

Company Registration No. 13947643 (England and Wales)



Azule Energy Holdings Limited

**Annual Report and Financial Statements
for the Year Ended 31 December 2025**

Azule Energy Holdings Limited
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AZULE ENERGY HOLDINGS LIMITED

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AZULE ENERGY HOLDINGS LIMITED

Company Information

Directors

Gordon Y. Birrell

Guido Brusco

Jennie S. Burton

Ann Davies (*appointed on 20 November 2025*)

Alisdair Forsyth (*appointed on 2 March 2026*)

Giorgio R. A. Groppi

Tommy A. Pennington (*resigned on 4 February 2026*)

Francesca Rinaldi

Luca Vignati

Joseph Richard Murphy (*resigned on 10 October 2025*)

Company secretary	Darren Meredith
Registered number	13947643
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AZULE ENERGY HOLDINGS LIMITED

Strategic Report

For the year ended 31 December 2025

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 2025.

Principal activity, review of business and future developments

The Company is a holding entity and the Group's main activities include being engaged in the exploration, production and sale 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, liquefied natural gas (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 net 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 to support Angola to further develop its energy sector and its energy transition agenda. The Group has a vast exploration and production acreage and is a key operator in Angola with licenses covering approximately 56,000 square kilometres in Sub-Saharan Africa, of which the Group operates approximately 35,000 square kilometres. As part of its strategic focus on the acquisition and development of new hydrocarbon resources, Azule has recently secured the exploration rights for the PEL85 concession in Namibia.

The Group's portfolio consists of a balanced and well-integrated series of short, mid and long term growth opportunities. The Group is actively seeking to grow production through major project developments, brownfield developments, infill drilling and life extensions. 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 second-largest reserves holder in sub-Saharan Africa. According to the United States (US) International Trade Administration, as of 22 July 2025. Angola has untapped oil and gas resources estimated at 9.0 billion barrels of proven crude oil reserves and 11.0 trillion ft³ 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.

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 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, New Gas Consortium (NGC). The strategy is underpinned by continued focus on maintaining a robust financial and leverage profile and the Group's commitment to responsible operations, Environmental, Social and Governance (ESG) and decarbonization, including through its zero routine flaring policy, which aims to reduce total flaring by up to 75.0% by 2030.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Business Model (continued)

From 2018, Angola implemented wide-ranging industry reforms, including fiscal incentives such as the qualified marginal fields regime. These were followed by initiatives to increase production from mature blocks and develop previously undeveloped fields from 2024. In 2019, the National Agency for Petroleum, Gas and Biofuels (ANPG) was established as an independent regulator, replacing the state-owned oil company Sonangol E.P. in this role. Together, these reforms have significantly improved transparency and investment conditions in the sector. A similar approach was adopted for gas, with Angola's Gas Master Plan launched in 2025 to unlock non-associated reserves and attract investment across the gas value chain.

The Group achieved the following key milestones during the year:

- On 16 January 2025, Azule Energy Finance Plc, a financing vehicle of Azule Energy Holdings Limited, issued unsecured notes for an aggregate principal amount of \$1,200 million. The Notes have a term of 5 years and a coupon of 8.125% per annum.
- The gas treatment plant for NGC, inaugurated in November 2025 six months ahead of the sanctioned schedule, has entered the commissioning phase. The Group confirmed the successful start-up of gas delivery from the Quiluma field in March 2026, followed by the opening of the NGC export valve in April 2026, marking the start of commercial gas sales to ALNG. The NGC project has a processing capacity of 400 million standard cubic feet of gas per day (MMSCF/d).
- In February 2025, a hydrocarbon-bearing reservoir was discovered at the Sagittarius 1 X well in Block 2914A (PEL85), offshore Namibia. This marked the Group's first significant discovery in Namibia. In April 2025, light oil was also discovered at the Capricornus 1 X exploration well, following the Group's strategic farm into the block in May 2024. These discoveries demonstrate the success of the Group's exploration strategy beyond Angola. In October 2025, a gas condensate discovery was made at the Volans 1X exploration well, also in Block 2914A (PEL85), offshore Namibia.
- Agogo (Block 15/06) achieved first oil in July 2025.
- In July 2025, gas was also discovered at Gajajeira-01, Angola's first non-associated gas exploration well located in Block 1/14. Initial assessments suggest that gas volumes onsite may exceed 1 trillion cubic feet, with up to 100 million barrels of associated condensate. The preliminary results and fluid samples confirm the presence of a working hydrocarbon system and open new exploration opportunities in the area.
- In November 2025, the Group entered a farm-out and carry loan agreement with Etu Energias Block 14 B.V. and ETU Energias Block 14 II B.V. (Etu) to purchase a total of 19% interest in Block 14/23 production sharing agreement (PSA) and an equivalent interest in Block 14/23 Joint Operating Agreement.
- In December 2025, the Group entered into a sale and purchase agreement (SPA) to sell the Group's entire participating interests in Block 14 (20%) and 14K (10%). Completion of the transaction is expected to occur mid-2026, subject to customary closing conditions. Upon completion, the Group will fully exit the participating interests in Blocks 14 and 14K and the associated reserves and production volumes will be removed from the consolidated portfolio. In March 2026, the Group signed a new SPA with a new buyer, thereby terminating the SPA signed earlier in December 2025.

Subsequent to year end, on 14 January 2026, Azule Energy Finance Plc, a financing vehicle of the Company, issued unsecured notes on the Guernsey International Stock Exchange in an aggregate principal amount of \$1,500 million. The issuance comprised two tranches: tranche one of \$850 million with a term of 5 years and a coupon rate of 8.25% per annum and tranche two of \$650 million with a term of 7 years and a coupon rate of 8.625% per annum. On 13 February 2026, the Group confirmed an oil discovery within Block 15/06 at the Algaita-01 exploration well. On 18 February 2026, the Group announced the successful start-up of the Ndungu full field, marked by first oil from three production wells.

Portfolio

The Group holds stakes in 17 licenses in Angola (one additional license is pending and subject to government approval), one in Namibia and a participation in Angola LNG Limited (ALNG). The Group 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 is in exploration and development stage (NGC) and seven of which are in the exploration phase. Of these, two (Block 14 and Block 14k) are undergoing sale. Subsequent to year end, NGC has started to be in the production stage.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Macro-economic environment

The global economy in 2025 continued to navigate a complex and uncertain landscape, shaped by escalating trade tensions, persistent geopolitical conflicts, and a rapidly evolving energy market. Despite these headwinds, the global oil and gas industry demonstrated continued resilience, supported by steady hydrocarbon demand from emerging markets and ongoing strategic investment in both conventional energy and the low-carbon transition.

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 the Group'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.

Brent crude oil prices declined significantly in 2025, averaging \$69 per barrel for the year, down from \$81 per barrel in 2024 — the lowest annual average since 2020. According to the U.S. Energy Information Administration (EIA), prices declined from a high of \$79 per barrel in January to a low of \$63 per barrel in December, reflecting a global crude market in which supply growth substantially outpaced demand growth throughout the year. The primary driver of this oversupply was the accelerated unwinding of OPEC+ voluntary production cuts: the 2.2 mmb/d of cuts agreed in November 2023 were fully reversed by September 2025, increasing market supply considerably. Non-OPEC+ producers — led by the United States, Brazil, Canada, Guyana, and Argentina — also contributed significantly to supply growth. According to the International Energy Agency (IEA)'s December 2025 Oil Market Report, world oil supply rose by 3.1 mmb/d in 2025, while global oil demand grew by approximately 830 mb/d, reaching approximately 104 mmb/d. Geopolitical events — including Israeli strikes on Iranian nuclear and military sites in June 2025 and continued drone attacks on Russian energy infrastructure — provided periodic upward price support, but were insufficient to offset the structural supply surplus. The global oil market remained in surplus for the majority of 2025, exerting sustained downward pressure on prices and cash flows across the industry.

LNG Market Dynamics:

The global LNG market remained balanced during 2025, as increased supply from the United States eased supply constraints seen in previous years. Global LNG exports reached 429 million tonnes (MT) in 2025, a 4% increase from 2024. European demand remained strong due to the continued transition away from Russian gas while LNG prices stabilised from the record highs of 2022 and have shown an upward trend during 2025 compared to 2024.

Natural Gas Outlook:

According to BP Energy Outlook, IEA World Energy Outlook and Energy Institute (Statistical Review of World Energy), gas is expected to play a significant role in the energy transition as it is widely considered less carbon intensive compared to traditional energy sources such as oil and coal. Gas demand prospects are expected to be shaped by an increased demand in emerging economies as they expand and industrialize offset by a shift away from natural gas to lower carbon fuels and greater renewable electrification through an increased trend of decarbonization globally. The short-medium term outlook of gas production is expected to be driven by LNG exports, particularly from the United States and the Middle East (which collectively account for an estimated 50% of the global gas production growth) as they gain production share relative to Russia (currently being impacted by international sanctions). However, long-term global gas production is expected to depend largely on the speed of the energy transition away from hydrocarbons.

Global Economic Growth:

According to the International Monetary Fund's (IMF) January 2026 World Economic Outlook, global GDP growth is estimated at 3.3% for 2025, which is stable from 3.3% in 2024 but well below the historical average of 3.7%. The slowdown reflects the cumulative drag from elevated trade tensions, particularly following the imposition of broad United States import tariffs in early 2025, which weighed on global trade volumes and business investment. Advanced economies are projected to grow at approximately 1.5% in 2025, with the United States at approximately 2.0% and the Eurozone at 1.4%, as the effects of prior monetary tightening continued to moderate domestic demand.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Global Economic Growth (continued):

Emerging market and developing economies demonstrated greater resilience, growing at just above 4%, led by India at 6.5% and China at 4.8%. Sub-Saharan Africa is expected to see a modest pickup in growth in 2025, supported by increasing energy demand and ongoing infrastructure investment, though the region's growth outlook remains constrained by debt vulnerabilities and limited access to external financing. The IMF noted that risks to the global outlook remain tilted to the downside, with trade fragmentation, fiscal pressures, and geopolitical tensions among the principal concerns.

Inflation and Interest Rates:

Global inflationary pressures continued to moderate in 2025, though progress was uneven across economies. The U.S. Consumer Price Index averaged approximately 2.7% in 2025, down from 3.5% in 2024, as the lagged effects of prior monetary tightening and lower energy prices helped cool price pressures. In the Eurozone, headline inflation averaged approximately 2.1% in 2025, broadly in line with the European Central Bank's target. Easing monetary policy across major central banks provided some relief to borrowing costs and capital markets in the second half of the year, though elevated uncertainty related to trade policy and geopolitical risks continued to weigh on global investment sentiment. The oil and gas sector remained relatively insulated from the broader tightening cycle, supported by strong operating cash flows and capital discipline, though the decline in Brent crude prices posed increasing pressure on revenue and investment planning.

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 throughout the year. The Red Sea shipping disruptions and attacks on vessels further exacerbated supply chain challenges, particularly for LNG and crude oil exports. According to the IEA, global oil supply disruptions reached 1.1 mb/d in Q4 2025 due to geopolitical disruptions. Regionally, Angola is continuing to demonstrate a steadfast commitment to peace and stability in Africa, particularly in the Democratic Republic of the Congo where it has led regional efforts to end the geopolitical conflicts and instability that threaten the entire Great Lakes Region.

Energy Transition:

According to OPEC 2025 World Oil Outlook 2050, despite the current US political rhetoric to the contrary and increasing concerns about energy security, the global energy transition continues to gain momentum and is expected to result in the addition of 40.5 million barrels of oil equivalent per day of clean energy (mainly wind and solar power) in the global energy mix between 2024 and 2050. However, its pace will likely remain constrained by several global factors, including technological, infrastructural, and economic challenges. Furthermore, global efforts to accelerate the energy transition away from traditional sources of energy continue to face delays in many countries seeking, at least in the short and medium term, to prioritize: (i) energy security as a means to avoid energy shortages and price spikes, and (ii) economic resource monetization, particularly in countries which have their economies largely tied to the production and sale of fossil fuels (including oil and gas resources).

Angola country overview:

Angola's economy faced a more challenging environment in 2025, with real GDP growth slowing to an estimated 1.9%, a significant deceleration from the 4.4% recorded in 2024, according to IMF's 2025 Article IV Consultation Mission to Angola. The slowdown was driven primarily by lower oil prices, declining oil production, and moderate growth in non-oil sector activity. According to African Development Bank Economic Outlook, the country's oil and gas sector retained its central role in the economy, accounting for approximately 95% of total export revenues and approximately 30% of GDP, though both production volumes and prices declined compared to the prior year. Oil output averaged approximately 1.03 million barrels per day (bpd) as of early 2025, down from peak levels recorded in 2024, reflecting maintenance operations at key fields and natural field decline. The non-oil sector demonstrated relative resilience, with activity in construction, services, and agriculture providing partial offset to oil sector weakness. The fiscal position deteriorated in 2025, with the overall fiscal deficit widening to an estimated 2.8% of GDP from 1.0% in 2024, reflecting lower oil revenues and elevated debt service obligations.

The Angolan government progressed its renewable energy commitments in 2025, with continued investment in solar and hydropower projects as part of the country's decarbonisation agenda. Under Angola's national energy transition framework, the energy sector received the largest share of climate finance. The Group continued to support Angola's broader energy objectives through its investments in low-carbon technologies and partnerships with local stakeholders, while maintaining a focus on safe, reliable, and efficient hydrocarbon production.

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Strategic Report (continued)

For the year ended 31 December 2025

Regulatory Environment:

In 2025, the Angolan government introduced new regulations aimed at economic diversification, attracting foreign investment and supporting structural reforms. According to UN Trade and Development, these included amendments to the electricity sector to attract private investment, improve efficiency and support Angola's energy transition, implementation of Presidential Decree 8/24 to help boost production in mature oil and gas fields and encourage further investment, and continuation of structural reforms to promote sustainability and economic resilience.

Social and Economic Challenges:

Despite ongoing reforms, Angola continued to face significant social and economic challenges in 2025. According to World Bank, the unemployment rate stood at approximately 30.8% reflecting the limited capacity of the non-oil economy to absorb a rapidly growing labour force. Inflation, while on a gradual downward trajectory, remained elevated, with the IMF projecting it to end 2025 at approximately 17.2%, down from a peak of 31.1% in mid-2024, as the effects of prior currency depreciation continued to work through the economy. The government maintained a tight monetary policy stance. Social initiatives targeting poverty reduction, healthcare, and education remained critical to long-term stability, and the government sought to protect social spending as part of its fiscal adjustment programme. According to the United Nations Development Programme, Angola's Human Development Index continued to show gradual improvements, reflecting modest advances in healthcare and education access, though Angola's development trajectory remains closely tied to its ability to diversify the economy and reduce its structural dependence on oil revenues over the medium term.

Production performance, thousand barrels of oil equivalent per day:

The Group's 2025 net equity production averaged 206.3 thousand barrels of oil equivalent per day (Mboed), a decline from the 2024 average of 212.4 Mboed, driven mainly by facility underperformance and reliability constraints from aging fields, most notably in Block 15 and Block 15/06 (N'Goma). The Group is focused on replacing declining volumes through new developments to support future growth, as summarised in the key milestones above and Projects section below.

Production (Mboed)	2025	2024
Operated	62.3	66.7
Operated by others (OBO)	100.1	109.7
ALNG	43.9	36.0
Total	206.3	212.4

Production was affected by a series of reliability and operational issues in Block 15 (Mondo and Kizomba A), Block 15/06 (N'Goma) and Block 18. Production performance across the OBO portfolio was also constrained by a range of reliability and project-execution challenges, specifically in Block 17 (Cravo, Lirio, Orquedia and Violeta (CLOV) and Girassol). Block 0 and Block 14. Performance improved in ALNG and Block 15/06 (East Hub and Agogo). Despite the reliability and operational challenges experienced across the affected blocks, overall production declined only marginally year-on-year and did not give rise to indicators of impairment from a performance perspective.

Building on the momentum from the significant progress made by the Group in advancing project development efforts and implementing strategies to safeguard asset integrity, enhance production, and strengthen overall operational reliability, the Group's focus in 2026 will centre on delivering key projects.

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Strategic Report (continued)

For the year ended 31 December 2025

Projects

Block 15/06

Block 15/06 comprises 11 fields organised into the East and West Hubs. The Agogo Integrated West Hub (IWH) project is a strategic expansion of the West Hub, integrating the Agogo and Ndungu fields. Production across Block 15/06 is supported by three Floating Production Storage and Offloading (FPSO): Olombendo for the East Hub, and N’Goma and Agogo for the West Hub.

Significant developments included:

- The Agogo FPSO was installed and brought online in July 2025.
- Ndungu also reached full field start-up during the year, with initial wells online months after Agogo first oil.
- By year-end, multiple producers and injectors were brought online across Agogo and Ndungu. Operational efforts focused on managing reservoir performance in the West Hub and progressing the Agogo IWH drilling and completion programme.
- Reservoir-management work also continued in the East Hub, supported by the Algaita-01 discovery near the Olombendo FPSO

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 and is deeply aligned with the country’s objectives to increase gas production. NGC will provide a remunerated supply of gas to ALNG under a long-term gas sales agreement, allowing ALNG to reach full plant capacity.

Significant developments included:

- NGC includes an onshore gas treatment plant linked to the ALNG facility, which was commissioned in Soyo in November 2025.
- First gas followed shortly after, with drilling progressing into early 2026 and additional wells brought online.
- Gas flow from Quiluma started in March 2026, and commercial exports to ALNG were formally initiated in April 2026 with the opening of the NGC export valve.

Greater Palas, Astraea and Juno (PAJ)

The PAJ project will co-develop the Palas, Astraea Central, and Juno segments with the Urano and Dione segments in Block 31/21 as part of the Greater PAJ development. PAJ has been granted Marginal Field Terms (MFTs). MFTs were granted up to December 2025, with the presentation of the plan for co-developing the PAJ resources together with Block 31/21 resources. The Group is still waiting for the official MFTs decree extension, though a favourable ANPG opinion was provided. Commercial agreements between the two blocks’ contractor groups are being negotiated. Final Investment Decision (FID) for the Greater PAJ project is expected in the second quarter of 2026.

Other Projects

Block 18 is expected to see a significant production uplift in 2026 from the GP4 infill program, with the Pd-PI well coming online in early 2026, while investment continues in the GP Phase 5 infill campaign and in evaluating tieback options such as the Cesio discovery; in Block 31, the Group reached FID on Plutao, Saturno, Venus, Marte (PSVM) Infills Phase 4, adding three wells—two producers and one injector—supported by improved fiscal terms under Presidential Legislative Decree 8/24, a license extension to 2032, and unification of the PSVM areas, with drilling starting in early 2027 and first oil in the second quarter of 2027; in Block 15, the Group secured a license extension to 2037 with updated terms and unified all developments into the Kizomba area while also reaching FID for Kizomba C; in Block 17, a new PSA signed in June 2025 extends Dalia FPSO operations to 2045, with ongoing assessments of infill wells, life-extension projects for Girassol and Dalia, debottlenecking options, and further studies to assess new tiebacks such as the Likembe discovery; and in Block 0, the concession extension to 2050 includes three committed exploration wells to be drilled by 2026, with the first commitment well drilled in 2025 and awaiting final operator evaluation, with South N’dola Platform delivering first oil in December 2025.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Exploration

The Group has an extensive exploration program with many activities scheduled for 2026 and the coming years. This diverse and robust portfolio reinforces the Group's 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.

In addition to a strong base of discovered resources, the Group is focused on maintaining its position as a leading African oil and gas producer with an extensive program of exploration drilling which balances near-facility opportunities with very short development times, frontier areas and gas opportunities. Since inception, the Group drilled 13 exploration wells, both operated and non-operated, achieving a technical rate of success of 77%.

Block 2914A (PEL85), Offshore Namibia

Following the successful farm-in with Rhino Resources Namibia, the Group conducted an intensive exploration drilling campaign in 2025, which yielded three discoveries from the three wells drilled, two of which were commitment wells. Sagittarius-1X was the first well of the campaign and resulted in a gas-condensate discovery. Capricornus-1X delivered a significant light oil and associated gas discovery. The well found 38 meters of net pay, with the reservoir showing good petrophysical properties and no observed water contact. The well achieved a surface-constrained flow rate in excess of 11,000 stb/d. The light ~37° API oil exhibited limited associated gas with less than 2% CO₂ and no hydrogen sulphide. Volans-1X resulted in a high-liquids-yield gas-condensate discovery. The well found 26 meters of net pay, with the reservoir showing excellent quality petrophysical properties and no observed water contact. The rig was released in September 2025 and re-entry operations began in November 2025 to perform an extended production test aimed at assessing flow potential, fluid composition, and reservoir drive mechanisms.

Building on the successful results of the 2025 drilling campaign, the Group will maintain a strong focus in Namibia, continue testing the Volans-1X discovery and appraising the Capricornus discovery. The outcomes from these efforts will guide future appraisals and shape the development plan. In parallel, since only a portion of the block has been evaluated to date, the plan is to unlock its full potential by broadening subsurface coverage through purchasing additional survey data and acquiring 3D seismic over the eastern area of the block.

Block 1/14

Block 1/14 is in its first exploration phase, and the Gajajeira-01 well, Angola's first dedicated gas exploration well, delivered a significant gas discovery, reinforcing confidence in the Lower Congo Basin. Spudded in April 2025 and completed in September 2025, it encountered over 30 meters of net pay in Lower Oligocene sandstones, with estimated gas in place above 1 trillion cubic feet and up to 100 million barrels of associated condensate. Post-well geological and geophysical (G&G) studies are underway to evaluate the discovery potential and de-risk nearby prospects as part of the 2026 work program.

Other Exploration Activities

The Group also advanced its exploration and development portfolio across multiple blocks, with Block 15/06 completing pre-drill work for Algaita-1—spudded in January 2026 and confirmed as a significant oil discovery in February—and progressing Agidigbo-3 as a potential second commitment well, both offering substantial upside through tie-in to the Olombendo FPSO. Block 28 focused on G&G studies to mature the Piambo prospect for a Q4 2026 well, while Block 31/21 completed technical assurance for 13 discoveries, submitted commerciality declarations, and ranked prospects for a February 2027 commitment exploration well. Block 17 delivered the Dalia-6 oil discovery while evaluating additional infill wells, two life extension projects (with respect to the Girassol and Dalia fields) and debottlenecking options. Studies are ongoing with the Dalia PSA amended to have an extension until 2045.

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Strategic Report (continued)

For the year ended 31 December 2025

Reserves

As of 31 December 2025, the Group had 1P reserves of 397.8 MMboe (514.8 MMboe including ALNG 1P reserves) and 2P reserves of 597.9 MMboe (763.4 MMboe including ALNG 2P reserves), with a remaining 2P reserve life of 10.1 years (including ALNG 2P reserves) and a remaining 1P reserve life of 6.8 years (including ALNG 1P reserves).

The Group expects to continue growing this reserve base through continued development of its 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 31 December 2025 and 2024 (including ALNG reserves):

Reserves as of (MMboe)	1P	2P
31 December 2024	600.5	841.9
31 December 2025	514.8	763.4

The Group's reserves replacement strategy is based on progressing resources into reserves in existing fields through, for example, (i) new infill wells, (ii) bringing new major projects online (Agogo and NGC), (iii) developing tieback projects and (iv) supporting economically viable projects and infills

The Group estimates reserves using standard recognized evaluation techniques. This estimate is reviewed internally at least annually and is also reviewed annually by independent consultants. The Group estimates future development costs by taking into account the level of development required to produce the reserves elected to develop and referencing them to similar operations where applicable, reviews by external engineers and experience.

Long term outlook

The Group's Business Plan sets forward targets for investment, production, cash and value growth. The Group targets to increase equity production over the coming years relative to established targets as major projects, including the Agogo Integrated West Hub and NGC, continue to ramp up. Over the next five years, the Group plans to invest substantially for its exploration and development activities.

Communities and employees

In 2025, the Group reinforced its social investment agenda across Angola, deploying over \$12 million to a portfolio of 27 social projects spanning 18 provinces, with 17 projects completed and 14 agreements signed during the year. The year also marked an important milestone with the launch of the Group's first two social projects in Eastern Angola, expanding its geographic footprint and reach.

Delivery across priority sectors remained strong. Key outputs included 19 water systems, 11 health facilities (2 newly built and 9 rehabilitated), and 13 education facilities (3 new and 10 rehabilitated). Support for human development advanced through 10 Chevening scholarships, 150 internships, and assistance to farmers, entrepreneurs and six shelter centers. Furthermore, the Group installed 9 solar systems and continued major biodiversity programs, protecting over 5 million marine turtles and more than 5,000 hectares of mangroves.

A total of eight celebratory events were held across the country, including the inauguration of six schools: three in Cabinda, and one each in Benguela, Luanda and Namibe, strengthening access to improved education infrastructure. The Group also expanded its partnership with the Monzino Cardiologic Institute, with an additional EUR 18 million extension signed in October. Through this program, over 2,000 cardiologic procedures were conducted and more than 100 health professionals were trained in Angola and Italy, supported by a permanent team of Italian specialists at the Cardeal Dom Alexandre do Nascimento Hospital in Luanda.

Overall, 2025 was marked by impactful delivery, strengthened partnerships and continued progress in advancing the Group's sustainability and community development commitments.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Financial Review Summary of 2025 Financial Results

The Group achieved solid financial results in 2025, despite a 15% drop in commodity prices and lower lifting volumes. Annual profit was \$450 million, down \$618 million from 2024. EBITDA and cash generation remained stable, thanks to effective use of cash levers, enabling consistent dividends and ongoing investment in core projects. Strong capital market confidence supported a successful second bond issuance after year-end. The balance sheet showed steady asset growth and stable equity.

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		2025	Restated 2024
Production and prices:			
Production	MMboed*	206	212
Crude oil	\$/boe	67	79
ALNG	\$/MMbtu**	12	11
Consolidated Statement of Comprehensive Income:			
Revenue	\$ million	3,688	4,882
EBITDA***	\$ million	3,443	4,099
Income from associates and joint ventures	\$ million	327	225
Profit after tax	\$ million	450	1,068
Other financial key figures			
Capital expenditure (including intangibles)	\$ million	2,119	1,948
Operating cash flow	\$ million	3,342	4,010
Net cash flow (before investing, financing and dividends)	\$ million	2,564	3,051
Dividends paid	\$ million	873	925
Leverage ratio	times	0.9	0.5

*Thousand barrels' oil equivalent per day.

**Metric Million British thermal units

***EBITDA is arrived at by starting from operating profit, deducting the share of profit from associates/joint ventures and adding back the depreciation, amortisation, and impairment.

The comparative information has been restated to reflect the retrospective recognition of finance income on the decommissioning escrow balance, which has resulted in 2024 profit after tax being higher by \$7 million and an increase to equity of \$59 million from the income recognised prior to 2024. In addition, there is balance sheet only reclassification to restate the pre-lease costs within the Consolidated Statement of Financial Position, there are no associated income or equity impacts. See Note 34 for further details.

Revenue for the year was comprised of \$3,688 million (2024: \$4,882 million), with an average realised oil price of \$67/boe (2024: \$79/boe). Total oil liftings for the year were 55 MMboe (2024: 61 MMboe). Other income amounted to \$739 million (2024: \$578 million) mainly comprised of the partner recovery on related IFRS 16 lease obligations. EBITDA remained robust at \$3,443 million (2024: \$4,099 million) despite the reduction in revenue.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Financial Review Summary of 2025 Financial Results (continued)

Production costs were \$897 million for the year (2024: \$1,256 million). This was comprised mainly of technical operating field expenditures of \$1,027 million (2024: \$982 million), royalties of \$54 million (2024: \$75 million) and the change in under/over lifting entitlements and inventory amounting to an income of \$184 million (2024: \$199 million expense). The movement in under/over lift and inventory is due to the Group moving from a net overlift position in the prior year to a substantially lower net overlift position at 31 December 2025.

The total depletion, depreciation and amortisation expenses were \$2,318 million (2024: \$2,404 million). This is split between depreciation on property, plant and equipment of \$1,626 million (2024: \$1,853 million) and amortisation of IFRS 16 related right of use assets of \$692 million (2024: \$551 million). The reduction in property, plant and equipment depreciation was driven by a lower opening net book value, decreasing the depreciation for the year. The increase in right of use asset depreciation was the result of an increase in leased assets, specifically the Agogo FPSO and drilling rigs.

Impairment losses recognized on property, plant and equipment were \$342 million (2024: nil) related to the assets within Block 0 (\$194 million), Block 17 (\$120 million) and Block 17 (\$28 million).

Other expenditures amounted to \$87 million (2024: \$105 million), the decrease being attributable primarily to a loss on sale of assets of \$22 million in 2024, compared to a gain of \$2 million in 2025.

Overall income from associates of \$327 million (2024: \$225 million) was significantly higher due to an increase in volume sold by ALNG and an increase in realised gas prices, average of \$12/MMbtu (2024: \$11/MMbtu).

Finance income increased to \$168 million (2024: \$53 million) mainly driven by interest income of \$81 million (2024: nil) on interest earned on outstanding receivable balances and a \$16 million (2024: \$17 million expense) gain on foreign exchange. Finance costs also saw an increase in 2025, to \$602 million (2024: \$529 million), primarily driven by a \$52 million increase in interest related to leases.

The taxation charge of \$203 million (2024: \$376 million) comprised current taxes of \$533 million (2024: \$743 million) partially offset by deferred tax income of \$330 million (2024: expense of \$367 million).

Consolidated Statement of Financial Position

	Dec 2025 \$'000	Restated Dec 2024 \$'000
Property, plant and equipment (including right-of-use assets)	16,682,048	13,951,200
Goodwill and other intangibles	3,354,701	3,100,250
Investments in associates and joint ventures	3,349,405	3,436,036
Deferred tax	156,627	222,515
Cash and cash equivalents	595,567	503,650
Other assets	5,384,302	5,870,399
Total Assets	29,522,650	27,084,050
Loans and borrowings	3,451,170	2,528,775
Provisions	3,084,676	3,067,422
Deferred tax	2,184,468	2,580,478
Lease liabilities	4,426,175	2,146,157
Other liabilities	3,296,185	3,264,294
Total Liabilities	16,442,674	13,587,126

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Financial Review Summary of 2025 Financial Results (continued)

The comparative information has been restated, as mentioned above, to reflect the retrospective recognition of finance income on the decommissioning escrow balance and balance sheet only reclassification of pre-lease costs. See Note 34 for further details

The net assets of \$13,080 million at 31 December 2025 (2024: \$13,497 million), are represented by total assets of \$29,523 million (2024: \$27,084 million) and total liabilities of \$16,443 million (2024: \$13,587 million).

Total assets include \$11,682 million of property, plant, and equipment (PPE) (2024: \$11,708 million) and \$5,000 million (2024: \$2,242 million) of right-of-use (ROU) assets. The major PPE movements in the period include additions of \$1,824 million, mainly from the ramp up of spend on Agogo and NGC projects, which are offset by depreciation charges for the period of \$1,626 million and impairments of \$342 million. Movements in ROU assets pertain to additions of \$3,131 million from the Agogo FPSO, drilling rigs and vessels, a transfer of \$500 million related to the Agogo FPSO and are offset by depreciation of \$873 million. Also, included in the total assets are \$3,349 million (2024: \$3,436 million) of investments in associated companies, with movements in the period including \$327 million share of profit from associates, which is then offset by dividends received totalling \$414 million. Other intangible assets increased during 2025 by \$273 million which was mostly due to the continued exploration and successful drilling within Block 2914A and Block 1/14.

Total liabilities increased by \$2,856 million to \$16,443 million driven by lease liabilities and loans and borrowings. The movement in lease liabilities to \$4,426 million, from \$2,146 million in 2024, comprises \$3,131 million in additions, interest of \$203 million and is reduced by payments of \$1,054 million. The increase in loans and borrowings to \$3,451 million (2024: \$2,529 million), was driven by the issuance of \$1,200 million in senior notes, net drawdowns of \$120 million from the Revolving Credit Facility (RCF) and was partially offset by PXF repayments of \$393 million. Despite this, the Group's leverage ratio remains comfortably within internal limits, reflecting prudent financial management.

Other movements that have affected the consolidated statement of financial position include the reclassification of non-current assets and liabilities related to Block 14 and 14K to held for sale at year end.

Consolidated Statement of Cash Flows

Net cash inflows generated from operating activities reduced to \$2,564 million (2024: \$3,051 million) for 2025, which was mainly caused by the decrease in revenue from lower volumes lifted and lower prices, offset by a \$231 million decrease in taxes paid to \$517 million in 2025.

Net cash used in investing activities was \$1,458 million (2024: \$1,368 million). The main increase in cash outflows was primarily from purchases of property, plant and equipment and intangibles of \$1,894 million (2024: \$1,559 million). This was partially offset by the receipt of proceeds related to guarantees of \$66 million, which was a \$133 million swing from 2024 where there were \$66 million in purchases of guarantees.

Net cash used in financing activities for 2025 was \$1,014 million (2024: \$1,781 million) which includes major outflows relating to the payment of \$873 million (2024: \$925 million) of dividends to the shareholders, \$1,054 million (2024: \$898 million) for the payment of lease liability obligations and net repayments of borrowings of \$273 million (2024: proceeds of \$50 million). These payments are offset by the cash inflows from the issuance of senior notes for \$1,200 million.

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 believes that further value can be added. Operational, economic 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 and new acquisition.
- Financials (Net cash flow, net income, capital expenditures and operating expenditures).
- Leadership Team site visits.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Key Performance Indicators (“KPIs”) (continued)

Health, safety, and environmental (HSE) performance is tracked through the following KPIs:

- Greenhouse gas (GHG) intensity operated assets.
- Total recordable incident rate.
- Process safety event Tier 1 and 2.
- Sustainability project delivery.

People performance is tracked through the following KPIs whose progress is covered with review of the Board of Directors:

- 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 Group tracks its new business development objectives through the building of a risk-balanced portfolio of full cycle assets. Specific KPIs are not applied due to the range of development opportunities. However, successful delivery will add to future production volumes and net realised income.

How the Group 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; and
- Monitored to ensure the effectiveness of the risk controls employed.

This includes 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 formally documented within the internal risk register, along with their assessed impact and likelihood ratings. Each risk is assigned a designated owner who is accountable for the ongoing monitoring and management. Risk management plans are developed and endorsed with consideration for existing controls and mitigation measures to ensure appropriate treatment of each risk. Risks are managed at the level where operational accountability resides.

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

The Azule risk system includes 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.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Risk Type	Principal Risk	Description and mitigations
Strategic and Commercial Principal Risks	Prices and markets	<p>The Group's financial performance is subject to exposure to volatility in oil and gas prices, exchange rate movements, technological developments, and broader macroeconomic environment. Oil, gas, and product prices and margins are influenced by global supply and demand conditions, political and regulatory developments, the transition to alternative low-carbon energy sources, global economic conditions, and public health events.</p> <p>Fluctuations in oil, gas, and product prices may adversely affect the Group's revenue, margins, profitability, and cash flows. Prolonged or material price declines could result in asset impairments and project viability reviews, with potential implications for future cash flows, capital expenditure, and the Group's long-term investment programme. Increases in prices may not necessarily translate into improved margins due to higher fiscal take and cost inflation. In addition, exchange rate movements may expose the Group to currency risk, impacting underlying costs.</p> <p>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.</p>
	Geopolitical	<p>The Group is exposed to a range of political and social developments and consequent changes to the operating and regulatory environment which could cause business disruption. Political instability, changes to the regulatory environment, customs requirements 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 assets and related earnings and cash flow or cause the Group to incur additional costs, particularly due to the long-term nature of many of the projects and significant capital expenditure required.</p> <p>The Group 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.</p>
	Accessing and progressing hydrocarbon resources and low carbon opportunities	<p>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.</p> <p>This is mitigated through an active Exploration and Drilling program that explores for potential resources, supported by an effective Business Development agenda to seek out additional opportunities to further develop the Group's portfolio. The project development hopper includes for potential low carbon opportunities to meet the Group's strategic energy transition. Further details can be found in the Sustainability Report on the Group's website: www.azule-energy.com.</p>
	Major project delivery	<p>Poor investment choice, efficiency or delivery, or execution challenges at any major project that underpins production or production growth, could adversely affect the Group's 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 Board of Directors.</p>
Strategic and Commercial Principal Risks	Liquidity, financial capacity and financial exposure	<p>Failure to deliver the financial framework set could impact the Group's ability to operate and result in financial loss. The Group 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, see Note 30 (Financial risk management).</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Risk Type	Principal Risk	Description and mitigations
Strategic and Commercial Principal Risks	Insurance	The Group 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	The Group'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. The Group has appropriate crisis management capability and procedures underpinned by a rigorous training plan for key personnel that regularly assesses multiple different scenarios.
	Digital infrastructure and cybersecurity	<p>The energy industry is subject to fast-evolving technology risks, including ransomware, from cyber threat actors, e.g., nation states, criminals, terrorists, hacktivists and insiders. Such geopolitical factors in addition to internal factors such as negligence or intentional misconduct have increased the potential magnitude of these risks through disruption to the Group's operations. This disruption could materialise from the loss or misuse of data or sensitive information, including employees' personal data, leading to: injury to people, disruption to business, harm to the environment or 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 digital infrastructure, often using sophisticated and coordinated means, is a challenge, and any delay or failure to detect could compound these potential harms. The Group maintains a dedicated IT team with well-established expertise in digital security, operating within increasingly rigorous data-protection and privacy regulations.</p> <p>The Group ensures that its employees are educated and aware of cyber risks in line with industry best practices. Ensuring the Group manages the controls in place to prevent cyber security are tested regularly through internal audit.</p>
	Inadequate oversight of joint arrangements and contractors	<p>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. The Group's partners and contractors are accountable 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, the 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.</p> <p>The Group proactively manages its interests in joint arrangements and practices appropriate oversight of contractor activity. For joint arrangements, the Group has resources dedicated to ensuring the interests of the Group are being managed appropriately by the partners. This includes for identifying and mitigating risks where the Group may have financial, reputational or other exposures.</p> <p>The Group employs contractors to deliver activity across all areas of the business. The Group has a management system that includes for policies, standards and procedures to manage the procurement of the services provided. This includes 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.</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Risk Type	Principal Risk	Description and mitigations
Safety and Operational Principal Risks	Process safety, personal safety and environmental risks	<p>The Group is exposed to a wide range of health, safety, and environmental risks. 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.</p> <p>The Group 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 the Group 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.</p>
	Drilling and operating wells	<p>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 are 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.</p>
	Security	<p>The Group 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 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.</p> <p>The Group's Business Continuity Planning includes a range of civil crises and scenarios, ranging from shelter-in-place through to evacuation of personnel (including expatriates and nationals' dependants, where appropriate).</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Risk Type	Principal Risk	Description and mitigations
Compliance and Control Principal Risks	Ethical misconduct and non-compliance	<p>Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including anti-bribery and corruption, competition and antitrust, and anti-fraud laws, financial crimes, 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.</p> <p>The Group 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 Group 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.</p>
	Regulations	<p>Changes in laws and regulations, including how they are interpreted and enforced, could increase costs, constrain the Group’s operations through legal action and fines, and affect its business plans and financial performance. This includes understanding and interpreting the Angola tax regime and associated tax liabilities, Human Resources and other personnel related laws and regulations, including nationalisation and local content requirements, and modern slavery laws (local and international).</p>
	Reporting and material misstatement	<p>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.</p> <p>The Group’s 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 standards and procedures which are reviewed and approved by the Chief Financial Officer (CFO).</p> <p>The Group conducts quarterly reporting of any identified control deficiencies and remediation actions. This is monitored and reviewed by the CFO and reported to the Audit and Risk Committee.</p> <p>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.</p>
	Climate change and the energy transition	<p>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 regions and markets outside of Angola, could have adverse impacts on the business. This includes access to and realization of competitive opportunities in any of the Group’s strategic focus areas, a decline in demand for, or constraints on the Group’s 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.</p> <p>Changes in investor preferences and sentiment could affect the Group’s access to funding, including the Group’s attractiveness to potential investors, potentially resulting in reduced access to financing, increased financing costs and impacts upon business plans and financial performance. For further information, see the Climate-related Financial Disclosures (CFD) and the Sustainability Report on the website: www.azule-energy.com.</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Non-financial and sustainability information statement

This section of the Strategic Report constitutes the Group's 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.

Climate-related Financial Disclosures (CFD)

Background

Climate-related financial disclosures are intended to increase investor confidence, transparency, and accountability regarding the environmental impact of the Group's 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. This sets out the disclosures for the Group and encompasses all its subsidiary undertakings.

Governance and Strategy

The Group is an incorporated joint venture between BPEOC and EIBV and committed to delivering sustainable energy, services and products. The Group has established a strategic business plan that prioritises its sustainability goals, incorporating activity with the plan that aims to achieve these goals.

- The Board of Directors 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 of Directors reviews principal risks quarterly, receives updates from its committees and 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 of Directors on the effectiveness of the Group's HSE and ESG programs and ensures that the Group's internal control system is defined and implemented effectively to manage HSE and operating risks, including environmental or carbon-related hazards.
- The SEEAC oversees the Group's environmental performance for both operated and non-operated assets and has input into metrics and targets used to measure environmental performance.
- The Audit and Risk Committee (ARC) oversee and review all financial disclosures, including CFD within the financial statements, and makes recommendations to the Board of Directors about their adoption and publication.
- The Nomination and Remuneration committee determines employee compensation packages and bonus structures which incorporate incentives to deliver climate-related objectives as they underpin the Group's strategy and long-term sustainable success.
- The Technical Investment (TIC) Committee reviews and makes recommendations to the Board of Directors 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 of Directors and committees meet on a quarterly cadence, as defined within the Group's System of Internal Control and Board Committees Terms of Reference.

The Group 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 ESG and sustainability policy and strategy with a corresponding communication structure to internal and external stakeholders, including investors and lenders
- Engagement of a third party to devise the Group's first ESG report for alignment to recognised international ESG benchmarks and transparency initiatives such as the Global Reporting Initiative and Sustainability Accounting Standards Board in addition to developing a response to CFD requirements
- Empowering employees to identify and own ESG initiatives within the organisation and the wider community
- Integration of internal stakeholder communications to ensure that the requirements of finance and ESG are aligned

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Governance and Strategy (continued)

The Group 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.

All risks are integrated into the Group's risk management framework as above in "How the Group manages risk and uncertainties" section. Climate-related risks reviewed by the Board of Directors are overseen by the Risk Management Team. Climate-related opportunities are being maintained by the ET&D department which continues to engage with the Risk Management Team and the relevant business leads to monitor realisation plans. The Group will continue to monitor the risks and opportunities.

Climate-related Risk Management*Risk and opportunity identification*

The Group is early in its climate journey, and this is the third-year reporting in line with CFD requirements.

In the first year of reporting, through consideration of previous risk analyses, 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 the business were identified. This longlist was developed in alignment with the Group'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 the Group'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 the Group.

As part of the identification and shortlisting process, the Group's exposure to variables was 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 third-year reporting, the longlist was reviewed and the shortlist validated.

The Group 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 and gas market and international climate agreements such as the Paris Accord and United Nations Environment Programme's Oil and Gas Methane Partnership (OGMP 2.0) were still deemed to have the potential to materially impact the Group. In 2025, the Group was awarded the "Gold Standard Pathway" on OGMP 2.0 for the second year.

Following the identification and analysis of climate-related risks and opportunities and taking into consideration current and planned mitigating actions which the Group 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.

The Group 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 and 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 Group 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 Group will continue to monitor and reassess these risks and mitigating actions to ensure climate-related risks are managed going forward.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Climate-related Risk Management (continued)

The Group intends to undertake a refresh of the CFD risk assessment process in 2026 to incorporate changes to the operations and long-term business plans.

Climate scenario analysis

A variety of sources were used to conduct the climate scenario analysis, including Network for Greening the Financial System V4.0, IEA World Energy Outlook 2023, and Intergovernmental Panel on Climate Change's Sixth Assessment Report - Model Intercomparison Project Phase 6 dataset. The shortlist of material risks and opportunities was 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 carbon dioxide (CO₂) 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. 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 Group
Medium	Risks that could have a limited impact to the Group
High	Risks that could have a material impact to the Group
Very high	Risks that could have a significant material impact to the Group

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, OGMP, International Association of Oil and Gas Producers and Oil and Gas Decarbonisation Charter (OGDC). The Group has integrated 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.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

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)	
<p>Physical Risk: Increased severity of extreme weather events (high winds, sea state, rainfall) causing damage/ disruption to direct assets/ operations</p>	<p>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)</p>	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
<p>Opportunity: Continue transition towards low-carbon liquids and gases and/or renewable energy sources</p>	<p>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)</p>	<ul style="list-style-type: none"> 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 <p>Enhanced relationship with the Angolan government/communities for contributing to their energy transition</p>	Medium increasing to very high through time horizons	Low increasing to high through time horizons	Low increasing to medium by 2050	<ul style="list-style-type: none"> Adaptation of business model to include lower-carbon products (e.g., solar, natural gas) and investment in sustainable practices Natural Gas Plant (NGC) is 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 PV plant in Namibe (This expansion will increase current renewable energy output from 25 megawatts (MW) to 50 MW) Strategic choices to divest assets with a higher emissions intensity

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

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)	
<p>Transition Risk: Increased cost of carbon due to regulatory requirements</p>	<p>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</p> <p>This could occur through any of the following carbon pricing mechanisms:</p> <p>additional/new direct and indirect carbon taxation (e.g. Carbon Border Adjustment Mechanism for imports into the EU)</p> <p>Loss/reduction of allocated free allowances under a carbon taxation scheme</p> <p>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</p> <p>Increased price of CO2 per tonne</p>	<p>Angola does not currently have a carbon tax or external carbon pricing policy mechanism that would directly impact the Group, nor is the Group captured by the requirements of the UK Emissions Trading Scheme. However, in the future impacts could include:</p> <ul style="list-style-type: none"> 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 European Union (EU)) 	High increasing to very high through time horizons	Low increasing to very high by 2050	Low for all time horizons	<p>Implementation of a robust decarbonisation strategy aligned with operational excellence. The strategy includes ongoing actions such as:</p> <p>a) Implementation of an energy management system (ISO 50001)</p> <p>b) Identification of abatement levers and development of Marginal Abatement cost curves c) Optimizing equipment such as gas turbines, water injection pumps, etc.</p> <p>d) Improvements to plant reliability and availability</p> <p>e) Execution of OGMP 2.0 implementation plan with focus on detection and measurements to inform decision making on further emission reduction strategies, including:</p> <ul style="list-style-type: none"> - Delivery of annual leak detection and repair (LDAR) program with optical gas imaging (OGI) cameras including quantification software. - Measurements of Flare Combustion efficiency - Turbines and engines combustion efficiency <p>f) Site level, top-down measurements performed with a drone</p> <p>Continued investments in natural climate solutions (e.g. reduced deforestation through distribution of improved cook stoves) to offset carbon emissions and mitigate the impact of potential carbon taxation</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

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)	
<p>Transition Risk: Changing national public policy restrictions and regulations on oil and gas operations and/or exploration, and related costs associated with complying with climate-related laws and regulations (excluding methane)</p>	<p>Implementation of restrictions/regulations (e.g., requisite decommissioning of assets, banning high-emission activities like gas flaring) that will impact the Group's operations</p> <p>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</p>	<ul style="list-style-type: none"> 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	<p>Regular analysis of new regulations to monitor impacts and ensure compliance</p> <p>Projects under development phase undergo an energy design review that considers Best Available Techniques 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)</p>
<p>Transition Risk: Fluctuation of oil and gas prices due to government regulations and/or changing customer preferences</p>	<p>The rapid contraction in market value and pricing trends of the oil and 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</p>	<p>Reduction in revenue, margins, profitability and cash flows</p> <ul style="list-style-type: none"> 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	<p>Diversification of product offerings by expanding natural gas and solar operations</p> <p>Financial price hedging instruments in place</p> <p>Long term business plans take into consideration market uncertainties</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

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)	
<p>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)</p>	<p>Increased pressure to employ solutions such as LDAR programs, infrastructure upgrades to reduce methane emissions, as well as general increasing global attention and regulation around methane reduction efforts</p>	<ul style="list-style-type: none"> 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 	<p>Very high for all time horizons</p>	<p>High increasing to very high through time horizons</p>	<p>High reducing to medium through time horizons</p>	<p>Continue driving towards achieving the Gold Level for OGMP 2.0 (currently on OGMP Gold Pathway), 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 Quantitative OGI software for methane quantification Inclusion of methane metrics within performance management, with targets to be developed based on baseline operation Incorporating methane detection and anti-leakage designs into new assets Satellite monitoring to identify high methane emitters and drive reduction Develop Monitoring, Reporting, and Verification program to comply with EU methane directive.</p>

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

Metrics and Targets

The Group 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 the progress towards the Group’s greenhouse gas reduction goals. By closely monitoring flare activity, the Group can identify potential issues with equipment or processes that contribute to unnecessary emissions. This allows for prompt corrective action and continuous improvement in the Group’s environmental performance.

The Group is undertaking a comprehensive review of the environmental metrics and targets (e.g., methane indicators). The Group is committed to ongoing monitoring and reporting on the above-mentioned metrics and recognises the importance of expanding the scope to reflect a more holistic view of its impacts to guide its future sustainability efforts. During 2025, the GHG emissions performance equity basis was as follows:

Equity emissions

GHG equity emissions 2025 vs 2024 (MtCO₂e)	GHG Intensity 2025 vs 2024 (tCO₂e/kBoe)
2.4* vs 2.2	30.5 vs 28.8

*Of which 28% from operated blocks.

Operated assets gross emissions

GHG gross emissions in 2025 vs 2024 (MtCO₂e)	GHG intensity emissions in 2025 vs 2024 (tCO₂e/kBoe)
2.2 vs 2.1	32.0 vs 25.1

Flare volumes

Flare volumes in 2025 vs 2024 (MMSCF/d)
37.0 vs 33.3

The metrics mentioned are used as the core metrics to monitor progress against the emissions and flaring reduction targets (2019 baseline vs 2030 targets). For methane, which also relates to flare reduction, the Group follows the OGMP 2.0 framework and has planned third-party validation in 2026, which further supports governance and verification of progress. Short-term, year-to-year variability can occur due to operational disruptions, maintenance campaigns, and temporary gas-handling constraints. However, the Group has specific operational actions in place to reduce flaring levels and achieve 2030 targets.

These KPIs support the management of climate-related risks and opportunities by enabling performance tracking and decision-making on operational improvements (e.g., identifying flare drivers linked to equipment/process issues and prioritising mitigation actions).

KPIs are quantified using methodology for upstream activities and source categories (e.g., stationary combustion, flaring, and fugitive emissions). Equity emissions are calculated using the equity share approach. Emissions are collected from non-operated assets and allocated equity for each one. Flaring volumes are calculated from flare flow data (metering) and consolidated through the emissions inventory process. For methane emissions, the Group used OGMP2.0 framework.

Emission-generating activities occur predominantly outside the UK and therefore are not covered by Streamlined Energy and Carbon Reporting requirements.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Metrics and Targets (continued)

The Group is a member of the OGMP 2.0 and signatory of the OGDC. The Group submitted its first OGMP 2.0 report in 2024 and has achieved the Gold Standard Pathway, which it has maintained for the second consecutive year. The Group developed a Decarbonisation Strategy in 2022, in which several ambitious Scope 1 emissions targets were set for the Group and its value chain.

- Reduce absolute GHG gross operated emissions by 40% by 2030 on a 2019 baseline (2.7 MtCO₂e) (The Group's 40% absolute reduction target is set on gross operated emissions and is currently defined for Scope 1 (2019 baseline, delivery by 2030). At current stage, there are no scope 2 emissions on the Group's operational sites.)
- Reduce total flare by up to 75% by 2030 on a 2019; baseline (21425 MMSCF)
- Achieve Zero routine flare as per current policy (As per the Group's internal flare classification procedure aligned with World Bank GGFR definitions, the Group does not have routine flare.)
- 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 MtCO₂e)
- Implement strategies to lower maritime, land, and air transportation emissions throughout the operations (The Group has not yet defined a specific, standalone target timeframe (with milestones) for these emissions. However, the current expectation is to align the logistics emissions reduction trajectory with our broader 2030 decarbonization horizon.)

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

As of December 31, 2025, approximately 19% reduction in GHG emissions has been achieved (excluding 2025 Agogo emissions), with continued progress focusing on maintaining plant reliability. Currently, the Group's production facilities do not include Scope 2 GHG emissions, since they generate their own electricity.

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 regarding 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. The Directors believe a diverse and inclusive workforce is fundamental to the success of the Group's operations, supporting business capabilities and increasing employee engagement and is reflected in policies and procedures. As such, Directors ensured an effective transition plan be put in place, including the implementation of a cultural transformation program 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. The Group raises awareness through targeted training for relevant personnel and providing safe, confidential channels for reporting concerns without fear of retaliation. In addition, the Group is committed to diversity, equity and inclusion and creating an open, diverse and inclusive organization. The Directors continue to support promoting equal opportunities in all areas of employment and committed to providing a working environment free from harassment and bullying and ensuring all employees are treated, and treat others, with dignity and respect.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Business relationships with suppliers, customers, and others

During the year, the Directors of the Group continued to focus on engaging 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. The Group expects and encourages contractors, suppliers and other business partners to adhere to the same internationally recognized human rights standards. The Group applies a risk-based approach that integrates human rights and modern slavery considerations into procurement, contractor management, and onboarding, with proportionate due diligence, contractual prohibitions on forced labour, and ongoing monitoring focused on higher-risk areas to ensure proactive intervention. Furthermore, the Group continued to adopt 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. 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 also conducted stages 1 and 2 of the International Organization for Standardization's ("ISO") 14001 Certification. Stage 1 was mainly document review and was conducted in August 2025. Stage 2 was conducted in November 2025 and included visits to operational sites, interviews with key personnel and document review. Additionally, an ISO 50001 gap assessment was conducted, and an action plan is being developed to address gaps identified during the assessment, and certification of the audit is expected to take place in 2027.

The Group is committed to promoting sustainable development by means of implementing social sustainability projects across the country. As part of the Group's commitment to support the promotion of the sustainable development of the country and its communities, the Group has a comprehensive social agenda with social projects aligned with the Angolan government's strategy and medium-term priorities for development, covering multiple focus areas such as access to water and sanitation, health, education, economic diversification, access to solar energy and environmental protection. With a pioneer integrated approach, the Group can support several social projects in multiple focus areas in parallel, thereby maximizing the impact on communities.

The Group is also committed to promote ESG and sustainability and continuing to build on ESG initiatives and goals. The Group's operational objectives are aligned with climate-related risk reduction and climate change resilience planning and risks, and opportunity identification is included as part of nonfinancial reporting. The Group's focus on sustainability is well integrated into its culture and strategy, with clear ambitions and targets. The Group has a robust decarbonization plan in place focused on environmentally responsible operations, including a commitment to reduce environmental footprint by decreasing absolute Scope 1 GHG emissions by 40% by 2030 (compared to 2019 levels).

With a vision of sustainability, innovation, and growth and by investing in the oil and gas sector in combination with decarbonisation technologies and renewable energy supply, the Group aims to create a more resilient and reliable energy system for Angola and the wider region.

Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

Reputation for high standards of business conduct

The Group is committed to business integrity, transparency, high ethical values, and professionalism in all its business dealings and relationships, wherever it operates. Strong shareholder oversight is achieved through several Board committees, which include representatives of both entities. The Group established the following committees: (i) ARC, (ii) SEEAC, (iii) TIC and (iv) Nomination and Remuneration Committee.

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's Code of Conduct.

A series of policies to outline the behaviour it expects of employees, suppliers, customers, contractors, etc were implemented by the Group. The Group is committed to complying with all applicable legal requirements, to upholding the highest ethical standards and to always acting with complete integrity. The Group has internal policies and procedures, including, but not limited to the Code of Conduct, Conflict of Interest Policy, Anti-Bribery and Corruption, Anti-Money Laundering and Tax Evasion Policy, Human Rights and Modern Slavery Policy, Counterparty Due Diligence Policy, Concerns and Investigations Management Policy, Insider Trading Policy, International Trade Regulations Policy, Competition Law and Antitrust Policy and several in-house mandatory compliance trainings, as well as contractual arrangements in place with agents and joint venture partners which seek to prevent them from engaging in illegal or unethical activities.

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 BPEOC and EIBV 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.

Azule Energy Holdings Limited

Strategic Report (continued)

For the year ended 31 December 2025

The Group's principal decisions

The Board of Directors 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 considered 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 Group and interests of the members of the Group.
Internal audit plan and highest priority risk.	The Directors considered the major risks facing the Group 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.
Block 15 PSA Amendment	The Directors considered the merits of amending the Block 15 PSA, establishing improved commercial PSA terms for the life extension of Block 15 facilities and the recovery of additional economic reserves.
Block 17 Dalia life extension project	The Directors were presented with a proposal to invest to execute the Dalia life extension project which aims to extend the technical design life of Dalia FPSO and associated facilities for an additional 19 years.
Block 31 Greater PAJ FID And Commercial Framework	The Directors was presented with a proposal to grant a contingent FID on the Greater PAJ project and phase 1 was approved.
Block 14/23 (ZIC) acquisition of 19% interest from Etu	The Directors approved an entry into a binding sales and purchase agreement with ETU Energias for the acquisition of total interest in Block 14/23 – increasing the Group's interest in the block from 20% to 39%.
Block 14 and Block 14k	The Directors approved the divestment of Azule non-operated shares in both Block 14 and 14k, 20% and 10% respectively.
Executive officers	During the course of 2025, the Directors considered and approved new appointments to the offices of CEO and CFO of the Azule Group, based on the candidates' relevant experience, skills and suitability.
Simplification of governance over international subsidiaries	The Directors unanimously approved the redomicile of its international operating subsidiaries to the United Kingdom for tax reporting purposes to improve governance.
Adoption of Statement of Modern Slavery	The Directors unanimously approved the adoption of the Modern Slavery and Human Trafficking Statement 2023.

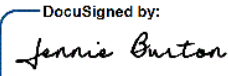
Azule Energy Holdings Limited**Strategic Report (continued)****For the year ended 31 December 2025**

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's management, the leadership team, the Board of Directors, 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 Officer and Board of Directors 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 5 May 2026 and signed on its behalf by:

DocuSigned by:

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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 2025

The Directors present their annual report and the audited financial statements of Azule Energy Holdings Limited ("the Company" or "the Parent Company" (AEHL) and its subsidiary undertakings ("the Group")) for the year ended 31 December 2025.

Directors

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

	Appointed	Resigned
L Vignati	1 March 2022	-
G Birrell	1 August 2022	-
G Brusco	1 August 2022	-
G Groppi	1 August 2022	-
A Davies	20 November 2025	-
J Burton	1 August 2022	-
F Rinaldi	1 August 2022	-
A Forsyth	2 March 2026	-
TA Pennington	19 October 2023	4 February 2026
J R Murphy	1 August 2022	10 October 2025

Results and dividends

The results for the period are set out on page 48. Interim dividends were paid of \$873 million (2024: \$925 million). Dividend per share is \$873 (2024: \$925). 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 market risk (commodity price, foreign currency exchange and interest risk), credit risk and liquidity risk. See Note 30.

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.

Azule Energy Holdings Limited**Directors' Report (continued)
For the year ended 31 December 2025**

Stakeholder statements

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

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

Government/Regulators

The Group is committed to maintaining a stable and constructive relationship with the governments of the countries in which it operates and the existing regulatory and tax authorities. The Group has frequent communications, through formal and informal channels and at multiple levels, with host governments. These communications aim to ensure (i) that the Group is aligned with host governments on key operational, financial and regulatory matters including the interpretation and application of existing arrangements and legislative and regulatory instruments and (ii) that the Group is able to have an open and constructive dialogue in the event of any disagreements.

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, policies etc., to promote long term success of the Group for the shareholders.

Lenders

The Group recognises the need to create valued relationships with its lenders. The Group ensures to meet its obligations as they come due and comply with financing commitments. The Group complied with all covenant requirements during the year and there were no breaches.

Joint venture partners

The Group recognises the need to create valued relationships with its joint venture partners.

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 or delegates, especially when more technical inputs are required) engage with local communities through public consultations and meetings with local representatives and complete impact assessments where relevant. The Directors also consult with non-governmental organizations, academics, and industry associations, drawing on their external expertise; The Board of Directors gets updated on the environmental impact of the Group's business operations. The information received supports effective decision making by the Board of Directors when considering the long-term consequences on the environment and local communities.

Employees

The Group recognises the need to look after the wellbeing of all its employees. The Group 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 workforce, the Group 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, and 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 Energy Holdings Limited**Directors' Report (continued)
For the year ended 31 December 2025**

Stakeholder statements (continued)

The Group carefully monitors the working environment and conducts an Annual Employee Satisfaction Survey which informs further initiatives and actions.

Suppliers

The Group maintains policies to ensure fair treatment of its current and potential suppliers. This gets updated on renewals and negotiations for existing and/or new supplier agreements. The information received supports effective decision making by the Board of Directors when considering the long-term consequences on relationships with suppliers.

Independent auditor

BDO LLP was reappointed during the year and will continue in office as permitted by Section 487 of the Companies Act 2006.

Going concern

The consolidated financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern assumptions, management considered at least a 12-month period from the date of approval of the consolidated financial statements and beyond until December 2027. Management has considered current economic and geopolitical environment and covenant compliance requirements by performing various sensitivity analyses over the Group's most recent financial projections. In assessing going concern, the Directors have reviewed the forecasts to the end of December 2027.

The Group's credit profile is supported by multiple key factors including a sizeable portfolio of offshore producing assets with reserves base diversified over several blocks, a key project, Agogo, online in August 2025, 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. The Group has high quality assets in Angola including non-operating interest of 27.2% in ALNG, an LNG 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 will 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 the Group's good profitability and strong cash margins leading to high operating cash flows in 2025 and 2024 (\$3.342 million and \$4,010 million, respectively).

As part of risk management, 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 notes the following items:

- a) The Group successfully completed its second bond issuance on 14 January 2026 for an aggregate principal amount of \$1,500 million. The issuance is comprised of two tranches: \$850 million with an 8.25% per annum coupon rate maturing in 2031 and \$650 million with an 8.625% per annum coupon rate maturing in 2033. The Group's first bond issuance, which paved the way for the second, was successfully completed in January 2025 for \$1,200 million of 5- year bonds at a coupon rate of 8.125% per annum.
- b) The Group benefits from an RCF held for liquidity purposes, which in the current period has increased to \$600 million. As at 31 December 2025, \$170 million of the RCF had been drawn down. Subsequent to 2025, the Group repaid \$120 million of the RCF on 26 January 2026. The Group repaid the remaining \$50 million of the RCF on 30 March 2026.
- c) The Group has executed a combination of a factoring agreement and discounting of letter of credits to provide further low-cost options for working capital management.
- d) Detailed cash forecasting techniques are utilized to ensure the Group is adequately funded considering performance, investment, and dividend plans.

As at 31 December 2025, the Group had net current liabilities of \$1,064 million (December 2024: \$401 million) and positive net assets amounting to \$13,080 million (December 2024: \$13,497 million). The increase in net current liabilities is attributable to PXF borrowings and lease payments becoming due within one year. As well as operational cash inflows, the Group plans to utilize the points listed in A to D above to manage short-term cashflows.

Azule Energy Holdings Limited**Directors' Report (continued)
For the year ended 31 December 2025**

Going concern (continued)

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. Further scenario analysis was performed over dividend receipts and payments. The sensitivity analyses performed incorporate potential further volatility, ensuring the assessment reflects the current market environment and associated risks. Sensitivities were performed on \$55 Brent price, -20% production and +30% operating expenses. There was a positive headroom in all the scenarios tested.

Management has considered the impact of the military conflict involving the United States of America, Israel and Iran, and does not expect any material operational disruptions or adverse financial impacts which could affect the Group's ability to continue as a going concern.

The going concern assessment confirmed that the Group and Parent Company have 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 the consolidated financial statements.

Events after the reporting date

On 14 January 2026, the Group issued unsecured notes for an aggregate principal amount of \$1,500 million comprising of two tranches: tranche one of \$850 million with a term of five years and a coupon of 8.25% per annum and tranche two of \$650 million with a term of seven years and a coupon of 8.625% per annum.

On 26 January 2026, the Group repaid \$120 million of the RCF. The Group repaid the remaining \$50 million of the RCF on 30 March 2026.

On 13 February 2026, the Group confirmed an oil discovery in the Algaita-01 exploration well. The well encountered oil-bearing sandstones in multiple Upper Miocene intervals, characterized by excellent petrophysical properties. A comprehensive data acquisition campaign, including fluid sampling, confirmed the quality of the reservoir and the fluid characteristics. The presence of existing nearby development infrastructure further enhances the potential value of the discovery and improves its development prospects.

On 18 February 2026, the Group announced the successful achievement of Ndungu full field start-up with the first oil of three production wells. The Ndungu full field comprises seven production wells and four injection wells, with an expected production peak of 60,000 barrels of oil per day.

On 28 February 2026, a military conflict began between the United States of America, Israel, and Iran. This conflict has led to significant volatility in global oil prices, disruptions in Middle East supply routes including the closure of the Strait of Hormuz and broader macroeconomic and geopolitical uncertainty. Despite these developments, the Group does not expect any material operational disruptions or adverse financial impacts.

On 16 March 2026, the Group confirmed the successful start-up of gas delivery from the NGC Quiluma field. Initial production is expected to be 150 MMSCF/d and will ramp up to 330 MMSCF/d by the end of 2026.

On 27 March 2026, a new SPA was signed with a new buyer in relation to the sale of Blocks 14 and 14k, replacing and terminating the earlier SPA dated 11 December 2025.

On 20 April 2026, gas export from NGC to ALNG has commenced and NGC export valve was opened, officially marking the beginning of commercial gas sales for NGC.

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.

Azule Energy Holdings Limited

Directors' Report (continued)
For the year ended 31 December 2025

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

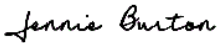
The Directors who were members of the board at the time of approving the Directors' Report are listed on Page 1. Having made enquiries of fellow Directors and of the Group and the Company auditor, each of the Directors confirms that:

- 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 5 May 2026 and signed on its behalf by:

DocuSigned by:



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J Burton
Director

125 Old Broad Street
London
England
EC2N 1AR

Azule Energy Holdings Limited**Directors' Responsibilities Statement
For the year ended 31 December 2025**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

The Directors are required by the Companies Act 2006 to prepare financial statements for each financial year that give a true and fair view of the financial position of the group and the parent company and the financial performance and cash flows of the group and parent company for that period. Under that law, the Directors are required to prepare the consolidated financial statements in accordance with UK-adopted international accounting standards ("IFRSs"), and the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard (FRS) 101: Reduced Disclosure Framework.

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, FRS 101: Reduced Disclosure Framework, is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and the parent 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 Parent 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 and 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.

- 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

Independent auditor's report to the members of Azule Energy Holdings Limited

Report on the audit of the financial statements

Opinion

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 2025 and of the Group's profit and the Group's cash flows 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 2025, which comprise the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and notes 1 to 35 including the material accounting policy information, together with the Parent Company's statement of financial position, Parent Company's statement of changes in equity, and notes 1 to 35 to the Parent Company financial statements.

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 remain 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 as applied to listed entities, 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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Using our understanding of the Group and the industry in which it operates to identify the inherent risks impacting its ability to continue operations through the going concern period. We consider the risks most impactful on the Group's and Parent Company's liquidity position and ability to continue as a going concern to be oil and gas prices, capital commitments, debt repayments and drawdowns, dividends declared to shareholders and dividends received from the associate Angola LNG Limited.

Independent Auditor’s Report to the Members of Azule Energy Holdings Limited (continued)

Conclusions relating to going concern (continued)

- Obtaining and reviewing the Directors’ base case cash flow forecast, evaluating the assumptions in respect of oil prices, production, operating costs, and capital expenditure. In doing so, we:
 - i) Considered historical performance and trading to date in 2026, as well as consensus external market data forecasts;
 - ii) Performed a review and recalculation of forecast covenants;
 - iii) Verified the integrity of the mechanics of the cash flow forecast model prepared by management and approved by the Directors;
 - iv) Obtained and critically assessed the downside scenarios prepared by management, which included the modelling of production disruptions, downturns in prevailing oil prices, increases in operating costs, as well as reasonably plausible scenarios combining those downsides. As part of this, we reviewed any appropriate mitigating actions and confirmed that liquidity and covenant compliance are maintained under such scenarios.
 - v) Corroborated subsequent dividends declared post year-end.
- Assessing the adequacy of the going concern disclosures in Note 2 based on our audit work performed as detailed above.

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’s and the 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group’s and the Parent Company’s ability to continue as a going concern.

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

Overview

Key audit matters	2025
	<p>Assessment of impairment indicators and impairments accounted for, with respect to the Group’s oil and gas producing cash generating units (“CGU”) and impairment test for goodwill</p> <p style="text-align: center;">✓</p> <p>2025 is the first year in which the independent auditor’s report has included reporting of Key Audit Matters, as such the Key Audit Matter reported above was not reported in 2024.</p>
Materiality	<p><i>Group financial statements as a whole</i></p> <p>\$157 million based on 5% of adjusted profit before tax*.</p> <p><i>*Adjusted profit before tax is Profit before tax, depletion, depreciation, amortisation, impairment and over / under lifting.</i></p>

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group’s system of internal control. We identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Independent Auditor’s Report to the Members of Azule Energy Holdings Limited (continued)

Components in scope

Azule Energy Holdings Limited is the ultimate parent company of an energy group comprising sixteen business units, including ten consolidated operating entities, five associates, and one joint venture. The Group’s components are organised primarily by operational activity, with producing oil and gas assets, exploration and development interests, and a financing and treasury function managed through separate business units.

The control environment varies across the Group reflecting differences in the size, complexity and nature of operations of individual components. While significant operating entities maintain local finance functions, other entities rely more heavily on Group-level controls and oversight. This variability was taken into account in determining the Group audit strategy and the allocation of audit effort across components.

As part of performing our Group audit, we have determined the components in scope as follows:

	2025
Audit procedures on entire financial information of the component	8
Specific audit procedures	2
	10

The business units vary in nature, scale, and complexity, and these differences were considered in determining the Group audit scope. For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component
- specific audit procedures

We performed procedures to respond to group risks of material misstatement at the component level that included the following:

Component	Entity	Group Audit Scope
1	Azule Energy Holdings Ltd	Full scope audit and procedures on the entire financial information of the component
2	Azule Energy Angola S.p.A	
3	Azule Energy Exploration (Angola) Limited	
4	Azule Energy Angola B.V	
5	Azule Energy Angola Production B.V	
6	Azule Energy Angola (Block 18) B.V	
7	Azule Energy Exploration Angola (KB) Limited	
8	Azule Energy Limited	
9	Azule Energy Finance plc	Specific audit procedures
10	Angola LNG Limited	

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the group’s activities and business lines within the group. We therefore designed and performed procedures centrally.

The group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Independent Auditor's Report to the Members of Azule Energy Holdings Limited (continued)

Disaggregation

The financial information relating to amounts and disclosures throughout the financial statements is highly disaggregated across the Group. We performed procedures at the component level in relation to these risks in order to obtain comfort over the residual population of the Group's balances.

Locations

The Group's operations are spread over a number of different geographical locations. We visited three out of a total of four. Our teams conducted procedures in the Group's locations in Angola, Hungary, and United Kingdom.

Working with other auditors

As the Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included the component auditor of Angola LNG Limited, who formed part of the Group engagement team. As the Group auditor we are solely responsible for expressing an opinion on the financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the group audit relevant to the components based on our assessment of the group risks of material misstatement. We issued our group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, reviewing component auditor documentation in person and remotely, and evaluating the appropriateness of the audit procedures performed and the results thereof.

How Climate change affected the scope of our audit

The Group has determined that the most significant future impact from climate change on its operations will be from changes in national public policy, particularly restrictions and regulations related to methane emissions, as well as volatility in oil and gas prices driven by government regulation and evolving customer preferences.

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board, Safety, Environmental and Ethics Committee, and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment set out in the Group's climate-related financial disclosures may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates, such as the recoverable amount of property, plant and equipment.

The management disclosures on page 18 to 28 form part of the strategic report. Our responsibilities in relation to these disclosures are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

Independent Auditor’s Report to the Members of Azule Energy Holdings Limited (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit responded to the risk
<p>Assessment of impairment indicators and impairments accounted for, with respect to the Group’s oil and gas producing cash generating units (“CGU”) and impairment test for goodwill</p> <p><i>Refer to Note 2 (Material accounting policies), Note 3 (Critical accounting judgements and key sources of estimation uncertainty), Note 12 (Property, plant, and equipment – Group) and Note 10 (Goodwill - Group)</i></p>	<p>An impairment of \$342 million has been recorded in relation to the oil and gas properties as at 31 December 2025.</p> <p>As described in Note 3 – “<i>Critical accounting estimates and judgements</i>”, management reviewed the oil and gas properties for indicators of impairment. As part of their assessment of impairment indicators, management considered oil price outlook, cost of capital, changes in reserve volumes, and any changes in operating environment that might adversely impact operating costs or capital expenditure estimates.</p> <p>As set out in Note 12, management identified the downward revision of forecast oil price as an indicator of impairment for three CGUs. The impairment tests performed for these CGUs resulted in the impairment charge of \$342 million.</p> <p>As set out in Note 10, goodwill is allocated to a single group of CGUs. Carrying value of goodwill is \$2,402 million and management’s impairment testing noted headroom of recoverable amount over carrying amount of \$394 million.</p> <p>The assessment of the recoverable value of oil and gas properties involves significant management judgement and estimation, particularly in relation to forecast oil prices, reserve volumes, operating and capital expenditures, and discount rates. Forecast oil prices are inherently uncertain due to volatility in global markets, and the resulting cash-flow estimates are highly sensitive to changes in these assumptions.</p>	<p>As part of our audit procedures, we:</p> <ul style="list-style-type: none"> • Independently validated management’s, Brent oil price assumptions by developing a benchmark curve based on third-party forecasts from three reputable independent oil and gas consultants to address the significant judgement involved in forecasting long-term oil prices; • Analysed the Competent Person’s Report (“CPR”) to support the reserves estimates, and assessed independence, objectivity and competence of management’s expert; • Challenged the reasonableness of key assumptions underlying the impairment models through discussions with both operational management and management’s expert; • Evaluated the reasonableness of significant assumptions used in the impairment models, including oil price forecasts, production volumes and capital and operating expenditure estimates, by benchmarking these against market data, actual performance, management’s business plans and the Competent Person’s Report; • Evaluated the reasonableness of the discount rate used in the impairment assessment with the assistance of BDO valuation experts, by benchmarking it against the Group’s weighted average cost of capital and market data; • Assessed integrity of management’s impairment model by involving the BDO modelling team, who verified mathematical accuracy of the models; • Evaluated, where relevant, how climate-related considerations were reflected in key assumptions underpinning management’s impairment model. • Assessed whether management’s identification of CGUs and the allocation of goodwill to a single group of CGUs were consistent with accounting standard requirements and the level at which goodwill is monitored by management.

Independent Auditor’s Report to the Members of Azule Energy Holdings Limited (continued)

Key audit matter		How the scope of our audit responded to the risk
<p>Estimates of oil and gas reserves and related production profiles involve significant technical and commercial judgement and are inherently uncertain due to reliance on geological, engineering and reservoir performance data. Forecast operating and capital expenditures are judgemental, as they are based on long-term business plans and assumptions over the life of the oil and gas assets.</p> <p>The impairment assessment is sensitive to changes in the discount rate, which is derived from the Group’s weighted average cost of capital (WACC) and reflects current market assessments of the time value of money and Group specific risks.</p> <p>Given the materiality of potential impairment charges and the degree of judgement involved in estimating future cash flows and key inputs, the impairment assessment represents a significant risk of material misstatement and therefore required heightened audit attention, resulting in its identification as a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Tested the carrying value of the group of CGUs to which goodwill has been allocated by reconciling underlying balances of the carrying value to the financial statements. • Assessed the recoverable amount of the group of CGUs to which goodwill has been allocated by leveraging the procedures performed at individual CGU level as noted above and evaluated the value-in-use calculations applied in determining whether the carrying value, including goodwill, was recoverable. • Reviewed management’s sensitivity analysis and performed our own stress testing over key assumptions, including oil prices, WACC, production and operating expenditures, to assess the extent to which the recoverable amount of each CGU changes, evaluate the resilience of management’s impairment conclusions, and consider whether the related disclosures appropriately explain sensitised scenarios for CGUs and Goodwill. <p>Key observations:</p> <p>Based on the procedures performed, we have not identified any issues relating to the appropriateness of the key judgements and estimates applied by management in their impairment model, and the reasonableness of the impairment charge recognised for oil and gas assets and the headroom from goodwill impairment testing.</p>	

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements 2025 \$ million	Parent company financial statements 2025 \$ million
Materiality	157	141

Independent Auditor’s Report to the Members of Azule Energy Holdings Limited (continued)

	Group financial statements 2025 \$ million	Parent company financial statements 2025 \$ million
Basis for determining materiality	5% of adjusted profit before tax (profit before tax, depletion, depreciation, amortisation, impairment and over / under lifting).	1% of total assets capped at 90% of the group materiality.
Rationale for the benchmark applied	The audit team considered the focus of the users of the financial statements and the volatility of those potential metrics. We believe that adjusted profit before tax is closely aligned to Key Performance Indicators used by both the Group and other users of the financial statements. It is also a benchmark that is used widely by other auditors of similar oil and gas companies.	The parent company is not a revenue or profit generating entity and its activities stem from the intercompany assets and investments held. As such, total assets are deemed the most appropriate benchmark for determining stand-alone materiality.
Performance materiality	98	88
Basis for determining performance materiality	62.5% of materiality	62.5% of materiality
Rationale for the percentage applied for performance materiality	We considered the size and complexity of operations, aggregation effect of planned nature of testing, brought forward misstatements from prior years, management’s attitude to correcting errors and financial statement areas subject to estimation.	We considered the size and complexity of operations, aggregation effect of planned nature of testing, brought forward misstatements from prior years, management’s attitude to correcting errors and financial statement areas subject to estimation.

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of between 3% and 95% of Group performance materiality dependent on a number of factors including our assessment of the risk of material misstatement of those components. Component performance materiality ranged from \$3 million to \$93million.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of \$6 million. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor’s Report to the Members of Azule Energy Holdings Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report 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

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<p>Strategic report and Directors’ report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • 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. <p>In light of the knowledge and understanding of the Group and 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.</p>
<p>Matters on which we are required to report by exception</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 Directors’ responsibilities statement, 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.

Independent Auditor's Report to the Members of Azule Energy Holdings Limited (continued)

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.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

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, those charged with governance and legal counsel, and;
- 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, the Companies Act 2006 and the key legislation governing the oil and gas sector, which includes the Petroleum Activities Law of Angola 2004 and the Law on Taxation of Petroleum Activities in Angola, enacted in 2004.

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 bribery act, employment legislation, health and safety and data protection legislation.

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;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Obtain and review of legal confirmations from external legal counsel to confirm the status of outstanding legal cases;
- Review of internal group-wide whistleblowing reports;
- Involvement of tax specialists in the audit; and
- 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 the 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 meeting of those charged with governance for any known or suspected instances of fraud;

Independent Auditor's Report to the Members of Azule Energy Holdings Limited (continued)

Fraud (continued)

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Review of whistleblowing reports; and
- 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 area's most susceptible to fraud to be management override of controls via postings of inappropriate journal entries, management bias regarding key accounting estimates and judgements, and revenue not been recognised in the correct accounting period (revenue cut-off).

Our procedures in respect of the above included:

- Obtaining an understanding of the design and implementation of relevant controls surrounding the financial reporting process such as controls over the posting of journals and consolidation process and obtained understanding of the segregation of duties in these processes;
- Testing the completeness and accuracy of data received from the entity;
- Critically reviewing the consolidation and obtaining evidence of the validity of significant manual or late journals posted at the consolidation level;
- Tested the appropriateness of journal entries made throughout the year which met specific risk-based criteria to supporting documentation;
- Testing a sample of journal entries that did not meet the above-mentioned risk-based criteria in order to confirm the appropriateness of the audit team's risk assessment over journal entries;
- Reviewing unadjusted audit differences for indicators of bias or deliberate misstatement;
- Enquiring of individuals involved in the financial reporting process, as well as operating personnel not directly involved in the financial reporting process, about their knowledge of any inappropriate or unusual activity that may be indicative of an override of controls;
- Challenging assumptions, estimates and judgements made by management in areas involving significant estimates and judgements;
- Performing procedures around revenue recognition and cut-off by testing pre and post year end transactions, comparing the accrued revenue with the subsequent actual receipts;
- Agreeing post year credit notes to supporting documentation and obtaining third party confirmations of revenue transactions recognised in the period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component auditors, 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. For component auditors, we also reviewed the result of their work performed in this regard.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Azule Energy Holdings Limited (continued)

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

5 May 2026

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 2025

	Notes	2025 \$'000	Restated 2024 \$'000
Revenue	4	3,687,656	4,881,864
Cost of Sales:			
Production costs		(897,104)	(1,255,556)
Depletion, depreciation and amortization on property, plant, and equipment and right-of-use assets	12, 13	(2,317,586)	(2,404,130)
Gross profit		472,966	1,222,178
Impairment of property, plant and equipment	12	(342,033)	-
Other intangible assets write-off	11	(20,663)	-
Impairment of other intangible assets	11	(2,153)	-
Other operating income	5	738,681	577,899
Exploration costs		(9,290)	(16,924)
Administration costs		(77,270)	(88,084)
Share of post-tax profits of equity accounted associates and joint ventures	15	326,917	224,788
Operating profit		1,087,154	1,919,857
Finance income	8	167,658	53,468
Finance costs	8	(601,817)	(528,899)
Profit before taxation		652,995	1,444,426
Corporation tax	9	(202,909)	(375,979)
Profit for the year		450,086	1,068,447
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss:			
Re-measurements on the defined benefit plans	25	6,192	218
Items that will or may be reclassified subsequently to profit and loss:			
Cash flow hedge		-	(48,792)
Foreign currency translation		(227)	41
Other comprehensive income (loss) for the year		5,965	(48,533)
Total comprehensive income for the year		456,051	1,019,914

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance and pre-lease costs. See Note 34 for further details.

The above results were derived from continuing operations. The notes on pages 55 to 110 form an integral part of these financial statements.

Azule Energy Holdings Limited
Registered number: 13947643

Consolidated Statement of Financial Position
As at 31 December 2025

	Notes	2025 \$'000	Restated 2024 \$'000	Restated 1 Jan 2024 \$'000
Assets				
Non-current assets				
Goodwill	10	2,402,396	2,420,560	2,420,560
Intangible assets	11	952,305	679,690	437,217
Property, plant, and equipment including right of use assets	12, 13	16,682,048	13,951,200	14,193,097
Contract costs	14	33,489	-	-
Investments in associates and joint ventures	15	3,349,405	3,436,036	3,589,462
Taxation receivables		63,596	50,244	60,657
Deferred tax assets	9	156,627	222,515	228,638
Trade and other receivables	17	1,893,237	2,494,323	2,326,933
Derivative financial assets		-	-	10,407
Total non-current assets		25,533,103	23,254,568	23,266,971
Current assets				
Inventories	16	638,375	690,776	597,423
Trade and other receivables	17	2,455,811	2,634,363	2,079,450
Taxation receivables		15,872	694	24,933
Derivative financial assets		-	-	38,545
Short-term financial assets		-	-	10,000
Cash and cash equivalents	19	595,567	503,650	603,749
		3,705,625	3,829,483	3,354,100
Assets held for sale	18	283,922	-	-
Total current assets		3,989,547	3,829,483	3,354,100
Total assets		29,522,650	27,084,051	26,621,071

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance and pre-lease costs. See Note 34 for further details.

The Notes on pages 55 to 110 form an integral part of these financial statement

Azule Energy Holdings Limited
Registered number: 13947643

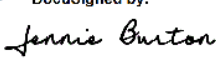
Consolidated Statement of Financial Position (continued)
As at 31 December 2025

	Notes	2025 \$'000	Restated 2024 \$'000	Restated 1 Jan 2024 \$'000
Equity				
Share capital	26	1,000	1,000	1,000
Share premium	26	7,921,009	7,921,009	7,921,009
Other reserves	26	1,559,498	1,559,498	1,559,498
Hedging reserve		-	-	48,792
Retained earnings	26	3,598,469	4,015,418	3,871,712
Total equity		13,079,976	13,496,925	13,402,011
Non-current liabilities				
Loans and borrowings	23	2,609,915	2,085,774	2,144,975
Lease liabilities	21	3,216,957	1,344,764	1,471,566
Provisions for liabilities and charges	24	3,084,676	3,067,422	3,201,181
Deferred tax liabilities	9	2,184,468	2,580,478	2,953,840
Deferred income	22	292,733	278,536	241,903
Total non-current liabilities		11,388,749	9,356,974	10,013,465
Current liabilities				
Trade and other payables	20	2,572,652	2,819,680	2,029,921
Lease liabilities	21	1,209,218	801,393	696,807
Loans and borrowings	23	841,255	443,001	311,224
Taxation payables		198,384	166,078	167,643
Deferred income	22	28,607	-	-
		4,850,116	4,230,152	3,205,595
Liabilities held for sale	18	203,809	-	-
Total current liabilities		5,053,925	4,230,152	3,205,595
Total liabilities		16,442,674	13,587,126	13,219,060
Total equity and liabilities		29,522,650	27,084,051	26,621,071

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance and pre-lease costs. See Note 34 for further details.

The Notes on pages 55 to 110 form an integral part of these financial statements.

The financial statements on pages 48 to 110 were approved and authorized for issue by the Board of Directors and were signed on its behalf on 5 May 2026 by:

DocuSigned by:

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J Burton
Director

Azule Energy Holdings Limited
Registered number: 13947643

Company Statement of Financial Position
As at 31 December 2025

	Notes	2025 \$'000	2024 \$'000
Non-current assets			
Investments	15	15,976,553	16,497,536
Trade and other receivables	17	-	66,449
Total non-current assets		15,976,553	16,563,985
Current assets			
Trade and other receivables	17	504,077	17,543
Cash and cash equivalents		224,487	198,690
Total current assets		728,564	216,233
Total assets		16,705,117	16,780,218
Equity			
Share capital	26	1,000	1,000
Share premium	26	7,921,009	7,921,009
Other reserves	26	1,559,498	1,559,498
Retained earnings	26	3,565,002	4,586,701
Total equity		13,046,509	14,068,208
Non-current liabilities			
Loans and borrowings	23	2,620,635	2,085,774
Total non-current liabilities		2,620,635	2,085,774
Current liabilities			
Trade and other payables	20	196,718	183,235
Loans and borrowings	23	841,255	443,001
Total current liabilities		1,037,973	626,236
Total liabilities		3,658,608	2,712,010
Total equity and liabilities		16,705,117	16,780,218

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 loss for the financial year dealt with in the financial statements of the holding company was \$149 million (2024: \$3,743 million profit).

The Notes on pages 55 to 110 form an integral part of these financial statements

The financial statements on pages 48 to 110 were approved and authorized for issue by the board of Directors and were signed on its behalf on 5 May 2026 by:

DocuSigned by:

Jennie Burton

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J Burton

Director

Azule Energy Holdings Limited
Registered number: 13947643

Consolidated Statement of Changes in Equity
For the year ended 31 December 2025

	Share capital \$'000	Share premium \$'000	Other reserves \$'000	Hedging reserves \$'000	Restated Retained earnings \$'000	Restated Total equity \$'000
Consolidated						
Originally reported opening equity at 1 January 2024	1,000	7,921,009	1,559,498	48,792	3,812,585	13,342,884
Restatement of prior period	-	-	-	-	59,127	59,127
Restated opening equity at 1 January 2024	1,000	7,921,009	1,559,498	48,792	3,871,712	13,402,011
Profit for the year	-	-	-	-	1,068,447	1,068,447
Other comprehensive income/(loss) 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	-	4,015,418	13,496,925
Profit for the year	-	-	-	-	450,086	450,086
Other comprehensive income for the year	-	-	-	-	5,965	5,965
Dividends paid	-	-	-	-	(873,000)	(873,000)
As at 31 December 2025	1,000	7,921,009	1,559,498	-	3,598,469	13,079,976

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance and pre-lease costs. See Note 34 for further details.

Details regarding the purpose of each reserve within equity are given in Note 26. The Notes on pages 55 to 110 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 2025

Company	Share capital \$'000	Share premium \$'000	Other Reserves \$'000	Hedging Reserves \$'000	Retained earnings \$'000	Total equity \$'000
As 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
Other comprehensive expense 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
Loss for the year	-	-	-	-	(148,699)	(148,699)
Dividends paid	-	-	-	-	(873,000)	(873,000)
As at 31 December 2025	1,000	7,921,009	1,559,498	-	3,565,002	13,046,509

Details regarding the purpose of each reserve within equity are given in Note 26. The Notes on pages 55 to 110 form an integral part of these financial statements.

Azule Energy Holdings Limited**Consolidated Statement of Cash Flows
For the year ended 31 December 2025**

	Notes	2025 \$'000	Restated 2024 \$'000
Cash inflow generated from operations	27	3,341,691	4,010,363
Interest received		48,559	38,671
Interest paid		(276,315)	(249,994)
Income taxes paid		(516,712)	(747,932)
Purchase of contract related assets	14	(33,489)	-
Net cash generated from operating activities		2,563,734	3,051,108
Investing activities			
Net proceeds from disposals of assets		-	28,428
Purchase of property, plant, and equipment and intangibles	11, 12	(1,893,566)	(1,558,814)
Proceeds from other financial assets		-	10,000
Deposit received for assets held for sale		12,000	-
Payments for pre-lease costs		(59,000)	(58,000)
Additions to decommissioning escrow balance	17	(73,103)	(101,832)
Proceeds from decommissioning escrow balance		75,458	-
Dividends received from associates	15	413,548	378,214
Proceeds from/(payments) for guarantees		66,449	(66,242)
Net cash used in investing activities		(1,458,214)	(1,368,246)
Financing activities			
Proceeds from borrowings	23	270,000	84,500
Repayments of borrowings	23	(543,001)	(34,500)
Proceeds from issuance of senior notes	23	1,200,000	-
Payments for fees related to loans and borrowings	23	(14,243)	(8,620)
Dividends paid to shareholders		(873,000)	(925,000)
Payment of lease liabilities	21	(1,053,633)	(897,701)
Net cash used in financing activities		(1,013,877)	(1,781,321)
Net increase/(decrease) in cash and cash equivalents		91,643	(98,459)
Cash and cash equivalents at start of year/period		503,650	603,749
Exchange gains on cash and cash equivalents		274	(1,640)
Cash and cash equivalents at end of period	19	595,567	503,650

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance and pre-lease costs. See Note 34 for further details.

The Notes on pages 55 to 110 form an integral part of these financial statements.

Azule Energy Holdings Limited

Notes to the Financial Statements For the year ended 31 December 2025

1. Company information

Azule Energy Holdings Limited (13947643; AEHL; “the Company”) 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 consolidated financial statements of AEHL and its subsidiaries (“the Group”) for the year ended 31 December 2025 were approved by the Board of Directors on 5 May 2026 and the Consolidated Statement of Financial Position was signed on the Board’s behalf by J Burton.

The nature of the Group’s operations and its principal activities are set out in the Strategic Report on page 2.

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 United States Dollars (\$; USD), and all values are rounded to the nearest thousand (\$000), unless otherwise stated.

These financial statements are prepared for a period of 12 months, beginning from 1 January 2025 to 31 December 2025.

On 1 August 2022, Eni and BP (shareholders) agreed to create a stand-alone, self-funded, incorporated 50/50 Joint Venture, called AEHL to combine and hold all their upstream oil, gas, and liquefied natural gas (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 International Financial Reporting Standards (IFRS) 3, *Business Combinations*, the Directors chose 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 Parent 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 Parent Company has taken advantage of the disclosure exemptions in the parent company financial statements.

Reduced disclosure exemptions

The following disclosure exemptions conferred by FRS 101 have been applied in the preparation of the parent 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 FRS 101
- Disclosures in relation to the objectives, policies, and processes for managing capital
- Separate lessee disclosures under IFRS 16, *Leases*
- 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*
- Related party disclosures for transactions with the parent or wholly owned members of the Group
- Disclosure of the future impact of new IFRS in issue but not yet effective at the reporting date

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

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 the Classification and Measurement of Financial Instruments – Amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*
- Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency*
- 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
 - International Accounting Standards (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. New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature as applicable and (c) a reconciliation for each line item in the statement of comprehensive income between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.

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

The Group applied the below amendments, which are effective for annual periods beginning on or after 1 January 2025. There are no new or other amended standards or interpretations adopted from 1 January 2025 onwards, that have a significant impact on the consolidated financial statements of the Group for 2025.

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates

On 15 August 2023, the IASB issued the amendments to IAS 21 to clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments became effective from 1 January 2025 and had no impact on the Group's consolidated financial statements.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and its subsidiaries made up to 31 December each year. Control is achieved when the Group:

- 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 Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group 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

The consolidated financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern assumptions, management considered at least a 12-month period from the date of approval of the consolidated financial statements and beyond until December 2027. Management has considered current economic and geopolitical environment and covenant compliance requirements by performing various sensitivity analyses over the Group's most recent financial projections. In assessing going concern, the Directors have reviewed the forecasts to the end of December 2027.

The Group's credit profile is supported by multiple key factors including a sizeable portfolio of offshore producing assets with reserves base diversified over several blocks, a key project, Agogo, online in August 2025, 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. The Group has high quality assets in Angola including non-operating interest of 27.2% in ALNG, an LNG 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 will 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 the Group's good profitability and strong cash margins leading to high operating cash flows in 2025 and 2024 (\$3.342 million and \$4,010 million, respectively).

As part of risk management, 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 notes the following items:

- a) The Group successfully completed its second bond issuance on 14 January 2026 for an aggregate principal amount of \$1,500 million. The issuance is comprised of two tranches: \$850 million with an 8.25% per annum coupon rate maturing in 2031 and \$650 million with an 8.625% per annum coupon rate maturing in 2033. The Group's first bond issuance, which paved the way for the second, was successfully completed in January 2025 for \$1,200 million of 5-year bonds at a coupon rate of 8.125% per annum.
 - b) The Group benefits from an RCF held for liquidity purposes, which in the current period has increased to \$600 million. As at 31 December 2025, \$170 million of the RCF had been drawn down. Subsequent to 2025, the Group repaid \$120 million of the RCF on 26 January 2026. The Group repaid the remaining \$50 million of the RCF on 30 March 2026.
 - c) The Group has executed a combination of a factoring agreement and discounting of letter of credits to provide further low-cost options for working capital management.
 - d) Detailed cash forecasting techniques are utilized to ensure the Group is adequately funded considering performance, investment, and dividend plans.
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Azule Energy Holdings Limited**Notes to the Financial Statements (continued)**
For the year ended 31 December 2025

Going concern (continued)

As at 31 December 2025, the Group had net current liabilities of \$1,064 million (December 2024: \$401 million) and positive net assets amounting to \$13,080 million (December 2024: \$13,497 million). The increase in net current liabilities is attributable to PXF borrowings and lease payments becoming due within one year. As well as operational cash inflows, the Group plans to utilize the points listed in A to D above to manage short-term cashflows.

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. Further scenario analysis was performed over dividend receipts and payments. The sensitivity analyses performed incorporate potential further volatility, ensuring the assessment reflects the current market environment and associated risks. Sensitivities were performed on \$55 Brent price, -20% production and +30% operating expenses. There was a positive headroom in all the scenarios tested.

Management has considered the impact of the military conflict involving the United States of America, Israel and Iran, and does not expect any material operational disruptions or adverse financial impacts which could affect the Group's ability to continue as a going concern.

The going concern assessment confirmed that the Group and Parent Company have adequate cash, other liquid resources, and undrawn credit facilities to enable them to meet their obligations as they fall due in order to continue their operations during the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the 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.

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 (CGU) or groups of CGUs expected to benefit from the synergies of the combination. CGUs or groups of CGUs 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 of 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 other intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

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:

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

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 capitalised 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 "Other 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 other 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 other 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 other intangible assets on the consolidated statement of financial position as long as such work is under way or firmly planned.

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 capitalised as other intangible assets. 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.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

Property, plant and equipment (continued)

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 capitalised 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 (UOP) 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 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 consolidated statement of comprehensive income account in the period in which the item is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. The capitalisation rate being used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to all borrowings of the Group that are outstanding during the year. All other 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 and interest on lease liabilities.

Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs only because it obtains a contract with a customer. These typically include costs that would not have been incurred had the underlying contract not been secured.

When the Group expects to recover these costs through future revenue, the costs are capitalised as a contract related asset. Capitalised contract acquisition costs are amortised on a systematic basis. Amortisation of capitalised contract acquisition costs is recognised in the income statement. The asset is assessed for impairment, and an impairment loss is recognised to the extent that the carrying amount of the contract cost asset exceeds the remaining amount of consideration expected to be received, less the related costs to be incurred, under the associated contract.

Investment in subsidiaries

Investments in subsidiaries are stated in the parent company 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 for impairment 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 Group'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 (PSA) for the Group are accounted for as an interest in joint operations.

Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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 consolidated 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 consolidated statement of financial position.

The consolidated 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 consolidated 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 consolidated statement of changes in equity.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and then recognises the loss in the consolidated statement of comprehensive income.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Leases

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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of the lease liability, adjusted for, as applicable, initial direct costs incurred and 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.

In instances where the Group incurs initial direct costs or lease payments prior to the lease commencement date, these costs are recorded as a prepayment. At the lease commencement date, these costs are then transferred from prepayments to right-of-use assets to form part of the asset at initial recognition.

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.

Short-term leases and leases of low-value assets

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 included as expense in the consolidated 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 less any lease incentives receivable, variable lease payments that depend on a daily rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that the Group is reasonably certain to exercise, or periods covered by a termination option that the Group is reasonably certain not to exercise.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group recognises the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation, if the group has the primary responsibility for making the lease payments. This may be the case if, for example, the Group as operator of the joint operation, is the sole signatory to the lease agreement.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)**
For the year ended 31 December 2025

Lease liabilities (continued)*Deferred income*

Deferred income, in respect of leases, represents amounts received from partners in the joint operations, relating to their share of lease costs incurred prior to the lease commencement date. These amounts are received in advance of the period to which they relate and therefore do not meet the criteria for immediate recognition in profit or loss.

Where the Group is the sole signatory under a lease arrangement and subsequently receives reimbursement from partners for their proportionate share of the pre-lease commencement costs, such reimbursements are recorded as deferred income at the time the cash is received or the right to consideration is established.

The deferred income is recognised in the income statement on a systematic basis that mirrors the pattern in which the related right-of-use asset is consumed. Accordingly, the deferred income is released to the income statement on a straight-line basis over the same lease term used for depreciating the associated right-of-use asset.

The release of deferred income is presented within other income, reflecting the economic substance that such amounts represent recovery of partner-related contributions to lease costs over time rather than revenue earned from the sale of oil or oil equivalents.

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 finance sublease is contractually recognisable with the other partners in the block (the so-called "follower").

While the Group recognises 100% of the lease liability, the partners in the related blocks are liable for their share of lease payments, which is recovered through the contractual mechanisms of the joint operations. The lease payments recharged to partners are recognized by the Group as other operating income in the consolidated statement of comprehensive income.

Taxation

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

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated 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.

Deferred tax

Deferred tax is provided, using the liability 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.

Deferred tax liabilities are recognised for all taxable temporary differences.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)**
For the year ended 31 December 2025

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is 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 assets and liabilities 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.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its amortised cost.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and cash equivalents, trade and other receivables and decommissioning escrow balances under non-current trade and other receivables.

The Group does not have financial assets at fair value through OCI or through profit or loss.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Financial instruments (continued)*Derecognition*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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. This also includes money market funds. 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 financial statements.

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 consolidated statement of financial position. Restricted cash is recorded at its nominal value and typically held in segregated bank accounts.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Financial instruments (continued)**ii) Financial liabilities***Initial recognition, measurement and presentation*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

iii) Offsetting of financial instruments

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

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.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)**
For the year ended 31 December 2025

Financial instruments (continued)*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 Group 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.

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. 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.

Inventories (including provisioning but excluding consumables 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, 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 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 the consolidated statement of comprehensive income.

Overlift/underlift

Where the volume of oil lifted by the Group in the period exceeds (overlift) or falls short of (underlift) its production entitlement determined by the PSA, the Group records the respective amounts due to/from other joint operators as creditors (overlift) under trade and other payables or debtors (underlift) under trade and other receivables.

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.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Provisions for liabilities and charges

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 as a finance cost in the consolidated statement of comprehensive Income.

Decommissioning provision

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 oil and gas properties under 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 using UOP. 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 PSA. 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 decommissioning escrow balance under non-current trade and other receivables 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.

Plugging and abandonment (P&A) of wells

Decommissioning provision shall be used only for expenditures for which the provision was originally recognised. Expenditures arising from P&A activities include costs for well-plugging removal of structures and site restoration. P&A expenditures that relate to the decommissioning provision are set against it. Once the P&A activities are performed, the related expenditures are set against the decommissioning provision. Decommissioning provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

Revenue recognition

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

Revenue from contracts with customers is recognised when the Group satisfies the performance obligation by transferring control of the oil products to the customer upon shipment. The transfer of control of the products usually coincides with title passing to the customer and the customer taking physical possession. The Group principally satisfies its performance obligations at a point in time.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)**
For the year ended 31 December 2025

Revenue recognition (continued)

When, or as, a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods promised.

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 to a customer and when the customer pays for that good will be one year or less.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use (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 discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on the most recent budgets and forecast calculations.

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.

For assets and CGUs that do not have goodwill allocated to them, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Finance income

Finance income, except for the decommissioning escrow interest, 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 income on decommissioning escrow balance

The Group assessed that there is joint control of the decommissioning escrow fund balance. The Group accounts for its proportional share of the fund which includes the related interest. The Group caps the interest on escrow to the decommissioning provision amount as the interest cannot be recognised above the amount of decommissioning provision in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The Group does not offset the decommissioning provision and interest in the fund as there is no legal right of offset and settlement is not made on a net or simultaneous basis.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)**
For the year ended 31 December 2025

Finance costs

Finance costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Retirement benefit cost

As described in Note 25, 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.

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 consolidated 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 the consolidated 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 consolidated 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 Group 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.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of comprehensive income.

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.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Fair value measurement (continued)

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Guarantees

The Group has a number of guarantees as described in Note 29. 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 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 based on those components of the Group that are evaluated regularly by the Board of Directors, who are the Azule Energy Holdings Limited'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 Holdings Limited, the Group is considered one operating segment as the Board of Directors reviews key financial information, monitors performance and makes strategic decisions on an aggregated group basis.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

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.

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.

Climate change and the transition to a lower carbon economy were considered in preparing the consolidated financial statements. These do not have significant impacts on the currently reported amounts of the Group's assets and liabilities and on similar assets and liabilities that may be recognized in the future.

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: Other intangible assets (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 consolidated 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 CGUs based on the following rationale: homogeneity of nature of products along with their distribution and production processes which are exploration, production and 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 non-financial assets (Notes 10, 12, 13, 15)

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.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Significant judgements and estimates: Recoverability of non-financial assets (Notes 10, 12, 13, 15) (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 2026-2035 Azule Business Plan data for expenditure forecast, 2025 reserve estimates for production forecast and 2025 Macroeconomic Assumptions book for commodity price outlook, as approved by the Board of Directors. 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. Changes in the economic environment, including result of energy transition or other facts and circumstances may necessitate revisions to assumption but not expected to result in a material change to the carrying values of the Group's assets.

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 Group's estimates of its oil and natural gas reserves. The Group bases its reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements. Reserves assumptions for VIU tests reflect the reserves and resources that management currently intends to develop, which include 3P volumes for certain CGUs. Inclusion of these additional volumes in the production profiles for certain CGUs is based on management's technical geological assessment, probability of recovery and inclusion of the related capital expenditure in the VIU.

Significant judgements and estimates: Decommissioning provision (Note 24)

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 Group 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.

Significant judgements and estimates: Decommissioning provision (Note 24) (continued)

The timing and amount of future expenditures relating to decommissioning provision 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 2025 (2024: 4.24%) 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 10 years (2024: 10 years). Costs at future prices are determined by applying an inflation rate of 2% (2024: 2%) to decommissioning costs.

The estimated phasing of undiscounted cash flows in real terms for the upstream decommissioning is approximately \$1,534 million within the next 10 years (2024: \$2,592 million), \$2,294 million in 10 to 20 years (2024: \$769 million) and \$87 million after 20 years (2024: \$109 million). 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.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

Significant judgements and estimates: Decommissioning provision (Note 24) (continued)

The Group's participation in certain joint ventures is governed by the terms held in the PSA. Under those terms, once the 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 decommissioning escrow balance under non-current trade and other receivables 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: Lease extensions (Notes 13 and 21)

At the commencement date of new leases, the Group assesses whether lease extension options are reasonably certain to be exercised or not. Subsequently, this is reassessed on occurrence of a significant event or change in circumstance, up until the exercise date of the option.

Judgement is required in determining whether or not the lease extension options will be exercised. When assessing the extension options, the Group considers several factors including, but not limited to, the expected productive and useful life of the underlying asset, the importance of the underlying asset to the Group's operations, historical decisions on extension options and the life of the oil fields. These factors contribute to management's decision making regarding the certainty or uncertainty of exercising an extension option, and the judgement taken on the lease term to be used in calculating the lease liability and associated right-of-use asset.

The impact of exercising lease extension options can be significant depending on the underlying asset and term of the extension options. This can have a significant impact on the amount recognised at initial recognition of the lease liability and the right-of-use asset.

Significant judgements and estimates: Determination of the incremental borrowing rate (Notes 13 and 21)

The Group recognises right-of-use assets and lease liabilities for leases where it is the lessee, in accordance with IFRS 16, *Leases*. Where the interest rate implicit in the lease cannot be readily determined, the Group uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group 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. Determining the incremental borrowing rate involves significant judgment and estimation. In determining the incremental borrowing rate, the Group considers a variety of factors, including:

- The lease term and repayment profile;
- The nature and useful life of the underlying asset;
- The Group's credit rating and financial position; and
- Market conditions and observable interest rates within the same sector.

Depending on the lease term and total undiscounted cashflows, minor changes in the incremental borrowing rate can significantly impact the reported amount of lease liabilities and right-of-use assets. The sensitivity of a 50-bps movement in the incremental borrowing rate would have impacted the lease liabilities (and associated right-of-use assets) by \$87 million for the lease additions in 2025.

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 non-financial assets'. 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.

A key judgement applied by management relates to the determination of the tax rate used in measuring deferred tax assets and liabilities for Block 0. The tax rate used is 89.725% which is the net position of Petroleum Income Tax (65.75%) (PIT) and Petroleum Transaction Tax (PTT) (70%, deductible for PIT). This assessment includes consideration of whether PTT is expected to apply. Current forecasts and assumptions indicate that PTT is not expected to be payable due to available tax allowances.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

Significant judgements and estimates: Taxation (Note 9) (continued)

In consideration of the requirements of IAS12 and analogous situations, management believes it is reasonably appropriate to recognise deferred tax using the full applicable substantively enacted rate. These expectations reflect the best information available at the reporting date but are inherently uncertain and subject to change as economic conditions, operational plans, and tax legislation evolve.

4. Revenue

	2025	2024
	\$'000	\$'000
Oil and oil equivalent sales	3,687,656	4,881,864
	<u>3,687,656</u>	<u>4,881,864</u>

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 28. All the revenue for the year related to oil sales sold to above counterparties in Europe. The average sale price for the year was \$67/bbl (2024: \$79/bbl).

5. Other operating income

	2025	2024
	\$'000	\$'000
Partner lease contributions	738,681	577,899
	<u>738,681</u>	<u>577,899</u>

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 21.

6. Operating profit

Operating profit is stated after charging/(crediting) the following expense/(income) categories:

	2025	2024
	\$'000	\$'000
Depreciation on property, plant, and equipment (including right of use assets) (Notes 12 and 13)	2,317,586	2,404,130
Operating expenses	1,080,825	1,056,510
Under and over lifting variation recognised as an (income)/expense	(159,636)	201,096
Cost of inventories recognised as an (income)	(24,084)	(2,050)
Impairment of property, plant and equipment (Note 12)	342,033	-
Administration costs	77,270	88,084
Other intangible assets write-off (Note 11)	20,663	-
Exploration costs	9,290	16,924
Impairment of other intangible assets (Note 11)	2,153	-

Under lifting is included within trade and other receivables (Note 17) while over lifting is included within trade and other payables (Note 20).

Operating expenses are production costs less under and over lifting variation and cost of inventories recognised as expense/(income).

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

6. Operating profit (continued)

	2025	2024
	\$'000	\$'000
Auditor's remuneration:		
Audit of the Group and Company's annual accounts	2,785	3,609
Audit of the accounts of subsidiaries of the Group	1,544	1,382
Total audit	4,329	4,991
Audit related assurance services*	390	363
Total audit and audit related services	4,719	5,354
Non-audit and other assurance services		
Bond assurance related services	402	436
	5,121	5,790

*This includes interim reviews and agreed-upon procedures.

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 was as follows:

	2025	2024
Administration	327	312
Operations, projects and exploration	645	615
	972	927

The aggregate payroll costs of the Group were as follows:

	2025	2024
	\$'000	\$'000
Wages and salaries	192,501	164,370
Social security costs	10,994	10,219
Pension costs	7,195	5,290
Other costs	22,005	24,908
	232,695	204,787

The Company has employed an average number of three employees during the year (2024: one). Directors did not receive any remuneration for the services provided to the Group in the current year (2024: \$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 25).

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

8. Finance income and costs

	2025	Restated
	\$'000	2024
		\$'000
Finance income:		
Interest income from investments and bank deposits	45,953	40,468
Interest income from joint venture partner receivables	81,414	-
Other finance income	40,291	13,000
Total finance income	167,658	53,468
Finance cost:		
Interest on lease liabilities (Note 21)	194,326	142,278
Interest on loans and borrowings (Note 23)	277,905	250,764
Unwinding of discount on provisions (Note 24)	129,586	119,057
Other finance costs	-	16,800
Total interest expense	601,817	528,899

Interest income from investments and bank deposits is generated from investments in the Money Market (HSBC and Deutsche Bank) and short-term deposits, earning interest linked to prevailing Secured Overnight Financing Rate (SOFR). Interest income from receivables relates to interest charged on outstanding receivable balances with partners.

Other finance income has been restated in respect of the retrospective recognition of finance income on decommissioning escrow balance. See Note 34 for further details.

Other finance income includes interest income related to decommissioning escrow accounts of \$22 million (2024: \$13 million) and \$16 million related to exchange gains (2024: other finance cost of \$17 million).

The Group has capitalised borrowing costs in relation to the NGC project during 2025. \$40 million from interest on loans and borrowings and \$9 million from interest on lease liabilities were capitalised (see Note 12).

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 2025 and 2024.

The major components of the consolidated tax expense for the year ended 31 December 2025 are as follows:

	2025	Restated
	\$'000	2024
		\$'000
Tax under provided in prior years	52,845	53,771
Foreign tax suffered	480,171	689,447
Total current tax	533,016	743,218
Deferred tax:		
Current period	(262,560)	(236,547)
Adjustments in respect of prior years	(67,546)	(130,692)
Total deferred tax credit	(330,106)	(367,239)
Tax charge per consolidated statement of comprehensive income	202,909	375,979

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

9. Taxation (continued)

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance. See Note 34.

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

Reconciliation of the total tax charge:

The tax charge assessed for the year is lower than (period from 1 January 2024 to 31 December 2024: lower than) the standard rate of corporation tax in Angola of 50%. The differences are explained below:

	2025 \$'000	Restated 2024 \$'000
Profit before tax	652,995	1,444,426
Expected tax charge based on the standard rate of corporation tax in Angola of 50% (2024: 50%)	326,498	722,213
Uplift on capital investment	(155,263)	(257,660)
Expenses not deductible for tax purposes	163,898	99,202
Income not taxable	(408,494)	(226,908)
Effects of overseas tax rates	(54,813)	(14,909)
Movement in unrecognised deferred tax	345,784	130,962
Adjustments in respect of prior years – Corporation tax	52,845	53,771
Adjustments in respect of prior years – Deferred tax	(67,546)	(130,692)
Tax charge for the year	202,909	375,979

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance. See Note 34.

Included within the movement in unrecognised deferred tax are amounts totalling \$106 million related to the write-off of deferred tax from Block 14 and 14k. During the year, the Group committed to dispose of these blocks and accordingly classified them as held for sale. The deferred tax balances related to Blocks 14 and 14k were remeasured using the tax rates and basis applicable to recovery and settlement through sale, rather than through use, and as a result assessed that no tax would arise on disposal. The deferred tax balances for Block 14 and 14k were fully released to the profit and loss as at the reporting date.

Factors that may affect future tax charge:

The deferred tax as at 31 December 2025 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.

	2025 \$'000	Restated 2024 \$'000
Net deferred taxes		
At 1 January	(2,357,947)	(2,725,186)
Deferred tax as per consolidated statement of comprehensive income	330,106	367,239
	(2,027,841)	(2,357,947)

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

9. Taxation (continued)

	2025	Restated
	\$'000	2024
		\$'000
Deferred tax assets		
Fixed capital assets	192,261	825,572
Decommissioning and other provisions	40,328	652,228
Other deductible temporary differences	1,339	64,364
Gross deferred tax assets	233,928	1,542,164
<i>Offsetting deferred tax liabilities:</i>		
Fair value uplift	(74,743)	(821,272)
<i>Deferred tax assets offset against deferred tax liabilities</i>	-	-
Decommissioning and other provisions	-	(415,047)
Other taxable temporary differences	(2,558)	(83,331)
	<u>156,627</u>	<u>222,514</u>
	2025	Restated
	\$'000	2024
		\$'000
Deferred tax liabilities		
Fixed capital assets	456,244	1,610,602
Fair value uplift	2,290,206	2,289,526
Other taxable temporary differences	418,748	-
Gross deferred tax liabilities	3,165,198	3,900,128
<i>Offsetting deferred tax assets:</i>		
Decommissioning and other provisions	(686,926)	(415,047)
Other deductible temporary differences	(293,804)	(83,331)
<i>Deferred tax liability offset against deferred tax assets</i>	-	-
Fair value uplift	-	(821,272)
	<u>2,184,468</u>	<u>2,580,478</u>

Comparative information is restated in respect of the retrospective recognition of finance income on decommissioning escrow balance. See Note 34.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

9. Taxation (continued)

	2025	2024
	\$'000	\$'000
Unrecognised deferred tax (gross)		
Fixed capital assets	20,307,631	18,826,109
Temporary differences - trading	1,541,890	1,560,886
Unrelieved foreign tax	506,825	520,321
Corporate interest restriction disallowance	805,689	631,393
Loan relationships	11,079	1,426
Losses	174,628	157,558
	23,347,741	21,697,693

In Angola, 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 \$77 million (2024: \$60 million) tax losses arising in Angola that expire within the next five years and \$97 million (2024: \$98 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 \$2,191 million (2024: \$2,450 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 2025 by the Group to its shareholders.

10. Goodwill – Group

	2025	2024
	\$'000	\$'000
Goodwill – carrying value	2,402,396	2,420,560
Excess of recoverable amount over carrying amount	393,712	1,746,121

For information on significant estimates and judgements made in relation to impairments, see Recoverability of non-financial assets in Note 3. The table above shows the carrying amount of goodwill at year end and the excess of the recoverable amount, based on a pre-tax VIU calculation, over the carrying amount (headroom) at the date of the most recent evaluation.

Goodwill of \$18.2 million has been allocated during the year to Blocks 14 and 14k upon classification as held for sale. Blocks 14 and 14k were measured based on their relative carrying values and the portion of the CGUs retained. See Note 18.

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 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 \$2,402 million (2024: \$2,421 million) 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 and 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 as at 31 December 2025.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

10. Goodwill – Group (continued)

The recoverable amount of the group of CGUs to which goodwill has been allocated in its entirety of \$13,437 million as at 31 December 2025 (2024: \$14,415 million) has been determined based on a VIU calculation. As the recoverable amounts exceeds the \$13,043 million carrying amount at 31 December 2025 (2024: \$12,669 million) of the Group of CGUs to which goodwill has been allocated, no impairment has been recognised.

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 financial impact on the recoverable amounts. The factors considered by the Group included its plans and targets for reductions in emissions from operations, any changing national public policy restrictions and regulations related to methane emissions, any related costs associated with complying with climate-related laws and regulations, etc. The recoverable amounts were not sensitive to climate-related assumptions and did not result to any material change to the carrying values of the Group's assets. 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% (2024: 10%) discount rate.

The VIU calculation has been prepared using cash flow projections from the 2026-2035 Azule Business Plan data for expenditure forecast, 2025 reserve estimates for production forecast and 2025 Macroeconomic Assumptions book for commodity price outlook, as approved by the Board of Directors.

The projected cash flows have been derived for a period of longer than 5 years. Management believes that the cash flows generated over the estimated life of field, which are normally longer than 5 years, are the appropriate basis upon which to assess goodwill and individual assets for impairment. The estimated date of cessation of production depends on the interaction of several variables, such as recoverable quantities of hydrocarbons, production profile of hydrocarbons, cost of development of infrastructure necessary to recover the hydrocarbons, production costs and selling price of the hydrocarbons produced. As each field has specific reservoir characteristics and economic circumstances, the cash flows of each field are computed using appropriate individual economic models and key assumptions agreed by management.

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 operating expense 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, Wood Mackenzie, World Bank and EIA's updated planning price estimates. A decrease in Brent price by 1.8\$/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 10.8% (i.e. +0.8%) 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.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

10. Goodwill – Group (continued)
Production and operating expense changes

A proportional decrease in gross production by 2.3% would result in the VIU calculation being equal to the carrying amount of the group of CGUs, while operating costs should increase proportionally by 11.3% across all assets to bring the headroom to zero.

11. Intangible assets

	Unproven exploration and appraisal expenditure \$'000
Cost	
At 1 January 2024	480,217
Additions	160,444
Reclassifications from property, plant and equipment	82,029
Disposals	(43,000)
At 31 December 2024	<u>679,690</u>
At 1 January 2025	679,690
Reclassifications from property, plant and equipment	435
Additions	294,996
Write-off	(20,663)
At 31 December 2025	<u>954,458</u>
Amortization and Impairment	
At 1 January 2024	43,000
Disposals	(43,000)
At 31 December 2024	<u>-</u>
At 1 January 2025	-
Impairment	2,153
At 31 December 2025	<u>2,153</u>
Net book value	
At 31 December 2024	<u>679,690</u>
At 31 December 2025	<u>952,305</u>

Current year additions for unproven exploration and appraisal expenditures of the Group are mainly related to three exploratory wells drilled in Namibia (PEL85) and Gajajeria well drilled in Block 1/14.

Exploration expenditure write-off of \$21 million relates to unsuccessful efforts of exploration drilling. Impairment of \$2 million relates to license costs that will not be developed.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

12. Property, plant, and equipment – Group

	Land and buildings \$'000	Restated Oil and gas properties \$'000	Fixtures and fittings \$'000	Restated Total \$'000
Cost				
At 1 January 2024*	154,640	14,688,835	7,262	14,850,737
Additions*	374	1,784,646	2,250	1,787,270
Disposals	-	(23,232)	-	(23,232)
Reclassification to intangibles	-	(82,029)	-	(82,029)
Changes in the decommissioning estimates (Note 24)	-	(115,433)	-	(115,433)
At 31 December 2024	155,014	16,252,787	9,512	16,417,313
At 1 January 2025*	155,014	16,252,787	9,512	16,417,313
Additions	470	1,824,494	-	1,824,964
Disposals	-	-	(652)	(652)
Reclassification between categories	3,359	(3,359)	-	-
Reclassification to intangible assets	-	(435)	-	(435)
Assets held for sale (Note 18)	-	(359,454)	-	(359,454)
Changes in the decommissioning estimates (Note 24)	-	190,066	-	190,066
At 31 December 2025	158,843	17,904,099	8,860	18,071,802
Depreciation and impairment				
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
At 1 January 2025	37,405	4,670,141	1,043	4,708,589
Charge for the year	14,284	1,612,014	17	1,626,315
Assets held for sale (Note 18)	-	(287,609)	-	(287,609)
Impairment	-	342,033	-	342,033
At 31 December 2025	51,689	6,336,579	1,060	6,389,328
Net book value				
At 31 December 2024	117,609	11,582,646	8,469	11,708,724
At 31 December 2025	107,154	11,567,520	7,800	11,682,474

*Oil and gas properties have been restated to reflect a change in accounting treatment for pre-lease costs related to the Agogo Floating Production, Storage, and Offloading (FPSO). See Note 34 for further details.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

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

Included in oil and gas properties are \$899 million (Restated 2024: \$1,256 million) of assets under construction (AUC) which are not depreciated and with underlying reserves but not yet in production. The current year AUC amount relates to the NGC project, while the restated prior year AUC related to Agogo project which is now depreciated (Restated 2024: \$503 million is related to NGC and \$753 million related to Agogo).

The amount of borrowing costs capitalised during the year was \$49 million. The rate (8.6%) used to determine the amount of borrowing costs eligible for capitalisation was the weighted average of the borrowing costs applicable to all borrowings of the Group that are outstanding during the year.

Current year additions mainly pertain to ongoing development projects in Block 15/06 and NGC along with well drilling campaign in Block 15. Prior year additions similarly pertain to the same development projects. Additions during the year includes capitalised depreciation on right-of-use assets of \$182 million (2024: \$121.9 million) (see Note 13). This reconciles to the purchase of property, plant and equipment and intangibles of \$1,894 million (2024: \$1,559 million) per the consolidated statement of cash flows.

In 2024, disposals relate to the 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 prior year.

Due to the declining oil price during the year, future price forecasts have been updated and reviewed for impairment indicators. In Azule's December 2025 vs December 2024 reference book, Brent assumptions are lower in the near term and slightly higher in the long term in line with robust and well-recognized sources. Updates to the future price forecast have led to deficits between estimated net present value of future cash flows and the carrying value, as such, impairment tests have been performed for all of the Group's CGUs.

In 2025, impairment losses of \$342 million were recognised in respect of the assets within Block 0 (\$194 million), Block 17 CLOV (\$120 million) and Block 17 Girassol (\$28 million). The recoverable amount of the CGUs amounting to \$13,437 million as at 31 December 2025 was based on VIU. In determining VIU for the CGUs, the cash flows were discounted at a rate of 10% on a pre-tax basis. 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. Carrying amount of Block 0, which operates under a concession agreement, was adjusted by the related deferred tax liability of the block before compared with the recoverable amount to arrive at the impairment loss recognised.

By year end 2025, the downward revision to the oil price scenario, combined with depreciation not outpacing the price effect, put the recoverable amounts under pressure due to lower revenues. The Brent forecast curve is \$10/bbl lower on average over the next four years versus the December 2024 scenario, with partial convergence/recovery thereafter.

The year-end 2025 reserves assessment also indicated the following:

- CLOV: 2P technical reserves decreased driven by higher-than-expected decline rates and somewhat lower than anticipated performance from newly drilled wells. CLOV Phase 3 production history suggests volumes closer to possible reserves (3P) 3rd party reserves assessment which has been reflected in the impairment assessment that partially offset the reduction. Considering the analogue decline rates of previously drilled wells in the region, the Group has made the decision to incorporate the 3P portion of the CLOV Phase 3 project into the volume estimates. The choice reflects the anticipated production potential of the new infill wells.
- B0: 3rd party reserves assessment resulted in a revision to technical 2P volumes due to lower reservoir performance across Areas A and B, including weaker outcomes from projects such as Banzala infills and South N'dola
- Block 15: Development licences for Kizomba A and Kizomba B have been extended from 2032 to 2037 and Mondo and Saxi-Batuque up to 2032. Reserves incorporate volumes of hydrocarbons from projects pending FID where management concludes that FID is highly probable, supported by approved licence extensions.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

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

As for the sensitivities performed by the Group, see below:

- A 1% percentage point (pp) increase in WACC would have \$500 million aggregated negative impact in VIU
- A \$1/bbl decrease in price would have \$213 million aggregated negative impact in VIU
- A 1% pp decrease in production would have \$166 million aggregated negative impact in VIU
- A 5% increase in operating expenses would have \$175 million aggregated negative impact of in VIU

No indicators of impairment were noted in 2024.

13. Right-of-use assets – Group

	Land and buildings \$'000	Plant and machinery \$'000	Oil and gas properties \$'000	Total \$'000
Cost				
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
At 1 January 2025	16,959	1,621,309	1,995,315	3,633,583
Additions	24,834	692,324	2,414,062	3,131,220
Transfer from non-current prepayments	-	-	500,000	500,000
Transfer between categories	2,622	(2,622)	-	-
Decrease in scope	-	(1,236)	-	(1,236)
At 31 December 2025	44,415	2,309,775	4,909,377	7,263,567
Amortization				
At 1 January 2024	12,062	457,625	261,764	731,451
Charge for the year	6,759	482,907	183,805	673,471
Decrease in scope	(2,188)	(11,627)	-	(13,815)
Transfer between categories	-	3,075	(3,075)	-
At 31 December 2024	16,633	931,980	442,494	1,391,107
At 1 January 2025	16,633	931,980	442,494	1,391,107
Charge for the year	9,814	624,020	239,517	873,351
Decrease in scope	-	(465)	-	(465)
At 31 December 2025	26,447	1,555,535	682,011	2,263,993
Net book value				
At 31 December 2024	326	689,329	1,552,821	2,242,476
At 31 December 2025	17,968	754,240	4,227,366	4,999,574

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

13. Right-of-use assets – Group (continued)

Total charge for the year of \$873 million includes depreciation of \$182 million (2024: \$121.9 million) which has been capitalised to property, plant and equipment (see Note 12).

From the total 2025 additions of \$3,131 million, \$2,789 million relates to the lease of the FPSO for the Agogo Integrated West Hub (IWH) Development Project, which commenced on 12 August 2025 and has a term of 16 years.

During the year, \$500 million was transferred from non-current prepayments to right-of-use assets. This relates to pre-lease costs for the Agogo FPSO (see Note 17). The Group restated the comparative information in relation to the pre-lease costs, see Note 34 for further details.

14. Contract costs - Group

	Total \$'000
Cost	
At 1 January 2024	-
At 31 December 2024	-
At 1 January 2025	-
Additions	33,489
At 31 December 2025	33,489
Amortization and impairment	
At 1 January 2024	-
At 31 December 2024	-
At 31 December 2025	-
Net book value	
At 31 December 2024	-
At 31 December 2025	33,489

The ALNG tie-in facility project is recognised as a contract cost, representing capital expenditure incurred to fulfil the Group's contractual obligations in accordance with the long-term supply agreement. The tie-in facility is initially measured at cost and will subsequently be amortised under UOP method.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

15. Investments in associates and joint ventures – Group

	Investments in associates and joint ventures \$'000
At 1 January 2024	3,589,462
Dividends received	(378,214)
Share of post-tax profits of equity accounted associates and joint ventures	224,788
At 31 December 2024	<u>3,436,036</u>
At 1 January 2025	3,436,036
Dividends received	(413,548)
Share of post-tax profits of equity accounted associates and joint ventures	326,917
At 31 December 2025	<u>3,349,405</u>
Net book value	
At 31 December 2024	<u>3,436,036</u>
At 31 December 2025	<u>3,349,405</u>

The investments in associates and joint venture are unlisted.

The investments in associates and joint venture are presented under the equity accounting method.

The associates and joint venture of the Group as at 31 December 2025 and 2024 and the percentage of equity capital held are set out below. The principal country of operation is generally indicated by the entities' 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	27.2	Bermuda	Angola	Construction of a liquefied natural gas plant
Angola LNG Supply Services LLC	Ordinary	27.2	USA	Angola	Vessel Supply services
Angola LNG Marketing Limited*	Ordinary	17.6	UK	Angola	Marketing and supporting services
OPCO - Sociedade Operacional Angola LNG, S.A	Ordinary	27.2	Angola	Angola	Construction, operation, and maintenance of facilities
SOMG - Sociedade de Operações e Manutenção de Gasodutos S.A.	Ordinary	27.2	Angola	Angola	Operation, maintenance, and repair of pipeline facilities
Solenova Limited	Ordinary	50.0	UK	Angola	Electricity generation in Angola, using fotovoltaic plant

*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.

The following table provides aggregated summarised financial information for the Group's associates and joint venture as it relates to the amounts recognised in the statement of comprehensive income and on the statement of financial position.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

15. Investments in associates and joint ventures – Group (continued)

	Statement of comprehensive income		Statement of financial position	
	Earnings from associates - after interest and tax		Investments in associates	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Angola LNG associate (see below)	323,672	221,579	3,303,685	3,392,268
Angola LNG Supply Services*	3,245	3,209	22,185	21,488
Solenova Limited*	-	-	23,535	22,280
	<u>326,917</u>	<u>224,788</u>	<u>3,349,405</u>	<u>3,436,036</u>

*The Group considers these to be immaterial associate and joint venture, so no further disclosures are provided.

The following table provides summarised financial information relating to Angola LNG associate:

	2025 \$'000 Gross amount	2024 \$'000 Gross amount
Revenue	3,250,311	2,547,311
Operating expenses	(2,058,628)	(1,732,684)
Net income	<u>1,191,683</u>	<u>814,627</u>
Non-current assets	7,366,211	7,575,720
Current assets	893,661	736,590
Total assets	<u>8,259,872</u>	<u>8,312,310</u>
Non-current liabilities	1,173,100	1,135,035
Current liabilities	335,003	337,648
Total liabilities	<u>1,508,103</u>	<u>1,472,683</u>
Net assets	<u>6,751,769</u>	<u>6,839,627</u>

Summarised financial information relating to the Group's share of Angola LNG associate statement of comprehensive income and statement of financial position is shown below.

	2025 \$'000 Group's share	2024 \$'000 Group's share
Revenue	883,619	692,869
Operating expenses	(559,947)	(471,290)
Net income	<u>323,672</u>	<u>221,579</u>
Non-current assets	2,003,609	2,060,596
Current assets	243,076	200,353
Total assets	<u>2,246,685</u>	<u>2,260,949</u>

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025****15. Investments in associates and joint ventures – Group (continued)**

Non-current liabilities	319,083	308,730
Current liabilities	91,121	91,840
Total liabilities	410,204	400,570
Net assets	1,836,481	1,860,379
Fair value adjustment (net of unwinding)	1,467,204	1,531,889
Total carrying value	3,303,685	3,392,268

Investments – Company only

	Shares in subsidiaries undertaking and associates \$'000	
Cost		
At 1 January 2024		16,720,098
Impairment		(222,562)
At 31 December 2024		16,497,536
At 1 January 2025		16,497,536
Impairment		(520,983)
At 31 December 2025		15,976,553
Net book value		
At 31 December 2024		16,497,536
At 31 December 2025		15,976,553

Investments in subsidiaries, associates and joint venture

The Company has investments in the legal entities noted below:

Company Name	Country of incorporation	Holding	Registered address
Azule Energy Limited	England	100.0%	A
Azule Energy Exploration Angola (KB) Limited	England	100.0%	A
Azule Energy Exploration (Angola) Limited	England	100.0%	A
Azule Energy Angola S.p.A.	Italy	100.0%	B
Azule Energy Angola (Block 18) B.V.	Netherlands	100.0%	C
Azule Energy Angola Production B.V.	Netherlands	100.0%	D
Azule Energy Angola B.V.	Netherlands	100.0%	D
Azule Energy Gas Supply Services Inc.	US	100.0%	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	100.0%	H

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

15. Investments in associates and joint ventures – Group (continued)

Company Name	Country of incorporation	Holding	Registered address
Angola LNG Supply Services LLC*	US	27.2%	H
Solenova Limited	England	50.0%	A
Azule Energy Finance plc**	England	100.0%	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 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.

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 at 31 December 2025, the Group's investment balance in Azule Energy Angola 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 BV and Azule Energy Exploration (Angola) Limited has been determined based on a VIU calculation. The Company has updated its assumptions as at 31 December 2025, reflecting the latest budget and forecast cash flows. 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 BV and Azule Energy Exploration (Angola) Limited are lower than the carrying value and as a result has recognised an impairment of \$15 million (2024: \$ nil) and \$506 million (2024: \$21 million) respectively.

	Contract Area	Participating Interest	Activity	Product	Operated	Operator
1	Block 2914A (PEL85)*	42.50%	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

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

15. Investments in associates and joint ventures – Group (continued)

	Contract Area	Participating Interest	Activity	Product	Operated	Operator
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	50.00%	Exploration	-	Operator	Azule Energy Angola B.V.
16	Block 46	40.00%	Exploration	-	Operator	Azule Energy Angola B.V.
17	Block 47	40.00%	Exploration	-	Operator	Azule Energy Angola B.V.
18	Block 18/15	80.00%	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. In 2024, 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.

**Asset held for sale, see Note 18.

16. Inventories– Group

	2025 \$'000	2024 \$'000
Raw materials and consumables	554,001	563,818
Crude oil	156,216	132,132
	<u>710,217</u>	<u>695,950</u>
Opening provision	(5,174)	(16,783)
Addition	(77,859)	(3,217)
Reversal	11,191	14,826
	<u>(71,842)</u>	<u>(5,174)</u>
Net inventories	<u>638,375</u>	<u>690,776</u>

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

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

17. Trade and other receivables

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Current				
Trade debtors	2,054,113	2,066,322	-	-
Amounts owed by group companies	-	-	493,249	7,580
Amounts owed by related parties (Note 28)	296,845	410,472	1,986	-
Other debtors	104,853	157,569	8,842	9,963
	<u>2,455,811</u>	<u>2,634,363</u>	<u>504,077</u>	<u>17,543</u>

Trade debtors are mainly represented by amounts due from joint operator's balances and underlifting. 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.

The Group's trade receivables 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 mainly pertain to financing transactions and 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 ECL where the amount is not considered recoverable.

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

	Group	
	2025 \$'000	2024 \$'000
Current		
0-90 days	2,455,811	2,634,363
91-180 days	-	-
Over 181 days	-	-

The total debtors as at 31 December 2025 are stated net of allowance for ECL of nil million (2024: \$1 million).

Set out below is the movement in the allowance for ECL of trade receivables:

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Balance at beginning of the year	1,162	1,162	-	-
Income of loss amount recognised in the statement of comprehensive income	(1,162)	-	-	-
Balance at the end of the year	<u>-</u>	<u>1,162</u>	<u>-</u>	<u>-</u>

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025****17. Trade and other receivables (continued)**

	Group		Company	
	2025 \$'000	Restated 2024 \$'000	2025 \$'000	2024 \$'000
Non-Current				
Decommissioning escrow balances*	1,876,227	1,972,807	-	-
Prepayments**	4,951	449,468	-	-
Surplus of pension plans	12,059	5,599	-	-
Other long-term receivables	-	66,449	-	66,449
	<u>1,893,237</u>	<u>2,494,323</u>	<u>-</u>	<u>66,449</u>

*The Group restated the comparative information for decommissioning escrow balances to reflect the finance income earned from the fund. See Note 34 for further details.

**The Group restated the comparative information for prepayments to reflect the change in treatment of pre-lease costs related to the Agogo FPSO. See Note 34 for further details.

Under the terms of the PSA, once the 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 \$73 million (2024: \$102 million). Decommissioning provision of \$2,913 million (2024: \$2,912 million) has been recognised at the consolidated statement of financial position as per Note 24.

The net pension plan assets of \$12 million (2024: \$6 million) 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 25).

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.

18. Assets and liabilities held for sale

On 27 November 2025, an Authority to Execute was approved by the Board of Directors to sell the Group's working interests in Block 14 and Block 14k.

On 11 December 2025, the Group signed the related sale and purchase agreement (SPA).

Blocks 14 and 14k are available for immediate sale and could be sold to the buyers in their current condition. The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.

Immediately before the classification of Blocks 14 and 14k as held for sale, net deferred tax asset of \$106 million was written down owing to its non-recoverability. Deposit received in advance as part of the consideration amounting to \$12 million was included under deferred income (see Note 22).

Following the classification, no write-down was recognised as the fair value less cost to sell was higher than the carrying amount of the assets in the disposal group. As at 31 December 2025, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less cost to sell.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

18. Assets and liabilities held for sale (continued)

The major classes of assets and liabilities of Blocks 14 and Block 14k, classified as held for sale as at 31 December are as follows:

	2025
	\$'000
Non-current assets	
Goodwill	18,164
Property, plant, and equipment	71,844
Decommissioning escrow balances	193,914
Assets held for sale	<u>283,922</u>
Non-current liability	
Decommissioning provision	203,809
Liabilities held for sale	<u>203,809</u>
Net carrying value	<u><u>80,113</u></u>

19. Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash and cash equivalents	595,567	503,650
	<u>595,567</u>	<u>503,650</u>

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include \$63 million which are held under PXF (2024: \$110 million). These deposits are subject to contractual restrictions and are therefore not available for general use by the other entities within the Group. Cash and cash equivalents also include money market funds.

20. Trade and other payables

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Trade payables	2,224,614	2,347,622	311	2,319
Other payables	238,913	400,885	195,963	167,057
Amounts due to related parties (Note 28)	109,125	71,173	444	-
Amounts due to group companies	-	-	-	13,859
	<u>2,572,652</u>	<u>2,819,680</u>	<u>196,718</u>	<u>183,235</u>

Majority of the Group's trade payables have payment terms in the range of 30 to 60 days.

Other payables primarily include overlift payables of \$199 million (2024: \$345 million), \$2 million relating to social security (2024: \$1 million), \$38 million relating to value-added tax and other amounts (2024: \$55 million).

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

21. Leases – Group

The following amounts were recognised in the consolidated statement of comprehensive Income in relation to the leases where the Group is lessee:

	2025	2024
	\$'000	\$'000
Other income (partner lease contributions)	738,681	577,899
Depreciation charge for right-of-use assets	(689,066)	(551,587)
Interest on lease liabilities	(194,326)	(142,278)

The Group has borrowing costs in relation to the NGC project during the year. \$9 million from interest on lease liabilities has been capitalised during the year (see Note 12).

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.

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 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 \$1,054 million (2024: \$897 million).

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 2025 and 2024 and the contractual maturity date:

	2025	2024
	\$'000	\$'000
Within one year	1,247,274	824,237
Between one and five years	2,000,205	1,186,338
Over five years	3,130,209	561,324
	<u>6,377,688</u>	<u>2,571,899</u>

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

	2025	2024
	\$'000	\$'000
Within one year	1,209,218	801,393
Between one and five years	1,652,659	1,020,765
Over five years	1,564,298	323,999
	<u>4,426,175</u>	<u>2,146,157</u>

The Group may enter into lease arrangements several 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 2025 is \$nil (2024: \$2,010 million). Majority of the future commitments in 2024 relates to the supply of the FPSO for the Agogo IWH Development Project that was signed on 27 February 2023.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

21. Leases – Group (continued)
Reconciliation of lease liabilities:

	Land and buildings \$'000	Plant and machinery \$'000	Oil and gas properties \$'000	Total \$'000
At 1 January 2024	7,114	478,501	1,682,758	2,168,373
Additions	424	732,783	-	733,207
Interest expense	83	38,490	103,705	142,278
Payment	(7,095)	(525,459)	(365,147)	(897,701)
At 31 December 2024	526	724,315	1,421,316	2,146,157
At 1 January 2025	526	724,315	1,421,316	2,146,157
Additions	24,834	692,324	2,414,062	3,131,220
Interest expense	1,256	48,425	153,593	203,274
Payment	(8,794)	(624,962)	(419,877)	(1,053,633)
Transfer between categories	2,966	(2,966)	-	-
Disposal	-	(843)	-	(843)
At 31 December 2025	20,788	836,293	3,569,094	4,426,175

22. Deferred income - Group

	2025 \$'000	Restated 2024 \$'000
Current		
Deferred income	28,607	-
	28,607	-
Non-current		
Deferred income	292,733	278,536
	292,733	278,536

The Group restated the comparative information for prepayments to reflect the change in treatment of pre-lease costs related to the Agogo FPSO. See Note 34 for further details.

Deferred income relates to the partner share of pre-lease costs for the Agogo FPSO. The Group has received the remaining amount from the partners during 2025. The deferred income is released on a straight-line basis over the term of the Agogo FPSO lease. Also, included in current deferred income is \$12 million deposit received by the Group in relation to its assets held for sale (see Note 18).

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

23. Loans and borrowings

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Non-current				
Total borrowings	3,477,231	2,550,000	3,477,231	2,550,000
Loan fees adjustment	(64,592)	(50,349)	(50,349)	(50,349)
Accumulated amortization of loan fees	38,531	29,124	35,008	29,124
Borrowings - current portion	(841,255)	(443,001)	(841,255)	(443,001)
	<u>2,609,915</u>	<u>2,085,774</u>	<u>2,620,635</u>	<u>2,085,774</u>
	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Analysis of debt principal maturity				
Due within one year	841,255	443,001	841,255	443,001
In more than one year but less than five years	2,635,976	2,106,999	2,635,976	2,106,999
	<u>3,477,231</u>	<u>2,550,000</u>	<u>3,477,231</u>	<u>2,550,000</u>
	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Undiscounted cash flow due to borrowings				
Due within one year	1,101,645	669,454	1,101,645	669,454
In more than one year but less than five years	3,166,257	2,464,963	3,166,257	2,464,963
	<u>4,267,902</u>	<u>3,134,417</u>	<u>4,267,902</u>	<u>3,134,417</u>

Total borrowings of \$3,477 million comprises \$2,107 million related to the PXF loan arrangement, \$1,200 million related to the issue of senior unsecured notes and \$170 million related to the RCF loan arrangement. As at 31 December 2024, the total borrowings of \$2,550 million comprises \$2,500 million related to the PXF loan arrangement and \$50 million related to the RCF loan arrangement.

The total borrowings have been adjusted by the initial fees of \$65 million (2024: \$50 million), charged as part of the loan arrangement and note issue. This has subsequently been amortized in accordance with the terms of the borrowings.

The Group repaid the two tranches of the PXF during 2025 amounting to \$393 million, in addition to repaying \$150 million of the RCF. The Group complied with all covenant requirements during the year and there were no breaches (2024: complied with all covenant requirements and there were no breaches), see Note 32 for further details on covenants.

On 16 January 2025, Azule Energy Finance Plc (the "Issuer"), a financing vehicle of Azule Energy Holdings Limited, issued senior unsecured notes on the Guernsey International Stock Exchange in an aggregate principal amount of \$1,200 million (the "Notes"). The Notes have a term of five years and a coupon of 8.125% per annum, payable on January 23 and July 23. The gross proceeds from the offering of the Notes were settled on 23 January 2025. The senior unsecured notes are recorded at amortized cost.

A fixed and floating charge was registered with Companies House on 5 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, and the fixed margin is 4.5%. Details on the financing are in Note 30. 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").

Interest on loans and borrowings charged to the consolidated statement of comprehensive income amounted to \$278 million (2024: \$251 million) (see Note 8). The Group has capitalised \$49 million of borrowing costs during the year to property, plant and equipment in relation to the NGC project (see Note 12).

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

24. Provisions for liabilities and charges – Group

	Decommissioning \$'000	Other \$'000	Total \$'000
As at 1 January 2024	2,956,577	244,604	3,201,181
Updates for new and existing provisions	(115,433)	(667)	(116,100)
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	(47,867)	-	(47,867)
Transfers	(494)	494	-
Exchange gain	-	4,548	4,548
As at 31 December 2024	2,911,543	155,879	3,067,422
As at 1 January 2025	2,911,543	155,879	3,067,422
Updates for new and existing provisions	190,066	25,603	215,669
Unwinding of discount	129,242	344	129,586
Utilized/paid	(123,884)	(317)	(124,201)
Exchange gain	-	9	9
Transfer to liabilities held for sale (Note 18)	(203,809)	-	(203,809)
As at 31 December 2025	2,903,158	181,518	3,084,676

Increase in decommissioning provision is driven by the cost of additional facilities and wells infrastructure which has been added during the year.

For information on significant judgements and estimates made in relation to provisions, see Decommissioning Provision within Note 3.

Other provisions relate to social, fiscal, and other provisions.

Reclassification in 2024 relates to movement of tax provisions to taxation liabilities.

25. 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.

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.

Azule Energy Holdings Limited

**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

25. Employee benefit schemes (continued)

Amounts charged to the profit and loss:

	Scheme A		Scheme B		Total	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Administration expenses paid from plan	218	221	-	-	218	221
Net interest on net defined benefit asset	(485)	(413)	-	-	(485)	(413)
Expense (income) recognised in statement of comprehensive income	(267)	(192)	-	-	(267)	(192)

Movements in other comprehensive income:

	Scheme A		Scheme B		Total	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Return on asset (not included in interest)	4,250	2,454	-	-	4,250	2,454
Actuarial gains/(losses) on obligation	1,942	(2,236)	-	-	1,942	(2,236)
Total remeasurement recognised in other comprehensive income	6,192	218	-	-	6,192	218

Pension assets/liabilities in the statement of financial position:

	Scheme A		Scheme B		Total	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Net pension asset (under non-current trade and other receivables) / (liability)	15,123	8,663	(3,064)	(3,064)	12,059	5,599

The material financial assumptions used for estimating 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 as at 31 December 2025 and the pension expense for the following year.

The pension plan's investment manager is BWCI, who is 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	
	2025	2024	2025	2024
Discount rate at end of year	5.6	5.6	n/a	n/a
Rate of increase in pensionable salaries	n/a	n/a	n/a	n/a
Crediting rate	5.18	5.58	n/a	n/a
Inflation rate	n/a	n/a	n/a	n/a
Weighted average duration of the liabilities of the plan	12 years	13 years	n/a	n/a

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

25. Employee benefit schemes (continued)

Changes in the present value of the plan's defined benefit obligation are as follows:

	Scheme A 2025 \$'000	Scheme A 2024 \$'000	Scheme B 2025 \$'000	Scheme B 2024 \$'000
Opening defined benefit obligation	85,776	86,912	3,064	2,739
Current service cost	-	-	-	229
Benefits paid	(4,690)	(7,529)	-	-
Interest on obligation	4,672	4,157	-	100
Experience losses	116	1,132	-	(1,370)
Losses from changes in financial assumptions	(2,057)	1,104	-	1,366
Closing defined benefit obligation	83,817	85,776	3,064	3,064

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

	Scheme A		Scheme B	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Opening fair value of plan assets	94,439	95,165	-	-
Interest on assets	5,157	4,570	-	-
Return on assets (other than interest)	4,250	2,454	-	-
Benefits paid	(4,689)	(7,529)	-	-
Administration expenses	(217)	(221)	-	-
Closing plan assets	98,940	94,439	-	-

The fair values of the various categories of assets held in the defined benefit plan at 31 December 2025 and 2024 are presented in the table below.

	Scheme A		Scheme B	
	2025 %	2024 %	2025 %	2024 %
Equities	27.7	24.1	n/a	n/a
Corporate bonds	46.3	44.8	n/a	n/a
Cash	23.4	26.5	n/a	n/a
Loans	2.6	4.6	n/a	n/a

All of 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.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

25. Employee benefit schemes (continued)

Contribution expected to be paid to the Schemes over the next year from 1 January 2026 to 31 December 2026 is as follows:

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

Sensitivity analysis

Scheme A - A one-percentage change in the discount rate and credit rate assumptions for the Company's plan would have the following effects as at 31 December 2025 and 2024:

Impact on defined benefit obligation

	Increase in assumption		Decrease in assumption	
	2025	2024	2025	2024
Discount rate	Decrease by 11.2%	Decrease by 11.9%	Increase by 13.1%	Increase by 14%
Crediting rate	Increase by 13.0%	Increase by 13.8%	Decrease by 11.3%	Decrease by 12%

26. Capital and reserves
Group

	2025 \$'000	2024 \$'000
Authorized, allotted, called up and fully paid		
<i>Called-up share capital</i>		
1,000,000 (2024: 1,000,000) Ordinary shares of \$1 each	1,000	1,000
1 (2024: 1) Deferred redeemable share of \$0.01	-	-
Share capital	<u>1,000</u>	<u>1,000</u>
Share premium	7,921,009	7,921,009
Other Reserves	1,559,498	1,559,498
Retained earnings	3,598,469	4,015,418

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

26. Capital and reserves (continued)

Company	2025	2024
	\$'000	\$'000
Authorized, allotted, called up and fully paid		
<i>Called-up share capital</i>		
1,000,000 (2024; 1,000,000) Ordinary shares of \$1 each	1,000	1,000
1 (2024: 1) Deferred redeemable share of \$0.01	-	-
Share capital	<u>1,000</u>	<u>1,000</u>
Share premium	7,921,009	7,921,009
Other Reserves	1,559,498	1,559,498
Retained earnings	3,565,002	4,586,701

Share capital

The balance on the called-up share capital account represents the aggregate nominal value of all ordinary shares and a deferred redeemable share in issue.

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 because of shares issued in 2022 of \$378 million which appeared as leakage receivable as part of shareholder agreement in 2022. Leakage amount was transferred from other reserve to share premium against allotment of share capital.

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

Retained earnings pertain to the cumulative profit or loss of the Group, net of distributions to owners.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

27. Cash flows from operating activities

	2025	Restated
	\$'000	2024
		\$'000
Profit for the year	450,086	1,068,447
Adjustments for:		
Income tax expense	202,909	375,979
Finance income	(167,658)	(53,468)
Finance costs	601,817	528,899
Share of post-tax profits of equity accounted associates and joint ventures	(326,917)	(224,788)
Depreciation of property, plant and equipment	1,626,316	1,852,543
Amortization of right-of-use assets	691,270	551,587
Amortization of borrowing costs	9,638	22,576
Impairment of property, plant and equipment	342,033	-
Impairment of other intangible assets	2,153	-
Other intangible assets write-off	20,663	-
Non-cash movement in provisions	25,820	4,513
(Gain)/loss on sale of property, plant and equipment	(2,295)	22,112
Fees associated with borrowings	-	8,620
Payments for liabilities and charges	(123,884)	(56,262)
Changes in inventories	52,401	(102,766)
Changes in trade and other receivables	205,008	(559,314)
Changes in trade and other payables	(298,472)	535,052
Changes in deferred income	30,803	36,633
Cash inflow generated from operations	3,341,691	4,010,363

The Group restated the comparative information in respect of finance income on decommissioning escrow balances and for prepayments to reflect the change in treatment of pre-lease costs related to the Agogo FPSO. See Note 34 for further details.

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

28. Related parties**Ultimate controlling party**

There is no ultimate controlling party.

Directors' transactions

No directors' transactions took place in the financial year.

Subsidiaries

Details of subsidiary undertakings are present in Note 15.

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 year.

During the year the Group paid \$873 million (2024: \$925 million) in dividends to the shareholders which was split evenly based on the relative shareholdings.

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

Transactions entered into by the Group with related parties and trading balances outstanding are as follows:

Related party	Sales to related party \$'000	Purchases from related party \$'000	Amounts owed by related party \$'000	Amounts owed to related party \$'000
BP Group - shareholder				
2024	2,385,443	53,507	275,252	24,025
2025	1,794,635	27,706	72,048	2,731
Eni Group - shareholder				
2024	2,496,421	682,815	135,220	47,148
2025	1,893,022	753,736	224,797	106,394
Total				
2024	4,881,864	736,322	410,472	71,173
2025	3,687,656	781,442	296,845	109,125

Related parties are relationships due to common shareholdings/ownerships.

Transactions are in the ordinary course of business of an oil exploration and production group.

Azule Energy Holdings Limited

**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

29. 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 and 31 Revenues), are guarantors to the loan 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:

- \$2,500 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.
- \$1,399 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.
- \$52 million – work obligations under Block 28. (beneficiary ANPG).
- \$20 million - work obligations under Block 47 (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).
- \$5 million – work obligations under the Cabinda Centro RSC (beneficiary ANPG).
- \$3 million – Gas transportation services (beneficiary Florida Gas Transmission Company).
- \$3 million - work obligations under Block 18/15 (beneficiary ANPG).
- \$2 million – Transcontinental Gas Pipeline Company LLC.
- \$1 million - work obligations under Block 46 (beneficiary ANPG).

30. Financial risk management

Categories of financial instruments

	2025	Restated 2024
	\$'000	\$'000
Financial assets measured at amortized cost		
Decommissioning escrow balances (Note 17)	1,876,227	1,972,807
Trade and other receivables	2,312,955	2,459,255
Cash and cash equivalents (Note 19)	595,567	503,650
Financial liabilities measured at amortized cost		
Trade and other payables	(2,373,854)	(2,474,939)
Lease liabilities (Note 21)	(4,426,175)	(2,146,157)
Loans and borrowings (Note 23)	(3,451,169)	(2,528,775)
	(5,466,449)	(2,214,159)
	(5,466,449)	(2,214,159)

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.

Azule Energy Holdings Limited**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

30. Financial risk management (continued)

The Group's principal financial liabilities comprise of trade and other payables, lease liabilities and loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations, as well as decommissioning escrow balances.

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 the Group's 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.

Finance income and costs 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 Group 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.

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 2025, 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 as at 31 December 2025 is nil (2024: nil).

Fair value information

The carrying amounts and fair values of all the Group's financial instruments are reasonable approximations of their fair values. The Group assessed that the fair values of the financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the Group's loans and borrowings are determined by using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

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 related party balances, as at 31 December 2025, the PXF loan had a carrying value of \$2,107 million (2024: \$2,500 million). Under such facilities, the Group is exposed to the SOFR. A 1% variation on SOFR would have impacted net profit for the year by approximately \$21 million (2024: \$26 million).

Azule Energy Holdings Limited

**Notes to the Financial Statements (continued)
For the year ended 31 December 2025**

30. Financial risk management (continued)

Credit risk

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

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 banks of the Group. 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 2025 \$'000	As at 31 December 2024 \$'000
AAA to AA-	109,000	-
A+ to A-	392,359	520,250
B+ to B-	94,141	49,849
CCC+ and below	67	-
	595,567	570,099

Decommissioning escrow balances of \$1,876 million (2024: \$1,973 million) are held with reputable financial institutions.

With respect to credit risk arising from the other financial assets of the Group, the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Other receivable balances on the consolidated statement of financial position are mostly unrated.

The identified expected credit loss is immaterial for 31 December 2025 and 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 and cash equivalents, \$63 million (2024: \$110 million) is considered restricted and relates to cash held as a requirement under the PXF described below.

PXF and RCF

The PXF loan was put in place in 2022 for a period of seven years, at 31 December 2025 the outstanding balance is \$2,107 million (2024: \$2,500 million). It is a syndicated loan with several banks forming the group of lenders. Interest is paid quarterly, in arrears, which started in September 2022. Total interest paid on the PXF loan in 2025 was \$218 million (2024: \$248 million). The interest rate contains a fixed and floating element. The floating element amount is based on the daily SOFR, and the fixed margin is 4.5%.

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 Debt Service Reserve Account. They also benefit from a negative pledge in respect of the PXF Offtake.

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 an RCF since October 2023. This facility has a borrowing limit of \$600 million. At 31 December 2025 \$170 million (2024: \$50 million) was drawn from this facility.

For maturity profile of the Group’s financial liabilities relating to lease liabilities and loans and borrowing, see Notes 21 and 23.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

31. Changes in liabilities arising from financial activities

	Opening balance \$'000	Cash flows \$'000	New leases \$'000	Other \$'000	Total \$'000
2024					
Loans and borrowings (Note 23)	2,456,199	41,380	-	31,196	2,528,775
Leases (Note 21)	2,168,373	(897,701)	733,207	142,278	2,146,157
	4,624,572	(856,321)	733,207	173,474	4,674,932
2025					
Loans and borrowings (Note 23)	2,528,775	912,756	-	9,638	3,451,169
Leases (Note 21)	2,146,157	(1,053,633)	3,131,220	202,431	4,426,175
	4,674,932	(140,877)	3,131,220	212,069	7,877,344

The other column includes the effect of amortization of initial loan fee as per Note 23 and the effect of accrued but not yet paid interest on lease liabilities.

32. 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 PXF drawn down of \$2,107 million and partially drawn down RCF facility of \$170 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.

	2025 \$'000	2024 \$'000
Loans and borrowings	3,477,231	2,550,000
Less: Cash and cash equivalents	(595,567)	(503,650)
Net debt	2,881,664	2,046,350
EBITDA	3,442,671	4,099,197
Leverage	0.84	0.50

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. The Group complied with all covenant requirements during the year and there were no breaches.

Covenants on the senior notes include certain restrictions on indebtedness, restricted payments and liens.

Azule Energy Holdings Limited

Notes to the Financial Statements (continued) For the year ended 31 December 2025

33. 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 2025 is estimated at \$1,330 million (2024: \$974 million) mainly on Block 15 and PEL85 Namibia developments.

34. Restatement

In accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the financial statements for the prior periods have been restated for two separate errors in accounting treatment. These restatements are related to:

- Recognising the finance income earned from the decommissioning escrow balance and the related deferred tax.
- Recognising the pre-lease costs related to the Agogo FPSO as prepayments, associated deferred income for the partner share of costs and the related deferred tax.

Escrow Interest

The financial statements have been restated for the prior period to recognise the finance income earned from the decommissioning escrow balance and the related deferred tax, and to correct the non-current trade and other receivables for the decommissioning escrow balance and retained earnings. This resulted to an understatement of the non-current trade and other receivables for the decommissioning escrow balance and understatement of deferred tax liability and retained earnings for the related understatement of deferred tax expense and finance income. The restatement has been applied retrospectively to ensure comparability of the financial statements.

Pre-lease Costs

The financial statements have been restated for the prior period to correctly recognise the gross prepaid lease amount in relation to the Agogo FPSO where the Group is the lessee and there is no sublease to the joint operation. Previously this was incorrectly recorded at the net amount as assets under construction within property, plant and equipment. The partner share of the prepaid lease has been recognised as deferred income.

2024	Restated Amounts 2024 \$'000	Pre-lease Costs Restatement 2024 \$'000	Escrow Interest Restatement 2024 \$'000	Previously Reported 2024 \$'000
Financial Statement Line Items				
Statement of Comprehensive Income				
Finance income	53,468	-	13,000	40,468
Corporation tax	(375,979)	-	(6,500)	(369,479)
Profit for the year	1,068,447	-	6,500	1,061,947
Statement of Changes in Equity				
Profit for the year	1,068,447	-	6,500	1,061,947
Retained earnings	4,015,418	-	65,627	3,949,791
Statement of Financial Position				
Non-current trade and other receivables	2,494,323	441,000	131,253	1,922,070
Deferred tax asset	222,515	-	(65,626)	288,141
Property, plant and equipment	13,951,200	(162,464)	-	14,113,664
Deferred income	(278,536)	(278,536)	-	-

Azule Energy Holdings Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

34. Restatement (continued)

2023	Restated Amounts	Pre-lease Costs Restatement	Escrow Interest Restatement	Previously Reported
Financial Statement Line Items	1 Jan 2024	1 Jan 2024	1 Jan 2024	2023
	\$'000	\$'000	\$'000	\$'000
Statement of Changes in Equity				
Retained earnings	3,871,712	-	59,127	3,812,585
Statement of Financial Position				
Non-current trade and other receivables	2,326,933	383,000	118,253	1,825,680
Deferred tax asset	228,638	-	(59,126)	287,764
Property, plant and equipment	14,193,097	(141,097)	-	14,334,194
Deferred income	(241,903)	(241,903)	-	-

The statement of cash flows has also been restated. The opening profit for the year has been restated within Note 27 to \$1,068 million due to the escrow interest restatement. While purchases of property, plant, and equipment and other intangible assets has been restated to remove the net purchases related to the pre-lease costs restatement. This is now recorded as the gross amount, payments for pre-lease costs, in the statement of cash flows. While the partner share, is recorded as changes in deferred income within Note 27.

35. Events after the reporting date

On 14 January 2026, the Group issued unsecured notes for an aggregate principal amount of U.S.\$ 1,500 million comprising of two tranches: tranche one of \$850 million with a term of five years and a coupon of 8.25% per annum and tranche two of \$650 million with a term of seven years and a coupon of 8.625%.

On 26 January 2026, the Group repaid \$120 million of the RCF. The Group repaid the remaining \$50 million of the RCF on 30 March 2026.

On 13 February 2026, the Group confirmed an oil discovery in the Algaita-01 exploration well. The well encountered oil-bearing sandstones in multiple Upper Miocene intervals, characterized by excellent petrophysical properties. A comprehensive data acquisition campaign, including fluid sampling, confirmed the quality of the reservoir and the fluid characteristics. The presence of existing nearby development infrastructure further enhances the potential value of the discovery and improves its development prospects.

On 18 February 2026, the Group announced the successful achievement of Ndungu full field start-up with the first oil of three production wells. The Ndungu full field comprises seven production wells and four injection wells, with an expected production peak of 60,000 barrels of oil per day.

On 28 February 2026, a military conflict began between the United States of America, Israel, and Iran. This conflict has led to significant volatility in global oil prices, disruptions in Middle East supply routes including the closure of the Strait of Hormuz and broader macroeconomic and geopolitical uncertainty. Despite these developments, the Group does not expect any material operational disruptions or adverse financial impacts.

On 16 March 2026, the Group confirmed the successful start-up of gas delivery from the NGC Quiluma field. Initial production is expected to be 150 MMSCF/d and will ramp up to 330 MMSCF/d by the end of 2026.

On 27 March 2026, a new SPA was signed with a new buyer in relation to the sale of Blocks 14 and 14k, replacing and terminating the earlier SPA dated 11 December 2025.

On 20 April 2026, gas export from NGC to ALNG has commenced following the opening of the NGC export valve, officially marking the beginning of commercial gas sales for NGC.