5%), Namcor Exploration and Production (Proprietary) Limited (10%) and Korres Investments (Pty) Ltd (5%). As per the Farm-Out Agreement, Azule Energy has the option to become operator of PEL 85, pending customary approvals from Namibian authorities and joint venture parties.

The Sagittarius 1-X well was spud on 18 December 2024 using Noble's drillship Noble Venturer, reaching the total depth on February 6, 2025 and studies are ongoing. A second well, Capricornus 1-X, was then spudded on February 17, 2025 and in April the Group announced a discovery and the successful testing of the well.

Exploration (continued)

The Capricornus 1-X well, reached total depth in April, successfully penetrating the Lower Cretaceous target and finding 38m of net pay.

The reservoir showed good petrophysical properties and no observed water contact. In addition to wireline acquisition, the well successfully completed a production test across the light oil-bearing reservoir.

The well achieved a surface-constrained flow rate in excess of 11,000 stb/d on a 40/64" choke. The light ~37° API oil exhibited limited associated gas with less than 2% CO_2 and no hydrogen sulphide. The well will now be temporarily plugged and abandoned, to release the rig.

Block 1/14

The Block is currently in the first exploration phase and the Gajajeira-01 well commenced on April 1st 2025. The well represents the first exploration gas well in Angola and tests a structural trap with multi-target reservoirs. Furthermore, ongoing efforts were dedicated to advancing the maturation of the remaining prospects within the block.

Block 15/06

Exploration in 2024 was focused on carrying out a series of Geology & Geophysics studies to support future exploration activity. Specifically, the objectives were to mature existing prospects to select the next candidate for the first 'commitment' exploration well in the block to be drilled by 2026 and to identify new exploration opportunities. The studies showed that two prospects represented the most interesting candidates, whose de-risking will continue in the first phase of 2025.

Block 18/15

In December 2023, Azule entered into risk service contracts with ANPG and our consortium partners for Block 18/15 a block that occupies approximately 4,500 km2 in the deep waters of the Lower Congo basin. We are the operator of the block. Seismic reprocessing and G&G studies are ongoing as are technical studies on previously discovered resources.

Block 28

In 2024, exploration efforts focused on conducting Geology & Geophysics studies to enhance prospectivity and to support the maturation of the Piambo prospect as the first exploration well candidate within the Block. Piambo represents a multi-target prospect. The drilling of the first well is scheduled for 2026.

Block 31/21

In August 2023, Azule entered into a production sharing agreement with ANPG and our consortium partners for Block 31/21, a block that occupies approximately 4,500 km2 in the deep waters of the Lower Congo basin. Azule is the operator of the block and are progressing technical studies and preparing for a well in 2027.

Blocks 46 and 47

In December 2023, we entered into risk service contracts with ANPG and our consortium partners for Block 46 and Block 47 in Angola's Lower Congo basin. We are the operator of the blocks. Well planning is at an advanced stage in Block 47 with the Quitexe well planned for the third quarter of 2025. This represents a potential play opener for the ultra-deepwater.

OBO Exploration

During 2024 the Group participated in discoveries through its OBO portfolio. A commitment well in Block 14, PKBB BEN-P-OP1X (PKBB), was drilled leading to a new discovery which is now online. In Block 15 the Likembe-1 well made a discovery due to be on-line in 2027. In Block 17 the Dalia-6 exploration well was drilled resulting in an oil discovery, studies are ongoing.

Reserves

As of December 31, 2024, Azule had 1P reserves of 479.6 MMboe (600.5 MMboe including ALNG 1P reserves) and 2P reserves of 648.5 MMboe (841.9 MMboe including ALNG 2P reserves, of which approximately 67.4% were liquids), a remaining 2P reserve life of 11.0 years (excluding ALNG 2P reserves) and a remaining 1P reserve life of 7.8 years (excluding ALNG 1P reserves).

Reserves (continued)

The Group expects to continue growing this reserve base through continued development of our existing fields and discoveries, near-field exploration around existing infrastructure and strategic value-accretive acquisitions around its core assets.

The following table sets forth a summary of 1P and 2P reserves as of December 31, 2023 and 2024 (including ALNG reserves):

Reserves as of (MMboe)	1P	2P
December 31, 2023	607.0	850.8
December 31, 2024	600.5	841.9

Long term outlook

Azule Energy's Business Plan sets forward targets for investment, production, cash and value growth. The Group targets equity production to exceed 250 Mboed by 2026/2027 with the startup of its two major projects Agogo Integrated West Hub in Block 15/06 and the first phase of NGC development. Over the next 5 years Azule plans to invest ~6 $bn of which ~0.5 $bn is exploration activities and the remainder is development activities.

Communities and employees

In 2024, the Group significantly advanced its sustainability agenda by continuing, consolidating, and expanding social projects across 13 provinces. The portfolio included over 20 projects focused on water access, health promotion, education, economic diversification, energy access, and environmental protection, aligning with Angola's strategic priorities. Key achievements included the signing of 13 agreements, and the delivery of 18 water sources, support for 19 health units, rehabilitation of 4 health units, 14 new or rehabilitated schools, a vocational training centre for 500 students annually, 5 Chevening scholarships, internships for 150 students, support for over 2,000 farmers and 500 entrepreneurs, installation of 21 solar systems, preservation of marine turtles, and protection of more than 5,900 hectares of mangroves. The Group's integrated approach in five social projects across Cabinda, Benguela, Huila, Namibe, and Cunene notably benefited drought-affected communities.

The Group had 974 employees as at 31 December 2024, of which 826 are local and 148 are expatriate. During 2024, the Group engaged labour authorities in Angola on various new labour law, tax and social security issues. The Group also launched new initiatives, such as Azule's internship program, employee professional assessment, a tool for the offshore population and implemented the operations and technician capability forums.

FINANCIAL REVIEW SUMMARY OF 2024 FINANCIAL RESULTS

The 2024 financial year for the Group was marked by consistently strong financial performance with a net operating profit of $1.92 billion resulting in the declaration of $925 million in dividends.

Further analysis of the summary metrics provided in the Summary Financial Information table below is detailed in the following pages of this Financial Review.

Group		**2024**	**2023**
Production and prices			
Production	Mboed*	212	212
Crude oil	$/boe	79	80
ALNG	$/mmbtu**	11	15
Income Statement			
Revenue and other income	$ million	5,460	5,248
EBITDA ***	$ million	4,099	4,199
Income from associates	$ million	225	366
Net operating profit	$ million	1,920	2,016
Profit after Tax	$ million	1,062	719

FINANCIAL REVIEW SUMMARY OF 2024 FINANCIAL RESULTS (continued)

Other financial key figures

Capital Expenditure (including intangibles)	$ million	1,969	1,705
Operating Cash flow	$ million	3,974	3,780
Net Cash Flow (before investing, financing and dividends)	$ million	3,014	3,029
Dividends paid	$ million	925	1,793
Leverage ratio	times	0.50	0.45

*Thousand barrels' oil equivalent per day.
**Metric Million British thermal units
*** EBITDA is arrived at by adjusting operating profit by the share of associates/joint ventures while adding back the depreciation, amortisation, and impairment.

Revenue for the year was comprised of 4,882 million (2023: $4,775 million) crude oil sales with an average realised price was $79/boe (2023: $80/boe). Total liftings for the year were 64 mmboe (2023: 67 mmboe). Other income amounted to $578 million (2023: $473 million) mainly comprised of the partner recovery on related IFRS 16 lease obligations.

Production costs were $1,256 million for the year to 31 December 2024 (2023: $931 million) and average operating cost per boe produced was $12.7/boe (2023: $12.1/boe). This is comprised mainly of technical operating field expenditures of $907 million (2023: $998 million), royalties for $75 million (2023: $99 million) and change in inventories for $73 million (2023: $73 million) cumulated the under/over lifting expenditures on account of different lifting entitlements amounting to $199 million (2023: $239 million income). This is due to Azule moving from a Net underlift position in the prior year to a Net overlift position at 31 December 2024. The valuation of lifting entitlements at market price for overlifting vis a vis technical cost for underlifting has led to a higher expense in the current period

The depletion, depreciation and amortisation expenses were $2,404 million (2023: $2,484 million) mainly derived because of depreciation on property, plant and equipment amounting to $1,853 million (2023: $1,973 million) and amortisation of IFRS 16 related Right of Use assets of $551 million (2023: $511 million).

Other expenditures amount to $105 million (2023: $117 million), the decrease being attributable primarily to a $77 million legal provision recognised in the prior year. Geological & Geophysical and prospection expenditures on new exploratory blocks amounted to $17 million (2023: $19 million).

Overall income from associates of $225 million (2023: $366 million) was significantly lower owing primarily to a decrease in total ALNG sales explained by a reduction of gas prices aligned with market, average of $11.17/Mmbtu (2023: $15/Mmbtu), especially in the first half 2024 when the average gas price was $9.83/Mmbtu, with the market recovering in the second half of the year, commanding an average price of $12.51/Mmbtu.

Net financial expense for 2024 of $488 million (2023: $385 million) was represented mainly by interest expense on pre-export financing facility for $251 million (2023: $242 million) and interest on lease liabilities of $142 million (2023: $151 million) and unwinding on asset retirement obligations for $119 million (2023: $104 million) and other charges, partially offset by interest income on bank deposits.

The 2024 taxation charge of $369 million (2023: $911 million) comprised current taxes of $743 million including prior year charges of $54 million (2023: $13 million) partially offset by deferred tax income of $374 million (2023: expense of $271 million).

Consolidated Statement of Financial Position

The Group continues to retain a robust balance sheet following completion of the business combination in 2022. This gives the Group flexibility in capital allocation including the ability to fund its ongoing capital investment programmes whilst supporting distributions to shareholders. The balance sheet as at 31 December 2024 includes assets and liabilities fair valued at 1 August 2022.

FINANCIAL REVIEW SUMMARY OF 2024 FINANCIAL RESULTS (continued)

	Dec 2024 $'000	Dec 2023 $'000 Restated*
Property, plant, and equipment (including Right-of-Use assets)	14,113,664	14,334,194
Goodwill & other intangibles	3,100,250	2,857,777
Investments in associated companies	3,436,036	3,589,462
Deferred tax	288,141	287,764
Other assets	5,298,147	4,647,095
Cash at bank and in hand	503,650	603,749
Total Assets	**26,739,888**	**26,320,041**

	Dec 2024 $'000	Dec 2023 $'000 Restated*
Bank debt	2,528,775	2,456,199
Provisions	3,067,422	3,201,181
Deferred tax	2,580,478	2,953,840
Lease Liabilities	2,146,157	2,168,373
Other liabilities	2,985,758	2,197,564
Total Liabilities	**13,308,590**	**12,977,157**

*The comparative information is restated during the year. See Note 9.

Net assets of $13,431 million at 31 December 2024 ($13,343 million at 31 December 2023), is represented by total assets of $26,740 million ($26,320 million at 31 December 2023) and total liabilities of $13,309 million ($12,977 million at 31 December 2023). Total assets include $14,114 million of property, plant and equipment and Right of Use assets ($14,334 million at 31 December 2023) with movements in the year including additions for $1,809 million, which is offset by changes in the decommissioning estimates and disposals of $139 million, transfers of $82 million and depreciation charges for the period of $1,853 million. Also included in the total assets are $3,436 million of investments in associated companies ($3,589 million at 31 December 2023), with movements in the year including $225 million share of profit from associates, which is then offset by dividends received totalling $378 million. Goodwill of $2,421 million (2023: $2,421 million) remained unchanged in the year while other intangibles increased by $242 million mainly from additions within Block 2914A and reclassifications.

Total liabilities include $2,580 million of deferred taxes ($2,954 million at 31 December 2023) and $3,067 million of provisions ($3,201 million at 31 December 2023) represented mainly by movement in decommissioning provisions during the year. Movements in the year on the provisions for liabilities and charges showed increases for amounts recognised for unwinding of discounts of $119 million, and $4.8 million of exchange gain and other movements, which is then offset by movements in new and existing provisions of $117 million, $57 million of provision amounts paid and $37 million of reclassifications and $46 million of disposals. Also, in 2024 of the $2,529 million of loans and borrowings (2023: $2,456 million), $50 million was due to draw down of the RCF facility in December, which was repaid in March 2025. The remaining $29 million increase is from movement in the accumulated amortisation of the loan fees. Lease liabilities of $2,146 million (2023: $2,168 million) represented changes of the lease contracts during the year and repayments made during the year.

In respect of the Company's Statement of Financial Position, during 2024, the Group disposed its participating interests in Blocks 3/05 & 3/05A to Afentra and Cabinda North to Acrep Exploração Petrolífera, S.A. The Group also completed its farm-in agreement of 42.5% interest in Block 2194A (PEL85) located in the offshore Namibian Orange Basin.

FINANCIAL REVIEW SUMMARY OF 2024 FINANCIAL RESULTS (continued)

Consolidated Cash Flow Statement

Net cash inflow generated from operations of $3,014 million (2023: $3,029 million) for the year ended 31 December 2024 was mainly generated from the lifting of additional cargoes during the year including factoring some at year end, partially offset by $250 million (2023: $240 million) of finance costs primarily relating to the PXF loan facility and $748 million (2023: $582 million) of corporation taxes paid.

Net cash used in investing activities for the year ended 31 December 2024 was $1,332 million (2023: $1,310 million) primarily includes outflows of cash of $1,580 million (2023: $1,686 million) relating to the purchase of property, plant, and equipment and intangibles, $102 million (2023: $130 million) additions to escrow and $66 million paid for guarantees. These outflows are offset by $28 million (2023: $21 million payments) proceeds from sale of subsidiaries, $378 million of dividends from associates (2023: $537 million) and $10 million proceeds from sale of financial assets (2023: $10 million payment).

Net cash used in financing activities for the year ended 31 December 2024 was $1,781 million (2023: net cash used $2,163 million) which includes outflows relating to the payment of $925 million (2023: $1,793 million) of dividends to the shareholders, $898 million (2023: $743 million) for the payment of lease liability obligations, $9 million (2023: $5 million) transaction fees paid for borrowings and $35 million repayment of borrowings relating to a test withdrawal of the RCF which was immediately repaid. This is offset by financing inflows relating to the proceeds from loan draw down amounting to $85 million, which includes $35 million of the RCF test withdrawal, that was immediately repaid resulting in the net draw down of $50 million at year end.

Key Performance Indicators (“KPIs”)

The Group’s primary business is the acquisition, development and production of commercially attractive oil and gas reserves in a safe and environmentally responsible manner. This is achieved both through pursuing the full cycle of exploration, discovery, development, and production and through acquiring existing reserves where management believe that further value can be added. Operational and financial performance is tracked through the following KPIs whose progress is covered above, within this Strategic Report:

- Total equity hydrocarbon production.
- Project delivery status on major projects.
- Exploration equity resources from discoveries & new acquisition.
- Financials (Net cash flow, net income, capex and opex).

HSE performance is tracked through the following KPIs:

- GHG Intensity operated Assets.
- Total Recordable Incident Rate.
- Process safety event Tier 1 and 2.

The Group has also issued its first Sustainability Report on January 2025
People performance is tracked through the following KPIs whose progress is covered with review of the Board:

- Engagement survey on employee satisfaction.
- Progress of company transformation projects.

Elements falling within each of the above categories are included within annual incentive schemes for all Group employees. The Company tracks its new business development objectives through the building of a risk-balanced portfolio of full cycle assets. Specific KPI’s are not applied due to the range of development opportunities. However, successful delivery will add to future production volumes and net realised income.

How Azule Energy manages risk and uncertainties

The Group manages, monitors, and reports on the principal risks and uncertainties that can impact its ability to deliver its objectives and strategy. The integrated risk management system is core to the system of internal control. A standard risk management framework is in place to safeguard that principal risks are:

Identified across business activities.
Assessed and notified to an appropriate level of management.
Responded to through implementing appropriate management measures and actions.
Monitored to ensure the effectiveness of the risk controls employed.

How Azule Energy manages risk and uncertainties (continued)

This includes for principal risks that arise from the Group's own operations or activities, as well as those from external events where it either manages its exposure or influences its business partners that manage those risks, to minimise or mitigate impacts.

Risk management occurs at three levels within the Group:

- Day-to-day where the core risk management activities are undertaken within operating and functional teams.
- Business and strategic where risk management is integrated into key business processes such as planning, performance management, resource and capital allocation and prioritisation to understand their impact on business plans and strategic objectives.
- Oversight and governance where the Azule leadership and Board of Directors (including relevant Board Committees) provide oversight on how the principal risks are managed, ensuring that risks are governed by relevant company policies.

Risks are documented and any risk management plans are appropriately endorsed within the internal risk register. This includes their impact and likelihood ratings as well the assignment of risk owners, with these individuals being responsible for managing and monitoring a given risk. Risk management plans take into consideration the controls and mitigations in place to manage the risk. Identified risks are managed at the level in the Company where the accountability for managing the associated activity sits.

Risks and the controls employed are tested for gaps and systemically improved through an internal audit programme agreed by the Board, determined on a risk basis.

The Azule risk system includes for three types of risks within which the principal risks sit:

- Strategic and Commercial Principal Risks: risks that may arise from inability to maintain business and strategic objectives.
- Safety and Operational Principal Risks: risks that may arise from the loss of control of operating hazards impacting people and the environment.
- Compliance and Control Principal Risks: risks that may arise from non-compliance with laws and regulations.

How Azule Energy manages risk and uncertainties (continued)

Risk Type	Principal Risk	Description and mitigations
Strategic and Commercial Principal Risks	Prices and markets	The Group's financial performance is subject to fluctuating prices of oil and gas and exchange rates, technological change and the general macroeconomic outlook. Oil, gas and product prices are subject to international supply and demand and margins can be volatile. These can be driven by political developments, variability of the international supply of oil and gas or alternative low carbon energy sources, technological change, global economic conditions and public health situations. Decreases in oil, gas or product prices could have an adverse effect on revenue, margins, profitability and cash flows. If these reductions are significant or for a prolonged period, Group management may have to write down assets and reassess the viability of certain projects, which may impact future cash flows, profit, capital expenditure or the ability to maintain the Group's long-term investment programme. Conversely, an increase in oil, gas and product prices may not improve margin performance as there could be increased fiscal take and cost inflation. Further, exchange rate fluctuations can create currency exposures impacting underlying costs. These risks are mitigated by hedging, long term loan management, liquidity buffer, extending Group portfolio to include both non-associated gas as well as oil production, along with the long-term strategic partnering choices.
	Geopolitical	The Group is exposed to a range of political, economic and social developments and consequent changes to the operating and regulatory environment which could cause business disruption. Political instability, changes to the regulatory environment or taxation, international free trade disputes and barriers to free trade, international sanctions, expropriation or nationalization of property, civil strife, strikes, insurrections, acts of terrorism, acts of war and public health may disrupt or curtail the Group's operations, business activities or investments. These may in turn cause production to decline, limit the Group's ability to pursue new opportunities, affect the recoverability of our assets and our related earnings and cash flow or cause the Group to incur additional costs, particularly due to the long-term nature of many of our projects and significant capital expenditure required. Azule actively monitors Geopolitical developments through its Government Affairs and External Relations team to develop an understanding of how the Angola and wider regional political landscape (including Namibia) could change over the short, medium or long term. This country intelligence allows for risks arising to be mitigated including having appropriate crisis and continuity response plans in place and tested, regular engagement with multiple external stakeholders and industry lobbying groups and internal communication and political advice to the management team.
	Accessing and progressing hydrocarbon resources and low carbon opportunities	The Group's ability to progress oil and gas resources and originate and deliver low carbon opportunities could impact the Group's future production and financial performance. This is mitigated through an active Exploration and Drilling programme that explores for potential resources, supported by an effective Business Development agenda to seek out additional opportunities to further develop the company's portfolio. The project development hopper includes for potential low carbon opportunities to meet the Group´s net zero aims. Further details can be found in our Sustainability Report on our website www.azule-energy.com.
	Major project delivery	Poor investment choice, efficiency or delivery, or execution challenges at any major project that underpins production or production growth, could adversely affect our financial performance. The Group manages this through rigorous investment governance and project development and execution processes. This is supported through robust oversight by internal and external stakeholders, including partners, government concessionaire and the company Board.
Strategic and Commercial Principal Risks	Liquidity, financial capacity and financial exposure	Failure to deliver the financial framework set by Azule could impact the Group's ability to operate and result in financial loss. Azule could fail to forecast cash correctly resulting in shortfalls of available liquidity and could be subject to adverse credit events such as key contractor failure, loss of deposits in banks, and long-term Joint Operation partner defaults. For further information, refer note 26 (Financial risk management).

How Azule Energy manages risk and uncertainties (continued)

Risk Type	Principal Risk	Description and mitigations
Strategic and Commercial Principal Risks	Insurance	Azule purchases insurance only in situations where this is legally and contractually required. Some risks are insured with third parties. Uninsured losses could have a material adverse effect on the Group's financial position which in turn could adversely affect the Group.
	Crisis management and business continuity	Azule's reputation and business activities could be negatively impacted if management does not respond, or is perceived not to respond, in an appropriate manner to any major crisis. Azule has appropriate crisis management capability and procedures underpinned by a rigorous training plan for key personnel that tests multiple different scenarios.
	Digital infrastructure and cybersecurity	The energy industry is subject to fast-evolving risks, including ransomware, from cyber threat actors, e.g., nation states, criminals, terrorists, hacktivists and insiders. Current geopolitical factors have increased these risks. There is also growing regulation around data protection and data privacy. In addition, negligence, intentional misconduct or other reasons, could disrupt our operations. This could result in the loss or misuse of data or sensitive information, including employees' and customers' personal data, injury to people, disruption to our business, harm to the environment or our assets, legal or regulatory breaches, legal liability and significant costs including fines, cost of remediation or reputational consequences. Furthermore, the rapid detection of attempts to gain unauthorized access to our digital infrastructure, often using sophisticated and coordinated means, is a challenge, and any delay or failure to detect could compound these potential harms. Azule has a dedicated IT team with capabilities in Digital Security. The Group ensures that its employees are educated and aware of cyber risks in line with industry best practices. Ensuring Azule manages the controls in place to prevent cyber security are tested regularly through Internal audit.
	Inadequate oversight of joint arrangements and contractors	The Group may have varying levels of control over the standards, operations and compliance of its partners, contractors and sub-contractors which could result in legal liability and reputational damage. Our partners and contractors are responsible for the adequacy of their resources and capabilities. If these are found to be lacking, there may be financial, operational or safety exposures for the Group. Should an incident occur in an operation that the Group participates in, our partners and contractors may be unable or unwilling to fully compensate us against costs we may incur on their behalf or on behalf of the arrangement. Azule proactively manages its interests in joint arrangements and practices appropriate oversight of contractor activity. For joint arrangements, Azule has resources dedicated to ensuring the interests of the Group are being managed appropriately by our partners. This includes for identifying and mitigating risks where the Group may have financial, reputational or other exposures. Azule employs contractors to deliver activity across all areas of the business. The company has a management system that includes for policies, standards and procedures to manage the procurement of the services provided. This includes for: standard terms and conditions, meeting legal, compliance and other pre-award requirements and, where required, bridging documents that define how contracts are executed. Each contract has a nominated company contract manager with clear responsibilities for managing the relationship with each contractor, including monitoring of the performance of each contractor and associated penalties when terms of the contract scope are not met.

How Azule Energy manages risk and uncertainties (continued)

Risk Type	Principal Risk	Description and mitigations
Safety and Operational Principal Risks	Process safety, personal safety and environmental risks	The Group is exposed to a wide range of health, safety, and environmental risks. There can be no certainty that our operating management system or other policies and procedures adequately identify relevant process safety, personal safety and environmental risks or that all our operating activities, including acquired businesses, will be conducted in conformance with these systems Such events or conditions could cause harm to people, the environment and the Group's assets and could result in regulatory action, legal liability, business interruption, increased costs, damage to the Group's reputation and, potentially, denial of its license to operate. Azule deploys industry standard processes and procedures to proactively either prevent safety and environmental risks or mitigate and limit their impact. These include: inherently safer design of the assets (removing hazards, minimising inventory, materials of construction), managing the integrity of equipment and facilities through the lifecycle and applying risk based inspection techniques, appropriately designed control and safety systems to safely shut the assets down following an emergency operating scenario, routing of hazardous chemicals (including hydrocarbons) to a safe location including flaring, regular technician training on operating and emergency scenarios, emergency evacuation equipment and associated procedures to minimise impact to safety, assets and the environment, appropriate oversight of contractors that are managing activities on behalf of Azule and processes to verify that these controls and mitigations can deliver their intended functions when called upon. In addition to ongoing operations, this includes for the commissioning, start-up and handover of hydrocarbon project developments to operations.
	Drilling and operating wells	The Group's activities require high levels of investment and are sometimes conducted in challenging environments such as those prone to natural disasters and extreme weather, which heightens the risks of technical integrity failure. The physical characteristics of an oil or natural gas field, and cost of drilling, completing or operating wells is often uncertain. The Group may be required to curtail, delay or cancel drilling operations or stop production because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions or compliance with governmental requirements. For mitigation, the Group contracts established drilling companies, follows international standards for developing and implementing well design, and uses industry standard equipment for well operations like blow-out preventers. Ongoing technical evaluations maintain well integrity, and emergency response plans include access to regional well capping and spill equipment, along with regular personnel training.
	Security	Azule deploys appropriate security measures. However, acts of terrorism, piracy, sabotage, activism and similar activities directed against the Group's operations and facilities, offices and personnel and transportation could cause harm to people and severely disrupt operations. The Group's activities could also be severely affected by conflict, civil strife or political unrest. Physical security measures in Angola involve coordination by a dedicated security team. Onshore facilities and offices have strict access control rules and contracted security personnel. Offshore security includes radar and communication systems to detect breaches, supported by collaboration with the Angolan Coast Guard and other security resources.

How Azule Energy manages risk and uncertainties (continued)

Risk Type	Principal Risk	Description and mitigations
Compliance and Control Principal Risks	Ethical misconduct and non-compliance	Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-bribery and corruption, competition and antitrust, and anti-fraud laws, trade restrictions or other sanctions, could damage the Group's reputation, result in litigation, regulatory action, penalties and potentially affect the Group's license to operate. Azule has a dedicated Ethics and Compliance team that sets requirements to manage these risks. These requirements are supported by risk-based controls that include contractor due diligence, regular engagement and communication with the workforce on the importance of identifying potential breaches and non-compliances, appropriate training, monitoring and enforcement systems. The company has multiple channels for the workforce to confidentially report ethical misconduct and concerns if they arise, underpinned by the promotion of a "Speak-Up" culture by the management team. Further, the Board committees monitor leading indicators related to these risks (such as number of concerns raised, outcomes of investigations), underpinned by audit of the processes.
	Regulations	Changes in the law and regulations, including how they are interpreted and enforced, could increase costs, constrain the Group's operations, and affect its business plans and financial performance. This includes understanding and interpreting the Angola tax regime and associated tax liabilities.
	Reporting and material misstatement	External reporting of financial and non-financial data relies on the integrity of the control environment, the Group's systems and people operating them. Failure to report data accurately and in compliance with applicable standards could result in regulatory action, legal liability, and reputational damage. Our Accounting, Reporting and Control team provides assurance of the control environment and is accountable for building controls around the accounting and reporting process. These are documented through a series of standard and procedures which are reviewed and approved by CFO. The group conducts Quarterly reporting of any identified control deficiencies and remediation actions. This is monitored and reviewed by the CFO and is reported to the Audit and Risk Committee. The finance control framework is the subject of Internal and Shareholder Audits in addition to "line 1" self verification measures and the activities of dedicated "line 2" finance assurance resources.
	Climate change and the energy transition	Laws, regulations, policies, obligations, government actions, social attitudes and customer preferences relating to climate change and the transition to a lower carbon economy, including the pace of change to any of these factors, and the pace of the transition itself, whether from inside Angola or into our regions and markets outside of Angola, could have adverse impacts on our business. This includes our access to and realization of competitive opportunities in any of our strategic focus areas, a decline in demand for, or constraints on our ability to sell certain products, constraints on production and supply, adverse litigation and regulatory or litigation outcomes, increased costs from compliance and increased provisions for environmental and legal liabilities. Changes in investor preferences and sentiment could affect our access to funding a d our attractiveness to potential investors, potentially resulting in reduced access to financing, increased financing costs and impacts upon our business plans and financial performance. For further information, refer to the Climate-related Financial Disclosures (TCFD) and the Sustainability Report on our website www.azule-energy.com.

Non-financial and sustainability information statement

This section of the Strategic Report constitutes the Groups Non-financial and sustainability information statement produced to comply with Sections 414CA and 414CB of the Companies Act. The main non-financial information is as below.

Task Force for Climate-related Financial Disclosures (TCFD)

Background

Climate-related financial disclosures are intended to increase investor confidence, transparency, and accountability regarding the environmental impact of our business. In 2022, the UK introduced the (Climate-related Financial Disclosure) Regulations 2022 (CFD), under which UK large private companies including the Group are required to prepare climate-related financial disclosures.

1. Governance and Strategy

The Company is an incorporated joint venture between BP p.l.c. and Eni SpA. Azule, along with BP and Eni as Shareholders, are committed to delivering sustainable energy, services and products. Azule has established a strategic business plan that prioritises its sustainability goals, incorporating activity with the plan that aims to achieve these goals. This plan is aligned with the ambitions of the Shareholders.

- The Board is ultimately responsible for the governance of climate-related risks and opportunities. It recognises climate change as a material risk with potential financial implications and understands that responding to the risks associated with climate change and building resilience is integral to the long-term success of the organisation.
- The Board reviews principal risks quarterly, receives updates from its committees and also takes direct reports from key personnel, including the CEO and Azule Senior Management. It sets policy related to climate risks and opportunities, identifies where further actions are required and delegates authorities accordingly. This includes progress on emissions reduction, general environmental performance, developments in climate-related regulation and cost impacts.
- The Safety, Environment, Ethics and Assurance (SEEAC) committee reports to the Board on the effectiveness of the Group's HSE and ESG programmes and ensures that the Company´s internal control system is defined and implemented effectively to manage HSE and operating risks, including environmental or carbon-related hazards.
- The SEEAC oversees Azule's environmental performance for both operated and non-operated assets and has input into metrics and targets used to measure company environmental performance.
- The Audit & Risk (ARC) committee oversees and reviews all financial disclosures, including TCFD within the Financial Statement, and makes recommendations to the Board about their adoption and publication.
- The Nomination & Remuneration committee determines employee compensation packages and bonus structures which incorporate incentives to deliver climate-related objectives as they underpin Azule´s strategy and long-term sustainable success.
- The Technical Investment (TIC) committee reviews and makes recommendations to the Board for approval of any major projects or other investment decision, including merger, acquisition or divestments, taking climate-related impacts into consideration as appropriate.
- The Board and committees meet on a quarterly cadence, as defined within the Company's System of Internal Control and Board Committees Terms of Reference.

Azule has developed operational objectives which are aligned with climate-related risk reduction and climate change resilience planning. These include:

- Continued development and enhancement of a robust Environmental, Social and Governance (ESG) and Sustainability policy and strategy with a corresponding communication structure to internal and external stakeholders, including investors and lenders.
- Engagement of a 3rd party to devise Azule's first ESG report for alignment to recognised international ESG benchmarks and transparency initiatives such as the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB") in addition to developing a response to CFD requirements and TCFD recommendations.
- Empowering employees to identify and own ESG initiatives within the organisation and the wider community; and
- Integration of internal stakeholder communications to ensure that the requirements of finance and ESG are aligned.

Task Force for Climate-related Financial Disclosures (TCFD) (continued)

Azule has established a specific Energy Transition & Decarbonisation (ET&D) department which manages and oversees delivery of the climate and decarbonisation strategy, including environmental emissions reductions and associated projects. This department fosters collaboration with national and international organizations on decarbonisation initiatives, and monitors both the gross and equity greenhouse gas emissions. The leader of the ET&D department is part of the Azule leadership team and reports directly to the CEO.

2. Climate-related Risk Management

Risk and opportunity identification:

Azule is early in its climate journey, and this is the second-year reporting in line with CFD requirements.

In the first year of reporting, through consideration of previous risk analyses (including historical risk analyses performed by its Shareholders, BP and Eni), peer disclosures and consideration of its assets and operations (including current major projects and future operations), a longlist of potentially material climate-related physical and transition risks and opportunities that could impact our business were identified. This longlist was developed in alignment with Azule's business planning time horizons, from immediate business planning (1-5 years) through strategic business planning (5-10 years) to long-term planning (10+ years). These time horizons were chosen primarily due to their alignment with Azule's decarbonisation strategy timeline and current financial planning.

Following identification of the longlist, internal stakeholders were engaged to identify those potential climate-related risks and opportunities likely to be most material. Through this process, each risk and opportunity on the longlist was screened based on its financial and non-financial materiality for Azule.

As part of the identification and shortlisting process, Azule's exposure to variables were considered, such as:

- Acute and chronic physical impacts to its own operations and wider value chain.
- Changes to the Oil and Gas regulatory landscape including emerging ESG and sustainability policies and regulations (locally, regionally and internationally).
- Changing consumer and/or investor behaviours and buying trends; and
- Technological innovations required to accelerate the low-carbon energy transition.

Once the shortlist was agreed, climate scenario analysis and financial impact quantification was undertaken to establish the financial materiality of these risks and opportunities. Through this second-year reporting the longlist was reviewed and the shortlist validated.

Azule primarily operates within Angola, and it is committed to working closely with many local stakeholders, including the state oil Company and the Angolan government, supporting Angola's energy transition. However, certain global trends related to carbon pricing mechanisms, fluctuations in the Oil & Gas market and international climate agreements such as the Paris Accord and United Nations Environment Programme (UNEP)'s Oil & Gas Methane Partnership (OGMP 2.0) were still deemed to have the potential to materially impact Azule. In 2024, Azule Energy was awarded the "Gold Standard Pathway" on first year reporting on OGMP 2.0.

Following the identification and analysis of climate-related risks and opportunities and taking into consideration current and planned mitigating actions which Azule will be undertaking, it was established that the business is generally resilient to the impacts of physical risks, at least in the short and medium terms based on current climate models and projections.

Azule considers itself to be more vulnerable to transition risks associated with the shift to a low carbon economy, particularly with the climate-related scrutiny on the Oil & Gas industry and the sensitivity of the business model to increases in costs. This is assessed as being most material in a Net Zero scenario. Accordingly, the Company is working to identify how it can adjust and further develop its strategy to build resilience against these risks and capitalise on potential opportunities for low-carbon services and products in the future. The Company will continue to monitor and reassess these risks and mitigating actions to ensure climate-related risks are managed going forward.

Task Force for Climate-related Financial Disclosures (TCFD) (continued)

Climate scenario analysis

A variety of sources were used to conduct the climate scenario analysis, including Network for Greening the Financial System (NGFS) V4.0, International Energy Agency (IEA) World Energy Outlook 2023, and Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6) - Model Intercomparison Project Phase 6 (CMIP6) dataset. The shortlist of material risks and opportunities were assessed against the following scenarios over short, medium, and long-term time horizons, as defined above.

- Net Zero (orderly): Net Zero 2050 is an ambitious scenario that limits global warming to 1.5°C by 2100 through stringent and immediately introduced climate policies and innovation, reaching net zero CO_2 emissions by 2050. It is linked to RCP1.9-2.6 and SSP1-1.9-2.6, involves more transition risks early on, but manages to limit physical risks to a minimum.
- Delayed Transition (disorderly): Follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. The world takes action to limit emission growth but fails to cut emissions in the short term and misses Paris goals. This scenario would result in ~ 2°C or greater warming by 2050 but with the impact lowered using carbon sequestration and storage (CSS). It is linked to SSP2-4.5, involves several physical risks, and transition risks after 2030.
- Business as Usual (current policies): Assumes that only currently implemented policies are preserved. The world does not cut emissions and climate change accelerates causing 2.5°C of warming by 2050 and >4°C by 2100, bringing irreversible changes. It is linked to SSP5-8.5, involves little to no transition risks early on but results in irreversible and globally disrupting physical risks.

While not designed to provide precise forecasts, the chosen scenarios deliver scientific projections of possible future macro-economic and environmental states by analysing key global trends and data inputs, such as regulatory impacts and consumer behaviour. The three scenarios were specifically chosen because they capture the greatest range of climate uncertainties.

Due to the inherent complexity and uncertainty of modelling the financial impacts of climate-related risks the impacts are presented as follows:

Table 1: Impact levels

Impact	Description
Low	Risks that could have a minor impact that are not material to the Company
Medium	Risks that could have a limited impact to the Company
High	Risks that could have a material impact to the Company
Very high	Risks that could have a significant material impact to the Company

Outcomes of scenario analysis and risk assessment

The outcomes of the scenario analysis have provided valuable insights into the resilience of the business model to climate-related risks, highlighting where the Group may seek to capitalise on opportunities. The Group is already actively collaborating across diverse national and international networks to reduce emissions and related climate risks, such as the Association of Exploration and Production Companies of Angola (ACEPA), OGMP, International Association of Oil and Gas Producers (IOGP) and Oil and gas Decarbonisation Charter (OGDC). The Group is now in the process of integrating the scenario analysis into existing risk management processes and developing an action plan to address the identified risks and capitalise on the opportunities.

One additional action to support the long-term business strategy and decarbonisation aims is the development of an integrated sustainability plan. This would enable the Group to consolidate existing ESG-related activity into a single plan such that the mitigations to identified risks and future opportunities can be appropriately prioritised to meet the strategic aims.

Table 2: Climate-related risks and opportunities

Climate-related Risk or Opportunity	Risk/Opportunity description	Potential impacts	Potential risk rating			Mitigating actions
			Net Zero (1.5°C)	Delayed Transition (~2°C)	Current Policies (4°C)	
Physical Risk: Increased severity of extreme weather events (high winds, sea state, rainfall) causing damage/ disruption to direct assets/ operations.	Direct damage to assets or indirect impact to the business from outages and operational disruption from forced 'downtime' due to increased severity and frequency of extreme weather such as high winds, extreme sea states, storms, resulting in repair costs and/or reduced revenue from the interruption to operations (both onshore and offshore assets).	• Increased asset maintenance and repair costs. • Increased insurance costs. • Loss in revenue from asset operational disruption. • Potential write-offs and early retirement of assets. • Impact on offshore logistical operations (e.g., supply vessels and helicopters). • Direct physical injury or loss of life from extreme weather events.	Low for all time horizons	Low increasing to medium by 2050	Low increasing to medium through time horizons	• Inclusion of climate change scenario analysis to engineering reports of metocean conditions where offshore physical assets are located. Analysis is used to inform when assets either need to be reinforced/upgraded or replaced. • Management of lifting and shipping activities to ensure asset operational disruption is limited.
Transition Risk: Increased cost of carbon due to regulatory requirements.	Increased costs associated with emissions, both direct and passed through the supply chain, potentially resulting in higher operating costs, reduced profit margins and competitiveness in the market, and increased capital expenditure for decarbonisation. This could occur through any of the following carbon pricing mechanisms: • additional/new direct and indirect carbon taxation (e.g. CBAM for imports into the EU). • Loss/reduction of allocated free allowances under a carbon taxation scheme. • Increased regulation around the use of carbon offsets, including requirements relating to their source, legitimacy, additionality and how they can be used against net zero targets. Increased price of CO2 per tonne.	Angola does not currently have a carbon tax or external carbon pricing policy mechanism that would directly impact Azule, nor is Azule captured by the requirements of the UK Emissions Trading Scheme. However, in the future impacts could include: • Increased compliance, operating, capital expenditure and decarbonising costs, particularly for assets with high emissions, which may affect asset life/economic limits. • Changing consumer preferences to less carbon-intensive alternatives and reduction in competitiveness against less carbon-intensive peers. • Reduction in profit margins to absorb higher carbon costs associated with our operations. • Increased operating costs in oil extraction (e.g. increased taxes on energy use and increased energy costs). • Increased costs associated with providing products to markets with higher carbon regulations where tax or broader policy restrictions may be applied on import (e.g., the EU).	High increasing to very high through time horizons	Low increasing to very high by 2050	Low for all time horizons	• Implementation of a robust decarbonisation strategy. The strategy includes actions such as: a. Implementation of an energy management system, b. Optimizing equipment such as gas turbines, water injection pumps, etc. c. Improvements to plant reliability. d. Installation of measurement devices such as gas analysers on the flare system. e. Installation of leak detection and repair (LDAR) programmes. f. Utilising drone surveillance to inform decision making on further emission reduction strategies. • Investments in natural climate solutions (e.g. forestry restoration) to offset carbon emissions and mitigate the impact of potential carbon taxation.

Table 2: Climate-related risks and opportunities (continued)

Climate-related Risk or Opportunity	Risk/Opportunity description	Potential impacts	Potential risk rating			Mitigating actions
			Net Zero (1.5°C)	Delayed Transition (~2°C)	Current Policies (4°C)	
Transition Risk: Fluctuation of oil and gas prices due to government regulations and/or changing customer preferences.	The rapid contraction in market value and pricing trends of the Oil & Gas sector as demand shifts away from fossil fuels due to new or more stringent regulation (including policies and incentives), energy efficiency measures and/or individual consumer preferences change to favour cleaner sources of energy.	• Reduction in revenue, margins, profitability and cash flows. • Reduction in asset values and product viability, impacting future cash flows, profit, capital expenditure and/or the ability to maintain the long-term investment program.	Very high for all time horizons	Low for all time horizons	Low for all time horizons	• Diversification of our product offerings by expanding natural gas and solar operations. • Financial price hedging instruments in place. • Long term business plans take into consideration market uncertainties.
Transition Risk: Changing national public policy restrictions and regulations on oil & gas operations and/or exploration, and related costs associated with complying with climate-related laws and regulations (excluding methane).	• Implementation of restrictions/regulations (e.g., requisite decommissioning of assets, banning high-emission activities like gas flaring) that will impact Azule's operations. • Increasing climate-related legal risks and regulation, such as reporting requirements, due diligence requirements and directives on green claims, which give rise to risk of litigation and non-compliance.	• Increased costs of development projects and producing assets arising from tightening of requirements for offshore plants (potentially resulting in stranded assets). • Failure to obtain and maintain permits limits portfolio growth. • Increasing costs of operations from a ban on specific operations and sourcing alternatives or retrofitting existing assets to meet new requirements. • Increased indirect costs from compliance (resources, operating costs, tools and systems) with emerging regulation (including emissions reporting and climate-related financial disclosure requirements). • Increased competition for these compliance support services. • Impacts on local communities of reduced economic growth and job security associated with reduction in operations.	Low increasing to medium through time horizons	Low increasing to medium by 2050	Low for all time horizons	• Regular analysis of new regulations to monitor impacts and ensure compliance. • Projects under development phase undergo an energy design review that considers Best Available Techniques (BAT) and, once concept is defined, an emissions profile is developed. The review process incorporates a legal compliance matrix to guarantee all future developments adhere to relevant regulations.

AZULE ENERGY HOLDINGS LIMITED

Strategic Report (continued)
For the year ended 31 December 2024

Climate-related Risk or Opportunity	Risk/Opportunity description	Potential impacts	Potential risk rating			Mitigating actions
			Net Zero (1.5°C)	Delayed Transition (~2°C)	Current Policies (4°C)	
Transition Risk: Changing national public policy restrictions and regulations related to methane emissions, and related costs associated with complying with climate-related laws and regulations. This includes increased scrutiny of methane emissions with enhanced detection technology and awareness of warming potential.	Increased pressure to employ solutions such as leak detection and repair programmes, infrastructure upgrades to reduce methane emissions, as well as general increasing global attention and regulation around methane reduction efforts.	• Increased costs associated with implementing specialised controls and infrastructure to address methane concerns. • Higher compliance costs due to new or stricter regulations on methane emissions. There is a possibility of new methane regulations leading to taxes or fines for emissions. • Reputational damage due to increased scrutiny of methane emissions if a situation were to arise that resulted in a detectable and quantifiable methane release, and/or a failure to take proper preventative measures had been identified.	Very high for all time horizons	High increasing to very high through time horizons	High reducing to medium through time horizons	• Joined UNEP's Oil & Gas Methane Partnership 2.0 (OGMP), which requires members to define methane reduction targets, create an Implementation Plan to improve methane monitoring and reporting in our operations. • Annual LDAR programs on assets. Available OGI cameras. • Upgrading to QOGI software for methane quantification. • Inclusion of methane metrics and targets. • Incorporating methane detection and anti-leakage designs into new assets.
Opportunity: Continue transition towards low-carbon liquids and gases and/or renewable energy sources.	Diversification of portfolio to include low-carbon liquids and gases (e.g., low-carbon hydrogen, bio methane and advanced biofuels, natural gas) or renewable energy sources (e.g., solar, wind). This could also include divesting legacy oil and gas assets, in favour of renewable products (e.g., acquisition of smaller renewable operators) and re-purposing existing and/or closing assets for renewable production/generation where feasible.	• New market offering and increased market share. • Increased access to capital (via investor attraction). • Increased revenues. • Increased brand reputation. • Reduced Scope 3 emissions and reduced exposure to potential carbon pricing. • Enhanced relationship with the Angolan government/communities for contributing to their energy transition.	Medium increasing to very high through time horizons	Low increasing to high through time horizons	Low increasing to medium by 2050	• Adaptation of business model to include lower-carbon products (e.g., solar, natural gas) and investment in sustainable practices. • Developing a dedicated Natural Gas Plant (NGC) designed to produce non-associated gas, the first in Angola, to supply to Angola LNG, significantly enhancing Angola's gas export capabilities. • Aiming to double the renewable energy production capacity with the second phase of the Caraculo Photovoltaic (PV) plant in Namibe. This expansion will increase current renewable energy output from 25 MW to 50 MW. • Strategic choices to divest assets with a higher emissions intensity

3. Metrics &Targets

Azule tracks the following climate-related metrics:

- Absolute Scope 1 emissions (tCO2e)
- Emissions intensity (tCO2e/kBoe)
- Flare (mmscf/d)

The Group has established clear targets for both absolute emissions and intensity, which are tracked daily. Intensity refers to the ratio of Scope 1 emissions per unit of production.

Flare monitoring is a critical tool to track our progress towards our greenhouse gas reduction goals. By closely monitoring flare activity, Azule can identify potential issues with equipment or processes that contribute to unnecessary emissions. This allows for prompt corrective action and continuous improvement in our environmental performance.

Azule is undertaking a comprehensive review of the environmental metrics and targets (e.g., methane indicators). Azule is committed to ongoing monitoring and reporting on the above-mentioned metrics and recognizes the importance of expanding the scope to reflect a more holistic view of its impacts to guide its future sustainability efforts. During 2024 the GHG emissions performance equity basis was as follows:

Equity emissions

GHG equity emissions 2024 vs 2023 (M tCO2e)	GHG Intensity 2024 vs 2023 (tCO2e/kBoe)
2.2* vs 2.5	28.8 vs 32.5

*Of which 28%% from operated blocks.

Operated assets gross emissions

GHG gross emissions in 2024 vs 2023 M tCO2e	GHG intensity emissions in 2024 vs 2023 tCO2e/kboe
2.1 vs 2.6	25.1 vs 28.8

Flare volumes in 2024 vs 2023 (mmscf/d)

33.3vs 49.0

3. Metrics &Targets (continued)

Emission-generating activities occur predominantly outside the UK and therefore are not covered by SECR requirements.

The Group is a member of the Oil & Gas Methane Partnership 2.0 (OGMP) and signatory of the Oil and Gas Decarbonisation Charter (OGDC). Azule submitted its first OGMP 2.0 report in 2024 and has achieved the Gold Standard Pathway This recognition underscores the Group commitment towards addressing methane emissions. While acknowledging the journey ahead to reach the Gold Level. The Group developed a Decarbonisation Strategy in 2022, in which we set a number of ambitious Scope 1 emissions targets for ourselves and our value chain.

- Reduce absolute GHG gross operated emissions by 40% by 2030 on a 2019 baseline (2.7 $MtCO_2e$).
- Reduce total flare by up to 75% by 2030 on a 2019; baseline (21425 mmscf).
- Achieve Zero routine flare as per current policy
- Aim for Near-zero methane emissions by 2030 as per OGDC commitment.
- Drive emissions reductions 40% by 2030 on non-operated assets on a 2019 baseline (13.2 $MtCO_2e$); and
- Implement strategies to lower maritime, land, and air transportation emissions throughout our operations.

To reflect Azule's evolving portfolio, business plan and international commitments, the Group is updating the decarbonisation strategy with revised metrics and targets.

Section 172 (1) statement

The Directors recognise the importance of considering and having regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (”Section 172 factors”) when making decisions, particularly principal decisions of the Group and Company, and in performing their duties throughout the year the Directors have had regard to the Section 172 factors.

This section forms the statement required under section 414CZA of the Companies Act 2006 Act.

Employee engagement

The Directors of the Group recognise that people are vital to the long-term health and success of the Group and of its stakeholders. As such, Directors ensured an effective transition plan be put in place, including the implementation of a cultural transformation programme to target a high-performance environment, effective trust-based relationships, role-modelling and developing a common cultural belonging within the Group. The Directors also confirm that all employees are provided with information about the Group, relevant procedures, and development opportunities with regular town hall presentations, email notifications and updated news and documents on the Group's group intranet. The Directors are also committed to maintaining a culture that allows everyone to voice their questions and concerns, and for such a purpose the Group set up alternative reporting mechanisms such as Safe2Talk channels, allowing staff to raise concerns anonymously.

Business relationships with suppliers, customers, and others

During the year, the Directors of the Group focused on engagement and fostering relationships with suppliers, partners and customers. The Group is committed to continuously improving its practices
to ensure no modern slavery and human trafficking violations in its operations and supply chain and to contribute to sustainable development and the delivery of sustainability goals. These commitments are embedded in the Group's Policy on Human Rights and Modern Slavery adopted from the first day the Group operated, 1 August 2022.

Furthermore, the Group adopted a Procurement Policy to confirm the flow of goods and services from suppliers meet principles of ethics and integrity, in line with the Code of Conduct, of quality, HSE and operational efficiency, of competitiveness, of sustainability and focus on technological innovation and on contribution for the development of local content in Angola and other countries where relevant.

Impact on community and environment

The Directors of the Group are committed to sustainability aims and objectives. During the year, the Group prepared a sustainability plan, identifying its priority aims and detailing the actions it will take to meet them. These plans are regularly reviewed by the Directors to achieve environmental and sustainability ambitions. The Group is committed to promoting sustainable development by means of implementing social sustainability projects across the country, with a focus on access to energy, access to water, health, education, and agriculture.

Section 172 (1) statement (continued)

Reputation for high standards of business conduct
The Directors believe it is fundamentally important that values and principles are clearly defined to guide the right decisions, that the Group conducts business ethically, legally and with the highest integrity, as set out in the Group Code of Conduct.

The need to act fairly between members of the Group.
The Directors consider and approve items of business that would promote the success of the Group and be in the best interests of the Group and its immediate shareholders and its stakeholders. As a 50:50 joint venture, the Group and its relationship with its shareholders is regulated by a shareholder agreement relating to the Group between Eni and BP and the Group effective 1 August 2022. The Group established key governance bodies, such as the Board of Directors and Committees, with an equal representation of its shareholders that aim to balance the needs of its shareholders, manage any conflicts, and have regard to long term value creation, including maximizing long term shareholder value. During the year, the Group declared and paid dividends to its shareholders. The Directors considered the impact of such decisions on the long-term prospects of the Group, considering the financial position of the Group to ensure dividends are only paid out of distributable reserves, the current and future profitability of the Group, the cash flow position and financial requirements and the availability of profitable and sustainable return on investment.

The Group's principal decisions
The Board recognises the importance of considering and having regard to the Section 172 factors when making decisions, particularly the principal decisions of the Group. The Group has taken the view that a 'principal' decision is one which is material and strategic in nature and would affect the ability of the Group to generate or preserve value over the long term.
During the year, the following principal decisions were taken by the Group:

Principal Decision	The relevant factors taken into account during the decision-making process
Bond Issuance – proposed issuance of long term bond instrument to third party investors	The directors considered all the factors relevant to its long term funding and Treasury needs, including the existing arrangements for group liquidity, the short, medium and long terms factors likely to influence the availability of liquidity to the Azule group and interests of the members of the company.
Award and amendment of contracts with various suppliers including Ensco, Saipem (Ndungu Field Development), Oceaneering Marine Technology; Increase of contract value for Sapura (NGC project)	The directors considered all factors available from Group procurement processes to award the contract offering the best technical and financial solution, prompting the success of the company and its members as a whole.
Internal Audit plan and highest priority risk.	The Directors considered the major risks facing the company and approved a plan to ensure these were assessed and monitored on a timely basis.
Dividends were declared and paid during the year	The Directors considered the impact of such decision on the long-term prospects of the Group, as well as considering the financial position of the group to ensure that it had sufficient distributable reserves at the time of the dividend.
Acquisition of an interest in Namibia, PEL85/2914A	The Directors considered all factors on the PEL85 farm-in project, including considerations, economics risks and due diligence.
Commercial negotiations	The board considered all factors in setting mandates for confidential commercial negotiations

Section 172 (1) statement (continued)

Highest priority risks and uncertainties
The Group manages, monitors, and reports on its highest priority risks and uncertainties that can impact the Group´s ability to deliver its strategy. The Group’s system of internal control includes policies, processes, management systems, organizational structures, culture, and standards of conduct employed to manage the Group’s business and associated risks.

Throughout the period, the Group management, the leadership team, the board, and relevant committees provided oversight of how the highest priority risks to the Group are identified, assessed, and managed. They support the appropriate governance of risk management including having relevant policies in place to help manage risks. Such oversight may include internal audit reports, and reviews of the outcomes of business processes including strategy, planning and resource and capital allocation. The Group’s internal audit team provides independent assurance to the chief executive and board as to whether the Groups’ system of internal control is adequately designed and operating effectively to respond appropriately to the risks that are significant to the Group. The Group aims to deliver sustainable value by identifying and responding successfully to risks.

The risks listed above, separately or in combination, could have a material adverse effect on the implementation of the Group’s strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns and reputation.

Approved by the board of Directors on 13th May 2025 and signed on its behalf by:

DocuSigned by:
Jennie Burton
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J Burton

Director

125 Old Broad Street
London
England
EC2N 1AR

AZULE ENERGY HOLDINGS LIMITED

Directors' Report
For the year ended 31 December 2024

The Directors present their annual report and the audited financial statements of Azule Energy Holdings Limited ("the Company" or "the Parent Company") and its subsidiary undertakings ("the Group") for the year ended 31 December 2024.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

	Appointed
L Vignati	1 March 2022
G Birrell	1 August 2022
G Brusco	1 August 2022
G Groppi	1 August 2022
J R Murphy	1 August 2022
J Burton (Alternate)	1 August 2022
F Rinaldi (Alternate)	1 August 2022
TA Pennington	19 October 2023

Results and dividends
The results for the period are set out on page 31.

Interim dividends were paid of $925 million (2023: $1,793 million). Dividend per share is $925 (2023: $1,793). The Directors do not recommend payment of a final dividend.

Principal risks and uncertainties and future developments
The Strategic Report includes details of the principal risks and uncertainties and future developments of the Group.

Financial risks
The Directors have considered financial risk management as credit, liquidity, interest, and capital risk. See note 26.

Supporting employees with disabilities
The Group gives full and fair consideration to applications for employment from neurodivergent employees and those with disabilities, where the requirements of the job can be adequately fulfilled by the person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Qualifying third party indemnity provisions
The Group indemnifies the Directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third-party indemnity provisions for the benefit of the Group's Directors remain in force at the date of this report.

Stakeholder statements

By understanding the Group's key stakeholders, the Board can consider and address the needs of these stakeholders and foster good business relationships with them. The Board has taken time to identify the key interests of the stakeholders and establish regular engagement methods to help the Board to consider and balance stakeholder interests when making decisions.

The Group's considers its key stakeholders' groups to include:

(a) Government/Regulators
The Group is committed to maximizing long term shareholder value, in whatever form, when making decisions. The Group operates in accordance with the Group's System of Internal Control and its policies, procedures, and standards to promote long term success of the Group for the shareholders.

(b) Shareholders
The Group is committed to maximizing long term shareholder value, in whatever form, when making decisions. The Group operates in accordance with the Group's System of Internal Control, the Policy etc., to promote long term success of the Group for the shareholders.

(c) Lenders
The Group recognises the need to create valued relationships with its Lenders.

(d) Joint Venture partners
The Group recognises the need to create valued relationships with its Joint Venture partners.

(e) Community and environment
The Directors' relationships on behalf of the Group with respect to communities are important for all its activities, but particularly for major new projects where its presence may bring about changes in the local areas, such as jobs and support for community development, changes in the physical landscape, changes to the local ecosystem. The Directors engage with local communities through public consultations and meetings with local representatives and complete impact assessments where relevant. The Directors also consult with NGOs, academics, and industry associations, drawing on their external expertise. The Board are provided with updates on the environmental impact of the Group's business operations. The information received supports effective decision making by the Board when considering the long-term consequences on the environment and local communities.

(f) Employees
The Group recognises the need to look after the wellbeing of all its Employees. Azule is committed to nurturing a trusting safety culture within an inclusive and diverse workplace where everyone is treated with respect and dignity.
To ensure the well-being of our workforce, Azule Energy has a dedicated team of medical professionals who:

- Conduct regular health and safety assessments, including ergonomic evaluations, to identify hazards and promote a healthy workplace.
- Provide on-site medical services such as first aid, emergency response, and routine health checks.
- Develop and implement emergency response plans, including evacuation procedures and medical emergency protocols. Ensure office staff receive first aid training.
- Deliver health education programs focusing on preventive care, mental health, and well-being, through workshops and seminars

Azule carefully monitors the working environment and we conduct an Annual Employee Satisfaction Survey which informs further initiatives and actions.

(g) Suppliers
The Group maintains policies to ensure fair treatment of its current and potential suppliers. The Board are provided with updates on renewals and negotiations for existing and/or new supplier agreements. The information received supports effective decision making by the Board when considering the long-term consequences on relationships with suppliers.

Independent auditor

BDO LLP have been reappointed as auditors for the Company and Group consolidated audit and reporting.

Going concern

These Consolidated Financial Statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern assumptions management has considered at least a 12 months period from the date of approval of these financial statements and beyond till December 2026, to ensure viability of the business. Management has considered current economic and geopolitical environment, covenant compliance requirements by performing various sensitivity analysis over Group's most recent financial projections. For the purpose of assessing going concern the Directors have prepared forecasts to December 2026.

Azule Energy's credit profile is supported by multiple key factors including a sizeable portfolio of offshore producing assets with reserves base diversified over several blocks, key development projects such as Agogo and NGC, both in advanced stage of development, relatively low-cost operations, all oil production content paid offshore in US Dollar currency under long-term offtake agreements with wholly owned subsidiaries of BP and Eni, and a conservative financial framework that includes a strong liquidity buffer and oil price risk management policies. Azule Energy's production is significantly weighted to oil (>75% in 2023), which benefits the company's metrics during periods of higher oil prices. The company has high quality assets in Angola including non-operating interest of 27.2% in Angola LNG, a liquefied natural gas liquefaction plant in Soyo, Angola with a capacity of 5.2 million tonnes per year and a 37.4% operatorship stake in NGC which is the first upstream non-associated gas partnership in Angola that will supply additional gas to ALNG. NGC is expected to produce non-associated gas from 2026 onward and will provide a more stable revenue stream. The group is also actively seeking to grow production through brownfield developments, tiebacks and life extensions. Altogether, these factors support Azule Energy's good profitability and strong cash margins leading to high operating cash flows in 2023 and 2024 ($3.7 billion and $3.9 billion respectively).

As part of risk management, the management has assessed that existing funding and liquidity arrangements are expected to be maintained throughout the going concern period. To manage principal risks, the Group has undertaken the following steps in the year 2024:

a) Paved the way for its first bond issuance, which it successfully completed in January of 2025 for $1.2billion of 5-yr bonds at a coupon rate of 8.125%, providing further stability to the existing strong financial framework.

b) Increased the commitments' size under the Revolving Credit Facility (RCF) from $345million to $475million, subsequently increased to $500million in January of 2025. The RCF guarantees the Group's ability to cushion temporary unexpected cash shortfalls, ensuring financial stability during unforeseen events.

c) Successfully negotiated an amendment to the existing PXF facility under which the moratorium period of the PXF was increased by one year. Principal repayments, which were due to commence in September 2024 will instead begin in September 2025. Scheduled repayments which would have been due from September 2024 to July 2025 will be spread over the remaining repayment dates of the facility equally.

d) Used detailed cash forecasting techniques to formalize internal & external dividend decision making.

e) Entered into factoring facility with Banks to provide further low-cost options for cash liquidity by converting receivables into immediate cash.

As part of going concern assessment, management has incorporated sensitivities over a range of potential future outcomes and business risks considering potential downside of Brent Oil and gas prices, reduced production and lifting volumes and additional costs including capital expenditures. The Brent crude oil is currently experiencing a downward trend from December 2024, when it averaged $73.86/bbl, to $67.8/bbl April, 2025. The sensitivity analyses performed incorporate this trend and potential further volatility, ensuring the assessment reflects the current market environment and associated risks. There was a positive headroom in all the scenarios tested.

As at 31 December 2024, the Group had negative net current assets of $401 million (2023: positive $149 million) and positive net assets amounting to $13.4billion (2023: $13.3 billion).

Going concern (continued)

The going concern assessment confirmed that the Group has adequate cash, other liquid resources, and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these Consolidated Financial Statements.

Events after the reporting date

- On 16 January 2025, Azule Energy Finance Plc (the "Issuer"), a financing vehicle of Azule Energy Holdings Limited, issued unsecured notes in an aggregate principal amount of U.S.$ 1,200 million (the "Notes"). The Notes have a term of 5 years and a coupon of 8.125% per annum. The Issuer expects to use the gross proceeds from the offering of the Notes (the "Offering") for general corporate purposes and to pay costs, fees and expenses related to the Offering. The offering was settled on 23 January 2025.

Matters covered in the Strategic Report

The Group has chosen in accordance with the Companies Act 2006, s. 414C (11) to set out in the Group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of principal activities, risk management policies, financial instruments and objectives, employee disclosures and carbon reporting requirements.

Directors' statement as to the disclosure of information to the auditor.

The Directors who were members of the board at the time of approving the Directors' Report are listed on page 1. Having made enquiries of fellow Directors and of the Group and the Company auditor, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of the auditor's report of which the Group and the Company auditor is unaware; and

- Each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group and the Company auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Approved by the board of Directors on 13th May 2025 and signed on its behalf by:

DocuSigned by:

Jennie Burton

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J Burton
Director

125 Old Broad Street
London
England
EC2N 1AR

Directors' Responsibilities Statement
For the year ended 31 December 2024

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards ("IFRSs"), and the Parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the Parent Company financial statements, Financial Reporting Standard 101: Reduced Disclosure Framework ('FRS 101'), is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and the Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- in respect of the Parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/ or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, which comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with applicable financial reporting framework to give a true and fair view of the assets, liabilities, financial position and profit of the Company and undertakings included in the consolidation taken as a whole; and
- that the annual report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AZULE ENERGY HOLDINGS LIMITED

Opinion on the financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Azule Energy Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2024 which comprise The Consolidated Statement of Comprehensive Income, The Consolidated Statement of Financial Position, The Consolidated Cash Flow Statement, The Consolidated Statement of Changes in Equity, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and legal counsel;
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, relevant legislation applicable to Oil and Gas Industry in Angola and the Companies Act 2006. The key legislation governing the oil and gas sector includes the Petroleum Activities Law 2004 (PAL) and the Law on Taxation of Petroleum Activities 2004 (PTL).

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be company law, tax legislation, bribery act, employment legislation, corporation tax and VAT legislation, health and safety, local oil and gas legislations as applicable in Angola including the financial reporting framework.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Involvement of tax specialists in the audit;
- Review of correspondence with the tax authorities for any instances of non-compliance with tax related laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Obtained and review of legal confirmations from external legal counsel to confirm the status for any outstanding legal cases;
- Review of internal Group wide whistleblowing reports;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of Group’s policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Review of whistleblowing reports;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be to be management override of controls via posting inappropriate journal entries, management bias regarding key accounting estimates and judgments, and revenue not been recognised in the correct accounting period (cut-off).

Our procedures in respect of the above included:

- Obtained an understanding of the design and implementation of relevant controls surrounding the financial reporting close process such as controls over the posting of journals and consolidation process and obtained understanding of the segregation of duties in these processes.
- Performed information produced by entity (“IPE”) testing regarding the completeness and accuracy of data received from the entity.
- Critically reviewed the consolidation and obtained evidence supporting the validity of all significant manual or late journals posted at consolidation level.
- Tested the appropriateness of journal entries made throughout the year which met specific risk-based criteria to supporting documentation.
- Performed additional journal entry testing over a sample of journal entries posted which did not meet the abovementioned risk-based criteria in order to confirm the appropriateness of the audit teams risk assessment over journal entries.
- Reviewed unadjusted audit differences for indicators of bias or deliberate misstatement.
- Enquired of individuals involved in the financial reporting process, as well as operating personnel not directly involved in the financial reporting process, about the knowledge or existence of any inappropriate or unusual activity that may be indicative of an override of the control environment.
- Challenged assumptions, estimates and judgements made by management in areas involving significant estimates, with the key sources of estimation and judgement identified as:
    - The carrying value of exploration intangible assets;
    - The carrying value of goodwill;
    - The recoverability of oil and gas assets;
    - The determination of the Group’s estimated oil and natural gas reserves;
    - The present value of the Group’s decommissioning liability;
    - The recoverability of the Group’s deferred tax assets; and
    - For the Parent company, the recoverability of amounts due from group undertakings.
- Performed procedures around cut-off and revenue recognition by testing pre and post year end transactions; testing the accrued revenue with the subsequent actual receipts; testing post year credit notes by agreeing each credit note to supporting documentation: and obtaining third-parties’ confirmations in relation to revenue transactions recognized in the period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Matt Crane
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Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
13 May 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Azule Energy Holdings Limited
Registered number: 13947643

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 $'000	2023 $'000
Revenue	4	**4,881,864**	**4,775,047**
Cost of Sales:			
Production costs		(1,255,556)	(930,899)
Depletion, depreciation and amortization on property, plant, and equipment and right of use assets	12,13	(2,404,130)	(2,484,324)
Gross profit		**1,222,178**	**1,359,824**
Impairment on property, plant, and equipment	12	-	(22,468)
Impairment on intangible assets	11	-	(43,000)
Other operating income	5	577,899	472,595
Exploration costs		(16,924)	(18,299)
Administration costs		(88,084)	(99,245)
Share of post-tax profits of equity accounted associates & joint ventures	14	224,788	366,389
Operating profit	6	**1,919,857**	**2,015,796**
Finance income	8	40,468	112,175
Finance costs	8	(528,899)	(497,655)
Profit before taxation		**1,431,426**	**1,630,316**
Corporation tax	9	(369,479)	(910,830)
Profit for the year		**1,061,947**	**719,486**
Other comprehensive income			
Items that will not be reclassified to profit & loss in subsequent periods:			
Re-measurements on the defined benefit plans	21	218	4,025
Items that will or may be reclassified subsequently to profit & loss:			
Cash flow hedge	26	(48,792)	48,792
Foreign currency translation		41	513
Other comprehensive income for the year		**(48,533)**	**53,330**
Total comprehensive income for the year		**1,013,414**	**772,816**

The above results were derived from continuing operations. The notes on pages 43 to 95 form an integral part of these financial statements.

Azule Energy Holdings Limited
Registered number: 13947643

Consolidated Statement of Financial Position
As at 31 December 2024

Assets	Notes	2024 $'000	2023 $'000 Restated*
Non-current assets			
Intangible assets - goodwill	10	2,420,560	2,420,560
Other Intangible assets	11	679,690	437,217
Property, plant, and equipment including right of use assets	12, 13	14,113,664	14,334,194
Investments	14	3,436,036	3,589,462
Taxation		50,244	60,657
Deferred tax	9	288,141	287,764
Trade and other receivables	16	1,922,070	1,825,680
Financial assets		-	10,407
Total non-current assets		**22,910,405**	**22,965,941**
Current assets			
Inventories	15	690,776	597,423
Trade and other receivables	16	2,634,363	2,079,450
Taxation		694	24,933
Derivative financial assets	26	-	38,545
Short-term financial instruments		-	10,000
Cash and cash equivalents	27	503,650	603,749
Total current assets		**3,829,483**	**3,354,100**
Total assets		**26,739,888**	**26,320,041**

*The comparative information is restated during the year. See Note 9.

Azule Energy Holdings Limited
Registered number: 13947643

Consolidated Statement of Financial Position (continued)
As at 31 December 2024

	Notes	2024 $'000	2023 $'000 Restated*
Equity			
Share capital	22	1,000	1,000
Share premium	22	7,921,009	7,921,009
Other reserves	22	1,559,498	1,559,498
Hedging reserve	22	-	48,792
Retained earnings	22	3,949,791	3,812,585
Total equity		**13,431,298**	**13,342,884**
Non-current liabilities			
Loans and borrowings	19	2,085,774	2,144,975
Lease liabilities	18	1,344,764	1,471,566
Provisions for liabilities and charges	20	3,067,422	3,201,181
Deferred tax	9	2,580,478	2,953,840
Total non-current liabilities		**9,078,438**	**9,771,562**
Current liabilities			
Trade and other payables	17	2,819,680	2,029,921
Lease liabilities	18	801,393	696,807
Loans and borrowings	19	443,001	311,224
Taxation		166,078	167,643
Total current liabilities		**4,230,152**	**3,205,595**
Total liabilities		**13,308,590**	**12,977,157**
Total equity and liabilities		**26,739,888**	**26,320,041**

*The comparative information is restated during the year. See Note 9.

The financial statements on pages 36 to 95 were approved and authorized for issue by the Board of Directors and were signed on its behalf on 13th May 2025 by:

DocuSigned by:
Jennie Burton
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J Burton
Director

The notes on pages 32 to 95 form an integral part of these financial statements.

Azule Energy Holdings Limited
Registered number: 13947643

Company Statement of Financial Position
As at 31 December 2024

	Notes	2024 $'000	2023 $'000
Assets			
Non-current assets			
Investments	14	16,497,536	16,720,098
Derivative financial assets	26	-	10,407
Trade and other receivables	16	66,449	-
Total non-current assets		**16,563,985**	**16,730,505**
Current assets			
Trade and other receivables	16	17,543	7,607
Short-term financial instruments		-	10,000
Derivative financial assets	26	-	38,545
Cash and cash equivalents		198,690	317,741
Total current assets		**216,233**	**373,893**
Total assets		**16,780,218**	**17,104,398**
Equity and liabilities			
Equity			
Share capital	22	1,000	1,000
Share premium	22	7,921,009	7,921,009
Other reserves	22	1,559,498	1,559,498
Hedging reserve	22	-	48,792
Retained earnings	22	4,586,701	1,768,241
Total equity		**14,068,208**	**11,298,540**
Non-current liabilities			
Loans and borrowings	19	2,085,774	2,144,975
Current liabilities			
Trade and other payables	17	183,235	3,349,659
Loans and borrowings	19	443,001	311,224
Total liabilities		**2,712,010**	**5,805,858**
Total equity and liabilities		**16,780,218**	**17,104,398**

As permitted by Section 408 of the Companies Act 2006, Azule Energy Holdings Limited has not presented its own Statement of Comprehensive Income. The total comprehensive income for the financial year dealt with in the financial statements of the holding company was $3,695 million (2023: loss of $302 million).

The financial statements on pages 36 to 95 were approved and authorized for issue by the board of Directors and were signed on its behalf on 13th May 2025 by:

DocuSigned by:
Jennie Burton

J Burton

Director

The notes on pages 43 to 95 form an integral part of these financial statements.

Azule Energy Holdings Limited
Registered number: 13947643

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

Consolidated	Share capital	Share premium	Shares to be issued	Other Reserves	Hedging Reserves	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2023	1,000	7,543,000	378,009	1,559,498	-	4,881,570	14,363,077
Issue of share capital	-	378,009	(378,009)	-	-	-	-
	1,000	7,921,009	-	1,559,498	-	4,881,570	14,363,077
Profit for the year	-	-	-	-	-	719,486	719,486
Comprehensive income for the year	-	-	-	-	48,792	4,538	53,330
Dividends paid	-	-	-	-	-	(1,793,009)	(1,793,009)
As at 31 December 2023	**1,000**	**7,921,009**	-	**1,559,498**	**48,792**	**3,812,585**	**13,342,884**
			-				
At 1 January 2024	1,000	7,921,009	-	1,559,498	48,792	3,812,585	13,342,884
Profit for the year	-	-	-	-	-	1,061,947	1,061,947
Comprehensive income for the year	-	-	-	-	(48,792)	259	(48,533)
Dividends paid	-	-	-	-	-	(925,000)	(925,000)
As at 31 December 2024	**1,000**	**7,921,009**	-	**1,559,498**	**-**	**3,949,791**	**13,431,298**

Details regarding the purpose of each reserve within equity are given in note 22. The notes on pages 43 to 95 form an integral part of these financial statements.

Azule Energy Holdings Limited
Registered number: 13947643

Company Statement of Changes in Equity
For the year ended 31 December 2024

Company	Share capital	Share premium	Shares to be issued	Other Reserves	Hedging Reserves	Retained earnings	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2023	1,000	7,543,000	378,009	1,559,498	-	3,912,059	13,393,566
Issue of share capital	-	378,009	(378,009)	-	-	-	-
	1,000	7,921,009	-	1,559,498	-	3,912,059	13,393,566
Loss for the year	-	-	-	-	-	(350,809)	(350,809)
Comprehensive expense for the year	-	-	-	-	48,792	-	48,792
Dividends paid	-	-	-	-	-	(1,793,009)	(1,793,009)
As at 31 December 2023	**1,000**	**7,921,009**	-	**1,559,498**	**48,792**	**1,768,241**	**11,298,540**
			-				
At 1 January 2024	1,000	7,921,009	-	1,559,498	48.792	1,768,241	11,298,540
Profit for the year	-	-	-	-	-	3,743,460	3,743,460
Comprehensive income for the year	-	-	-	-	(48,792)	-	(48,792)
Dividends paid	-	-	-	-	-	(925,000)	(925,000)
As at 31 December 2024	**1,000**	**7,921,009**	-	**1,559,498**	**-**	**4,586,701**	**14,068,208**

Details regarding the purpose of each reserve within equity are given in note 22. The notes on pages 43 to 95 form an integral part of these financial statements.

Azule Energy Holdings Limited

Consolidated Cash Flow Statement
For the year ended 31 December 2024

Group	Notes	2024 $'000	2023 $'000
Cash inflow generated from operations	23	**3,973,730**	**3,779,544**
Interest received	8	38,671	71,099
Interest paid	8	(249,994)	(239,976)
Taxes paid		(747,932)	(581,537)
Net cash generated from operating activities		**3,014,475**	**3,029,130**
Investing activities			
Proceeds from disposals of assets		28,428	-
Purchase of associated companies and activities		-	(20,860)
Purchase of property, plant, and equipment and Intangibles	11,12	(1,580,181)	(1,685,929)
Proceeds/(purchases) of other financial assets		10,000	(10,000)
Additions to escrow		(101,832)	(130,363)
Dividends received from Associates	14	378,214	537,421
Payments for guarantees		(66,242)	-
Net cash used in investing activities		**(1,331,613)**	**(1,309,731)**
Financing activities			
Proceeds from borrowings	19	84,500	-
Repayments of borrowings		(34,500)	-
Proceeds from deferred shares issued		-	378,009
Transaction fee paid for borrowings		(8,620)	(4,705)
Dividends paid to shareholders		(925,000)	(1,793,009)
Payment of lease liability obligations	18	(897,701)	(743,233)
Net cash used in financing activities		**(1,781,321)**	**(2,162,938)**
Net decrease in cash and cash equivalents		(98,459)	(443,539)
Cash and cash equivalents at start of year		603,749	1,030,863
Exchange gains/(loss) on cash and cash equivalents		(1,640)	16,425
Cash and cash equivalents at end of year		**503,650**	**603,749**

The notes on pages 43 to 95 form an integral part of these financial statements.

1. Company information

Azule Energy Holdings Limited (13947643) is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements of Azule Energy Holdings Limited for the year ended 31 December 2024 were approved by the board of directors on 13th May 2025 and the Statement of Financial Position was signed on the board's behalf by J Burton.

2. Material accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Consolidated Financial Statements have been prepared on the going concern basis under historical cost convention, except for derivative financial instruments that have been measured at fair value through profit or loss.

These Consolidated Financial Statements are presented in dollars ($). All financial information presented has been rounded to the nearest thousands, unless otherwise stated.

These financial statements are prepared for a period of 12 months, beginning from 1 January 2024 to 31 December 2024.

On 1 August 2022, Eni, and BP (shareholders) agreed to create a stand-alone, self-funded, incorporated 50/50 Joint Venture, called Azule Energy Holdings Limited (AEHL) to combine and hold all their upstream oil, gas, and LNG interests in Angola. The Shareholders' proposed 50/50 ownership in AEHL was achieved via the Shareholders contributing into AEHL their legacy entities (in exchange for shares in the new company) and the payment by AEHL of a cash consideration to the Shareholders (financed by a long-term loan). Although this transaction falls outside the scope of IFRS 3 Business Combinations ('IFRS 3') the directors choose to account for the business combination under IFRS 3 by analogy believing that IFRS 3 principles should be followed in full.

The Group's financial statements have been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006. The Group also notes standards issued but not yet effective.

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101") and disclosure requirements of the Companies Act 2006. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions in the Company only financial statements.

Reduced disclosure exemptions

The following disclosure exemptions conferred by FRS 101 have been applied in the preparation of the Company financial statements and, where relevant, equivalent disclosures have been made in the Group accounts in accordance with UK-adopted international accounting standards:

- Statement of compliance with IFRS.
- Disclosures in relation to the objectives, policies, and processes for managing capital.
- Separate lessee disclosures under IFRS 16 Leases ('IFRS 16').
- Presentation of a Statement of Cash Flows and related notes.
- Disclosure of key management personnel compensation.
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments; income, expenses, gains, and losses on financial instruments; effects of initial application of IFRS 7 Financial Instruments: Disclosures ('IFRS 7').
- Related party disclosures for transactions with the parent or wholly owned members of the Group.
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

Reduced disclosure exemptions (continued)

- Revenue disclosures, including:
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of services to be transferred.
  - Significant judgements in determining the amount and timing of revenue recognition.
  - Methods used to recognise revenue over time, determine transaction price and amounts.
  - Allocated to performance obligations.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS that have been issued but are not yet effective:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*
- Annual Improvements to IFRS Accounting Standards – Amendments to:
  - IFRS 1 *First-time Adoption of International Financial Reporting Standards;*
  - IFRS 7 *Financial Instruments: Disclosures and its accompanying Guidance on implementation*
  - IFRS 9 *Financial Instruments*;
  - IFRS 10 *Consolidated Financial Statements;* and
  - IAS 7 *Statement of Cash flows*
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- IFRS 18 *Presentation and Disclosure in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The group's evaluation of the effect of adopting IFRS 18 is ongoing but it is currently anticipated that IFRS 18 will have a significant impact on the presentation of the Group's financial statements and related disclosures. The directors do not expect that the adoption of the amendments to the existing standards listed above, other than IFRS 18 will have a material impact on the consolidated financial statements of the Group in future periods.

New and amended standards and interpretations

There are no new or other amended standards or interpretations adopted from 1 January 2024 onwards, that have a significant impact on the consolidated financial statements for 2024.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If any entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to company with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified an equity instrument.

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements

The amendments had no impact on the Group's consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

a. has the power over the investee;
b. is exposed, or has rights, to variable return from its involvement with the investee; and
c. has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

These Consolidated Financial Statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern assumptions management has considered at least a 12 months period from the date of approval of these financial statements and beyond till December 2026, to ensure viability of the business. Management has considered current economic and geopolitical environment, covenant compliance requirements by performing various sensitivity analysis over Group's most recent financial projections. For the purpose of assessing going concern the Directors have prepared forecasts to December 2026.

Azule Energy's credit profile is supported by multiple key factors including a sizeable portfolio of offshore producing assets with reserves base diversified over several blocks, key development projects such as Agogo and NGC, both in advanced stage of development, relatively low-cost operations, all oil production content paid offshore in US Dollar currency under long-term offtake agreements with wholly owned subsidiaries of BP and Eni, and a conservative financial framework that includes a strong liquidity buffer and oil price risk management policies. Azule Energy's production is significantly weighted to oil (>75% in 2023), which benefits the company's metrics during periods of higher oil prices. The company has high quality assets in Angola including non-operating interest of 27.2% in Angola LNG, a liquefied natural gas liquefaction plant in Soyo, Angola with a capacity of 5.2 million tonnes per year and a 37.4% operatorship stake in NGC which is the first upstream non-associated gas partnership in Angola that will supply additional gas to ALNG. NGC is expected to produce non-associated gas from 2026 onward and will provide a more stable revenue stream. The group is also actively seeking to grow production through brownfield developments, tiebacks and life extensions.

Altogether, these factors support Azule Energy's good profitability and strong cash margins leading to high operating cash flows in 2023 and 2024 ($3.7 billion and $3.9 billion respectively).

Going concern (continued)

As part of risk management, the management has assessed that existing funding and liquidity arrangements are expected to be maintained throughout the going concern period. To manage principal risks, the Group has undertaken the following steps in the year 2024:
a) Paved the way for its first bond issuance, which it successfully completed in January of 2025 for $1.2billion of 5-yr bonds at a coupon rate of 8.125%, providing further stability to the existing strong financial framework.
b) Increased the commitments' size under the Revolving Credit Facility (RCF) from $345million to $475million, subsequently increased to $500million in January of 2025. The RCF guarantees the Group's ability to cushion temporary unexpected cash shortfalls, ensuring financial stability during unforeseen events.
c) Successfully negotiated an amendment to the existing PXF facility under which the moratorium period of the PXF was increased by one year. Principal repayments, which were due to commence in September 2024 will instead begin in September 2025. Scheduled repayments which would have been due from September 2024 to July 2025 will be spread over the remaining repayment dates of the facility equally.
d) Used detailed cash forecasting techniques to formalize internal & external dividend decision making.
e) Entered into factoring facility with Banks to provide further low-cost options for cash liquidity by converting receivables into immediate cash.

As part of going concern assessment, management has incorporated sensitivities over a range of potential future outcomes and business risks considering potential downside of Brent Oil and gas prices, reduced production and lifting volumes and additional costs including capital expenditures. The Brent crude oil is currently experiencing a downward trend from December 2024, when it averaged $73.86/bbl, to $67.8/bbl April, 2025. The sensitivity analyses performed incorporate this trend and potential further volatility, ensuring the assessment reflects the current market environment and associated risks. There was a positive headroom in all the scenarios tested.

As at 31 December 2024, the Group had negative net current assets of $401 million (2023: positive $149 million) and positive net assets amounting to $13.4billion (2023: $13.3 billion).

The going concern assessment confirmed that the Group has adequate cash, other liquid resources, and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these Consolidated Financial Statements.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Fair value hierarchy

IFRS 13 emphasises that fair value is a market-based measurement, not an entity-specific measurement. Therefore, fair value measurements under IFRS 13 should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, IFRS 13 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Fair value hierarchy (continued)

· Level 1 inputs utilise quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access.

· Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

· Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Goodwill

The Group recognised goodwill at 1 August 2022 as part of the business combination (explained above) whereby the carrying amounts were uplifted for the fair value resulting in temporary taxable differences and arising goodwill. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

For impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units expected to benefit from the synergies of the combination. Cash-generating units or groups of cash–generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash- generating unit or groups of cash –generating units is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis asset in the unit or group of each asset in the unit or group of units. An impairment loss recognised for goodwill is not reversed in a subsequent year.

Intangible assets other than goodwill

Intangible assets, other than goodwill, include license costs and certain exploration costs that are stated at the amount initially recognised, less accumulated amortisation and accumulated impairment losses. For information on accounting for expenditures on the exploration for and evaluation of oil and natural gas resources, see the accounting policy for oil and natural gas exploration, appraisal, and development expenditure below. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Investment in subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at the fair value of shares issued, or cash paid to acquire the investment, and are subsequently measured at cost less any provision considered necessary by the Directors for diminution in value.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises, on a line-by-line basis, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the Company's income from the sale of its share of the output and any liabilities and expenses that the Group has incurred in relation to the joint operation. All Concessions and production sharing agreements for the Group are accounted as an interest in joint operations.

Interests in associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Investments in associates are initially measured at cost and are subsequently accounted for using the equity method as described in the accounting policy for "Equity accounting."

Equity accounting

Under the equity method, an investment is carried on the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the entity, less distributions received and less any impairment in value of the investment. Loans advanced to equity-accounted entities that have the characteristics of equity financing are also included in the investment on the Group Statement of Financial Position.

The Group Statement of Comprehensive Income reflects the Group's share of the results after tax of the equity-accounted entity, adjusted to account for depreciation, amortization and any impairment of the equity accounted entity's assets based on their fair values at the date of acquisition. The Group Statement of Comprehensive Income includes the Group's share of the equity-accounted entity's other comprehensive income. The Group's share of amounts recognised directly in equity by an equity-accounted entity is recognised in the Group's Statement of Changes in Equity.

Equity accounting (continued)

The Group assesses investments in equity-accounted entities for impairment whenever there is objective evidence that the investment is impaired. If any such objective evidence of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs of disposal and ‘Value-in-use’ (VIU). VIU is defined as the risk adjusted present value of future cashflows arising from the continued use of an asset and from its ultimate disposal. If the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

Oil and natural gas exploration and appraisal activities

Oil and natural gas exploration and appraisal activities are accounted for using the principles of the successful efforts method of accounting as described below:

Exploration rights and license acquisition costs

The Group uses the successful efforts method to account for exploration rights and license acquisition costs, where the costs incurred in finding, acquiring, and developing reserves are capitalised on a ‘field by field’ basis. Upon the discovery of viable reserves reaching technical feasibility and technical viability, the capitalized costs are transferred to oil and gas properties and if the discovery is not made, the expenditure is charged as an expense.

The costs associated with the acquisition of exploration rights (or for their extension), including costs related to acquire exploration potential, are initially capitalised within “Intangible assets” as pending determination of whether the exploration and appraisal activities in the reference areas are successful or not.

Unproved exploration rights are not amortised but are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount, based on the confirmation of the commitment of the Group to continue the exploration activities or that work to determine commercial viability is ongoing or completed, and development plans and timings are being progressed sufficiently.

Exploration and appraisal expenditure

Geological and geophysical exploration costs are recognised as an expense as incurred. Costs directly associated with an exploration well are initially capitalised within intangible assets until the drilling of the well is complete and the results have been evaluated. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. If it is determined that development will not occur, that is, the efforts are not successful, then the costs are expensed.

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 also capitalised within intangible assets.

Upon reaching technical feasibility and commercial viability based on reserves assigned and approvals for development, the relevant expenditures are reclassified to property, plant, and Equipment. If development is not approved and no further activity is expected to occur, then the costs are expensed.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas and are in areas where major capital expenditure (e.g. an offshore platform or a pipeline) would be required before production could begin, and where the economic viability of that major capital expenditure depends on the successful completion of further exploration or appraisal work in the area, remain capitalised under intangible assets on the statement of financial position as long as such work is under way or firmly planned.

Exploration and appraisal expenditure (continued)

Pre-development and development costs

Pre-development costs relate to the initial assessment of the development of a potential resource, including evaluation of various design concepts and economic feasibility studies.

Pre-development costs are considered part of the development activities and therefore are capitalised as property, plant, and equipment in progress. With reference to the impairment test of the carrying amount of pre-development costs, the trigger events and the criteria defined in the previous point for unproved exploration rights are relevant.

When development projects are unfeasible/not carried on, the related costs are charged to expense as losses from write-off in the period in which it is decided to abandon the project.

Property Plant and Equipment

Property Plant and Equipment owned by the Group are stated at cost, less accumulated depreciation, and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly attributable finance 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.

Expenditure on the construction, installation, and completion of infrastructure facilities such as platforms, pipelines, and the drilling of development wells, including service and unsuccessful development or delineation wells, is capitalized within property, plant, and equipment, and is depreciated from the commencement of production.

Oil and natural gas properties are depreciated using a unit-of-production method over total proved reserves.

Other property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. The typical useful lives of the Group's Property, Plant and Equipment are as follows:

Land and Buildings	-	4 to 26 years
Oil and gas properties	-	according to the Unit of Production (UOP) method over total proved reserves.
Fixtures and fittings	-	1 to 8 years

The expected useful lives and depreciation method of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives or the depreciation method are accounted for prospectively.

During management's annual review of the expected useful lives and depreciation methods of property, plant, and equipment it assessed the reserves basis over which oil and gas properties are depreciated and assessed that all assets, including any fair value uplift attributed to them, will be depreciated over total proved reserves. Given estimates of reserves will be revised in future periods management has assessed that it is impracticable to determine the impact of the change in accounting estimate on future periods.

The carrying amounts of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in the statement of comprehensive income account in the period in which the item is derecognised.

Right-of-use assets

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment and adjusted for any remeasurement of lease liabilities, as relevant.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. Lease payments comprise of fixed payments, variable lease payments that depend on a daily rate.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in a rate used and lease term. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to the Statement of Comprehensive Income if the carrying amount of the right-of-use asset is fully written down.

Revenue recognition

The Group is engaged in the exploration, production and selling of hydrocarbons produced in Angola.

Revenue from contracts with customers is recognised based on crude oil, upon shipment.

Revenue from crude oil and natural gas production from properties in which the Group has an interest together with other producers is recognised on the basis of the quantity of product effectively lifted and sold (sales method); production costs are recognised consistently with the quantities effectively sold. Revenue is recognised at the amount of consideration to which the company is entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. In particular, the amount of consideration can vary because of discounts, refunds, incentives, price concessions, performance bonuses, penalties or if the price is contingent on the occurrence or non-occurrence of a future event. If, in a contract, the Group grants a customer the option to acquire additional goods or services for free or at a discount (for example sales incentives, customer award points, etc.), this option gives rise to a separate performance obligation in the contract only if the option provides a material right to the customer that it would not receive without entering into that contract.

The promised amount of consideration is not adjusted for the effect of the significant financing component if, at contract inception, it is expected that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Other operating income

Where the Group is the operator of an unincorporated joint operation that enters into a lease agreement as the sole signatory, the Group recognises: (i) 100% of the lease liability if, on the basis of the contractual provisions and any other element relevant to the valuation, it is considered to be "primary responsible" for the fulfilment of its obligations towards the supplier; and (ii) 100% of the right-of-use asset, except in cases where a sublease is contractually recognisable with the other partners in the block (the so-called "follower"). The portion of right-of-use assets recognised by the Group as an operator and referable to the other partners of the block is subject to recovery through the contractual mechanisms of the joint operation, which provide for the debiting of the costs of the initiative pertaining to the followers (billing) and related payment (cash call). The cost recharges to the followers are recognised by the Group as an operator as 'Other revenues and income' in the Statement of Comprehensive Income and included in net cash flow from operating activities in the cash flow statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is provided, using the balance sheet method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Taxation (continued)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment

The carrying value of property, plant and equipment is reviewed for impairment whenever events indicate that the carrying amounts for those assets may not be recoverable.

In this situation, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's (CGU's) fair value less costs of disposal and its VIU. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are adjusted for the risks specific to the asset group to the extent that they are not already reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

The VIU tests use the present value of pre-tax cash flows discounted using a pre-tax rate.

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 an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in profit or loss. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The expected future cash flows used for impairment analyses are based on judgmental assessments of future production volumes, prices and costs considering available information at the date of review and are discounted by using a rate related to the activity involved.

The discount rate reflects the current market evaluation of the time value of money and of the specific risks of the asset not reflected in the estimate of the future cash flows.

For oil and natural gas properties, the expected future cash flows are estimated based on proved and probable reserves, including, among other elements, production taxes and the costs to be incurred for the reserves yet to be developed.

In limited cases the expected cash flows consider also the risk-adjusted possible reserves, if they are considered to determine the consideration transferred.

Exchange rate differences

Revenues and costs associated with transactions in currencies other than the functional currency are translated into the functional currency by applying the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value, recoverable amount, or net realisable value, are translated using the exchange rate at the date when the value is determined.

Monetary assets and liabilities denominated in currencies other than functional currency are converted by applying the year end exchange rate and the effect is recorded in profit or loss.

Non-monetary assets and liabilities denominated in currencies other than the functional currency valued at cost are translated at the initial exchange rate.

Financial instruments

Recognition of financial instruments
Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial instruments (continued)

Initial and subsequent measurement of financial assets
Cash and Cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Group with maturities of less than three months.

Restricted cash represents funds that are set aside for specific purposes due to legal, contractual, or regulatory requirements, such as escrow accounts, or funds designated for future expenditures. When these amounts are available for use within the operating cycle or meet the criteria for cash equivalents (e.g., short-term, highly liquid investments), they are classified as part of cash and cash equivalents on the balance sheet. Restricted cash is recorded at its nominal value and typically held in segregated bank accounts.

Trade and other receivables
Trade and other receivables are classified at amortised cost, unless stated otherwise, when they are held in a business model where the objective is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Trade and other receivables are measured after allowances for future expected credit losses, see note 26 'Financial risk management' for more information on credit risk. Gains or losses are recognised in the profit or loss when the receivables are derecognised or impaired.

Impairment of financial assets
Receivables recorded at amortised cost is reduced by allowances for lifetime estimated credit losses. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balances, historical experience, and forward-looking considerations. Individual balances are written off when management deems them not to be collectible.

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that provides a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Derivative financial instruments and hedge accounting
Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. Changes in values of all derivatives of a financing nature are included within "to be added" in the income statement unless designated in an effective hedge relationship when the effective portion of changes in value are deferred to other comprehensive income.

The fair values of the derivative financial instruments are calculated by discounting the future cash flows to net present values using appropriate market rates and foreign currency rates prevailing at the reporting date. The valuation basis is level 2 of the fair value hierarchy. This classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset and liability, either directly or indirectly.

Hedge accounting

The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For fair value hedges, the carrying value of the hedged item is also adjusted for changes in fair value for the hedged risk, with gains and losses recognised in the income statement.

Cash flow hedging is used by the Company to hedge certain exposures to variability in future cash flows. The portion of gains or losses relating to changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges is recognised in other comprehensive income; gains or losses relating to any ineffective portion are recognised immediately in the income statement. However, when the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. When the hedged item is recognised in the income statement, amounts previously recognised in other comprehensive income and accumulated in equity for the hedging instrument are reclassified to the income statement.

Hedge accounting (continued)

When hedge accounting is discontinued, any gain or loss recognised in other comprehensive income at that time remains in equity and is recognised in the income statement when the hedged transaction is ultimately recognised in the income statement. If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued, any gain or loss recognised in other comprehensive income at that time remains in equity and is recognised in the income statement when the hedged transaction is ultimately recognised in the income statement.

Factoring arrangements

The carrying amounts of the trade receivables is excluding receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant debtors to the factor in exchange for cash. The substantial risks and rewards related to the factored debtors are transferred under the factoring arrangement. The Group therefore has de-recognised the transferred assets from the Statement of Financial Position.

Finance income and finance costs

Finance income is recognised as the interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Finance 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, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other finance costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. The carrying amount of bank deposits is a reasonable approximation of their fair value. The Company handles payments, on behalf of the subsidiaries under the cash pooling to optimise payment streams and improve liquidity management within the Group. Cash collected by the Company on behalf of a subsidiary is recognised as cash and cash equivalents with a corresponding payable to the subsidiary in the Company only financial statements.

Inventories including provisioning but excluding fuel

Inventories are stated at the lower of cost and net realisable value. Cost is typically determined by the weighted average method and comprises direct purchase costs, cost of production, transportation, and manufacturing expenses. Net realizable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Net realizable value is determined by reference to prices existing at the reporting date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period. Supplies are valued at the lower of cost on a weighted average basis and net realizable value.

Inventory obsolescence occurs when items are no longer usable due to technological advancements, changes in operational requirements, physical damage, or prolonged storage. For operated blocks, a specific provision for obsolescence may be raised based on results of regular stock count procedures and technical team analysis. For non-operated blocks, where an operator's report lacks information about specific provision, a general provision for obsolescence is recorded based on an estimation of the provision required based on inventory ageing reports provided by the Block operator.

Inventories (Consumables fuel)

Consumable fuel, which includes items such as red diesel, or other fuel types used in the ordinary course of operations, is initially measured at cost, comprising purchase price, import duties, and other directly attributable costs, less any discounts or rebates. Subsequently, it is valued at the lower of cost and net realizable value, with cost determined using an appropriate method such as the first-in, first-out (FIFO) or weighted average cost formula. Fuel held for consumption is expensed as it is used, typically under operating or production costs, while any impairment losses arising from a decline in net realizable value below cost are recognized in profit or loss.

Borrowing costs

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Overlift / underlift

Where the volume of oil lifted by the company in the period exceeds (overlift) or falls short of (underlift) its production entitlement determined by the production sharing agreement, the company records the respective amounts due to/from other joint operators as creditors (overlift) or debtors (underlift).

Overlift is valued at average latest quarter sales price and underlift is valued at lower of cost and net realisable value, both of which are recognised in cost of sales as per note 6.

Provisions for liabilities and charges and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation 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 appropriate, the future cash flow estimates are adjusted to reflect the risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognised in the Statement of Comprehensive Income.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the company, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

Decommissioning

Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognised on construction or installation.

Similarly, where an obligation exists for a well, this liability is recognised when it is drilled. An obligation for decommissioning may also crystallise during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its decommissioning obligations, for example due to bankruptcy. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using a nominal discount rate.

An amount equivalent to the decommissioning provision is recognised as part of property, plant, and equipment. The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

The Group's participation in certain joint ventures is governed by the terms held in the Production Sharing Agreements. Under those terms once the Development Area (DA) reaches a defined threshold of remaining recoverable reserves there is then an obligation to fund an Escrow account for decommissioning costs. This funding is shown as a long-term receivable as the Contractor Group cannot be released from the obligation in relation to escrow funding and there is no legal right of offset between escrow funding and the decommissioning provision.

Retirement benefit cost

As described in note 21, although now closed to new entrants, the group participated in two defined benefit pension schemes, the assets of which are held separately from those of the Group in independently administered funds. The rates of contribution are determined by independent professionally qualified actuaries.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss.

Retirement benefit cost (continued)

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the Statement of Comprehensive Income during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in Statement of Comprehensive Income as interest receivable or payable. Remeasurements, comprising actuarial gains and losses and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the Statement of Financial Position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions. Defined benefit pension plan surpluses are only recognised to the extent an entity has an unconditional right to recover them, either by way of a refund from the plan or reductions in future contributions to the plan.

Capital management

The Board's policy is to maintain a strong capital base to underpin the future development of the business in order to deliver value to shareholders. The Group finances its operations through reinvested profits, bank borrowings, cash in hand and the management of working capital.

Dividends

Dividends are recognised when the right to receive payment of the dividend is established based on the shareholders' meeting and the Board of Directors resolutions. Dividends distributed to shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders.

Guarantees

The Group has a number of guarantees as described in Note 25. The Group applies IFRS 9 *Financial Instruments* to estimate the fair values of the Counter-Guarantee Contracts and the relevant Indemnification Clauses for initial measurement; and to estimate the carrying values for subsequent measurement.

A financial guarantee contract is defined as a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due under the original or modified terms of a debt instrument.

Initial Recognition:

Financial guarantee contracts are initially recognized at fair value on the date the guarantee is issued. For guarantees provided to external parties for consideration (e.g., a fee), the fair value is typically the premium or fee received. For guarantees issued to subsidiaries or related parties without explicit consideration, the fair value is estimated based on market-consistent terms, such as the cost of a similar standalone guarantee.

Subsequent Measurement:

After initial recognition, financial guarantee contracts are measured at the higher of:

- The amount of the expected credit loss (ECL) determined in accordance with IFRS 9's impairment model, and
- The amount initially recognized (i.e., fair value) less, where applicable, the cumulative amount of income recognized in accordance with IFRS 15 Revenue from Contracts with Customers.
  The ECL is assessed based on the probability of default by the guaranteed party, the exposure at default, and the loss given default, considering forward-looking information.

Segmental analysis

Operating segments are established on the basis of those components of the group that are evaluated regularly by the Board of Directors, who are Azule Energy's chief operating decision makers, in deciding how to allocate resources and in assessing performance. The accounting policies of the operating segments are the same as the group's accounting policies, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision maker.

For Azule Energy, the Group is considered one operating segment as the Board of Directors (BOD) review key financial information, monitor performance and make strategic decisions on an aggregated group basis. Therefore, these financial statements are considered to be the financial statements of the groups operating segment.

3. *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. For sensitivity analysis on commodity price & interest rate risk please refer note 26.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Significant judgements and estimates: exploration and appraisal assets (note 11)

Judgement is required to determine whether it is appropriate to continue to carry costs associated with exploration wells and exploratory type stratigraphic test wells on the Statement of Financial Position. This includes costs relating to exploration licenses or leasehold property acquisitions. It is not unusual to have such costs remaining suspended on the Statement of Financial Position for several years while additional appraisal drilling and seismic work on the potential oil and natural gas field is performed or while the optimum development plans and timing are established. The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. Where this is no longer the case, the costs are immediately expensed.

Significant judgements and estimates: goodwill (note 10)

At the acquisition date, goodwill was allocated in its entirety to the group of cash-generating units based on the following rationale: homogeneity of nature of products along with their distribution and production processes which are exploration, production & selling of hydrocarbon resources, with the same two customers, and operations within Angola where the legal, fiscal, and regulatory framework is consistent.

Significant judgements and estimates: recoverability of asset carrying values (note 12,13)

Determination as to whether, and by how much, an asset or, CGU is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, capital expenditure, production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil and natural gas.

Judgement is required when determining the appropriate grouping of assets into a CGU or the appropriate grouping of CGUs for impairment testing purposes. For example, individual oil and gas properties may form separate CGUs whilst certain oil and gas properties with shared infrastructure may be grouped together to form a single CGU. Alternative groupings of assets or CGUs may result in a different outcome from impairment testing.

Assumptions involved in impairment assessment include estimates of commercial reserves and production volumes, future oil and gas prices, discount rates and the level and timing of expenditures, all of which are inherently uncertain. The VIU of the CGUs is based on the cash flows expected to be generated by the projected production profiles up to the expected dates of cessation of production of each field, based on appropriately risked estimates of reserves and resources. That is, cash flows up to end of license or economic cut off for each CGU within the Group of CGUs were considered.

Significant judgements and estimates: recoverability of asset carrying values (note 12,13) (continued)

This depends on the interaction of several variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, production costs, the contractual duration of the production concession and the selling price of the hydrocarbons produced. Estimated production volumes and cash flows up to the date of cessation of production on a field-by-field basis, including operating and capital expenditure, are derived from the business plan (cost data) and year end reserves certification (production volumes). The pre-tax discount rate used in the VIU calculation is variable for each CGU depending on effective tax rates and timing of tax cash flows. The VIU calculation has been prepared using cash flow projections from the Group's 2025 to 2034 Business Plan approved by the Board of Directors, with cash flows extrapolated to cover a period to 2050. The projected cash flows have been derived for a period of longer than 5 years which is common in the industry for oil and gas assets which are long life assets.

Significant judgements and estimates: inventory obsolescence general provision for non-operated blocks (note 15)

For non-operated blocks, where an operator provides insufficient information about specific inventory provisions, a general provision for obsolescence is recorded based on an estimation of the provision required based on inventory ageing reports over a five year period provided by the Block operator.

Significant judgements and estimates: Oil and natural gas reserves

Significant technical and commercial assessments are required to determine the Group's estimated oil and natural gas reserves. Reserves estimates are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity and drilling of new wells all impact the determination of the Company's estimates of its oil and natural gas reserves. The Group/ the Company bases its reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements.

Significant judgements and estimates: decommissioning provisions (note 20)

The Group holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the company relate to the plugging and abandonment of wells and the removal and disposal of oil and natural gas platforms and pipelines. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as well as political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation if required in determining the amounts of provisions to be recognised. Any changes in the expected future costs are reflected in both the provision and, where still recognised, the asset.

The energy transition may bring forward the decommissioning of oil and gas industry assets thereby increasing the present value of associated decommissioning provisions. Decommissioning cost estimates are based on the known regulatory and external environment. These cost estimates may change in the future, including as a result of the transition to a lower carbon economy.

The timing and amount of future expenditures relating to decommissioning liabilities are reviewed annually, together with the rate used in discounting the cash flows. The interest rate of 4.24% used to determine the statement of financial position obligations at the end of 2024 was a pre-tax rate that reflects current market assessments of the time value of money. The weighted average period over which decommissioning costs are generally expected to be incurred is estimated to be approximately 13 years. Costs at future prices are determined by applying an inflation rate of 2% to decommissioning costs.

The estimated phasing of undiscounted cash flows in real terms for the upstream decommissioning is approximately $2,592 million within the next 10 years, $769 million in 10 to 20 years and $109 million after 20 years. The timing and amount of decommissioning cash flows are inherently uncertain and therefore the phasing is management's current best estimate but may not be what will ultimately occur.

The Group's participation in certain joint ventures is governed by the terms held in the Production Sharing Agreements. Under those terms once the Development Area (DA) reaches a defined threshold of remaining recoverable reserves there is then an obligation to fund an Escrow account for decommissioning costs. This funding is shown as a long-term receivable as the Contractor Group cannot be released from the obligation in relation to escrow funding and there is no legal right of offset between escrow funding and the decommissioning provision.

Significant judgements and estimates: taxation (note 9)

The value of deferred tax assets and liabilities is an area involving inherent uncertainty and estimation and balances are therefore subject to risk of material change as a result of underlying assumptions and judgements used, in particular the forecast of future profitability used to determine the recoverability of deferred tax, for example future oil and gas prices, see ‘Significant judgements and estimates - Recoverability of asset carrying values'. It is impracticable to disclose the extent of the possible effects of profitability assumptions on the Group’s deferred tax assets. The Group’s forecast of future profitability is based on the latest business plan, as approved by the board, over a life of field period. It is reasonably possible that to the extent that actual outcomes differ from management’s estimates, material income tax charges or credits, and material changes in current and deferred tax assets or liabilities, may arise within the next financial year and in future periods.

4. Revenue

	2024 $'000	2023 $'000
Oil sales	4,881,864	4,775,047
	4,881,864	**4,775,047**

All revenue for the year generated from oil sales was made to the two shareholder group companies as represented by the amounts outstanding in note 24. All the revenue for the period related to oil sales sold to above counterparties in Europe. The average sale price for the year was $79/bbl (2023: $80/bbl).

5. Other operating income

	2024 $'000	2023 $'000
Partner lease contributions	577,899	470,099
Others	-	2,496
	577,899	**472,595**

Partner lease contributions relate to joint operation partner contributions towards lease payments made by the Group. Further details in relation to leases are in note 18.

6. Operating profit

	2024 $'000	2023 $'000
Operating profit is stated after charging/(crediting) the following expense/(income) categories:		
Depreciation on property, plant, and equipment (including right of use assets)	2,404,130	2,484,324
Operating expenses	1,056,510	998,153
Under & over lifting variation and cost of inventories recognised as an (income)/expense	199,046	(239,491)
Impairment charge on intangible assets	-	43,000
Impairment charge on property, plant, and equipment	-	22,468

Under-lifting is included within Trade and other receivables (note 16) while over-lifting is included within Trade and other payables (note 17).

	2024	2023
	$'000	$'000
Auditor's remuneration:		
Fees		
Audit related services*	4,991	6,448
Non audit services	799	39
	5,790	**6,487**

* This includes the audit fee attributable for the Group audit and the statutory audits to BDO UK, BDO Italia and BDO Netherlands.

7. Information regarding directors and employees – Group and Company

Employees

The average monthly number of staff, including Directors, employed by the Group during the year/period was as follows:

	2024	2023
Functions	312	244
Operations, projects and exploration	615	614
	927	**858**

The aggregate payroll costs of the Group were as follows:

	2024 $'000	2023 $'000
Wages and salaries	164,370	152,937
Social security costs	10,219	6,536
Pension costs	5,290	3,806
Other costs	24,908	18,643
	204,787	**181,922**

The Company has one employee during this year (2023: nil). Directors did not receive any remuneration for the services provided to the Group in the current year (2023: $nil). Remuneration paid by shareholders to Directors is not recharged back and is included in the total payroll cost disclosed by shareholders in their financial statements.

Employees are eligible for membership of a defined contribution scheme (note 21).

8. Finance income and costs

	2024 $'000	2023 $'000
Finance income:		
Interest income from investments and bank deposits	40,468	34,914
Other finance income	-	77,261
Total finance income	**40,468**	**112,175**
Finance cost:		
Interest on lease liabilities (note 18)	142,278	151,378
Interest on borrowings	250,764	241,956
Unwinding of discount on provisions (note 20)	119,057	104,321
Other finance costs	16,800	-
Total interest expense	**528,899**	**497,655**

Interest income is generated from investments in the Money Market (HSBC & Deutsche Bank) and short-term deposits, earning interest linked to prevailing SOFR rates. Other finance costs include $17 million related to exchange loss.

9. Taxation

Pillar Two legislation has been enacted in the UK in which the Group is headquartered. The legislation is effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment and all jurisdictions were found to have satisfied a transitional safe harbour test. Therefore, the Group has not provided for any Pillar 2 top up taxes for the year ended 31 December 2024.

The major components of the consolidated tax expense for the year ended 31 December 2024 are:

	2024 $'000	2023 $'000
Current tax:		
Tax under provided in prior years	53,771	13,192
Foreign tax suffered	689,447	626,801
Total current tax	743,218	639,993
Deferred tax:		
Current period	(243,047)	297,156
Adjustments in respect of prior years	(130,692)	(26,319)
Total deferred tax charge/(credit)	(373,739)	270,837
Tax charge per Consolidated Statement of Comprehensive Income	**369,479**	**910,830**

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010.

9. Taxation (continued)

Reconciliation of the total tax charge:
The tax charge assessed for the year is lower than (period from 1 January 2023 to 31 December 2023: lower than) the standard rate of corporation tax in Angola of 50%. The differences are explained below:

	2024 $'000	2023* $'000
Profit before tax	1,431,426	1,630,316
Expected tax charge based on the standard rate of corporation tax in Angola of 50% (2023: 50%)	715,713	815,158
Uplift on capital investment	(257,660)	(318,040)
Expenses not deductible for tax purposes	99,202	285,902
Income not taxable	(226,908)	(182,230)
Effects of overseas tax rates	(14,909)	253,599
Movement in unrecognised deferred tax	130,962	69,568
Adjustments in respect of prior years – Corporation tax	53,771	13,192
Adjustments in respect of prior years – Deferred tax	(130,692)	(26,319)
Tax charge for the year/period	**369,479**	**910,830**

*2023 reconciliation has been restated at the Angolan rate of 50%, instead of the UK rate of 23.5%, to ensure better comparability with 2024. In addition Uplift on capital investment has been extracted from Effects of overseas tax rates. The 2024 reconciliation discloses non-taxable IFRS 16 income and non-deductible partner share of amortisation / finance costs net within Income not taxable.

9. Taxation (continued)

Factors that may affect future tax charge:

The deferred tax at 31 December 2024 has been calculated based on the rate prevalent in Angola where the main tax liability originates. No expected change in Angola tax rates has been indicated.

	2024	2023
Net Deferred taxes	$'000	$'000
		Restated
At 1 January	(2,666,076)	(2,395,239)
Deferred tax as per income statement	373,739	(270,837)
Total	**(2,292,337)**	**(2,666,076)**

	$'000	$'000
Deferred tax assets		Restated
Property, plant, and equipment	825,572	646,318
Decommissioning and other provisions	652,228	301,667
Other deductible temporary differences	129,991	-
Gross deferred tax assets	1,607,791	947,985
Offsetting deferred tax liabilities		
Fair Value Uplift	(821,272)	(639,979)
Deferred tax assets offset against deferred tax liabilities		
Decommissioning and other provisions	(415,047)	-
Other deductible temporary differences	(83,331)	(20,242)
Total	**288,141**	**287,764**

	2024	2023
	$'000	$'000
Deferred tax liabilities		Restated
Property, plant, and equipment	1,610,602	988,401
Fair Value Uplift	2,289,526	2,591,243
Other taxable temporary differences	-	34,417
Gross deferred tax liabilities	3,900,128	3,614,061
Offsetting deferred tax assets		
Decommissioning and other provisions	(415,047)	-
Other taxable temporary differences	(83,331)	(20,242)
Deferred tax liability offset against deferred tax assets		
Fair value uplift	(821,272)	(639,979)
Total	**2,580,478**	**2,953,840**

9. Taxation (continued)

	2024	2023
	$'000	$'000
Unrecognised deferred tax (gross)		Restated
Property, plant, and equipment	18,826,109	16,200,946
Temporary differences - trading	1,560,886	1,386,352
Unrelieved foreign tax	520,321	601,315
Corporate interest restriction disallowance	631,393	402,458
Loan relationships	1,426	-
Losses	157,558	41,985
Total	**21,697,693**	**18,633,056**

In Angola, for PSAs current income tax is determined by applying a tax rate of 50% to the Profit Oil lifted during the period, considering the quarterly Tax Reference Prices per Oil Barrel determined for each Development Area.

Deferred tax assets and deferred tax liabilities are determined for all taxable temporary differences and are determined considering a corporate tax rate ranging from 50% to 89.725%. The Group has $60 million (2023: nil) tax losses arising in Angola that expire within the next five years and $98 million (2023: $42 million) arising in the UK that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the Angola or UK losses as there is no evidence of recoverability.

The temporary differences associated with investments in the Company's subsidiary, Azule Energy Angola S.p.A, for which a deferred tax liability has not been recognised in the periods presented, aggregate to $2,450 million (2023: $2,776 million). The Company has determined that the undistributed profits of its subsidiary will continue to be reinvested for the foreseeable future. There are no income tax consequences attached to the payment of dividends in 2024 by the Group to its shareholders.

Prior year restatement

During the year the Group discovered that some deferred tax liabilities on Fair Value Uplift and property, plant and equipment were incorrectly not offset against other deferred tax assets in the prior year's financial statements. The Group has corrected this error in the comparative financial statements. This adjustment reduced both deferred tax assets and liabilities by $640 million in the prior year. The adjustment has no impact on the net assets, profit or cash flows for 2023.

9. Taxation (continued)

2023 has been re-stated to show the impact if the offset had taken place. The 2023 comparatives have been retrospectively restated for this classification as shown below:

	2023	2023
	$'000	$'000
Consolidated Statement of Financial Position	Original	Restated
Deferred tax assets	927,743	287,764
Deferred tax liabilities	3,593,819	2,953,840

Deferred tax assets	$'000	$'000
Property, plant, and equipment	646,318	646,318
Fair Value Uplift	-	(639,979)
Decommissioning and other provisions	301,667	301,667
Gross deferred tax assets	947,985	947,985
Offsetting deferred tax liabilities		
Fair value uplift	-	(639,979)
Deferred tax assets offset against deferred tax liabilities		
Other deductible temporary differences	(20,242)	(20,242)
Total	**927,743**	**287,764**

	$'000	$'000
Deferred tax liabilities	Original	Restated
Property, plant, and equipment	802,197	988,401
Fair Value Uplift	2,777,447	2,591,243
Other taxable temporary differences	14,175	34,417
Gross deferred tax liabilities	3,593,819	3,614,061
Offsetting deferred tax assets		
Other deductible temporary differences	-	(20,242)
Deferred tax liability offset against deferred tax assets		
Fair value uplift	-	(639,979)
Total	**3,593,819**	**2,953,840**

The opening balance as at 1 January 2023 has not been disclosed due to a limitation in the historical information available at the Group's disposal. Due to this limitation, it is impractical to disclose the opening balance position of the deferred tax balance. Had such information been available, the impact would be a decrease to both the deferred tax asset and liability balance by an equal amount, with no impact to the net assets, profit or cash flows as at 1 January 2023.

10. Goodwill – Group

	2024 $'000	2023 $'000
Goodwill – carrying value	2,420,560	2,420,560
Excess of recoverable amount over carrying amount	1,746,121	911,987

For information on significant estimates and judgements made in relation to impairments see Impairment of property, plant and equipment, intangible assets and goodwill in Note 3. The table above shows the carrying amount of goodwill at the period end and the excess of the recoverable amount, based on a pre-tax value in use calculation, over the carrying amount (headroom) at the date of the most recent evaluation. The headroom relates to movements due to the passage of time.

For impairment testing purposes, the goodwill recognised on accounting for the formation of the Group as a business combination in prior year is required to be allocated to cash generating units ('CGUs') or groups of CGUs that are expected to benefit from the synergies of the business combination and represents the level at which management will monitor and manage the goodwill. Goodwill of $2.4bn has been allocated in its entirety to a single group of CGUs, being all CGUs within the Group other than those relating to equity accounted investments in associates, on the basis of homogeneity of nature of products between these CGUs, consistency of distribution and production processes which are exploration, production & selling of hydrocarbon resources, there only being two customers across the CGUs, and operations across the CGUs all being within Angola meaning the legal, fiscal and regulatory framework applicable to CGUs is consistent. This allocation also represents the level at which management monitors goodwill balances for internal management reporting purposes.

The Group has performed its annual impairment testing of goodwill at 31 December 2024.

The recoverable amount of the group of CGUs to which goodwill has been allocated in its entirety of $14,415 million at 31 December 2024 ($13,312 million at 31 December 2023) has been determined based on a VIU calculation. As the recoverable amounts exceeds the $12,669 million carrying amount at 31 December 2024 ($12,400 million at 31 December 2023) of the Group of CGUs to which goodwill has been allocated no impairment has been recognised.

The VIU calculation has been prepared using cash flow projections based on expenditures from the Group's 2025-2034 Business Plan approved by the Board of Directors, as well as reserves volumes per the 3rd party reserves audit.

The VIU of the CGUs is based on the cash flows expected to be generated by the projected production profiles up to the expected dates of cessation of production of each field, based on appropriately risked estimates of reserves and resources. That is, cash flows up to end of license or economic cut off for each CGU within the Group of CGUs were considered. This depends on the interaction of several variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, production costs, the contractual duration of the production concession and the selling price of the hydrocarbons produced. Estimated production volumes and cash flows up to the date of cessation of production on a field-by-field basis, including operating and capital expenditure, are derived from the business plan (cost data) and year end reserves certification (production volumes). Climate related factors were reconsidered in the assessment and were concluded to not bear any significant impact on the recoverable amount. Management has used a pre-tax discount rate calculated individually by CGU, which have been derived by discount pre-tax cash flows at a 10% discount rate.

The VIU calculation has been prepared using cash flow projections from the Group's 2025 to 2034 Business Plan approved by the Board of Directors, with cash flows extrapolated to cover a period to 2050 for certain blocks. The projected cash flows have been derived for a period of longer than 5 years which is common in the industry for oil and gas assets which are long life assets.

10. Goodwill – Group (continued)

Key assumptions used in VIU calculations and sensitivity to changes in assumptions:

The calculation of VIU is most sensitive to the following assumptions:

- Price estimates
- Discount rate
- Production and Opex changes

Price estimates

Price estimates factored into the cash inflows used in the VIU calculation are based on Brent prices per barrel ($/bbl) from the latest outlooks from IHS, Woodman, FGE and World Bank. A decrease in Brent price by 9.63 $/bbl would result in the VIU calculation being equal to the carrying amount of the group of CGUs to which goodwill has been allocated in its entirety.

Discount rates

Discount rates represent the current market assessment of the risks specific to the Group taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital ('WACC'). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. A rise in the pre-tax discount rate to 13.32% (i.e. +3.32%) would result in the VIU calculation being equal to the carrying amount of the group of CGUs to which goodwill has been allocated in its entirety.

Production and Operating expense changes

A proportional decrease in gross production by 11.5% would result in the VIU calculation being equal to the carrying amount of the group of CGUs, while Operating costs should increase proportionally by 28.60% across all assets to bring the headroom to zero.

11. Other intangible assets

	Group-Unproven exploration & Appraisal Expenditure $'000
Cost	
At 1 January 2023	486,820
Additions	6,756
Changes in the decommissioning estimates	(13,359)
At 31 December 2023	480,217
At 1 January 2024	480,217
Additions	160,444
Reclassifications from Property, Plant and Equipment	82,029
Disposals	(43,000)
At 31 December 2024	679,690
Amortization and impairment	
As at 1 January 2023	
Impairment	43,000
At 31 December 2023	43,000
As at 1 January 2024	43,000
Disposals	(43,000)
At 31 December 2024	-
Net book value	
At 1 January 2023	486,820
At 31 December 2023	437,217
At 31 December 2024	679,690

Current year additions relate mainly to ongoing drilling activity for PEL 85, Namibia. The disposal represents the completion of the sale of the onshore Cabinda North Block to Acrep Exploração Petrolífera, S.A. The exploration license asset was previously impaired in 2023 following the intention to sell this asset.

Transfers from Property, Plant and Equipment are for amounts relating to exploratory wells with no associated reserves as described in Note 12.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued)
For the year ended 31 December 2024

12. Property, plant, and equipment – Group

	Land and buildings $'000	Oil and gas properties $'000	Fixtures and fitting $'000	Total $'000
Cost				
At 1 January 2023	154,640	13,074,474	6,063	13,235,177
Assets acquired on the business combination (note 10)				
Additions*	-	1,697,049	1,199	1,698,248
Adjustments **	-	(78,418)	-	(78,418)
Changes in the decommissioning provision (note 20)	-	136,827	-	136,827
At 31 December 2023	154,640	14,829,932	7,262	14,991,834
At 1 January 2024	154,640	14,829,932	7,262	14,991,834
Additions	374	1,806,013	2,250	1,808,637
Disposals	-	(23,232)	-	(23,232)
Transfers to intangibles	-	(82,029)	-	(82,029)
Changes in the decommissioning provision (note 20)	-	(115,433)	-	(115,433)
At 31 December 2024	155,014	16,415,251	9,512	16,579,777
Depreciation and impairment				
At 1 January 2023	10,794	927,600	17	938,411
Impairment	-	22,468	-	22,468
Adjustments **	-	(78,418)	-	(78,418)
Charge for the year	12,346	1,960,233	1,006	1,973,585
At 31 December 2023	23,140	2,831,883	1,023	2,856,046
At 1 January 2024	23,140	2,831,883	1,023	2,856,046
Charge for the year	14,265	1,838,258	20	1,852,543
At 31 December 2024	37,405	4,670,141	1,043	4,708,589
Net book value				
At 1 January 2023	143,846	12,146,874	6,046	12,296,766
At 31 December 2023	131,500	11,998,049	6,239	12,135,788
At 31 December 2024	117,609	11,745,110	8,469	11,871,188

12. Property, plant, and equipment – Group (continued)

Included in Oil and Gas properties are $1,418 million (2023: $915million) of assets under construction which are not depreciated. $915 million of this relates to the Agogo Project and $503 million relates to the NGC, both of these are projects with underlying reserves but not yet in production.

*In the prior year there were additions and depreciation charge amounting to $160.4 million that were erroneously classified under land and buildings asset class that corresponded to oil and gas properties, this has been corrected in current year. The impact of the correction of the error is a $160.4 million decrease in cost of lands and building and an increase cost of oil and gas properties. The correction of the error also resulted in a $160.4 million decrease in accumulated depreciation of land and buildings and increase in accumulated depreciation of oil and gas properties. The error has no impact on prior year depreciation charge, income statement in prior year as well as the net asset in prior year.

**Adjustments relate to the net-off of historical amounts arising in relation to the accounting of the regularisation of the non-payment of cash calls by the partner Sonangol obtained through the renewal of a temporary agreement that saw Sonangol definitively relinquish part of its share of the 'Cost Recovery Crude Oil' (RASCO) production in Block 15/06 in the prior year. The agreement allowed the recovery by the operator of the amount of unpaid fund calls. On the balance sheet, the RASCO Agreement saw the gross-up adjustment of gross costs and accumulated depreciation for the same amount. This adjustment has no impact on the net book value of the Property, plant & Equipment. The RASCO agreement is no longer active, and arrangements are in place for a portion of Sonangol oil liftings to be used partially for cash calls in addition to cash payments.

Current period additions mainly pertain to ongoing development projects in the Block 15/06 and the Northern Gas Consortium (NGC) along with well drilling campaign in Block 15. Additions during the period includes capitalised depreciation on Right of Use assets of $121.9 million (Note 13) and movement in trade and other payables amounting to $267 million. This reconciles to the purchase of Property, Plant and Equipment and Intangibles of $1,580.1 million per the Cash Flow Statement (Property, Plant and Equipment of $1,420 million and Intangibles of $160.4 million).

Disposals relate to derecognition of assets and associated depreciation balances for Block 3/05 and Cabinda North. Transfers to intangibles consist of amounts relating to exploratory wells with no associated reserves. These have been reclassified from Property, Plant and Equipment to Intangibles in the current year.

In 2023, impairment losses of $22 million were recognised in respect of the assets within Block 14K CGU ($13 million) and Block 18 Greater Plutonio CGU ($9 million) and there were no indicators of impairment reversal noted at 31 December 2024.

13. Right of Use assets – Group

	Land and buildings $'000	Plants and machinery $'000	Oil and gas properties $'000	Total $'000
Cost				
At 1 January 2023	40,260	471,775	2,029,459	2,541,494
Transfers between categories	(22,986)	57,130	(34,144)	-
Additions	1,450	398,228	-	399,678
Decrease in scope	-	(11,315)	-	(11,315)
At 31 December 2023	18,724	915,818	1,995,315	2,929,857
At 1 January 2024	18,724	915,818	1,995,315	2,929,857
Additions	424	732,783	-	733,207
Decrease in scope	(2,189)	(27,292)	-	(29,481)
At 31 December 2024	16,959	1,621,309	1,995,315	3,633,583
Amortization				
At 1 January 2023	4,972	149,415	77,004	231,391
Charge for the year	7,090	318,889	184,760	510,739
Decrease in scope	-	(10,679)	-	(10,679)
At 31 December 2023	12,062	457 625	261,764	731,451
At 1 January 2024	12,062	457 625	261,764	731,451
Transfers between categories	-	3,075	(3,075)	-
Charge for the year*	6,759	482,907	183,805	673,471
Decrease in scope	(2,188)	(11,627)	-	(13,815)
At 31 December 2024	16,633	931,980	442,494	1,391,107
Net book value				
At 1 January 2023	35,288	322,360	1,952,455	2,310,103
At 31 December 2023	6,662	458,193	1,733,551	2,198,406
At 31 December 2024	326	689,329	1,552,821	2,242,476

"Oil and Gas properties relate to solely to FPSO*Includes depreciation of $121.9 million which has been capitalised to Property, Plant and Equipment (Note 12).

14. Investments – Group

	Investment in associates $'000
At 1 January 2023	3,739,634
Additions	20,860
Dividends received	(537,421)
Share of post-tax profits of equity accounted associates & joint ventures	366,389
At 31 December 2023	3,589,462
At 1 January 2024	3,589,462
Additions	-
Dividends received	(378,214)
Share of post-tax profits of equity accounted associates & joint ventures	224,788
At 31 December 2024	3,436,036

The investments in associates are presented under the equity accounting method.
The investments in associates are unlisted.
The associates of the Group as at 31 December 2024 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the Company's country of incorporation or by its name.

All voting rights are equal to percentage of share capital owned:

Company name	Class of share held	%	Country of Registration	Principal place of business	Principal activity
Angola LNG Limited	Ordinary	27.20	Bermuda	Angola	Construction of a liquefied natural gas plant
Angola LNG Supply Services LLC	Ordinary	27.20	USA	Angola	Vessel Supply services
Angola LNG Marketing Limited**	Ordinary	17.60	UK	Angola	Marketing and supporting services
OPCO - Sociedade Operacional Angola LNG, S.A	Ordinary	27.20	Angola	Angola	Construction, operation, and maintenance of facilities
SOMG - Sociedade de Operações e Manutenção de Gasodutos S.A.	Ordinary	27.20	Angola	Angola	Operation, maintenance, and repair of pipeline facilities
Solenova Limited*	Ordinary	50.00	UK	Angola	Electricity generation in Angola, using photovoltaic plant

*Acquired in March 2023, a 50:50 Joint venture with Sonangol.

**The Group holds a 17.6% investment in Angola LNG Marketing Ltd over which the Group has determined that it holds significant influence as Group has representation on board of directors.

14. Investments – Group (continued)

The following table provides aggregated summarised financial information for the Group's associates as it relates to the amounts recognised in the Statement of Comprehensive Income and on the Statement of Financial Position.

	Statement of comprehensive income		Statement of financial position	
	Earnings from associates - after interest and tax		Investments in associates	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Angola LNG associate (see below)	221,579	364,001	3,392,268	3,549,081
Angola LNG Supply Services*	3,209	3,867	21,488	21,000
Solenova Ltd.*	-	(1,479)	22,280	19,381
	224,788	366,389	3,436,036	3,589,462

* The Group considers these to be immaterial associates & joint venture, so no further disclosure required.

The following table provides summarised financial information relating to Angola LNG associate for the year ending 31 December 2024 and 31 December 2023.

	2024	**2023**
	$'000	**$'000**
	Gross amount	Gross amount
Revenue	2,547,311	3,073,575
Operating (expenses)/income	(1,732,684)	(1,735,336)
Net income	814,627	1,338,239

	2024	**2023**
	$'000	**$'000**
Non-current assets	7,575,720	7,952,460
Current assets	736,590	481,301
Total assets	8,312,310	8,433,761
Non-current liabilities	1,135,035	1,253,369
Current liabilities	337,648	109,429
Total liabilities	1,472,683	1,362,798
Net assets	6,839,627	7,070,963

14. Investments – Group (continued)

Summarized financial information for the year ending 31 December 2024 relating to the Group's share of Angola LNG associate Statement of Comprehensive Income and Statement of Financial Position is shown below.

	2024	2023
	$'000	$'000
	Group's share	Group's share
Revenue	692,869	836,012
Operating expenses	(471,290)	(472,011)
Net income	221,579	364,001
Non-current assets	2,060,596	2,163,069
Current assets	200,353	130,914
Total assets	2,260,949	2,293,983
Non-current liabilities	308,730	340,916
Current liabilities	91,840	29,765
Total liabilities	400,570	370,681
Net assets	1,860,379	1,923,302
Fair value adjustment (net of unwinding)	1,531,889	1,625,779
Total Carrying Value	**3,392,268**	**3,549,081**

Investments – Company only

	Shares in Subsidiary Undertaking and Associates $'000
Cost	
1 January 2023	9,130,098
Acquisition	7,590,000
31 December 2023	16,720,098
1 January 2024	16,720,098
Impairment	(222,562)
31 December 2024	16,497,536
Net book value	
31 December 2023	16,720,098
31 December 2024	16,497,536

14. Investments – Group (continued)

Investments in subsidiaries and associates

The Company has investments in the legal entities noted below:

Company Name	Country of incorporation	Holding	Registered address
Azule Energy Limited	England	100%	A
Azule Energy Exploration Angola (KB) Limited	England	100%	A
Azule Energy Exploration (Angola) Limited	England	100%	A
Azule Energy Angola S.p.A.	Italy	100%	B
Azule Energy Angola (Block 18) B.V.	Netherlands	100%	C
Azule Energy Angola Production B.V.	Netherlands	100%	D
Azule Energy Angola B.V.	Netherlands	100%	D
Azule Energy Gas Supply Services Inc.	US	100%	E
Angola LNG Marketing Ltd*	England	17.6%	F
Angola LNG Ltd*	Bermuda	27.2%	-
Angola Gas Pipeline Company*	Angola	27.2%	G
Angola LNG Operating Company*	Angola	27.2%	G
BP Gas Supply Angola LLC	US	100%	H
Angola LNG Supply Services LLC*	US	27.2%	H
Solenova Ltd	England	50%	A
Azule Energy Finance plc**	England	100%	A

*Associate

** a public limited company incorporated under the laws of England and Wales and a direct wholly-owned subsidiary of Azule Energy Holdings Limited. The company was set up as a finance company to facilitate the issuance of notes as described in Note 31 and conducts no business operations of its own.

- A - 125 Old Broad Street, London, England, EC2N 1AR.
- B - Via Degli Olivetani N.10/12, Milan, Italy
- C - d'Arcyweg 76, 3198 NA Europoort Rotterdam, the Netherlands.
- D - Strawinskylaan 1725, Amsterdam 1077 XX, the Netherlands.
- E - Registered Agent: Capitol Services Inc., 108 Lakeland Avenue, Dover, Kent DE 19901, Delaware.
- F - The Caxton 2nd Floor, 1 Brewers Green, London, England, SW1H 0RH.
- G - Condominio Cidade Financeira, Rua do Centro De Convencoes de Talatona, Edificio Atlantico, Bloco 7,Via S8, Talatona, Luanda, Angola.
- H - The Corporation Trust Company, Corporation Trust Centre 1209 Orange Street, Wilmington, New Castle 19801, Delaware.

On 9 March 2023, Azule Energy Holdings Limited acquired investments in Azule Energy Exploration (Angola) Limited, Azule Energy Exploration Angola (KB) Limited and Azule Energy Angola (Block 18) B.V. that were previously held by Azule Energy Limited, a fully owned subsidiary of the Group. They were acquired as part of an interim dividend in specie declared by Azule Energy Limited for the entire issued share capital of Azule Energy Exploration (Angola) Limited, Azule Energy Exploration Angola (KB) Limited and Azule Energy Angola (Block 18) B.V. The consideration for the acquisition is offset against receivable from Azule Energy Limited. The Group considers that it has the power to exercise significant influence on Angola LNG Marketing Ltd due to director appointment.

14. Investments – Group (continued)

The Company evaluates its investments in subsidiary undertakings annually for any indicators of impairment or impairment reversal. The Company considers the carrying value of its investments compared to the net assets of each entity, among other factors, when reviewing for indicators of impairment. As 31 December 2024, the Group's investment balance in Azule Energy Angola (Block 18) BV and Azule Energy Exploration (Angola) Limited were higher than the subsidiaries net assets, indicating a potential impairment, despite strong Group performance.

The recoverable amount of the investment in Azule Energy Angola (Block 18) BV has been determined based on a VIU calculation. The Company has updated its assumptions as at 31 December 2024, reflecting the latest budget and forecast cash flows covering a three-year period. The assumptions used in determining VIU calculations, and sensitivity analysis performed, are consistent with those used in determining the VIU for the CGUs for the purpose of testing goodwill for impairment. The Company has determined that the recoverable amounts of its investment in Azule Energy Angola (Block 18) BV and Azule Energy Exploration (Angola) Limited are lower than the carrying value and as a result has recognised an impairment of $201 million (2023: nil) and $21 million (2023: nil) respectively.

Participation in Joint operations

S.NO	Contract Area	Participating Interest	Activity	Product	Operated	Operator
1	Block 2914A (PEL85)*	42.5%	Exploration	-	Non-Operator	Rhino
2	Block Cabinda Centro	42.50%	Exploration	-	Operator	Azule Energy Angola B.V.
3	Block 1/14	35.00%	Exploration	-	Operator	Azule Energy Angola B.V.
4	Block 28	60.00%	Exploration	-	Operator	Azule Energy Angola B.V.
5	Block 14K	10.00%	Development	Oil & gas	Non-Operator	Chevron
6	Block 14	20.00%	Exploration, development	Oil & gas	Non-Operator	Chevron
7	Block 15	42.00%	Exploration, development	Oil & gas	Non-Operator	Exxon Mobil
8	Block 0	9.80%	Exploration, development	Oil, gas, condensates	Non-Operator	Chevron
9	Block 17	15.84%	Exploration, development	Oil & gas	Non-Operator	Total Energies
10	Block 18	46.00%	Development	Oil & gas	Operator	Azule Energy Angola (Block 18) B.V.
11	Block 31	26.67%	Development	Oil & gas	Operator	Azule Energy Exploration (Angola) Ltd
12	Block 15/06	36.84%	Exploration, development	Oil	Operator	Azule Energy Angola S.p.A.
13	NGC	37.40%	Exploration, development	Gas	Operator	Azule Energy Angola B.V.
14	Block 29	8.80%	Exploration	-	Non-Operator	Total Energies
15	Block 31/21	50%	Exploration	-	Operator	Azule Energy Angola B.V.
16	Block 46	40%	Exploration	-	Operator	Azule Energy Angola B.V.
17	Block 47	40%	Exploration	-	Operator	Azule Energy Angola B.V.
18	Block 18/15	80%	Exploration	-	Operator	Azule Energy Angola B.V.

*In 2024, Azule Energy and Rhino Resources completed a strategic Farm-In agreement which granted the Group a 42.5% interest in Block 2914A (PEL85) located in the offshore Namibian Orange basin. During the year, the Group also completed the transfer of its participating interests in Blocks 3/05 & 3/05A to Afentra and Cabinda North to Acrep Exploração Petrolífera, S.A.

15. Inventories– Group

	Group	
Current	**2024**	**2023**
	$'000	**$'000**
Raw materials and consumables	563,818	476,212
Crude Oil	132,132	137,994
	695,950	614,206
Opening provision	(16,783)	(8,171)
Addition	(3,217)	(8,612)
Reversal	14,826	-
	(5,174)	(16,783)
Net inventory	690,776	597,423

The difference between the carrying value of inventories and their replacement cost is not material.

16. Trade and other receivables

	Group		Company	
Current	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Trade debtors	2,066,322	1,673,796	-	-
Amounts owed by group companies	-	-	7,580	7,580
Amounts owed by related parties (note 24)	410,472	323,171	-	-
Other debtors	157,569	82,483	9,963	27
	2,634,363	2,079,450	17,543	7,607

Trade debtors are mainly represented by amounts due from joint operator's balances and under-lifting. Amounts owed by group companies are unsecured, repayable on demand and interest free.

The Group sold part of its trade receivables to a bank for cash proceeds as part of a non-recourse trade receivable factoring arrangement. These trade receivables have been derecognised from the statement of financial position, because the substantial risks and rewards related to factored trade receivables are transferred to the bank under the factoring arrangement.

All of the Group trade receivables above are from contracts with customers. The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Amounts owed by related parties for the Company pertain to amounts due from a shareholder related to cash flows preceding the effective date of the business combination agreed as per the Shareholder documents.

Trade and other receivables disclosed above include amounts which are past due at the reporting date. Standard credit terms for trade receivables are 15 days from cash call date. The Group makes an allowance for doubtful receivables where the amount is not considered recoverable.

16. Trade and other receivables (continued)

Ageing of trade and other receivables past due but not impaired:

	Group	
Current	**2024**	**2023**
	$'000	**$'000**
0-90 days	2,634,363	2,074,130
91-180 days	-	2,396
Over 181 days	-	2,924

The total debtors at 31 December 2024 are stated net of a provision of $1 million (2023: $1 million) to provide for amounts overdue.

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

	Group		Company	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of the year/period	1,162	1,162	-	-
Income of loss amount recognised in the statement of comprehensive income	-	-	-	-
Balance at the end of the year/period	1,162	1,162	-	-

	Group		Company	
Non-Current	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Decommissioning escrow balances	1,841,554	1,812,023	-	-
Prepayments	8,468	8,468	-	-
Surplus of pension plans	5,599	5,189	-	-
Other long term receivables	66,449		66,449	
	1,922,070	1,825,680	66,449	-

Under the terms of the Production Sharing Agreements once the Development Area (DA) reaches a threshold in terms of cumulative production of recoverable reserves there is an obligation to fund an Escrow account for future decommissioning activity. During the year the group made cash contributions to these escrow accounts of $102 million (2023: $130 million). Decommissioning liabilities of $2,912 million (2023: $2,957 million) have been recognised at the balance sheet date as per Note 20.

The net pension plan assets of $6 million (2023: $5 million net pension obligation) is recognised as a non-current asset. Defined benefit pension plan surpluses are only recognised to the extent an entity has an unconditional right to recover them, either by way of a refund from the plan or reductions in future contributions to the plan (See note 21).

Other long term receivables relate to cash backed bank guarantee facilities that the Group holds with banks. The bank guarantees are performance guarantees relating to work obligations under exploration contracts.

17. Trade and other payables

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current				
Amounts owed to group companies	-	-	13,859	3,331,062
Trade payables	2,347,622	1,635,461	2,319	3,996
Other payables	400,885	276,498	167,057	14,601
Amounts due to related parties (note 24)	71,173	117,962	-	-
	2,819,680	2,029,921	183,235	3,349,659

Materially all the Group's trade payables have payment terms in the range of 30 to 60 days and give rise to operating cashflows.
Other payables primarily include amount of $345 million overlift payables, $1 million relating to social security, $55 million relating to VAT and other amounts.

18. Leases – Group

The following amounts were recognised in the Statement of Comprehensive Income in relation to the leases where the Group is lessee:

	2024 $'000	2023 $'000
Depreciation charge for Right-of-use assets (note 13)	551,587	510,739
Interest on lease liabilities (note 8)	142,278	151,378

The Group leases FPSO's, drilling rigs, vessels, offices, and warehouses. Rental contracts are typically made for fixed periods of three months to fifteen years but may have extension options as described in below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Group:
• uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; and

• adjusts specific to the lease, e.g., term and currency.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The total cash outflow for leases during the year was $897 million (2023: $743 million).

18. Leases – Group (continued)

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December 2024 and the contractual maturity date:

	2024 $'000	2023 $'000
Within one year	824,237	701,577
Between one and five years	1,186,338	1,281,858
Over five years	561,324	695,332
	2,571,899	2,678,767

The discounted maturity of the Group's lease liabilities is set out below:

	2024 $'000	2023 $'000
Within one year	801,393	696,807
Between one and five years	1,020,765	1,091,798
Over five years	323,999	379,768
	2,146,157	2,168,373

The Group may enter into lease arrangements a number of years before taking control of the underlying asset due to construction lead times or to secure future operational requirements. The total undiscounted amount for future commitments for leases not yet commenced as at 31 December 2024 is $2,010 million (2023: $1,888). The majority of this future commitment relates to the supply of the FPSO for the Agogo Integrated West Hub Development Project that was signed on 27 February 2023.

Reconciliation of lease liability:

	Land and buildings $'000	Plant and machinery $'000	Oil and gas properties $'000	Total $'000
At 1 January 2023	40,098	388,824	1,931,628	2,360,550
Transfers between categories	(27,352)	31,819	(4,467)	-
Additions	1,450	398,228	-	399,678
Interest expense (note 8)	498	31,134	119,746	151,378
Payment (note 28)	(7,580)	(371,504)	(364,149)	(743,233)
At 31 December 2023	7,114	478,501	1,682,758	2,168,373
At 1 January 2024	7,114	478,501	1,682,758	2,168,373
Additions	424	732,783	-	733,207
Interest expense (note 8)	83	38,490	103,705	142,278
Payment (note 28)	(7,095)	(525,459)	(365,147)	(897,701)
At 31 December 2024	526	724,315	1,421,316	2,146,157

19. Loans and borrowings

Non-current	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Total borrowings	2,550,000	2,500,000	2,550,000	2,500,000
Loan fees adjustment	(50,349)	(50,349)	(50,349)	(50,349)
Accumulated amortization of loan fees	29,124	6,548	29,124	6,548
Borrowings- current portion	(443,001)	(311,224)	(443,001)	(311,224)
	2,085,774	2,144,975	2,085,774	2,144,975

Analysis of debt principal maturity	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Due within one year	443,001	311,224	443,001	311,224
In more than one year but less than five years	2,106,999	2,188,776	2,106,999	2,188,776
	2,550,000	2,500,000	2,550,000	2,500,000

Undiscounted cash flow due to borrowings	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Due within one year	669,454	695,178	669,454	695,178
In more than one year but less than five years	2,464,963	2,510,865	2,464,963	2,510,865
	3,134,417	3,206,043	3,134,417	3,206,043

The above loan has been adjusted by the initial fees of $50 million charged as part of the loan arrangement (PXF and RCF) which has subsequently been amortized in accordance with the term of the loan i.e. 7 years.

A fixed and floating charge was registered with Companies House on the 5 of August 2022 in favour of SMBC bank international PLC in respect of all borrowings to the bank.

The interest rate contains a fixed and floating element. The floating element amount is based on the daily SOFR (Secured Overnight Financing Rate), and the fixed margin is 4.5%. Details on the financing are in note 26.

The debt service obligations under the PXF are covered using a portion of the company's oil revenues arising from the crude allocated under dedicated PXF Offtake Contracts (the "Designated Crude").

The Group successfully negotiated an extension to the existing PXF facility under which the moratorium period of the PXF was increased by one year. Principal repayments, which were due to commence in September 2024 will instead begin in September 2025. Scheduled repayments which would have been due from September 2024 to July 2025 will be spread over the remaining repayment dates of the facility equally.

The Group drew down $50 million from the RCF facility in December 2024, which was repaid at the end of March 2025. The Group complied with all covenant requirements during the year and there were no breaches.

20. Provisions for liabilities and charges – Group

	Decommissioning $'000	Other $'000	Total $'000
As at 1 Jan 2023	2,729,133	211,332	2,940,465
Updates for new and existing provisions *	123,468	-	123,468
Write-back of unused provisions	-	(1,013)	(1,013)
New provisions	-	41,917	41,917
Unwinding of discount	103,976	345	104,321
Paid	-	(4,188)	(4,188)
Exchange gain	-	(3,789)	(3,789)
As at 31 December 2023	2,956,577	244,604	3,201,181
As at 1 Jan 2024	2,956,577	244,604	3,201,181
Updates for new and existing provisions *	(116,476)	(667)	(117,143)
Write-back of unused provisions	-	296	296
Reclassification	-	(37,135)	(37,135)
Unwinding of discount	118,760	297	119,057
Paid	-	(56,558)	(56,558)
Disposals	(46,824)	0	(46,824)
Transfers	(494)	494	-
Exchange gain	-	4,548	4,548
As at 31 December 2024	2,911,543	155,879	3,067,422

For information on significant judgements and estimates made in relation to provisions, see Provisions within note 3. The slight decrease in decommissioning provisions is primarily due to the disposal of related assets.

*Updates for new and existing provisions relate to social, fiscal, and other provisions in anticipation of future costs recognised in the Group balance sheet within PPE and intangibles.

Reclassifications relate to movement of tax provisions to taxation liabilities.

21. Employee benefit schemes

The Group used to operate two post-employment defined benefit schemes for its employees. Both schemes were closed to new entrants on 28 February 2023.

Scheme A – Azule Pension Trust

The pension obligation consists of a funded final salary plan for legacy employees in Azule Energy Angola (Block 18) BV.

21. Employee benefit schemes (continued)

Scheme B – Azule Energy Angola S.p.A.

The pension obligation consists of an unfunded defined benefit plan for Termination Retirement Indemnity (TRI) for legacy employees in Azule Energy Angola S.p.A.

The level of contributions to fund both defined benefit plans is the amount needed to provide adequate funds to meet the pension obligations as they fall due. The obligation and cost of providing the pension benefits is assessed using the projected unit credit method.

Amounts charged to the Statement of Comprehensive Income:

	Scheme A		Scheme B		Total	
	2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)
Administration expenses paid from Plan	221	(217)	-	-	221	(217)
Current service costs	-	997	-	(229)	-	768
Net interest on net defined benefit asset	(413)	80	-	(100)	(413)	(20)
Income/(Expense) recognised in Statement Comprehensive Income	(192)	860	-	(329)	(192)	531

Movements in Other comprehensive income

	Scheme A		Scheme B		Total	
	2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)
Return on asset (not included in interest)	2,454	6,895	-	-	2,454	6,895
Actuarial /(losses) gains on obligation	(2,236)	(2,874)	-	4	(2,236)	(2,870)
Total remeasurement recognised in Other comprehensive income	218	4,021	-	4	218	4,025

Pension Assets/Liabilities in the Statement of financial position

	Scheme A		Scheme B		Total	
	2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)	2024 ($'000)	2023 ($'000)
Net Pension asset / (Liability)	8,663	8,253	(3,064)	(3,064)	5,599	5,189

21. Employee benefit schemes (continued)

The material financial assumptions used for estimation the benefit obligations of the plan are set out below. The assumptions are reviewed by management and are used to evaluate the accrued benefit obligation at 31 December 2024 and the pension expense for the following year.

The pension plan's investment Manager is BWCI who are responsible for advising the trustees on investment policy and asset allocation. The investment arrangements of the Plan are reviewed by the trustees on an annual basis

	Scheme A %pa		Scheme B %pa	
	2024	**2023**	**2024**	**2023**
Discount rate at end of year	5.60	5.00	n/a	5.05
Rate of increase in pensionable salaries	n/a	n/a	n/a	5.0
Crediting rate	5.58	4.88	n/a	n/a
Inflation rate	n/a	n/a	n/a	n/a
Weighted average duration of the liabilities of the Plan	13 years	14 years	n/a	14.9 years

Changes in the present value of the Plan's Defined Benefit Obligation are as follows:

	Scheme A	Scheme B
	2024 **$'000**	**2024** **$'000**
Opening Defined Benefit Obligation	86,912	2,739
Pension scheme acquired	-	-
Current service cost	-	229
Contributions by members	-	-
Benefits paid	(7,529)	-
Interest on obligation	4,157	100
Experience losses / (gains)	1,132	(1,370)
Administration expenses	-	-
Losses from changes in financial assumptions	1,104	1,366
Closing Defined Benefit Obligation	85,776	3,064

21. Employee benefit schemes (continued)

Changes in the fair value of Plan assets are as follows:

	Scheme A		Scheme B	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Opening fair value of Plan assets	95,165	81,484	-	-
Pension scheme acquired	-	-	-	-
Interest on assets	4,570	4,286	-	-
Return on assets (other than interest)	2,454	6,895	-	-
Contributions by employer	-	2,217	-	-
Contributions by members	-	2,444	-	-
Benefits paid	(7,529)	(1,944)	-	-
Administration expenses	(221)	(217)	-	-
Closing Plan assets	94,439	95,165	-	-

The fair values of the various categories of assets held be the defined benefit plan at 31 December 2023 and 31 December 2024 are presented in the table below.

	Scheme A		Scheme B	
	2024 %	2023 %	2024 %	2023 %
Equities	24.1	25.9	n/a	n/a
Corporate bonds	44.8	45.5	n/a	n/a
Cash	26.5	25.7	n/a	n/a
Loans	4.6	2.9	n/a	n/a

All of the Scheme A's assets have a quoted market price in an active market. The Scheme holds no financial instruments issued by the Group (other than incidentally through investment in pooled funds), nor does it hold any property or other assets used by the Group.

Contribution expected to be paid to the Schemes over the next year from 1 January 2025 to 31 December 2025.

	Scheme A $'000	Scheme B $'000
Contributions	-	-

21. Employee benefit schemes (continued)

Sensitivity analysis

Scheme A - A one-percentage change in isolation, in certain assumptions as at 31 December 2023 and 31 December 2024 or the Company's plan would have had the effects shown in the table below.

Impact on defined benefit obligation				
	Increase in assumption		Decrease in assumption	
	2024	**2023**	**2024**	**2023**
Discount rate	Decrease by 11.9%	Decrease by 12.8%	Increase by 14%	Increase by 15.2%
Crediting rate	Increase by 13.8%	Increase by 15.0%	Decrease by 12%	Decrease by 12.9%

Scheme B - A one-percentage change in isolation, in certain assumptions as at 31 December 2023 and 31 December 2024 for the Company's plan would have had the effects shown in the table below.

Impact on defined benefit obligation				
	Increase in assumption		Decrease in assumption	
	2024	**2023**	**2024**	**2023**
Discount rate	No effects	No effects	No effects	No effects
Crediting rate	No effects	No effects	No effects	No effects

22. Capital and reserves

Group	**2024 $'000**	**2023 $'000**
Authorized, allotted, called up and fully paid		
Called-up share capital		
1,000,000 Ordinary shares of $1 each	1,000	1,000
1 (2023: 1) Deferred redeemable share of $0.01	-	-
Share capital	1,000	1,000
Share premium	7,921,009	7,921,009
Shares to be issued	-	-
Other Reserves	1,559,498	1,559,498
Hedging reserve	-	48,792
Retained earnings	3,949,791	3,812,585

22. Capital and reserves (continued)

Company	2024 $'000	2023 $'000
Authorized, allotted, called up and fully paid		
Called-up share capital		
1,000,000 (2023; 1,000,000) Ordinary shares of $1 each	1,000	1,000
1 (2023: 1) Deferred redeemable share of $0.01	-	-
Share capital	1,000	1,000
Share premium	7,921,009	7,921,009
Other Reserves	1,559,498	1,559,498
Hedging reserve	-	48,792
Retained earnings	4,586,701	1,768,241

The balance on the called-up share capital account represents the aggregate nominal value of all ordinary shares in issue. On incorporation 200,000 shares of $1 were issued. On 1 August 2022, in exchange for the investments in the Eni and BP companies a further 800,000 shares of $1 each were issued. Leakage amount was transferred from other reserve to share premium against allotment of share capital.

Share premium

Share premium represents the consideration received for shares above their nominal value net of transaction. On 1 August 2022, an amount of $12,543 million was allocated to share premium as the valuation above the share capital and promissory notes that were issued in exchange for the investments in the subsidiaries. On 10 October 2022, a Board resolution was passed to reduce the share premium and transfer $5,000 million of the share premium account to distributable reserves leaving a balance of $7 million attributable to share premium. The share premium further increased as a result of shares issued in 2022 of $378 million which appeared as leakage receivable as part of shareholder agreement in 2022.

Other Reserves

Other reserves represent the excess of the fair value of the equity shares issued to affect the business combination and the amounts required to be recorded in the share premium account because of the statutory provisions regarding share premium under the Companies Act 2006.

Retained earnings.

Cumulative profit or loss net of distributions to owners.

23. Cash flows from operating activities

Group	2024 $'000	2023 $'000
Profit for the period	1,061,947	719,486
Adjustments for:		
Income tax expense (note 9)	369,479	910,830
Finance income (note 8)	(40,468)	(112,175)
Finance expenses (note 8)	528,899	497,655
Share of post-tax profits of equity accounted associates & joint ventures (note 14)	(224,788)	(366,389)
Depreciation (note 12)	1,852,543	1,973,585
Impairment losses on property, plant, and equipment (note 12)	-	22,468
Impairment losses on intangible assets (note 11)	-	43,000
Amortization of right of use assets (note 13)	551,587	510,739
Amortization of borrowing costs	22,576	7,927
Changes in other working capital	4,513	32,115
Loss on sale of fixed assets	22,112	-
Fees associated with borrowings	8,620	-
Payment for liabilities and other charges	(56,262)	-
Changes in inventories	(102,766)	(19,198)
Changes in trade and other receivables	(559,314)	(316,476)
Changes in trade and other payables	535,052	(124,023)
Cash inflow generated from operations	3,973,730	3,779,544

24. Related parties

Ultimate controlling party

There is no ultimate controlling party.

Directors' transactions

No directors' transactions took place in the financial period.

Subsidiaries

Details of subsidiary undertakings are present in note 14.

Related party transactions

Key management personnel are the Directors, and none received emoluments from the Group.

Transactions with related parties were approved and at arm's length during the financial period.

During the reporting year and the previous financial year the Company and the Group entered into transactions, in the ordinary course of business, with other related parties.

Transactions entered into with related parties and trading balances outstanding at 31 December 2023 and 31 December 2024, are as follows:

24. Related parties (continued)

Related party	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
	$'000	$'000	$'000	$'000
BP Group - shareholder				
2023	2,439,103	91,537	80,000	2,482
2024	2,385,443	53,507	275,252	24,025
Eni Group - shareholder				
2023	2,335,944	570,080	243,177	115,480
2024	2,496,421	682,815	135,220	47,148

Related parties are relationships due to common shareholdings/ownerships.
Transactions are in the ordinary course of business of an oil exploration and production group.

25. Guarantees

The Azule Group subsidiaries namely Azule Energy Angola S.p.A (Guarantee limited to the Block 15/06 Revenues) and Azule Energy Exploration (Angola) Limited (Guarantee limited to the Block 17 & 31 Revenues) are Guarantors to the loan facility (Pre-Export Facility - PXF) that was signed on 29 July 2022. The maximum aggregate liability of the PXF Guarantors (on a joint and several basis) is 110% of the outstanding loan amount (together with any accrued interest thereon). The shareholders have issued the following guarantees, for which the Group is liable:

- $1,639 million in favour of CONSORZIO ARMADA CABACA LTD. - ANGOIL BUMI JV LIMITADA in respect of leasing contracts (chartering, operation, and maintenance) of FPSO vessels to be used in the context of development projects.
- $2,400 million in favour of YINSON AZALEA PRODUCTION PTE LTD. in respect of leasing contracts (chartering, operation, and maintenance) of FPSO vessels to be used in the context of development projects.
- $52 million – work obligations under Block 28. (beneficiary ANPG).
- $26 million – work obligations under the Block 1/14 RSC (beneficiary ANPG).
- $19 million in favour of ADMINISTRACÃO GERAL TRIBUTARIA.
- $5 million – work obligations under the Cabinda Centro RSC (beneficiary ANPG).
- $7 million – work obligations under Block 29 (beneficiary ANPG).
- $3 million – Gas transportation services (beneficiary Florida Gas Transmission Company).
- $2 million – Transcontinental Gas Pipeline Company LLC
- $1 million - work obligations under Block 46 (beneficiary ANPG).
- $20 million - work obligations under Block 47 (beneficiary ANPG).
- $3 million - work obligations under Block 18/15 (beneficiary ANPG).
- $18 million - work obligations under Block 31/21 (beneficiary ANPG).
- $12 million – work obligations under NGC (beneficiary ANPG).
- $5 million – work obligations under NGC (beneficiary ANPG).

26. Financial risk management

Categories of financial instruments

	2024 $'000	2023 $'000 Restated*
Financial assets		
Financial assets measured at amortized cost		
Decommissioning escrow balances	1,841,554	1,812,023
Trade and other receivables	2,459,255	1,888,352
Cash and Cash equivalents	503,650	603,749
Financial assets measured at fair value through profit or loss		
Derivatives financial assets (Designated as hedging instruments)	-	48,952
Financial liabilities measured at amortized cost		
Trade and other payables	(2,474,939)	(1,814,964)
Lease liabilities	(2,146,157)	(2,168,373)
Loans and borrowings	(2,528,775)	(2,456,199)
	(2,324,411)	(2,086,460)

*In presenting the Financial assets and Financial liabilities measured at amortized cost, underlift balances have been removed from the Trade and other receivables balance while overlift balances have been removed from the Trade and other payables balance as the overlift and underlift balances are not financial instruments. Decommissioning escrow balances have been included as Financial assets measured at amortized cost, The prior year disclosure has been restated to align with this presentation.

The amortized cost of the Amounts owed by related parties amounting to $410 million (2023: $323 million) approximate to their fair value.

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds derivative financial instruments to manage commodity price risks.

The Group's activities are exposed to various financial risks: market risk relating to commodity prices, foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. The Group's risk management objective is to ensure that Management understands, measures, and monitors the various risks that arise in connection with their operations. The Board of Directors and key management have overall responsibility for the establishment and oversight of risk management policies. These policies aim to identify and analyse the Group's risks. They also aim to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

For all financial instruments, the carrying amount is either the fair value, or approximates the fair value.

Interest income and expenses arising on financial instruments are disclosed in note 8.

Financial risk factors

The management of financial risks is performed at group level. The main risk factors applicable to the Company are market risk relating to commodity prices, foreign currency exchange rates and interest rates; credit risk; and liquidity risk.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk, each of which is discussed below. The primary commodity price risks that the Group is exposed to include oil and gas prices that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flows.

26. Financial risk management (continued)

Commodity price risk

The Group is exposed to commodity price risk resulting from fluctuations in the price of floating oil and gas sales. The Group's risk management strategy is to reduce its exposure to variability in of the cash flows related to fluctuations of the commodity risk component. In 2024, the Group undertook an oil price risk "hedging" programme to protect against volatility in oil prices. The Group executed zero cost collars to mitigate the commodity price risk exposure. The value of commodity collars at 31 December 2024 is nil (2023: $48 million). .

Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is commodity price risk.

Cash flow hedges

The zero cost commodity collars, qualifying hedging instruments, were designated as cash flow hedges during the year of 2024. They are used to hedge against the risk of cash flow variability due to Dated Brent fluctuations on oil offtake sales. The fair value of the commodity collars net asset as at 31 December 2024 was nil (31 December 2023: $48.95 million). The movement of $48.95 million for the year ended 31 December 2024 (2023: $48.95 million) comprised of $46.91 million (2023: $48.79 million) related to the time value of the collar booked to cost of hedging reserve, and $1.8 million (2023: $0.16 million) of hedge ineffectiveness due to credit risk booked to the Statement of Comprehensive Income. Hedge effectiveness is determined at the inception of the hedge relationship by applying a qualitative approach. Management has performed periodic effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The economic relationship between the hedged item and the hedging instrument is in relation to fluctuations in the Dated Brent index. The Group has established a hedge ratio of 1:1 for the hedging relationships based on the notional amount of the hedging instrument and the hedged item. In the event of an insufficient number of hedged items, the hedges will be rebalanced in line with the overall risk management strategy. The Group also performs regression analysis to measure the effectiveness of the hedging relationship.

Hedge ineffectiveness may occur due to:

- Differences in the timing and amount of the cash flows of the hedged item and hedging instruments;
- Changes in the credit risk of the Group or the counterparty to the hedging instrument and hedged item; and/or
- Changes to critical terms resulting mismatches in between hedged item and hedging instruments.

The outstanding notional value of the Group's commodity collar contracts at 31 December 2024 is nil.

Cash flow hedge reserve

	$'000
As at 1 January 2024	(48,792)
Effective portion of changes in fair value arising from:	
Amount deferred and recognised in OCI	46,914
Amount reclassified to profit or loss	1,878
As at 31 December 2024	-

26. Financial risk management (continued)

Cash flow hedge reserve comprises of movement of the intrinsic value of the options which is nil as at 31 December 2024.

Fair value information

Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, spot, and forward rates, as well as option volatilities.

The value of derivative assets and liabilities measured at fair value at 31 December 2024 is nil (2023:$49 million).

Foreign currency exchange risk

The Group has minimal foreign currency exchange exposure since all entities within the group have USD functional currency with the majority of revenues also being received in USD and the majority of payments in USD or indexed to USD.

Interest rate risk

In addition to the inter-company balances, as at 31 December 2024 the Pre- Export Facility (PXF) loan had a carrying value of $2,500 million. Under such facilities, the Group is exposed to the Secured Overnight Financing Rate (SOFR). A 1% variation on SOFR would have impacted net profit by approximately $26 million (2023: $26 million) for the year.

Credit risk

Credit risk arising from the Group’s normal commercial operations is managed by the Group within the Group approved guidelines. Central Treasury monitors the counterparty credit ratings for all of the Group’s banks. Only independently rated parties with a high credit rating are accepted for investing excess liquidity and holding cash. The Group’s credit portfolio is represented in the table below.

	As at 31 December 2024	As at 31 December 2023
	$’000	$’000
AAA to AA-	-	-
A+ to A-	520,250	732,902
B+ to B-	49,849	188,839
CCC+ and below	-	-
	570,099	921,741

Other receivable balances on the Statement of Financial Position are mostly unrated.

Decommissioning escrow balances of $1,841 million (2023: $1,812 million) are held with reputable financial institutions.

The identified expected credit loss is immaterial for 31 December 2024.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group’s business activities may not be available. The Group’s liquidity is managed centrally with operating units forecasting their cash to the central treasury function. Central treasury will then arrange to fund the subsidiaries’ requirements or invest any net surplus cash.

Management aims to maintain flexibility in funding by maintaining sufficient cash. Of the Group’s total cash, $110 million (2023: $127 million) is considered restricted and relates to cash held as a requirement under the Pre-Export Facility (PXF) described below.

26. Financial risk management (continued)

Pre-Export Facility (PXF) and Revolving Credit Facility (RCF)

The PXF loan amounting $2,500 million was put in place in 2022 for a period of 7 years. It is a syndicated loan with several banks forming the group of lenders.

The repayment of the loan was in pre-agreed instalments, starting in September 2024. The Group successfully negotiated an extension to the existing PXF facility under which the moratorium period of the PXF was increased by one year. Principal repayments, which were due to commence in September 2024 will instead begin in September 2025. Scheduled repayments which would have been due from September 2024 to July 2025 will be spread over the remaining repayment dates of the facility equally.

Interest is paid quarterly, in arrears, which started in September 2022. Total interest paid on the PXF loan in 2024 was $248 million (2023: $242 million).

The Offshore Collection Account is operated under a cash waterfall regime. Lenders have first ranking security over the PXF Offtake Contracts, the Offshore Collection Account and the DSRA (Debt Service Reserve Account). They also benefit from a negative pledge in respect of the PXF Offtake.

The interest rate contains a fixed and floating element. The floating element amount is based on the daily SOFR (Secured Overnight Financing Rate), and the fixed margin is 4.5%.

The debt service obligations under the PXF are covered using a portion of the group's oil revenues arising from the crude allocated under dedicated PXF Offtake Contracts (the "Designated Crude").

The revenues payable by the PXF off-takers are paid directly into an offshore secured collection account (the "Offshore Collection Account") which is secured in favour of the PXF lenders by way of a first ranking security interest.

Additionally, the Group also has a Revolving Credit Facility (RCF) of $345 million since October 2023. This facility was subsequently increased to $475 million at December 2024 and then again to $500 million in January 2025. $50 million was drawn from this facility at 31 December 2024.

For maturity profile of the Group's financial liabilities relating to lease liability and loans and borrowings please refer note 18 and 19.

27. Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at banks and on hand	503,650	603,749
	503,650	603,749

The cash and cash equivalents disclosed above and in the Statement of Cash Flows include $177 million (2023: $127 million) which are held under the PXF of $110 million (2023: $127 million). These deposits are subject to lending restrictions and are therefore not available for general use by the other entities within the Group.

28. Changes in liabilities arising from financial activities

	Opening balance $'000	Cash flows $'000	New Leases $'000	Other $'000	2023 $'000
Loans and borrowings (note 19)	2,452,976	(4,705)	-	7,928	2,456,199
Leases (note 18)	2,360,550	(743,233)	399,678	151,378	2,168,373
	4,813,526	**(747,938)**	**399,678**	**159,306**	**4,624,572**

	Opening balance $'000	Cash flows $'000	New Leases $'000	Other $'000	2024 $'000
Loans and borrowings (note 19)	2,456,199	41,380	-	31,196	2,528,775
Leases (note 18)	2,168,373	(897,701)	733,207	142,278	2,146,157
	4,624,572	**(856,321)**	**733,207**	**173,474**	**4,674,932**

The other column includes the effect of amortization of initial loan fee as per note 19 and the effect of accrued but not yet paid interest on lease liabilities.

29. Capital management

Capital management involves the overall financial resources of the Group, including equity and third-party debt. The Group effectively manages its capital with the support of a robust and comprehensive financial framework. The framework identifies the best areas where capital should be allocated, ensure sufficient liquidity to support operations and meet financial obligations, minimise net financing costs, mitigate financial risks that may cause distress to the cash flows, and adapt to changing market conditions. The ultimate goal is to ensure that the Group maintains the ability to generate value, cash and maximise returns for its shareholders.

In line with the PXF and RCF covenants, the Group monitors net debt which comprises the full PXF drawn down amount $2,500 million and partially drawn down RCF facility amount $50 million adjusted for cash and cash equivalents (the "Net Debt"). The monitoring of the Net Debt ensures that Leverage (calculated as Net Debt/EBITDA) does not exceed 3.0. The Group does not have any additional externally imposed capital requirements.

	2024 $'000	2023 $'000
Loans and borrowings	2,550,000	2,500,000
Less: Cash and cash equivalents	(503,650)	(603,749)
Net Debt	**2,046,350**	**1,896,251**
EBITDA	**4,099,197**	**4,199,199**
Leverage	**0.50**	**0.45**

The PXF loan agreement includes financial covenants that requires the leverage shall not exceed 3:1, and EBITDA/Total Debt Service shall be equal to or greater than 1.2:1 and cover ratios shall be equal or greater than 1.25:1 on each quarter end date. If these are not met and such an event of default has occurred, and is continuing, then the lenders have the right to demand all or part of the outstanding loan to be immediately due and payable.

30. Contingent liabilities and capital commitments

At the date of signing, there are no contingent liabilities that need to be disclosed in the financial statements.

Authorised and contracted future capital expenditure (excluding right-of-use assets) by the Group for which contracts had been placed but not provided in the financial statements at 31 December 2024 is estimated at $974 million (2023: $915 million) mainly on Block 15/06 development.

31. Events after the reporting date

On 16 January 2025, Azule Energy Finance Plc (the "Issuer"), a financing vehicle of Azule Energy Holdings Limited, issued unsecured notes on the Guernsey International Stock Exchange in an aggregate principal amount of U.S.$ 1,200 million (the "Notes"). The Notes have a term of 5 years and a coupon of 8.125% per annum. The Issuer expects to use the gross proceeds from the offering of the Notes (the "Offering") for general corporate purposes and to pay costs, fees and expenses related to the Offering. The offering was settled on 23 January 2025.