

**Southern Gas Corridor
Closed Joint-Stock Company**

Consolidated financial statements

*For the year ended 31 December 2025
with Independent auditor's report*



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Independent auditor's report

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Ernst & Young Holdings (CIS) B.V.
Port Baku Towers Business Centre
South Tower, 9th floor,
153, Neftchilar Ave.
Baku, AZ1010, Azerbaijan
Tel: +994 (12) 490 70 20
Fax: +994 (12) 490 70 17
ey.com/az

Ernst & Yanq Holdings (SiAyEs) Bi.Vi.
Port Baku Towers Biznes Mərkəzi
Cənub Qülləsi, 9-cu mərtəbə
Neftçilər prospekti, 153
Bakı, AZ1010, Azərbaycan
Tel: +994 (12) 490 70 20
Faks: +994 (12) 490 70 17

Independent auditor's report

To the Management and Supervisory Board of the
Southern Gas Corridor Closed Joint-Stock Company

Opinion

We have audited the consolidated financial statements of the Southern Gas Corridor Closed Joint Stock Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Supervisory Board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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



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- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young Holdings (CIS) B.V.

24 June 2026


Baku, Azerbaijan


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

<i>in thousands of US dollars</i>	Note	31 December 2025	31 December 2024
Assets			
Non-current assets			
Oil and gas properties	6	9,268,163	9,652,281
Investment in associate	8	407,635	335,325
Loan receivables	9	-	19,430
Right-of-use asset	10	52,365	2,883
Other non-current assets		3,781	15,300
Total non-current assets		9,731,944	10,025,219
Current assets			
Cash and cash equivalents	11	653,533	410,446
Deposits	11	2,120,628	1,230,417
Trade and other receivables	12	321,303	326,813
Short-term investments	7	1,498,469	1,309,631
Current portion of loan receivables	9	14,511	111,597
Inventories		70,936	57,586
Other current assets	13	204,119	38,080
Total current assets		4,883,499	3,484,570
Total assets		14,615,443	13,509,789
Equity and liabilities			
Equity			
Share capital	14	2,415,800	2,415,800
Additional paid-in capital	14	31,481	31,481
Other reserves	14	(1,577)	(834)
Cumulative translation differences		10,958	(35,206)
Retained earnings		3,921,383	2,854,072
Equity attributable to the equity holders of the Parent		6,378,045	5,265,313
Non-controlling interests	27	2,725,608	2,808,865
Total equity		9,103,653	8,074,178
Non-current liabilities			
Long-term borrowings	15	1,356,254	3,495,793
Government grant	15	418,999	458,281
Decommissioning liabilities	16	506,459	436,861
Deferred tax liability	21	398,252	396,530
Lease liability	10	50,948	-
Other non-current liabilities		21,938	19,916
Total non-current liabilities		2,752,850	4,807,381
Current liabilities			
Trade and other payables	17	233,607	190,015
Short-term and current portion of long-term borrowings	15	2,163,423	152,981
Accrued liabilities	17	75,986	56,618
Income tax payable	21	163,069	109,801
Current portion of lease liability	10	2,879	3,739
Dividend payable	22	119,976	115,076
Total current liabilities		2,758,940	628,230
Total equity and liabilities		14,615,443	13,509,789

Approved for issue and signed on behalf of the Group on 24 June 2026.





Mr. Fuad Sultanov

General Director

Mr. Adil Pashayev

Finance Director



The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2025**

<i>in thousands of US dollars</i>	Note	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	18	2,986,204	3,249,551
Cost of sales	19	(680,461)	(705,135)
Gross profit		2,305,743	2,544,416
General and administrative expenses		(428,328)	(430,027)
Transportation tariffs		(167,424)	(187,368)
Other income	15, 23	79,304	111,727
Operating profit		1,789,295	2,038,748
Interest income	20	186,738	154,463
Finance costs	10, 15, 16	(268,111)	(390,063)
Share of result of associate	8	80,844	72,481
Foreign exchange gain		1,072	1,571
Profit before income tax		1,789,838	1,877,200
Income tax expenses	21	(158,984)	(166,137)
Profit for the year		1,630,854	1,711,063
Other comprehensive income/(loss)			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign associate	8	46,164	(19,891)
Net loss on cash flow hedge reserve of associate, net of tax	8, 14	(743)	(10,528)
Other comprehensive income/(loss) for the year, net of tax		45,421	(30,419)
Total comprehensive income for the year		1,676,275	1,680,644
Profit attributable to:			
Equity holders of the Parent		1,067,311	1,140,582
Non-controlling interests		563,543	570,481
		1,630,854	1,711,063
Total comprehensive income attributable to:			
Equity holders of the Parent		1,112,732	1,110,163
Non-controlling interests		563,543	570,481
		1,676,275	1,680,644

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December 2025**

<i>in thousands of US dollars</i>	Note	Year ended 31 December 2025	Year ended 31 December 2024
Operating activities			
Profit before income tax		1,789,838	1,877,200
<i>Non-cash adjustments to reconcile profit before tax to net cash flows</i>			
Finance costs	10, 15, 16	268,111	390,063
Depreciation and depletion of property, plant and equipment and right-of-use assets	6, 10	618,843	643,547
Share of result of associate	8	(80,844)	(72,481)
Expected credit loss ("ECL") charge/ (reversal), net		3,909	(6,459)
Other income, excluding ECL reversal	15, 23	(42,243)	(105,268)
Interest income	20	(186,738)	(154,463)
<i>Working capital adjustments</i>			
Trade and other receivables		5,510	7,414
Inventories		(13,350)	(1,784)
Other assets		(154,520)	16,453
Trade and other payables		27,968	60,916
Accrued liabilities		19,368	(25,514)
Cash generated from operations		2,255,852	2,629,624
Income tax paid		(104,592)	(44,573)
Interest received		187,586	73,841
Net cash flows from operating activities		2,338,846	2,658,892
Investing activities			
Placement of deposits	11	(6,858,000)	(2,905,000)
Withdrawal of deposits	11	5,965,000	4,360,942
Treasury activities	7	(192,100)	(1,307,900)
Proceeds from repayment of loans given to third parties	9	29,377	66,093
Investments in oil and gas properties	6	(190,179)	(162,314)
Proceeds from sale of oil and gas properties		-	794,655
Dividends received from associate	8	53,955	68,061
Net cash flows used in investing activities		(1,191,947)	914,537
Financing activities			
Repayment of borrowings	15	(117,042)	(2,817,230)
Payment of principal portion of lease liabilities	10, 15	(7,715)	(7,032)
Proceeds of deferred consideration from disposal of non-controlling interests in a subsidiary	9	91,700	92,530
Interest paid	10, 15	(228,855)	(395,311)
Dividends paid to non-controlling interests	22	(641,900)	(460,353)
Net cash flows used in financing activities		(903,812)	(3,587,396)
Net increase / (decrease) in cash and cash equivalents		243,087	(13,967)
Cash and cash equivalents at the beginning of the year	11	410,446	424,413
Cash and cash equivalents at the end of the year	11	653,533	410,446

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2025**

<i>in thousands of US dollars</i>	Share capital	Additional paid-in Capital	Other reserves (Note 14)	Cumulative translation differences	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2024	2,415,800	31,481	9,694	(15,315)	1,713,490	4,155,150	2,813,813	6,968,963
Profit for the year	-	-	-	-	1,140,582	1,140,582	570,481	1,711,063
Other comprehensive loss	-	-	(10,528)	(19,891)	-	(30,419)	-	(30,419)
Total comprehensive profit	-	-	(10,528)	(19,891)	1,140,582	1,110,163	570,481	1,680,644
Dividends declared by subsidiaries (Note 22)	-	-	-	-	-	-	(575,429)	(575,429)
At 31 December 2024	2,415,800	31,481	(834)	(35,206)	2,854,072	5,265,313	2,808,865	8,074,178
Profit for the year	-	-	-	-	1,067,311	1,067,311	563,543	1,630,854
Other comprehensive loss	-	-	(743)	46,164	-	45,421	-	45,421
Total comprehensive profit	-	-	(743)	46,164	1,067,311	1,112,732	563,543	1,676,275
Dividends declared by subsidiaries (Note 22)	-	-	-	-	-	-	(646,800)	(646,800)
At 31 December 2025	2,415,800	31,481	(1,577)	10,958	3,921,383	6,378,045	2,725,608	9,103,653

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2025****1. CORPORATE INFORMATION**

Southern Gas Corridor Closed Joint-Stock Company (the “Company”, the “Parent” or “SGC CJSC”) was established by the Presidential Decree No. 287 dated 25 February 2014. It was incorporated on 31 March 2014 in accordance with Azerbaijani legislation. As of 31 December 2025, 51% of the Company was owned by the State Oil Company of Azerbaijan Republic (“SOCAR”), whereas 49% belonged to the Republic of Azerbaijan (the “State”), which is represented by the Ministry of Economy of the Republic of Azerbaijan. The Company is domiciled in the Republic of Azerbaijan. The registered address is located at 99 Central Boulevard street, Baku, AZ 1025, the Republic of Azerbaijan.

The Company was established for consolidating, managing and financing the State’s interests in the full-field development of the Shah Deniz (“SD”) gas-condensate field, the expansion of the South Caucasus Pipeline (“SCP”), implementation of Trans-Anatolian Natural Gas Pipeline (“TANAP”) and Trans Adriatic Pipeline (“TAP”) projects (together the “Projects”).

The Company has the following subsidiaries:

Name	Country of incorporation	% equity interest	
		31 December 2025	31 December 2024
SGC Upstream LLC	Azerbaijan	100	100
SGC Midstream LLC	Azerbaijan	100	100
TANAP Doğalgaz İletim A.Ş. (“TANAP A.Ş.”)	Türkiye	51	51
AzTAP GmbH	Switzerland	100	100

The Company holds 20% share in Trans Adriatic Pipeline AG (“TAP AG”), through AzTAP GmbH.

2. MATERIAL ACCOUNTING POLICY INFORMATION**Basis of preparation**

These consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by International Accounting Standards Board (“IASB”). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group’s voting rights and potential voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Basis for consolidation (continued)**

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

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 interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Transactions with non-controlling interest (“NCI”)

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and NCIs shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCIs are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

Business combinations with entities under common control

The Group applies pooling of interest method of accounting for business combinations with entities under the common control from the date when the combination took place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Business combinations (continued)***Business combinations with entities under common control (continued)*

The pooling of interest method includes the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination. The only adjustments that are made are to align accounting policies;
- No “new” goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the net assets acquired is reflected within equity;
- Total comprehensive income reflects the results of the combining entities from the period when the combination took place.

Acquisition of an entity that is not a business

When the Group acquires an entity that is not a business, it allocates the cost of acquisition between the individual identifiable assets and liabilities of the acquired entity as following:

- For any identifiable asset or liability initially measured at an amount other than cost, an entity initially measures that asset or liability at the amount specified in the applicable IFRS;
- The Group deducts from the transaction price of the group the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition.

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group’s investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group’s share of the results of operations of the associate. Any change in other comprehensive income (“OCI”) of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and NCIs in the subsidiaries of the associate. The financial statements of the associate 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. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within “Share of profit of an associate” in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Investments in the SD PSA, SCP and AGSC**

On 5 June 2024, the Group entered into a sale and purchase agreement with MVM Upstream Kft., owned by the Republic of Hungary, for the sale of a 5% participating interest in the Shah Deniz Production Sharing Agreement (“SD PSA”) and 4% shares in Azerbaijan Gas Supply Company Limited (“AGSC”). The completion under this deal was achieved on 30 August 2024.

As at 31 December 2025 the Group owned 16.02% participating interest (31 December 2024: 16.02% participating interest) in SD project and according to the terms of SD PSA is liable for its portion of the SD project’s liabilities. At the same time, the Group is entitled to its portion of expenses incurred and revenues earned by the whole project. Therefore, the Group accounts for its investment in the SD PSA by recognising its interest portion of underlying assets, liabilities, expenses incurred, and income earned by the project using undivided interest method.

The Group’s 21.02% participating interest in the SCP project held as at 31 December 2025 (31 December 2024: 21.02% participating interest) is treated by the Group as undivided interest related to the investment in South Caucasus Pipeline Company Limited (“SCPC”) and accounted by recognising its portion of underlying assets, liabilities, expenses incurred and income earned by the project using undivided interest method.

As at 31 December 2025 the Group held 12.816% shares in AGSC (31 December 2024: 12.816% shares), a company established together with the other Contractor Parties of the SD Project and the State, represented by SOCAR. AGSC is a special structured entity established for marketing, accounting, billing, payment and reporting of other administrative activities related to the sales of SD gas and operates on a no gain, no loss basis.

Foreign currency translation

The consolidated financial statements are presented in US dollars (“USD”) and all values are rounded to the nearest thousands, except when otherwise indicated.

The functional currency of the Company, subsidiaries and associate is the following:

SGC CJSC	USD
SGC Upstream LLC	USD
SGC Midstream LLC	USD
TANAP A.Ş.	USD
AzTAP GmbH	EUR
TAP AG	EUR

The transactions executed in foreign currencies are initially recorded in the functional currencies of respective Group entities by applying the appropriate rates of exchanges prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies other than functional currency of respective Group entity are translated into the functional currency of that entity at the appropriate exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the re-measurement into the functional currencies of respective Group’s entities are recognised in the consolidated statement of comprehensive income.

The results and financial position of the Group entities whose functional currency differ from the presentation currency of the Group are translated into the presentation currency of the Group as follows:

- Assets and liabilities for each statement of financial position are translated at the closing rate at the date of that consolidated statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity – currency translation difference.

Principal rate of exchange used for translating foreign currency balances were as follows as at 31 December:

Currencies	2025	2024
EUR 1	1.1778	1.0426
CHF 1	1.2685	1.1086
TRY 1	0.0233	0.0285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Current versus non-current classification**

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

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

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other assets and liabilities, including deferred tax assets and liabilities as non-current.

Fair value measurement of financial instruments

Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

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. The principal or the most advantageous market must be accessible to 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 best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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 consolidated 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 consolidated financial statements 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.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Fair value measurement of financial instruments (continued)**

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses (“ECL”). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest rate method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the consolidated statement of financial position.

The effective interest rate method is a method of allocating interest income or interest expense over the relevant period to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount of financial asset or financial liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

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 (“FVOCI”), and fair value through profit or loss (“FVPL”).

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

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 to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Financial assets (continued)*****Subsequent measurement (continued)******Financial assets at amortised cost (debt instruments)***

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

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

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

The Group’s financial assets at amortised cost includes cash and cash equivalents, deposits, short-term investments, trade receivables, loan receivables and other current and non-current financial assets.

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.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at FVPL. 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.

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).

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities***Initial recognition and measurement***

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Financial liabilities (continued)*****Initial recognition and measurement (continued)***

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

This category is most relevant to the Group. After initial recognition, interest bearing loans and borrowings which have a fixed contractual repayment schedule are measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate method. The effective interest rate method amortisation is included in finance cost in the consolidated statement of comprehensive income.

Trade and other payables

Trade and other payables are accrued when the counterparty performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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 profit or loss in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount 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, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting***Initial recognition and subsequent measurement***

The Group's associate uses derivative financial instruments, such as interest rate swap contracts, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group's associate formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Derivative financial instruments and hedge accounting (continued)***Initial recognition and subsequent measurement (continued)*

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group's associate will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group's associate actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Oil and gas properties

Oil and gas properties are stated at cost, less accumulated depreciation and provision for impairment, where required. Such cost includes the cost of replacing part of the oil and gas properties and borrowing costs for long-term construction projects if the recognition criteria are met. Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of oil and gas properties items is capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of oil and gas properties. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there are indicators that impairment loss may no longer exist or may have decreased.

Gains and losses on disposals are determined by comparing proceeds from disposal with the carrying amount of the asset disposed and are recognised in profit or loss for the year.

Construction in progress

All costs directly or indirectly attributable to the projects of construction and expansion of the capacity of the pipeline systems are capitalised as a construction in progress. The construction in progress is stated at a cost and not depreciated but tested for impairment if indicators exist. The construction in progress is transferred to the oil and gas properties upon completion.

Depreciation, depletion and amortisation

Oil and gas production properties are depreciated using the unit-of-production method.

Depreciation of oil and gas production properties is computed based on proved developed reserves. Shared oil and gas properties and equipment are depreciated over total proved reserves.

Depreciation, depletion and amortisation of capitalised costs of the pipeline systems are calculated using the straight-line method for the period of useful life of pipelines. The estimated useful life of the SCP pipeline is thirty years from 25 November 2006, the date when the pipeline was officially ready and put in use. Useful life of SCP Expansion elements was assessed and estimated at 30 years from the construction completion date of 31 March, 2019. The estimated useful life of the TANAP system is expected to last until the year 2062.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Depreciation, depletion and amortisation (continued)**

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Oil and natural gas development expenditure

The Group follows the successful efforts method of accounting for oil and natural gas development activities. Costs to acquire mineral interests, to determine the technical feasibility, assess commercial viability of an identified resource and to drill and equip exploratory wells that find proved reserves are capitalised within exploration and evaluation assets. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

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

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

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). 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 assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful life of the right-of-use assets (buildings and construction assets) is 10 years.

If the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term the recognised right-of-use asset is depreciated over estimated useful lives of the respective underlying asset. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable by the lessee 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Leases (continued)*****Group as a lessee (continued)****Lease liabilities (continued)*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. When the lease liability is remeasured as described above, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded as gain or loss in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. When there is a modification of a lease that decreases the scope of the lease, the Group also recognises gain or loss in the profit or loss equal to the difference between carrying amounts of portions of lease liability and right-of-use asset derecognised.

Incremental borrowing rate (IBR)

The Group uses incremental borrowing rate as the discount rate as interest rate implicit in the lease is not readily determinable. In determining the incremental borrowing rate, the lessee considers borrowings with a similar term and security to the right-of-use asset, not the underlying asset. Lessee's incremental borrowing rate reflects the rate of interest that a lessee would have to pay, among others, in a similar economic environment. If a contract requires lease payments to be made in a currency other than the functional currency of the lessee, the incremental borrowing rate should be determined based on a borrowing of a similar amount in that foreign currency.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased and treats the underlying assets as low-value when a new one has a value of USD 5,000 or less. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease payments are recognised as revenue in the period in which they are earned.

Advance payments

Advance payments are recognised and carried at the original amount of payment less provision for any amount at risk of non-performance by the counterparty. Advance payments made for non-current assets as well as payments which will be settled during more than one-year period are non-current advance payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. 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.

Impairment of oil and gas properties, development costs and other non-financial assets

The Group assesses at each statement of financial position 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 cash generating unit's ("CGU") fair value less costs to sell and its value in use. 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.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of producing crude oil is accounted on weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the production cost, the appropriate proportion of depletion and depreciation charges and overheads. Net realisable value of crude oil is based on estimated selling price in the ordinary course of business less any costs expected to be incurred to completion and disposal.

Decommissioning liabilities

The Group assesses its asset retirement obligation liabilities in accordance with the guidelines of International Financial Reporting Interpretations Committee ("IFRIC") 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities. The amount recognised as a provision is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current applicable legislation and regulations, and is subject to changes because of modifications, revisions and changes in laws and regulations and respective interpretations thereof.

Under the provisions of the SD PSA, the Contractor Parties to the SD PSA are obligated to finance the ultimate abandonment of oil and gas production properties employed in petroleum operations within the contract area. The maximum amounts of abandonment funds cannot exceed 10% of the capital costs in accordance with the SD PSA. The Group estimates its share of total decommissioning liabilities based on the SD PSA provisions by applying the 10% limit to all capital costs incurred in petroleum operations in the contract area as at the year-end. The present value of the decommissioning liabilities is recorded by the Group as a liability at the time the assets are installed or placed in service.

The amount of liability equals the present value of the future decommissioning liabilities discounted at pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability, which equals 6.13% at 31 December 2025 (31 December 2024: 7.34%). A corresponding tangible fixed asset of an amount equivalent to the liability is also created. This amount is subsequently depreciated and charged against income using the unit-of-production method based on proved reserves. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas production properties. The unwinding of the discount on the decommissioning provision is included in finance costs.

According to the Host Government Agreement ("HGA") signed with the Georgian and Azerbaijan Governments, no later than 30 days after the termination of the HGA, SCPC must submit a decommissioning plan to these Governments addressing its obligations to retire the pipeline. The amount of asset retirement obligation is capitalised by shareholders of SCPC. The Group recognises underlying asset retirement obligation in respect of its participating interest in SCPC. A corresponding tangible fixed asset of an amount equivalent to the liability is also created. This amount is subsequently depreciated and charged against income. The amount of liability equals the present value of the future decommissioning liabilities discounted at pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability, which equals 7.34% at 31 December 2025 (31 December 2024: 7.34%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Decommissioning liabilities (continued)**

In accordance with HGA signed with the Government of Türkiye, the Group shall comply with all its decommissioning obligations following the expiry of HGA (2062). The Group recognised decommissioning liability, which represents the management's best estimate of the expenditures required to settle the present obligation at the reporting date. A corresponding tangible fixed asset of an amount equivalent to the liability is also created. This amount is subsequently depreciated and charged against income. The amount of liability equals the present value of the future decommissioning liabilities discounted at pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability, which equals 5.13% at 31 December 2025 (31 December 2024: 5.63%).

Revenue recognition

The Group's revenue is generated from sales of natural gas and crude oil produced in Azerbaijan and sold to customers in Azerbaijan, Georgia, Türkiye and Europe. The Group also recognises revenue from transportation of natural gas to relevant delivery points in Azerbaijan, Georgia and Türkiye. Revenue is recognised when control of the services or goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods.

Sale of natural gas and crude oil

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, the Group recognises revenue from sale of natural gas and crude oil at the point in time when control of the asset is transferred to a customer.

Transportation of natural gas

The Group's contracts with customers for transportation of natural gas include delivering the natural gas to the exit points under respective natural gas transportation agreements. The Group recognises revenue only when it satisfies an identified performance obligation by transferring a promised service to a customer.

Accounting for over/underlift crude oil

The Group operates in the SD PSA arrangement for production of oil and gas products. The Group recognises revenue based on actually sold volume of crude oil with no adjustments made in respect of production imbalances resulted in any variance between actual share of production volume sold to date and the share of production which the party has been entitled to sell to date. The cost of sales is adjusted for production imbalances in order to align with the volumes actually sold. The Group applies cost method for measurement of underlift asset and overlift liability at initial recognition.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant related to an asset, it is recognised as income over the expected useful life of the related asset on a basis consistent with the depreciation policy.

The benefit of a bond issued to the government (or to state-owned entity) at a below market rate of interest is treated as a government grant. Such benefit is measured as the difference between the initial fair value of the issued bond and the proceeds received.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year unless it relates to transactions that are recognised, in the same or a different period, in other comprehensive income or directly in equity.

As at 31 December 2025 the Group was liable for financing of its 21.02% share (31 December 2024: 21.02% share) in the tax liabilities of SCPC, namely Azerbaijani income tax, Georgian income tax and Georgian minimum tax liabilities.

According to the provisions of the SD PSA, Contractor Parties are liable for profit taxes. However, according to the SD PSA, respective government entity of the Republic of Azerbaijan is liable for payment of profit taxes of each Contractor Party from the proceeds from sales of crude oil and natural gas. Therefore, the Group does not recognise respective profit taxes and related revenue in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Income taxes (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The Company's corporate income tax rate for the years ended 31 December 2025 and 31 December 2024 was 20%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income taxes are provided in full on temporary differences arising on recognition and subsequent measurement of provision for asset retirement obligation and related adjustments to cost of property and plant and equipment. The same approach is applied for right of use assets and lease liabilities.

Operating tax of TANAP A.Ş.

As per the HGA between the Republic of Türkiye and TANAP A.Ş., it was determined that the corporate tax of TANAP A.Ş. will only be based on the amount of natural gas transmitted from the pipeline after the pipeline is put in use. According to tax ruling received on 7 April 2018 TANAP A.Ş. is not subject to corporate income tax. TANAP A.Ş. is required to pay tax of US dollars 6.83 per thousand cubic meters of gas measured at entry point (2024: US dollars 6.70 per thousand cubic meters of gas).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)**Employee benefits**

Wages, salaries, contributions to the State Social Protection Fund of the Republic of Azerbaijan, paid annual leave and sick leave, bonuses, and non-monetary benefits (e.g. health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees to the Group.

Transactions with related parties

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be on the same terms, conditions and amounts as transactions between unrelated parties. It is the nature of transactions with related parties that they cannot be presumed to be carried out on an arm's length basis.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements unless it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of commitments, guarantees and contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

On an on-going basis, management evaluates their estimates, including those related to revenue recognition and contingencies. Management bases their estimates on various market-specific assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making assumptions about the carrying values of assets that are not readily apparent from other sources. Actual results may differ significantly from these estimates using different assumptions or conditions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves reported include judgmental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models to assess the size, shape, depth and quantity of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period; changes in reported reserves can impact provision of decommissioning liabilities due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charges to the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Reserve estimates (continued)**

Natural gas and condensate reserves depend on price fluctuations as a result of change in production entitlement split between the State and Contractor Parties. Natural gas prices are calculated based on the long-term sales contracts which are either fixed or variable depending on crude oil prices and other inputs.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired. Latest forecasts issued by internationally recognised independent reserves engineers were dated as of 31 December 2025.

ECL measurement

The Group estimates probability of default for all instruments based on external rating migration matrices. The probability of default estimates is calibrated from through-the-cycle to point-in-time and adjusted for forward-looking information. Integration of forward-looking information is performed by probability of default calibration with the forward-looking coefficient which is conservatively calculated to reflect the current situation.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

Decommissioning liabilities

As discussed in *Note 2*, under the terms of the SD PSA the Group will have to make contributions to the abandonment fund when seventy percent (70%) of petroleum reserves of the SD field are recovered. Decommissioning liabilities are stated in the amount of expected contributions related to the currently employed assets discounted at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. This valuation requires the Group to make estimates about timing of expected future cash flows and adjustment to the discount rate, and hence they are subject to uncertainty. The estimation of the decommissioning liabilities is based on the assumption that contributions to the abandonment fund will start in 2030 (*Note 16*).

Recoverability of oil and gas assets

The Group assesses each CGU every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

The recoverable amount used in performing the impairment test described below is value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The post-tax discount rate of the Group as at 31 December 2025 was 8.53% (31 December 2024: 9.14%). The Group generally estimates value-in-use using a discounted cash flow model from financial budgets. As at 31 December 2025 the Group performed impairment trigger analysis and did not identify any impairment trigger (31 December 2024: no impairment trigger was identified).

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024 except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Below is the list of new or revised standards which are applicable for annual reporting periods beginning on or after 1 January 2025:

- *Lack of exchangeability* – Amendments to IAS 21.

The amendments mentioned above had no material impact on the Group's consolidated financial statements as at 31 December 2025.

Standards issued but not yet effective

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

- IFRS 18 *Presentation and Disclosure in Financial Statements*;
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*;
- Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*;
- *Amendments to the Classification and Measurement of Financial Instruments* – Amendments to IFRS 9 and IFRS 7;
- *Contracts referencing Nature-dependent Electricity* – Amendments to IFRS 9 and IFRS 7;
- *Annual Improvements to IFRS Accounting Standards - Volume 11*.

These amendments (except for IFRS 18) are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 would be effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The Group is currently assessing the impact of IFRS 18 on its consolidated financial statements. Based on the preliminary assessment, the adoption of IFRS 18 is expected to primarily affect the presentation and disclosure of financial information.

The expected changes include:

- Reclassification of income and expenses within the statement of profit or loss into operating, investing and financing categories;
- Presentation of certain items, such as share of profit or loss of associates and joint ventures, within the investing category;
- Changes in the classification of foreign exchange differences depending on the nature of the underlying transactions;
- New disclosure will be added: (a) Introduction of new subtotals and management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1;
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

In addition, IFRS 18 introduces new requirements relating to the identification and disclosure of management-defined performance measures (MPMs), which the Group is currently assessing.

The Group plans to progress to the implementation phase during 2026 and expects to complete the transition ahead of the effective date of 1 January 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. SEGMENT INFORMATION**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the management of the Group and for which discrete financial information is available.

The Group is organised into business units based on their products and services and has two reportable segments as follows:

- Oil and gas – representing extraction and sale of natural gas and gas condensate;
- Distribution – representing transportation of natural gas.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's segments are strategic business units that focus on different customers. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Transfer prices between operating segments are either on an arm's length basis or non-arm's length basis.

Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the year ended 31 December 2025 is set out below:

<i>in thousands of US dollars</i>	Oil and gas	Distribution	Unallocated (*)	Eliminations and adjustments (**)	Total
Revenues					
External customers	1,354,017	1,632,187	–	–	2,986,204
Inter-segment	–	420,660	–	(420,660)	–
Total revenue	1,354,017	2,052,847	–	(420,660)	2,986,204
Depreciation and depletion of PPE	(400,654)	(212,551)	–	–	(613,205)
Other costs	(67,113)	(15,475)	–	15,332	(67,256)
Transportation tariffs	(572,752)	–	–	405,328	(167,424)
General and administrative expenses	(8,327)	(416,311)	(3,690)	–	(428,328)
Other income	40,970	2,961	35,373	–	79,304
Interest income	6,838	8,313	236,288	(64,701)	186,738
Finance costs	(62,063)	(36,050)	(234,699)	64,701	(268,111)
Share of result of associate	–	80,844	–	–	80,844
Foreign exchange gains/(losses), net	2,586	(2,039)	525	–	1,072
Income tax expense	–	(49,988)	(108,996)	–	(158,984)
Net profit/(loss) for the year	293,502	1,412,551	(75,199)	–	1,630,854

(*) These numbers include unallocated transactions managed and recognised at the Group level.

(**) Inter-segment revenues and expenses are eliminated on consolidation. Amounts shown as eliminations include intercompany transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. SEGMENT INFORMATION (continued)****Information about reportable segment profit or loss, assets and liabilities (continued)**

<i>in thousands of US dollars</i>	Oil and gas	Distribution	Unallocated (*)	Eliminations and adjustments (**)	Total
Investment in associate	–	407,635	–	–	407,635
Other reportable segment assets	2,549,258	7,249,233	5,796,626	(1,387,309)	14,207,808
Total reportable segment assets	2,549,258	7,656,868	5,796,626	(1,387,309)	14,615,443
Other reportable segment liabilities	(891,865)	(1,248,421)	(4,395,726)	1,024,222	(5,511,790)
Total reportable segment liabilities	(891,865)	(1,248,421)	(4,395,726)	1,024,222	(5,511,790)
Capital expenditure (***)					
Additions	182,650	15,822	–	–	198,472
Total capital expenditures	182,650	15,822	–	–	198,472

(*) These numbers include unallocated assets and liabilities managed and recognised at the Group level.

(**) Inter-segment balances are eliminated on consolidation. Amounts shown as eliminations include intercompany balances.

(***) Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

Segment information for the reportable segments for the year ended 31 December 2024 is set out below:

<i>in thousands of US dollars</i>	Oil and gas	Distribution	Unalloca- ted (*)	Eliminations and adjust- ments (**)	Total
Revenues					
External customers	1,697,746	1,551,805	–	–	3,249,551
Inter-segment	–	492,315	–	(492,315)	–
Total revenue	1,697,746	2,044,120	–	(492,315)	3,249,551
Depreciation and depletion of PPE	(428,676)	(209,106)	–	–	(637,782)
Other costs	(66,049)	(15,391)	–	14,087	(67,353)
Transportation tariffs	(665,596)	–	–	478,228	(187,368)
General and administrative expenses	(22,536)	(401,231)	(6,260)	–	(430,027)
Other income	45,281	2,738	63,708	–	111,727
Interest income	–	7,947	289,217	(142,701)	154,463
Finance costs	(124,560)	(51,872)	(356,332)	142,701	(390,063)
Share of result of associates	–	72,481	–	–	72,481
Foreign exchange gain, net	–	1,310	261	–	1,571
Income tax expense	–	(48,874)	(117,263)	–	(166,137)
Net profit/(loss) for the year	435,610	1,402,122	(126,669)	–	1,711,063

(*) These numbers include unallocated transactions managed and recognised at the Group level.

(**) Inter-segment revenues and expenses are eliminated on consolidation. Amounts shown as eliminations include intercompany transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. SEGMENT INFORMATION (continued)****Information about reportable segment profit or loss, assets and liabilities (continued)**

<i>in thousands of US dollars</i>	Oil and gas	Distribution	Unallocated (*)	Eliminations and adjustments (**)	Total
Investment in associate	–	335,325	–	–	335,325
Other reportable segment assets	2,845,732	7,356,003	5,303,931	(2,331,202)	13,174,464
Total reportable segment assets	2,845,732	7,691,328	5,303,931	(2,331,202)	13,509,789
Other reportable segment liabilities	(1,481,843)	(1,397,617)	(4,508,543)	1,952,392	(5,435,611)
Total reportable segment liabilities	(1,481,843)	(1,397,617)	(4,508,543)	1,952,392	(5,435,611)
Capital expenditure (***)					
Additions	148,418	33,521	–	–	181,939
Total capital expenditures	148,418	33,521	–	–	181,939

(*) *These numbers include unallocated assets and liabilities managed and recognised at the Group level.*

(**) *Inter-segment balances are eliminated on consolidation. Amounts shown as eliminations include intercompany balances.*

(***) *Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.*

Geographical information

The Group's revenue is generated from sales of natural gas and crude oil produced in Azerbaijan and sold to customers in Azerbaijan, Georgia, Türkiye and Europe. The Group also recognises revenue from transportation of natural gas to relevant delivery points in Azerbaijan, Georgia and Türkiye.

Non-current assets other than financial instruments and deferred tax assets for each individual country for which they are material are reported separately as follows:

	2025	2024
Azerbaijan	2,991,983	3,233,643
Türkiye	5,884,815	5,976,538
Georgia	447,511	460,283
Switzerland	407,635	335,325
Total	9,731,944	10,005,789

The analysis is based on location of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. OIL AND GAS PROPERTIES**

Movements in the carrying amount of oil and gas properties consisted of the following:

<i>in thousands of US dollars</i>	Oil and gas production properties	Pipeline assets	Decommis- sioning costs	Total
Cost				
At 31 December 2023	4,631,802	8,038,816	452,634	13,123,252
Additions	148,418	11,118	18,984	178,520
Change in estimates for decommissioning provision	–	–	(25,066)	(25,066)
Sale of participating interest	(1,166,170)	–	(68,377)	(1,234,547)
Disposals	–	(2,675)	–	(2,675)
At 31 December 2024	3,614,050	8,047,259	378,175	12,039,484
Additions	174,357	15,822	8,293	198,472
Change in estimates for decommissioning provision	–	–	30,615	30,615
Disposals	–	(1,506)	–	(1,506)
At 31 December 2025	3,788,407	8,061,575	417,083	12,267,065
Accumulated depletion and depreciation				
At 31 December 2023	(1,072,369)	(900,367)	(88,142)	(2,060,878)
Charge for the year	(386,308)	(209,106)	(42,368)	(637,782)
Sale of participating interest	311,457	–	–	311,457
At 31 December 2024	(1,147,220)	(1,109,473)	(130,510)	(2,387,203)
Charge for the year	(360,234)	(211,377)	(41,594)	(613,205)
Disposal	–	1,506	–	1,506
At 31 December 2025	(1,507,454)	(1,319,344)	(172,104)	(2,998,902)
Net book value				
At 31 December 2025	2,280,953	6,742,231	244,979	9,268,163
At 31 December 2024	2,466,830	6,937,786	247,665	9,652,281

Oil and gas production properties

As of 31 December 2025, oil and gas production properties are represented by the Group's 16.02% (31 December 2024: 16.02%) participating interest in oil and gas production properties of the SD project.

Pipeline assets

As of 31 December 2025, the pipeline assets are represented by the Group's 21.02% (31 December 2024: 21.02%) participating interest in the cost of pipeline assets under SCP project and total cost of pipeline assets under TANAP.

Decommissioning costs

As of 31 December 2025 the capitalised decommissioning costs are represented by the Group's 16.02% and 21.02% share in costs related to decommissioning of assets employed for the purposes of the SD project and the SCP project, respectively and total costs related to decommissioning of assets of the TANAP project (*Note 16*) (31 December 2024: 16.02% in SD project, 21.02% in SCP project and 100% of TANAP project).

7. SHORT-TERM INVESTMENTS

In accordance with the agreement on treasury activities between the Company and SOCAR Capital LLC dated 26 April 2024, during 2025 the Company placed additional funds in the amount of US Dollars 192,100 with SOCAR Capital LLC for treasury activities at an annual fixed interest rate as set out in the agreement. The funds are immediately callable upon prior notice from the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7. SHORT-TERM INVESTMENTS (continued)**

As at 31 December 2025 and 2024 short-term investment balances were as following:

<i>in thousands of US dollars</i>	2025	2024
Opening balance, 1 January	1,309,631	–
Allocated funds during the year	192,100	1,307,900
Accrued interest income	86,031	19,147
Interest received	(85,423)	(17,416)
ECL	(3,870)	–
Closing balance, 31 December	1,498,469	1,309,631

8. INVESTMENT IN ASSOCIATE

The Group exercises significant influence over TAP AG by participating in its financial and operating decisions. The Group acquired investment in the entity through acquisition of 100% shares of AzTAP GmbH in 2014.

At 31 December 2025 and 31 December 2024 the Group held twenty percent (20%) interest in TAP AG. TAP AG is responsible for the development and operation of the gas transportation infrastructure from the Greece/Türkiye border to Southern Italy to deliver SD natural gas to European countries. On 15 November 2020, TAP AG announced the start of commercial operations of the TAP, following which the commercial deliveries of SD natural gas to Europe commenced on 31 December 2020.

The table below summarises the movements in the carrying amount of the Group's investment in TAP AG:

<i>in thousands of US dollars</i>	2025	2024
Opening carrying amount at 1 January	335,325	361,324
Dividend distributed	(53,955)	(68,061)
Share of after-tax profit of associate	80,844	72,481
Share of after-tax loss on cash flow hedge reserve	(743)	(10,528)
Exchange differences on translation	46,164	(19,891)
Closing carrying amount at 31 December	407,635	335,325

The following table illustrates summarised financial information of the Group's investment in TAP AG on 31 December:

<i>in thousands of US dollars</i>	2025	2024
Current assets	633,960	594,714
Non-current assets	4,694,255	4,314,976
Current liabilities	(599,448)	(550,966)
Non-current liabilities	(2,785,179)	(2,763,536)
Net assets	1,943,588	1,595,188
Group's interest in net assets (20%)	388,718	319,038
Goodwill recognised upon acquisition	18,872	18,872
Exchange differences on translation of goodwill	45	(2,585)
Carrying value	407,635	335,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**8. INVESTMENT IN ASSOCIATE (continued)**

Share of associate's results for the period ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Revenue	950,426	896,139
Operating expenses	(460,244)	(449,913)
Profit before tax	490,182	446,226
Income tax expense	(85,964)	(83,823)
Net profit for the year	404,218	362,403
Group's share of net profit (20%)	80,844	72,481
Other comprehensive loss for the year, net of tax	(3,714)	(52,639)
Group's share of other comprehensive loss (20%) (Note 14)	(743)	(10,528)

9. LOAN RECEIVABLES

Loan receivables consisted of the following at 31 December:

<i>in thousands of US dollars</i>	2025	2024
Loan receivable from Boru Hatları İle Petrol Taşıma A.Ş. ("BOTAS")	-	26,488
Deferred consideration from BOTAS	-	1,999
Deferred consideration from SOCAR Turkey Enerji A.Ş. ("STEAS")	14,511	102,540
Total loan receivables	14,511	131,027

As at 31 December 2025 current and non-current portions of the Group's loan receivables were equal to US dollars 14,511 and nil (31 December 2024: US dollars 111,597 and US dollars 19,430), respectively.

On 13 April 2015 the Group sold its 30% shares in TANAP A.Ş. to BOTAS for cash consideration of US dollars 168,226 and deferred consideration of US dollars 33,645 which did not bear interest. At initial recognition fair value of the deferred consideration was calculated as the present value using the market borrowing rate for similar financial instruments (3.5%) in the amount of US dollars 28,006. Income earned in respect of the deferred consideration from BOTAS during the year ended 31 December 2025 was US dollars 11 (2024: US dollars 87) and it was recognised within interest income. The receivables due from BOTAS were fully repaid on 30 May 2025.

According to the Funding Agreement, following the sale of 30% shares of TANAP A.Ş., the Company financed cash call requirements of BOTAS relating to 5% share in TANAP A.Ş. As at 31 December 2020 the Company had fulfilled all of its outstanding financial obligations under the Funding Agreement and there will not be any further cash outflows in connection with the Funding Agreement as the receivables due from BOTAS were fully repaid and the relevant arrangements were terminated on 30 May 2025. Interest income earned in respect of the loan receivable from BOTAS during the year ended 31 December 2025 was US dollars 343 (2024: US dollars 2,741). At 31 December 2025 ECL recognised by the Group on loan receivable from BOTAS was nil (31 December 2024: US dollars 536).

During 2025 the Company received US dollars 29,377 (2024: US dollars 66,093) in respect of total receivables from BOTAS.

Loan receivables from STEAS represent only deferred consideration in the amount of US dollars 14,511 (31 December 2024: US dollars 102,540).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**9. LOAN RECEIVABLES (continued)**

On 9 February 2018 the Company entered into sale and purchase agreement (“TANAP SPA”) with STEAS to sell 7% shares in TANAP A.Ş. Pursuant to the TANAP SPA, the Company sold 7% of its loan receivables from as well as 7% equity in TANAP A.Ş. to STEAS. Fair value of total consideration amounted to US dollars 392,633 out of which US dollars 95,000 was paid on 22 February 2018. Remaining consideration in the amount of US dollars 297,633 was recognised as an interest-bearing deferred consideration at the rate of 5.74% per annum. During the year ended 31 December 2025 the Company received US dollars 91,700 from STEAS in respect of deferred consideration (2024: US dollars 92,530) and as at 31 December 2025, the remaining outstanding amount was US dollars 14,511. Income earned in respect of the deferred consideration from STEAS during the year ended 31 December 2025 was US dollars 3,399 (2024: US dollars 8,689) and was recognised within interest income. At 31 December 2025 ECL recognised by the Group on deferred consideration from STEAS was nil (31 December 2024: US dollars 272).

10. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Set out below are the carrying amounts of the Group’s right-of-use assets recognised and the movements during the period:

<i>in thousands of US dollars</i>	2025	2024
As at 1 January	2,883	8,648
Additions	55,120	–
Depreciation	(5,638)	(5,765)
As at 31 December	52,365	2,883

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<i>in thousands of US dollars</i>	2025	2024
As at 1 January	3,739	10,772
Additions	55,120	–
Interest expense	2,683	494
Payments	(7,715)	(7,527)
As at 31 December	53,827	3,739

The Group presents its lease liabilities as non-current and current which were as follows at reporting date:

Balances of non-current and current lease liabilities were as follows:

<i>in thousands of US dollars</i>	31 December 2025	31 December 2024
Non-current lease liabilities	50,948	–
Current lease liabilities	2,879	3,739
Total liabilities from leasing activities	53,827	3,739

Current portion of lease liabilities is the present value of future leases payments payable in one-year period after reporting date. The maturity analysis for lease liabilities is described in *Note 25*.

11. CASH AND CASH EQUIVALENTS, DEPOSITS**Cash and cash equivalents**

Cash and cash equivalents consisted of the following at 31 December:

	2025	2024
Cash at bank, USD	653,286	410,212
Cash at bank, CHF	18	58
Cash at bank, TRY	22	21
Cash at bank, other	207	155
Total cash and cash equivalents	653,533	410,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11. CASH AND CASH EQUIVALENTS, DEPOSITS (continued)****Deposits**

As at 31 December 2025 the Group had deposit balance of US dollars 2,120,628 (31 December 2024: US dollars 1,230,417). Income earned in respect of deposit balance with average interest rate of 4.47% (2024: 5.16%) in the amount of US dollars 69,502 (2024: US dollars 64,444) was recognised within interest income. As at 31 December 2025, the Group's ECL on deposit was rounded to nil (31 December 2024: US dollars 18).

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following at 31 December:

<i>in thousands of US dollars</i>	2025	2024
Receivable from AGSC	203,222	221,077
Receivable from BOTAS under GTA	38,290	37,910
Receivable from crude oil sales to third parties	20,117	34,040
Prepayments	59,674	33,786
Total trade and other receivables	321,303	326,813

Receivable from BOTAS

The gas currently in TANAP system belongs to BOTAS and AGSC, and TANAP A.Ş. is obliged to deliver the gas to the exit points under respective Gas Transportation Agreements (the "GTAs"). During the year ended 31 December 2025 the Group recognised revenue from BOTAS in the amount of US dollars 459,477 (2024: US dollars 449,724) and as at 31 December 2025 account receivable from BOTAS amounted to US dollars 38,290 (31 December 2024: US dollars 37,910).

Receivable from AGSC

During the year ended 31 December 2025 the Group recognised revenue from AGSC in the amount of US dollars 1,047,309 (2024: US dollars 1,022,058) and US dollars 125,401 (2024: US dollars 80,022) for transportation of gas through TANAP and SCP respectively. As at 31 December 2025 receivable from AGSC for transportation of gas through TANAP and SCP was US dollars 85,433 (2024: US dollars 93,819) and US dollars 28,527 (2024: US dollars 28,752). In addition, the Group recognised receivable from AGSC in the amount of US dollars 89,262 as at 31 December 2025 (31 December 2024: US dollars 98,506) for SD natural gas sold to third parties under relevant gas sales agreements, and transportation of natural gas through SCP.

Receivable from crude oil sales to third parties

Receivables from crude oil sales represent a petroleum sold to third parties, for which no consideration was transferred to the Group as of 31 December 2025 and 31 December 2024.

Prepayments

Prepayments represent advance payments made to SD PSA operator and AGSC for operating activities of PSA Operator and transportation of gas to Georgian area, respectively.

13. OTHER CURRENT ASSETS

Other current assets mainly consist of assets related to under lift balance under SD PSA, cash in SCP and other assets in TANAP projects as at 31 December 2025 and 31 December 2024. The Group's portion of cash of SCPC was US Dollars 182,675 as at 31 December 2025 (2024: nil).

14. SHARE CAPITAL, ADDITIONAL PAID-IN CAPITAL AND OTHER RESERVES**Share capital and additional paid-in capital**

As at 31 December 2025 and 31 December 2024 the Company had authorised, issued and fully paid 100 ordinary shares at par at US dollars 24,158 each. Each share entitles one vote to the shareholder.

As at 31 December 2025 and 31 December 2024 additional paid-in capital amounted to US dollars 31,481.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. SHARE CAPITAL, ADDITIONAL PAID-IN CAPITAL AND OTHER RESERVES (continued)****Other reserves**

In previous years the Group sold part of its shares in TANAP A.Ş. to BOTAS, BP and STEAS. The net results of these transactions reflecting the difference between net book value of sold shares and their fair value in the amount of US dollars 34,181 were recognised as other reserves.

In addition, TAP AG, the Group's associate, entered into hedge agreements in 2019 with various financial institutions to hedge the interest risk arising from its borrowings. As a result of change in fair value of this hedge instrument, each year TAP AG recognises other comprehensive income or loss in its financial statements. The Group's 20% share in other comprehensive loss recognised by TAP AG is equal to US dollars 743 for the year ended 31 December 2025 (31 December 2024: other comprehensive loss was US dollars 10,528). The Group's accumulated income in respect of this hedge instrument equals to US dollars 32,604 as at 31 December 2025 (31 December 2024: accumulated income: US dollars 33,347).

15. BORROWINGS AND GOVERNMENT GRANT**Borrowings**

As at 31 December 2025 and 2024 interest-bearing borrowings were comprised of the following:

Facility	31 December 2025	31 December 2024
Bonds	2,039,202	2,043,367
Loans from financial institutions	1,480,475	1,605,407
Total borrowings	3,519,677	3,648,774

Original currency and maturities of the borrowings as at 31 December 2025 are presented below:

Facility	Original currency	Maturity date	31 December 2025	
			Non-current portion	Current portion
Eurobond 1	USD	March 2026	–	1,018,256
Eurobond 2	USD	March 2026	–	1,020,946
Loan from IBRD	USD	December 2046	318,854	17,191
Loan from AIIB	USD	December 2046	482,521	26,227
Loan from EBRD	USD	October 2035	297,700	36,368
Loan guaranteed by ADB	USD	December 2032	257,179	44,435
Total borrowings			1,356,254	2,163,423

Original currency and maturities of the borrowings as at 31 December 2024 are presented below:

Facility	Original currency	Maturity date	31 December 2024	
			Non-current portion	Current portion
Eurobond 1	USD	March 2026	988,758	27,471
Eurobond 2	USD	March 2026	1,027,138	–
Loan from IBRD	USD	December 2046	334,777	17,247
Loan from AIIB	USD	December 2046	510,261	26,630
Loan from EBRD	USD	October 2035	333,300	37,440
Loan guaranteed by ADB	USD	December 2032	301,559	44,193
Total borrowings			3,495,793	152,981

As at 31 December 2025, the Group's exposures to borrowings with variable interest rates linked with reference to Secured Overnight Financing Rate ("SOFR") with 6-month interest periods are equal to US dollars 1,144,430 (2024: US Dollars 1,253,383).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. BORROWINGS AND GOVERNMENT GRANT (continued)****Government grant**

In accordance with the Presidential Decree dated 25 February 2014, SOFAZ, a state fund established for funding of important socio-economic projects, was assigned to finance the Group's acquisitions of interests in the projects described in *Note 1*. Following this Decree, in 2014 the Group issued bonds which was acquired by SOFAZ in the aggregate amount of US dollars 2,516,996 with maturity period of 10 years. At initial recognition, the Group calculated the fair value of the bond using market rate for similar financial instruments (4.5% + 6 months LIBOR) and recognised US dollars 704,270 of difference between fair value and nominal amount of the bond as government grant in its consolidated statement of financial position.

As at 31 December 2025 the government grant was equal to US dollars 418,999 (31 December 2024: US dollars 458,281). During the year ended 31 December 2025 the Group recognised income from government grant in the amount of US dollars 39,282 which was recognised within other income (2024: US dollars 57,249).

Changes in liabilities arising from financing activities

<i>in thousands of US dollars</i>	1 January 2025	Cash flows	Non-cash flows	Finance cost	Other	31 December 2025
Non-current interest-bearing loans and borrowings	3,495,793	(192,916)	(2,020,300)	73,677	–	1,356,254
Non-current lease liabilities	–	–	50,948	–	–	50,948
Current lease liabilities	3,739	(7,715)	4,172	2,683	–	2,879
Current interest-bearing loans and borrowings	152,981	(152,981)	2,019,178	144,245	–	2,163,423
Dividend payable to the NCI	115,076	(641,900)	–	–	646,800	119,976
Total liabilities from financing activities	3,767,589	(995,512)	53,998	220,605	646,800	3,693,480

The “Non-cash flows” column of interest-bearing loans and borrowings included reclassification from non-current to the current. The “Non-cash flows” column of lease liabilities included new leases and reclassification from non-current to the current.

The “Other” column of dividend payable includes dividends declared to the non-controlling shareholders.

<i>in thousands of US dollars</i>	1 January 2024	Cash flows	Non-cash flows	Finance cost	Other	31 December 2024
Non-current interest-bearing loans and borrowings	3,637,217	(213,833)	(116,770)	189,179	–	3,495,793
Non-current lease liabilities	3,739	–	(3,739)	–	–	–
Current lease liabilities	7,033	(7,527)	3,739	494	–	3,739
Current interest-bearing loans and borrowings	2,880,699	(2,999,202)	118,113	153,371	–	152,981
Dividend payable to the NCI	–	(460,353)	–	–	575,429	115,076
Total liabilities from financing activities	6,528,688	(3,680,915)	1,343	343,044	575,429	3,767,589

The “Non-cash flows” column of interest-bearing loans and borrowings and lease liabilities includes reclassification from non-current to the current.

The “Other” column of dividend payable included dividends declared to the non-controlling shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. DECOMMISSIONING LIABILITIES**

The Group has a legal and constructive obligation with respect to decommissioning of oil and gas production and pipeline assets. Movements in provisions for the related asset retirement obligations are as follows:

<i>in thousands of US dollars</i>	31 December 2025	31 December 2024
Opening carrying amount	436,861	527,612
Additional liability during the year	8,293	18,984
Transfer of 5% participating interest	-	(114,020)
Unwinding of present value discount	30,690	29,351
Effect of discount rate revision	30,615	(25,066)
Closing carrying amount	506,459	436,861

Under the provisions of the SD PSA, SCP and TANAP HGA all Contractor Parties will have to make contributions to an abandonment fund, which will be used to finance the decommissioning and dismantling of constructed assets after the maturity of the SD PSA, SCP and TANAP.

The maximum amount of decommissioning fund cannot exceed 10% of the capital costs in accordance with the SD PSA. Decommissioning liability is estimated based on capital expenditures incurred in respect of assets already employed as at the end of each financial year. The Group share of the estimated undiscounted cost to abandon the production facilities employed in the SD PSA was US dollars 661,523 as at 31 December 2025 (31 December 2024: US dollars 647,957). The Group used a 2.16% (31 December 2024: 3.34%) inflation rate in its estimate of the retirement obligation. The Group used a 6.13% (31 December 2024: 7.34%) rate that reflects current market assessments of the time value of money to discount expected decommissioning costs.

The Group's share of expected undiscounted cost to decommission the SCP facilities at 31 December 2025 was US dollars 130,610 (31 December 2024: US dollars 125,740). The Group used a 2.5% (31 December 2024: 2.26%) inflation rate in its estimate of the retirement obligation upon termination of HGA. The Group used a 7.34% (31 December 2024: 7.34%) rate that reflects current market assessments of the time value of money to discount expected decommissioning costs.

The Group's share of expected undiscounted cost to decommission the TANAP facilities at 31 December 2025 was US dollars 516,105 (31 December 2024: US dollars 474,623). The Group used a 2.25% (31 December 2024: 2.03%) inflation rate in its estimate of the retirement obligation upon termination of HGA. The Group used a 5.13% (31 December 2024: 5.63%) pre-tax rate that reflects current market assessments of the time value of money to discount expected decommissioning costs.

If the estimated discount rate used in the calculation had been 1% higher/lower than management's estimate, the carrying amount of the provision as of 31 December 2025 would have been US dollars 54,010 lower / US dollars 67,263 higher, respectively (31 December 2024: US dollars 44,127 lower / US dollars 54,609 higher).

17. TRADE AND OTHER PAYABLES, ACCRUED LIABILITIES

Trade and other payables and accrued liabilities mainly consist of payables related to SD Stage 2 development, operation of SCP expansion and TANAP Phase 0 and 1 as at 31 December 2025 and 31 December 2024.

Audit Fee

The audit fees for the provision of assurance services by EY network firms during the year to the Group covered by the consolidated financial statements was US dollars 262 (2024: US dollars 197). Fees in connection with non-assurance services provided by the EY network firms to the Group in 2025 were US dollars 11 (2024: US dollars 11).

18. REVENUE

The Group's revenue consisted of the following for the years ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Revenue from sale of gas	1,042,833	1,232,020
Revenue from sale of crude oil	311,184	465,726
Revenue from transportation of gas	1,632,187	1,551,805
Total revenue	2,986,204	3,249,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. REVENUE (continued)**

According to the provisions of the SD PSA, the profit oil and gas is shared between the State and the Contractor Parties depending on cumulative after-tax real rate of return achieved as at the end of each calendar quarter by the Contractor Parties. During 2025 and 2024, the profit oil and gas was at a ratio of 55% to 45% in favour of the State.

Set out below is the disaggregation of the Group's revenue from contracts with customers as of 31 December:

31 December 2025	Oil and gas	Distribution	Total
Type of goods/service			
Sale of natural gas	1,042,833	–	1,042,833
Sale of crude oil	311,184	–	311,184
Transportation revenue	–	1,632,187	1,632,187
Total	1,354,017	1,632,187	2,986,204
Azerbaijan	1,354,017	80,257	1,434,274
Georgia	–	45,144	45,144
Türkiye	–	1,506,786	1,506,786
Total	1,354,017	1,632,187	2,986,204
Goods transferred at a point in time	1,354,017	–	1,354,017
Services transferred over time	–	1,632,187	1,632,187
Total	1,354,017	1,632,187	2,986,204
31 December 2024			
Type of goods/service			
Sale of natural gas	1,232,020	–	1,232,020
Sale of crude oil	465,726	–	465,726
Transportation revenue	–	1,551,805	1,551,805
Total	1,697,746	1,551,805	3,249,551
Azerbaijan	1,697,746	52,014	1,749,760
Georgia	–	28,008	28,008
Türkiye	–	1,471,783	1,471,783
Total	1,697,746	1,551,805	3,249,551
Goods transferred at a point in time	1,697,746	–	1,697,746
Services transferred over time	–	1,551,805	1,551,805
Total	1,697,746	1,551,805	3,249,551

19. COST OF SALES

The Group's cost of sales consisted of the following for the year ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Depreciation and depletion of oil and gas properties (Note 6)	613,205	637,782
Other costs (Note 5)	67,256	67,353
	680,461	705,135

20. INTEREST INCOME

The Group's interest income consisted of the following for the year ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Income on deposits (Note 11)	69,502	64,444
Accrued income on loan receivable from STEAS (Note 9)	3,399	8,689
Income from treasury activities (Note 7, 24)	86,031	19,147
Accrued income on loan receivable from BOTAS (Note 9)	354	2,831
Others, including interest income of current account	27,452	59,352
Total interest income	186,738	154,463

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. TAXATION**

The Group's income tax expenses consisted of the following for the year ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Current income tax charge	157,262	110,297
Deferred tax charge	1,722	55,840
Income tax expenses	158,984	166,137

Reconciliation between the expected and the actual tax charge is provided below:

<i>in thousands of US dollars</i>	2025	2024
Profit before tax	1,789,838	1,877,200
Theoretical tax charge at statutory rate of 20%	357,968	375,440
Effects of different tax rate for a subsidiary (27%)	11,847	11,590
Income which is tax exempt	(212,553)	(276,733)
Recognition of deferred tax charge	1,722	55,840
Income tax expense reported in profit or loss	158,984	166,137

The Group does not file a consolidated tax return. In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group's deferred tax charge consisted of the following for the year ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Utilization of carry forward loss	-	48,631
Deferred tax charge due to temporary differences and other provisions	3,448	8,317
Other	(1,726)	(1,108)
Deferred tax charge	1,722	55,840

Deferred tax charge due to temporary differences

As at 31 December 2025, the Company's recognized deferred tax liability of US dollars 337,786 (31 December 2024: US dollars 334,338) for the temporary difference of US dollars 1,688,930 (31 December 2024: US dollars 1,671,690) based future dividend distribution that is probable to reverse in the foreseeable future. The Group assessed the distribution of funds for the foreseeable future in detail considering the fact that TANAP A.Ş. fully repaid its loans and started dividend distributions, and AzTAP GmbH progressed with repayment of its loans.

Taxation under the SD Project

According to the provisions of the SD PSA, the Contractor Parties are liable for income taxes related to the operations under the SD Project. According to the same provisions, the respective state body of the Republic of Azerbaijan remits to the State Budget income taxes of each Contractor Party and reimburses the respective amount from condensate and natural gas attributable to the State. Therefore, no corporate income tax related to SD project was recognised for 2025 and 2024. The Group is exempt from certain ordinary operational taxes including Azerbaijani value added taxes in accordance with provisions of the SD PSA.

Taxation under the SCP project

SGC Midstream LLC elected SCPC to represent it in all tax issues before the tax authorities, so that the Group is a non-tax electing shareholder in accordance with the terms of Azerbaijani HGA. SCPC is liable for Azerbaijani income tax and Georgian minimum tax with respect to the income and deductions of, and natural gas transported by, SCPC, which are allocable to non-tax electing shareholders, including the Group.

The following taxes have been enacted:

- Azerbaijani income tax at a fixed rate of 27%;
- Georgian income tax at a fixed rate of 25%;
- Georgian minimum tax (the "GMT") at a rate of US dollars 3.57 and US dollars 3.50 per thousand of cubic meters of gas delivered to Georgian-Türkiye border for 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. TAXATION (continued)**

Deferred tax liabilities of SCPC are calculated on the temporary differences arising from the differences in accounting under IFRS and HGA. As at 31 December 2025, the Group's portion in the deferred tax liabilities of SCPC equalled to US dollars 60,466 (31 December 2024: US dollars 62,192).

Georgian income tax and minimum tax

According to Georgian HGA, SCPC is liable for the income tax at a fixed rate of 25% for income generated from operations in Georgia. In case SCPC does not generate taxable income during a fiscal year, it shall be liable for GMT. The GMT for the preceding periods can be carried forward without limitation and credited against future income tax liability of SCPC in Georgia. The Group estimates that the GMT will exceed the income tax under Georgian HGA.

The provision for income taxes mainly comprised of the Group's share in Azerbaijan income tax expense, Georgian minimum tax expense and deferred tax expense of SCPC for the year ended 31 December 2025 and 2024.

Operating tax of TANAP A.Ş.

As per the HGA between the Republic of Türkiye and TANAP A.Ş., it was determined that the corporate tax of TANAP A.Ş. will only be based on the amount of natural gas transmitted from the pipeline after the pipeline is put in use. According to tax ruling received on 7 April 2018 TANAP A.Ş. is not subject to corporate income tax. In 2025 TANAP A.Ş. was required to pay tax of US dollars 6.83 per thousand cubic metres of gas measured at entry point (2024: US dollars 6.70 per thousand cubic metres of gas).

Base Erosion and Profit Shifting ("BEPS") 2.0 Pillar Two

According to IAS 12 requirements a qualitative and quantitative analysis of potential exposure to Global Anti-Base Erosion ("GloBE") should be performed for the purposes of the Group reporting. The Group undertook an analysis to assess the potential impact of the GloBE minimum tax under BEPS 2.0 Pillar Two for the period ending 31 December 2025. The Company monitors country level developments in the area of implementing Pillar Two to assess potential exposures in respect of 2025 reporting period. In respect of 2025 reporting period, out of the Group entities jurisdictions, only Switzerland and Türkiye have enacted Qualified Domestic Minimum Top-up Tax regulation at country level.

Safe Harbor assessment has been performed by the Group to identify jurisdictions which could potentially benefit from the transitional relief in 2025. The effective tax rate ("ETR") assessed based on 2025 full year annual financial information in Switzerland jurisdiction for the purposes of annual consolidated financial statements is not below minimum threshold (15 per cent). As for Türkiye, HGA signed between the Government of the Republic of Türkiye and TANAP A.Ş. provides an exemption for the Group in this respect.

22. DIVIDEND DISTRIBUTIONS MADE

Dividend payable consisted of the following at 31 December:

<i>in thousands of US dollars</i>	2025	2024
Dividend payable, 1 January	115,076	-
Dividend declared to non-controlling interests for undistributed profits	646,800	575,429
Less: dividends paid to non-controlling interests	(641,900)	(460,353)
Dividend payable, 31 December	119,976	115,076

Dividends were approved of by the Ordinary General Assembly Meeting of TANAP A.Ş. dated 25 March 2025 (2024: 29 March 2024) and are included as a separate line item in the consolidated statement of financial position.

Dividends in the amount of US dollars 668,100 were received from TANAP A.Ş. by the Company for the year ended 31 December 2025 (2024: US dollars 479,169).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

Balances and transactions with related parties under the common control consisted of the following:

Related party	As at and for the year ended 31 December 2025				
	Advance payments	Receivables from related parties	Short-term investment	Income/(Expenses) from related parties	Receipts from / (Payments to) related parties
SOFAZ	-	-	-	-	-
SOCAR MO	-	-	-	-	(1,494)
AGSC (Note 12)	12,285	203,222	-	2,050,901	2,068,756
STEAS (Note 9)	-	14,511	-	3,399	91,700
SOCAR Capital LLC (Note 7)	-	-	1,498,469	86,031	85,423
Total for related parties	12,285	217,733	1,498,469	2,140,331	2,244,385
Total for related and unrelated parties	321,303	335,814	1,498,469	3,252,246	

Related party	As at and for the year ended 31 December 2024				
	Advance payments	Receivables from related parties	Short-term investment	Income/(Expenses) from related parties	Receipts from / (Payments to) related parties
SOFAZ (Note 15)	-	-	-	-	(2,658,255)
SOCAR MO	-	-	-	-	(2,046)
AGSC (Note 12)	11,147	221,077	-	2,125,415	2,062,131
STEAS (Note 9)	-	102,540	-	8,689	92,530
SOCAR Capital LLC (Note 7)	-	-	1,309,631	19,147	17,417
Total for related parties	11,147	323,617	1,309,631	2,153,251	(488,223)
Total for related and unrelated parties	326,813	438,410	1,309,631	3,515,741	

SOCAR MO

According to the crude oil sales agency agreement, the Group appointed SOCAR Marketing and Operations Department (“SOCAR MO”), a subsidiary of SOCAR, as its trading and marketing agent in respect of the SD PSA petroleum. SOCAR MO charges the Group commission fees for agency and marketing services at 0.5% (value added tax (“VAT”) inclusive) of the value of crude oil sold.

AGSC

AGSC is a company established by the Contractor Parties of the SD PSA for marketing, accounting, billing, payment and reporting and other administrative activities related to the sales of SD gas. Receipts from AGSC represent cash received in respect of gas sales and transportation services. During the year, cash received from gas sales amounted to US dollars 887,593 (2024: US dollars 1,003,310). Cash received for natural gas transportation services provided by TANAP and SCPC amounted to US dollars 1,055,695 (2024: USD 1,004,904) and USD 125,468 (2024: USD 53,917), respectively.

The Group recognised its respective portion of earnings as other income in the amount of US dollars 22,873 for the year ended 31 December 2025 and US dollars 19,715 for the year ended 31 December 2024 in respect of the Gas Delivery Agreements concluded between SOCAR and AGSC.

Commitments to related parties under the common control are disclosed in *Note 26*

Key management personnel

The senior management group consisted of the Group’s General Director, Deputy General Director and three department directors as at 31 December 2025 and 2024. The aggregate remuneration of members of the senior management group and the number of managers determined on a full-time equivalent basis receiving remuneration within this category is shown below:

<i>in thousands of US dollars</i>	2025	2024
Aggregate remuneration	412	303
Number of persons	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)****Key management personnel (continued)**

The Company also incurred expenses for management services provided by SOCAR Upstream Management International LLC, SOCAR Midstream Operations LLC and SOCAR Midstream Gas Operations LLC in the total amount of US dollars 1,657 during the year ended 31 December 2025 (2024: US dollars 1,389) under the Operator Services Agreement signed in December 2014.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Financial risk factors**

In the ordinary course of business, the Group is exposed to credit, liquidity and market risks. Market risks arise from fluctuating currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. To effectively manage the variety of exposures that may impact financial results, the Group's overriding strategy is to maintain a strong financial position. Although there are no structured formal risk management procedures, management of the Group identifies and evaluates financial risks with reference to the current market position.

(i) Interest rate risk

The Group is subject to interest rate risk on financial liabilities and assets with variable interest rates. To mitigate this risk, the Group's management performs periodic analysis of the current interest rate environment and depending on that analysis management makes decisions whether it would be more beneficial to obtain financing on a fixed-rate or variable-rate basis.

The floating rate for majority of interest-bearing liabilities and assets exposes the Group to fluctuation in interest payments and receipts mainly due to changes in SOFR.

2025	Change in floating variable		Effect on profit before tax	
	Increase	Decrease	After increase	After decrease
SOFR	+4.37	-1.02	(44,655)	10,605

2024	Change in floating variable		Effect on profit before tax	
	Increase	Decrease	After increase	After decrease
SOFR	+4.41	-0.09	(49,263)	1,021

(ii) Credit risk

Financial instruments involve, to varying degrees, credit risks. The Group is subject to credit risk from its portfolio of loan receivable, cash and cash equivalents, deposits, trade receivable, short-term investments, other current and non-current assets and would be exposed to losses in the event of non-performance by counterparties.

The Group's exposure to credit risks arises from default of the counterparty, with a maximum exposure of US dollars 4,739,058 and US dollars 3,376,580 as at 31 December 2025 and 31 December 2024, respectively.

The Group places its cash with high credit quality financial institutions, primarily with those rated A1 by credit rating agencies. The Group generally trades with recognised and reputable third parties. It is the Group's policy that all customers who wish to trade for condensate are required to procure the issuance of letters of credit. Gas sales are made through AGSC to state-owned entities or entities with strong financial position.

(iii) Liquidity risk

The Group monitors its risk to a shortage of funds by reviewing its net financial debt indicator on a regular basis. The net financial debt represents the difference between total financial liabilities and cash and cash equivalents. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2025 and 2024 based on contractual undiscounted payments:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Financial risk factors (continued)****(iii) Liquidity risk (continued)**

2025	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Trade and other payables	–	233,607	–	–	233,607
Accrued liabilities	–	75,986	–	–	75,986
Lease liabilities	1,953	5,956	42,608	33,084	83,601
Interest-bearing borrowings	–	2,259,930	703,561	1,184,740	4,148,231
Dividends payable	119,976	–	–	–	119,976
Total	121,929	2,575,479	746,169	1,217,824	4,661,401

2024	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Trade and other payables	–	190,015	–	–	190,015
Accrued liabilities	–	56,618	–	–	56,618
Lease liabilities	1,870	1,870	–	–	3,740
Interest-bearing borrowings	–	341,080	2,807,635	1,369,923	4,518,638
Dividends payable	115,076	–	–	–	115,076
Total	116,946	589,583	2,807,635	1,369,923	4,884,087

(iv) Foreign exchange risk

The Company's functional currency is USD, and financial assets/liabilities are primarily denominated in USD. The Company is exposed to foreign currency risk arising through the impact of the rate changes on the translation to foreign currency denominated assets and liabilities. Foreign exchange risk arises due to future transactions and recorded assets and liabilities. These risks are balanced with monitoring and analysing of foreign currency position.

(v) Capital management

The primary objective of the Group's capital management policy is to ensure a strong capital base to fund and sustain its business operations through prudent investment decisions and to maintain the Shareholders and creditor confidence to support its business activities. The Group considers total capital under management to be as follows:

<i>in thousands of US dollars</i>	31 December 2025	31 December 2024
Long-term borrowings (Note 15)	1,356,254	3,495,793
Short-term and current portion of long-term borrowings (Note 15)	2,163,423	152,981
Less: cash and cash equivalents (Note 11)	(653,533)	(410,446)
Less: deposits (Note 11)	(2,120,628)	(1,230,417)
Less: short-term investments (Note 7)	(1,498,469)	(1,309,631)
Net debt	(752,953)	698,280
Equity attributable to the Parent's equity holders	6,378,045	5,265,313
Capital	5,625,092	5,963,593
Gearing ratio	(13%)	12%

(vi) Fair value of financial instruments

The fair value of the financial assets and liabilities is included in the amount 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 estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Financial risk factors (continued)****(vi) Fair value of financial instruments (continued)**

Set out below is a comparison by class of the carrying amounts and fair value of the Group's key financial instruments that are carried in the consolidated financial statements:

<i>in thousands of US dollars</i>	31 December 2025	
	Carrying amounts	Fair values
Cash and cash equivalents (Note 11)	653,533	653,533
Deposits (Note 11)	2,120,628	2,120,628
Trade and other receivables (Note 12)	261,629	261,629
Current portion of loan receivables (Note 9)	14,511	14,511
Loan receivables (Note 9)	-	-
Short-term investments (Note 7)	1,498,469	1,498,469
Total financial assets	4,548,770	4,548,770
Trade and other payables	(233,607)	(233,607)
Accrued liabilities	(75,986)	(75,986)
Short-term and current portion of long-term borrowings (Note 15)	(2,163,423)	(2,135,211)
Long-term borrowings (fixed rate) (Note 15)	(318,854)	(318,854)
Long-term borrowings (floating rate) (Note 15)	(1,037,400)	(1,037,400)
Total financial liabilities	(3,829,270)	(3,801,058)

<i>in thousands of US dollars</i>	31 December 2024	
	Carrying amounts	Fair values
Cash and cash equivalents (Note 11)	410,446	410,446
Deposits (Note 11)	1,230,417	1,230,417
Trade and other receivable (Note 12)	293,027	293,027
Current portion of loan receivables (Note 9)	111,597	106,163
Loan receivables (Note 9)	19,430	19,430
Short-term investments (Note 7)	1,309,631	1,309,631
Total financial assets	3,374,548	3,369,114
Trade and other payables	(190,015)	(190,015)
Accrued liabilities	(56,618)	(56,618)
Short-term and current portion of long-term borrowings (Note 15)	(152,981)	(152,981)
Eurobonds (Note 15)	(2,015,896)	(2,028,000)
Long-term borrowings (fixed rate), excluding Eurobonds (Note 15)	(334,777)	(341,131)
Long-term borrowings (floating rate) (Note 15)	(1,145,120)	(1,145,120)
Total financial liabilities	(3,895,407)	(3,913,865)

The following methods and assumptions were used to estimate the fair values:

- Current financial assets and liabilities approximate their carrying amounts largely due to the current maturities of these instruments;
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group using Level 3 inputs based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of customers and the risk characteristics of the financed project;
- Eurobonds are evaluated using Level 1 inputs based on quoted market prices.

The fair values of the Group's interest-bearing borrowings and loans receivable are determined by using the discounted cash flow ("DCF") method using discount rate that reflects the market borrowing rate as at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. COMMITMENTS AND CONTINGENCIES**Commitments related to participating interest in the SD PSA**

The Group is committed to finance expenditures related to the SD project based on its share of interest.

As of 31 December 2025, the SD PSA operator has entered into a number of contractual capital commitments. The Group estimated its 16.02% share of these capital commitments in the amount of US dollars 293,510 (31 December 2024: US dollars 107,227).

Commitment related to TAP AG

In late 2018 TAP AG reached financial close under the project financing in the total amount of EUR 3,962,700 (three billion nine hundred and sixty-two million seven hundred thousand) which is equivalent to US dollars 4,667,268 at the reporting date, provided by a large group of financial institutions and has a final maturity of 16.5 years from the inception date. The Group acted as one of the guarantors of the loan facilities for the 20% shares that it holds in TAP AG. Financial Completion under the project financing was reached on 31 March 2021 and some of the guarantees of the guarantors, including that of the Group, were released on the same date. The Group, as well as the other guarantors, continues to cover potential non-payments of TAP AG post Financial Completion period under existing guarantees arising solely due to very limited events of default. As TAP AG has made scheduled repayments in accordance with the financing agreements, the Group's exposure under the guarantee has consequently decreased. Since inception, the Group has not incurred any financial loss arising from this guarantee.

Commitments related to participating interest in AGSC, TANAP, TAP and SCPC

The Group and AGSC are parties to Consolidated Upstream Purchase Agreement dated 21 February 2003 as amended and restated from time to time ("CUPA"), under which the Group agrees to make available to AGSC and AGSC agrees to accept and pay for, natural gas supplied from SD field based on the Group's production entitlement percentage. This arrangement will continue to be in effect for so long as the Shah Deniz PSA, CUPA, and all sales and transportation agreements remain in effect.

AGSC is party to a broad range of long-term gas sales, purchase, and transportation agreements that require it to supply contractually defined gas volumes and maintain reserved transportation capacities across multiple jurisdictions for/with various counterparties, including SOCAR, BOTAS, EU and Georgian buyers, BTC Co, SCPC, TANAP, TAP and SNAM. These commitments are governed by agreed pricing formulas, capacity requirements, and long-term commercial arrangements, some of which also provide for future novation or capacity transfers.

Additionally, under the GTAs, the relevant pipeline operators have commitments to make available annual reserved transportation capacity to the shippers including AGSC, on the terms set out therein.

26. CURRENT BUSINESS ENVIRONMENT**Azerbaijan economy**

As an emerging market, at the present time the Republic of Azerbaijan is developing business and regulatory infrastructure that would generally exist in a more mature market economy.

Azerbaijan continues economic reforms and development of its legal, tax and regulatory frameworks. The future stability of the Azerbaijan economy is largely dependent upon these reforms and the effectiveness of economic, financial and monetary measures undertaken by the government as well as crude oil prices and stability of Azerbaijani manat.

In 2025, Fitch Ratings affirmed Azerbaijan's sovereign rating at "BBB-" with a stable outlook, keeping it at investment grade. Following an upgrade in July 2024, the rating remained stable throughout 2025 reviews, including in June and December, supported by strong fiscal performance, high foreign exchange reserves, and low public debt. In July 2025, Moody's Ratings upgraded Azerbaijan's long-term issuer ratings to investment grade (Baa3 from Ba1) with a positive outlook. This change reflected improved economic diversification, reduced hydrocarbon dependence, and strong financial buffers.

During 2025, the Central Bank of the Republic of Azerbaijan ("CBAR") continued to maintain stability of the Azerbaijani manat, which was kept flat at 1.7000 for 1 USD throughout the period. Furthermore, CBAR maintained a cautious stance, keeping rates steady while managing inflationary risks. While inflation saw a rebound in early 2025, the CBAR held the refinancing rate at 7.25% in early 2025, prioritizing a balanced approach. (31 December 2024: 7%).

The Group's management is constantly monitoring economic developments in the current environment and taking precautionary measures, it considers necessary in order to support the sustainability and development of the Group's business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26. CURRENT BUSINESS ENVIRONMENT (continued)****Türkiye economy**

Management believes that the state of Turkish economy does not adversely affect the Group's results and financial position as the majority of its transactions, revenues, costs, property and equipment purchases, receivables and liabilities are either priced, incurred, payable or otherwise measured primarily in US dollars and management is taking all necessary measures to support the sustainability and development of the Group's business in the foreseeable future.

Environmental matters

Environmental regulation and enforcement in the Republic of Azerbaijan continue to evolve. The Group regularly reviews its responsibilities under applicable environmental laws and recognizes obligations when they arise.

Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant environmental liabilities above those currently accounted for in the consolidated financial statements of Group.

The Group has obligations to decommission oil and natural gas production facilities and related pipelines. Provision is made for the estimated costs of these activities, however there is uncertainty regarding both the amount and timing of these costs, given the long-term nature of these obligations. The Group does not have any known material environmental liabilities other than decommissioning.

The Group believes that the impact of any reasonably foreseeable changes to these provisions on the Group's results of operations, financial position or liquidity will not be material.

Risks and opportunities associated with climate change

Within the framework of its corporate risk management and internal control systems, the Group annually identifies and evaluates risks and opportunities related to the impact of climate change on its business activities. The risks and opportunities associated with climate change and the transition to low-carbon energy are integrated into the Group's long-term strategic management and business planning processes.

27. MATERIAL PARTLY-OWNED SUBSIDIARY

As at 31 December 2025 and 2024 49% of equity interest of TANAP A.Ş. was held by non-controlling shareholders. As at 31 December 2025 accumulated balance of NCIs amounted to US dollars 2,725,608 (31 December 2024: US dollars 2,808,865).

The summarised financial information of TANAP A.Ş. is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of comprehensive income for the year ended 31 December

<i>in thousands of US dollars</i>	2025	2024
Revenue	1,702,314	1,703,432
Cost of sales	(166,392)	(165,989)
Gross profit	1,535,922	1,537,443
General and administrative expenses	(383,603)	(366,823)
Other income	2,961	2,733
Interest income	2,016	1,437
Finance costs	(6,209)	(11,735)
Foreign exchange gain/(loss), net	(999)	1,192
Profit before income tax	1,150,088	1,164,247
Income tax expense	-	-
Profit for the year	1,150,088	1,164,247
Other comprehensive income	-	-
Total comprehensive income	1,150,088	1,164,247
Total comprehensive income attributable to NCIs	563,543	570,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. MATERIAL PARTLY-OWNED SUBSIDIARY (continued)****Summarised statement of financial position as at 31 December**

<i>in thousands of US dollars</i>	2025	2024
Current assets	217,885	207,044
including:		
Cash and cash equivalents	8,970	7,516
Trade and other receivables	144,711	146,827
Inventories	51,302	41,643
Other current assets	12,902	11,058
Non-current assets	5,822,964	5,912,959
including:		
Pipeline cost	5,770,303	5,909,756
Right-of-use asset	52,365	2,883
Other non-current assets	296	320
Current liabilities	324,682	308,996
including:		
Trade and other payables and accrued liabilities	76,953	70,407
Dividend payables	244,850	234,850
Current portion of lease liability	2,879	3,739
Non-current liabilities	153,701	78,631
including:		
Decommissioning liabilities	84,356	61,849
Lease liability	50,948	–
Other non-current liabilities	18,397	16,782
Total equity	5,562,466	5,732,376
Equity attributable to NCIs	2,725,608	2,808,865

Summarised cash flow information for the year ended 31 December:

<i>in thousands of US dollars</i>	2025	2024
Operating	1,325,018	1,327,841
Investing	(5,848)	(5,687)
Financing	(1,317,716)	(1,329,527)
Net increase/(decrease) in cash and cash equivalents	1,454	(7,373)

28. EVENTS AFTER THE REPORTING DATE*Sale of a portion of the non-controlling stake*

On 31 January 2026, a sale and purchase agreement was signed concerning the sale of a portion of minority non-controlling stake held by the State in Southern Gas Corridor CJSC to XRG.

Repayment of outstanding loan due from STEAS

On 26 February 2026, STEAS fully repaid the loan (*Note 9*) due to the Company, together with the accrued interest.

Dividend distribution by TANAP A.Ş.

On 26 March 2026, the Ordinary General Assembly Meeting of TANAP A.Ş. approved the distribution of dividends to its shareholders (including the Company) in the amount of US dollars 1,330,000. On 31 March 2026, TANAP A.Ş. commenced paying out aforementioned dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. EVENTS AFTER THE REPORTING DATE (continued)*Repayment of Eurobonds issued by the Group*

On 23 March 2026, in line with the terms and conditions of Eurobonds, the Company made a bullet repayment of the principal balance of the Eurobonds (*Note 15*) in the amount of US dollars 2,000,000 together with the payment of the accrued interest as of that date.

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