Ithaca SPE Limited
Annual Report and Financial Statements for the year ended 31 December 2023

Table of Contents

General Information

Directors
I Lewis
A Bruce (resigned 4 January 2024)
G Myerson (resigned 27 May 2024)
J McAteer (appointed 27 May 2024)
Y Friedman (appointed 1 July 2024)
L Vasques (appointed 3 October 2024)

Company Secretary
Pinsent Masons Secretarial Limited
1 Park Row
Leeds
England
LS1 5AB

Independent Auditor
Deloitte LLP
3rd Floor
9 Haymarket Square
Edinburgh
United Kingdom
EH3 8RY

Bankers
BNP Paribas
London Office
3 Harewood Avenue
London
NW1 6AA

Solicitors
Pinsent Masons LLP
13 Queen's Road
Aberdeen
AB15 4YL

Registered Office
C/O Pinsent Masons LLP
The Soloist
1 Lanyon Place
Belfast
BT1 3LP

Strategic Report for the year ended 31 December 2023

Principal activities and review of the business

The principal activity of Ithaca SPE Limited ("the Company") during the year was as a holding company. There are no known future developments which would change this purpose.

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

Group review of the business

The average Brent market price decreased to $82/bbl in 2023 compared to $99/bbl in 2022 which has generated lower oil and gas revenues in 2023 for the Group. Average realised gas prices including hedging losses have fallen from an average of 264p/therm in 2022 to 102p/term. Average realised oil prices have also decreased to $82/bbl in 2023 from $91/bbl in 2022 after hedging losses. The impact of the reduction in commodity prices has been offset by gains in relation to Group's hedging portfolio which have increased from a $501 million loss in 2022 to a $266 million gain in 2023.

Operating expenditure per boe of production increased from $19/boe in 2022 to $20.5/boe in 2023, largely due to planned Q3 shutdowns as well as inflationary pressures slightly outweighing the Group's disciplined cost management approach across the portfolio. When post shutdown production resumed in Q4 2023, unit operating expenditure was $18.5/boe which was broadly the same as Q4 2022.

Financial and operational key performance indicators ("KPIs")

	Year ended 31 December 2023	Year ended 31 December 2022
Production (bbls)		
Oil	**15,828,075**	**15,877,048**
Gas	**8,617,487**	**8,885,498**
NGL	**1,191,612**	**1,260,233**
	25,637,174	**26,022,779**
Production (bopd)	**70,239**	**71,403**
Average realised oil price including hedging losses ($/bbl)	**82**	**91**
Average realised gas price including hedging losses ($/boe)	**111**	**137**

Production
The Group's production in 2023 was 25,637,174 bbls (2022: 26,022,779 bbls), a decrease of 1% from the previous year.

Adjusted net debt
The Group's adjusted net debt as at 31 December 2023 was $572m (2022: $971m), a decrease of 41.1% from the previous year. "Adjusted net debt" referred to is not prescribed by IFRS. It includes all outstanding amounts under the Group's debt facilities and senior notes, less all Group cash and cash equivalent balances. The Group uses adjusted net drawn debt as a measure to assess its financial position.

There are no specific Company KPIs.

Company financial results

Statement of profit or loss
The Company incurred a profit of $25.5 million for the year ended 31 December 2023 (2022: loss of $0.9 million). Profit arose principally from interest income earned on intercompany loan, slightly offset by lower administrative expenses as a result of there being no personnel costs in 2023.

Statement of Financial Position
The Company has net assets of $748.5 million for the year ended 31 December 2023 (2022: $723.0 million).

Principal risks and uncertainties

The main principal risk facing this Company relates to the carrying value of the Company's investment. The other principal risks and uncertainties of the Company are consistent with the principal risks of the Group and are not managed separately. Refer to the principal risk and uncertainties and financial risk management sections of the Director's Report for further details.

Section 172 statement

From the perspective of the Board, as a result of the Group governance structure whereby the entity Board is embedded within the Parent Company Board, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the Parent Company Board in relation to both the Group and to this entity.

The interests of the Company and the Group are closely aligned, and all decisions and policies are made at a Group level. Specific considerations in relation to the Company, with reference to the requirements of s172, are set out below. As overall context, as a 100% owned subsidiary of the Group, which held operated and non-operated interest in production and development assets, the interests of the Company and Group are closely aligned.

The likely consequences of any decision in the long term
The key consideration in this area is any decision made regarding the future of the Company's subsidiaries to achieve the ambitions of the Group. Decisions in this regard are taken at the Parent Company level. Decisions regarding payment of any dividends by subsidiary companies of the Parent Company are taken at a Group level based upon an assessment by the Group's finance team, taking into account a range of factors, including: the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in the Company; and the expectations of the Parent Company's shareholders as a supplier of long-term equity capital to the Company.

The interests of the company's employees
This is not relevant as the Company has no employees.

The need to foster the company's business relationships with suppliers, customers and others
This is not relevant as the Company has no significant third party suppliers for which relationships are managed at Group level, the Company's relationships with its external customers are also managed at a Group level.

The impact of the Company's operations on the community and the environment
The impact of the Company's operations on the community and the environment are considered by the Parent Company Board.

The desirability of the company maintaining a reputation for high standards of business conduct
Although the Company has no employees and has limited suppliers and customers, the Directors continue to provide oversight governance of all Companies within the Group to ensure that they comply with the Group's policies and maintain high standards of business conduct. The subsidiaries provide regular updates on their activities to the Directors. Any investment or acquisition decisions taken by the Directors are made ensuring they are still viable by reference to the high standards of business conduct and would be beneficial to the Group and its subsidiaries in the longer term.

Strategic Report for the year ended 31 December 2023 (continued)

Section 172 statement (continued)

The need to act fairly as between members of the company
The Company's activities support the wider strategy of the Group and, owing to the fact the Company is a wholly owned subsidiary of the Parent Company, the Directors are required only to balance the interests of corporate shareholders that are themselves wholly owned subsidiaries of Ithaca Energy plc, rather than any third party members.

To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the Parent Company Board has considered the matters set out in s172 (for the Group and for the entity) is set out on page 36 of Ithaca Energy plc's 2023 Annual Report and Accounts, which does not form part of this report.

Energy and carbon reporting

Under The Large and Medium-Size Companies and Groups (Accounts and Reports) Regulations 2008 we are required to report all sources of GHG emissions and energy usage.

The Group operates a number of assets that emissions can be tracked for, and in 2020, the Group set out its ambition for achieving industry leading levels of environmental performance. Key to this ambition is our commitment to reduce greenhouse gas (GHG) emissions. In line with the GHG emissions hierarchy, our initial short-term target focuses on Scope 1 and 2 emissions, these are emissions that are under our direct operational control. In support of the global transition to a low carbon economy, and the UK's Net Zero targets, we have set an ambitious goal of eliminating 25% of our combined Scope 1 and 2 CO2e emissions from operated assets by 2025. Our target uses 2019 as the baseline year, as this is when we acquired 4 of our 5 operational assets.

Ithaca Energy has a target of achieving Net Zero on Scope 1 and Scope 2 CO2e emissions by 2040, ten years ahead of the NSTD commitments, with several interim targets. The Group is targeting an absolute reduction of Scope 1 and 2 emissions of 25% from operated assets by 2025 using a 2019 baseline, and 50% by 2030 on a net-equity basis (which includes emissions from non-operated Joint Ventures) using the NSTD-aligned 2018 baseline. Accounting for major equipment outage on Alba in 2023, the Group has reduced emissions for operated assets by 12% vs 2019. Whilst the power generation on Alba will return to normal operation in 2024, and increase emissions associated with power generation, the Group expects a continued emissions reduction in 2024 relative to 2019, with material emissions reduction due to the move to single compression train on FPF-1 in Q1 (around 30,000t CO2e for the year).

For our 25% by 2025 target, our outlook is a reduction of 23-25% through the completion of significant facility modification scopes that have been progressing through engineering and construction. These projects, with their estimated emissions reduction, include reinstating the second export gas compressor on Captain (21,000 tCO2e/year), switching the fired heaters on the FPSO to majority fuel gas instead of diesel (18,900 tCO2e/year), power water pumps cartridge reconfiguration (10,000 tCO2e/year) as well as production decline of fields processed over FPF-1. Other major projects, including flare gas recovery on Captain Platforms (14,700 tCO2/ year) and zero routine flaring project on the Captain FPSO (3,000 tCO2e/year) are anticipated to be complete in the following year, which will further reduce our emissions in line with the original intent of the 25% by 2025 target.

Across the Group's full portfolio, including our non operated assets, our Scope 1 and 2 emissions reduction targets align with, or exceed, that of the North Sea Transition Deal targets of 10% by 2025, 25% by 2027 and 50% by 2030, relative to a 2018 baseline. We currently anticipate meeting the 50% by 2030 target through key projects including Captain electrification, and major facilities projects on our non-operated assets, together with decommissioning high-intensity assets, to provide capacity for new, low-intensity assets like Rosebank. In the medium term, we plan to shift to lower emission intensity assets. As higher-emission intensity assets such as FPF-1 (which is operated by the Company) and Alba come to the natural end of their life, they will be replaced by bringing on stream lower-emission intensity assets such as Rosebank and Cambo. This revitalisation of Ithaca Energy's portfolio, with a focus on efficient, low emissions-intensity assets, will be key to achieving a 50% reduction in emissions on a Scope 1 and 2 basis, by 2030 in line with NSTD targets (on a net equity interest basis versus 2018 baseline).

Given that Ithaca SPE Limited only holds investments and intercompany balances there is a limited impact that the Company can have in this area. However, full Energy and Carbon Reporting disclosures for 2023 have been included in the 2023 Annual Report and Accounts for Ithaca Energy plc.

This report was approved by the board on 1 November 2024 and signed on its behalf by:

DocuSigned by:

42BF8E0B5897453...

Iain CS Lewis
1 November 2024
Director

Directors' Report for the year ended 31 December 2023

The Directors present their report and the financial statements of Ithaca SPE Limited ("the Company") for the year ended 31 December 2023.

Results and dividends

The Company's profit for the financial year was $25.5 million (2022: $0.9 million loss) which has been added to reserves. The Directors do not recommend payment of a dividend in the year or post year end (2022: $nil).

Future developments

The Company's current principal activity is the holding of investments in fellow Ithaca Group Companies. There are no known future developments which would detract from this purpose.

Energy and carbon reporting

SECR disclosures are included in the strategic report.

Principal risks and uncertainties

Investment in subsidiaries

Impacts related to climate change and the transition to a lower carbon economy have been considered. A falling oil price and demand for oil could have an impact on the recoverable value of the oil & gas fields which are held by the subsidiaries that the Company holds investments in, therefore this could result in the carrying value of the investments not being recoverable. Investments will continue to be held at the lower of the carrying and recoverable amounts. The Company will continue to evaluate investments and ensure they are held at the correct value at the end of each reporting period.

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 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 an expected credit loss provision for $4.2 million should be booked, see note 9 for details on how the provision was calculated (2022: $3.7 million).

Liquidity risk and cash flow risk
The Company along with the parent company (see note 16) actively maintains a view on the future to optimise the mixture of debt and equity that will ensure the Company has sufficient available funds to and participate in future opportunities (see note 3).

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

I Lewis
A Bruce (resigned 4 January 2024)
G Myerson (resigned 27 May 2024)
J McAteer (appointed 27 May 2024)
Y Friedman (appointed 1 July 2024)
L Vasques (appointed 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.

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 2025.

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.

Directors' Report for the year ended 31 December 2023 (continued)

Going Concern (continued)

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 for the Group of $509 million (undrawn and available), plus circa $447 million cash at the end of September 2024; and
- Resilient operational performance and well-diversified portfolio.

Cash flow forecast – base case assumptions:		Q4 2024	2025
Average oil price	$/bbl	74	73
Average gas price	p/th	89	89
Average hedged oil price (including floor price for zero cost collars)	$/bbl	77	78
Average hedged gas price (including floor price for zero cost collars)	p/th	93	88

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, after consideration of mitigation strategies within management's control, there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fell due. The mitigation strategies within the control of management include the reduction in uncommitted capital expenditure, variable opex savings in the low production scenario and the cancellation or deferral of future dividends. In addition as announced on 11 October 2024, the Group has successfully refinanced the RBL and High Yield Bond which will add significant additional liquidity in 4Q 2024 and beyond. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 31 December 2025.

On 3 October completed the combination with Eni UK in relation to substantially all of the upstream assets of Eni in the UK in exchange for the issue of ordinary shares to Ithaca Energy plc. The Eni portfolio includes interests in 11 producing fields. The Eni UK portfolio is cash generative and also adds significant debt capacity to the Group's refinanced RBL facility as discussed above. As such, the Directors consider the business combination agreement as accretive to cash flows and supportive in the Directors' going concern assessment.

Based on their assessment of the Group's financial position to the period 31 December 2025, 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 Directors' Report and the Company's 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law). 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may vary 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.

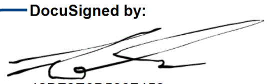
This confirmation is given and should be interpretated in accordance with the provisions of s418 of the Companies Act 2006.

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.

Approved by the Board and signed on its behalf by:

DocuSigned by:



42BF8E0B5897453...

Iain CS Lewis
1 November 2024
Director

Independent Auditor's Report to the members of Ithaca SPE Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ithaca SPE Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit 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 17.

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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 their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal auditand 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 and tax legislation; 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 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.

Independent auditor's report to the members of Ithaca SPE Limited (continued)

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

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

In the light of the knowledge and understanding of the 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.

We have nothing to report in respect of these matters.

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.

Stephen Pratt, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
1 November 2024

Statement of profit or loss

For the year ended 31 December 2023

	Note	**2023 US$'000**	2022 US$'000
Operating expenses		**(12)**	-
Gross (loss)/profit		**(12)**	
Administrative expenses	*5*	**(1,066)**	(12,223)
Impairment		**-**	(67)
Operating (loss)/profit		**(1,078)**	(12,290)
Finance income	*6*	**26,604**	24,537
Finance costs	*7*	**-**	(13,179)
Profit/(loss) before taxation		**25,526**	(932)
Tax credit/(charge) to profit	*13*	**-**	-
Profit/(loss) for the financial year		**25,526**	(932)

The results above are entirely derived from continuing operations. The results for the current and prior year are equal to the total comprehensive income/(loss) and accordingly a statement of comprehensive income/(loss) has not been presented.

The notes on pages 13 to 16 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2023

	Note	2023 US$'000	*Restated 2022 US$'000
Non current assets			
Investments		**979,403**	979,403
Amounts due from group undertakings - general	*9*	**28,761**	29,085
Amounts due from group undertakings - interest bearing loan	*9*	**346,412**	320,061
		1,354,575	1,328,549
Current assets			
Trade and other receivables		**-**	14
		-	14
Current liabilities			
Amounts due to group undertakings	*11*	**(606,033)**	(605,568)
Trade and other payables		**-**	(35)
		(606,033)	(605,603)
Net current (liabilities) / assets		**(606,033)**	(605,589)
Total assets less current liabilities		**748,542**	722,960
Net assets		**748,542**	722,960
Capital and reserves			
Called up share capital	*12*	**692,607**	692,607
Retained earnings		**55,935**	30,353
Total shareholders' funds		**748,542**	722,960

The financial statements on pages 10 to 16 were approved and authorised by the Board of Directors on 1 November 2024 and signed on its behalf by:

DocuSigned by:

42BF8E0B5897453...

Iain C S Lewis
Director
Ithaca SPE Limited, Registered number 09103084

The notes on pages 13 to 16 are an integral part of these financial statements.

*The restatement of the prior year is explained in detail in note 15.

Statement of Changes in Equity

For the year ended 31 December 2023

	Called up share capital	Retained earnings	Total shareholders' funds
	US$'000	**US$'000**	**US$'000**
Balance at 1 January 2022	692,607	31,285	723,892
Loss for the financial year	-	(932)	(932)
Balance at 31 December 2022	692,607	30,353	722,960
Profit for the financial year	**-**	**25,526**	**25,526**
Balance at 31 December 2023	**692,607**	**55,935**	**748,542**

The notes on pages 13 to 16 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023

1. NATURE OF OPERATIONS

Ithaca SPE Limited ("the Company"), incorporated under the Companies Act 2006 and domiciled in the United Kingdom and registered in England, is a private company limited by shares, involved in the holding of investments in subsidiary companies. The registered office address of the Company is 1 Park Row, Leeds, England, LS1 5AB.

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 14 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 is a wholly-owned subsidiary of Ithaca Energy plc and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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 US dollars and all values are rounded to the nearest thousand (US$'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.

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 2025.

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 for the Group of $509 million (undrawn and available), plus circa $447 million cash at the end of September 2024; and
Resilient operational performance and well-diversified portfolio.

Cash flow forecast – base case assumptions:		Q4 2024	2025
Average oil price	$/bbl	74	73
Average gas price	p/th	89	89
Average hedged oil price (including floor price for zero cost collars)	$/bbl	77	78
Average hedged gas price (including floor price for zero cost collars)	p/th	93	88

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, after consideration of mitigation strategies within management's control, there was no reasonably possible scenario that would result in the business being unable to meet its liabilities as they fell due. The mitigation strategies within the control of management include the reduction in uncommitted capital expenditure, variable opex savings in the low production scenario and the cancellation or deferral of future dividends. In addition as announced on 11 October 2024, the Group has successfully refinanced the RBL and High Yield Bond which will add significant additional liquidity in 4Q 2024 and beyond. The analysis demonstrated that the Group would still continue to comply with financial covenants and have sufficient liquidity throughout the period to 31 December 2025.

On 3 October completed the combination with Eni UK in relation to substantially all of the upstream assets of Eni in the UK in exchange for the issue of ordinary shares to Ithaca Energy plc. The Eni portfolio includes interests in 11 producing fields. The Eni UK portfolio is cash generative and also adds significant debt capacity to the Group's refinanced RBL facility as discussed above. As such, the Directors consider the business combination agreement as accretive to cash flows and supportive in the Directors' going concern assessment.

Based on their assessment of the Group's financial position to the period 31 December 2025, 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.

Notes to the financial statements for the year ended 31 December 2023 (continued)

3. MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)

Material accounting policies

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.

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.

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.

Other receivables are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the statement of profit or loss when the assets are derecognised, modified or impaired. The Company's financial assets measured at amortised cost includes trade and other receivables and amounts due from related parties.

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. Having reviewed past payments combined with the credit profile of its existing trade debtors in order to assess the potential for impairment, the Company has concluded that this is insignificant as there has been no history of default or disputes arising on invoiced amounts since inception and as such the credit loss percentage is assumed to be almost zero. No provision for doubtful accounts against these sales has been recorded as at 31 December 2023 (2022: $nil). However, 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 $4.1million in respect of intercompany receivables was required (2022: $3.5 million).

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.

Taxation

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 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.

Changes in accounting pronouncements

The Company has adopted all new and amended IFRS Standards effective in the financial statements for the period 1 January 2023 to 31 December 2023.

Critical judgements and key sources of estimation uncertainty

There are no critical accounting judgements applied at a Company level.

Other areas of estimation

There are no other areas of estimation applied at a Company level.

Notes to the financial statements for the year ended 31 December 2023 (continued)

4. COST OF SALES

	2023 US$'000	2022 US$'000
Operating costs	**(12)**	-

5. ADMINISTRATIVE EXPENSES

	2023 US$'000	2022 US$'000
General & administrative (note 8)	**(1,066)**	(25,222)
Reallocations to subsidiaries	**-**	12,999
	(1,066)	(12,223)

An ECL provision of $4.2m (2022: $3.7m) was calculated and recognised in general and administrative expenses, see note 9 for further details.

(a) Directors' remuneration

The Directors of the Company are employees of Ithaca Energy plc and receive remuneration from Ithaca Energy plc. There were no significant services provided to the Company given the nature of the Company as a non-trading holding company. 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 and other Group companies for the current year.

(b) Employees

The Company had a monthly average of nil employees during the year (2022: 16) all in oil and gas related activities.

	2023 US$'000	2022 US$'000
Wages and salaries	-	(12,344)
Pension costs	-	(497)
Social security costs	-	(760)
	-	(13,601)

(c) Services provided by the Company's auditor

	2023 US$'000	2022 US$'000
Fees payable for the audit of the Company's financial statements	**(7)**	(7)

6. FINANCE INCOME

	2023 US$'000	2022 US$'000
Interest received from interest-bearing intercompany loans	**26,604**	24,537

7. FINANCE EXPENSE

	2023 US$'000	2022 US$'000
Interest on third party loan and bond	**-**	(5,340)
Loss on derivative financial instruments (note 10)	**-**	(1,368)
Other fees	**-**	(1,574)
Foreign exchange loss	**-**	(4,897)
	-	(13,179)

8. INVESTMENTS

	2023 US$'000	2022 US$'000
Cost	**979,403**	979,470
Impairment	**-**	(67)
	979,403	979,403

During 2023, the Company recorded no pre-tax impairment expense relating to the investment in Ithaca SP Bonds plc (2022: $67k). The carrying value of the investment was compared to the net assets of the Company's subsidiaries.

At 31 December 2023, the Company's subsidiary undertakings were:

		Nature of business	**Interest %**	**Country of incorporation**
Ithaca SP O&G Limited	Direct	Oil & Gas Exploration, Development and Production	100%	UK
Ithaca SP E&P Limited	Direct	Oil & Gas Exploration, Development and Production	100%	UK
Ithaca SP Bonds plc	Direct	Financing vehicle	100%	UK

The registered office for Ithaca SP O&G Limited, Ithaca SP E&P Limited and Ithaca SP Bonds plc is: Pinsent Masons LLP, 1 Park Row, Leeds, LS1 5AB.

The Company is a wholly-owned subsidiary of Ithaca Energy plc and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

9. AMOUNT DUE FROM GROUP UNDERTAKINGS

	2023 US$'000	*Restated 2022 US$'000
Amounts due from group undertakings - interest bearing loan	**346,412**	320,061
Amounts due from group undertakings - general	**28,761**	29,085
	375,173	349,146

Interest-bearing loan
As at 31 December 2023, the Company has a loan of $350.3 million (2022: $323.8 million) before ECL provision of $3.9 million (2022: $3.7 million) to Ithaca SP O&G Limited (formerly Siccar Point Energy U.K. Limited) including accumulated interest of $154.8 million (2022: $128.2 million) at a compounded rate of 8.2% p.a. The loan is unsecured and the Company reserves the right to recall the loans either partially or in full, with notice, which could be within a 12 month period of the balance sheet date, assuming that such repayment is not detrimental to the Borrower entity.

Amounts due from group undertakings - general
The amount is unsecured, interest free and repayable on demand, however there are currently no plans for the receiveables to be called within the next 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 since the time the loan was initially recognised. Credit risk is tracked via an external credit rating agency and is rated at a default risk of 1.91% with an associated estimated loss given default at 60%. An estimated loss provision of $4.2m was calculated and booked to G&A against the total intercompany receivable of $379.4m.

*The restatement of the prior year is explained in detail in note 15.

Notes to the financial statements for the year ended 31 December 2023 (continued)

10. DERIVATIVE FINANCIAL INSTRUMENTS

Statement of financial position as at 31 December 2023 (and 2022)	**2023 US$000**	2022 US$000
Interest rate swaps - current assets	**-**	603
Interest rate swaps - non-current assets	**-**	753
	-	1,356

Income statement impact from derivative realised gains and losses	**2023 US$000**	2022 US$000
Loss on derivative financial instruments	**-**	(1,368)
Gain on derivative financial instruments	**-**	-
	-	(1,368)

During 2022 all financial instruments were settled and there were no derivative balances at the year end.

11. AMOUNTS OWED TO GROUP UNDERTAKINGS

	2023 US$'000	*Restated 2022 US$'000
Amounts owed to Group companies	**(606,033)**	(605,568)

The amounts owed to Group undertakings are payable to fellow wholly owned subsidiaries of the Ithaca Energy plc Group and are unsecured, interest free and repayable on demand.

*The restatement of the prior year is explained in detail in note 15.

12. CALLED UP SHARE CAPITAL

Ordinary shares of £1

Authorised, allotted and fully paid ordinary share capital	**No. of common shares**	**Amount US$'000**
At 1 January 2022, 31 December 2022 & 31 December 2023	**692,606,727**	**692,606,728**

The issued share capital is as follows:

Issued	**No. of common shares**	**Amount US$'000**
At 1 January 2022, 31 December 2022 & 31 December 2023	**692,606,727**	**692,606,728**

13. TAXATION

	2023 US$'000	2022 US$'000
Profit/(loss) on ordinary activities before tax	**25,526**	(932)
Profit/(loss) on ordinary activities at the applicable tax rate of 25% (2022: 19%)	**6,382**	(177)
Expenses not deductible / income not taxable	**131**	705
Utilisation of previously unrecognised tax losses	**(3,931)**	(528)
Group relief	**(2,581)**	-
Total tax credit	**-**	-

There are unrecognised deferred tax assets of $0.02 million (2022: $2.6 million) arising on tax depreciation balances. Deferred tax has not been recognised as it is not expected that the asset will reverse in the future.

14. 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.

15. PRIOR PERIOD RESTATEMENT

Prior period error
The prior period comparatives have been restated to correct the presentation of intercompany balances on a gross basis. The impact on the balance sheet is shown below:

	Previously reported 2022 US$'000	**Prior year error US$'000**	**Restated 31 December 2022 US$'000**
Amounts due to group undertakings	(576,483)	(29,085)	(605,568)
Amounts due from group undertakings	-	29,085	29,085

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ithaca SP Finance Limited.

The ultimate parent undertaking is Delek Group Limited, an independent E&P company incorporated in Israel and listed on the Tel Aviv Stock Exchange. The ultimate controlling party of Delek Group Limited is Itshak Sharon Tshuva.

At 31 December 2023, the smallest group for which consolidated financial statements are prepared which include Ithaca SPE Limited is that of Ithaca Energy plc. A copy of these financial statements can be obtained from 33 Cavendish Square, London, W1G DPP. 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 its registered address at 19 Abba Eban Boulevard, POB 2054, Herzlia, 4612001, Israel.

17. SUBSEQUENT EVENTS

Environmental campaigners Uplift and Greenpeace UK announced that they are separately seeking judicial review by the Court of Session in Edinburgh with respect to the decision by the NSTA and the Secretary of State for Energy to approve the Rosebank development. This has been scheduled for 12 November 2024. Ithaca SP E&P Limited, a subsidiary of Ithaca SPE Limited, holds the investment in the Rosebank development.