

ITHACA ENERGY

Ithaca UKCS Limited
(formerly Eni UKCS Limited)

Annual Report and Financial Statements for the year ended 31 December 2024

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Table of Contents

	Page
General Information	3
Directors' Report	4
Independent Auditor's Report	7
Statement of Profit or Loss	10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14

General Information

Directors

L Vasques

I Lewis (appointed 3 October 2024)

J McAteer (appointed 3 October 2024)

Y Friedman (appointed 3 October 2024)

Company Secretary

Pinsent Masons Secretarial Limited

1 Park Row

Leeds

England

LS1 5AB

Independent Auditors

Deloitte LLP

8th Floor

Silver Fin Building

455 Union Street

Aberdeen

AB11 6DB

Bankers

Deutsche Bank AG

21 Moorfields

London

EC2Y 9DB

Solicitors

Pinsent Masons LLP

13 Queen's Road

Aberdeen

AB15 4YL

Registered Office

C/o Pinsent Masons LLP

1 Park Row

Leeds

England

LS1 5AB

Directors' Report for the year ended 31 December 2024

The Directors present their report and audited financial statements of Ithaca UKCS Limited (formerly ENI UKCS Limited) (the "Company") for the year ended 31 December 2024.

The Company has taken advantage of the small companies' exemption not to produce a strategic report.

Principal activities and review of the business

The principal activity of Ithaca UKCS Limited ("the Company") is the exploration for and production of oil and gas. The principal area of activity is the United Kingdom Continental Shelf (UKCS) where the Company has an 8% non-operated interest in the Glenelg field. There was no production during 2024 because the only well in the field was offline for essential planned maintenance, with production scheduled to come back online in 2026.

On 3 October 2024, following the successful completion of the business combination between Ithaca Energy and ENI U.K., the Company became part of the Ithaca group of companies (the "Group"). Further information can be found in Ithaca Energy PLC's consolidated annual report and accounts.

On 18 December 2024, the Company changed its name from ENI UKCS Limited to Ithaca UKCS Limited.

The success of the Company depends on the ability to deliver lower risk growth through the exploitation of its existing UK producing asset portfolio. The Company's Directors are of the opinion that analysis using KPIs is appropriate for an understanding of the development and performance of the business.

Company financial key performance indicators*Production*

The Company didn't produce any oil or gas in 2024 (2023: 86,000 boe) due to the only well in the field (G10) being offline for essential planned maintenance, which is scheduled to return to production in 2026.

Company financial results*Statement of profit or loss*

The Company generated \$54k (2023: \$8.9 million) in revenue and incurred \$0.4 million (2023: \$2.1 million) in cost of sales. This resulted in a loss for the year of \$0.4 million (2023: profit of \$2.1 million). The decrease in financial performance was due to the Company's only well being offline for planned maintenance.

The Company's loss for the financial year has been deducted from reserves. A dividend of \$6.0 million was paid during the year and the Directors do not recommend payment of a dividend post year end.

Statement of Financial Position

The Company has net liabilities of \$0.2 million for the year ended 31 December 2024 (2023: assets of \$6.3 million), mainly due to the payment of a dividend of \$6.0 million to the Company's former parent ENI U.K. Limited during the year (2023: \$nil).

Future developments

Management's primary area of focus for 2025 and beyond is to continue to operate its assets safely, efficiently and maximise production.

The Group, and the Company, will also advance the other existing exploration projects and developments over the year as well as evaluating any potential opportunities to expand the asset portfolio in order to continue to deliver shareholder value.

Financial risk management

The financial risk management objectives and policies of the Company as well as the exposure of the Company to liquidity risk and cash flow risk are consistent with the Group and are not managed separately.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Credit risk

The Company only holds receivable balances with group companies.

The Company applies IFRS 9 simplified model for measuring the expected credit loss which uses a lifetime expected loss allowance and considers both historical and forward looking qualitative and quantitative information to determine whether the credit risk is material to the Company. Having reviewed these factors combined with the credit profile of the fellow group companies in order to assess the potential for impairment, the Company has concluded that a provision for \$4.4k should be booked, see note 9 for details on how the provision was calculated (2023: no comparative information).

Liquidity risk and cash flow risk

The Company along with the parent company (see note 19) actively maintains a view on the future to optimise the mixture of debt and equity that will ensure the Company has sufficient funds available for the future.

Directors

The Directors who held office during the year and up to the date of this report are given below:

L Vasques
I Lewis (appointed 3 October 2024)
J McAteer (appointed 3 October 2024)
Y Friedman (appointed 3 October 2024)
F Pagano (resigned 3 October 2024)
R Waterlow (resigned 3 October 2024)

All Directors benefit from qualifying third party indemnity provisions in place, both for the Company and wider Group, during the financial year and at the date of this report.

Subsequent events

On 29 January 2025, the Group announced a reorganisation and streamlining of the organisational structure for onshore staff with a targeted completion of 1 July 2025.

Directors' Report for the year ended 31 December 2024 (continued)

Going concern

The Directors have obtained confirmation from Ithaca Energy plc that it will provide the necessary support to enable the Company to meet its obligations as they fall due. This confirmation is valid until 31 December 2026.

To conclude on the going concern for the Company, the Directors have considered the liquidity and solvency of Ithaca Energy plc and have considered going concern at the Group level.

Management closely monitors the funding position of the Group including monitoring compliance with covenants and available facilities to ensure sufficient headroom is maintained to fund operations. Management have considered a number of risks applicable to the Group that may have an impact on the Group's ability to continue as a going concern. Short-term and long-term cash forecasts are prepared on a weekly and quarterly/annual basis respectively along with any related sensitivity analysis. This allows *proactive management of any business risk including liquidity risk*.

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors relevant to the assessment of the Group's ability to continue as a going concern and therefore its ability to provide support if required to the Company:

- Continuing robust commodity price backdrop and a well hedged portfolio over the next 12 months;
- Reserves Based Lending ("RBL") liquidity headroom of \$1,220 million (\$80 million drawn versus \$1.3 billion available), plus circa \$272 million cash at the end of November 2025; and
- Resilient operational performance and well-diversified portfolio.

Cash flow forecast – base case assumptions:		Sep to Dec 2025	FY 2026
Average oil price	\$/bbl	66	65
Average gas price	p/th	83	83
Average hedged oil price (including floor price for zero cost collars)	\$/bbl	71	67
Average hedged gas price (including floor price for zero cost collars)	p/th	88	86

Owing to the on-going fluctuations in commodity demand and price volatility, management prepared sensitivity analysis to the forecasts and applied a number of plausible downside scenarios including decreases in production of 10%, reduced sales prices of 20% and increases in operating and capital expenditures of 10%. Management aggregated these scenarios to create a reasonable combined worst-case scenario. The sensitivity analysis showed that there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fall due. Further mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable opex savings in the low production scenario. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 31 December 2026 to continue trading.

Based on their assessment of the Group's financial position to the period 31 December 2026, the Company's Directors believe that the Group will be able to continue in operational existence and provide any necessary financial support to the Company for the 12 months from the date of signing. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors confirmations

The Directors in office at the date of approval of this report confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the necessary steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' Report for the year ended 31 December 2024 (continued)


Independent Auditor

Pursuant to section 485 of the Companies Act 2006, a resolution to reappoint the auditor, Deloitte LLP, will be put to a General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The Company has also taken the exemption from the requirement to present a strategic report, in accordance with S414B of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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Iain CS Lewis
15 December 2025
Director

Independent Auditor's Report to the members of Ithaca UKCS Limited (formerly ENI UKCS Limited)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ithaca UKCS Limited, formerly ENI UKCS Limited) (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss ;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework"(United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

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

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

Independent Auditor's Report to the members of Ithaca UKCS Limited (formerly ENI UKCS Limited) (continued)**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation, license terms for the company's oil and gas assets and environmental regulations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including component audit teams and relevant internal specialists such as tax, valuations, IT, forensic and reserves specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the members of Ithaca UKCS Limited (formerly ENI UKCS Limited) (continued)

Use of our report

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

Signed by:



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Noel Simbarashe Jana, FCCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Aberdeen, United Kingdom

15 December 2025

Statement of Profit or Loss
For the year ended 31 December 2024

	<i>Note</i>	2024 \$'000	2023 \$'000
Revenue	4	54	8,870
Cost of sales	5	(416)	(2,092)
Gross (loss)/profit		(362)	6,778
Administrative expenses	6	(24)	(215)
Impairment loss on amounts due from fellow group companies	9	(4)	-
Foreign exchange (loss)/gain		(3)	117
Operating (loss)/profit		(393)	6,680
Finance income	7	234	402
Finance costs	7	(158)	(106)
(Loss)/profit before taxation		(317)	6,976
Tax on (loss)/profit	16	(47)	(4,879)
(Loss)/profit for the financial year		(364)	2,097

The results above are entirely derived from continuing operations.

The notes on pages 14 to 25 are an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2024

	2024	2023
	\$'000	\$'000
(Loss)/profit for the year	(364)	2,097
Items that may be reclassified to profit or loss		
Currency exchange differences on conversion of functional currency	(165)	258
Other comprehensive (loss)/income for the year	(165)	258
Total comprehensive (loss)/income for the year	(529)	2,355

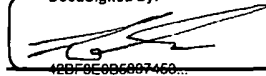
The notes on pages 14 to 25 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2024

	Note	2024 \$'000	2023 \$'000
Non-current assets			
Property, plant and equipment	10	3,950	474
Amounts due from group undertakings	9	830	-
Deferred tax asset	16	-	748
		4,780	1,222
Current assets			
Cash and cash equivalents		11	7,168
Trade and other receivables	8	-	3,962
Current tax receivable		1,360	-
		1,371	11,130
Total assets		6,151	12,352
Current liabilities			
Trade and other payables	12	(611)	(628)
Amounts owned to group undertakings	13	(6)	(2,217)
Current tax liabilities		-	(476)
		(617)	(3,321)
Net current assets		754	7,809
Total assets less current liabilities		5,534	9,031
Non-current liabilities			
Deferred tax liability	16	(776)	-
Decommissioning liabilities	11	(4,989)	(2,758)
		(5,765)	(2,758)
Net (liabilities)/assets		(231)	6,273
Capital and reserves			
Called up share capital	14	-	-
Currency translation reserve		(23)	142
(Accumulated losses)/retained earnings		(208)	6,131
Total shareholders' (deficit)/funds		(231)	6,273

The financial statements on pages 10 to 25 were approved by the Board of Directors on 15 December 2025 and signed on its behalf by:

DocuSigned by:



Iain CS Lewis
Director
Ithaca UKCS Limited, Registered Number 01019748

The notes on pages 14 to 25 are an integral part of these financial statements.

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

	Currency translation reserve	Called up share capital	(Accumulated loss)/retained earnings	Total shareholders' funds/(deficit)
	Note	\$'000	\$'000	\$'000
Balance, 1 January 2023		(116)	-	4,034
Profit for the financial year		-	-	2,097
Other comprehensive income		258	-	-
Balance, 31 December 2023		142	-	6,131
Balance, 1 January 2024		142	-	6,131
Loss for the financial year		-	-	(364)
Dividends paid	15	-	-	(5,975)
Other comprehensive loss		(165)	-	-
Balance, 31 December 2024		(23)	-	(208)

The notes on pages 14 to 25 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2024**1. NATURE OF OPERATIONS**

Ithaca UKCS Limited (the "Company"), is a private company limited by shares incorporated under the Companies Act 2006 in the United Kingdom and registered in England and Wales. The address of the parent company is shown in note 19. The Company is involved in the appraisal, development and production of oil and gas in the United Kingdom Continental Shelf (UKCS).

2. BASIS OF PREPARATION

These financial statements of the Company have been prepared on a going concern basis in accordance with United Kingdom Accounting Standards, FRS 101 and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of IASB adopted International Financial Reporting Standards ("IFRSs").

The Company is a qualifying entity for the purposes of FRS 101. Note 19 gives details of the Company's ultimate parent and from where the consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of paragraphs 10(d), 10(f), 16, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- (b) the requirements of IAS 7 'Statement of Cash Flows';
- (c) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- (d) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (f) the requirements of IFRS 7 'Financial Instruments: Disclosures';
- (g) the requirements of paragraphs 52 and 58 of IFRS 16 'Leases';
- (h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36 'Impairment of Assets';
- (i) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement', and
- (j) the requirements of paragraphs 88B-88D of IAS12 Income Taxes.

The financial statements are presented in USD and all values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY**Basis of measurement**

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Change in functional and presentational currency

The functional and presentational currency of the Company was changed from Great British Pounds to US Dollars on 3 October 2024, following the completion of the business combination between Ithaca Energy and Eni U.K., reflecting the change in ownership structure and financing arrangements that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company.

The change in functional currency has been applied prospectively. The change in presentation currency has been applied retrospectively as follows:

All comparative information in the financial statements previously reported in Great British Pounds has been re-presented in US Dollars, rounded to the nearest thousand dollars, using the procedures below:

- Assets and liabilities are translated into US dollars at the closing rates of exchange. At 3 October 2024, the closing rate was Sterling/US dollars 1.337;
- Trading results are translated into US dollars at the average rate of exchange. For the year ended 31 December 2023, the average rate was Sterling/US dollars 1.244;
- Differences resulting from the retranslation of the opening net assets and the results in the year have been taken to the translation reserve within equity and presented within the Statement of Comprehensive Income.

Going concern

The Directors have obtained confirmation from Ithaca Energy plc that it will provide the necessary support to enable the Company to meet its obligations as they fall due. This confirmation is valid until 31 December 2026.

To conclude on the going concern for the Company, the Directors have considered the liquidity and solvency of Ithaca Energy plc and have considered going concern at the Group level.

Management closely monitors the funding position of the Group including monitoring compliance with covenants and available facilities to ensure sufficient headroom is maintained to fund operations. Management has considered a number of risks applicable to the Group that may have an impact on the Group's ability to continue as a going concern. Short-term and long-term cash forecasts are prepared on a weekly and quarterly/annual basis respectively along with any related sensitivity analysis. This allows proactive management of any business risk including liquidity risk.

The Directors consider the preparation of the financial statements on a going concern basis to be appropriate. This is due to the following key factors relevant to the assessment of the Group's ability to continue as a going concern and therefore its ability to provide support if required to the Company:

- Continuing robust commodity price backdrop and a well hedged portfolio over the next 12 months;
- Reserves Based Lending ("RBL") liquidity headroom of \$1,220 million (\$80 million drawn versus \$1.3 billion available), plus circa \$272 million cash at the end of November 2025; and
- Resilient operational performance and well-diversified portfolio.

		Sep to Dec 2025	FY 2026
Cash flow forecast – base case assumptions:			
Average oil price	\$/bbl	66	65
Average gas price	p/th	83	83
Average hedged oil price (including floor price for zero cost collars)	\$/bbl	71	67
Average hedged gas price (including floor price for zero cost collars)	p/th	88	86

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Going concern (continued)**

The oil and gas prices used in the going concern assessment represent management's current best estimates at the date of approval of the Q1 report. These prices are lower than the prices that prevailed at 31 March 2025, and on which impairment assessments were made, due to the financial turmoil that followed the United States announcement of tariffs in early April 2025.

Owing to the on-going fluctuations in commodity demand and price volatility, management prepared sensitivity analysis to the forecasts and applied a number of plausible downside scenarios including decreases in production of 10%, reduced sales prices of 20% and increases in operating and capital expenditures of 10%. Management aggregated these scenarios to create a reasonable combined worst-case scenario. The sensitivity analysis showed that there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fall due. Further mitigation strategies within the control of management include the reduction in uncommitted capital expenditure and variable opex savings in the low production scenario. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 31 December 2026 to continue trading.

Based on their assessment of the Group's financial position to the period 31 December 2026, the Company's Directors believe that the Group will be able to continue in operational existence and provide any necessary financial support to the Company for the 12 months from the date of signing. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Company's financial statements.

Impact of climate change on the financial statements and related notes*Judgements and estimates made in assessing the impact of climate change and the energy transition*

Climate change and the transition to a lower-carbon system were considered in preparing the financial statements. These may have the potential for significant impacts on the carrying values of the Company's assets and liabilities discussed below as well as on assets and liabilities that may be reflected in future. There is generally a high level of uncertainty about the speed and magnitude of impacts of climate change which, together with limited historical data, provides significant challenges in the preparation of forecasts and financial plans with a wide range of potential future outcomes.

The Group and the Company's ambition is to have one of the lowest carbon emission portfolios in the UK North Sea and to achieve Net Zero (where the amount of CO₂ added but the Group's activity is no greater than the amount taken away), on a net equity basis, and in respect of Scope 1 and 2 emissions, by 2040, ten years ahead of the North Sea Transition Deal commitment. This will be achieved by optimising the current portfolio in the short term and fundamentally transitioning the portfolio over the medium to long term whilst maintaining forecast levels of production. Initiatives include, but are not limited to, operational improvements, offshore electrification and investment into lower carbon intensity assets and the eventual cessation of production of mature fields which have higher carbon intensity. All new economic investment decisions include estimated costs of the energy transition based on existing technology and estimated costs of carbon and these opportunities are assessed on their climate impact potential and alignment with our Net Zero target, taking into account both greenhouse gas volumes and emissions intensity.

Specific considerations of the potential impacts of climate change on significant judgements and estimates used in the financial statements are considered below. The items outlined below are likely to manifest themselves over a number of years and are therefore not generally, with the exception of the impact on impairment of a 20% downside in net revenues, considered to represent "key sources of estimation uncertainty" as required by IAS 1 (being those which could have a material impact on the group's results in the 12 months following the reporting date) which are separately disclosed later in this note.

Impairment of goodwill and property, plant and equipment

The energy transition has the potential to significantly impact future commodity and carbon prices in that as the UK and global energy system decarbonises, reduced demand for oil and gas products in favour of low carbon alternatives could cause oil and gas prices to fall which would, in turn, affect the recoverable amount of goodwill and property, plant and equipment. In the current period management's estimate of the long-term commodity price assumptions are, in nominal terms from 2031, \$83/bbl for Brent Crude and 87p/therm for UK NBP gas. The other areas of estimation uncertainty in this note and note 10 includes the impact on impairment headroom of a 20% downside in net revenues. Management has concluded that this reduction is also reflective of amending its long-term commodity price assumptions to those that are in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature at well below 2 degrees above pre-industrial levels and pursuing efforts to limit the temperature to 1.5 degrees above pre-industrial levels. This assessment is based on climate change scenarios currently available from the International Energy Agency and World Business Council for Sustainable Development.

Recoverable values used for impairment testing for all cash generating units ('CGU's) include the estimated cost of UK carbon emissions allowances. The recoverable value of CGU's may be impacted by future carbon pricing legislation changes, which could increase operating costs through higher emissions allowances or the introduction of other carbon pricing mechanisms. Electrification of offshore operations for specific assets is planned in line with the Group's 2040 net zero ambitions and where feasible based on existing technology, estimated electrification costs are included within the assessment of the recoverable value of the relevant CGU.

Property, plant and equipment – depreciation and useful economic lives

The energy transition has the potential to reduce the expected useful economic lives of assets and hence accelerate depreciation charges. It is anticipated that certain higher emission-intensity assets will cease production in the medium term and will be replaced by new lower-emission intensity assets. Management does not currently expect the useful economic lives of the Company's reported property, plant and equipment to significantly change solely as a result of the energy transition. However, significant capital expenditure is still required for ongoing projects and therefore the useful lives of future capital expenditure may be different.

Decommissioning provisions

Most of the Company's existing decommissioning obligations are estimated to be completed over the course of the next eight years. The impacts of climate change and the energy transition may bring forward the expected timing of decommissioning activity, increasing the present value of the associated decommissioning provisions. The potential impact of a reasonably possible acceleration of estimated decommissioning dates, which considers the potential impact of the energy transition, is considered to be two years. The impact of such an acceleration of cessation of production across the Company's producing portfolio would result in a \$0.3 million increase in the decommissioning provision (2023: no comparative analysis).

While the pace of the transition to a lower-carbon economy is uncertain, oil and gas demand is expected to remain a key element of the energy mix for many years based on stated policies, commitments and announced pledges to reduce emissions. Therefore given the estimated useful lives of the Company's oil and gas portfolio, a material adverse change is not anticipated to the carrying value of the Company's assets and liabilities in the short-term as a result of climate change and the transition to a lower-carbon economy.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Material accounting policies****Interest in joint operations**

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Company's interest in joint operations (e.g. exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Revenue

The sale of crude oil, gas or condensate represents a single performance obligation, being the sale of barrels equivalent on collection of a cargo or on delivery of commodity into an infrastructure. Revenue is accordingly recognised for this performance obligation when control over the corresponding commodity is transferred to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products in the normal course of business, net of discounts, customs duties and sales taxes.

Tariff income is recognised as the underlying commodity is shipped through the pipeline network based on established tariff rates.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the 'functional currency'). The financial statements are presented in US Dollars, which is the Company's presentation currency as well as the functional currency. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary asset and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Exchange differences are recognised in profit and loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Material accounting policies (continued)****Financial instruments**

All financial instruments are initially recognised at fair value on the statement of financial position. The Company's financial instruments consist of accounts receivable, accounts payable and accrued liabilities. Under IFRS 9, with the exception of derivatives and contingent considerations, all financial instruments are recorded at amortised cost based on an analysis of the business model and terms of financial assets. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

IFRS 9 classifications:

Cash and cash equivalents are classified at amortised cost which equates to its fair value. Accounts receivable and long-term receivables are classified and carried at amortised cost less expected credit losses as they have a business model of held to collect and the terms of the financial instrument meet the solely payments of interest on principle outstanding. Accounts payable, accrued liabilities, certain other long-term liabilities, and borrowings are classified as other financial liabilities and carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, discount or premium. Contingent consideration is measured at fair value through profit or loss. Although the Company does not intend to trade its derivative financial instruments, they are required to be carried at fair value with the treatment of fair value movements explained further below.

Interest free loans from parents are initially recognised at fair value. The difference between the fair value of the loans and the nominal value is accounted for as a capital contribution and is credited to equity. After initial recognition, the loans are measured at amortised cost using implied interest rate of the notes.

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or liability and original issue discounts on long-term debt have been included in the carrying value of the related financial asset or liability and are amortised to net earnings over the life of the financial instrument using the effective interest method.

Provision for expected credit losses of receivables

A high level analysis, which considers both historical and forward looking qualitative and quantitative information is performed by the Company to determine whether the credit risk has significantly increased since the time any intercompany receivable was initially recognised. Having reviewed these factors combined with the credit profile of fellow group companies to assess the expected credit losses, the Company concluded that an expected credit loss provision of \$4.4k (2023: \$nil) was required.

Intercompany

Balances with other companies of the Ithaca Group are stated gross, unless both the following conditions are met;

- currently there is a legally enforceable right to set off the recognised amounts; and
- there is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Lifting or offtake arrangements for oil and gas produced in certain of the Company's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold is an 'underlift', included within inventory or 'overlift', included within trade and other payables in the statement of financial position. Both are stated at net realisable value. Movements during an accounting period are adjusted through cost of sales in the statement of profit or loss.

Trade and other receivables

Trade receivables are recognised and carried at the original invoiced amount, less any provision for estimated irrecoverable amounts.

For trade receivables and accrued income, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead, recognises any material loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Trade and other payables**

All other financial liabilities are initially recognised at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised in interest and other income and finance costs respectively. This category of financial liabilities included trade and other payables and finance debt.

Property, plant and equipment**Oil and gas expenditure – exploration and evaluation (E&E) assets**

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

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset. Upon internal approval for development and recognition of proved or sanctioned probable reserves, the relevant expenditure is first assessed for impairment and, if required, an impairment loss is recognised. The remaining balance is then transferred to development and production (D&P) assets. If development is not approved and no further activity is expected to occur, then the costs are expensed.

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

Oil and gas expenditure – development and production (D&P) assets**Capitalisation**

Costs of bringing a field into production, including the cost of facilities, wells and sub-sea equipment, are capitalised as a D&P asset. Normally each individual field development will form an individual D&P asset but there may be cases, such as phased developments, or multiple fields around a single production facility when fields are grouped together to form a single D&P asset.

Depreciation

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is calculated on a unit of production basis based on the proved and probable reserves of the asset. Any re-assessment of reserves affects the depreciation rate prospectively. Significant items of plant and equipment will normally be fully depreciated over the life of the field. However, these items are assessed to consider if their useful lives differ from the expected life of the D&P asset and should this occur a different depreciation rate would be charged.

Impairment

For impairment review purposes the Company's oil and gas assets are aggregated into cash-generating units (CGUs) typically on a field by field basis for development and production assets in accordance with IAS 36 and on a North Sea segment basis for exploration and evaluation assets in accordance with IFRS6. A review is carried out each reporting date for any indicators that the carrying value of the Company's assets may be impaired or previously impaired assets (excluding goodwill) where a reversal of a previous impairment may arise. For assets where there are such indicators, an impairment test is carried out on the CGU. The impairment test involves comparing the carrying value with the recoverable value of an asset. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. The resulting impairment losses are written off to the statement of profit or loss. Previously impaired assets (excluding goodwill) are reviewed for possible reversal of previous impairment at each reporting date. The maximum possible reversal is capped at the net book value had the asset not been impaired in the past. Where an exploration and evaluation licence is relinquished, amounts capitalised in respect of the licence are written off to profit and loss in the period in which the asset is relinquished.

Maintenance expenditure

Expenditure on major maintenance refits or repairs is capitalised where it enhances the life or performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off, or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to the statement of profit and loss as incurred.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Decommissioning liabilities**

The Company records the present value of legal obligations associated with the retirement of long-term tangible assets, such as producing well sites and processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-term asset. Liabilities for decommissioning are recognised when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and restore the site on which it is located, and when a reliable estimate can be made. Where the obligation exists for a new facility or well, such as oil & gas production or transportation facilities, the obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. In subsequent periods, the asset is adjusted for any changes in the estimated amount or timing of the settlement of the obligations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The carrying amounts of the associated decommissioning assets are depleted using the unit of production method, in accordance with the depreciation policy for development and production assets. Actual costs to retire tangible assets are deducted from the liability as incurred. The unwinding of discount in the net present value of the total expected cost is treated as an interest expense. Changes in the estimates are reflected prospectively over the remaining life of the field.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a reimbursement asset is recognised when, and only when, it is *virtually certain* that reimbursement will be received if the entity settles the obligation. The amount recognised for the reimbursement may not exceed the amount of the provision.

Tax**Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date. Taxable profit differs from net profit, as reported in the consolidated statement of profit or loss, because it excludes items of income or expense that are taxable or deductible in other accounting periods and it further excludes items of income or expenses that are never taxable or deductible.

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at each balance sheet date. Details of changes in EPL and other tax matters are set out in Note 16.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and all available evidence is considered in evaluating the recoverability of these deferred tax assets.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities relating to 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.

Group Relief

The Company participates in group relief arrangements with other qualifying entities within its wider tax group to optimise the overall tax position of the Group. This policy outlines the principles for the recognition, measurement, and disclosure of the financial effects of these group relief arrangements within the Company's individual financial statements, in accordance with IAS 12 Income Taxes.

Compensation for Group Relief

Compensation for group relief is treated as an intercompany transaction. The Company does not charge the claimant group entity for the surrender of losses except in circumstances where a surrender of group relief for no charge would represent an unlawful distribution. In such circumstances, the amount charged is equivalent to the tax saved by the claimant group entity. The compensation is settled through intercompany accounts.

Current tax**When the Company surrenders its tax losses:**

Where the Company surrenders its tax losses for group relief to another group entity and a charge is to be made, the benefit of these losses is recognised as a reduction in its current tax liability (or an increase in a current tax asset) in the period in which it is assumed that the losses will be surrendered. Any compensation received is recognised as an intercompany receivable and a corresponding credit to the profit or loss account within 'tax credit/(charge)', reflecting the economic benefit derived from the loss surrender. If no compensation is received, the surrender of losses does not directly impact the Company's current tax charge, as it has no current tax liability to offset.

When the Company claims tax losses from another group entity:

When the Company claims tax losses from another group entity under group relief, it recognises the benefit of these surrendered losses as a reduction in its current tax expense and current tax liability in the period in which it is assumed that the losses will be claimed. Any compensation paid to the surrendering group entity is recognised as an intercompany payable and a corresponding debit to the profit or loss account within 'tax credit/(charge)', reflecting the cost incurred to utilise the losses. The net effect on the Company's current tax charge is the reduction in tax liability less any compensation paid.

Changes in accounting pronouncements

The Company has adopted all new and amended IFRS Standards effective in the financial statements for the period 1 January 2024 to 31 December 2024. The adoption of the Standards did not have a material impact on the financial statements of the Company.

Critical accounting judgements and key sources of estimation uncertainty

The following estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements, are presented below. There are no critical accounting judgements applied at a Company level.

Notes to the financial statements for the year ended 31 December 2024 (continued)**3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

Decommissioning provision estimates

Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements, technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively.

While the Company uses its best estimates and judgement, actual results could differ from these estimates. Expected timing of expenditure can also change, for example in response to changes in laws and regulations or their interpretation, and/or due to changes in commodity prices. The payment dates are uncertain and depend on the production lives of the respective fields. Management does not expect any reasonable change in the expected timing of decommissioning to have a material effect on the decommissioning provisions, assuming cash flows remain unchanged. Decommissioning costs are expected to be incurred over the next 6 years (2023: 18 years). A nominal discount rate of 4.38% to 4.86% (2023: 3.42% to 5.36%) is used to discount the estimated costs. The inflation rate applied to discount the estimated costs is 2.0% (2023: 2.0%). Given the long-term nature of the decommissioning liabilities and the historic compounded inflation rates in the industry, management do not believe that the current short-term inflationary pressures will have a material impact on the decommissioning liabilities of the Company. A reduction or an increase in the discount rate of 1% would increase or reduce the decommissioning liabilities by approximately \$0.6 million and \$0.5 million respectively (2023: no comparative analysis performed). For further details regarding the estimated value, inputs and assumptions refer to note 11. Given the large number of variables involved, management consider that it is not practical to provide sensitivities for the various other individual assumptions.

Estimates in impairment of oil and gas assets

Determination of whether the Company's oil and gas assets (note 10) have suffered any impairment requires an estimation of the recoverable amount of the CGU to which oil and gas assets and goodwill have been allocated. Projected future cash flows are used to determine a fair value less cost to sell to establish the recoverable amount. Key assumptions and estimates in the impairment models relate to: commodity prices that are based on internal view of forward curve prices that are considered to be a best estimate of what a market participant would use; discount rates which reflect management's estimate of a market participant post-tax weighted average cost of capital; and oil and gas reserves and resources on a risked basis as described below. Management's estimates of a market participant's view of pricing and discount rates are supported by an independent consultant.

The sensitivity of the Company's carrying amount to these assumptions is illustrated by the impairments disclosed in note 12, and by the sensitivity disclosures in note 12. Sensitivity disclosures include, in particular, the impact of a 20% reduction in forecast revenues.

Other areas of estimation

The key assumptions concerning the future, and other sources of estimation uncertainty at the reporting period, but are not expected to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Taxation

The Company's operations are subject to a number of specific tax rules which apply to exploration, development and production. In addition, the tax provision is prepared before the relevant companies have filed their tax returns with the relevant tax authorities and, significantly, before these have been agreed. As a result of these factors, the tax provision process necessarily involves the use of a number of estimates and judgements including those required in calculating the effective tax rate.

Estimates in oil and gas reserves and contingent resources

The Company's estimates of oil and gas reserves and contingent resources, and the associated production forecasts, are used in the impairment testing of property plant and equipment, in the measurement of depletion and decommissioning provisions and in the determination of whether deferred tax assets are recoverable. The business of the Company is to enhance hydrocarbon recovery and extend the useful lives of mature and underdeveloped assets and associated infrastructure in a profitable and responsible manner. Estimates of oil and gas reserves and contingent resources require critical judgement. Factors such as the availability of geological and engineering data, reservoir performance data, drilling of new wells and estimates of future oil and gas prices all impact on the determination of the Company's estimates of its oil and gas reserves which could result in different future production profiles affecting prospectively the discounted cash flows used in impairment testing.

The Company's estimates of reserves and resource volumes used for accounting purposes are built up from historically matched models for operated assets and principally from operators' estimates for non-operated assets. A review process is undertaken to compare the results of the Company's internal estimates to those of an independent consultant to understand any differences in underlying assumptions to ensure there is no material unreconciled differences between the estimates.

For the purposes of depletion and decommissioning estimates, the Company uses proved and probable reserves; and for the purposes of the impairment tests performed and deferred tax asset recoverability, the Company considers the same proved and probable reserves as well as risked resource volumes. These risking adjustments are reflective of management's assessment of technical and commercial factors that reflect the value considerations of a market participant. Changes in estimates of oil and gas reserves and resources resulting in different future production profiles will affect the discounted cash flows used in impairment testing, the anticipated date of decommissioning, the depletion charges in accordance with the unit of production method and the recoverability of deferred tax assets.

Notes to the financial statements for the year ended 31 December 2024 (continued)

4. REVENUE

	2024	2023
	\$'000	\$'000
Oil sales	-	5,803
Gas sales	19	2,650
Condensate sales	35	417
	<u>54</u>	<u>8,870</u>

Revenues arose wholly in the United Kingdom. No significant judgements have been made in determining the timing of satisfaction of performance obligations, the transaction price and the amount allocated to performance obligations.

5. COST OF SALES

	2024	2023
	\$'000	\$'000
Operating costs	(127)	(1,184)
Movement in oil and gas inventory	(289)	(887)
Depletion, depreciation and amortisation	10	(21)
	<u>(416)</u>	<u>(2,092)</u>

6. ADMINISTRATIVE EXPENSES

	2024	2023
	\$'000	\$'000
General & administrative	(24)	(215)

(a) Directors' remuneration

Those who held the position of Director of the Company at year end are employees of Ithaca Energy plc and receive remuneration from Ithaca Energy plc. There were no significant services provided to the Company, therefore the Directors do not believe that it is practical to apportion this amount between their services as Directors of the Company and their services as Directors of Ithaca Energy plc for either the current or prior year.

Those who held the position of Director of the Company prior to the Business Combination Announcement were employed and remunerated by their respective employing entities within the Eni Group.

(b) Employees

The Company had no employees in 2024 (2023: nil).

(c) Services provided by the Company's Auditor

	2024	2023
	\$'000	\$'000
Fees payable for the audit of the Company's financial statements	(42)	(17)

7. FINANCE INCOME AND COSTS

	2024	2023
	\$'000	\$'000
Finance Income		
Interest income from Eni Finance International S.A	-	402
Interest income	234	-
	<u>234</u>	<u>402</u>

	2024	2023
	\$'000	\$'000
Finance Costs		
Accretion	11	(106)
Bank charges and interest	(10)	-
	<u>(158)</u>	<u>(106)</u>

Notes to the financial statements for the year ended 31 December 2024 (continued)

8. TRADE AND OTHER RECEIVABLES

	2024	2023
	\$'000	\$'000
Debtors due within one year		
Trade debtors	-	3,903
Underlift	-	59
	-	3,962

The Company regularly monitors all customer receivable balances outstanding in excess of 90 days for ECLs. As at 31 December 2024, substantially all accounts receivable are current, being defined as due in less than 90 days. The Company has no allowance for doubtful accounts as at 31 December 2024 (31 December 2023: \$nil).

9. AMOUNTS DUE FROM GROUP UNDERTAKINGS

	2024	2023
	\$'000	\$'000
Debtors falling due after more than one year		
Amounts due from fellow group companies	830	-
	830	-

The amounts due from fellow group companies are unsecured, interest free and repayable on demand, however there are currently no plans for the receivables to be called within 12 months.

Management have completed an analysis which considers both historical and forward looking qualitative and quantitative information to determine whether the credit risk has significantly increased. Credit risk is tracked via an external credit rating agency and, for its intercompany receivable, is rated at a default risk of 0.87% with an associated estimated loss given default of 40%. A provision of \$4.4k (2023: no comparative analysis) was calculated at year end and the movement from 2023 booked to impairment of amounts due from fellow group companies.

10. PROPERTY, PLANT AND EQUIPMENT

	Note	Development & Production Oil and Gas assets \$'000
Cost		
At 1 January 2024		18,083
Additions		1,532
Revision to decommissioning estimate	11	1,944
At 31 December 2024		21,559
DD&A & Impairment		
At 1 January 2024		(17,609)
DD&A charge for the year		-
At 31 December 2024		(17,609)
NBV at 31 December 2023		474
NBV at 31 December 2024		3,950

An increase to decommissioning assets was recognised as a result of an update to decommissioning estimates (note 11)

For impairment of property, plant and equipment, fair value less costs of disposal are determined by discounting the post-tax cash flows expected to be generated from oil and gas production, taking into account assumptions that market participants would typically use in estimating fair values.

An annual impairment review of all oil and gas assets and goodwill was carried out in Q4 2024. The review was carried out on a fair value less cost of disposal basis using risk adjusted cash flow projections discounted at a nominal post-tax discount rate of 10.0% representing level 3 in the fair value hierarchy.

The following assumptions were used at Q4 2024 in developing the Group cash flow model and applied over the expected life of the respective fields:

	Post-tax discount rate assumption	2025	2026	2027	2028	2029	2030	2031*
Oil	10.0%	\$75/bbl	\$74/bbl	\$77/bbl	\$79/bbl	\$80/bbl	\$82/bbl	\$83/bbl
Gas	10.0%	98p/therm	84p/therm	81p/therm	82p/therm	83p/therm	85p/therm	87p/therm

*post 2031 an annual 2% increase is applied to the price assumption

With all other assumptions held constant, a 20% decrease in forecast revenues, illustrating lower commodity prices, would result in an impairment of \$1.2 million (2023: no comparative information).

Notes to the financial statements for the year ended 31 December 2024 (continued)

11. DECOMMISSIONING LIABILITIES

	Note	2024 \$'000	2023 \$'000
Balance as at 1 January		(2,758)	(2,476)
Accretion	7	(148)	(106)
Revision to estimates		(1,944)	(35)
Utilisation of provision		4	-
Currency translation adjustment		(143)	(141)
Balance as at 31 December		(4,989)	(2,758)
Current			
Balance, beginning of period		-	-
Balance, end of period		-	-
Non-current			
Balance, beginning of period		(2,758)	(2,476)
Balance, end of period		(4,989)	(2,758)

The total future decommissioning liability was calculated by management based on its net ownership interest in all wells and facilities, estimated costs to reclaim and abandon wells and facilities and the estimated timing of the costs to be incurred in future periods. The decommissioning liability is re-measured each year using a nominal discount rate of 4.38% for the first five years and 4.86% thereafter (31 December 2023: 3.42% to 5.36%) and an inflation rate of 2.0% (31 December 2023: 2.0%) over the life of the asset to calculate the present value of the decommissioning liabilities. These costs are expected to be incurred at various intervals over the next 8 years (2023: 18 years).

The economic life and the timing of the obligations are dependent on Government legislation, commodity price and the future production profiles of the respective production and development facilities.

12. TRADE AND OTHER PAYABLES

	2024 \$'000	2023 \$'000
Accruals	(16)	-
Overlift	(255)	-
Other payables	(340)	(628)
	(611)	(628)

13. AMOUNTS OWED TO GROUP UNDERTAKINGS

	2024 \$'000	2023 \$'000
Amounts owed due to fellow group companies	(6)	(2,217)

The amounts owed to fellow group companies at 31 December 2023 were payable to fellow subsidiaries of the Company's former ultimate parent undertaking Eni S.p.A.

Amounts due to fellow group companies are repayable on demand, interest free and unsecured.

14. CALLED UP SHARE CAPITAL

Ordinary Shares

	Number of common shares	Amount	Share premium
	Number	\$'000	\$'000
Authorised, allotted, and fully paid ordinary share capital			
At 1 January 2023 & 31 December 2023	100	-	-
At 31 December 2024	100	-	-

The issued share capital is as follows:

	Number of common shares	Amount	Share premium
		\$'000	\$'000
Ordinary shares			
At 1 January 2023 & 31 December 2023	100	-	-
At 31 December 2024	100	-	-

On 29 August 2024, the entire issued share capital of the Company was transferred from Eni U.K. Limited to Eni Elgin Franklin Limited.

Notes to the financial statements for the year ended 31 December 2024 (continued)

15. DIVIDENDS

	2024 \$'000	2023 \$'000
Dividends paid	5,975	-

A resolution was passed on 25 June 2024 to pay a dividend of an amount equal to \$6.4 million (2023: \$nil) to the Company's former immediate parent, Eni U.K. Limited. The dividend was paid on 27 June 2024.

The dividend per share for the year ended 31 December 2024 was \$64,192 per ordinary share (2023: nil).

16. TAXATION

	2024 \$'000	2023 \$'000
<i>Current tax</i>		
Current period	(651)	2,453
Current period - Energy Profits Levy	(782)	2,138
Adjustment in respect of previous periods	(39)	(6)
	(1,472)	4,585
<i>Deferred tax</i>		
Current period	456	131
Current period - Energy Profits Levy	1,066	163
Adjustment in respect of previous periods	(3)	-
	1,519	294
Total tax charge	47	4,879

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective rate of tax applicable for UK ringfence oil and gas activities as follows:

	2024 \$'000	2023 \$'000
(Loss)/profit on ordinary activities before tax	(317)	6,976
(Loss)/profit at applicable UK tax rate of 40% (2023: 40%)	(127)	2,790
Non deductible expenses	2	15
Income not taxable	-	(20)
Impact of different tax rates	-	(66)
Impact of different tax rates - Energy Profits Levy	284	2,301
Utilisation of unrecognised taxes brought forward	-	(95)
Tax allowances	-	(42)
Adjustment to current tax in respect of previous periods	(41)	(4)
Investment allowance	(96)	-
Foreign exchange differences	25	-
Total tax charge	47	4,879

The effective rate of tax applicable for UK ring fence oil and gas activities in 2024, was 40% (excluding the Energy Profits Levy) (2023: 40%, excluding energy profits levy) consisting of a Ring Fence Corporation Tax rate of 30% and supplementary charge rate of 10%. Items affecting the tax charge include non-tax deductible expenses and current/deferred tax from the Energy Profits Levy. The Energy Profits Levy was enacted on 14th July 2022 with effect from 26 May 2022, at a headline rate of 25% which increased the effective UK ring fence oil and gas tax rate to 65% until 2025. However further changes were announced on 17th November 2022 such that the Levy was increased to 35% from 1 January 2023 until 31 March 2028 increasing the effective UK ring fence oil and gas tax rate to 75% and resulting in an additional deferred tax charge in that period. The rate was further increased from 1 November 2024 to 38%, increasing the effective UK ring fence oil and gas tax rate to 78%. An announcement on 29th July declared the Government's intention to further extend the EPL to 31 March 2030, although this extension was not enacted by the balance sheet date and therefore its impact is not reflected in the results for this period. If the extension of the EPL period had been enacted by the balance sheet date the impact would have been to increase the deferred EPL liability by \$322k.

The gross movement on the deferred tax (liability)/asset is as follows:

	2024 US\$'000	2023 US\$'000
At 1 January	748	997
Statement of profit or loss charge	(1,519)	(294)
Other comprehensive income	(5)	45
At 31 December	(776)	748

Notes to the financial statements for the year ended 31 December 2024 (continued)

16. TAXATION (continued)

Deferred tax:

The provision for deferred tax consists of the following deferred tax asset/(liabilities). The timing difference on Investment Allowance is included in Accelerated Tax Depreciation.

	Accelerated Capital Allowances US\$'000	Decommissioning Provision US\$'000	Total US\$'000
At 1 January 2024	(355)	1,103	748
Adjustments in respect of prior periods	3	-	3
Other comprehensive income	(8)	3	(5)
(Charge)/credit to profit or loss	(2,412)	890	(1,522)
At 31 December 2024	(2,772)	1,996	(776)

The carrying value of the deferred tax liability at 31 December 2024 of \$0.8 million (\$0.7 million deferred tax asset at 31 December 2023) arises from a \$2.8 million deferred tax liability on accelerated capital allowances offset by a \$2.0 million deferred tax asset on future deductible decommissioning. There is an unrecognised deferred tax asset of \$37k arising on tax losses. The deferred tax asset has not been recognised as it is not expected to reverse in the future.

17. COMMITMENTS

Capital commitments related to joint operations	2024 \$'000	2023 \$'000
Capital commitments incurred jointly with other venturers (Company's share)	-	1,251

18. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Ithaca Energy plc, it has taken advantage of the exception given by paragraph 8 of Financial Reporting Standard No 101 which allows exemption from disclosure of related party transactions with other group companies. The Company has also taken advantage of the exception given by paragraph 8 of Financial Reporting Standard No 101 which allows exemption from disclosure of compensation for key management personnel.

During the year, the Company did not enter into any other transactions, in the ordinary course of business, with related parties (2023: \$nil).

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent undertaking is Ithaca EF Limited. The registered office address of this company is 1 Park Row, Leeds, England, LS1 5AB.

The ultimate parent undertaking is Delek Group Limited (incorporated in Israel), an independent E&P company listed on the Tel Aviv Stock Exchange. Following the Eni UK business combination completed on 3 October 2024, Delek Group Limited remains the majority shareholder and ultimate parent undertaking.

At 31 December 2024, the smallest group for which consolidated financial statements are prepared which include Ithaca UKCS Limited is that of Ithaca Energy plc. A copy of these financial statements can be obtained from 33 Cavendish Square, London, W1G 0PP. The largest group for which consolidated financial statements are prepared is that of Delek Group Limited. A copy of these financial statements can be obtained from 19 Abba Eban Boulevard, POB 2054, Herzlia, 4612001, Israel.

20. ASSETS PLEDGED AS SECURITY

As a guarantor under the RBL facility, the obligations of the borrower under the RBL facility are secured by the assets of the guarantor members of the Group, such as security including share pledges, floating charges and/or debentures.

21. SUBSEQUENT EVENTS

On 29 January 2025, the Group announced a reorganisation and streamlining of the organisational structure for onshore staff with a targeted completion of 1 July 2025. It is not anticipated that this will have a material effect on the Company.